



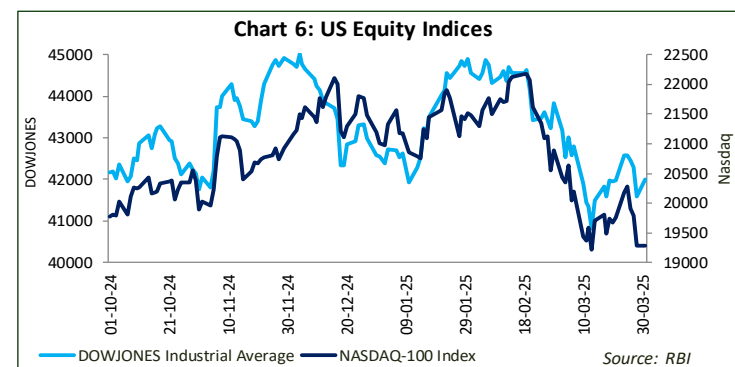
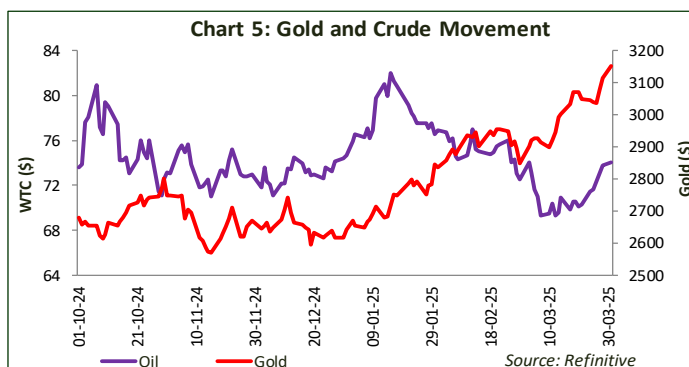
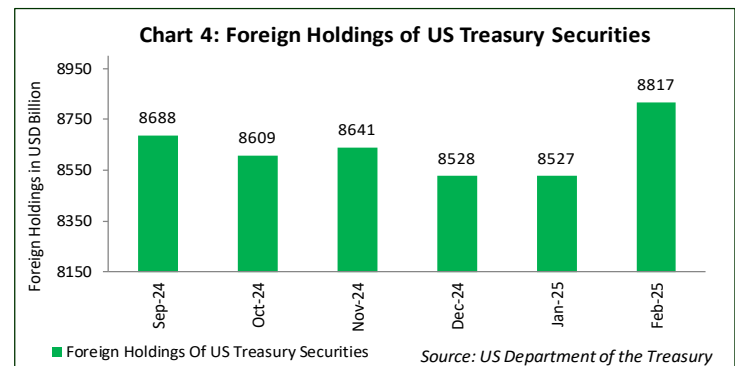
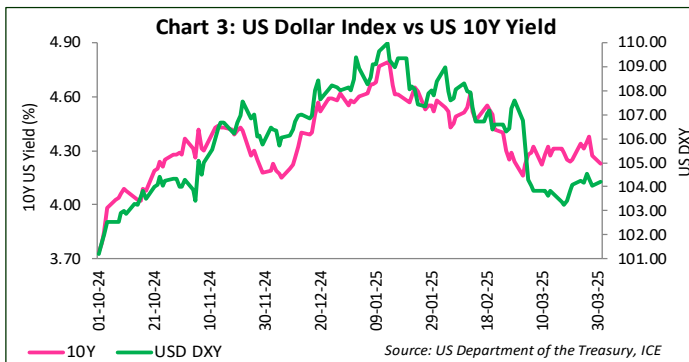
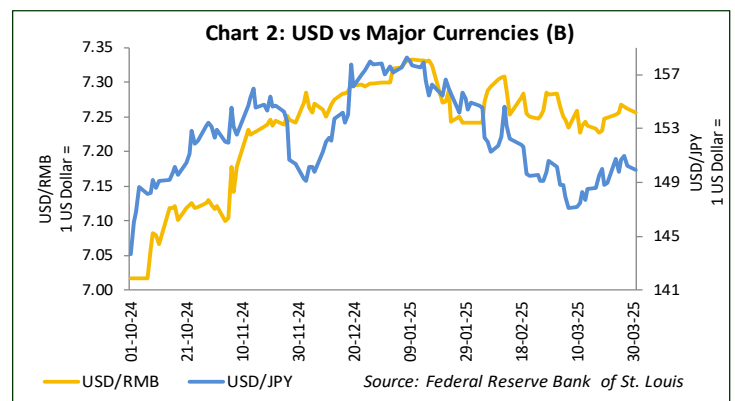
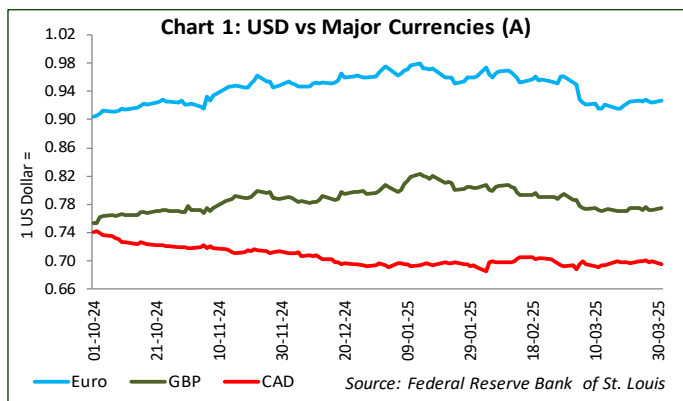
CCIL FOREX QUARTERLY

