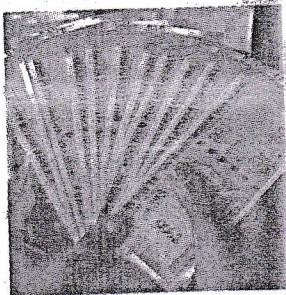


# Rupee firms up as dollar struggles

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The rupee appreciated by 0.7 per cent over the past week versus the dollar as the exchange rate stood at 85.19 on Tuesday. It continues to get support from the weak dollar.



## WEEKLY RUPEE VIEW.

The dollar index hit a fresh three-year low of 97.92 on Monday before recovering slightly to the current level of 98.50. The dollar has remained lower even as the US treasury yields have risen recently with investors not so keen on the US assets. There is some risk-on sentiment in the Indian market now, which is a drag for the dollar.

The domestic equity market has been performing well over the past couple of weeks. There is good capital inflows, helping the rupee further. As per the NSDL data, the net FPI inflows over the past week stood at \$1.9 billion. The charts also show a positive bias for the rupee. Below is an analysis.

### CHART

The rupee marked a three-week high of 85.04 on Monday before moderating a little to 85.18 on Tuesday.

From the current level, the nearest resistance is at 85. If it breaks out of 85, it can extend the upswing to 84.80, a potential support. A break-out of this can lift it to 84.50.

If the rupee falls on the back of the hurdle at 85, it can drop to 85.70, a notable support. Below this, the immediate support is at 86.

The dollar index's weakness is a positive for the rupee. From the current level of 98.50, the dollar index can depreciate more.

The support levels are at 96.50 and 95. For the trend to turn bullish, it should clearly surpass the barrier at 101.15. Until then, the bears will have an upper hand for the dollar index, which is good for the rupee. We expect the rupee to extend the rise from the current level of 85.18 to 84.80. After this, there might be some moderation, possibly to 85.20 and 85.50. Broadly, the local unit retains the bullish bias.