

Rupee declines 12 paise on demand for dollar

PRESS TRUST OF INDIA
Mumbai, March 22

THE RUPEE ON Friday declined by 12 paise to close at 68.95 against the US dollar on rise in demand for the greenback from importers and sell-off in domestic equities. Strengthening of the greenback against key currencies and rising crude oil prices in the international market also kept the rupee under pressure.

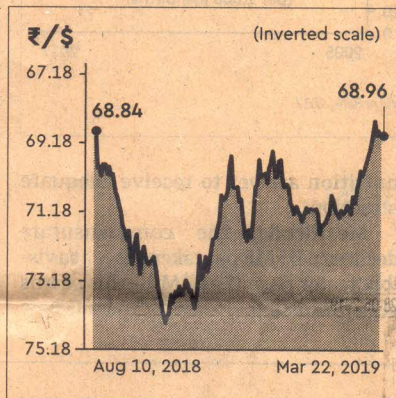
At the Interbank Foreign Exchange (forex) market, the rupee opened at 68.60. It moved in a range of 69.10 to 68.53 before finally ending at 68.95, a drop of 12 paise over its previous close. The currency had gained 13 paise to close at 68.83 on Wednesday. The forex market was closed on Thursday on account of Holi.

However, the domestic currency has gained 15 paise during the week. This is also the sixth consecutive week of gains for the local unit.

The dollar index, which gauges the greenback's strength against a basket of six currencies, rose 0.18% to 96.66.

"The Indian rupee depreciated nearly 50 paise from the morning high, after state-run banks purchased dollars on behalf of importers ahead of RBI's forex swap, scheduled for Monday," said VK Sharma, head of PCG and capital markets strategy at HDFC Securities.

Analysts said despite fall in the rupee, it still remains the "best performing emerging market currency over last one month



gaining over 3%".

"The dollar rallied against nearly all of its Group of 10 peers and reversed most losses incurred following the Federal Reserve's dovish surprise. The biggest gains in greenback came against the euro, which plunged 0.62% to \$1.1305 after weaker-than-expected PMI data from European nations," Sharma said.

Foreign institutional investors remained net buyers in the capital markets, putting in ₹1,374.57 crore on a net basis on Friday, as per provisional data.

The Financial Benchmark India (FBIL) set the reference rate for the rupee/dollar at 68.6607 and for rupee/euro at 78.1368. The reference rate for rupee/pound was fixed at 90.2778 and it was at 1.97 for rupee/100 Japanese yen.