

Rupee touches lifetime low of 83.48 vs dollar

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The Indian rupee hit a lifetime low of 83.48 (intraday) against the US dollar on Friday after hawkish comments by US Federal Reserve Chair Jerome Powell.

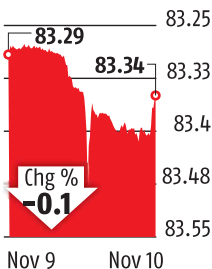
But the Reserve Bank of India (RBI) intervened in the foreign exchange market by selling dollars, which helped the currency cut losses to end the day at 83.34, which is a record closing low. The local currency settled at 83.29 against the dollar on Thursday.

“The moment it broke 88.30, there was a strong demand from a couple of large corporate to buy dollars. The RBI was not there in the market in the morning, but it sold heavily in the afternoon. The central bank could have sold around \$1 billion,” said Anindya Banerjee, vice-president, cur-



FRESH LOW

₹ vs \$ (inverted scale)



Source: Bloomberg

currency derivatives & interest rate derivatives at Kotak Securities Ltd.

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stone around its neck after the so-called funding winter set in and the company struggled to raise funds. Its valuation, once pegged at \$22 billion, has been plunging with investors marking down their holdings.

Meanwhile, Byju's has been at loggerheads with investors in the US, which have accused it of violating contracts. Byju's refused to make an interest payment of \$40 million in June and, the same day, said in a New York court that the lenders were manufacturing a fake debt crisis.

Rupee...

The dollar strengthened after the Fed members said they were still not sure that interest rates were high enough to contain inflation in the US.

The dollar index, which measures the strength of the greenback against a basket of six major currencies, rose up to 105.88 on Friday, against 105.56 on Thursday.

Market participants said the rupee might trade in a range of 83.10 per US dollar to 83.50 per US dollar in the next week.

"There is a continuous dollar demand from importers but surprisingly we did not see selling from the RBI at 83.30 levels. Triggering of stop losses further accentuated the rupee to depreciate to 83.49 levels. The rupee recovered some of the losses after the intervention. Tracking the global developments, the rupee is likely to trade in the range of 83.20-60 for this month," treasury head at a private bank said.

Currency dealers expect some resistance around 83.50 per dollar levels, before the Indian unit hits 84 per dollar.

In the current financial year, the rupee has depreciated by 1.4 per cent, whereas it has fallen by 0.7 per cent so far in the current calendar year. However, it had appreciated by 0.16 per cent in the first six months of this current calendar year on the back of robust foreign inflows.

The Indian unit stayed within a narrow trading band of 83.13 to 83.30 throughout the week until Friday. The demand for US dollars

from importers, coupled with the existing cash dollar shortage, led to a fall in premiums for one-year to 1.58 per cent on Friday, against 1.82 per cent on Monday.

Market participants now eye the consumer inflation data scheduled to be released next week. Market expects the retail inflation for October to be around 4.8 per cent.

Munjal...

"The foreign currency was drawn from authorised dealers by an event management company in the name of various employees and thereafter handed over to Munjal's relationship manager. The relationship manager carried such foreign currency in cash or card secretly for the personal expenditure of Munjal during his personal or business trips," said the agency. "The modus was adopted to 'override' the limits of the LRS," it added.

The LRS allows resident individuals, including minors, to remit up to \$250,000 in current or capital account transactions in a financial year.

The ED started the investigation following a prosecution complaint

against Munjal and others by the Directorate of Revenue intelligence (DRI) under Section 135 of the Customs Act, 1962, for allegedly taking foreign currency or foreign exchange out of India illegally.

In August, the ED had conducted searches at 12 premises of Munjal, his companies, and related entities and recovered foreign currency, cash, gold, and diamond jewelry worth about ₹25 crore.

Last year, the income-tax department also conducted searches on the premises of Munjal and Hero MotoCorp as part of a tax evasion probe.

Hero MotoCorp, India's second-largest two-wheeler manufacturer, reported a 47.59 per cent year-on-year jump in consolidated net profit at ₹1,007 crore in the quarter ended September 30.

Shares of Hero MotoCorp plunged 2.08 per cent on Friday.