

# Rupee falls to record low

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**THE RUPEE FELL** 19 paise or 0.23% to close at a record low of 83.6475 on Thursday impacted by the rise in dollar against most Asian currencies and strong demand for the American currency from local importers. The domestic unit touched 83.67 during the intraday trade, breaching the previous low of 83.5750 in April. It had closed at 83.4538 in the previous session.

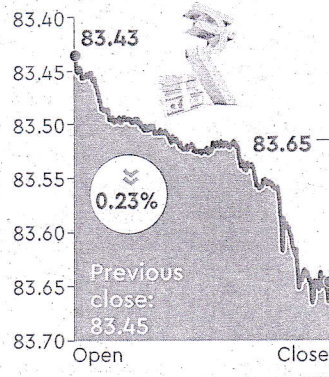
"The dollar strength is dominating the market at the moment and that is what is driving the rupee to a record low," said David Forrester, a senior strategist at Credit Agricole CIB in Singapore to Bloomberg.

Despite a sharp fall witnessed on Thursday, the rupee is still the best performing currency in Asia this year after the Hong Kong dollar.

Year-to-date, the Hong Kong dollar has weakened 0.09% and the rupee has depreciated 0.52%. Japanese yen has emerged as worst performing currency by falling 11% followed by Thai Baht (7.2%), South Korean Won (7), Indonesian Rupiah (6%), Philippine Peso

## RUPEE vs DOLLAR

Intra-day, June 20 (Inverted scale)



(5.8%) and Taiwanese Dollar (5%).

"Broader dollar strength has been witnessed across G7 and Asian currencies, Chinese Yuan dropped to its weakest levels since November 2023 which also put the pressure on the rupee," Kunal Sodhani, vice president-treasury, Shinhan Bank, told *FE*. "Corporate outflows have been further adding to rupee weakness".

Bond inflows are expected to provide some relief in the coming

week, Sodhani added.

The Reserve Bank of India has kept the rupee in a tight range, while focusing on building its foreign exchange stockpile to a record high to defend the currency. This has made the rupee one of the least volatile currencies across its emerging market peers, and the central bank is expected to continue accumulating reserves as foreigners continue flocking to the country's bonds ahead of index inclusion.

The rupee's decline below the previous all-time low of 83.5750 triggered stop-losses, exacerbating the fall, said experts.

"There could have been stop-losses triggered on some positions because the central bank had been defending the 83.60 level quite strongly for some time," said Dilip Parmar, senior research analyst, HDFC Securities.

He explained that the fall of the rupee was due to several factors such as the broad strength of the dollar following the attacks in the Red Sea, constant demand for dollars from oil importers and outflows due to Vodafone UK's sale in Indus Towers.