

G10 Currencies - the traders' views (21-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	The French elections has become the market's favorite series to watch with lots of headlines keeping the viewers at the edge of their seats. The results at 21.00GMT on Sunday will release the two candidates who will move to the next and final round (on May 7), the outcome can have a volatile reaction in EUR, the worst being Le Pen and Melenchon where EUR can drop 2%, on thin liquidity and overwhelming uncertainty. Each of the candidates have their own focus, for example Macron's plan includes investment plans, tax cuts and targets unemployment, while Le Pen is focusing on an EU referendum and promotes zero tolerance towards extremists. The other two candidates, are Fillon (the republican) and Melenchon (left party) who also would like an EU referendum. In addition to the French drama, we will have the ECB this Thursday and the market expects no change, and rather will be focused on Draghi's comments.	Neutral – as the outcome has a binary effect.	1.0800 3m , 1.0700 12m
GBP	This week rumors were released prior to UK PM May's press conference that she might resign, which saw Cable drop nearly a big figure. Then the move was reversed and then some, when May denied the rumors and called for a snap election in June, which was later approved as the UK parliament voted in favor of the election, whether that decision ends as she expects is another story. With so much time till June, the level of uncertainty still high, and shorts have been trimmed massively in this move higher, so reinstating shorts will require a bit of courage. In the meantime, this situation could have an effect on the future of trade agreements, wage inflation and the labor market as the companies stops hiring and await further clarification on Brexit.	Bearish – with preference of fading rallies above 1.2900	1.2400 3m, 1.3000 12m
AUD	RBA minutes were released earlier this week, which showed which showed deep concerns about the labor market, that actually came before the better than expected employment numbers. The RBA also noted that the high commodity prices are a significant boost to the economy, while the property market and housing debt risks have been rising. This week AUDUSD enjoyed some rebound through the commodity rise, though it was slightly dimmed by the dollar bid tone.	Bearish – above 0.7750 negates.	0.7600 3m, 0.7800 12m
CHF	The SNB might be on high alert this Sunday as the results of the French elections comes out and as always they are willing and ready to intervene in the FX market at times of heightened uncertainty. It will be interesting to see if they can hold their soft floor at 1.0600 which is not very far from where we are at now if EUR starts a mass selloff. For now USDCHF enjoys trading around the pivotal 1.0000 dictated by the dollar sentiment in the market.	Neutral – Speculators appear to have given up on the cross's downside much to the relief of an appreciative SNB.	USD CHF 0.9900 3m, 1.0000 12m

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JPY	The Trump trade seemed to have stopped bleeding for the time being with the help of US treasury secretary Mnuchin as he calmed the fire with his comments that Trump did not mean to talk down the dollar, and that the tax reforms will be launched this year even if the attempts on the Obamacare fails. Next week, on the BOJ policy meeting the market expects no change, with moderate language, especially after BOJ Kuroda came to the rescue and dismissed any talks of an exit strategy, called it “premature”, and even went to the extent of trying to weaken the JPY which seemed to work as an additional booster to USDJPY, keeping it supported above 109.00.	Bullish – with an initial test of 110.00	115.00 3m, 120.00 12m
NZD	Kiwi was the shining star in the G10 on the back of the latest consumer price data that beat the estimates, which is seen supportive of inflation and could bring the RBNZ to the top range of their inflation range. Indeed, the RBNZ is likely to keep their policy accommodative this year, even through the numerous global uncertainties. Furthermore, firmer dairy prices and futures are helping support NZD for the time being and the action is limited to AUDNZD cross trading, which is supported around 1.0650.	Bearish – progress likely to be slow but while below 0.7100, downside preference will persist.	0.6900 3m, 0.7100 12m
CAD	The recent correction in the commodity prices has seen USDCAD fail to break 1.3500, and the moves are dictated by OIL prices or dollar bid tones inflicted by Mnuchin. Either way, 1.3500 has proven pivotal for further upside potential, having failed to break it 4 times since October last year.	Bearish – above 1.3570 negates	1.3400 3m, 1.3600 12m

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