

Rupee might remain sluggish against dollar

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The rupee, which lost about 10 per cent in 2022 against the dollar, has been tracing a sideways trend in the last three weeks, as the greenback has been consolidating.

WEEKLY RUPEE VIEW.

The FPIs (foreign portfolio investors) have net sold \$400 million over the past week, with a chunk of the selling happened on the first trading session of this year. Nevertheless, it only had a limited impact on the rupee, which managed to stay flat.

On Tuesday, as the dollar index appreciated, the Indian currency lost 0.16 per cent to end at 82.89. However, it remains within the range it has been trading for the past three weeks. In the short-term, the rupee is likely to stay flat.

CHART

The rupee has been oscillat-

ing within the range of 82.50-83 since the second week of December. Until either of these levels are breached, the next leg of trend will remain uncertain. If the rupee slips below the support at 83, it might weaken to 83.30 - the nearest support and the all-time low. On the other hand, if the rupee manages to surpass the hurdle at 82.50, it might appreciate to 82.15 - the immediate resistance.

Despite the dollar index (DXY) rebounding from the support at 103.5 on Tuesday, it trades within the range of 103.5 - 105 within which it has been moving in the last three weeks. Resistance above 105 is at 105.80 whereas support below 103.5 is seen at 102.5.

OUTLOOK

The rupee has been fluctuating in the range of 82.50-83 for quite some time. We expect this range to stay valid in the coming week. The direction of the break of this price band will give us cues about the next leg of trend in the USDINR currency pair.