

Rupee hits new low of 87.58 against dollar

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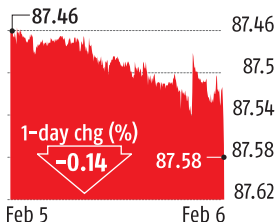
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The rupee hit another closing low of 87.58 against the US dollar on Thursday ahead of the Monetary Policy Committee (MPC) decision on interest rates to be announced on Friday. Market participants said that strong demand for the dollar was also due to the maturity of positions in the non-derivative forwards market.

The local currency had settled at 87.46 per dollar on Wednesday. "The rupee depreciated today (Thursday) and yesterday (Wednesday) because there was an expectation of a rate cut," said a dealer at a state-owned bank. "There was also some maturity of swap in the NDF market," he added. At the end November, RBI had \$59 billion

ANOTHER LOW

₹ vs \$ (inverted scale)



Source: Bloomberg

of short position on the forward market.

Government bond yields remained steady at 6.65 per cent unchanged against Wednesday as the market has already factored in a rate cut. Bond market participants said that yields might soften on Friday if the RBI delivers yet another reduction in banks' cash reserve ratio requirement.