

₹ weakens despite fall in \$ index

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Despite the dollar index falling below 100, the rupee depreciated by 10 paise on Friday because the Reserve Bank of India (RBI) stepped in to buy dollars in order to replenish its reserves, dealers said. Moreover, importers bought dollars for oil companies that further weighed on the Indian unit. The dollar index breached the level of 100 after April 13, 2022, which is a 15-month low.

The dollar index measures the strength of the US dollar against a basket of six major currencies.

The rupee settled at ₹82.17 per US dollar on Friday, against ₹82.07 per US dollar on Thursday. "Rupee opened at intraday high of ₹81.93 per US dollar but was sold off, as the RBI stepped in to buy dollars

Fx reserves up \$1.2 billion

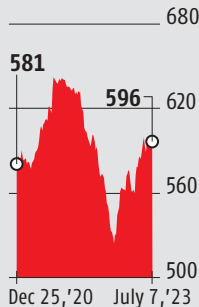
Foreign exchange reserves increased \$1.2 billion for the week ended July 7 to \$596 billion latest, the Reserve Bank of India's data showed. The rise in reserves is mainly due to a \$989 million increase in foreign currency assets. The overall reserves had increased by \$1.8 billion to \$595 billion in the previous reporting week. In the first six months of 2023, foreign exchange reserves rose by around \$33 billion. **ANJALI KUMARI**

followed by oil companies who were continuously on the bid side keeping the spot higher," said Anil Kumar Bhansali, head of treasury at Finrex Treasury Advisors.

"Asian currencies were all

on the gaining side and all factors are positive for rupee except oil which is at \$81.36 keeping oil companies on the bid side." The dollar index slumped because of lower-than-expected US inflation

GOING NORTH (\$ billion)



Compiled by BS Research
Bureau
Source: RBI

data, which led investors to anticipate fewer interest rate hikes for the year. The release of weak producer and consumer inflation readings this week further supported the belief that the Federal Reserve was nearing the peak of its interest rate cycle, suggesting that the potential rate hike in July could be the final one in the current cycle.

In June, US producer prices showed a modest year-on-year increase of 1 per cent, marking the smallest advancement since 2020.

Going ahead, the rupee is projected to maintain a range between ₹81.90 and ₹82.50 per dollar in the upcoming week on the back of weakness in the dollar index. The dollar index may experience further decline, however, there is a possibility of a rebound as it is currently in an oversold zone, the dealers said.