

# Rupee might inch up

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The rupee slid 11 paise against the dollar on Tuesday and closed at 83.67. Notably, the Indian currency hit a three-month high of 83.44 early this week. The Fed's higher than expected interest rate cut of 50 basis points last week helped the rupee gain ground against the dollar.

## WEEKLY RUPEE VIEW.

Moreover, foreign flows have been healthy. As per NSDL (National Securities Depository Limited) data, the net FPI (Foreign Portfolio Investors) inflows over the past week stood at nearly \$3.8 billion and for September so far, it is \$10.1 billion. Over the last couple of sessions, INR has slipped. A recovery in the crude oil prices and the dollar index exhibiting some steadiness led to the exit of some of the rupee bulls. While the fundamental factors are largely in favour of the rupee, the charts too show some positive bias.

### CHART

The rupee rallied past the hurdle at 83.60 and marked a

high of 83.44 on Monday before moderating to the current level of 83.67. Although INR has dropped over the past couple of sessions, it stays above the support at 83.80.

Therefore, there is a chance for the rupee to go up from here. However, a rally beyond 83.40 is now uncertain. If that occurs, INR can appreciate to 83.30.

On the other hand, if the local currency falls below the support at 83.80, it can retest the crucial 84-mark. Nevertheless, a breach of the same is unlikely.

The price action of the dollar index (DXY) shows that it is forming a base at 100.50. However, for the index to turn the outlook positive, it should rally past the barrier at 101.80. Resistance above 101.80 is at 103.

In case DXY slips below 100.50, it might see another leg of a fall, possibly to 99.80. The downswing could extend even to 98.

### OUTLOOK

Broadly, the rupee appears positive and is likely to rise again to 83.45-83.40 from the current level. That said, in the near term, it is not likely to move out of the 83.40-83.80 price band.