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بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

EM FX & Rates - 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	USDSGD traded within a tight spot range this past week of 1.3450-1.3500. It is not clear whether it is a consolidation before the downward trend in USDSGD resumes or if the Singapore dollar will continue to depreciate. Thus we still prefer to stay neutral on this pair and wait for better relative value opportunities to play around with SGD FX. However in AUDSGD is where we prefer to express our bearish SGD view. We like to be long AUD and short SGD at 1.0210 +/-10pips for a target of 1.0440 and stop-loss of 1.0150.	Neutral 1.3450-1.3550	Neutral 1.3550
INR	India's Q3 GDP came out close to market expectations of 6.3% and above the previous quarter's 5.7%. The Indian rupee made gains versus the dollar with USD/INR touching the weekly lows around 64.30. We view this INR strength as transitory and think that the USD will start to appreciate from these levels pushing USDINR above 65.50 eventually. The month of December is seasonally good for USD across most currencies. Next week the RBI has the monetary policy meeting on 6 December where no changes are expected.	Neutral 64.50-65.50	Neutral 65.50
CNH	In China's FX market it was a week of consolidation and retracement after the gains of previous weeks with USD/CNH lows seen at around 6.5800 and the highs around 6.6300. On the economic front the data did not surprise with both manufacturing and non-manufacturing PMIs pointing towards a continued expansion in output in November.	Neutral 6.6000	Neutral 6.6000

EM FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
KRW	In the past few sessions the Korean won was consolidating below the 1110 level and we saw a brief push below 1080 in USDKRW. The Bank of Korea hiked interest rates by 25bps to 1.5% as was widely expected. Meanwhile Friday saw CPI softer than expected at 1.2% for November as opposed to expectations of 1.7%. Trade balance numbers were also below most forecasts at $7.8bln compared to the $8.5bln projections. Regardless of all this, investors remain bullish on the won and target the next level of 1050 in the coming few weeks. We are more cautious on our KRW outlook and prefer to stay on the sidelines for now.	Neutral 1070-1100	Neutral 1100
ÈGP	The USD/EGP interbank market moved up to 17.70-17.80 this past week. The Central Bank of Egypt introduced an entrance fee of 1% to its repatriation mechanism which effectively widened the bid-ask spread for investors wishing to deal through them to more than 2%. This is probably a way to discourage foreign investors from dealing with the central bank and sell dollars directly in the interbank market. The NDF curve sold off by about 1% after this news on the expectation that the spot market will trade lower next week. Considering that we are close to the end of the year for most investors and that portfolio investors already hold $18bln of local T-bill and equities, it is hard to see that there is going to be an increase in fresh money inflows into Egypt in the near future. We think that the current change will affect the market gradually over time (most probably few months) as current holders of T-bills will exit under the old mechanism and new money will pour into the interbank market. One implication of this change is that the spot market should become more liquid but also more volatile going forward. In our view the CBE will intervene in the interbank if it moves too much in either direction in any single day/week. So they will need to clarify what the pain threshold is. We still think that it is not in the interest of the CBE to allow a significant appreciation of the pound as it will provoke profit-taking among foreign investors holding debt instruments and large outflows of foreign exchange. We advocate buying USD at current NDF prices to hedge the exposure to T-bills or other EGP assets in tenors of 3-12 months.	Neutral to bullish USDEGP 17.65-17.75	Neutral to bearish 17.00-18.00
NGN	The NIFEX market went up slightly during the course of the past week to reach 331 and the NAFEX fixing remained close to 360. The key event for Nigeria this week was the OPEC meeting where the output production cuts were extended into 2018. The current global environment is favorable for Nigeria and foreign investors looking for yield will continue to be attracted to local-currency debt instruments as long USD/NGN stability is not questioned. Our preferred trade in NGN is to be long 6-12 months T-bills hedged with NDFs using the NAFEX curve with the spot reference at 360.	Neutral USDNGN 325-335	Neutral to bullish 365-385

EM FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
ZAR	S&P recently downgraded SA's credit rating to junk whilst Moody's decided to wait till February-March 2018 to give the last chance to the ANC leadership to come up with credible plans to bring the budget deficit under control. The initial USDZAR reaction was predictable moving up above 14.00, however it was short-lived the spot quickly started to sell-off again to eventually reach levels just below 13.60. Technically speaking the picture in USDZAR has changed from ZAR bearish to bullish especially if the weekly close is below 13.80. We do not want to commit at the moment and prefer to stay on the sidelines.	Neutral USDZAR 13.50-14.10	Neutral 12.50-14.00

GCC FX Commentary	
SAR	The SAR FX swaps are softer as local banks are aggressively offering the short end of the curve (1 to 3 months) to generate Dollars for year end. 1Y SAR is lower and trading at 150 Mid. The positive developments over the weekend in Yemen should ease the geopolitical risk in the region.
AED	There has been little change in the AED FX swap. Liquidity is getting tighter as we get closer to year end with day to day dealing at Par.
OMR	FX swaps were firmer in Oman as we have seen strong demand from International banks for long tenors (mainly 2Y). 1Y is trading at 600 Mid and 2Y at 1400 Mid. OMR FX spot is trading at 0.38501 Mid.
BHD	There is no major change in the BHD FX curve. Short dates however are tighter with day to day dealing at 0.5 Mid.

Contributors

FAB Global Markets FX & Rates

G10

Alison Higgins
Alison.Higgins@nbad.com

Nourah Al Zahmi
Nourah.Alzahmi@nbad.com

Meera Al Marar
Meera.AlMarar@nbad.com

GCC & EM FX

Husain Askar
Husain.Askar@nbad.com

Ahmed El Alami
Ahmed.ElAlami@nbad.com

Pinrath Wongtrangan
Pinrath.Wongtrangan@nbad.com

Danay Sarypbekov
Danay.Sarypbekov@nbad.com

Rashid Rasul
Rashid.Rasul@nbad.com

Tel: +971 2611 0111