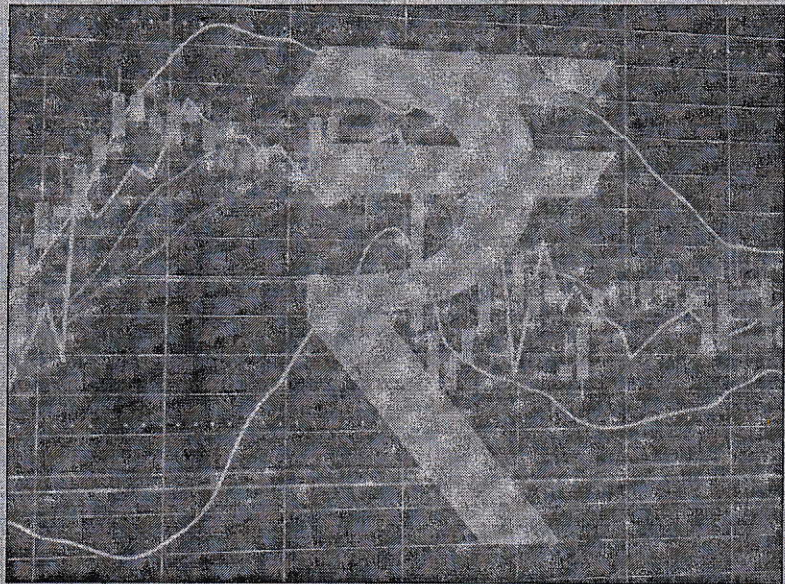


Worst is probably over; rupee appreciation seen next year

Having dropped 11.5% so far in 2022, on course to log its worst yearly decline since 2013, the rupee is expected to make a recovery in 2023, giving the RBI a chance to replenish its forex reserves kitty. A relative weakness in the dollar index, expectations of smaller rate hikes from the Fed and optimistic domestic market sentiments are positives for the Indian currency, reports **FE Bureau**. However, surge in crude oil prices can limit the gain in the rupee. The

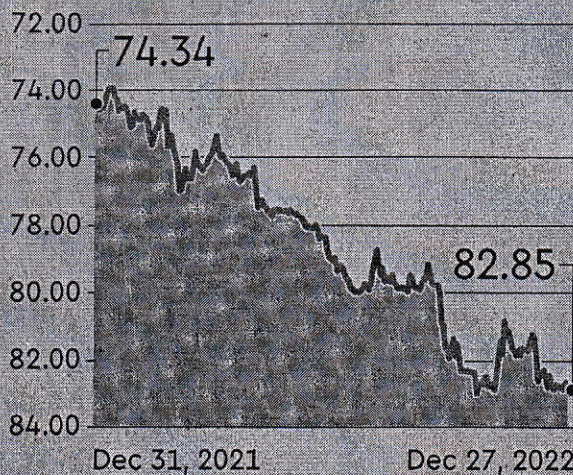


growth differential and future prospects of better returns are likely to result in continued investment into India in 2023, which will rule out too much rupee depreciation.

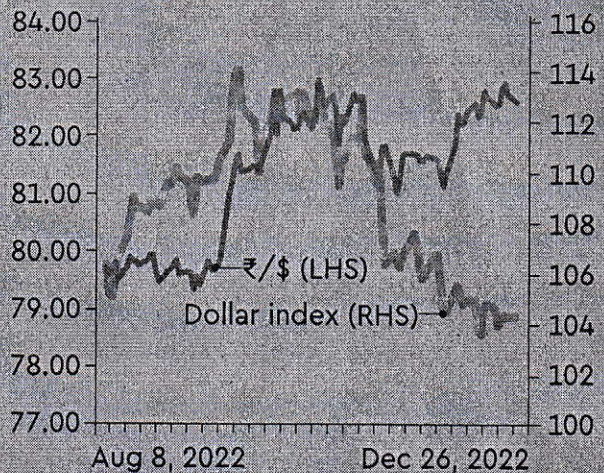
According to a senior treasury official of a major private bank, the rupee could bottom around 83 and then rise. On Tuesday, rupee closed down 20 paise to 82.85 vs the dollar.

Rupee vs dollar

(Inverted scale)



Dollar index vs ₹/\$



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research