

Forex reserves rise for second week in a row

BHASKAR DUTTA

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The Reserve Bank of India's (RBI's) foreign exchange reserves rose by \$2.5 billion to \$547.25 billion in the week ended November 18, the latest data showed.

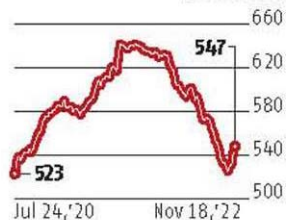
The latest data marks the first time since May that the RBI's reserves have risen for two consecutive weeks. In the week ended November 11, the reserves had jumped by \$14.7 billion. The rise in reserves last week was largely on account of an increase in the central bank's foreign currency assets, which grew \$1.8 billion to \$484.29 billion.

In the week ended November 18, the rupee depreciated 1 per cent against the US dollar. So far in 2022, the domestic currency has shed 9 per cent against the dollar.

"India's forex reserves rose for the second week in a row amid central bank intervention, appreciation in dollar



UP \$2.5 BN IN A WEEK
(\$ billion)



Source: RBI

assets and gold value," HDFC Securities research analyst Dilip Parmar said.

"For the first time after May 27, the forex reserves are up for two weeks in a row," he said.

In the previous week, the RBI's gold reserves rose \$315 million to \$40.01 billion.

The foreign exchange reserves have declined sharply

since Russia's invasion of Ukraine in late February. The conflict sent global investors rushing to the safety of the US dollar, leading to huge gains in the dollar index and depreciation in emerging market currencies like the rupee.

The US Federal Reserve's aggressive policy tightening since March 2022 has further added to the dollar's strength. The RBI has sought to curb excessive volatility in the rupee through sales of dollars from its reserves. The RBI's foreign exchange reserves were at \$631.53 billion as on February 25, which was when the Ukraine war broke out.

In September, RBI Governor Shaktikanta Das had said 67 per cent of the fall in reserves in the current financial year were due to revaluation in the face of a stronger dollar.

According to the RBI's Bulletin, reserves worth \$530 billion as on November 4 covered 8.6 months of imports projected for the current financial year.