

India among least vulnerable to \$ spikes: Moody's

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Mumbai: India is among the countries least vulnerable to currency pressures as a result of a stronger dollar, Moody's Investors Service has said. Reaffirmation of the health of the Indian economy comes at a time when the rupee has breached the 69 level vis-à-vis the dollar, which has gained on the back of trade wars with China and stronger US domestic data.

According to Moody's, the dollar strengthening since mid-April has prompted sharp currency depreciation coupled with a significant decline in foreign exchange reserves in a number of emerging and frontier market countries.

"To the extent that these currency fluctuations reflect capital outflows or significantly lower external inflows, they are credit-negative for sovereigns with large external funding ne-

eds," said Moody's.

While India has large external funding needs thanks to its high current account deficit, it is not among the vulnerable countries unlike 2013 when it was part of the 'fragile five' weak economies. According to RBI data, India's forex reserves stood at \$410 billion as on June 15, 2018. Since 2013, India has received a rating upgrade and the macroeconomic fundamentals have improved. India, with a Baa2 stable rating, Brazil (Ba2 stable), China (A1 stable), Mexico (A3 stable) and Russia (Ba1 positive) are among the least vulnerable to currency pressures according to Moody's.

Moody's says, Argentina with a B2 (stable) sovereign rating, Ghana (B3 stable), Mongolia (B3 stable), Pakistan (B3 negative), Sri Lanka (B1 negative), Turkey (Ba2 RUR-) and Zambia (B3 stable) are among the most vulnerable to dollar spike.