Rupee slumps 72 paise to 91.69 against dollar

KEY FACTORS. Dragged by FPI selling in equity markets, US-EU standoff on Greenland

Our Bureau
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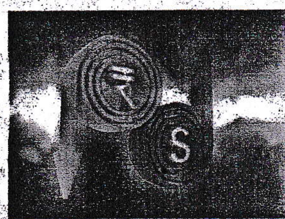
The rupee crashed on Wednesday to close at an all-time low of 91.6950, weighed down by a host of factors, including outflows due to FPI selling in the Indian equity markets, corporate demand, ripple impact of the EU's push back against aggressive US stance to acquire Greenland and continuing uncertainty on India's tariff agreement with the US.

The Indian currency slumped about 72 paise vs previous close of 90.97. Opening weaker at 91.10 per USD, the rupee tested an all-intraday time low of 91.7425. However, the RBI apparently intervened in the market, ensuring a slight pull back.

The last time the rupee saw a steep single-day fall was on November 21, 2025, when it plummeted 93 paise.

"The Indian rupee weakened past the 91.70 mark for the first time on Wednesday, as deteriorating

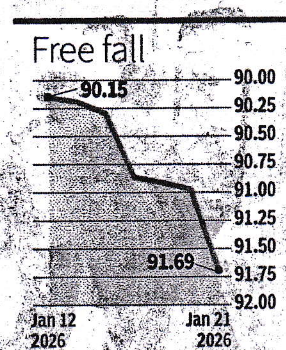


global risk sentiment intensified capital outflow pressures that have weighed on the currency over the past year.

"Risk appetite turned sharply negative after US President Donald Trump threatened fresh tariffs on eight European nations unless the United States is permitted to purchase Greenland, raising the risk of retaliatory measures from Europe.

"This escalation has reinforced a broad risk-off environment across global markets," said Amit Pabari, MD, CR Forex Advisors.

Pabari said that over the past two sessions, both global and Indian equities have declined, while gold prices have risen — clear



signs of defensive positioning. Such conditions are typically unfavourable for emerging-market currencies, leaving the Rupee under renewed pressure, he added.

Anindya Banerjee, Head of Commodity and Currency Research, Kotak Securities, observed that the USD/INR has surged to record highs, driven by a combination of sustained FPI outflows, adverse global risk sentiment stemming from geopolitics and US–India trade frictions, and a slowdown in exporter dollar conversions even as importer hedging demand remains strong.

"RBI intervention is helping smooth volatility but is not reversing the trend. In the near term, USD/INR could extend towards 92-92.50 levels. Key catalysts to watch are progress on the India-EU FTA and signals from the Union Budget on February 1. Over the medium term, the rupee looks undervalued, but stabilisation will require improvement in capital flows and global risk appetite," Banerjee said.

GLOBAL UNCERTAINTY

Pabari said in the current environment, much of the global uncertainty appears to be largely priced into the rupee.

From these levels, a phase of consolidation — or even a partial reversal — in both the rupee and the domestic equity markets cannot be ruled out.

Strong resistance is seen near the 92.00 mark, while sustained RBI intervention could help guide USD/INR back towards the 90.50–90.70 zone in the near term, per his assessment.