

## Emerging Markets Currencies - the traders' views (07-April-2017)

Please find below views on Emerging Markets FX directly from our traders. The views include short-term (2wk), intermediate (3mth) and long-term (12mth) outlook on EM FX.

EM	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2 week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
SGD	Our trading strategy, being long a high yielder, like INR against a basket currency like SGD and a lower yielding KRW, has been worked out well this week and we don't foresee any event risk that could reverse the trend. We have US jobs numbers tonight and the market is already expecting a good number, so we could see a spike in USD before the trend resumes. On the SGD, we still see room for USDSGD to go higher, but we look to square our long USDSGD hedge at 1.4100.	Neutral 1.4000	Bearish 1.4200
INR	Real money accounts continue to pour money into India and the long INR trade gained momentum. We really don't see any real buyers to support USDINR this week except CB action to smooth this recent downward path of USDINR. We see the 200DMA now at 63.90, and don't think we will break this level on the first attempt, especially as the RBI is likely to be more serious defending the 64.00 handle. We are looking to take some of our long INR off the table at 64.10, and wait to see if the 63.90 key support holds.	Bullish 64.00	Neutral 65.00
CNH	We recommended paying the CNH forward curve last week, and we still feel that 6mth at 930 and 1y at 1850 are a good entry levels. The PBOC is likely to continue to monitor short date CNH liquidity very closely, and will intervene if they suspect speculative activity in the currency. Thus, the upside is long the short squeeze, and we think paying 6mth or 1y at this level is cheap insurance for a potential squeeze. On general market activity, Chinese banks continue to supply CNH aggressively in the long dates, capping a move higher in the curve despite funding remaining unchanged at +3 PPD.	Neutral 6.9000	Bearish 7.0000
KRW	USDKRW finally broke higher after squeezing out all the people out who had bought USD on the dip since January. And again, as we said last week, the driver of USDKRW will be the KOSPI, and not the overall USD strength/weakness. KOSPI has showed signs of weakness since the start of April after it failed to reach 2200 key resistance. Eventually, we believe that the KOSPI will break 2200, but that could be only after it retraces back down to 2100 to form a base. With the close correlation between USDKRW and KOSPI, even if USDKRW made a sharp move higher this week, we would rather fade such a move at 1145 to 1150, than trying to chase it.	Neutral 1120-30	Neutral 1130
EGP	Not much fresh news coming out of EGP this week. The USD/EGP fixing dipped lower from 18.15 to 18.00, and market activity was limited. We saw some interest to sell short dated NDF, while longer dated NDF remain somewhat bid. The carry remains attractive, so it's just a matter of time before more people start to see the opportunity and put EGP risk onto their books.	Bullish 17.00- 17.50	Neutral 16.50- 18.50
NGN	The only headline that caught our eyes this week was that the Central bank had supplied fresh USD liquidity to the market due to an increase in US demand. This should give some hint that rightly or wrongly the CB is comfortable with its reserve levels and determined to keep the official rate "pegged" for the time being.	Neutral 315-325	Bearish 400+
ZAR	Political uncertainty and instability continue to weigh on the ZAR. Price action this week suggests people are trying to get out of ZAR asset on any opportunity, or at least try and put FX hedge on. All the near term resistance were broken in last two weeks, and now I expect the pair to rush to 14.50 by the end of next week. On a local front, protests started to gather pace across major cities, calling for President Zuma to quit, although its unlikely he's going anywhere soon, while FITCH joined S&P in downgrading its ratings on the country.	Neutral to bullish 12.25-12.75	Neutral 13.50- 15.00

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