

Rupee falls 5p on strong dollar, rising US yields

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THE RUPEE DEPRECIATED by 5 paise to close at 72.74 against the dollar on Wednesday tracking losses in the domestic equity markets and strengthening the American currency in the global markets.

US bond yields rising to one-year high due to strong recovery prospects also hit the rupee sentiment, analysts said.

At the interbank forex market, the local unit opened at 72.90 against the greenback and witnessed an intra-day high of 72.72 and a low of 72.92. It finally ended at 72.74 against the American currency.

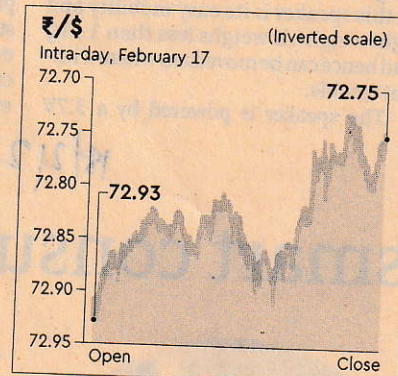
"The Indian rupee depreciated against the US dollar on Wednesday, tracking a further uptick in the US 10-year yield to a one-year high and a rebound in the dollar index," said Sriram Iyer, senior research analyst at Reliance Securities.

The US bond yields rose on Wednesday afternoon trade supported by the prospects of further economic recovery and a possible acceleration in inflation.

The dollar index, which gauges the greenback's strength against a basket of six currencies, gained 0.35% to 90.82.

"Today's Fed minutes will decide whether USDINR spot will appreciate or not because Powell was dovish in his recent speech, if the same is reflected by all the FOMC members then we may see bearishness to continue in USDINR spot," said Rahul Gupta, head of research-currency, Emkay Global Financial Services.

Foreign institutional investors were net buyers in the capital market as they



purchased shares worth ₹1,144.09 crore on Tuesday, according to exchange data.

Brent crude futures, the global oil benchmark, advanced 0.60% to \$63.73 per barrel.

Among Asian currencies, the offshore Chinese Yuan was weak by 0.28%, while the Indonesian Rupiah was weak by 0.72% and weighed on sentiments.

According to Devarsh Vakil, deputy head of Retail Research, the rupee depreciated against the dollar in line with other Asian currencies. Rising long-term yields have enthused dollar bulls.

"The rupee opened sharply lower though recouped the morning loss and closed near day's high as dollar inflows continue in equity markets," Vakil said.

He further noted that the market is waiting for fresh triggers for a move as the recovery in domestic economic activities and strong dollar inflows adding gains in rupee while central bank intervention limiting the upside.