

Rupee steady versus dollar, but loses ground against euro, pound in 2025

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The rupee has held its ground against the US dollar in the 2025 calendar year so far, but depreciated significantly against the euro and pound. It fell by 6.83 per cent, and 5.44 per cent against the euro and pound respectively, as the two currencies strengthened significantly against the greenback.

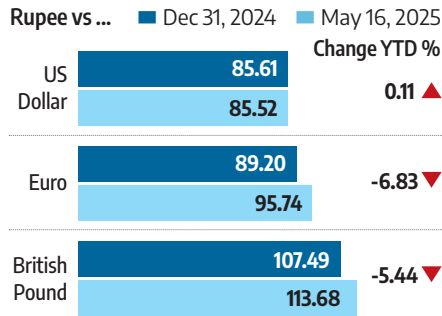
The unit was stable against the dollar with 0.01 per cent appreciation so far in 2025. Euro appreciated by 8.13 per cent against the dollar in the current calendar year so far, whereas, the pound strengthened by 6.12 per cent in the same period against the greenback.

The dollar index which measures the strength of the US dollar against a basket of currencies has fallen by 7.09 per cent in 2025. On Friday, it settled at 100.79.

“Euro and pound, they appreciated a lot against the dollar because of the trade tariffs,” said V R C Reddy, head of treasury at Karur Vysya Bank. “However, there have been some positive developments and the dollar index is rebounding, and there is optimism around the US and China trade,” he added.

On May 8, the US and the UK signed a

How they fared



Compiled by BS Research Bureau

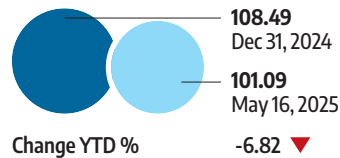
trade agreement aimed at deepening economic ties by reducing tariffs and expanding market access. The deal cuts US tariffs on up to 100,000 British car imports annually and removes duties on UK steel and aluminium, while the UK agreed to limited, tariff-free imports of US beef and ethanol.

The agreement was welcomed by markets, with the British pound appreciating against the greenback as investor sentiment improved on the back of stronger UK export

Dollar vs ...

	British Pound	Euro
Dec 31, 2024	0.80	0.97
May 16, 2025	0.75	0.90
Change YTD %	6.12	7.83

Dollar index



Source: Bloomberg

person added.

In early 2025, Europe's major currencies strengthened significantly against the US dollar as growing concerns over the US economic outlook prompted investors to shift portfolio allocations toward Europe and the UK. Additionally, the US-China trade truce initially lifted the dollar index, but the optimism quickly faded. Weaker-than-expected US economic data this week reinforced expectations that the Federal Reserve will cut interest rates more than three times this year, pushing the dollar index lower.

In a surprise breakthrough, the US and China agreed on Monday to roll back tariffs on each other's goods for an initial 90-day period — marking a major step toward de-escalating the prolonged trade war and lifting global market sentiment. US Treasury Secretary Scott Bessent had announced on Monday that the US and China have agreed to a 90-day pause on trade measures, following weekend negotiations with Chinese officials in Geneva. The deal includes a mutual reduction of tariffs during this period, offering a temporary reprieve from escalating trade tensions between the world's two largest economies.

prospects and renewed confidence in the UK economy.

However, the dollar saw limited upside, as expectations of Fed rate cuts continued to weigh on its performance despite the trade breakthrough. “The dollar is overvalued and there is room for the euro and pound to rise further,” said a market participant. “If we look at the data, the US Federal Reserve is expected to go for a rate cut, which means the dollar index might again fall below 100,” the