JANUARY – MARCH 2025



International Developments

Global financial markets witnessed a rebalancing during Q4-FY25, as the flow of capital toward the US following the presidential elections reversed on growing uncertainty around US trade policies. The US Dollar Index (DXY), yields on US Treasuries and US equities fell sharply following the US presidential inauguration in mid-January on strengthening bets of stagflation in the US induced by tariffs and plans for a reduction in government spending, while gold prices continued breaking new records led by robust central bank demand amid heightened risk aversion. Although US assets, such as Treasury bonds initially benefited from safe-haven demand, growing concerns about the US economy resulted in a sharp decline in the US Dollar (USD) providing support to emerging market (EM) currencies. Crude oil prices softened on fears of a slowdown in global growth amid increasing production. Despite the heightened global uncertainty, as pointed out in the RBI's April 2025 Monetary Policy Report (MPR), the Indian Rupee (INR) remained one of the least volatile EM currencies, with an overall depreciation of 2.60% against the USD during FY25.



Domestic Developments

A. Reference Rates and Indices

Despite one of its most volatile quarters in recent times, the INR ended Q4-FY25 at almost the same levels against the USD as it started at, with its recovery on account of RBI's interventions and the sustained fall in oil prices, further supported by the sharp depreciation of the USD and a strong reversal in capital outflows – particularly in the debt segment. The India-US interest rate differential normalized despite RBI's policy rate cut in February, on account of a sharper fall in US yields. The renewed investor interest in FAR securities on anticipation of further easing by RBI was sustained by the commencement of their inclusion in Bloomberg indices, while the equity segment was aided by inflows related to the FTSE All-World Index rebalancing and India's relatively lower exposure to US tariffs. RBI's USD/INR Buy/Sell swaps resulted in a decline in forward premia rates amid easing domestic liquidity and reduced hedging costs. The 1M forward premia declined sharply on improving market sentiment. In terms of the 40-currency real effective exchange rate (REER), the INR depreciated gradually, supported by lower inflation and a narrowing current account gap.

