Indian Currency Market – A Short and Medium Term Perspective

June 01, 2012

Currency Pair	CMP	Prev. Close	Supports for 1-5 days	Resistances for 1-5 days	Supports for 5-60 days	Resistances for 5-60 days
USD / INR	56.01	56.08	55.73-55.38	56.50-57.00	54.42-53.53	57.80-58.50
EUR / INR	69.06	69.26	68.75-68.36	69.50-70.06	68.24-66.80	72.20-72.80

USD / INR

1-5 day view

The week gone by saw the USDINR pair continuing to move up further after finding support at the 55.01 levels.

However, while the USDINR pair is trading above the 13 day SMA, the 14-day RSI has eased in the last few sessions, indicating that the pair could take a breather in the short term.

Short-term weakness could emerge if the supports of 55.73-55.38 are broken. Immediate upside resistances for the USDINR pair are at 56.50-57.00.

5-60 day view

On a weekly perspective, the USDINR pair has surged to new highs to close with gains for the 10th consecutive week.

Intermediate technical indicators continue to remain positive with the pair trading above the 13-week moving average. The 14-week RSI has however entered into overbought territory, which calls for caution.

We believe that as the USDINR pair continues to make higher intermediate bottoms and higher intermediate tops, there is a good possibility that the strength seen recently could continue in the intermediate term. Short-term weakness could emerge if the immediate supports of 55.38 are broken. Inter Trend reversal levels are at 50.25.

EUR / INR

1-5 day view

The week gone by saw the EURINR pair sliding lower.

Technical indicators are not giving strong signals as the pair trades below the 13-day SMA. The 14-day RSI too has drifted lower and is now near the lower end of its trading range.

Further downsides are likely once the immediate supports of 68.36 are broken.

On the upside, immediate resistances for the EURINR pair are at 70.06.

5-60 day view

On the weekly chart, though the EUR-INR pair remains in an intermediate uptrend, the pair has failed to take out its previous intermediate highs of 71.28, thereby signaling some tiredness.

This is also corroborated by the 14-week RSI, which has drifted lower in the last one week. The pair nevertheless trades above the 13-week simple moving average.

We believe that the EURINR pair could take a breather in the intermediate term before continuing its intermediate uptrend.

Short-term weakness could emerge if the immediate supports of 68.36 are broken. Inter trend reversal levels are at 66.37.

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