PAN Capital Services Ltd.
Innovation and Excellence in Capital Services

Rupee closed two month low yesterday . . . .

- We do not expect sharper appreciation from the current levels because of seasonal year-end shortage of dollar as foreign portfolio investors either unwind their positions, especially in the debt market, or avoid fresh buying.
- Indian currency can potentially rise to a level of 64.20/26 a dollar in the short term backed by foreign portfolio investor (FPI) flows in to the share market as well as lowering of geopolitical tensions and less hawkish policy stance by the US Federal Reserve.
- If Rupee break 64.20 range, it could go to 63.80 -64.20, but we do not expect that much appreciation till this year end. We expect RBI to protect level for exporters.
- Markets are awaiting the second quarter gross domestic product (GDP) data due on 30 November.
- Despite better growth, the rupee’s upside is likely to be limited. If we look in last 3 year, the rupee has a counter-intuitive inverse relationship with growth. The rupee depreciated when growth rose to 9% in 2015-16 and was stable-to-firmer when growth fell over the past year to below 6%.
- ***At least for December end if importers have costing around 64.50 they should start covering payment on partial bases. & Exporters should not hurry to sell for December end.***