

# Rupee may face an upward turn

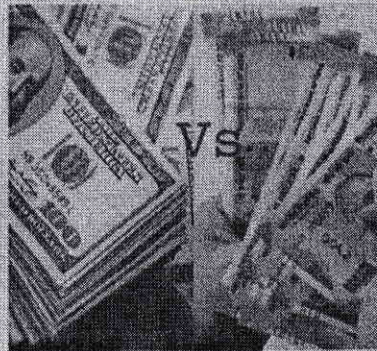
**Akhil Nallamuthu**  
bl. research bureau

## WEEKLY RUPEE VIEW.

Over the past week, the rupee depreciated 0.4 per cent to end at 83.27 against the US dollar on Monday. The Indian markets were closed on Tuesday. In line with our expectations, the Indian currency saw a decline as the greenback strengthened.

The fund flows, too, were not one-sided, as they were mixed over the past week. According to NSDL (National Securities Depository Limited) data, the net FPI (Foreign Portfolio Investors) inflows in the past week stood at a miniscule \$16.4 million. As mentioned earlier, the rally in the dollar as well as the rising crude oil prices weighed on the local unit.

Besides, the sequential increase in the trade deficit to \$24.16 billion in August from \$20.67 billion in July weighed on the rupee; it depreciated on Monday follow-



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ing the data release in post-market hours on Friday.

With the above being said, the chart shows that there is a chance for the rupee to recover in the short term. Below is an analysis of the charts.

### CHART

The rupee started to descend last week on the back of resistance at 82.85. It closed at 83.27 on Monday after marking an intraday low of 83.36. While the recent trend has been bearish, the chart shows that 83.30 is providing good support for the Indian currency.

On the back of the sup-

port at 83.30, the rupee might rise to 82.85, its nearest resistance. A breach of this can lift the rupee to 82.50. On the other hand, if the support at 83.30 is breached, it can fall to 83.50 or even to 83.75. But this is less likely, especially in the near term.

Supporting the possibility of a rally in the rupee, the dollar index (DXY) has hit resistance at 105.50 and has now moderated to 104.85. The price action hints at a good chance for a corrective decline in DXY, possibly to 103, and this might help the rupee gain ground.

The outcome of the US Federal Reserve meeting is due on Wednesday night. This can set the trend for the market going forward.

### OUTLOOK

The chart of the rupee and the dollar index shows that the probability of a temporary reversal in trend is highly likely. Thus, in the forthcoming sessions, the rupee can be expected to appreciate, with the possibility of a rally to 82.85 in a week.