Rupee slides to one-week low as dollar strength persists above 94 mark

Our Bureau
Mumbai

The rupee on Thursday pierced the 94 to the dollar level, closing at a one-week low, amid demand for dollars from importers and the greenback gaining strength.

The Indian currency closed 35 paise weaker at 94.04 per dollar against the previous close of 93.69. It breached the 94 per dollar for first time in March 2026.

Dilip Parmar, Senior Research Analyst, HDFC Securities, noted that the rupee surrendered its early gains amid bargain dollar buying and broad-based dollar strength.

"Aggressive dollar demand from a state-owned bank ahead of the inflation data release pushed the $/₹ pair above 94.00 after touching an intra-day low of 93.62. Going forward, spot $/₹ support is seen at 93.50, while resistance is likely around 94.30,"

Pranjal Ghate, Economist, Brickwork Ratings, observed that while the rupee slipped against the dollar, weighed down by a stronger dollar and rising US Treasury yields, these near-term fluctuations are unlikely to overshadow the broader recovery in the currency.

"India is increasingly being viewed as a potential AI hedge by global investors, with any further unwinding of crowded US and global AI-related trades potentially supporting foreign equity inflows into Indian markets. Alongside easing crude oil prices, these could support rupee, with scope for consolidation in the 92-93 range in the coming weeks," he said.

KEY RISKS

However, the extent of appreciation may be moderated by RBI intervention aimed at rebuilding foreign exchange reserves, while renewed crude oil volatility and broader global uncertainties remain key risks to this outlook.

Referring to decline in oil prices, Dipanwita Mazumdar, Economist, Bank of Baroda, said, "We expect a $9-10 billion saving in India's oil import bill if the international oil price declines by 10 per cent in the remaining fiscal."

"This, along with resumption in capital flows, is expected to support the rupee in the near term," she added.