

₹ hits 6-month intraday high on foreign inflows

RBI took delivery of \$5 bn dollar-rupee sell/buy swap on Monday: Traders

ANJALI KUMARI

Mumbai, 11 March

The rupee appreciated for a third straight trading session on Monday, fuelled by foreign inflows, according to dealers.

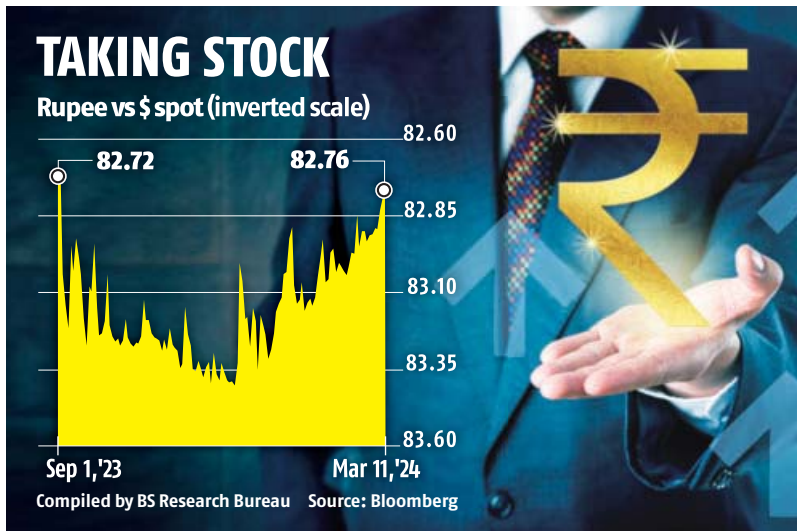
The Indian currency reached an intraday high of 82.65 per US dollar, the highest in over six months. However, it relinquished some gains by the end of the trade, likely due to intervention by the Reserve Bank of India (RBI) through dollar purchases to control excess volatility.

The rupee settled at ₹82.76 per dollar, marking the highest since September 4, 2023, against the previous close of ₹82.79.

"The rupee was bought until ₹82.64 per dollar as inflows in the dollar continued, but the RBI stepped in and bought dollars, taking the rupee to an intraday low of ₹82.77 per dollar," said Anil Kumar Bhansali, head of treasury and executive director at Finrex Treasury Advisors LLP.

Moreover, the fall in US Treasury yields and the strengthening of Asian peers further aided the rupee during the day, dealers noted.

"The rupee was supported by a major fall in US yields. The RBI was there, bringing it back to close near the previ-



ous trading day's level," said a dealer at a state-owned bank.

Traders are now eyeing the US, and domestic inflation data for February is scheduled to be released on Tuesday.

"Inflows are expected to continue and keep the rupee in the range of ₹82.6 to ₹82.85 against the dollar on Tuesday as we await US Consumer Price Index (CPI), India CPI, and India Index of Industrial Production the same day,"

added Bhansali.

Additionally, the RBI's \$5 billion dollar-rupee sell/buy swap matured on Monday and was being closely watched by traders. They said that the RBI opted not to renew the swap and instead took delivery to fortify both foreign exchange reserves and rupee liquidity. The banking system liquidity was in a deficit of ₹28,926 crore on Sunday, according to the latest data from the central bank.