

AT A FRESH LOW

₹ slips past 96 on stronger \$ index

Tracking the slide

Days rupee took for ₹1 decline since 90/\$ mark

Date	Open	High	Close	Trading days
Dec 03, '25	89.98	90.30	90.20	8
Dec 16, '25	90.78	91.08	91.03	9
Mar 4, '26	92.00	92.31	92.15	51
Mar 20, '26	92.89	93.77	93.72	11
Mar 27, '26	94.16	94.85	94.81	4
Mar 30, '26	93.56	95.24	94.81	1
May 15, '26	95.86	96.14	95.97	29

Source: Bloomberg; compiled by BS Research Bureau

ANJALI KUMARI

Mumbai, 15 May

The rupee slumped past the 96 mark on Friday to touch a fresh intraday low of 96.14 against the dollar, pressured by a stronger greenback, elevated crude oil prices, and concerns over India's widening trade deficit, said dealers. The yield on the benchmark 10-year government bond also inched up by 4 basis points (bps) to settle at 7.06 per cent.

The Indian unit cut some losses following intervention by the Reserve Bank of India (RBI), and settled at a new low of 95.97 per dollar, against the previous close of 95.77.

Merchandise trade deficit widened sequentially in April to \$28.4 billion from \$20.7 billion in March.

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Rupee slumps past 96/\$ tracking crude, dollar index

With elevated crude oil prices, Barclays revised the current account deficit (CAD) forecast to 1.8 per cent of gross domestic product (GDP), and estimated balance of payment (BoP) deficit at \$50 billion for financial year 2026-27 (FY27).

The domestic currency came under pressure as the dollar index rose to 99.30, against the previous day's 98.51. The dollar index measures the strength of the greenback against a basket of six major currencies.

Brent crude oil prices also climbed to around \$109 per barrel, against previous day's 105.50 per barrel, amid escalating geopolitical tensions and uncertainty surrounding the US-Iran conflict. India's merchandise trade deficit widened in April, as imports rose faster than exports, adding to concerns over the country's external position.

"There is constant outflow, which is putting pressure on the rupee, with crude oil price and dollar index inching up," said a dealer at a state-owned bank. "There was RBI intervention, which helped the rupee settle below 96 per dollar," he added.

Foreign investors have net sold ₹2 trillion worth of domestic equities since the onset of the West Asia conflict, whereas they have net sold ₹924 crore worth of debt during the same period, NSDL data showed. Meanwhile, foreign portfolio investors (FPIs) have net sold ₹10,466 crore worth of government securities (G-Secs) under the fully accessible route (FAR) during the same period, according to data from the Clearing Corporation of India Limited (CCIL).

The rupee has been the worst-performing Asian currency in 2026, depreciating 6.35 per cent. Since April, the Indian unit has fallen 1.21 per cent.

A report by State Bank of India (SBI) said the benefits to oil companies after the ₹3 hike in fuel prices will be wiped out if the rupee depreciates by ₹2

more.

"The ₹3 per litre increase provides an estimated benefit of around ₹477 per barrel to oil marketing companies (OMCs)... However, even an additional depreciation of ₹2 in the rupee raises the effective crude oil price, pushing the landed import cost, which fully offsets the gains from the fuel price hike," the report said.

Market participants said the RBI was likely intervening intermittently through state-run banks to smoothen volatility in the currency market, although pressure on the rupee remains elevated due to the sharp rise in oil prices and sustained dollar demand from importers. Policy measures from the regulator or the government could provide temporary support to the rupee, and the Indian unit touching the 100/\$ mark in the near term cannot be ruled out.

"Any intervention measure from the regulator or the government could provide temporary support to the rupee, but in the absence of fresh triggers, the currency may stabilise around the 96-96.25 per dollar levels. The risk of the rupee touching 100 per dollar cannot be ruled out entirely, though assigning a timeline to such a move would be speculative," said the treasury head of a private bank.

Bond yields may also harden further with oil companies increasing pump prices of petrol and diesel, which would exert pressure on inflation. "Given elevated crude oil prices, inflation risks, and the potential fiscal impact, the benchmark 10-year bond yield could move towards 7.25 per cent if oil prices remain high, while 6.85 per cent may act as the lower end of the range in case of a rally," the person quoted above added.

Bond market participants said that the cutoff yield at the weekly government bond auction was higher than expected, which further pushed the benchmark yield higher.