

Rupee posts biggest single-day gain in a month even as crude oil price falls

Our Bureau
Mumbai

The rupee posted its biggest single-day gain in a month on Tuesday, closing up 77 paise against the US dollar, amid a steep fall in global crude oil prices, after US President Donald Trump said in a social media post that ceasefire between Israel and Iran is in effect.

Government Securities (G-Secs) too rallied with the yield of the benchmark 10-year paper closing 6 basis points lower at 6.25 per cent (previous close: 6.31 per cent) even as its price rose by about 40 paise.

The rupee, which opened gap down at 86.11, closed at 85.9750/dollar against the previous close of 86.7450.

Intraday, the Indian unit

tested a high/low of 85.9125/86.2625 per dollar.

CRUDE OIL FACTOR

V Rama Chandra Reddy, Head - Treasury, Karur Vysya Bank, observed that the sentiment turned positive for the rupee in the backdrop of a fall in global crude oil prices even as Trump announced a truce between Israel and Iran.

Crude oil prices, which jumped to about \$82 a barrel, after Israel launched missile strikes on June 19, are currently trading at \$68.

"The rupee had closed at 86.72 when the Israel-Iran war began on June 19...Trump's comments are driving the market. The dip in crude oil is a big relief for us," said Reddy.

Amit Pabari, MD, CR Forex Advisors, noted that

following Trump's announcement of a potential ceasefire, crude oil prices plummeted, and equities rebounded sharply. The US dollar/rupee pair traded from 86.85 to 85.95.

"Market participants will closely monitor geopolitical tensions between Israel and Iran, and expiration of Trump's tariffs," he said. For the rupee, Pabari sees the range to be 85.50-86.90.

India Ratings and Research (Ind-Ra) expects the current account balance (CAB) to have registered a surplus of around \$7 billion (0.7 per cent of GDP) in Q4FY25, higher than \$4.6 billion (0.5 per cent of GDP) in Q4FY24 (Q3FY25: deficit of \$11.5 billion, 1.1 per cent of GDP). CAB might be in a surplus, after a gap of three quarters, in Q4FY25.