

# ₹ rises as Fed shake-up talk rocks \$

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The rupee appreciated sharply on Thursday, tracking a decline in the dollar index after US President Donald Trump suggested that Federal Reserve (Fed) Chair Jerome Powell could soon be replaced, fanning expectations of a rate cut as early as July. The remark sparked concerns over the future independence of the Fed, said dealers.

The local currency appreciated to 85.63 per dollar during the day before settling at 85.71 against the greenback, its highest level since June 12 this year. Market participants said the Reserve Bank of India (RBI) intervened in the foreign exchange market via dollar purchases, which capped gains.

## Robust showing

### Major Asian currencies against \$

Currency	Jun 26, 2025	% 1-day chg
Japanese Yen	144.33	0.63
Indonesian Rupiah	16,209.00	0.56
South Korean Won	1,354.30	0.49
Indian Rupee	<b>85.71</b>	<b>0.44</b>
Singapore Dollar	1.27	0.34
Philippines Peso	56.60	0.19
Thai Baht	32.46	0.19
Vietnamese Dong	26,120.00	0.12
Chinese Renminbi	7.17	0.07
Hong Kong Dollar	7.85	0.00

Compiled by BS Research Bureau Source: Bloomberg

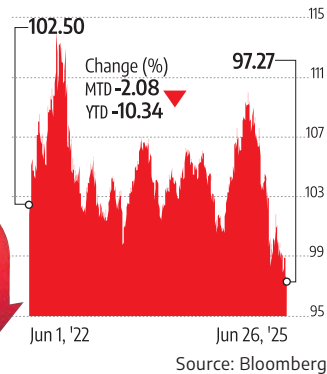
“The RBI was buying dollars via public-sector banks at the 85.63-85.65 per dollar level after the rupee’s appreciation in the morn-

ing,” said a dealer at a state-owned bank. “The dollar index was down, and there were some inflows too, helping the rupee. Foreign banks



## Weakening dollar

### \$ index



were on the buying side (rupee) on Thursday.”

The dollar index fell 1.18 per cent to 97.15 in Asian trading,

reaching its lowest level since March 2022, as it extended a sharp decline this week. The drop was partly credited to fading safe-haven demand after a US-mediated ceasefire between Iran and Israel appeared to be holding. Losses deepened after Trump criticised Powell and called for more aggressive rate cuts. Powell, in his testimony, maintained a cautious stance on policy easing and warned that Trump’s proposed tariffs posed an inflationary risk that could delay action by the central bank. “There is resistance around the 85.5 per dollar mark, and the RBI will also be there to shore up its reserves,” said a market participant. “We see an appreciation bias for now; the probability of a rate cut in the US will take the dollar index lower.”