

# Indian currency in a bear grip

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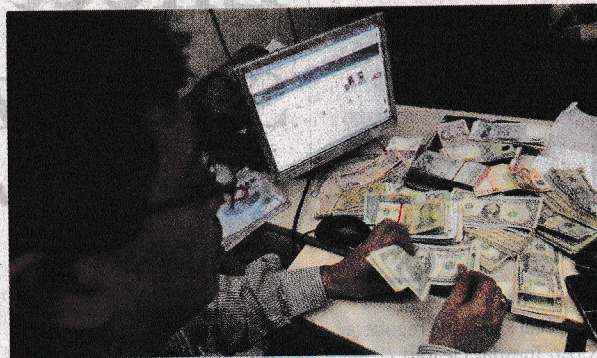
The rupee hit an all-time low of 91.08 against the dollar on Tuesday before ending the session at 91.03. The domestic currency has been under pressure even as the dollar is on a decline.

## WEEKLY RUPEE VIEW.

The major factor that is weighing on the rupee is the capital outflows. According to National Securities Depository Ltd (NSDL) data, the net foreign portfolio investor (FPI) outflows over the past week stood at about \$1.3 billion, taking the total net outflows for December so far to \$2.8 billion.

As the local equity market has been trading with a bearish bias so far this month, the foreign players have been offloading Indian shares. Consequently, the rupee faced the heat even though the dollar has been depreciating and the crude oil prices softening.

Notably, trade balance for November stood at \$24.53 billion versus \$41.68 billion in the preceding month. Although this is a positive sign,



The key factor weighing on the rupee is capital outflows

especially given the uncertainty surrounding the trade deal, rupee failed to capitalise as the selling pressure from the FPIs remained higher.

Technically, the downtrend remains strong. Below is an analysis.

The rupee slipped below the support at 90.25 towards the end of last week. It continued the decline and marked a record low of 91.08 on Tuesday. Currently at 91.03, the chart hints at further weakness.

While there might be a minor appreciation, possibly to 90.50 or 90.25, the rupee is likely to resume the downtrend and fall to 91.50 in the near-term. The downtrend might extend to 92.

On the other hand, if the

local unit surpasses 90.25, it can extend the uptrend to 89.75, a resistance. Subsequent resistance is at 89.60.

The dollar index, currently at 98.20, has been depreciating since the past three weeks.

The price action indicates that more decline is likely. The nearest support is at 97.50 followed by another one at 96.50.

Only a decisive breakout of 100 will turn the outlook positive for the dollar index. Until then, the bears will have an edge over the bulls.

### OUTLOOK

Going ahead, the rupee might inch up to 90.50 and then witness a dip to 91.50 in the near-term.