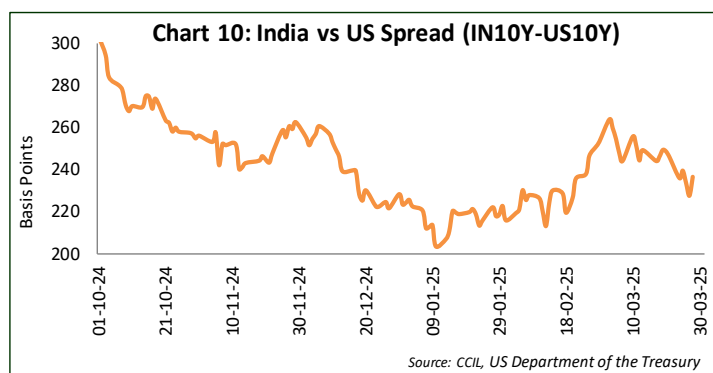
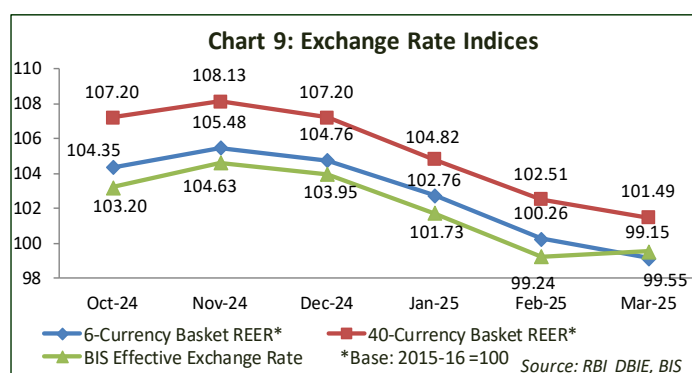
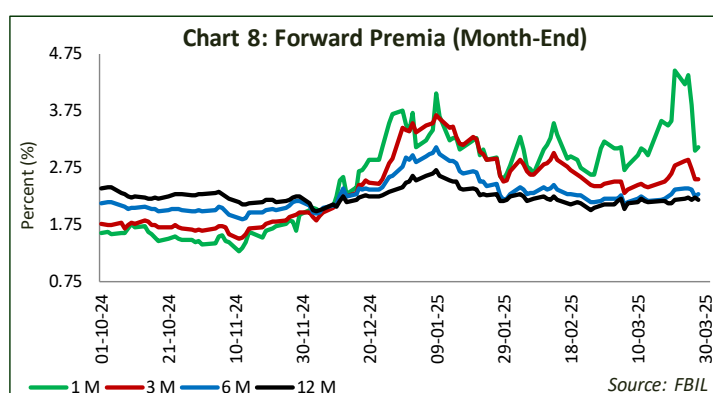
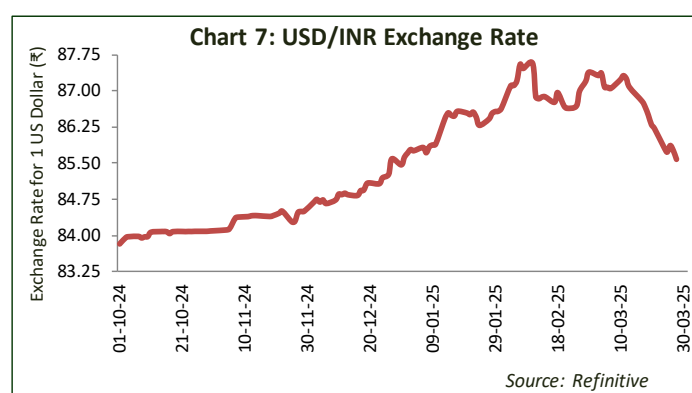


Table 1: Cross-Currency Movement Against IMF's SDR									
Month	Currency units per SDR								
	Euro	Japanese Yen	Great Britain Pound	US Dollar	Indian Rupee	Chinese Yuan	Brazilian Real	South African Rand	
Oct-24	1.22370	204.40600	1.02611	1.33163	111.80100	9.48074	7.69325	23.51390	
Nov-24	1.24766	200.83100	1.04188	1.31391	110.98700	9.52798	7.65814	23.80030	
Dec-24	1.25482	204.29300	1.03952	1.30413	110.94400	9.51910	8.03426	23.97700	
Jan-25	1.25452	201.21900	1.05058	1.30383	112.96500	9.52653	7.60063	24.23940	
Feb-25	1.25733	195.85300	1.03926	1.30900	114.40800	9.53552	7.65533	24.22500	
Mar-25	1.22857	198.61300	1.02685	1.32870	113.45000	9.63558	7.62881	24.30890	
6 Month Trend									
Source: IMF									

