

# Rupee takes a hit as Trump's victory boosts dollar

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The rupee witnessed a sharp fall below 84.1 last week. The trigger for the fall came from the US Presidential election. The US dollar index strengthening after Donald Trump's victory in the election dragged the rupee lower. The index spiked to a high of 105.5 from around 103.3 as the election results were declared.

## WEEKLY RUPEE VIEW.

The rupee fell to a new low of 84.41 on Tuesday before closing the day at 84.39.

However, the chances are high for the rupee to get some breather in the short term after some more fall.

The dollar index coming close to a crucial resistance could provide some support for the rupee going forward.

### DOLLAR OUTLOOK

The US dollar index (105.83) has a strong resistance around 106. If it manages to breach this hurdle, the

chances are high for the recent rally in the greenback to find a top anywhere in the 106-107 zone. A reversal from this resistance zone and a subsequent fall below 105.5 will drag the index down to 104 and even lower.

That, in turn, can aid the rupee to see some recovery. So, for now, the downside in the rupee could be limited.

### RUPEE OUTLOOK

Rupee has room to test 84.5 from here. Continuous selling by Foreign Portfolio Investors (FPIs) can continue to weigh on the rupee. So far, there has been a net outflow of \$2.77 billion for the month of November.

However, as seen from the chart, 84.5 is a strong support for the rupee. As such, a break below 84.5 might not happen immediately. So, we see high chances for the rupee to recover from around 84.5 towards 84.3.

A break above 84.3, which also looks highly possible, can take the rupee up to 84.2-84.1. So, broadly the path for the rupee could be to fall to 84.5 first and then recover towards 84.2-84.15.