

# Rupee set to appreciate further

Currency finds strong support in the 80-80.10 band

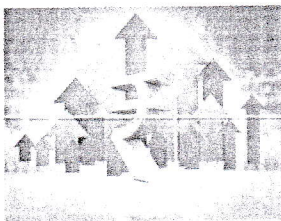
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The rupee hit a six-week high of 79.03 against the dollar on Tuesday before ending the session at 79.14. The domestic currency has been gaining steadily over the past week. It is one of the best performing Asian currencies this month so far.

The rupee gained despite the CPI (Consumer Price Index) inflation seeing an uptick in August to 7 per cent compared to 6.7 per cent in the previous month. According to market experts, the gain in the currency was largely on the hopes of rupee bonds being included in the global debt indices.

Moreover, the upbeat market sentiment and the consequent foreign inflows are helping the domestic unit. As per the latest NSDL (National Securities Depository Limited) data, the net FPI (foreign portfolio investors) inflows in September stood at nearly \$1.1 billion as of September 13.



Thus, the fundamentals for the rupee appear positive for now. The charts too are showing signs of bullishness.

## What the chart says

The rupee has been appreciating since the beginning of this month. It rebounded against the support band of 80-80.10. While the nearest resistance from the current level of 79.14 is at 79, given the price action over the past couple of weeks, the local currency seems to be in a position to cross over that level. It could appreciate to 78.50 in about a couple of weeks. On the other hand, if the rupee slips below 80.10, which looks less likely now, it can quickly drop to 80.50.

The dollar index is on a descent, especially over the past week. It currently trades at about 107.75, that is, below the support of 108. The charts

indicate further fall towards the nearest support at 107. Subsequent support is at 106.60.

## Positive outlook

The fundamental and technical factors seem to be conducive for the rupee bulls. Thus, we expect the Indian currency to appreciate from here. It is likely to hit 78.50 within a couple of weeks.