

Forex reserves log worst fall in over 2 years

REUTERS

Mumbai, 18 October

India's foreign exchange reserves dropped for a second consecutive week, falling to a one-month low of \$690.43 billion as on October 11, data from the Reserve Bank of India (RBI) showed on Friday.

The reserves fell by \$10.75 billion in the reporting week, the biggest drop since April 1, 2022. They had fallen by \$3.7 billion in the previous week.

Changes in foreign currency assets are caused by the central bank's intervention in the foreign exchange market as well as the appreciation or depreciation of foreign assets held in the reserves.

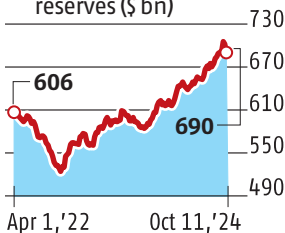
The RBI intervenes on both sides of the forex market to prevent undue volatility in the rupee. In the period for which the forex reserves data pertains, the rupee had declined past 84 per dollar for the first time ever amid a jump in outflows from local stocks and elevated oil prices.

The rupee's fall below 84 was significant as it was a cru-



BELOW \$700 BN AGAIN

— India's foreign exchange reserves (\$ bn)



Source: RBI

Compiled by BS Research Bureau

cial psychological support level that the RBI had defended for more than two months, traders said. The RBI intervened in the forex market to keep the rupee's fall in check, they added. Forex reserves also include reserve tranche position in the IMF.