

Rupee set for modest gains this week

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The rupee appreciated by about 8 paise on Tuesday and ended at 83.79 against the dollar. Over the past week, the local currency gained one-fifth of a per cent versus the greenback.

WEEKLY RUPEE VIEW.

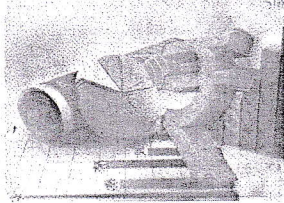
This was largely due to the weakening dollar, which came under renewed pressure towards the end of the last week following weak data like a fall in building permits.

On the other hand, rupee has been facing slight downward pressure due to \$280 million net FPI (Foreign Portfolio Investors) outflow over the past week, NSDL (National Securities Depository Limited) data showed.

Note that the RBI has been involved in the market. The latest bulletin shows that the central has net sold \$2.1 billion in June. Therefore, going ahead, the RBI will attempt to keep the exchange rate of rupee-dollar as stable as possible. So, the chances of sharp swings are low.

CHART

The chart shows that the broader trend of the rupee is bearish. However, it has found support at 84 and has



appreciated. That said, from the current level of 83.79, it has resistance levels at 83.60 and 83.30. So, an upside from here appears limited.

On the other hand, an immediate decline below 84 is unlikely considering the weakness in the dollar.

The dollar index (DXY) saw a sharp fall on Monday and is currently hovering around 101.80. From the current level, the nearest support can be spotted between 100.60 and 100.80. Subsequent support is at 99.80.

In case DXY recovers, it can face hurdles at 102.50 and 103.30, where its 20-day moving average coincides. Only a rally above the 20-DMA can turn the short-term outlook positive. Until then, the bias will be bearish.

OUTLOOK

Considering the above factors, the declining dollar is positive for the Indian currency. However, the upside can be limited for reasons like resistance ahead and the possibility of the RBI trying to arrest sharp moves on both sides. Yet, rupee can touch 83.60 in the near-term.