

Rupee flatlines with dollar, awaits breakout

Akhil Nallamuthu

bl. research bureau

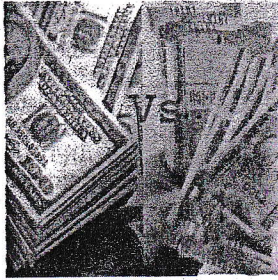
The rupee ended flat at 83.27 versus the dollar on Tuesday. There has not been much change on a weekly basis either, as it closed at 83.26 last Tuesday. But it appreciated slightly to mark a high of 83.06 on Monday before moderating to the current level.

WEEKLY RUPEE VIEW.

There was not much impact post-the Fed meeting because the interest rates were not unchanged, in line with expectations.

Also, with respect to fund flows, they remained largely muted; the net outflow from foreign portfolio investors stood at \$51 million over the past week, according to NSDL (National Securities Depository Limited) data.

The charts too remain



flat as the USD-INR currency pair tries to find direction.

WHAT THE CHARTS SAY

By closing at 83.27 on Tuesday, the rupee continues its consolidation between 83 and 83.30. The rally on Monday too fell short of lifting the Indian currency above the 83-mark. So, one should wait for the 83-83.30 range to be breached to make a reasonable forecast about the direction of the next price swing.

If the rupee surpasses the resistance at 83, it can appreciate towards the next

resistance at 82.70. Subsequent resistance is at 82.50. On the other hand, if the rupee slips below the range bottom of 83.30, it can fall to 83.50. In this case, the decline could extend to the support band of 83.80-84. The dollar index (DXY) fell below the support level at 105.50 last Friday. However, after marking a low of 104.85 on Monday, it recovered. It is currently hovering around 105.65. That said, the potential upside appears limited as there are barriers at 106 and 106.70.

On the other hand, there is support at 105 too. So, over the next week, DXY could remain between 105 and 106.70.

OUTLOOK

The charts of both the rupee and dollar index hint at a potential sideways trend in the short term. The local currency is likely to oscillate between 83 and 83.30.