

# Forex reserves rise to 20-mth high of \$616 bn

## Kitty jumps by \$9 bn, second-highest weekly increase in this financial year

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India's foreign exchange reserves surged to \$616 billion in the week ended December 15, marking it the highest level since March 25, 2022, according to data released by the Reserve Bank of India on Friday.

During the week, the

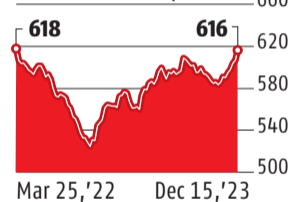
reserves jumped \$9 billion, representing the second-highest weekly surge in the current financial year.

The total reserves rose due to the rise in foreign currency assets, which increased by \$8 billion in the week.

"The main reason could be the fall in the dollar index. The entire amount should not be physical accumulation, how-

### THE TREND

Forex reserves in \$ bn



Source: RBI; Compiled by BS Research Bureau

ever, looking at the liquidity condition right now, which is tighter than expected, there could be some physical accu-

mulation also," said Indranil Pan, chief economist at YES Bank.

The rupee appreciated by 0.4 per cent in the previous week due to the fall in the dollar index post the US Federal Reserve meeting outcome, which signaled an end to the rate tightening path and is expected to cut interest rates three times in 2024.

The US rate-setting panel decided to keep key rates unchanged at 5.25-5.5 per cent for a third consecu-

tive meeting. "The imports have decreased and the crude oil prices softened. That is why we saw the surge," a dealer at a state-owned bank said.

"Additionally, there were inflows that further led to the increase in reserves," he said.

Gold reserves rose by \$446 million in the previous week, whereas special drawing rights (SDRs) increased by \$135 million.

The total reserves stood at \$607 billion in the week ended December 8.