

₹ hits new low of 85.12 vs \$

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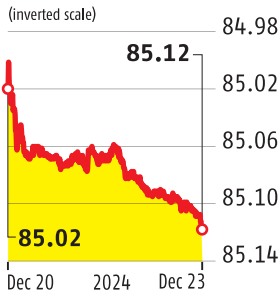
Mumbai, 23 December

The rupee hit a new low of 85.12 per dollar on Monday due to month-end demand for dollars among importers and tracking weakening of the Chinese Yuan, said dealers. The rise in crude oil prices further weighed on the domestic currency.

The local currency had settled at 85.02 per dollar following a choppy trade on Friday after touching ₹85.11 per dollar before regaining lost ground against the greenback on the back of FTSE (Financial Times Stock Exchange) rebalancing inflow. In this calendar year (CY24), the rupee has depreciated by 2.24 per cent. In December so far, it witnessed 0.73 per cent depreciation.

The Reserve bank of India (RBI) intervened in the foreign exchange market via dollar sales, thereby avoiding further depreciation. India's forex reserves have declined to a six-

SLIPPERY SLOPE (₹ vs \$)



month low, highlighting the RBI's timely interventions to mitigate excessive depreciation of the currency.

Meanwhile, despite the subdued trading volumes expected this week due to the holiday season, the Sensex reshuffle, marked by Zomato's inclusion, is projected to bring net inflows of \$260 million, potentially giving some support to the Indian currency.

"Looking ahead, this week is expected to be relatively sub-

dued due to the holiday season in key markets like the US and Europe, leading to thin trading volumes and reduced market volatility. The Dollar Index is likely to remain around its elevated level of 108, while EM (emerging market) currencies may continue to face headwinds in the near term," said Amit Pabari, managing director, CR Forex.

Brent crude oil prices gained 0.41 per cent to reach \$73.24 per barrel, backed by easing concerns over a potential US government shutdown and a softer US Personal Consumption Expenditures Price Index. The latter fuelled optimism about policy easing by the Federal Reserve.

"As we approach the month end, quarter end and calendar year end, we expect some gain in the rupee rates before weakness commences again in January," said Anil Kumar Bhansali, head of treasury and executive director at Finrex Treasury Advisors LLP.