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Rupee posts worst weekly drop since February on Rajan comments

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India's rupee completed its biggest weekly loss in more than a month on speculation the central bank will curb currency appreciation to protect exporters.

The rupee extended its retreat from an eight-month high reached 2 April, declining 0.3% from a week ago to 60.0850 per dollar in Mumbai, data compiled by *Bloomberg* show. That was the steepest weekly loss since 21 February.

Reserve Bank of India (RBI) governor [Raghuram Rajan](#) said a rupee level of 55 per dollar would be too strong, according to an interview with the *Mint* newspaper published on Thursday. Rajan said a study by economists at the finance ministry had suggested a range of 60 to 62 was reasonable, after taking into account inflation and export competitiveness. The US reports payrolls data Friday, which may provide further insight into the outlook for Federal Reserve tapering.

“The rupee has lost its strength ever since the RBI governor indicated it’s uncomfortable with the currency appreciating well below 60,” said Manis Thanawala, a director at Greenback Forex Services Pvt. Ltd in Mumbai. “Traders are cautious ahead of the US jobs data,” he said.

India reports March export data on 10 April. Shipments declined 3.7% in February, the first contraction since June 2013. The currency appreciated 3.2% last quarter, the biggest gain since the three months through September 2012. It touched 59.60 on 2 April, the highest since 30 July.

The rupee rose 0.2% on Friday, after declining as much as 0.4% earlier, on speculation exporters repatriated overseas income to benefit from more favourable exchange rate.

“We saw persistent dollar sales from exporters from 60.35 levels,” said Amogh Moghe, FX trader at Mecklai and Mecklai Ltd in Mumbai.

Employers in the US boosted payrolls in March and the unemployment rate held at 6.7% even as more Americans entered the labour force, showing steady progress that may prompt Federal Reserve policymakers to continue reducing stimulus while keeping interest rates low.

Payrolls rose 192,000 after a 197,000 gain in February that was larger than first estimated, the US labour department reported on Friday in Washington. The median forecast in a *Bloomberg* survey of economists projected a 200,000 gain. Private employment, which excludes government jobs, surpassed the pre-recession peak for the first time.

The Fed has trimmed its bond-purchase programme in \$10 billion increments this year to \$55 billion, from \$85 billion in 2013, with the jobs market a key indicator for further cuts.

One-month implied volatility in the rupee, a gauge of expected moves in the exchange rate used to price options, rose 35 basis points, or 0.35 percentage point, to 9.1275% on Friday.

Three-month offshore non-deliverable forwards advanced 0.1% to 61.29 per dollar. Forwards are agreements to buy or sell assets at a set price and date. Non-deliverable contracts are settled in dollars. **Bloomberg**

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