

Asian Currencies Approach 15-Month High on U.S. Budget Optimism  
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By David Yong and Liao Y-Sing

Nov. 30 (Bloomberg) -- Asian currencies gained for a second week, approaching an almost 15-month high, as optimism that U.S. lawmakers will resolve the nation's budget deadlock supported demand for emerging-market assets.

Democratic Senator Chuck Schumer said yesterday there's been progress in talks to avert \$607 billion in spending cuts and tax increases as President Barack Obama said this week he hopes for an agreement before Christmas. India's rupee was headed for its best week since October after Moody's Investors Service affirmed its stable rating outlook, Indonesia's rupiah ended a six-week slump and China's yuan traded at a 19-year high. The Bloomberg-JPMorgan Asia Dollar Index, which tracks the region's 10 most-active currencies excluding Japan, advanced for a sixth month.

"The biggest driver is the U.S. fiscal situation," said Sean Yokota, the Singapore-based head of Asia strategy at Skandinaviska Enskilda Banken AB. "If you look at a one-month time horizon, we think they'll reach a deal on the fiscal cliff, so Asian currencies will probably continue to appreciate."

The rupee rallied 2 percent from a week ago to 54.4250 per dollar as of 3:24 p.m. in Mumbai, according to data compiled by Bloomberg. The rupiah gained 0.6 percent to 9,594, and the ringgit strengthened 0.6 percent to 3.0388. South Korea's won rose 0.3 percent to 1,082.85.

Global investors added \$827 million of new money into emerging-market bond funds in the week through Nov. 28, according to EPFR Global data. Foreigners were net buyers of stocks in India, Philippines, Taiwan and Thailand this month. Investors bought an extra \$167 million of sovereign debt in Indonesia this week, government data showed.

### India Ratings

"Optimism about the global economy is spurring demand for emerging-market debt, including Indonesia's, which supports the rupiah," said Gusti Kahari, a foreign-exchange dealer at PT Bank Artha Graha Internasional in Jakarta.

The Asia Dollar Index has climbed 3.7 percent since May as European leaders pledged to support Greece and amid signs of an economic rebound in China. It touched 118.26 today, the highest level since Sept. 13, 2011. The gauge's 60-day historical volatility fell to 2.19 percent from 2.21 percent on Nov. 23. Moody's said on Nov. 26 its outlook on India's Baa3

sovereign credit rating remains stable as Asia's third-largest economy recovers amid strong investment gains. Gross domestic product expanded 5.3 percent in the three months through September, official data showed today, matching the median estimate in a Bloomberg survey.

## China PMI

An official report tomorrow on China's Purchasing Managers' Index may show manufacturing expanded for a second month in November, according to a separate Bloomberg survey.

The yuan gained 0.04 percent this week to 6.2267 per dollar, according to China Foreign Exchange Trade System. It touched a 1993 high of 6.2223 on Nov. 27 and tested the upper-limit of its trading band on each of the five days.

"There's pent-up demand for the yuan," said Andy Ji, a Singapore-based foreign-exchange strategist at Commonwealth Bank of Australia. The currency is also supported by a trade surplus that has surpassed \$180 billion this year, he said.

Elsewhere, the Philippine peso appreciated 0.4 percent from a week ago to 40.895 per dollar before a public holiday today.

Thailand's baht rose 0.1 percent to 30.67 per dollar, and Vietnam's dong was little changed at 20,850. Taiwan's dollar climbed 0.2 percent to NT\$29.116 per dollar, its second weekly advance.

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