

# 'Expect rupee to hit new low of 71 to US dollar'

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**By Mazhar Mohammad**

MUMBAI: The US greenback appears to have completed its prolonged bear market and embarked on a fresh **bull market** from the lows of 78.93 registered in May 2014.

In Elliott Wave parlance we can clearly read this up move as 5 wave impulsion in the larger direction of the trend which is tilting towards upside. Besides, in conventional technical analysis, it is looking like a breakout after 6 years of base building and consolidation out of a contracting triangular structure.

Such breakout, if sustains, lasts long and pave the way for bigger and sustainable up moves over a period of time. This contracting structure is throwing up the logical targets of 96 - 100 on Dollar Index which gauges the strength of Green back (US Dollar) against 6 major currencies of the world v.i.z Euro, Japanese Yen, British Pound, Canadian Dollar, Swedish Krona and Swiss Frank.

In the immediate short term the level of 90 can act as a supply zone for USD but we expect this supply to be absorbed as Dollar Index witnessed multiple breakouts on long term charts. Once the level of 90 is conquered then higher targets of 102 and 111 can't be ruled out on this index.

## What does it mean for Indian rupee?

We made an in-depth study of USD/INR pair from 1973 to till date to gauge its long term chart patterns. Our observations and Elliott Wave Counts on this pair suggest that the bear market for INR, which started from the level of Rs 39 in November 2007 is still on.

Recent appreciation in **rupee** from the lows of 68.80 registered on August 2013 is appearing like a 4th wave of one lower degree which should eventually pave the way for one more leg on the down side which in idealistic conditions should take rupee below the levels of 68.80.



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Since the lows of 2007, rupee witnessed 4 multi-month rallies which appreciated by around 10 per cent on two occasions and by around 15 per cent on another two occasions including current appreciation from the lows of 68.80.

We found enough technical evidence on multiple parameters for appreciation to halt around 58 levels and return to its original path of declining trend. In Elliott Wave terminology the current appreciation from the lows of 68.80 to the recent high of 58.25 appears to have unfolded in the form of a Zig - Zag and the subsequent fall from the recent high of 58.25 confirmed this appreciation as corrective in nature by overlapping with the first leg of rally from the low of 68.80 - 60.95.

Already rupee established its weakness by breaking its trend line support available on daily charts. Weakness may further get accelerated if rupee closes above 62. Based on the weight of Technical evidence with us we expect INR to continue its bear market and hit a new low of 71 to [US Dollar](#).

*(The analyst is [technical research strategist, Chartviewindia.in](#))*

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