

FX reserves rise \$1.7 bn to \$573 bn

The Reserve Bank of India's (RBI's) foreign exchange reserves climbed \$1.7 billion to \$573.73 billion in the week ended January 20, latest data showed.

The rise was on account of an increase in the RBI's foreign currency assets as well as its gold holdings. The foreign currency assets rose \$839 million to \$506.36 billion, while gold reserves increased by \$821 million to \$43.71 billion in the previous week, the data showed.

In the week gone by, the rupee appreciated 0.3 per cent versus the US dollar. The US dollar index ended the week flat around the 102.2-mark, *Bloomberg* data showed. "Revaluation of non-dollar assets, dollar buying ahead of green bond issuance and gain in gold values pushed the forex kitty higher in the week ending January 20," Dilip Parmar, research analyst at HDFC Securities said.

Following a decline of \$100 billion in its reserves from February to September of 2022, the RBI has over the last three months been replenishing its reserves.

The foreign exchange reserves increased by \$28.9 billion since September-end and stood at \$561.6 billion as on January 6, 2023, covering more than nine months of imports projected for 2022-23, the RBI staff said earlier this month. In November 2022, the central bank net purchased US dollars for the first time since May 2022.

From June to October of 2022, the RBI was a net seller of US dollars in the currency market as the central bank sought to rein in excessive volatility in the rupee's exchange rate amid aggressive rate hikes by the Federal Reserve.

BHASKAR DUTTA