

# ₹ slips 48 paise amid oil importers' rush to buy \$

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The rupee weakened sharply against the US dollar on Monday as purchases of the greenback by corporates and nationalised banks on behalf of oil importers dragged the domestic currency lower, dealers said.

The rupee settled at 81.80 per dollar on Monday versus 81.32 per dollar on Friday, Bloomberg data showed. So far in 2022, the domestic currency has depreciated 9.1 per cent against the US dollar.

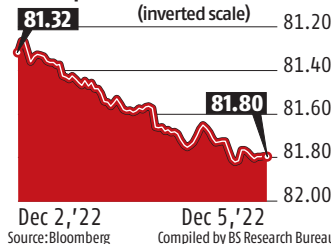
There was weakness in the rupee despite a softer dollar index and strength in Asian currencies across the board, led by a firm Chinese yuan. The US dollar index was at 104.47 at 3:30 pm IST against 104.55 at the previous close, *Bloomberg* data showed.

Dealers said that corporate outflows related to Vedanta's recent dividend pay-out and possible outflows from MSCI (Morgan Stanley Capital International) index stocks contributed to the rupee's weakness, despite the decline in the dollar index.

"We are hearing some flows on account of MSCI-related outflows



## ₹ VS \$: IT'S DOWN AGAIN



and some (dollar) demand from oilers (oil companies). Broad dollar and Indian equities were flat. Selling may again come from around 82 per dollar levels," IFA Global's CEO Abhishek Goenka told *Business Standard*.

On November 30, the rupee notched up hefty gains versus the dollar as the semi-annual rebalancing of MSCI India propelled significant inflows into the cur-

rency market, following the inclusion of certain stocks in the index.

With corporate and importer-related outflows on Monday causing the rupee to weaken past successive technical levels, the losses were aggravated for the domestic currency, traders said.

"Corporate outflows and oil bids, along with several stop losses getting triggered around 81.60 levels, pushed the USD/INR pair higher. A lower DXY (dollar index) and USD/CNH (dollar-yuan) levels did not help the rupee as flows continued to dominate the trading session throughout the day," said Kunal Sodhani, vice-president, Shinhan Bank (Global Trading Centre).

Crude oil prices rose on Monday as the Organization of the Petroleum Exporting Countries and some other oil producers maintained output aims before a price cap on Russian crude kicked in. Easing Covid-19 restrictions in China also buoyed oil prices.

Brent crude futures climbed \$2.21 to \$87.78 a barrel (6.08 pm IST). Higher crude oil prices pose an upside risk to India's current account deficit as the country is a major importer of the commodity.