

LOCAL UNIT UP 0.4% AGAINST DOLLAR THIS MONTH, INDONESIAN RUPIAH GAINS 2%

Rupee Outperforms Most Asian Peers as Inflows Rise

Dollar inflows for IPOs, narrowing current account deficit help rupee, say Analysts

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Mumbai: The rupee has outdone all but one of its Asian peers this month as structural improvements in India's external outlook and dollar investments flowing through recent rounds of corporate fund-raising have bolstered the domestic currency in April.

A resumption of overseas investment flows into Indian stocks over the past couple of months has also propped up the rupee, resulting in the local unit performing better than 10 other Asian currencies so far this month.

Dealers said that dollar inflows for IPOs of companies such as Maiden Pharma and fund-raising by local firm Avadda had helped the rupee of late.

Bloomberg data showed the rupee gained 0.4% against the US dollar so far this month, second only to the Indonesian rupiah

Strong Showing

Currency	Spot returns vs US dollar (%)
Indonesian Rupiah	1.99
Indian Rupee	0.41
Thai Baht	0.17
Hong Kong Dollar	0
Singapore Dollar	-0.4
Japanese Yen	-0.71
Chinese Renminbi	-0.73
Taiwanese Dollar	-0.84
Offshore Chinese Renminbi	-0.96
Malaysian Ringgit	-1.08
Philippine Peso	-2.45
South Korean Won	-2.7

Source: Bloomberg * (March 31-April 27)

that strengthened 2%.

"The first set of factors that helped the rupee are the structural positive changes — a narrowing current account deficit," said Standard Chartered Bank's head of South Asia Economic Research, Anubhuti Sahay.

The Thai baht, third on the list of 12 units, was the only other currency that gained against the dollar so far this month, with nine others either remaining steady or losing gro-

und. The South Korean won was the worst hit, losing 2.7% against the US dollar.

"The second thing is that while the dollar is weakening and should have a uniform impact across the currencies, in case of India, what is probably also benefiting the INR is lower oil prices. Oil is trading below 80 dollars; that's a big support for the rupee," Sahay said.

The US dollar index has eased so far this month.

