

Nomura says rupee may slide to 84/\$ by 2025-end

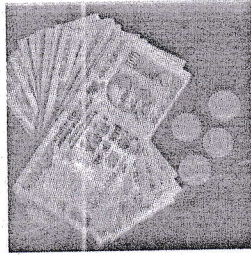
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Global brokerage Nomura estimates the rupee to fall to around 84/\$ by the end of the year, and sees muted returns of low-single digits for the Nifty 50 in the current financial year.

"There will be some active dollar purchases, cleaning up of the RBIs net short positions in the forward book, and potential accumulation of reserves by the RBI," said Craig Chan, global head of

FX strategy at Nomura Securities. The Reserve Bank of India has been rebuilding its reserves due to foreign inflows into domestic stocks and bonds, having purchased \$677.8 billion as per the latest data.

Chan said that RBI will have to get to the \$800 billion level to return to the coverage ratios of the peaks back in 2021, based on the IMF reserve adequacy measures. He expects the rupee would be an underperformer compared to the euro and yen.



Other foreign banks have predicted the rupee to be around 87/\$ levels by the end of the year. Standard Chartered Bank sees the rupee to be at 87.75/\$, while

MUFG Bank forecasts 87.50/\$.

EQUITY OUTLOOK

The brokerage has set a target of 24,970 points for the Nifty 50 index by March 2026, which translates to a 3 percent upside from Thursday's close of 24,247 points.

Saion Mukherjee, managing director and head of India equity research at Nomura provided a range of around 21,800 to 25,600 points, with the higher end resulting in mid-single-digit

returns. The muted outlook is on the back of a high-single digit corporate earnings growth, slow capital expenditure cycles, FPI's pull-back, and likely challenges for export-oriented sectors due to tariffs and slowdown in the US economy. Corporate earnings growth is seen lower than GDP growth.

The brokerage has projected India's gross domestic product (GDP) growth at 5.8 per cent by the end of FY26, considering the uncertainties and impact of the US reciprocal trade tariffs.