Source: IMF

B. Movement of Capital

Capital flows remained volatile in Q4-FY25 amid shifting sentiments of foreign portfolio investors (FPIs). EMs like India benefited from the shift away from the US, with equity inflows rebounding in March following heavy sell-offs earlier in the quarter and renewed interest in the debt segment led by FAR securities. On the external front, falling oil prices and a resilient rupee - Asia's top-performing currency in March - coupled with India's lower exposure to potential US tariffs further underscored India's relative attractiveness in a turbulent global environment. Indian companies actively opted for fundraising through the external commercial borrowings (ECBs) route with a jump in medium-term loans. As of March 28, 2025, India's foreign exchange reserves stood at \$665.40 billion, equivalent to 11.0 months of annualized merchandise imports on a BoP basis and 92.70% of the outstanding external debt as of December 2024 (RBI MPR).

Chart 11: Weekly Movement in FX Reserves

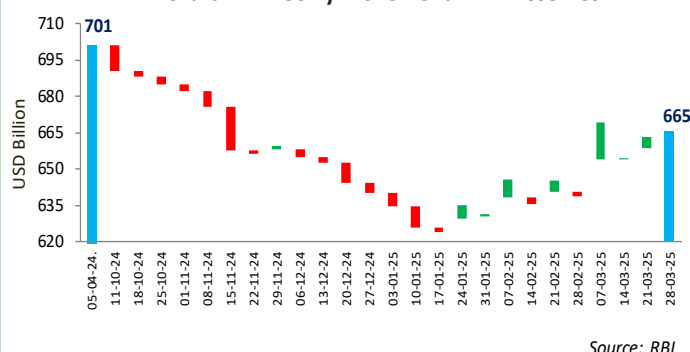


Chart 12: India's Merchandise Trade - Components

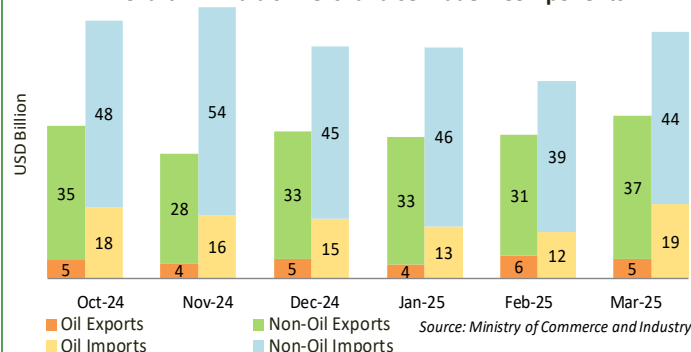


Chart 13: Foreign Investment in India

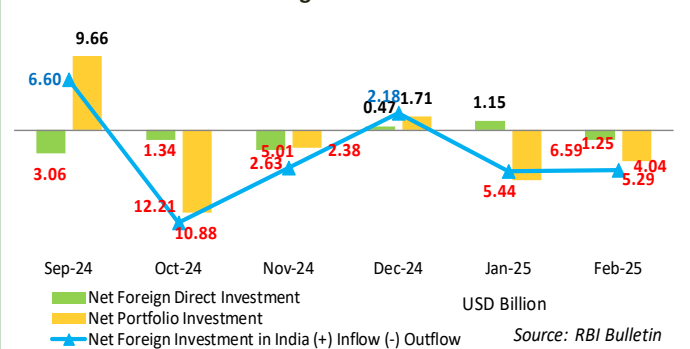


Chart 14: FPI Net Investment in India - BreakUp

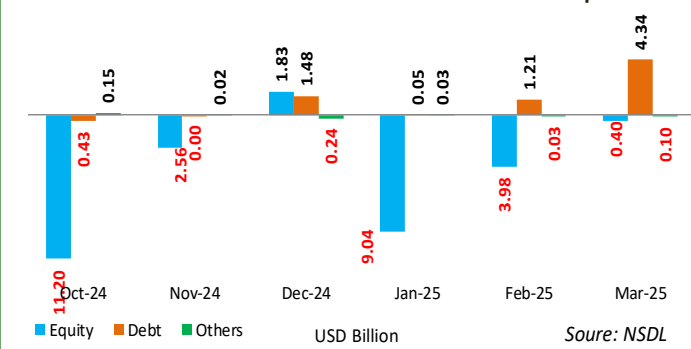


Chart 15: ECBs Registrations - Maturitywise Breakup

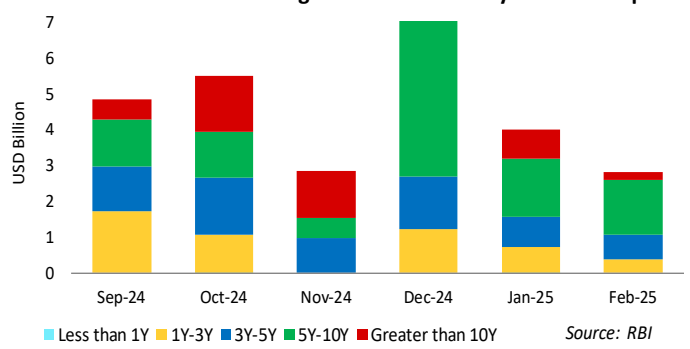
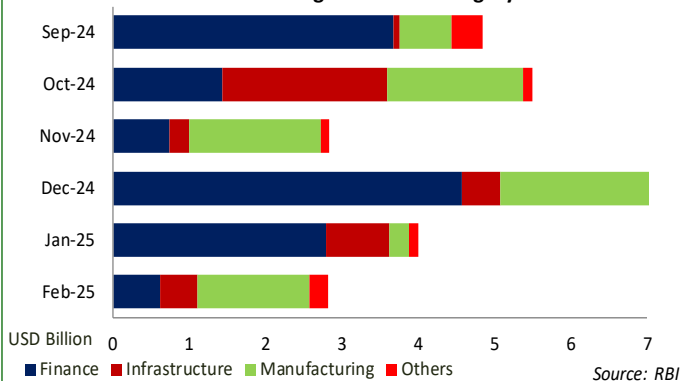


Chart 16: ECBs Registrations - Category of Borrowers



C. Macro Parameters

