

# Fx reserves at lowest level since July '20

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The Reserve Bank of India's (RBI's) foreign exchange reserves declined \$4.5 billion to \$528.37 billion in the week ended October 14, the latest central bank data showed. The current level of reserves is the lowest since July 24, 2020.

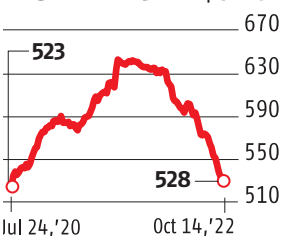
The fall in foreign exchange reserves was primarily on account of a decline in the RBI's foreign currency assets that fell \$2.8 billion on-week to \$468.87 billion. The central bank's holdings of gold declined \$1.5 billion to \$37.45 billion in the week ended October 14.

"India's forex reserves declined to the weakest level since July 24, 2020, amid the central bank's intervention. This time, the value of dollar and gold assets both declined amid revaluation as well as central bank's dollar selling," Dilip Parmar, research analyst, HDFC Securities said.

In the week ended October 14, the rupee weakened a mere 0.03 per cent against the US dollar. The US dollar index, which measures the greenback against six major rival currencies, strengthened 0.5 per cent during that week.

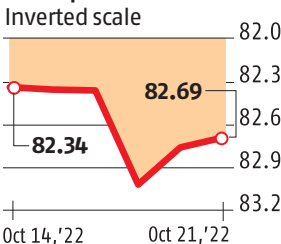
According to Parmar, the steady movement in the rupee last week was largely attributable to the RBI's interventions. Traders said the central bank had heavily sold dollars around the 82.40/\$1 mark last week. In the current week, the RBI is said to have stepped up

**DOWN \$4.5 BN IN LAST WEEK** In \$ billion



Source: RBI

**₹ VS \$**



Source: Bloomberg  
Compiled by BS Research Bureau

interventions in the forwards and futures segments of the currency market.

So far in 2022, the rupee has weakened 10.1 per cent against the US dollar as the war in Ukraine and aggressive rate hikes by the Fed have dampened appetite for emerging market currencies.

The RBI's foreign exchange reserves have declined sharply since Russia's invasion of Ukraine in late February. The reserves were at \$631.53 billion as on February 25. On September 30, RBI Governor Shaktikanta Das said 67 per cent of the fall in reserves in the current financial year was due to revaluation.