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بنك أبوظبي الأول
FAB
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G10 Rates & FX - The Traders' Views

Please find below views on G10 Rates & FX directly from our traders.

G-10 FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2 week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
EUR	Last week the market was hostage to risk aversion and EUR could not escape; trading lower against JPY and CHF in particular. The sharp selloff in global equity reminded the market that prolonged periods of low volatility are simply not sustainable, and therefore some bumps along the way are to be expected. In the FX world, analyzing the price action in EURUSD reveals the lack of buying in dips along with reduced EUR long positions, which resulted in lower lows each day and the next material support level is around 1.2230. We would expect the move down to accelerate once more long positions start to hurt below 1.2200, that said caution is advised against chasing the move lower as the losses can be easily reversed once the risk sentiment improves. This week's Eurozone GDP data will be a key along with trade balance and industrial productions.	Neutral	1.2500 3m; 1.3500 12m
GBP	It has been an exciting week for the proud Pound this week and indeed, this rollercoaster is not for the faint hearted. Cable swung on BOE rate release and presser after they kept rates unchanged but with a twist. The central bank said that rate may need to rise earlier, faster than seen in November which lifted May MPC to 65 and the probability of a hike in May to 71.7%. The hawkish shift in the sentiment should provide support for GBP, however Brexit jitters and the risk-off sentiment looms over GBP, putting a lid on any Cable rally. Point made on Friday, when Cable plunged on EU Barnier's comments that there is a substantial disagreement over the transition and that there should be no ambiguity in UK deal on Irish boarders. Expect Cable to be sensitive to Brexit related headlines ahead of the EU/UK summit in March, in the meantime this week's data slate carries top tier data including, UK CPI, PPI output and retail sales.	Bullish	1.4500 3m; 1.5000 12m

G-10 FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
JPY	JPY has outperformed last week boosted by risk aversion which translated into JPY safe haven flows across G10. As the market questions if the recent equity dump is a sign for bigger things to come, manifested investor fears will probably keep JPY safe haven demand at elevated levels for the time being. Adding to the mix the market's concern over recurring US government shutdown, which luckily ended on Friday after congress passed a two-year budget agreement. And so USDJPY managed to briefly trade above 109.00 licking its wounds by the end of the week. Looking into this week, Japanese data includes PPIs, GDP and industrial productions, but the data's price impact will fade in comparison to the one driven by the market's risk sentiment.	Bearish USDJPY – with preference to sell the rallies above 110.00	107.00 3m; 108.00 12m
CHF	Much like JPY, CHF haven demand shined through last week across G10 especially after the Swiss unemployment printed at a consistent 3.3% beating the forecast by 0.1%. Looking at EURCHF, it dropped nearly 1.39% last week and traded as low as 1.1447 by the end of the week and if the risk aversion persists 1.2000 might be far from reach at the minute.	Neutral Swiss although we are still alert to any escalation in global political tensions for safe haven flow	0.9300 3m; 0.9700 12m
AUD	Commodity linked currencies suffered last week and AUDUSD have been retreating since beginning of the last week and the move accelerated after the retail sales missed expectations printing as low as -0.5%. Also, the Reserve Bank of Australia kept rates unchanged as expected, citing that the Australian economy haven't reached expectations and even RBA Lowe went as far as saying that he does not see a strong case for a rate hike anytime soon, thus crushing some market participants' dreams of a hike in 2018. As the rate hike expectations gets pushed further into the horizon, it builds a strong case for shorting AUDUSD and the desk recommends selling any rallies above 0.8000 with a stop around 0.8100.	Bearish	0.7500 3m; 0.7500 12m
NZD	When analyzing the price action of Kiwi last week, one would question why is NZD still trading above 0.7200? One rational answer is that the dollar uncertainty mid-week has helped lift NZD briefly and the massive selloff in AUDNZD had the bigger impact which provided intermediate support to NZD. Looking forward however, we expect Kiwi to underperform, especially after the dovish RBNZ as they have downgraded their growth forecasts and even RBNZ McDermott commented that he expects Kiwi to weaken amidst Fed tightening. The desk remains tactically short in NZDJPY which has worked nicely amid the risk-off moves, and currently looking to take profit below 78.00.	Bearish	0.6800 3m; 0.6300 12m

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CAD	Last week's Canadian employment provided a shock and so the reality finally hit when Canadian unemployment actually ticked higher in January and jobs dropped by 88K. Adding insult to injury, the previous data was revised lower and some market participants attributed the disappointing data to a lower participation rate, but the number has remained consistent at 65.5. In the FX world, USDCAD has been recovering in February lifted from 1.2250 to 1.2600. That said, the rally is likely to stall as the momentum fades, and we would expect some pull back to materialize in the coming weeks.	Neutral	1.2500 3m; 1.2200 12m

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