

## EM FX - The Traders' Views

Please find below views on Emerging Markets FX directly from our traders.

EM FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
SGD	Following its MPC meeting this past week MAS increased the slope of the SGD currency band towards an appreciation policy for the first time in 2 years. This decision had been anticipated, although they did not disclose the actual amount of the slope, width, or centre of the band. The last time MAS tightened was April 2012. The CB also noted that the economy is likely to continue to expand in 2018, with upward pressures on core inflation. Our view is that the market was already ahead of this move with both USDSGD and 2y SGD rates trading higher. So given the price action, there should be a short USD squeeze before the trend lower resumes.	Bearish 1.3000	Bearish 1.3000
INR	The environment surrounding INR has not changed since the beginning of the year. With Brent crude above \$70, it's not difficult to see rising pressure on inflation, and recent fixed income weakness has also provided support for Spot USDINR, and could be the catalyst for a further move higher. It's likely too that RMs will begin unwinding the INR bond positions they bought last year, thus the current upward trend for USDINR should persist.	Bullish 65.50	Bullish 66.50
CNH	Not much to say on CNH as far as price action goes this past week. Apart from some continued selling pressure in the deliverable forwards, pushing the 1y FX swap down to +800, traders haven't been overly excited about this move lower. Our positioning in CNH has been very light for the year thus far, but we look to sell spot USDCNH on any spike towards 6.4000	Bearish 6.2500	Neutral 6.4000

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KRW	<p>BoK kept its policy rate unchanged at 1.50% as expected this past week and the decision was unanimous. The speech from the governor after the meeting was significantly dovish, and he lowered their 2018 inflation forecast to 1.6%. BOK also noted that current "KRW strength has reduced the risk of rate hikes." In term of domestic growth, the CB's assessment of the economy was unchanged, with the full year GDP growth forecast kept at 3%.</p>	Neutral 1070	Bearish 1050
EGP	<p>The interbank SPOT market in USDEGP continues to drift within a 17.63-17.73 range. Some positive news this past week was the return of direct commercial flights to Egypt from Russia. This should bolster tourist revenues as Russians were previously Egypt's top 3 source of visitor arrivals. The yields in 6-mth and 12-mth Tbilis are holding at what in our view are elevated levels of around 17.50% and 16.75% following the most recent auction. We believe that as we approach the Central Bank's next MPC meeting yields should drift lower as it is highly likely another 50-100bps cut is on the cards. Therefore, we prefer to be long 6-12 months bills and think that the exchange rate will remain range bound for the months to come.</p>	Neutral USDEGP 17.60-17.75	Neutral 17.25-18.50
NGN	<p>The NIFEX and NAFEX USD/NGN fixing rates printed levels of 337 and 360 respectively this past week. The latest economic data was March CPI which came at 13.3% YoY vs 14.3% previously. According to the CB, they will consider monetary easing once inflation heads below 12% which appears likely by Q3 of this year. The CB will probably reduce interest rates moderately in the second half of 2018 by 100-200 bps. Activity wise there was some initial buying interest in USDNGN NDFs this past week as sentiment in the EMFX space deteriorated rapidly on the back of Russian sanctions which in turn exacerbated pressure on RUB and TRY in particular. However, by the end of the week much of this panic subsided and higher oil prices helped the NGN NDF curve shift back lower again.</p>	Neutral NAFEX USDNGN 359-361	Neutral to bearish 345-365
ZAR	<p>The Rand was one of the outperformers among EM currencies this past week particularly versus the Russian ruble and the Turkish lira. As we mentioned previously we see this relationship holding in the near term and both on the downside and upside, ZAR should perform better than most of its peers. This does not mean that we see a brighter outlook for EM carry trades, far from it. In our opinion, high carry EMFX will be under pressure for some time as a number of destabilizing developments are taking place such as potential trade wars, as well as ongoing geopolitical tensions in the Middle East and in Asia, etc.</p>	Neutral to bullish USDZAR 11.80-12.50	Neutral to bullish 12.75-15.00

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