

Forex kitty rises for second week, at over 11-mnth high

AGENCIES

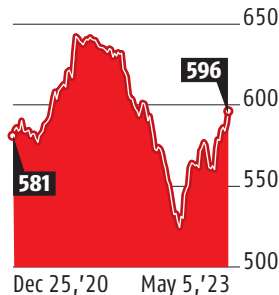
Mumbai, 12 May

India's foreign exchange reserves rose for a second consecutive week to hit an over 11-month high of \$595.98 billion for the week ended May 5, the Reserve Bank of India's (RBI) statistical supplement showed on Friday.

That is an increase of \$7.2 billion from the previous week, the highest increase since March 17. Reserves had risen by \$4.5 billion in the week prior.

In October 2021, the country's forex reserve had reached an all-time high of \$645 billion. The reserves have been declining as the central bank

UP \$7.2 BN IN A WEEK India's forex reserves in \$ bn



Source: RBI

deployed the kitty to defend the rupee amid pressures caused majorly by global developments. The central bank intervenes in the spot

and forwards markets to prevent runaway moves in the rupee. Changes in forex reserves also stem from valuation gains or losses.

Earlier this week, Reuters reported, citing economists, that India's forex reserves were at a comfortable level, benefiting from the RBI's persistent intervention and likelihood of less volatile revaluation changes. For the week to which the forex reserves data pertains, the rupee had ended up slightly against the U.S. dollar and traded in a range of 81.6500 to 81.9450. For the current week, the rupee registered its worst week in eight, dragged down by a broader strength in the dollar index.