

Rupee may strengthen on back of dollar inflows.

The [rupee](#) is expected to strengthen this week as currency dealers see [dollar](#) flows from foreign investors due to rise in domestic stocks. While government bond yields may rise as there are expectations that the Reserve Bank of India ([RBI](#)) may hike the repo rate in the second quarter monetary policy review due to high inflation.

Currency dealers see the rupee trading in the range of Rs 60.80 to Rs 61.90 this week and the bias is towards strengthening. The strengthening will be despite month-end dollar demand from importers. "Inflows from Foreign Institutional Investors will be there to support the rupee," said a current dealer with a public sector bank.

Friday the rupee ended at Rs 61.27 compared with previous close of Rs 61.22 per dollar. The rupee had opened at Rs 61.19 and during intra-day trades it touched a high of Rs 60.93, a level last seen over 2 months ago on August 8. The rupee had ended at Rs 60.86 per dollar on August 8. The intra-day low for the rupee was Rs 61.71 per dollar in afternoon trades. Friday RBI also assured the street that the Oil Marketing Companies ([OMCs](#)) swap window provided to three public sector OMCs remains operational.

Meanwhile, government bond yields may rise as inflation is again a concern. Many experts are expecting RBI to once again hike the repo rate later this month to contain inflation. The repo rate currently stands at 7.50% and it was hiked by 25 basis points in the mid-quarter review of the monetary policy held last month.

"The yield on the 10-year benchmark government bond 7.16% 2023 may trade in the range of 8.50 to 8.70%," said a government bonds dealer with a private bank. The yield on the 10-year benchmark government bond 7.16% 2023 ended at 8.60% compared with previous close of 8.66%. Friday the yield fell as sentiments had improved after RBI said it will keep the Oil Marketing Companies (OMCs) swap window operational.