

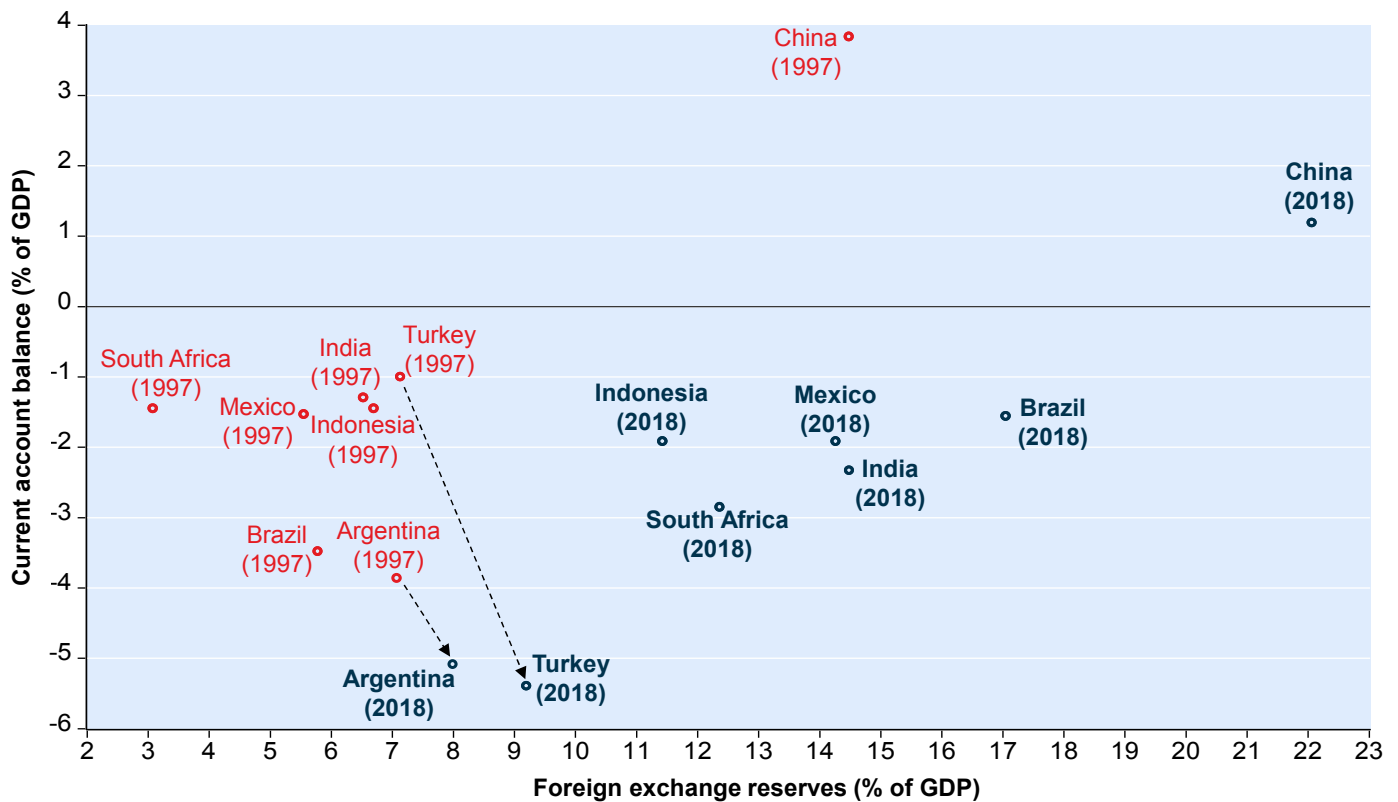
World Watch

It's been a rough year so far for currencies of emerging economies. Two of the worst performers, the Turkish Lira and the Argentine peso have been affected by factors specific to their underlying economies. The Lira's woes stem from a dire economic and political situation — see our recent *Geopolitical Briefing* “Turkey’s gathering geopolitical storm” —, while the peso’s slump should not be surprising amidst hyperinflation and an economic crisis in Argentina which recently necessitated IMF intervention. But do other emerging market currencies really deserve the beating they’re getting? As today’s *Hot Chart* shows, with the exception of Turkey and Argentina, other emerging economies are in a much better economic situation than say 1997, when the Asian financial crisis started, thanks to sharp increases in foreign exchange reserves and in many cases smaller external deficits.

Krishen Rangasamy

World: Can emerging market currencies weather the current onslaught?

Current account balance versus FX reserves in 1997 and 2018



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