

₹ breaches 83/\$ intraday, ends at 10-mth low

RBI protects it from further depreciation

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The rupee settled near a 10-month low at 82.95 per dollar on Monday following strengthening of the dollar index and hardening of US bond yields, said dealers. The losses were capped as state-run banks sold dollars on behalf of the central bank.

Foreign portfolio investors (FPIs) and oil companies bought dollars, which weighed on the Indian currency.

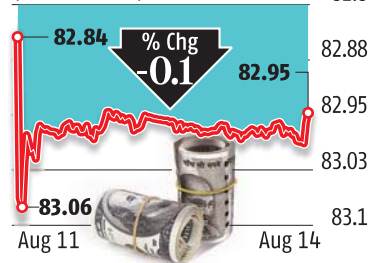
The rupee had settled at 82.84 per dollar on Friday. The Indian currency touched the day's low of 83.08, which was the lowest intraday level since October 20, 2022.

However, the Reserve Bank of India (RBI) intervened in the market, which protected the rupee from fur-

GREENBACK WOES

(₹ vs \$)

(inverted scale)



Source: Bloomberg
Compiled by BS Research Bureau

ther depreciation.

“Market chatter indicated that the RBI likely intervened through forward contracts and futures. In terms of magnitude, it is speculated that the RBI may have sold around \$1.5 to \$2 billion to counteract the depreciation of the

rupee,” Amit Pabari, managing director (MD) at CR Forex said.

Rupee’s Asian peers were trading lower against the dollar, with the Chinese yuan falling to a near six-week low against the dollar to yuan 7.28 a dollar. Japanese yen fell to its lowest level of the year at 145. The Korean won, the Malaysian ringgit and the Indonesian rupiah were down between 0.6 per cent and 0.8 per cent against the dollar.

“FPIs and oil companies have been buying dollars and our stop loss of 82.98 per dollar has been hit despite RBI being on the selling side. It seems that RBI may now allow a gradual rise of the dollar against the rupee as Asian currencies weaken. So, buying the dips would be the call from here on as we move on with a range of 82.70 to 83.20 per dollar on Thursday after a gap of two days due to holidays,” said Anil Kumar Bhansali, head of treasury at Finrex Treasury Advisors LLP.

The dollar index rose to a month

high of 103 on Monday. It measures the strength of the US dollar against a basket of six major currencies.

The yield on the 10-year US treasury bond rose to 4.18 per cent during the day as investors assessed the large quantum of supply scheduled in the next few months.

The RBI could have sold around \$2 billion worth of US dollars in the week ended August 11, in order to contain volatility, dealers said.

RBI Governor Shaktikanta Das had said in the past that the central bank deploys the foreign exchange reserves to contain volatility in the currency market.

“With \$600 billion reserves, I think we are far better placed today to deal with any situation. Last year, for example, after the war started in Ukraine, there were market fears that the rupee will crash to depreciate to such and such levels and various numbers were mentioned,” said Das, at the post-policy conference on Thursday.