

## **Summary of the Article:**

The Indian Rupee has reached a **new record low** of **87.487 per US dollar** on Wednesday, closing slightly better at **87.465** per dollar. The sharp drop in the currency has been triggered by various factors, including expectations of a **rate cut by the Reserve Bank of India (RBI)** and **sell-offs in Indian equities**, leading to increased demand for dollars, especially from **oil companies**. The currency's sharp fall also caused **stop losses** for traders, adding further pressure on the rupee.

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## **Key Points:**

### **1. Record Low for the Rupee:**

- The Indian Rupee hit a **new low** of **87.487 per dollar** on Wednesday.
- It closed at **87.465 per dollar**, a **40-paisa drop** from the previous day's close of **87.07**.

### **2. Factors Contributing to the Fall:**

- **Expectation of RBI Rate Cut:** Traders are expecting the RBI to cut interest rates in the upcoming monetary policy meeting on **February 7**, which has put downward pressure on the rupee.
- **Outflows and Dollar Demand:** **Outflows from Indian equities** and **high demand for dollars from oil companies** have added pressure on the currency.
- **Stop Loss Triggers:** The rupee's fall triggered **stop losses** for many currency traders, further pushing down the rupee.

### **3. Market Reactions:**

- **Panic Buying:** The rupee's weakness brought it near the **87.50** mark, causing **panic buying** from importers, fearing further depreciation.
- **Foreign Banks as Major Buyers:** Foreign banks were **major buyers of dollars**, adding to the selling pressure on the rupee.

### **4. Comparison to Other Currencies:**

- The rupee was the **worst performer among Asian currencies** for the day, even though the **US dollar index** softened to **107.6** levels.

### **5. RBI's Response:**

- There was **limited intervention** from the **Reserve Bank of India (RBI)** to stabilize the currency during the day.
- The rupee's depreciation occurred mostly in the **second half of the trading day**.

### **6. Other Economic Data:**

- The **banking system deficit** stood at **38,215 crore**.
- The **10-year benchmark yield** was at **6.66%**.
- The RBI has scheduled a **56-day variable rate repo (VRR) auction** for **February 7**, after its monetary policy meeting, with a no-

tified amount of 50,000 crore.

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**Conclusion:**

The Indian Rupee's sharp fall to a record low reflects a combination of factors, including market expectations of an RBI rate cut, outflows from equities, and increased demand for dollars. Traders have been impacted by the rupee's decline, triggering stop-loss orders, and while the RBI's intervention has been limited, the market remains volatile. Investors and importers are advised to be cautious due to the currency's significant fluctuations.