

# ₹ falls to 3-wk low amid weakness in Asian currencies

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The Indian rupee depreciated 29 paise on Tuesday and settled at a three-week low of 83.04 per US dollar on the back of a weakening Chinese yuan and a rise in US Treasury yields, dealers said. The local currency had settled at ₹82.75 per US dollar on Monday.

“An uptick in US bond yields and news of fresh credit stress in China drove USD-INR higher. We expect a range of 82.60 and 83.25 on the spot,” Anindya Banerjee, vice-president of Currency Derivatives & Interest Rate Derivatives at Kotak Securities Ltd, said.

Chinese Caixin service PMI dropped to 51.8 in August against market expectations of 53.60, pulling down Asian currencies.

Additionally, the yield on the 10-year US Treasury note rose to 4.21 per cent as markets expected a high-for-longer rate outlook, as recent data indicated that inflation is cooling off to an extent.

Moreover, oil companies bought dollars as the Brent crude oil prices rose to \$88.70 per barrel, which further weighed on the Indian currency.

Dealers speculated that the Reserve Bank of India (RBI) intervened in the foreign exchange market through dollar sales at 82.85 per US dollar level, but later allowed the Indian unit to weaken.

“The rupee is expected to remain in a range of 82.80 to 83.20 per US dollar as we may see the RBI

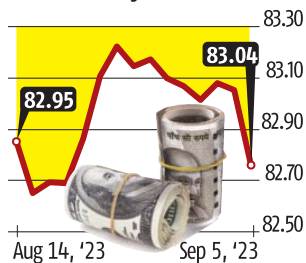
protecting and warning traders on arbitrage positions. So we need to have a close eye on the RBI, as there is sufficient buying of dollars from oil companies, FPIs, and now panicky importers,” said Anil Kumar Bhansali, head of Treasury and executive direc-

tor at Finrex Treasury Advisors LLP.

The local currency had regained ground against the greenback after witnessing the lowest closing level of 83.15 per US dollar on August 17, as the RBI intervened in the foreign exchange market through dollar sales to protect the rupee from further depreciation. Moreover, commercial banks wound up their positions in the non-deliverable forward market and refrained from taking fresh positions, followed by the speculated direction from the RBI, which further aided the Indian unit.

## AT A LOW

₹ vs \$ intraday in inverted scale



Source: Bloomberg  
Compiled by BS Research Bureau