

## US Dollar Strengthens Amid Upward Trajectory, While USD/INR Maintains Bullish Bias with RBI Intervention



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1. The dollar index has been consolidating within the 105.30 to 107.00 range.
2. Notably, a robust support zone exists at 105.00-105.30, reinforcing the short-term outlook.
3. Resistance levels at 106.80-107.00 are being challenged by the dollar's strength.
4. The US economy showed resilience, with a 4.9% annualized growth rate in Q3, exceeding expectations.
5. This economic strength supports the view that the Federal Reserve will maintain steady, elevated interest rates.
6. USD/INR Pair found solid support at 83.00, reflecting commitment to the overall uptrend.
7. The Reserve Bank of India (RBI) is actively intervening to curb upside volatility.
8. The pair is likely to consolidate within the 83.00-83.60 range in the future, with a bullish bias, thanks to confidence in the uptrend.

The dollar index has been on an upward trajectory, consolidating within the range of 105.30 to 107.00 levels for the past 3-4 weeks. Notably, the 105.00-105.30 range has established itself as a robust support zone during this period. Our short-term outlook suggests that the dollar index is likely to maintain its position above this support zone, given the recent trend.

In the higher range, levels between 106.80 and 107.00 are currently acting as resistance. However, considering the overall upward trend and the current strength of the dollar, breaking through this resistance zone should not pose a significant challenge. A breach above 107.00 would likely reignite the dollar index's upward rally in the short-term view.

This past week, the dollar index remained close to 106.5 and ended on a higher note. This serves as further evidence of the resilience of the US economy, reinforcing the view that interest rates will stay elevated for an extended period. In the third quarter, the US economy grew by an annualized rate of 4.9%, surpassing the 4.3% forecast. This growth was primarily driven by robust consumer spending. Additionally, durable goods orders experienced a notable increase of 4.7% in September, marking the most substantial rise since July 2020 and surpassing the market consensus of 1.7%.

While the Federal Reserve is expected to maintain steady interest rates in its upcoming policy meeting, it is widely anticipated that these rates will remain elevated for an extended period. Recent strength in the dollar can also be attributed to the euro's weakness, which is linked to a dimmed growth outlook in the Eurozone and the perception that the European Central Bank's tightening cycle has reached its conclusion.

The USD/INR near-month futures have recently undergone a correction, pulling back from its record high near 83.40 levels. Nevertheless, it's encouraging to see that USD/INR has found solid support around the 83.00 mark, reaffirming its commitment to the overall uptrend.

In the near term, it appears that the pair is poised to remain bullish as long as it maintains levels above 83.00. Notably, the Reserve Bank of India (RBI) has been actively intervening to curb upside volatility in the currency pair. Given this intervention, it's expected that the RBI will continue to resist any significant moves above 83.60 in the upcoming sessions.

Taking into account the current upward trajectory and the RBI's proactive measures, the USD/INR pair is likely to consolidate within the range of 83.00 to 83.60 in the future. This consolidation phase is anticipated to be underpinned by a bullish bias, reflecting the ongoing confidence in the USD/INR's upward trend.



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