

Rupee recovers from new intraday low of 92.36/\$ on RBI intervention

Our Bureau
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The rupee continues to be weighed down by the intensifying West Asia war, its debilitating impact on crude oil prices and FPI-related outflows from the domestic equity markets. It sank to a new record intra-day low on Thursday, before pulling back on apparent Reserve Bank of India (RBI) intervention.

The Indian currency, which touched a record intra-day low of 92.3675 per US dollar, closed at 92.19, down 15 paise over the previous close of 92.04.

The Indian unit opened almost 25 paise weaker over the previous close, and tested an intra-day high/low of 92.07/92.3675.

The International Energy Agency has cautioned that the war in West Asia is creating the largest supply disruption in the history of the global oil market.

"With crude and oil product flows through the Strait of Hormuz plunging from around 20 million bar-



rels/day (mb/d) before the war to a trickle currently, limited capacity available to bypass the crucial waterway, and storage filling up, Gulf countries have cut total oil production by at least 10 mb/d. In the absence of a rapid resumption of shipping flows, supply losses are set to increase," the agency said.

SELLING PRESSURE

The domestic equity markets came under selling pressure, with the BSE Sensex and Nifty 50 on Thursday closing at 1.08 per cent (or down 829.29 points) and 0.95 per cent (or down 227.70 points).

Dilip Parmar, Senior Research Analyst, HDFC Securities, said after stumbling to a historic low, the rupee re-

couped some ground, anchored by central bank support and a pullback in oil benchmarks. Though the rupee stabilised, the overarching momentum stays skewed to the downside. Parmar assessed that the spot dollar-rupee has resistance near 92.50, with downside protection hovering at 91.60.

V K Vijayakumar, Chief Investment Strategist, Geojit Investments, said: "The rupee has been weakening since the start of the conflict in West Asia. Rising crude prices is the principal reason for rupee's weakness." He underscored that the weakness is exacerbated by sustained selling by FIIs.

Vijayakumar observed that when the FIIs turned buyers in February, there was some hope that the rupee will stabilise. But the war, the sharp spike in crude and the continuing uncertainty has belied that hope.

RBI's intervention in the market is providing some support to the rupee. But the ongoing weakness in the currency will end only when crude price declines significantly, he added.