



Philequity Corner (April 4, 2022)
By Wilson Sy

Peso – Asia’s best performer last week

The table below shows that last week, the Philippine peso was Asia’s best-performing currency. It closed at 51.67 last Friday, gaining 0.92% against the US dollar. The peso strengthened after the BSP signaled it would begin raising monetary policy rates in the second half of 2022. It also appreciated as oil prices eased following the US announcement of an unprecedented oil reserve release.

Before the outstanding performance last week, the peso was the worst performer in Asia. Last week’s advance pared down the peso’s losses to just -1.33% year-to-date and -0.62% since Russia invaded Ukraine on February 24. So far, the worst-performing currency is the Japanese yen which has declined by 6.05% since the Russian invasion. On the other hand, the best performers are the commodity currencies Australian dollar and the Canadian dollar, up 4.44% and 2.29% over the same period.

Asia-Pacific Currencies	YTD performance	% since Russian invasion	% past week
Philippine Peso	-1.33%	-0.62%	0.92%
Indian Rupee	-1.95%	-0.18%	0.55%
Thai Baht	-0.76%	-2.52%	0.36%
Korean Won	-2.15%	-1.08%	0.28%
Vietnamese Dong	-0.07%	-0.06%	0.12%
Singaporean Dollar	-0.59%	-0.12%	0.08%
Chinese Yuan	-0.11%	-0.53%	0.05%
Malaysian Ringgit	-1.10%	-0.16%	-0.06%
Indonesian Rupiah	-0.75%	0.15%	-0.17%
Taiwanese Dollar	-3.62%	-2.30%	-0.17%

Major currencies	YTD performance	% since Russian invasion	% past week
Euro	-2.99%	-1.35%	0.54%
Swiss Franc	-1.48%	-0.05%	0.39%
Australian Dollar	3.11%	4.44%	-0.25%
Canadian Dollar	0.91%	2.29%	-0.36%
Japanese Yen	-6.47%	-6.05%	-0.39%
British Pound	-3.16%	-2.03%	-0.52%
Norwegian Krone	0.80%	2.40%	-1.61%
Dollar Index	3.03%	1.47%	-0.23%

Source: Bloomberg, Wealth Securities Research

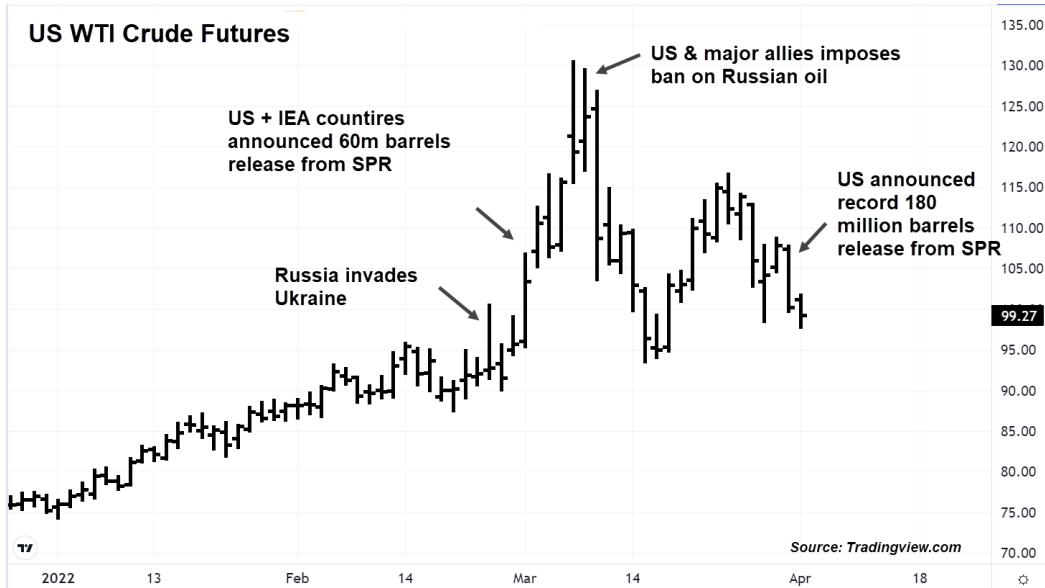
BSP hiking rates in 2H2022

Bangko Sentral ng Pilipinas (BSP) Governor Benjamin Diokno said that monetary policy normalization could begin in the second half of 2022 as it prepares to unwind the stimulus placed during the Covid-19 pandemic. In 2020, BSP’s key interest rates were lowered from 4% to a record low of 2% as part of its pandemic measures to support the Philippine economy. Diokno now sees policy rates rising by 50 to 75 basis points in the second half of 2022 as the economic recovery continues and BSP addresses escalating prices and elevated inflation.

Biden announces record SPR release

To calm the spiking oil and gas prices, President Biden announced a release of up to 180 million barrels of oil from the Strategic Petroleum Reserve (SPR). “The scale of this release is unprecedented,” according to the White House statement. This is the largest such release in history, equivalent to 1 million barrels of

oil for the next six months. Other member states of the International Energy Agency (IEA) also agreed to their second coordinated oil release in a month. The details will be published this week. Both Brent and US WTI crude benchmarks settled 13% lower for their biggest weekly declines in two years.



Peso strengthens below 52-level

The drop in oil prices and prospects of a hike in BSP policy rates are giving the Philippine peso a respite. Oil prices have pulled back 25% from their March highs, easing inflation fears which led EM currencies to rally. The peso has now strengthened back below the 52-level. Near-term, technical analysis now points to the peso consolidating between 51 and 52.



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