India's current account deficit (CAD) narrowed to \$11.50 billion (1.10% of GDP) in Q3-FY25 from \$16.70 billion (1.80% of GDP) in Q2-FY25, supported by stronger services exports and steady remittance inflows. However, the external position was impacted by the widening trade deficit, net outgo on the primary income and capital outflows. India's external debt climbed to \$717.90 billion as of end-December 2024, raising the external debt-to-GDP ratio to 19.10%. Following robust accretion in H1-FY25, foreign exchange reserves (on a BoP basis) registered a sharp depletion of \$37.70 billion in Q3-FY25. Overall, the reserve mix underwent a change as RBI added more gold to India's reserves in FY25 amid geopolitical uncertainty. The share of gold in India's total foreign exchange reserves increased to about 11.70% by end-March 2025, from 9.32% as of end-September 2024 in dollar value terms, with total purchases of 57.49 tonnes during FY25.

Table 2: Trends in Balance of Payments (USD Billion)*					
Item/Period	Q3-FY24	Q4-FY24	Q1-FY25	Q2-FY25	Q3-FY25
Current Account	-10.4	4.6	-8.9	-16.7	-11.5
Goods	-71.6	-52.0	-63.8	-84.3	-79.2
Non-Monetary Gold	-13.7	-9.6	-8.3	-20.7	-19.5
Services	45.0	42.7	39.7	44.6	51.2
Primary Income	-13.1	-14.8	-11.1	-9.5	-16.7
Secondary Income	29.3	28.7	26.3	32.4	33.2
Capital Account	-0.1	0.0	0.0	0.0	-0.1
Financial Account	11.4	-5.3	8.1	17.4	11.0
Direct Investment in India	8.4	8.0	10.8	5.1	3.7
Portfolio Investment	12.0	11.4	0.9	19.9	-11.4
Reserve Assets [Increase (-)/Decrease (+)]	-6.0	-30.8	-5.2	-18.6	37.7
Errors and Omissions	-0.9	0.6	0.7	-0.7	0.6

