

RBI sells \$2 bn as ₹ hits intraday low of 84.76

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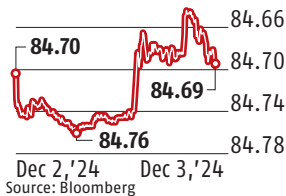
The rupee recovered all losses after touching a new intraday low of 84.76 per dollar, as the Reserve Bank of India (RBI) intervened in the foreign exchange market via dollar sales, said dealers.

The local currency ended 2 paise stronger at 84.68 against the US dollar, compared to 84.70 per dollar on Monday.

Market participants said the RBI might have sold around \$2 billion, which helped the domestic currency cut losses. The RBI has been actively intervening in the foreign exchange market to curb volatility, with reserves declin-

LOSSES RECOVERED

₹ vs \$ (inverted scale) 84.62



Source: Bloomberg

ing as much as \$48 billion over the past two months (since September 27).

“The RBI may have sold around 2 yards (\$2 billion) to protect the rupee from further fall beyond 84.76 per dollar,” said Anil Kumar Bhansali, head of treasury and executive

director, Finrex Treasury Advisors LLP.

The rupee depreciated in early trade, tracking the weakness in the Chinese yuan, which slumped to a year-low. Significant dollar demand in the non-deliverable forwards market further weighed on the local currency, said dealers. Reports indicate that the RBI holds a total of \$70 billion in short positions in both offshore and onshore rupee markets, they added.

The market believes the 85 per dollar mark remains on the cards; however, the timeline by which the rupee might breach the psychologically crucial level will depend on the extent of intervention by the RBI.