

DOLLAR DEMAND FROM OIL COMPANIES PUSHES LOCAL UNIT TO 87.33/\$1

Rupee Loses Nearly 50 Paise in a Day

Our Bureau

Mumbai: The Indian rupee fell sharply Monday, sticking to the recent script of wild swings in either direction, ending the trading day nearly half a percentage point lower on dollar demand from oil companies, dealer's said. Maturities in the non-deliverable forwards (NDF) market also pressured the currency that has been buffeted by foreign fund sales of local equities since late September.

At 87.33/\$1, the rupee's decline was worth nearly 50 paise, compared with 86.87 per dollar at the end of trading the previous day.

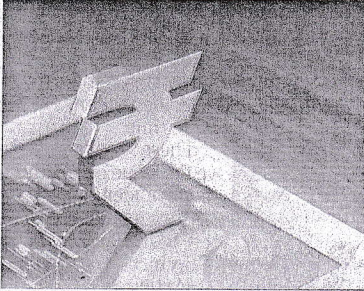
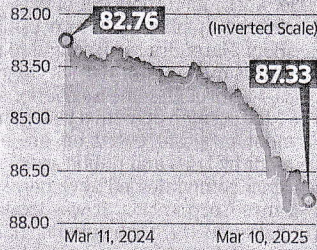
The rupee had opened at 87.22 per dollar, and other Asian currencies also weakened even as the dollar index was 103.7, LSEG data showed. Asian currencies were pressured due to weak economic data from China, traders said.

"The rupee weakened because of an increase in dollar demand from oil companies, as Indian companies have started buying oil from the US," a trader at a private sector bank said.

India committed to procure more oil and natural gas from the US when Prime Minister Narendra Modi met US President Donald Trump in February. Subsequently, the US exported about 3,57,000 barrels per day of crude to India in February, compared with exports of about 2,21,000 barrels per day last year, Reuters said.

"After a stronger close on Friday, the rupee slipped to 87.20/\$1 levels in the NDF market. After that slip, there was some short covering done because of

Rupee Vs Dollar



which the rupee opened weaker," said Anil Bhansali, head of treasury, Finrex Treasury Advisors.

The RBI likely did not intervene in today's trade, traders said. Selling by foreign portfolio investors also added pressure on the rupee, with FPIs selling Rs 485 crore worth of stock, BSE data showed.

"The RBI seemed to be missing from the market today, or we would have seen some weakness being contained," said Dilip Parmar, currency research analyst at HDFC Securities.