

# ₹ hits fresh low of 84.39 against \$ amid FII selloff

## Avoids sharp depreciation on RBI intervention

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The rupee fell to a new low of 84.39 per dollar on Monday as the US dollar strengthened and foreign investors continued selling domestic equities, dealers said.

Dollar sales by government-owned banks, on behalf of the central bank, prevented a sharper depreciation of the domestic unit.

The rupee had settled at 84.38 per dollar on Friday.

The dollar index rose by 0.3 per cent to 105.3 as the greenback continued to strengthen, driven by the Trump Presidency. The dollar index measures the strength of the dollar against a basket of six major currencies.

“There was demand from oil importers,” said a dealer at a state-owned bank.

“The RBI was present in the market; the next resistance is seen at Rs 84.50 per dollar,” he added.

“As the dust settles on Trump’s victory, the market impact is becoming clear. The US dollar surged to a four-month high, bond yields spiked, and emerging market currencies faced mounting pressure,” said Amit Pabari, managing director at CR Forex.

“Looking ahead, the rupee is likely to remain under pressure unless we see a softening in the dollar index or a slowdown in FII outflows,” he added.

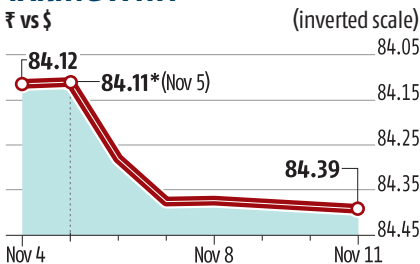
Market participants said the rupee is expected to trade in a range of 84.50 to 84.80 in the medium term, with strong resistance at 84.50 per dollar.

The RBI’s dollar sales, partially offset by forward market placements, have led to a gradual reduction in dollar liquidity, creating a shortage as dollar demand remains high, they said.

“The rupee closed at its lowest and was expected to weaken further with the RBI slowing down its dollar sales. As mid-



### TAKING A HIT



\*US presidential election held on November 5

Source: Bloomberg

month approaches, we may see more aggressive buying of the pair. Premiums continued to fall as the differential narrowed. The RBI sells and parks dollars in the forward market, and with slower dollar sales by the RBI, there is a dollar shortage as demand remains high,” said Anil Kumar Bhansali, head of treasury and executive director at Finrex Treasury Advisors LLP.

The Indian currency, which traded in a narrow range in the first nine months of 2024, came under pressure following an interest rate cut by the US Federal Reserve in September.

The rupee has depreciated by 0.84 per cent since the US Fed started cutting interest rates.

In November alone, it has fallen 0.36 per cent against the dollar, and over the last year, it has declined by 1.34 per cent.