*As per IMF BPM6; Source: RBI DBIE

D. Central Bank Intervention

During Q4-FY25, RBI continued "employing all tools at its disposal" to address sharp movements in the INR rather than targeting any specific exchange rate level or band as indicated by Governor Sanjay Malhotra following the Monetary Policy Committee's February meeting. Addressing the impact of its interventions on domestic banking system liquidity, RBI actively resorted to longer-term USD/INR Buy/Sell Swap auctions over the quarter. The sharp fall in the DXY facilitated the unwinding of short dollar positions in RBI's forward book particularly in the shorter tenors by end-March. At the same time, spot dollar purchases were reflected in the steady increase in forex reserves following the resurgence of capital flows in March. The use of multiple instruments was reflected in the sharp fall in near-term forward premia rates as well as moderation in the onshore-offshore spread for the INR. Taking note of the evolving global headwinds, the baseline assumption for the exchange rate has been raised to ₹86/USD in the RBI's April MPR as against ₹83.50/USD in the October 2024 MPR.

Table 3: RBI Intervention in Foreign Exchange Market (USD Billion)									
Month	Purchase			Sale			Net Outstanding at month-end Sales (-)/Purchase (+)		Rupee Range During Month
	Spot	Forwards	Futures	Spot	Forwards	Futures	Forwards	Futures	
Sep-24	29	0	2	19	15	2	-15	0	83.49-83.98
Oct-24	28	0	3	37	49	3	-49	-3	83.82-84.09
Nov-24	31	0	4	51	59	4	-59	-3	84.11-84.49
Dec-24	54	0	4	69	68	4	-68	-3	84.66-85.62
Jan-25	49	5	4	60	83	4	-78	-3	85.71-87.12
Feb-25	45	10	4	47	99	4	-89	-1	86.65-87.59

Source: RBI Bulletin

Market Developments

A. Forex Market Turnover

Table 4: Turnover in Foreign Exchange Market - FCY/INR (USD Billion)

Period	Purchase						Sale					
	Merchant			Inter-Bank			Merchant			Inter-Bank		
	Spot	Forward	Forward Cancellation	Spot	Swap	Forward	Spot	Forward	Forward Cancellation	Spot	Swap	Forward
Q4-FY24	318	99	73	1026	912	85	313	129	59	978	859	86
Q1-FY25	328	92	73	1099	798	108	335	127	53	1064	766	86
Q2-FY25	358	97	65	1081	975	103	357	130	50	1058	905	76
Q3-FY25	361	89	78	1005	1270	134	386	152	50	898	1163	118
Q4-FY25	200	73	74	913	1083	110	206	125	49	827	1007	104

Source: RBI DBIE (Q4-FY25 values till Feb 28, 2025)

Table 5: Turnover in Foreign Exchange Market - FCY/FCY (USD Billion)

Period	Purchase						Sale					
	Merchant			Inter-Bank			Merchant			Inter-Bank		
	Spot	Forward	Forward Cancellation	Spot	Swap	Forward	Spot	Forward	Forward Cancellation	Spot	Swap	Forward
Q4-FY24	19	28	26	474	161	22	19	29	26	472	157	22
Q1-FY25	22	24	21	453	163	22	23	24	21	452	158	22
Q2-FY25	34	31	29	580	180	23	35	30	29	579	171	23
Q3-FY25	35	28	28	412	165	20	35	28	28	412	158	20
Q4-FY25	18	15	16	257	103	17	19	15	16	257	105	17

Source: RBI DBIE (Q4-FY25 values till Feb 28, 2025)

