

**Overview (9/12/2022 to 16/12/2022):** The Federal Reserve raises interest rates by 50 bps to 4.5% - Highest Level in 15 years. Countries that increased interest rates in line with the Fed saw relative stability in their currency (PHP, MXN) unlike their peers.

Currency (as of 16 <sup>th</sup> Dec 2022)	Closing Price on Thu (15 <sup>th</sup> Dec)	WoW <sup>1</sup> (15 <sup>th</sup> Dec v 8 <sup>th</sup> Dec) %	Key Economic Indicators	Key View	Prediction (Q4FY22)
<b>USD<sup>2</sup> / PHP<sup>3</sup></b> Philippines	55.83	0.85%	<b>Sovereign Rating:</b> BBB (Fitch) <b>Inflation:</b> 8% YoY <sup>4</sup> (Nov'2022) <b>Interest rate:</b> 5.5% (Dec'2022) (Trading Economics) <b>Current account balance (% of GDP<sup>5</sup>):</b> -1.52 <b>Gen. Gov't balance (% of GDP):</b> -4.83 <b>Gen. Gov't debt (% of GDP):</b> 53.41 (31 Dec 2021 FY, Fitch) <b>Unemployment (% of labour force):</b> 5.816 <b>Unemployed population:</b> ~2.79m (Q4FY2022E, Euromonitor / ILO)	In line with expectations from last week, the central bank raised interest rates by 50 bps. The PHP, thus, stayed firm against the USD, unlike its Southeast Asian peers. The central bank is expected to lean towards additional rate hikes of 25 bps in February and March next year. Furthermore, overseas Filipino worker remittances reaching all time highs (\$3.23B in Oct'2022) helped the PHP gain. However, the PHP is expected to come under pressure in Q1FY23 due to growing headwinds such as accelerating inflation, rising oil import costs and a worsening trade balance.	55.8482 ↑
<b>USD / IDR<sup>6</sup></b> Indonesia	15,618	(0.02%)	<b>Sovereign Rating:</b> BBB (Fitch) <b>Inflation:</b> 5.42% YoY (Nov'2022) <b>Interest rate:</b> 5.25% (Nov'2022) (Trading Economics) <b>Current account balance (% of GDP):</b> 0.29 <b>Gen. Gov't balance (% of GDP):</b> -4.62 <b>Gen. Gov't debt (% of GDP):</b> 41.15 (31 Dec 2021 FY, Fitch) <b>Unemployment (% of labour force):</b> 6.228 <b>Unemployed population:</b> ~9.0m (Q4FY2022E, Euromonitor / ILO)	Indonesia' trade balance came in at \$5.16B compared to \$4.25B expected and \$5.67B prior but both imports and exports dropped. High global commodity prices allowed Indonesia to enjoy an export boom during this year, but export growth has been slowing since June amid moderating prices of commodities such as palm oil, nickel, and iron ore. The Indonesian parliament passed a law to increase BI's responsibilities. The "Development and Strengthening of Financial Sector" bill will hold BI responsible for supporting economic growth and formalizing the debt monetization operations for the country.	15,695.7 ↑
<b>USD / MXN<sup>7</sup></b> Mexico	19.7618	0.70%	<b>Sovereign Rating:</b> BBB- (Fitch) <b>Inflation:</b> 7.8% YoY (Nov'2022) <b>Interest rate:</b> 10.5% (Dec'2022) (Trading Economics) <b>Current account balance (% of GDP):</b> -0.37 <b>Gen. Gov't balance (% of GDP):</b> -2.99 <b>Gen. Gov't debt (% of GDP):</b> 47.04 (31 Dec 2021 FY, Fitch) <b>Unemployment (% of labour force):</b> 3.833 <b>Unemployed population:</b> ~2.34m (Q4FY2022E, Euromonitor / ILO)	Banxico (Central bank of Mexico) raised key interest rate by 50 bps. The decision was anticipated and had little effect on the MXN. Tightening cycle expected to draw to a close soon, with anticipated rate hike of 25 bps in February 2023. Median estimates of economists surveyed by Bloomberg puts terminal rates at 11% in Q1FY23 and 11.5% in Q2FY23. Banxico reiterated that inflation is projected to converge to its 3% target in the third quarter of 2024. Also, Banxico might decouple from the Fed based on inflation data.	20.0950 ↑
<b>USD / VND<sup>8</sup></b> Vietnam	23,525	(1.17%)	<b>Sovereign Rating:</b> BB (Fitch) <b>Inflation:</b> 4.37% YoY (Nov'2022) <b>Interest rate:</b> 6% (Oct'2022) (Trading Economics) <b>Current account balance (% of GDP):</b> -1.04 <b>Gen. Gov't balance (% of GDP):</b> -3.50 <b>Gen. Gov't debt (% of GDP):</b> 39.32 (31 Dec 2021 FY, Fitch) <b>Unemployment (% of labour force):</b> 2.328 <b>Unemployed population:</b> ~1.22m (Q4FY2022E, Euromonitor / ILO)	The State Bank of Vietnam (SBV), on Dec 15, announced the USD buying price at VND23,450 after not listing the buying price for about 3 months, signalling that SBV has started buying USD and pumping VND into the market. With recent increase in price in the VND, the level of devaluation of the VND has returned to the expected range of the SBV, mainly driven by good news in the forex market such as info. about forecast of remittances to Ho Chi Minh City reaching USD 6.8B by this year end. Also, Vietnam's commercial banks slash interest rates to expand credit room.	23,674.8 ↑

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

- Sources:**
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**Database:**

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

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