

Rupee settles at record closing low of 83.39 vs \$

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The Indian rupee on Tuesday settled at its record closing low of 83.39 against the US dollar — a level it had previously touched on November 30 — amid a rise in the dollar index, currency dealers said.

The rupee had ended the Monday session at 83.37 a dollar. Last month, on November 10, it had hit an all-time low of 83.48 against the dollar.

The continuous demand for the greenback from importers further weighed on the local currency, market participants said.

The Dollar index, which measures the strength of the greenback against a basket of six major currencies, rose to 103.65 from 103.31 on Monday.

The local currency is expected to depreciate further this month as the demand for dollars may continue.

“There is a good demand from importers. Even though there is a dollar sale by the RBI (Reserve Bank of India), we have seen rupee depreciation at the end,” said V R C Reddy, head of treasury at Karur Vysya Bank. “I am seeing the rupee to be around 83.50-83.60 a dollar by

the end of the year,” he added.

Market participants speculated that the RBI intervention in the foreign exchange market safeguarded the rupee from further depreciation.

“The rupee was weak today (Tuesday) because of a rise in the dollar index. But nationalised banks sold dollars for the central bank at around 83.40 per dollar

level, which helped the rupee,” a dealer at a state-owned bank said.

While most of the emerging market currencies regained their ground against the US dollar in November, the Indian rupee lagged behind its peers, primarily due to persistent demand for the dollar among importers.

The rupee has depreciated 1.5 per cent in the current financial year and 0.8 per cent in

the current calendar year. However, it had appreciated 0.16 per cent in the first six months of 2023 on the back of robust foreign inflows. In November, the rupee depreciated 0.2 per cent, even though the dollar index fell by around 4 per cent in the same period. Consequently, the rupee emerged as the worst performing currency among its Asian peers during the month, being the sole currency to depreciate while other currencies appreciated.

