

# Rupee depreciates as crude rises, domestic equities fall

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Mumbai, 11 March

The rupee depreciated on Wednesday tracking the rise in crude oil prices and selling in domestic equities, said dealers. The local currency settled at 92.04 per dollar, against the previous close of 91.81. Intensifying geopolitical tensions in West Asia over the past two weeks have heightened risk aversion in global markets and pushed crude oil prices higher, putting sustained pressure on the rupee.

Brent crude oil price rose to \$99.06 per barrel, against the previous day's \$98.63.

Market participants said that state-owned banks sold dollar likely on the behalf of the Reserve Bank of India (RBI) to cap further losses.

"The Indian rupee has depreciated against the US dollar, even as regional currencies show a mixed performance. While the central bank's dollar supplies have helped limit losses, firm demand from

importers continues to drag the currency lower," said Dilip Parmar, senior research analyst, HDFC Securities. "In the near term, spot dollar-rupee finds immediate support at 91.60 per dollar, with key resistance seen at 92.40," he added.

The currency has also been weighed down by tight dollar liquidity, partly due to capital outflows from domestic equity and debt markets.

While movement in Asian currencies was mixed, dollar index firmed to 99.06 against the previous day's 98.63.

The dollar index measures the strength of the greenback against a basket of six major currencies.

"There was support from RBI, but the pressure is consistent on rupee because of the

continuous selling by foreign portfolio investors (FPIs) in both equities and bonds," said a dealer at a state-owned bank.

Dollar index rose on Wednesday as the battle between US-Israel and Iran intensified with Israel targeting Iran overnight while Iran targeting those bases that constitute the aggression against Iran.

## Under pressure

Rupee spot (vs \$) Inverted scale



Source: Bloomberg  
Compiled by BS Research Bureau