

Rupee slumps 76 p to 69.17 after RBI policy

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HALTING ITS THREE-DAY winning run, the rupee plunged 76 paise Thursday to close at 69.17 against the dollar after the RBI cut the interest rate but kept its monetary policy stance 'neutral'.

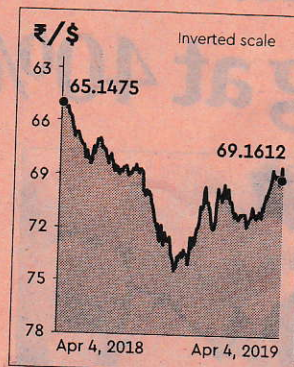
In its first bimonthly policy review for this financial year, the central bank slashed the policy rate by 0.25% for the second time in a row, following which the rupee and sovereign bond prices tumbled.

At the Interbank Foreign Exchange (forex) market, the domestic currency opened lower at 68.56 per dollar and fell further to touch the day's low of 69.21. It finally settled at 69.17, down 76 paise over its previous close.

The rupee had surged by 33 paise to 68.41 against the dollar on Wednesday.

"Rupee and sovereign bond tumbled after participants perceived the policy as less dovish than expected...the yield on the benchmark 10-year bond was up 6 basis points to 7.34%," said VK Sharma, head PCG and Capital Markets Strategy, HDFC Securities.

Rising crude oil prices and strengthening of the greenback against other major currencies overseas also weighed



on the domestic unit, forex traders said.

Brent crude futures, the global oil benchmark, climbed 0.39% to \$69.58 per barrel.

The dollar index, which gauges the greenback's strength against a basket of six currencies, rose 0.09% to 97.17.

Foreign institutional investors remained net sellers in the capital markets, pulling out ₹226.19 crore on Thursday, as per provisional data.

Markets closed in the red Thursday after the RBI lowered GDP growth forecast for 2019-20 and kept its monetary policy stance 'neutral' amid uncertainty over monsoon.

The 30-share Sensex settled 192.40 points, or 0.49%, lower at 38,684.72. The Nifty slipped below the 11,600 mark, ending 45.95 points, or 0.39%, down at 11,598.