

Rupee slumps 17 paise against greenback

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The Indian rupee depreciated 17 paise against the US dollar on Tuesday as the dollar index gained strength, dealers said.

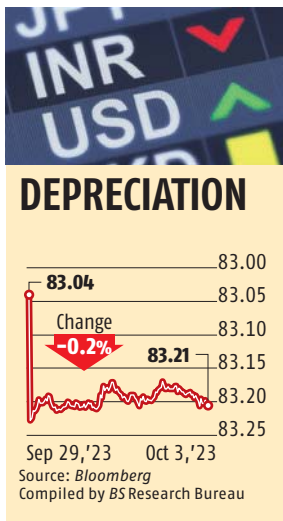
The rupee settled at 83.21 per US dollar on Monday, against 83.04 a dollar on Wednesday.

The dollar index surged to 107.10 as the world's largest economy successfully averted a government shutdown, and robust economic indicators reinforced the belief that the US Federal Reserve intends to keep the rates higher for longer.

"The USDINR opened higher because of yesterday's (Monday) jump in the US dollar index. It was because on Monday we were closed, and the global markets were on. It was simply just adjusting," Anindya Banerjee, vice-president — currency derivatives and interest rate derivatives at Kotak Securities, said.

Market participants expect the local unit to remain under pressure and trade in a range of 83 a dollar to 83.3 per US dollar.

Additionally, the timely intervention by the Reserve Bank of India (RBI) in the foreign exchange market should keep the rupee afloat.



"In response to potential risks, particularly the rupee's vulnerability against the dollar, the RBI has engaged in strategic selling of dollars through public sector banks in recent trading sessions," Amit Pabari, managing director at CR Forex, said.

"This strategy is motivated by the desire to curb increased import costs, mitigate negative sentiments among global bond traders, and prevent the unwinding of carry trades. Moving on, the intervention is expected to maintain a relatively stable trajectory for the rupee until the upcoming monetary policy decision on October 6," Pabari added.

Gold hits 7-month low as \$, yields extend rally

Gold prices languished near a seven-month low on Tuesday, weighed down by a robust dollar and elevated bond yields as the likelihood of US interest rates staying higher for longer dominated sentiment. Gold price tumbled by ₹650 to ₹57,550 per 10 gram in the national capital amid weak global cues, according to HDFC Securities. In the previous trade, the precious metal had ended at ₹58,200 per 10 gram. Silver also nosedived ₹1,800 to ₹71,500 per kilogramme.

Gold and silver prices slipped on Comex in the previous session as the domestic market was shut on Monday, Navneet Damani, senior vice-president of commodity research at Motilal Oswal Financial Services, said.

The Treasury bond yields have reached a new multi-decade high on the back of the US Federal Reserve's narrative in the past few weeks, that the interest rates would remain higher for longer, Saumil Gandhi, senior analyst of commodities at HDFC Securities, said.

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