

# ₹ hits 6-week low against \$

## Loses 1% against the greenback in the week

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The rupee slumped to a six-week low against the US dollar on Friday due to the stronger-than-expected US jobs data, registering its worst weekly loss against the greenback in more than six months. It settled at 82.74 per dollar on Friday, compared to 82.51 on Thursday.

Overall, the rupee lost 1 per cent against the greenback in the week.

The Indian currency's weakness against the dollar this week was primarily due to strengthening of the dollar index, a relatively weaker Chinese Yuan, and the triggering of stop loss orders, resulting in the unwinding of carry trade positions, dealers said.

Carry trade entails borrowing funds in a currency with lower interest rates and investing them in a currency with higher interest rates.

The ADP National Employment report revealed that the private jobs in the US increased by 497,000 in June, surpassing expectations and demonstrating the ongoing strength in the labour market.

Additionally, data from the US Labor Department showed a moderate rise of 12,000 in initial claims for state-unemployment benefits,

## RBI NET SELLER OF \$ IN FY23

	Net purchase/sale of foreign currency (\$ billion)	₹ vs \$ spot	
		Close	% change
FY19	-15.3	69.2	-5.8
FY20	45.0	75.6	-8.6
FY21	68.3	73.1	3.4
FY22	17.3	75.8	-3.5
FY23	-25.5	82.2	-7.8

Source: RBI, Bloomberg; Compiled by BS Research Bureau

while continuing claims decreased from 1.73 million to 1.72 million.

Stronger-than-expected job data firmed up expectation of further interest rate hike by the US Federal Reserve. However, a strong resistance was registered near the level ₹82.70-₹82.73 per dollar, dealers said.

"Rupee oscillated between ₹81.75 to ₹82.75 per dollar during the week as dollar in-flows from corporates was offset by dollar buying by the Reserve Bank of India (RBI) between ₹81.75 to ₹81.95, with importers getting a chance to hedge," Anil Kumar Bhansali, head of treasury at Finrex Treasury Advisors said.

"The dollar's upward move could last for a few more days with the RBI protecting the rupee to keep it stable, thus giving exporters the chance to hedge their receivables before importers get another chance downward to hedge their payables," Bhansali said.

Data showed that the RBI was a net seller of the US dollar in 2022-23. The central bank sold \$25.5 bil-

lion during the financial year.

Meanwhile, traders eyed the US non-farm payroll data, which was scheduled to be released on Friday.

"Although, there are mostly positive indicators regarding US employment, contributing to the surge in Treasury bond yields, reaching multi-month highs," Amit Pabari, managing director at CR Forex said.

"Today's US non-farm payroll report is required to validate expectations of a Federal Reserve interest rate increase beyond July," Pabari said.

Any sharp movement in the Indian currency is expected to be contained by the RBI's efforts to limit rupee's volatility, dealers said.

Dealers expect the rupee to trade at the current levels for the upcoming few days. The RBI has been protecting the rupee whenever there is sharp volatility and preventing it to hit 83 levels. The RBI sold \$25.5 billion in FY23 on a net basis – the first time in four years – to protect the rupee.