

DOLLAR DROP Rupee Little Changed Despite Positive Risk Sentiment

Reuters

Mumbai: The Indian rupee ended slightly weaker against the US dollar on Tuesday, unable to take advantage of the broadly positive Asian cues, in another quiet session where the local unit held a narrow trading range.

The rupee closed at 81.72 per U.S. dollar, compared with 81.67 in the previous session, and holding a roughly 16-paisa range.

The rupee has been caught in a narrow range of late, while intraday and overnight volatility have both been low. The last time the rupee managed an intraday range of more than 30 paisa was about two weeks back.

The 81.40 to 82.00 is broadly considered the near-term range for the rupee by market participants.



The rally in major Asian currencies and the fall in the dollar index did not have an impact on the rupee. The offshore Chinese yuan and the Korean won climbed almost 1%, while the dollar index declined 0.3%.

The yuan's rally came amid hopes of a potential easing in China's strict pandemic restrictions, following an unprecedented episode of unrest. Chinese health officials said they will speed up Covid-19 vaccinations for elderly people.

Chinese equities surged 3%. On the back of that jump, futures indicated a recovery for the S&P 500 Index, while Indian shares scaled fresh record highs.

India's September-quarter economic growth data, due Wednesday, will be watched to assess the underlying economic momentum. GDP growth likely returned to a more normal 6.2% annual rate in the quarter after a double-digit expansion in the previous quarter, a Reuters poll showed.

Rupee forward premiums rose marginally from multi-year lows. The 1-year implied yield rose three basis points to about 2%.