

# MARKET UPDATE

**12/01/2023**

## **Asia FX steadies before U.S. CPI data, dollar nears 7-month low**

Most Asian currencies crept higher on Thursday and the dollar fell in anticipation of data showing a further easing in U.S. consumer inflation, while the Japanese yen rallied sharply after the country logged a record-high current account surplus.

The yen jumped 0.7% to 131.61 against the dollar and was among the best-performing Asian currencies for the day, after data showed that Japan's current account surplus surged far more than expected to a record high of ¥1.804 trillion.

The strong reading was driven largely by a record rise in returns on Japanese overseas investments, which largely helped offset the country's growing trade deficit. It also points to some strength in the Japanese economy despite headwinds from worsening growth and increased inflation in 2022.

## **Tesla nears deal to build production facilities in Indonesia**

Tesla (NASDAQ:TSLA) Inc is nearing a preliminary deal to build production facilities in Indonesia with a capacity of one million units, Bloomberg News reported on Wednesday, citing unidentified people familiar with the matter.

Chief Executive Elon Musk tweeted on Wednesday, "Please be cautious about writing articles citing 'unnamed sources', as they are frequently false," in a comment on a tweet referencing the report.

Indonesia's senior cabinet minister Luhut Pandjaitan, who has been leading the talks with Tesla, said negotiations were still ongoing, but declined to say more citing a non-disclosure agreement.

The electric-vehicle maker did not immediately respond to Reuters requests for comment.

Musk last month said Tesla was close to picking the location of its new "Gigafactory" following media reports that the automaker could announce a new factory in the northern Mexican state of Nuevo Leon as soon as December.

In November, Musk said South Korea was among its top candidate locations for a factory it plans to build in Asia for making EVs, according to South Korea's presidential office.



## South Korea seeks to improve foreign access to its markets

South Korea will unveil a range of measures in the coming months to open its domestic financial markets, including plans to extend trading hours on the foreign exchange market, the country's finance minister said on Thursday.

As part of such efforts, the government will announce next month plans to extend trading hours on the onshore foreign exchange market and allow offshore market players to participate in the market, Minister Choo Kyung-ho told a news conference.

"These measures are being made on judgment that our market-opening measures were belated when compared to the scale and international position of the country's financial sector," Choo told the news conference, arranged for the foreign media.

He said the government aims to put those measures in the foreign exchange market into force from the second half of next year. Trading hours would be extended from 0000 GMT to 1700 GMT from the current 0000 GMT-0630 GMT.

South Korea is pursuing the addition of its government bonds to FTSE Russell's World Government Bond Index and of its stocks to the Morgan Stanley (NYSE:MS) Capital International's developed market index, to help attract more foreign investment.

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