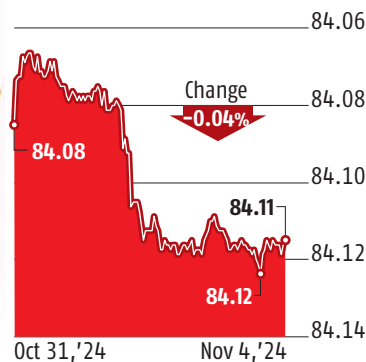


₹ falls to new low on FPI selloff, rise in crude oil prices



MAPPING THE DECLINE

₹ vs \$ inverted scale



Source: Bloomberg

ANJALI KUMARI

Mumbai, 4 November

The rupee fell to a new low of 84.12 a dollar on Monday as foreign investors sold domestic equities offsetting the strength in Asian peers, said dealers.

Market participants said the Reserve Bank of India (RBI) intervened in the foreign exchange market via dollar sales to protect the rupee from further depreciation.

The local currency had settled at 84.09 on Thursday after hitting an intra-day low of 84.12.

The rise in crude oil prices further weighed on the rupee.

Brent crude oil prices rose 1.5 per cent to \$74.11 per barrel after Opec+ (the Organisation of Petroleum Exporting Countries plus) announced a delay in its planned December production increase, pushing it back by at least a month due to price pressures from subdued demand.

Over the past two years, Opec+ has cut production by nearly 6 million barrels per day to stabilise prices. Additionally, a weaker dollar and expectations of stimulus measures in China contributed to the recent price uptick.

“The rupee fell because of outflows and a rise in crude oil prices. The American election is also a concern now,” said a dealer at a state-owned bank. “The RBI was there in the market when the rupee was at around

Rupee traders less worried about US polls than rest of Asia

The options market is indicating that the Indian rupee traders were not too concerned about the potential flare-up in volatility post the US elections, a distinct contrast to other Asian currencies. The one-month implied volatility on the dollar/rupee pair was at 2.3 per cent on Monday, a day before the US elections, nearly on par with the year-to-date daily average. Implied volatility reflects the market's view on the potential for future price fluctuations. **REUTERS**

84.12,” he added.

Asian currencies strengthened as the US dollar index fell to 103.77, against 103.95 on Friday.

With just one day before the US elections, analysts suggest Donald Trump's policies could increase inflation, bond yields, and the dollar, while Kamala Harris is seen as the candidate for continuity.

Harris's unexpected three-point lead in Iowa has contributed to the dollar's dip amid a closely contested race.

Additionally, the US Federal Reserve is expected to cut rates by 25 basis points on November 7.