

# RBI intervenes to claw ₹ back from fresh intraday low vs \$

Central bank may have sold around \$1 billion in Fx market on Thursday

**BHASKAR DUTTA**

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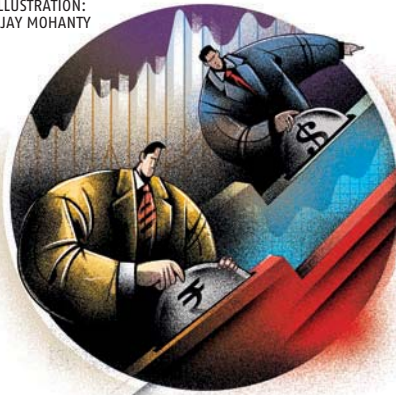
After weakening to a fresh intraday low against the US dollar on Thursday, the rupee recovered smartly to end the day 0.3 per cent stronger versus the greenback after the Reserve Bank of India (RBI) intervened to support the local currency, dealers said.

The rupee closed at 82.76 per dollar on Thursday as against 83.02 per dollar on Wednesday. In the course of trade, the domestic currency weakened to a fresh intraday low of 83.29 per US dollar. Wednesday's level of 83.02 per dollar was both the previous record closing low as well as intraday low for the rupee.

With the domestic currency having depreciated more than 1 per cent since Tuesday, dealers said the RBI might have stepped up sales of dollars on Thursday to prevent excessive volatility in the exchange rate.

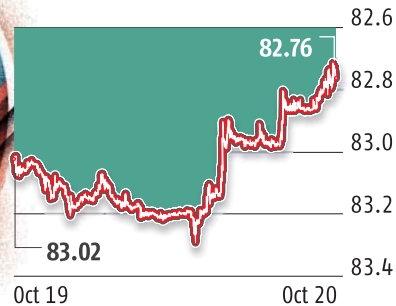
Dealers said the central bank likely sold more than \$1 billion in the spot market on Thursday, a day after it was reported to have not intervened much, which the dealers said was a key reason for the rupee breaching the 83 per dollar mark.

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AJAY MOHANTY



**STEPPING IN**

₹ vs \$ (inverted scale)



“The intervention would have been over a billion today. It was primarily the RBI’s intervention that brought the rupee back. In terms of a near-term range, I would be looking at 82.50-83.50 per dollar,” Anindya Banerjee, vice-president of currency derivatives and interest rate derivatives at Kotak Securities, told *Business Standard*.

Dealers said the RBI stepped up interventions in the latter part of the day’s trade, discouraging traders who were betting against the rupee.

“The Indian rupee erased early morning losses on suspected central bank intervention and recovery in the Chinese yuan. It has been one of the best performers in Asia in today’s trade,” said Dilip Parmar, research analyst at HDFC Securities, predicting a broad range of 81.90-83.50 per dollar for the rupee.

Over the past couple of weeks, the central bank is said to have significantly increased interventions through dollar sales in the forwards segment as against the spot market.

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By doing this, the RBI prevented rapid declines in the levels of headline reserves, analysts said.

This comes in the backdrop of a sharp decline in the RBI's foreign exchange reserves by about \$100 billion since the war broke out in Ukraine in February.

## US bond yields

The rupee's weakness earlier in the day was on account of a surge in US bond yields as comments by some members of the Federal Reserve strengthened expectations of aggressive rate hikes by the American central bank next month and the month after.

The US dollar index, which measures the greenback against six major currencies, was at 112.86 at 3:30 pm IST on Thursday as against 112.47 at the same time on Wednesday. Higher US interest rates typically lead to capital flowing to the world's largest economy.

"The market has priced in a 75 basis point hike by the US Fed on November 2. Overall, the dollar is strong, I don't think that will change with the Fed meeting," Banerjee said.

