Emerging Markets Currencies - the traders' views
(21-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	A quiet one for USDSGD this past week with the pair range-trading between 1.3940-1.4000. The market somewhat side-lined ahead of the 1st round in the French elections on the 23rd of April. SGDNEER retraced to 0.2% above the mid-point post and despite a slightly dovish MAS statement, the market still seems to be positioning for an eventual upward move (MAS to be more hawkish due to improving fundamental economy data) within the next 6 months. We do not rule out this possibility if the global economy continues to recover. In the meantime however with ongoing geo-political uncertainties we are biased towards long USDSGD positioning for the time being. .	Neutral 1.4000	Bearish 1.4200
INR	Two-way interest seen in USDINR this week as the spot rate consolidates within a 64.30 – 64.70 range the local currency rally these past few months. Latest data shows that foreign inflows have been strong during Q1 especially in bonds (compared to strong outflows in MYR) and explains the recent outperformance of INR. We believe these portfolio linked flows are done for now and thus and going forward FX moves will focus more on local fundamentals. There has been signs of improvement from demonetization and with oil still relatively steady near US$50 a barrel, We expect the economy in India to continue to expand albeit at a slower pace. On a tactical play, we believe long INR positions are currently overcrowded and we would prefer a short term long USDINR play albeit remaining long-term bullish on INR.	Bearish 65.30	Neutral 65.00
CNH	Spot USDCNH traded in a tight range of 120 pips this week. The PBOC has lifted a cap on overseas remittances suggesting that is more confident that pressure on the Yuan is easing and this is supported by recent data showing USD 11 bio of outflows in March via cross-border and net PBOC FX sales compared to average of USD 50 bio per month last year. General economic data in China is also picking up with GDP printing at 6.9% and >50 PMI for the past few months. Hence we are inclined to stay neutral for USDCNH spot and believe long CNH should be a good carry play for most of this year at least until autumn before the 19th NPC conference.	Neutral 6.9000	Bearish 7.0000
KRW	Spot USDKRW travelled within a 1% range this week as concerns over North Korea faded slightly. The markets focus now shifts to the Presidential election in early May. We do not see a reason for the winner to implement any major reforms this year, but await to see his/her plan and what goals he/she is going to accomplish in the next official term. Hence we suggest maintaining a neutral stance in KRW for now.	Neutral 1150	Neutral 1150
EGP	An extremely quiet week in Egypt, with little in terms of fresh news. NDF fixings remained steady around 18.05-18.10. Inflation however is still high but the previous peak levels could now be behind us with Core CPI YoY reported for Mar at 32% versus 33% for the previous month. The central bank stated that foreign investors now hold around $3.5bln in local government securities a significant increase from the almost zero level of foreign purchase interest prior to the November devaluation. We continue to advocate the trade where investors buy local-currency Tbills and either hedge the FX risk with NDFs or stay unhedged as yields are very attractive at 18-19%. We expect that the spot market will trade lower towards 15-16 EGP per 1 USD in the next few months.	Bullish 17.00-17.50	Neutral to bullish 15.50-18.50
NGN	The CB continues to intervene relatively heavily through its FX auctions trying to supply more liquidity to various types of market players. At the moment they sell about $200mio per week in total. This USD supply has helped to push the black market exchange rate back below the USDNGN 400 level. We don't expect the peg to be removed anytime soon but at the same time long-dated NDFs in 6-12 month offer a good opportunity to own USD relatively cheaply. We prefer being long USD vs NGN at current price levels in the longer-end as the country and the currency still face major hurdles.	Neutral 315-325	Bearish 400+

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ZAR	The Rand market has begun to shake-off some of the domestic political noise and this has gas well as a broadly weaker USD has given the ZAR some support this week. The local currency has managed to regain ground to the 13.10-13.15 level and there is a potential for a further limited short term gains. But looking further out we think that USD/ZAR will see another wave higher that will carry it above the 14.00 mark. It is also worth noting that May is a seasonally a very poor month for ZAR. Thus right now we favour to be short ZAR versus GBP with a stop-loss at 16.66 and targeting 18.00.	Neutral 12.85-13.50	Bearish 13.50-15.00

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