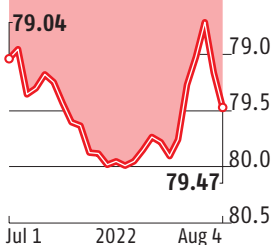


# ₹ falls 1% in 2 days on Fed's hawkish talks

## VOLATILE JOURNEY

(Inverted scale, vs \$)



**BHASKAR DUTTA**

Mumbai, 4 August

The rupee weakened sharply against the US dollar on Thursday as Federal Reserve officials said the US central bank would continue with steep rate increases, prompting the greenback to gain globally.

A fresh record monthly trade deficit in July also added to the rupee's woes, causing the domestic currency to underperform its emerging market peer currencies, traders said.

The domestic currency closed at 79.47 per dollar as against 79.16 to a dollar on Wednesday. Over the past couple of days, the rupee has shed 1 per cent against the dollar, taking the depreciation for 2022 as a whole so far to 6.5 per cent.

The rupee's sharp slide against the US dollar over the past couple of days has unwound a hefty part of the firm gains that it had recently notched up. After weakening to a lifetime low of 80.06 per dollar on July 19, the local currency scripted a smart turnaround, gaining as much as 1.9 per cent to 78.50 per dollar on August 2.

"The Indian rupee depreciated for a second straight day in a row and was the worst-performing currency among Asian baskets. It manages to pare some intraday losses on probable RBI intervention to curb the volatility as the currency reaches near a record low," HDFC Securities Research Analyst Dilip Parmar said.

"The continued "hawkish" Fed chat gave the dollar a bid against major currencies. The rupee was under immense pressure after a record high trade deficit number and lower reading of service PMI," he said.

A 50-basis-point rate hike would be "a reasonable thing to do in September", said San Francisco Fed President Mary Daly in an interview to *Reuters* on Wednesday.