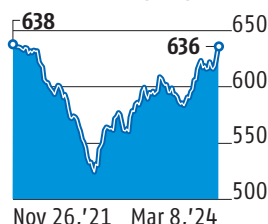


FX reserves rise by \$10 bn to 2-yr high

UPTREND

Forex reserves (\$ bn)



Source:RBI

Compiled by BS Research Bureau

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Mumbai, 15 March

The country's foreign exchange reserves rose to an over two-year high of \$636 billion in the week ended March 8, according to the latest data released by the Reserve Bank of India (RBI). The total reserves increased by \$10.47 billion in the previous week, which was the highest weekly gain since July 14, 2023.

The reserves rose on account of an increase in foreign currency assets, which grew by \$8.12 billion in the week. Foreign exchange traders said the RBI heavily purchased dollars in the spot market during the week, absorbing robust inflows in both debt and equity ahead of the inclusion of government bonds in global indices.

"I think it is a mix of the RBI intervention and valuation," said Upasna Bhardwaj, chief economist at Kotak Mahindra Bank. "The rupee was appreciating due to inflows; the RBI could have absorbed these inflows," she said.

The rupee appreciated by 0.1 per cent against the US dollar in the previous week. "It is due to a number of factors, like the fall in the Dollar Index during the week and RBI intervention," said Aditya Vyas, chief economist at STCI Primary Dealer Ltd.