

Rupee closed higher on Friday:

The Indian rupee closed higher on Friday, due to the likely inflows on behalf of foreign portfolio investors and corporates that raised funds offshore. There are large inflows lined up to hit the Indian shores. The rebalancing of the MSCI index increased the weight of some Indian stocks on the index, which is expected to bring inflows to the tune of \$1.5 bln-\$2 bln in the country. Some companies have raised funds offshore and dollar sales on behalf of these are also seen boosting the Indian unit. Ultratech Cement raised \$400 mln worth of dollar-denominated funds. Continuum Green Energy Ltd has raised \$561 mln, while Kotak Investment Advisors raised \$380 mln this week as well. Currency traders believe that inflows cumulatively worth \$2.5 bln-\$3.0 bln are lined up. However, the rupee has still remained in a tight range and failed to close above the psychologically crucial level of 72.70 a dollar because of the dollar-buying interventions of the central bank. The foreign exchange reserves of the RBI touched a record high of \$590 bln as of 29-Jan-2021, as per the central bank's data. Financial markets in China, Hong Kong, South Korea and Singapore are shut for the Lunar New Year holiday. China's stock and bond markets, foreign exchange and commodity futures markets are closed till Wednesday for the holiday.



Technical Outlook:

- USD-INR FEB future closed below its critical support level of 72.80 on a daily chart.
- The market is expected to continue its bearish momentum based on the current price action and the downside rally could test the levels of 72.30-71.80 in the upcoming sessions.
- **USD-INR has support at 72.30 and resistance at 73.20.**

Weekly Pivot Table

Currency	S2	S1	Pivot	R1	R2
USD/INR	72.31	72.51	72.85	73.05	73.39
EUR/INR	87.40	87.72	88.15	88.47	88.90
GBP/INR	99.45	99.83	100.40	100.78	101.35
JPY /INR	68.72	68.99	69.43	69.70	70.14