

Rupee down to 2-month low on Omicron fears

ANUP ROY

Mumbai, 6 December

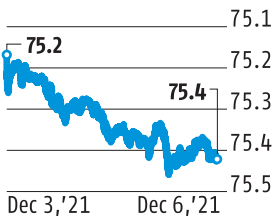
The rupee fell to a nearly two-month low on Monday as equities fell tracking the rise of the Omicron variant of coronavirus in India.

The exchange rate fell on a day when the six-member monetary policy committee (MPC) of the Reserve Bank of India (RBI) started its three-day meetings on Monday. The policy will be announced on Wednesday.

The partially convertible currency fell to 75.42 a dollar, down from its previous close of 75.12. This is the lowest since October 12.

The rupee lost the most in the region, falling 0.33 per cent. The dollar index, which measures the greenback's strength against major global currencies, rose 0.11 per cent to 96.22. "Since July 1, this is the third time the USDINR spot has closed above 75.40 levels. The last two times,

HEADING SOUTH (inverted scale)



there was no follow-through, but if the risk aversion persists, then USDINR can see further upside on the back of FPI outflows and corporate dollar demand," said Anindya Banerjee, deputy vice-president, currency derivatives and interest rate derivatives, at Kotak Securities.

Amit Pabari, MD of CR Forex, said rupee could be remain under pressure as trade deficit, and Fed's increase of monthly taper plan "could further upset the sentiment for foreign portfolio investors, and hence outflow could be seen".