

## ***Rupee May Fall to 70/Dollar in 12 Months: Jamal Mecklai to NDTV Profit***

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The rupee could fall to 70/dollar levels in next 12 months, says currency expert Jamal Mecklai. Continuing its recent weakness, the rupee slipped 31 paise to end at 67.60/dollar on Friday. Today's fall marks the lowest value of the rupee since September 2013, when the country suffered its worst market turmoil since the 1991 balance of payments crisis.. (Read here)

Mr Mecklai, who is the CEO of Mecklai Financial, said that the rupee may find some support at 67.50/dollar "but over next 12 months, the rupee could hit 70." The rupee had hit a record low of 68.85 in August 2013 when India was grappling with a current account deficit crisis. (Watch Video)

However, Mr Mecklai expects the "rupee's fall to be orderly with support from the Reserve Bank of India". RBI chief Raghuram Rajan has repeatedly said that the Indian central bank is not targeting a particular level for the rupee but would act to prevent excessive volatility.

The rupee has fallen nearly 1.5 per cent against the dollar so far this year, hurt by the broad rise of the dollar, depreciation of the Chinese yuan and selling of Indian equities by foreign institutional investors.

Foreign institutional investors have so far sold shares worth Rs 6,500 crore in 2016, sending Indian stock markets to near 18-month lows.

Speaking about the current weakness of the rupee, Mr Mecklai, said: "The RBI was protecting 67 for a long time. The charts shows that every time it went near 67/dollar they (RBI) would come to push it away. But finally they have let it go past 67 levels."

Mr Mecklai said that the rupee needs to "weaken anyway for Indian exporters" in a wake of a broad fall in emerging market currencies. Exports have been a drag on India's economy with merchandise exports falling for the past 12 months.

The depreciation of yuan has raised the risks of similar devaluation by other countries to compete with China's export machine. China's yuan is down nearly 1.5 per cent since the start of the year against the dollar and has lost nearly 5 per cent since August 2015.

Mr Mecklai expects the yuan to weaken further on concerns over China's economy, putting pressure on other emerging market currencies like the rupee. "China will be the main driver of currencies," he said.

Emerging market currencies will also be weighed down by expectations of further Fed rate hikes. "Money will flow out from emerging markets if the Fed raises rates again," he said.

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