

Forex reserves decline to 5-mth low of \$654.8 bn

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India's foreign exchange reserves dropped by \$3.235 billion to \$654.857 billion, a five-month low, for the week ended December 6, data released by the Reserve Bank of India (RBI) revealed on Friday.

The RBI is expected to have sold net dollars worth \$61.1 billion to protect the domestic currency, but there was a revaluation gain, which resulted in the forex reserves falling by a little over \$3 billion, said an economist.

The domestic currency depreciated to a new low of ₹84.88 per dollar on Thursday but settled at 84.87. On Friday, the domestic currency closed at 84.80 against the dollar.

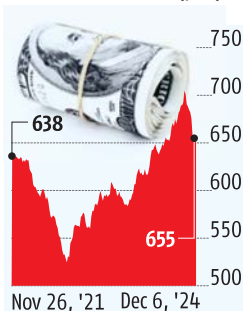
In the previous reporting week, the reserves had risen by \$1.51 billion to \$658.091 billion after eight straight weeks of decline in reserves after touching an all-time high of \$705 billion on September 27, 2024.

Foreign currency assets, a major component of the reserves, decreased by \$3.228 billion to \$565.623 billion for the week ended December 6, 2024, as per the data.

The movement in foreign currency assets depends on the effect of appreciation or depreciation of currencies like the euro, pound and yen held in the forex reserves against the dollar.

RISE AND FALL

India's forex reserves (\$ bn)



Source: RBI

Compiled by BS Research Bureau