

Rupee slumps 40p, most in a month

AGENCIES
Mumbai, May 7

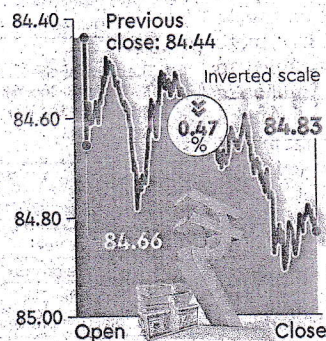
THE RUPEE WEAKENED on Wednesday to log its worst single-day decline in a month as worries over an escalation in geopolitical conflict between India and Pakistan hit sentiment alongside a fall in Asian peers. The domestic currency depreciated 40 paise to close at 84.83 against the US dollar, marking its worst performance since April 9.

The rupee is likely to keep facing intermittent pressure depending on how the situation evolves, a trader at Singapore-based hedge fund said, adding that in the near-term, bullish bets on the currency could be scaled back while the RBI may step in to limit sharp swings, the trader said.

During the day, the rupee's losses were curbed on the back of dollar selling interest from a large conglomerate near the 84.90 level and on intermittent offers from state-run banks, a trader at a Mumbai-based bank said. Asian currencies were lower, with the offshore Chi-

UNDER PRESSURE

Rupee vs dollar (Intra-day, May 7)



nese yuan declining.

"We expect the rupee to trade with a positive bias on the weak dollar and positive domestic and global markets. FII inflows may also support the rupee. However, simmering geopolitical tensions between India and Pakistan and a positive crude oil prices may cap any sharp upside," Anuj Choudhary, research analyst at Mirae Asset Sharekhan, said.