BUSINESS STANDARD POLL

₹ may trade around 90 vs $ by Dec-end

Indian currency likely to rise to 88.5 by end of FY26

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Mumbai, 21 December

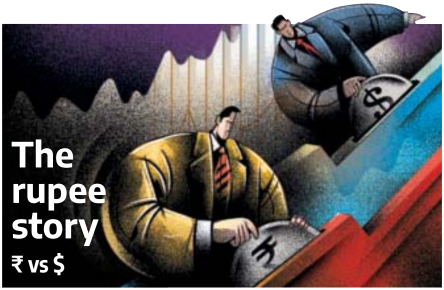
After depreciating 4.1 per cent against the US dollar so far in the current calendar year (CY25), the rupee is expected to settle around 90 per dollar by year-end, according to a majority of respondents in a *Business Standard* poll. However, the poll also shows that most respondents expect the Indian currency to appreciate to around 88.50 per dollar by the end of the current financial year (FY26).

The rupee has depreciated by 4.3 per cent so far in FY26. A combination of factors, including delays in securing a trade deal with the United States, coupled with foreign outflows, resulted in a sharp weakening of the rupee, with the currency breaching the 91-per-dollar mark in the previous week.

After a highly volatile week that saw the rupee hit fresh lows for four consecutive sessions, the currency ended the week about 1.3 per cent stronger against the dollar due to intervention by the Reserve Bank of India (RBI). It oscillated between 91.08/dollar and 89.25/dollar amid choppy trade.

The Indian unit appreciated sharply in the final hour of trade on Friday, supported by aggressive dollar sales by the RBI. The domestic currency posted its strongest single-day gain in over three years, strengthening 1.1 per cent to settle at 89.29 per dollar, compared with 90.26 per dollar in the previous session. Last week, the domestic currency also recorded its biggest weekly gain in six months as the RBI stepped in to curb one-sided depreciation against the greenback.

Market participants said the RBI's move was aimed at flushing out speculative positions and triggering panic among traders who were long on dollars and short on the rupee. Turn to Page 6



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Institution	December-end	March-end
Standard Chartered	90	89.5
RBL Bank	91	92- 93
IDFC First Bank	89.50-90	88.5
IFA Global	89	88
CR Forex	89.80-90.20	88.80-89.20
Mecklai Financial Services	90	89.25
Shinhan Bank	89.40-90.60	88.80-91.50
Finrex Treasury Advisors	89.5	90.5
Emkay Global	89.50-90.00	88.50-89.75
Bank of Baroda	89.5 - 90	90 - 91

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Market participants further said the central bank's dollar sales for a second session signalled that it would not tolerate a one-way depreciation narrative, helping curb speculative positioning and restore two-way risk in the market.

"The depreciation pressure on INR is driven by a sharp slowdown in capital inflows and the limited ability of the RBI to use the forward book to sterilise its spot dollar intervention. These two factors are unlikely to change anytime soon, even with a trade deal with the US. Hence, we expect depreciation pressures to resurface in the medium term, though the pace of depreciation is expected to be more moderate in FY27," said Gaura Sen Gupta, Chief Economist at IDFC FIRST Bank.

According to Gupta, near-term stability in the rupee will be led by RBI intervention, a trade deal with the US, and seasonal factors. "There has been a change in the RBI's intervention pattern since October 2025, with a rise in forex intervention by the RBI. If India reaches a trade deal with the US, it will improve sentiment and reduce risks to the FY27 current account deficit (CAD). Finally, seasonal factors also turn supportive of the rupee in Q4, as the trade deficit tends to narrow and the balance of payments tends to be in surplus," Gupta said.

Respondents said the trade deficit, despite narrowing in November, has remained higher than expected in recent months. The trade deal remains out of reach, and repeated delays—despite the absence of negative headlines—are beginning to weigh on market sentiment. At the same time, the RBI's scope to intervene may be limited due to its large short positions in the non-deliverable forward (NDF) and onshore forward markets, which could lead it to unwind some positions around the 88.80 level to preserve room for future action.

According to the latest data on forward-market positions, the RBI is estimated to have intervened nearly $30 billion in the foreign exchange market between June and October this year—$18 billion during June–September and a further $10 billion in October. The central bank's short dollar forward positions increased to $63 billion by the end of October, compared with $59 billion at the end of September. In October, the RBI had been steadily supplying dollars to prevent the rupee from weakening beyond the 88.80 level.

"The flow picture remains grim, with foreign portfolio investor (FPI) inflows still elusive, and while the trade deficit narrowed in November, it has remained higher than expected in recent months," said Abhishek Goenka, founder and CEO, IFA Global.

"RBI's ability to intervene in markets could be constrained by its already large short positions in the NDF and onshore forward markets, prompting the central bank to potentially unwind some of the shorts built around the 88.80 level to preserve ammunition for future intervention, if required. Taken together, these factors are expected to provide a firm floor for the rupee around 88.00 per dollar, with the rupee likely to remain range-bound going forward," Goenka said.