

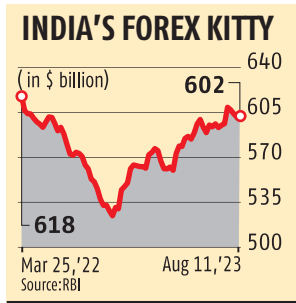
Forex reserves snap three-week losing streak, rise to \$602 billion

ANJALI KUMARI

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India's foreign exchange reserves snapped a three-week losing streak and increased by \$708 million to \$602 billion in the week ended August 11, latest data by the Reserve Bank of India showed.

The rise in the reserves was mainly on account of an increase in the foreign currency assets, which grew by \$999 million to \$534 billion in the previous week. The reserves had fallen by \$2.4 billion to \$601 billion for the week ended on August 4 and by \$7.6 billion in



the prior three weeks. The special drawing rights saw a rise of \$51 million, whereas gold reserves and reserve position in the IMF fell by \$340 million and \$2 million, respectively.

Weekly govt bond auction sees firm demand

The weekly government bonds auction saw a firm demand as banks stocked up on bonds at attractive yield levels, dealers said. The Reserve Bank of India set the cut-off yield on the 7-year, 14-year, and 40-year bond at 7.24 per cent, 7.31 per cent, and 7.42 per cent, respectively. "The demand in the 14-year paper was from every segment, be it banks, mutual funds, or insurance companies," a dealer at a state-owned bank said. "The

7-year paper was in demand from public sector banks," he added.

The cut-off at the auction was better than expected, which weighed on the yields in the secondary market by the end of the trade.

The yield on the benchmark 10-year government bond fell by 3 basis points on Friday tracking a fall in US Treasury yields coupled with a firm demand at weekly auction.

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