

# ₹ weakens below 84 vs \$ amid FPI selloff, costlier oil

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The Indian rupee dropped below 84 per dollar for the first time to hit a new low on Friday amid continued selling of domestic equities by foreign portfolio investors (FPIs) and growing concerns about the rise in crude oil prices, currency dealers said.

It took the Indian unit almost two years to breach the 84 per dollar mark after hitting the 83 level on October 19, 2022.

The local currency depreciated up to 84.10 against the US dollar during the day before settling at 84.07. It had closed at 83.98 per dollar on Thursday. The rupee's previous record low was 83.99, seen on September 12.

The rupee, which has depreciated 0.8 per cent against the dollar in the current financial year, is the third worst performing Asian currency, after the Bangladeshi taka and the Philippine peso.

## GRADUAL FALL

Days taken by ₹ to depreciate to key levels versus \$ since hitting the 80 mark

Date	₹ vs \$	Days
Sep 22, '22	80.87	
Sep 26, '22	81.62	4
Oct 7, '22	82.33	11
Oct 19, '22	83.02	12
Oct 11, '24	84.06	723

Source: Bloomberg  
Compiled by BS Research Bureau

## RBI SUPPORT

RBI's forex intervention in the spot market

Year	\$ million
2019-20	45,049
2020-21	68,315
2021-22	17,312
2022-23	-25,516
2023-24	41,271
2024-25*	5,402

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\*(up to July)

Source: RBI

# FPIs pull out around \$131 bn this month

FPIs have sold nearly \$6 billion worth of domestic equities during the current month so far, while they have pulled out \$125 million from the debt segment.

Market participants said government banks sold dollars on behalf of the central bank, preventing further depreciation. "This level should hold, because it is a very crucial level psychologically. The RBI is allowing a gradual depreciation of the rupee," said VRC Reddy, treasury head at Karur Vysya Bank. "The rupee's broad range for the month should be 83.90-84.10 per dollar," he added.

The RBI had been defending the 84 per dollar level for over two months.

"With the RBI's intervention anticipated, backed by record-high forex reserves, and the 84.10 per dollar level serving as a strong resistance, a pullback below 84 per dollar could materialise once FII outflows subside," said Amit Pabari, managing director at CR Forex.

India's foreign exchange reserves surged past \$700 billion in the week ended September 27, owing to a rise in foreign currency assets. The RBI's data released on Friday showed India's forex reserves were at \$701 billion as on October 4. India has accumulated almost \$78 billion in 2024 so far -- the second highest (after China) among major forex reserves holding countries. The RBI has been using these reserves to curb the currency volatility. Two weeks ago, the rupee had appreciated to 83.48 per dollar after a 50 basis points rate cut by the US Federal Reserve, but it came under pressure after geopolitical tensions flared up in West Asia, which pushed up oil prices. India imports over 80 per cent of its oil requirements.