

Crucial resistance ahead for rupee

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It has been a volatile week for the Indian rupee. The domestic currency fell to a low of 86.89 on Thursday last week.

Brent crude oil prices surged to a high of \$78.89 per barrel after Israel's attack on Iran, which dragged the rupee lower.

WEEKLY RUPEE VIEW

But the rupee has managed to recover thereafter. On Tuesday, a sharp fall in oil prices aided the rupee, which opened with a wide gap-up and closed above the psychological 86 mark at 85.97 against the dollar.

Clearly, wild swings in crude oil prices have largely influenced the rupee movement recently.

So, a close watch on oil prices and developments on the Israel-Iran conflict are



needed to know the impact on the rupee.

OIL OUTLOOK

Brent crude (\$68.85) has supports at \$68 and \$65. There are good chances of seeing a bounce from either of these two supports. Such a bounce can take Brent crude up to \$70 again.

In the absence of any further escalation in the Israel-Iran conflict, oil prices could stay stable between \$65 and \$70, rather than rising back up to \$78 levels again.

A strong break below \$65

is needed to drag Brent crude oil prices down to \$62-\$61 again.

DOLLAR OUTLOOK

The dollar index (98) has come down sharply from around 99.40. Intermediate support is at 97.50. A break below it can take it down to 96. If crude oil sustains below \$70 and the dollar index falls to 96, that can be positive for the rupee.

RUPEE OUTLOOK

The rupee has a crucial resistance in the 85.80-85.70 region. It has to breach 85.70 in order to gain more strength. Only then will a rise to 85.50 and 85.30 come into the picture.

If the rupee turns down from the 85.80-85.70 resistance zone, it can come under renewed pressure. In that case, the rupee will remain vulnerable to fall back to 86.80-86.90 again. So, price action in the 85.80-85.70 region will need a close watch in the next few days.