

Overview (18/11/2022 – 25/11/2022): The minutes of the Federal Open Market Committee released in the late New York session dictated that the majority of the Federal Reserve (Fed) policymakers have vouched for a slowdown in the rate hike pace to allow room to judge the progress of the efforts and to reduce financial risks. This indicates that there would be no fifth consecutive 75 basis points (bps) rate hike by the Fed.

Currency (as of 25 th Nov 2022)	Last closed on Thu (24 th Nov 2022)	WoW ¹ (25 th Nov v 21 st Nov) %	Key Economic Indicators	Key View	Prediction (Q4FY22)
USD ² / PHP ³ Philippines	56.6170	(1.36%)	Sovereign Rating: BBB (Fitch) Inflation: 7.7% YoY ⁴ (Oct'2022) Interest rate: 5% (Trading Economics) Current account balance (% of GDP)⁶: -1.52 Gen. Gov't balance (% of GDP): -4.83 Gen. Gov't debt (% of GDP): 53.41 (Fitch) Unemployment (% of labour force): 5.252 Unemployed population: ~2.72m (Q3FY2022E, Euromonitor)	Previous week summary: 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. Updates: The Philippine central bank said it can adjust foreign-exchange policies to help curb speculation, highlighting readiness to respond to inflation threats even as the peso has pared losses recently.	57.7524 ↑
USD / IDR ⁷ Indonesia	15,666	(0.29%)	Sovereign Rating: BBB (Fitch) Inflation: 5.71% YoY (Oct'2022) Interest rate: 5.25% (Trading Economics) Current account balance (% of GDP): 0.29 Gen. Gov't balance (% of GDP): -4.62 Gen. Gov't debt (% of GDP): 41.15 (Fitch) Unemployment (% of labour force): 6.337 Unemployed population: ~9.04m (Q3FY2022E, Euromonitor)	Previous week summary: 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. Updates: Strong demand for exports from Indonesia's key trading partners and high global commodity prices have resulted into a much-improved goods trade performance which has in turn underpinned an even stronger surplus in CA position in the last quarter. Overall, balance of payments (BOP) position in 3Q22 remained generally resilient.	15,791.7 ↑
USD / MXN ⁸ Mexico	19.3809	(0.83%)	Sovereign Rating: BBB- (Fitch) Inflation: 8.41% YoY (Oct'2022) Interest rate: 10.0% (Trading Economics) Current account balance (% of GDP): -0.38 Gen. Gov't balance (% of GDP): -2.98 Gen. Gov't debt (% of GDP): 47.04 (Fitch) Unemployment (% of labour force): 3.741 Unemployed population: ~2.54m (Q3FY2022E, Euromonitor)	Previous week summary: 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. Updates: Annual inflation rate drops to 8.14%; core inflation continues to rise. INEGI reported Thursday that consumer prices were 8.14% higher in the first half of the month compared to a year earlier. The headline rate improved from annual inflation of 8.41% in October and has now declined for five consecutive half-month periods.	19.7635 ↑
USD / VND ⁹ Vietnam	24,838	(0.02%)	Sovereign Rating: BB (Fitch) Inflation: 4.3% YoY (Oct'2022) Interest rate: 6% (7% expected by EOY) (Trading Economics) Current account balance (% of GDP): -1.04 Gen. Gov't balance (% of GDP): -3.50 Gen. Gov't debt (% of GDP): 39.32 (Fitch) Unemployment (% of labour force): 2.280 Unemployed population: ~1.57m (Q3FY2022E, Euromonitor)	Previous week summary: 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. Updates: Vietnam will consider lifting the cap on its credit growth, its prime minister said, as the economy is facing pressure from higher interest rates and tightening credit conditions.	24,906.6 ↑

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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2. <https://www.cbsnews.com/miami/news/holiday-shopping-season-kicks-off-with-inflation-dampening-spirits/>
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Database:

1. Fitch Connect
2. Euromonitor International / Passport
3. Trading Economics
4. Bloomberg

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