

₹ at fresh low; fx kitty shrinks to 10-mth low

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Mumbai, 10 January

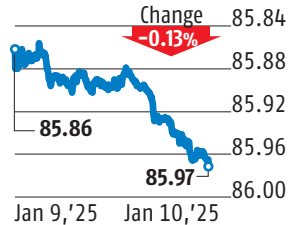
The rupee fell to a new low of 85.97 against the dollar as the greenback remained well bid against emerging market currencies ahead of US labour market data, dealers said. It touched 86 per dollar after trading hours in the non-deliverable forward market.

The local currency edged higher by 3 paise on Friday against the previous low of 85.94 on Thursday.

“We see resistance around 85.98 per dollar, but it will not hold for long. We can see 86 per

UNDER PRESSURE

₹ vs \$ spot (inverted scale)



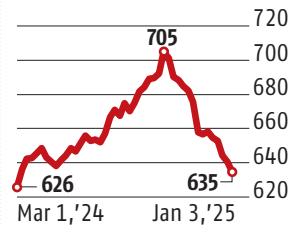
Source: RBI

dollar soon,” said a dealer at a state-owned bank.

The dollar remains strong, driven by expectations of fewer Federal Reserve cuts in 2025,

SLIPPERY SLOPE

India's forex reserves (\$ bn)



Source: Bloomberg

amid projections that US President-elect Donald Trump's proposed tariffs and tax cuts could drive inflation higher.

“The non-farm payroll

data is expected to be strong, because of which we could see the dollar index at around 109.80 after market hours. Also, the NDF market saw the 86 mark,” said a dealer at a private bank.

Meanwhile, country's foreign exchange reserves fell by \$5.6 billion to \$634 billion in the week ended January 3, according to RBI data. The decline in total reserves was primarily due to a \$6.4 billion fall in foreign currency assets during the week.

However, gold reserves rose by \$824 million in the same period.