

[Home](#) / [Market](#)

## Indian rupee seen as high as 63.80-75 against US dollar in next one month

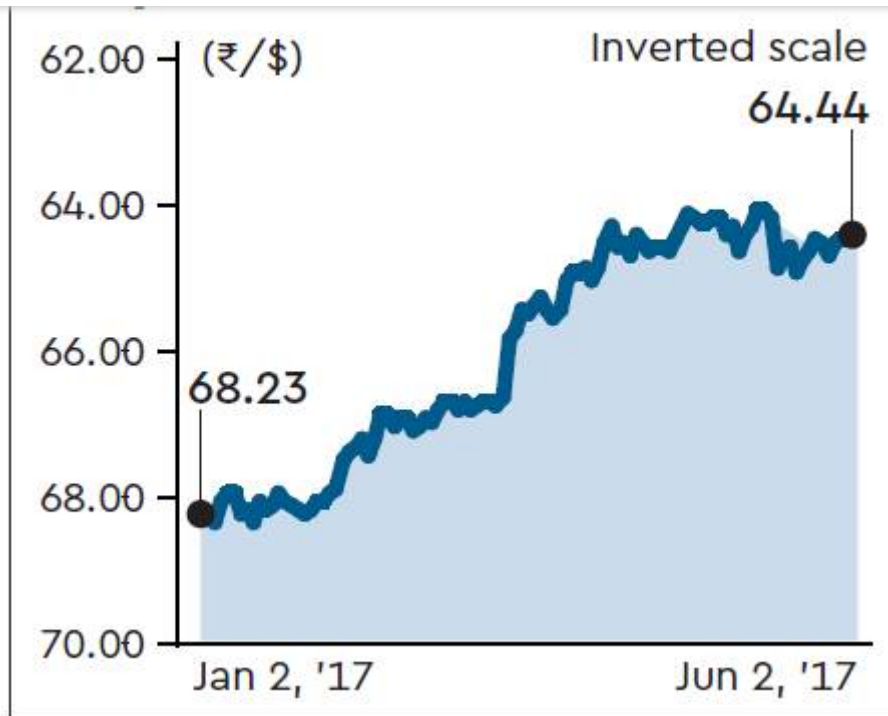
Mumbai | Published: June 3, 2017 6:11 AM



The extent of the rupee's strength, however, will largely depend on how much the Reserve Bank of India allows it to appreciate, treasurers say. (PTI)

The rupee, which has gained more than 5% against the dollar since the beginning of the year, is seen appreciating further in near-term. The extent of the rupee's strength, however, will largely depend on how much the Reserve Bank of India allows it to appreciate, treasurers say.

Traders said it is possible for the rupee to go as high as 63.80-75 against the **greenback** in the next one month on the back of robust foreign fund inflows. However, the Reserve Bank of India's dollar purchases are likely to slow the pace of appreciation, they added.



Foreign portfolio investors have bought Indian shares and bonds worth more than \$17 billion so far in 2018. Since the beginning of the year, the rupee has gained from a low of 68.23 against the dollar to a high of 63.93. On Friday, the local currency closed at 64.44 against the **greenback**. In the previous two months, the local currency has moved in the 65.03-63.93 range.

“The **RBI** is in the market almost on a daily basis, and it is buying at various levels. Last month, the rupee had gone to 63.93 when the RBI stepped aside briefly. However, it started buying around the 64 level, and the rupee came off its highs. In the last few sessions, the RBI has been buying around 64.50-40 levels,” a trader with a private bank said.

A trader with another private bank said if the rupee breaks the 63.80-75 level, it has the potential to climb as high as 63.25 against the dollar, but it would depend on the RBI’s interventions. “Given the kind of inflows that we are seeing in the pipeline, the rupee will most probably appreciate if the RBI allows it,” the trader, who is not authorised to speak to the media, added.

The principal reason for the RBI’s intervention in the foreign exchange market is to ease volatility and to prevent any sharp movement in the currency.

since April to touch \$379.3 billion as on May 19, according to data published by the Reserve Bank of India. Since the beginning of the year, the reserves have increased by about 5%.

According to the latest data available, the RBI bought \$3.5 billion in the spot market on a net basis in March, while outstanding net forward sales stood at \$10.8 billion during the month. The RBI publishes data on the sale and purchase of dollar with lag of two months.

“Of course, global factors will have an impact – the dollar index will reflect in the rupee. But in the longer term, all depends on what the RBI wants to do. If your question is where will the rupee be during the course of this year, then you are effectively asking me, how much will the RBI intervene,” Hitendra Dave, head of global banking and markets – HSBC India, said.

**By- Shamik Paul**