

## G10 Currencies - the traders' views (14-April-2017)

Please find below views on G10 FX directly from our traders. The views include short-term (2wk), intermediate (3mth) and long-term (12mth) outlook on G10 FX.

G-10	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2 week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
EUR	<p>Risk off sentiment heightened on global geopolitical tensions in Syria and North Korea weighing on the dollar this week, which made the market extra sensitive towards any dovish Fed comments. The market now doubts the Fed will be able to hike three times this year and the final blow came from the man himself. Trump commented that he supports lower rates and likes the USD broadly weaker. The market took these comments to heart, seeing the USD broadly lower, and reconsidering the chances of the great fiscal spending and/or tax cuts.</p> <p>In light of the Easter holidays and minimal US data, the market is expected to take a breather and consolidate at these levels, while waiting for the results of the upcoming French presidential race, unless we see another Potus tweet.</p>	<p>Neutral – failure above 1.0900 has seen some short term bulls square. Support 1.0550 needs to be respected to enable a new higher test.</p>	<p>1.0800 3m; 1.0700 12m</p>
GBP	<p>The UK data this week has been mixed, headline CPI numbers came strong (2.3%) with core CPI mildly softening (1.8% v/s expectation of 1.9%), while unemployment numbers were in line with expectations. The dominating factor for GBP will continue to be the Brexit negotiations and evidently the process of Brexit is likely to be highly complex. For example, trade negotiations will likely take longer than two years and will require compromise on both sides to reach agreements making it very difficult to predict with much clarity how the negotiations are likely to progress. These negotiations will determine the BoE's monetary policy scope - and thus Sterling's scope for a recovery. Conflicting opinions from macro data and Brexit outlook. Will keep an eye on retail sales this week.</p>	<p>Bullish – consolidation around 1.25 levels. A break above 1.2680 will open up 1.30</p>	<p>1.2400 3m; 1.3000 12m</p>
AUD	<p>Despite the commodity slump, AUD rallied on Trump's dollar comments, stellar Australian jobs data and better than expected Chinese data. Looking at the broad picture, the March jobs gains are supportive of the current steady RBA monetary policy, however, on a second look the unemployment rate did not improve and the focus will be on growth signs, housing market and the mining sector. In the meantime, market participants might be reluctant to pursue the rally amid the global uncertainties, and if anything will look to reinstate shorts above 0.7700.</p>	<p>Bearish – above 0.7750 negates.</p>	<p>0.7600 3m; 0.7800 12m</p>
CHF	<p>The SNB seemed to be on high alert this week, and the data shows signs of high levels of foreign exchange interventions amid all the political uncertainties. The world seemed to have adapted a herd type thinking where it shifts its entire focus on one thing, and the current theme is risk off and political worries. The next area of focus will probably be the French elections in the coming week, and the current SNB soft floor 1.0700 is now a resistance which the market failed to break twice.</p>	<p>Neutral – Speculators appear to have given up on the cross's downside much to the relief of an appreciative SNB.</p>	<p>USD CHF 0.9900 3m; 1.0000 12m</p>
JPY	<p>The greenback was trading on the back foot as soon as Trump turned against the dollar, arguing that it is extremely hard for manufacturers to compete globally, especially when other countries are devaluing their currencies. As for the Trump trade, that has seen massive unwinds as he struggles to show commitment to his campaign promises and the market has decided that it is best to turn to safe haven currencies for the time being, JPY being at the top of that list.</p>	<p>Neutral – the recent selloff bound for a near-term correction possibly towards 110.00</p>	<p>115.00 3m; 120.00 12m</p>

G-10	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2 week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
NZD	Key CPI numbers will be out on 20th April and expectation is around : 2.00%. Inflation hasn't really picked up and still hovering around lower end of target 1-3%. PMI data released during the week was better than expected. Risk-off sentiment dominates Asia as looming geo-political tensions on the Korean peninsula and over US bombing Afghanistan continue to spook markets.	Neutral – 0.69 is a strong support zone. Expect pair to trade in 0.7120 – 0.6900 range for the week.	0.6900 3m; 0.7100 12m
CAD	BoC kept benchmark rates unchanged at 0.5%. BoC Governor Poloz opening statement before the Standing Senate Committee on Banking, Trade and Commerce, argued that some of the recent strength in the economy is coming from temporary factors and the heightened levels of uncertainty related to US tax and trade policies continue to create risks.. Trump has been sounding more conciliatory recently when it came to the issue of trade. Inflation numbers will be the key data to look for during the week.	Neutral – 1.3250-70 looks near term support.	1.3400 3m; 1.3600 12m

## NBAD Global Markets FX team

### G10 FX Spot

Nourah Al Zahmi  
[Nourah.Alzahmi@nbad.com](mailto:Nourah.Alzahmi@nbad.com)

Tel: 00971 2611 0111

### EM FX Spot

Danay Sarypbekov  
[Danay.Sarypbekov@nbad.com](mailto:Danay.Sarypbekov@nbad.com)

Pinrath Wongtrangan  
[Pinrath.Wongtrangan@nbad.com](mailto:Pinrath.Wongtrangan@nbad.com)

### Disclaimer:

To the fullest extent allowed by applicable laws and regulations, Naciona Bank of Abu Dhabi PJSC (the "Bank") and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an "as is" and "as available" basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Global Markets division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.