

Rupee at 11-week high on strong FPI inflows

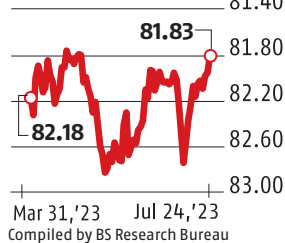
ANJALI KUMARI
Mumbai, 24 July

The rupee (INR) closed 15 paise higher at ₹81.94 per US dollar (USD), an 11-week high, on Monday, due to robust foreign inflows, say dealers.

“The USD/INR spot closed 13 paise lower at ₹81.81, the lowest level since May 8, due to foreign portfolio investor (FPI) dollar sales and corporate dollar inflows,” says Anindya Banerjee, vice-president, currency derivatives and interest rate derivatives at Kotak Securities. The impact of a rise in the dollar index was offset by the overall positive sentiment due to steady inflows,

ON A HIGH

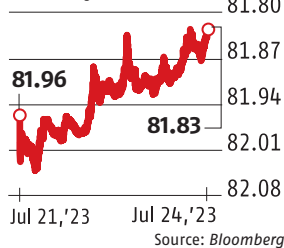
In inverted scale



observe dealers. The Indian unit settled at ₹82.01 per dollar on Friday.

“The flows from Bain Capital and FPI inflows ensured that the rupee rose to ₹81.85, notwithstanding a rise in the dollar index,” says Anil Bhansali, head of treasury at

Intraday



Finrex Treasury Advisors.

On Sunday, Bain Capital decided to buy a 90 per cent stake in Adani Capital and Adani Housing for ₹1,440 crore.

Dealers expect the rupee to remain in the range of ₹81.7 to ₹82.1 per dollar as the Reserve Bank of India (RBI) continues

to intervene to rein in volatility. The central bank has been stocking up on the greenback as the rupee approaches ₹81.95 per dollar. However, dealers say that the RBI might now intervene at around ₹81.85 per dollar. “Over the near term, we expect the USD/INR to trade within a broad range of ₹81.4 and ₹82.1 on the spot,” says Banerjee.

Traders now eye the US Federal Reserve’s decision on Wednesday.

Market participants largely expect the US rate-setting panel to hike the funds rate by 25 basis points. However, the market awaits commentary from the members of the committee for further guidance.