

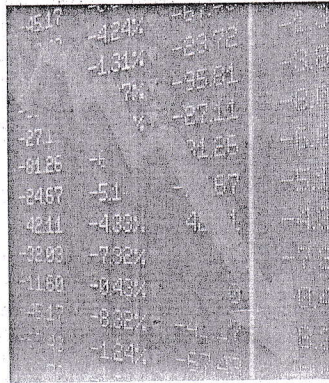
Rupee slips to all-time low of 86.64

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RUPEE WEAKENED TO its all-time low on Tuesday due to strong dollar bids spurred by the maturity of positions in the non-deliverable forwards (NDF) market, while likely intervention by the Reserve Bank of India helped cap losses, traders said.

The rupee hit a record low of 86.6475 before closing at 86.63 against the US dollar, down from its close at 86.5750 in the previous session. The currency was under pressure through much of the session amid broad-based dollar demand prompted by maturing positions in the NDF market.

State-run banks were spotted



85.17	-1.24%	-83.72	
	-1.31%	-85.51	
		-87.11	
-27.1		72.25	
-81.26			
-24.67	-5.1	6.7	
42.11	-4.33%	4.1	
-32.83	-7.32%		
11.60	-0.43%		
25.15	-8.32%		
7.43	-1.24%		

offering dollars, most likely on behalf of the RBI, while foreign banks' dollar offers also helped limit the rupee's decline, traders said.

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The currency logged its steepest single-day fall in nearly two years on Monday as the dollar scaled an over two-year high on fading bets of US interest rate cuts this year after a blowout jobs report.

"The trajectory of the INR decline has been steeper since Sanjay Malhotra took charge as RBI governor (INR down 2.1% since he began on December 9), raising

speculation that the RBI has loosened its grip on the INR," Societe Generale said in a note. The rupee's 1-month implied volatility, a gauge of future expectations, rose to a 16-month peak of 4% on the day.

India's central bank intends to be judicious in its use of foreign exchange reserves to mitigate domestic currency market volatility amid strong global headwinds, Reuters reported earlier.

The dollar index was last quoted at 109.5, having cooled off its two-year peak, which helped most Asian currencies nudge higher. Investors now await the release of US wholesale and consumer price inflation data due on Tuesday and Wednesday, respectively. —REUTERS