

₹ gains for 3rd day in a row, Fx kitty up \$15 bn

Weekly gain in reserves biggest since 2021

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Mumbai, 13 March

Rupee gained for the third consecutive day on Thursday following a pick-up in factory output and corporate inflows as it outperformed most emerging market peers to close the day at 87.01 per US dollar as compared to 87.21 on Wednesday. The Index of Industrial Production (IIP) grew by 5 per cent in January as compared to 3.5 per cent in the previous month, data released by the Ministry of Statistics and Programme Implementation (MoSPI) on Wednesday showed.

Easing of crude oil prices also boosted sentiment. "As inflows amounting to \$1 billion for an FMCG company stake sale ensured that rupee again rises to 86.93 levels today," said Anil Kumar Bhansali, Head of Treasury and Executive Director Finrex Treasury Advisors.

"Rupee is expected to remain range bound in the coming week in which we have the FOMC meeting scheduled," he added. The rupee gained 0.58 per cent against the dollar this month, while weakened 1.6 per cent in 2025.

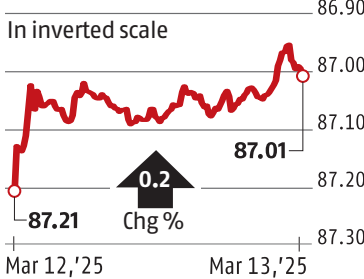
During early hours, the trading session was impacted by an outage on the London Stock Exchange Group's (LSEG) foreign exchange trading platform. Meanwhile, news agency Bloomberg reported the country's forex reserves recorded the highest weekly gain of \$15 billion to around \$654 billion since August 27, 2021, citing RBI data.

The rise in foreign exchange reserves was mainly due to the injection of \$10 billion via Dollar-Rupee Buy-Sell swap on Feb 28, aimed at tackling the liquidity crunch the banking is facing.

"The swap essentially adds to reserves and would imply a similar amount of draw-down when the swap matures," Bloomberg reported quoting



₹ VERSUS DOLLAR



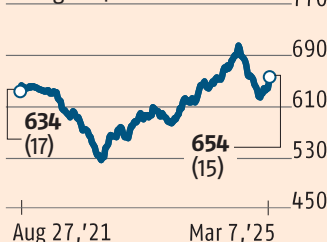
Source: Bloomberg

TRACKING THE RISE

— India Forex (\$ billion)

Figures in brackets:

Change in \$ bn



Source: RBI, Bloomberg

Compiled by BS Research Bureau

Sakshi Gupta, principal economist at HDFC Bank. "The reserves are also supported by valuation gains due to increase in gold prices," Gupta said.