

# ₹ falls 8 paise to hit 84.5 vs \$ for first time

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The rupee depreciated to a new low of 84.50 per dollar as foreign portfolio investors sold domestic equities amid escalating geopolitical tensions and a spike in crude oil prices.

Uncertainty around the US Federal Reserve's future rate trajectory further weighed on the local currency, according to dealers.

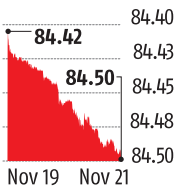
The previous low of 84.42 per dollar was recorded on Thursday last week. While the domestic currency has depreciated 0.5 per cent against the dollar in November, it has outperformed most other Asian currencies.

Market participants said the Reserve Bank of India (RBI) intervened in the foreign exchange market via dollar sales, preventing further depreciation.

"The RBI was active when the rupee was between 84.45 and 84.46 per dollar. It then spiked to 84.49 per dollar. In the current environment, the chances of rupee appreciation are very low. By the end of the month, we could see the rupee at 84.60–84.65 per dollar levels," said V R C Reddy, treasury head at Karur Vysya Bank. "By March-end, it might depreciate beyond 85 per dollar, but the RBI will ensure there is no sharp depreciation," he added.



## FRESH LOW ₹ against \$ (inverted scale)



Turn to 11,5 ▶

# Rupee hits fresh lows in most trading days in November

Market analysts said if the rupee depreciates beyond 84.50 per dollar, the next key resistance level will be at 85 per dollar.

“The next significant level to watch is 85 per dollar. We’ll need to focus on that because foreign outflows continue to play a key role, creating a lot of pressure,” said Anshul Chandak, head of treasury at RBL Bank.

“The RBI has been defending the rupee, but the selling pressure is much bigger. Hence, they will allow gradual depreciation while keeping extreme volatility in check,” he added.

The rupee has touched

fresh lows during most trading sessions in November.

The dollar index edged up to 106.7 on Wednesday after a marginal decline over the past three days, as investors sought clarity on US President-elect Donald Trump’s proposed policies and evaluated an uncertain outlook for the Federal Reserve’s benchmark interest rates.

According to the CME FedWatch tool, 55 per cent of investors expect the US rate-setting panel to cut rates in December.

Meanwhile, Brent crude oil rose to \$73.83 per barrel due to concerns over the

Russia-Ukraine crisis. However, further momentum was limited by weak demand prospects, particularly from China.

Geopolitical tensions escalated on Tuesday after Russian President Vladimir Putin approved an updated nuclear doctrine. He said Russia could consider using nuclear weapons if subjected to a conventional missile assault supported by a nuclear power.

In the current financial year, the rupee has depreciated by 1.29 per cent, while in the calendar year to date, it has weakened by 1.53 per cent.

## HOW THE CURRENCIES FARED

Major Asian currencies against US\$	Oct 31, 2024	Nov 21, 2024	% Chg
THAI BAHT	33.79	34.63	-2.4
MALAYSIAN RINGGIT	4.38	4.46	-1.9
SINGAPORE DOLLAR	1.32	1.34	-1.7
CHINA RENMINBI	7.12	7.24	-1.7
TAIWAN DOLLAR	32.02	32.55	-1.6
PHILIPPINES PESO	58.11	59.00	-1.5
INDONESIAN RUPIAH	15,698.00	15,931.00	-1.5
JAPANESE YEN	152.03	154.21	-1.4
SOUTH KOREAN WON	1,377.17	1,395.65	-1.3
VIETNAM DONG	25,280.00	25,421.00	-0.6
<b>INDIAN RUPEE</b>	<b>84.09</b>	<b>84.50</b>	<b>-0.5</b>
HONG KONG DOLLAR	7.77	7.78	-0.1
BANGLADESH TAKA	119.51	119.50	0.0

Source: Bloomberg