

Forex reserves decline by \$1.1 bn to \$529.9 bn

BHASKAR DUTTA

Mumbai, 11 November

The Reserve Bank of India's (RBI's) foreign exchange reserves declined by \$1.1 billion to \$529.99 billion in the week ended November 4, latest data released by the central bank showed.

The data released last week showed that in the week ended October 28, the RBI's reserves had risen by \$6.6 billion, the sharpest increase in several months. Analysts said a large portion of the increase was due to revaluation.

The latest decline in the reserves was primarily on account of a fall in the RBI's gold reserves, which fell by \$705 million to 37.06 billion, the data showed.

The RBI's foreign currency assets registered only a marginal fall of \$120 million to \$470.73 billion in the week ended November 4.

In the previous week, the rupee was largely steady against the US dollar, with the local currency appreciating 0.04 per cent. The RBI's foreign exchange reserves

have decreased sharply since the Ukraine war began, partially due to the central bank's efforts to smoothen out volatility in the exchange rate. The reserves were at \$631.53 billion as on February 25.

RBI Governor Shaktikanta Das had said in September that 67 per cent of the decline in reserves in the current financial year were due to revaluation in the face of a strengthening dollar.

According to the RBI's October 2022 Bulletin, foreign exchange reserves worth \$532.9 billion accounted for 8.7 months' worth of imports projected for the current financial year.

The level of reserves in September 2021 were equivalent

to almost 15 months of imports.

However, with the dollar index having weakened sharply over the past few days, currency experts see a favourable impact on the RBI's reserves going ahead.

The US dollar index has weakened more than 5 per cent since November 3, driven to a great extent by a lower-than-expected US inflation print. US bond yields have declined sharply too.

SLIDING AGAIN (Fx in \$ bn)



Source: RBI