

Overview (11/11/22 to 18/11/22): Fed's monetary policy is not yet in a range estimated to be sufficiently restrictive to reduce inflation. US Census Bureau revealed on Tuesday that Housing Starts declined by 4.2% in October following September's 1.3% contraction. In the same period, Building Permits fell by 2.4%, compared to a 1.4% increase recorded in September. This adds on to further depreciatory pressure for USD

Currency (as of 18 th Nov 2022)	Last closed on Thu (17 th Nov 2022)	WoW ¹ (17 th Nov v 11 st Nov) %	Key Economic Indicators	Key View	Prediction (Q4FY22)
USD ² / PHP ³ Philippines	57.4870	0.35%	<p>Sovereign Rating: BBB (Fitch)</p> <p>Inflation: 7.7% YoY⁴ (Oct'2022)</p> <p>Interest rate: 5% (Trading Economics)</p> <p>Current account balance (% of GDP⁶): -1.52</p> <p>Gen. Gov't balance (% of GDP): -4.83</p> <p>Gen. Gov't debt (% of GDP): 53.41 (Fitch)</p> <p>Unemployment (% of labour force): 5.252</p> <p>Unemployed population: ~2.72m (Q3FY2022E, Euromonitor)</p>	<p>Previous week summary: Q3 GDP growth much better than consensus at 6.3% on an annual basis. Resilience in growth expected to keep central bank hawkish, to push policy rate to 5.5% by EOY. Unemployment falls to post-pandemic lows. Meeting between Philippines President and Vietnam PM to strengthen ties.</p> <p>Updates: The Philippines' real GDP growth unexpectedly accelerated further to 7.6% y/y in 3Q22 (from an upwardly revised 7.5% in 2Q22 vs 7.4% previously) as a result of further reopening of economic and social activities, higher minimum wages from 16 Jul 2022, and improving job opportunities during the quarter. Furthermore, BSP has seen rising rates further this week, curbing deflationary pressure on PHP.</p>	57.6876 ↑
USD / IDR ⁷ Indonesia	15,663	(0.17%)	<p>Sovereign Rating: BBB (Fitch)</p> <p>Inflation: 5.71% YoY (Oct'2022)</p> <p>Interest rate: 5.25% (Trading Economics)</p> <p>Current account balance (% of GDP): 0.29</p> <p>Gen. Gov't balance (% of GDP): -4.62</p> <p>Gen. Gov't debt (% of GDP): 41.15 (Fitch)</p> <p>Unemployment (% of labour force): 6.337</p> <p>Unemployed population: ~9.04m (Q3FY2022E, Euromonitor)</p>	<p>Previous week summary: Q3 GDP growth picks up to 5.72%. Risks from weaker commodity prices expected to cause downward pressures. Legislative deadlock / poor policy formulation ahead of next general election in Feb 2024 may weigh in on IDR. Dampened demand for coal expected to slow down further growth with annual GDP growth forecasts at 5% and 4.1% for 2022 and 2023.</p> <p>Updates: Oct's trade surplus came in higher than expected at USD5.7bn and with that, Indonesia's cumulative trade surplus this year up to Oct 22 widened to USD45.5bn. This is a historical high trade surplus for Indonesia. Bank Indonesia (BI) delivered its third series of a 50bps rate hike in Nov MPC meeting, in line with market expectation, to 5.25%, mitigating projected inflationary pressure.</p>	15,791.7 ↑
USD / MXN ⁸ Mexico	19.4167	(0.41%)	<p>Sovereign Rating: BBB- (Fitch)</p> <p>Inflation: 8.41% YoY (Oct'2022, Mexican News Daily)</p> <p>Interest rate: 10.0% (Trading Economics)</p> <p>Current account balance (% of GDP): -0.38</p> <p>Gen. Gov't balance (% of GDP): -2.98</p> <p>Gen. Gov't debt (% of GDP): 47.04 (Fitch)</p> <p>Unemployment (% of labour force): 3.741</p> <p>Unemployed population: ~2.54m (Q3FY2022E, Euromonitor)</p>	<p>Previous week summary: MXN continues to show strength due to positive sentiment of following the lead of US Fed to increase key rate by 0.75%. Decreasing interest rate differential with the US, increasing inflows into Mexico and with the US Fed Tightening cycle expected to come to an end, MXN is seeing appreciatory support.</p> <p>Updates: On Thursday, the Bank of Mexico rose the key interest rate by 75 basis points as expected to 10%. According to the Research Department at BBVA, Banxico will likely still match December's Federal Reserve interest rate hike, but they point out that a decouple in February seems now possible. Thus, going forward there would be higher deflationary pressure due to lower rate hikes by Banxico relative to Fed's actions.</p>	19.8264 ↑
USD / VND ⁹ Vietnam	24,815	0.0%	<p>Sovereign Rating: BB (Fitch)</p> <p>Inflation: 4.3% YoY (Oct'2022)</p> <p>Interest rate: 6% (7% expected by EOY) (Trading Economics)</p> <p>Current account balance (% of GDP): -1.04</p> <p>Gen. Gov't balance (% of GDP): -3.50</p> <p>Gen. Gov't debt (% of GDP): 39.32 (Fitch)</p> <p>Unemployment (% of labour force): 2.280</p> <p>Unemployed population: ~1.57m (Q3FY2022E, Euromonitor)</p>	<p>Previous week summary: Central bank expected to continue tightening policy with 50 bps hikes in Q4FY22 and Q1FY23. Vietnam exports to be dragged down due to lack of demand, posing downside risks to short term economic growth.</p> <p>Updates: Vietnam's economy has rebounded from the COVID-19 pandemic, but has recently faced numerous challenges, with weakening global demand and a strengthening U.S. dollar prompting the central bank to raise its policy rates by a combined 200 basis points and allow the dong currency to weaken against dollar. Rate hikes, coupled with tighten rules on corporate bond issuance, have left the economy facing a credit crunch.</p>	24,911.7 ↑

Key: 1. Week-over-Week 2. US Dollar 3. Philippine Peso 4. Year-over-Year 5. End of Year 6. Gross Domestic Product 7. Indonesia Rupiah 8. Mexican Peso 9. Vietnam Dong

Sources:

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Database:

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2. Euromonitor International / Passport
3. Trading Economics
4. Bloomberg

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