

Rupee rises 1 paisa to close at 84.38 against US dollar

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Rupee weighed down by foreign fund outflows, domestic equities

BY PTI

The rupee moved in a narrow range and appreciated 1 paisa to close at 84.38 (provisional) against the US dollar on Wednesday, as persistent foreign fund outflows and a muted trend in domestic equities weighed on the local unit.

The USD/INR pair is trading in a narrow range as the strength of the American currency in the overseas market dented investor sentiment, while suspected intervention by the Reserve Bank of India (RBI) kept the rupee supported at lower levels, forex traders said.

At the interbank foreign exchange, the rupee opened at 84.40 against the US dollar. During the session, the local currency touched a high of 84.37. It finally settled at 84.38 (provisional), 1 paisa higher than its previous close.

On Tuesday, the rupee fell 1 paisa to a new lifetime low of 84.39 against the US dollar.

According to Praveen Singh -- Associate VP, Fundamental Currencies and Commodities, Sharekhan by BNP Paribas -- the USDINR pair may rise to the ₹85 level in the near term, though intervention by the RBI may slow the pace.

"Support is at 84.25/84 and resistance is at 84.50/84.75," Singh added.

Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was trading lower by 0.05 per cent at 105.97.

Brent crude, the global oil benchmark, rose 0.64 per cent to \$72.35 per barrel in futures trade.

In the domestic equity market, the 30-share BSE Sensex fell 984.23 points, or 1.25 per cent, to close at 77,690.95 points, while Nifty fell 324.40 points, or 1.36 per cent, to settle at 23,559.05 points.

Foreign Institutional Investors (FIIs) were net sellers in the capital markets on Tuesday, as they offloaded shares worth ₹3,024.31 crore, according to exchange data.

On the macroeconomic front, retail inflation breached the RBI's upper tolerance level, soaring to a 14-month high of 6.21 per cent in October mainly on account of rising food prices.

Inflation based on the consumer price index (CPI) was 5.49 per cent in September and 4.87 per cent in the year-ago month.

India's industrial production expanded 3.1 per cent in September after recording a contraction in the preceding month, as all three major segments -- mining, manufacturing, and power generation -- showed improvement.

However, growth in the Index of Industrial Production (IIP) during the month was lower than 6.4 per cent registered in September 2023.