

Rupee likely to stay flat

WEEKLY RUPEE VIEW.

Akhil Nallamuthu

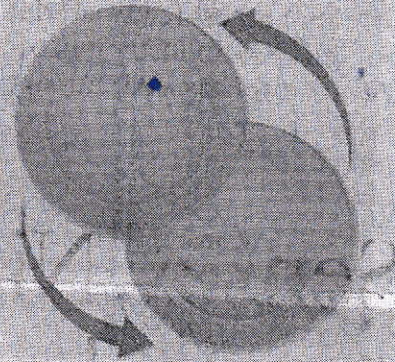
bl. research bureau

The rupee was largely flat over the past week against the dollar. There has not been much movement so far this week. On Tuesday, rupee closed at 81.72. This is despite healthy foreign inflows and the dollar index (DXY) remaining weak.

According to the latest NSDL (National Securities Depository Limited) data, November (as on 29th), has seen net inflows of nearly \$4 billion from the FPIs (Foreign Portfolio Investors). Now at 106.3, the dollar index dropped from nearly 108 over the past week.

WHAT CHARTS SAY

That said, the foreign reserves which have been declining for nearly a year, have seen an uptick. As per the Reserve Bank of India (RBI) data, the total foreign exchange reserves stood at



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\$547.3 billion as on November 18 compared to \$524.5 billion as on October 21. This shows that the RBI might be buying dollars and thus weighing on the Indian currency. Technically, the chart shows a lack of trend in the dollar-rupee pair as it is stuck in a range.

The rupee has been oscillating in the narrow band of 81.60 - 81.90 of late. Thus, there is no clear trend. The

breach of either 81.60 or 81.90 can help establish a trend in either direction. Resistance above 81.60 is seen at 81.30 whereas support below 81.90 is at 82.15.

The dollar index bounced off the 200-day moving average at 105.40 on Monday. While the price action continues to show the existence of weakness, the index has a strong support between 105 and 105.40.

However, on the upside, it has a barrier at 108. Only a breakout of this level can turn the outlook positive for the greenback. Broadly, DXY will most probably remain within 105.40 and 107.30 this week.

RUPEE MAY NOT GAIN

Even though the foreign inflows are strong, the rupee is flat and is unable to gain against the dollar. Nevertheless, it is trading in a range, and we expect the range to hold well in the near-term. That is, the currency pair dollar-rupee is expected to stay in the 81.60 - 81.90 price band this week.