

Rupee rises 6 paise to settle at 82.89 against US dollar

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The rupee strengthened for the ninth consecutive session to settle with a gain of 6 paise to 82.89 (provisional) against the US dollar on Monday, driven by a rally in the domestic equity markets.

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The unit finally settled at 82.89 (provisional) against the dollar, registering a gain of 6 paise over its previous close amid a bullish trend in domestic equities, wherein benchmark indices climbed to lifetime highs.

On Friday, the rupee settled with a gain of 6 paise to 82.95 against the US dollar.

In the last nine trading sessions, the local unit added 48 paise since the level of 83.32 against the dollar recorded on January 2.

Meanwhile, WPI rose 0.73 per cent year-on-year in December 2023 against 0.26 per cent in the previous month, but lower than the forecast of 0.9 per cent.

According to official data, the wholesale price index (WPI)-based inflation rose in December at 0.73 per cent mainly due to a sharp rise in food prices.

The WPI inflation was in the negative zone from April to October and had turned positive in November at 0.26 per cent.

"We expect the rupee to trade with a slight positive bias on the weak US Dollar and positive global markets. Expectations of fresh inflows from foreign investors may also support the rupee," said Anuj Choudhary - Research Analyst at Sharekhan by BNP Paribas.

However, a surge in global crude oil prices and the escalation of geopolitical tensions in the Middle East may cap sharp gains. Traders may remain cautious ahead of India's trade balance data. USD/INR spot price is expected to trade in a range of ₹82.50 to ₹83.20, Choudhary added.

The dollar index, which gauges the greenback's strength against a basket of six currencies, was trading 0.09 per cent higher at 102.49.

Brent crude futures, the global oil benchmark, slipped 0.66 per cent to \$77.77 per barrel.

On the domestic equity market front, Sensex surged 759.49 points, or 1.05 per cent, to settle at a fresh peak of 73,327.94 points. The Nifty also soared 202.90 points, or 0.93 per cent, to a new record of 22,097.45 points.

Foreign Institutional Investors (FIIs) were net sellers in the equity market on Friday as they offloaded shares worth ₹340.05 crore, according to exchange data.

On the domestic macroeconomic front, retail inflation soared to a four-month high of 5.69 per cent in December, while industrial production fell to an eight-month low of 2.4 per cent in November, according to a set of government data released on Friday.