Asian Foreign Exchange: It’s Impact to the Philippine Peso

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ABSTRACT

The exchange rate is the price of the currency expressed in terms of another currency. Therefore, in every exchange quotation there are always two (2) currencies involved. Traditionally, in the Philippines, the exchange rate is expressed as the value of one US dollar in terms of the peso US$1 = PHP 43.33 (as of November 22, 2007.)

Two (2) of the key drivers of the US dollar and Asian currencies have been rallying against the American dollar and its depreciation in the region. Important changes occurred on both of these fronts against the backdrop of a still robust regional equity flows, a better positioned pairs in the US dollar and Asian currencies.

The research focuses on the appreciation and depreciation of the Philippine peso. The findings and results present the Philippine currency’s benefits and drawbacks to the nation’s economy which will include lower inflationary pressures and savings in servicing foreign debts. It recognizes some sectors which maybe adversely affected such as the export sector and the beneficiaries of the overseas Filipino remittances.

Likewise, the significant impact of the peso in the Asian foreign exchange market will have the share of the analysis as well, as the impact of the Chinese Yuan to the Philippine peso.

Keywords: Foreign exchange, Philippine peso, Global Stock Market