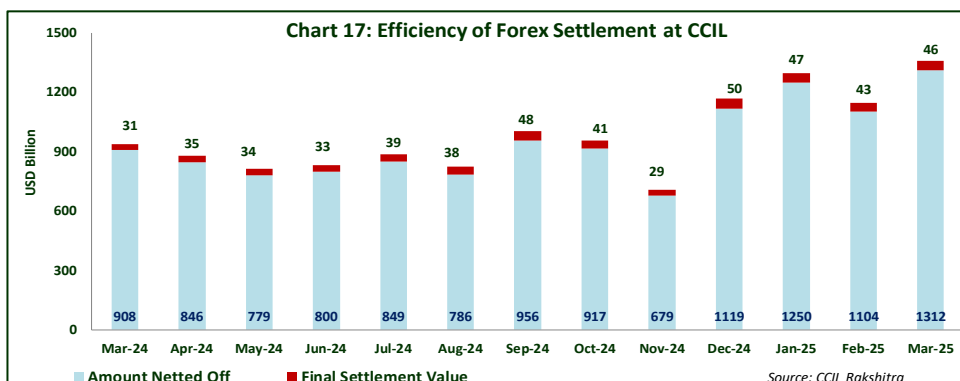
B. CCIL Statistics

i. Forex Settlement at CCIL

Table 6: CCIL Forex Settlement - Gross (Value in USD Billion)

Period	Cash	Tom	Spot	Forward	Total
Q4-FY24	342	397	1257	503	2500
Q1-FY25	361	405	1262	497	2526
Q2-FY25	473	501	1333	408	2715
Q3-FY25	558	544	1260	473	2835
Q4-FY25	640	675	1850	637	3802

Source: CCIL Rakshitra



Netting Factor indicates the extent of actual reduction achieved through multi-lateral offsetting of individual member obligations (arising out of every trade) to a single net obligation. A Netting Factor of 96.41% was achieved during Q4-FY25.

ii. CCIL CLS Settlement

CCIL also provides settlement of cross currency trades of Indian banks through the CLS Bank. This is a unique arrangement under which, CCIL aggregates all trades reported by the member banks and enables settlement through a third-party arrangement. A Netting Factor of 92.67% was achieved during Q3-FY25 in the CLS segment.

Table 7: CLS Settlement (Value in USD Billion)

Period	Gross Value Settled	Net Value Settled	Netting Factor
Q4-FY24	349	25	92.91%
Q1-FY25	326	27	91.70%
Q2-FY25	426	459	92.26%
Q3-FY25	328	30	91.01%
Q4-FY25	315	23	92.67%

Source: CCIL Rakshitra

Table 8: CLS Settlement - Currency Wise Gross Volume (In Millions)

Currency	Q4-FY25	Q3-FY25	Q2-FY25
USD	156881	164362	222732
EUR	68824	59666	90883
GBP	26711	34194	34565
JPY	5701356	5697841	8219282
AUD	7708	8040	10964
ZAR	8275	7118	5803
CAD	4597	5026	6030
SEK	1631	2113	5445
SGD	1676	1937	2270
NOK	298	276	216
NZD	935	1430	2479
CHF	3817	5898	5276
HKD	951	1000	813
DKK	177	482	378

Source: CCIL Rakshitra

iii. FX-CLEAR

Table 9: FX-CLEAR Trading (Value in USD Million)

Period	Total		Daily Average	
	Trades	Value	Trades	Value
Q4-FY24	132168	81792	2240	1386
Q1-FY25	154247	117372	2706	2059
Q2-FY25	198516	189207	3151	3003
Q3-FY25	127866	102895	2096	1687
Q4-FY25	131890	102914	2198	1715

Source: CCIL Rakshitra

iv. Forex Forward Settlement

Table 10: Forex Forward Settlement (USD Billion)

Period	Accepted		Outstanding at Quarter End	
	Trades	Volume	Trades	Volume
Q4-FY24	28290	519	50063	731
Q1-FY25	20407	375	44262	608
Q2-FY25	23085	410	44819	610
Q3-FY25	30206	604	50084	741
Q4-FY25	60091	935	41343	845

Source: CCIL Rakshitra

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