

# ₹ hits a new low on sustained FPI selling, slides past 91 against \$

**Our Bureau**

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The rupee on Tuesday breached the psychologically crucial 91 to the US dollar to close at an all-time low, pressured by sustained foreign portfolio investor (FPI) selling, dollar outflows linked to the \$5 billion dollar-rupee buy-sell swap, a strong dollar, and prolonged India-US tariff negotiations.

The Indian currency weakened by about 30 paise to close at 91.0275, compared with the previous close of 90.73. In intra-day trade, it touched a high of 90.7625 and a low of 91.08.

The rupee has depreciated 100 paise — from 90 to 91 per dollar — in just nine trading sessions. Market participants said the Reserve Bank of India (RBI) is intervening sparingly, as a weaker rupee could discourage foreign investors from repatriating profits from Indian capital markets.

The three-year dollar/rupee buy-sell swap auction conducted by the RBI for \$5 billion received strong demand, with bids totalling \$10.35 billion. The central bank accepted 118 bids out of 222 at a weighted average

## Weakening rupee



premium of 777.57 paise.

While the swap has absorbed \$5 billion of dollar liquidity, analysts said it strengthens the RBI's ability to intervene in smoothening the rupee's volatility.

## NDF MARKET

Abhishek Goenka, Founder and CEO, IFA Global, said the pressure on the rupee appears to be originating from the non-deliverable forward (NDF) market, where the one-month NDF is 4-5 paise higher than the onshore levels.

"It seems that the RBI is not rolling over its offshore short forward positions, and that pressure is getting transmitted onshore. 1 month offshore is at 36 paise while 1 month onshore is at 31 paise," he said.

V Rama Chandra Reddy, Head-Treasury, Karur Vysya

Bank, said that in FY26, dollar outflows due to FPI selling — largely in equities — had crossed \$17 billion, with selling pressure now visible in debt markets as well. He added that incremental FCNR(B) inflows had fallen 87 per cent in the first six months of the fiscal, adding to pressure on the rupee. Equity offer-for-sale by foreign firms, such as LG and Hyundai, also had a depreciating impact.

## WHAT'S AILING RUPEE

Dipti Chitale, CEO, Mecklai Financial Services, said the rupee breached the 91 level amid delays and hurdles in the India-US trade negotiations, particularly over agriculture and dairy.

"This weighed on market sentiment. Further, the RBI's \$5 billion buy-sell swap added to near-term pressure on the rupee. Liquidity conditions are being eased aggressively, with the second tranche of the RBI's OMO (open market operation of G-Secs) scheduled for December 18 resulting in a substantial injection of rupee liquidity. This, combined with FII outflows seen on Tuesday, has added to depreciation pressure," she said.