

Rupee continues to remain range-bound and unclear

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The Indian rupee continues to remain stuck inside a sideways range. But within the range, the domestic currency had moved up well in the past week.

WEEKLY RUPEE

VIEW.

The rupee made a low of 83.35 on January 1 and has risen well from there. It reached a high of 83.03 on Tuesday before closing at 83.12.

STRONG FLOWS

The New Year begun on a positive note in terms of foreign money flows into the country. Foreign Portfolio Investors (FPIs) have poured in \$1.19 billion so far this month into the Indian markets. Continuing foreign money inflows can provide support for the Indian rupee.

DOLLAR OUTLOOK

The US dollar index has risen well after making a low of 100.62 by the end of December. It is currently trading at 102.45. Immediate support is at 102. As long as the dollar index stays above this support, the outlook will be bullish. Resistance is at 103. A break above it can take the index up to 104-105 in the coming days. Such a rise in the dollar index can continue to keep the rupee below 83.

The US Consumer Price Index (CPI) inflation data release is on Thursday. That will be important in setting the trend for the greenback.

A soft inflation number would be negative for the dollar as the case for in-



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terest rate cuts would increase. That can drag the dollar index below 102. If that happens, then the index can see a fall to 101-100 again.

RUPEE OUTLOOK

The Indian rupee has been broadly trading in a sideways range of 82.90-83.50 for more than three months now.

Within this, 83.00-83.35 has been the narrow range of trade over the last couple of weeks.

The downward reversal from the high of 83.03 on Tuesday keeps this 83.00-83.35 range intact. The chances are looking high for the Indian rupee to fall further towards 83.20 initially. A break below 83.20 can take it further lower towards 83.30-83.35 eventually in the coming week.

So, overall, the 83.00-83.35 range is likely to remain intact this week also. Within the range, the rupee can fall this week.