

# ₹ slips 29p on 100-bp Fed hike speculation

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Mumbai, 14 September

The rupee weakened sharply against the dollar on Wednesday as a higher-than-expected US inflation print led to anticipation of a steep rate hike by the Federal Reserve, leading to global strengthening of the greenback.

Government bonds also weakened as the US inflation data resulted in sharp rise in the country's bond yields,

reducing the appeal of fixed-income assets in emerging markets. The rupee closed at 79.44 per US dollar as against 79.15 per US dollar on Tuesday.

So far in 2022, the domestic currency has weakened 6.4 per cent against the dollar. Yield on the 10-year benchmark government bond climbed 4 basis points to settle at 7.12 per cent. Bond prices and yields move inversely.

Data released after Indian

trading hours on Tuesday showed that consumer inflation clocked in at 8.3 per cent in the US in August, lower than 8.5 per cent a month ago, but higher than market expectations of around 8.1 per cent.

The data has led to speculation of the Federal Reserve announcing a rate hike of a 100 basis points at its next policy statement on September 21. The last time the Fed had lifted rates by 100 bps at a single meeting was in 1981.

**₹ VS \$**  
Inverted scale

