Rupee rises 17p on softer oil prices, RBI intervention

CHRISTINA TITUS
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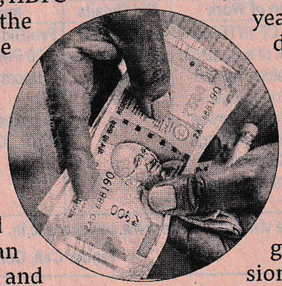
THE RUPEE GAINED on Thursday, supported by intervention from the Reserve Bank of India and a dip in oil prices early in the day, market participants said. The currency closed at 95.38 against the dollar, up 17 paise from the previous close, according to *Bloomberg*.

Currency dealers said the central bank intervened through dollar sales, which helped the market. Importer demand was largely flat, they added.

"Crude oil prices have retreated slightly and risk-on sentiment has returned, while the dollar index has softened. Along with the RBI intervention, these factors helped make the rupee the best-performing Asian currency. The market is currently being driven by news," said Dilip Parmer, research analyst, HDFC Securities. In the near-term, the rupee is likely to trade in the range of 94.10-95.80, he added.



US President Donald Trump said Iran had called him and they "badly" want to make a deal. Following the remarks, oil prices dipped to $76.75 per barrel during the day, compared to $78 levels a day earlier.

The rupee was Asia's best performer on Thursday, followed by Chinese renminbi (up 0.16%) and the Japanese yen (up 0.14%).

So far in the calendar year, the rupee has depreciated 6.13%. Over the last year, the rupee declined 10%.

"The sentiment is still weak for the rupee, so any negative news could push it lower. Persistent geopolitical tensions that threaten oil-dependent economies, rising crude prices, and a firm dollar index near 100 could weigh on the rupee going forward," said Amit Pabari, managing director, CR Forex. If the situation persists, the rupee can move towards 96-96.20 levels again, he added.