

₹ strengthens to 84.95 intraday as dollar index continues to slip

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The rupee on Friday strengthened past 85 per dollar to hit 84.95 against the greenback due to a decline in the dollar index amid renewed concerns about the US president Donald Trump's trade policy. The fall in crude oil prices aided the rupee.

However, the local currency gave up some gains by the end of the trade due to foreign outflows and settled at 85.24 per dollar.

The market was surprised with the central bank's decision to stay away from the foreign exchange market as it was an opportunity to buy dollars. "The dollar's weakness has boosted Asian currencies, with the rupee benefiting from strong foreign inflows and improved global risk sentiment. Furthermore, the RBI's decision to hold off on aggressive intervention caught markets off guard, providing additional support to the currency," said Abhishek Goenka, chief executive officer at IFA Global. "However, volatility is expected to remain high due to ongoing trade tensions between the US and major global economies," he added.

The rupee crossed the 85 per dollar for the first time since December 18, 2024.

"We were expecting the RBI to intervene, and 85 per dollar did not seem likely until yesterday," said the treasury head at a private bank. "The sudden change in the course of the rupee has led to a lot of unwinding of positions against the rupee," he added.