



# Data Taste Revealed

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## Economic Research Vertical: Canara Bank: Head Office

### Discussion

Whether Rupee is undervalued or Weakening or Both?

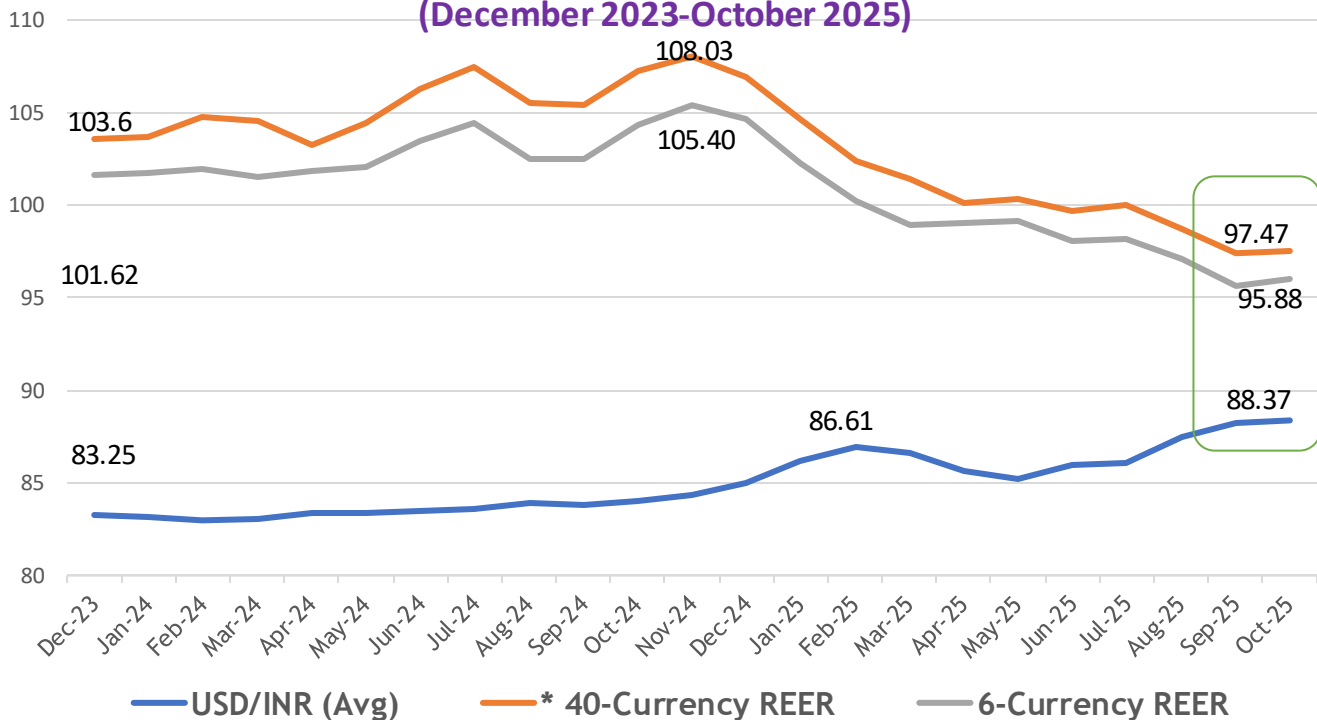
### Data Source

CMIE, 2025

### Reflections

- ✓ The INR was overvalued through most of 2024 and early 2025 (REER > 100) despite steady nominal depreciation.
- ✓ From August 2025 something changed dramatically (combination of US tariff threats, FII outflows, strong USD rally, and RBI allowing faster depreciation.)
- ✓ In just 3-4 months (Aug-Oct 2025), the INR went from one of the most overvalued stages to clearly undervalued territory on both baskets.
- ✓ As of October 2025, the INR is cheaper (more competitive) than its 2015-16 average for the first time in many years.

### Movement of USDR/INR(Avg), 40-Currency REER, 6-Currency REER (December 2023-October 2025)



### Key Takeaway:

Rupee is both weakening (nominally against USD) and undervalued (in real terms)—a healthy adjustment for exports amid global headwinds, not a sign of structural crisis.

Internal

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