

Rupee slumps 90 paise to 4-month low of 82.72

Our Bureau

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The rupee slumped 90 paise per US dollar on Monday as the Dollar Index strengthened due to stronger-than-expected US jobs data, which led to expectations that the Fed will persist with rate hikes.

The Indian currency also came under pressure as banks reportedly bought dollars on behalf of Adani Group promoters, who are seeking to prepay some of their loans and release pledged shares, and in the absence of RBI intervention.

The rupee closed at 82.7250 per US dollar, down 1.1 per cent vis-a-vis the previous close of 81.8250. Monday's closing is also the lowest in over four months.

FED'S MOVE

Amit Pabari, MD, CR Forex Advisors, said: "The rupee fell sharply against the USD by over 1 per cent in just two sessions as DXY (Dollar Index) jumped by over 1.54 per cent post stronger than expected US NFP (non-farm payroll) data.



SPOILERS. Strong US jobs data and banks' buying of dollars dragged the rupee

Due to upbeat US jobs data, markets started to bet that the Fed would continue its aggressive rate hike path."

Furthermore, Adani Group made a pre-payment of \$1.1 billion for its Dollar-denominated bonds which fueled the fall of rupee. "Continuous FII outflows from local equities continued to hurt the local currency," he added.

Anindya Banerjee, Vice-President, Kotak Securities, observed that the rupee continues to underperform its peers on the back of FPI outflows and lack of carry trade. "Over the near term, we expect a range of 82.30 and 83 on spot," he said.