

Rupee tumbles for the 4th day; falls 19 paise

PRESS TRUST OF INDIA
Mumbai, January 16

THE RUPEE WEAKENED by 19 paise on Wednesday to close at 71.24 against the US dollar amid a strengthening greenback and fresh capital outflows.

Higher bond yields, which spiked on concerns that the government may overshoot the fiscal deficit target in an election year, too weighed on the domestic unit, forex traders said.

The rupee has now lost a hefty 83 paise in four straight sessions.

Meanwhile, the pound rallied after British Prime Minister Theresa May's divorce deal to leave the EU was overwhelmingly rejected by MPs, leading to speculation that UK lawmakers may be forced to have a re-look at the entire Brexit process.

The rupee opened on a weak note at 71.10 at the interbank forex market and lost further ground to reach an intra-day low of 71.27. However, it pared some losses to finally finish at 71.24 per dollar, down 19 paise over its previous close of 71.05.

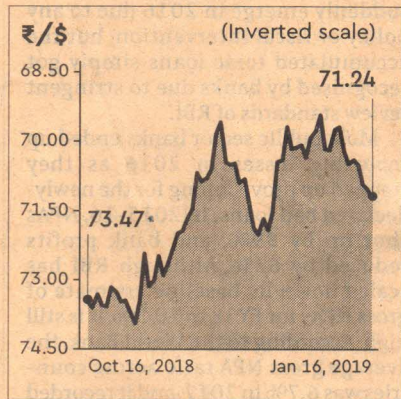
"Indian rupee depreciated for the fourth day in row amid higher bond yield and expectation of expansionary fiscal policy in the coming Budget. The rupee was Asia's worst performing major currency in 2018 when it lost 9% versus the dollar, and it is still in the cellar for 2019 so far," said VK Sharma, head of PCG and capital markets strategy, HDFC Securities. "India sovereign bond yields spiked today, as market started pricing farm-relief package and a federal budget, which is likely to be in February first week."

The US dollar gained against key currencies overseas, while rise in demand for the greenback from exporters also pressured the domestic unit, traders said.

The dollar index, which gauges the greenback's strength against a basket of six currencies, rose 0.03% to 96.06 in late afternoon trade.

Easing crude oil prices supported the domestic currency to some extent. Brent crude was trading at \$60.48 per barrel, lower by 0.26%.

The Financial Benchmark India set the



Pound clings to gains vs euro before UK no-trust vote

REUTERS
London, January 16

THE POUND HELD at a two-month high against the euro on Wednesday as markets looked towards a no-confidence motion against Prime Minister Theresa May's government, a day after British lawmakers overwhelmingly defeated her Brexit divorce deal.

With the 230-vote margin far more than markets were anticipating, the pound gained, particularly against the euro, and the domestically focused FTSE 250 stock index edged higher on some expectations that the scale of defeat might force lawmakers to pursue other options. In Wednesday trade, the pound strengthened to 88.67 pence per euro - its strongest level since late November. Against the dollar, the pound was broadly flat at \$1.2858.

reference rate for the rupee/dollar at 71.1847 and for rupee/euro at 81.1762. The reference rate for rupee/British pound was fixed at 91.4619 and for rupee/100 Japanese yen, it was at 65.62.