

## 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	<p>First of all, we would like to wish all our readers a happy new year and a great trading year ahead.</p> <p>USD Asia started 2018 from where we left off last year with a continued selloff. Recent Dollar weakness can be explained not only by the fact that US growth momentum is lagging the rest of the world, but also because, many players had lightened their USD short positioning into year end, so now it's the time to put the same trade back on. Such positioning adjustments likely explain the move this past week. USDSGD followed this trend tracking overall DXY. SGD NEER is now trading at +1% on the strong side and the current spot at 1.3265. Looking forward eyes will be on the MAS meeting in April to see if there will be any adjustment in the FX band.</p>	1.3300	1.3600
INR	<p>USDINR edged down this past week as RM continued to pour money into India, with the move slowed by agent banks that were seen supporting USDINR, by buying in small clips at 63.50 down to 63.35. However with both EM equity and bond inflows topping 1.3 billion USD, it's likely to be quite difficult to stop USDINR from going lower. The latest GDP data is due out this weekend in India, but what we will be looking at is the upcoming 10y bond sales and see if it's going to be as hot as Indonesia's was last week. Technically, USDINR has already broken on the downside, and the fundamentals suggest that there is room to head lower. For us, the first real trading opportunity in USDINR will come when there are signs that real money names have stopped buying INR. Until then, we would stay on the sidelines.</p>	64.20	62.50

05 January 2018

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<b>CNH</b>	<p>USDCNH also broke lower this week but stalled ahead of the September lows of 6.4500. However, with the momentum still intact, making lower lows and lower highs, unlike USDINR, it would be difficult to bet against this trend. For some reasons, we don't feel that USDCNH short positioning is as heavy as other Asian pairs, therefore with continued fresh selling in USD Asia and EUR marching higher, we don't mind joining the move. At these levels. Fundamentally, a higher UST yield should have the least impact on CNH compared to other regionals.</p>	6.4500	6.4000
<b>KRW</b>	<p>USDKRW kept its place as the most favored short on Asian pairs, as both technical and fundamental reasons support this market positioning. Meanwhile November's current account balance came in at a \$7.4billion surplus and with exporters' custodians selling USDKRW, together with model funds. USDKRW should continue to march lower towards the 1050 area. But down there, may present an opportunity to go long the pair. Yes, the bigger picture is USD lower, as real capital is allocated out of US to EUR and EM, but we heading into oversold territory and likely central bank intervention.</p>	1070	1100

Continued...

## GCC FX Commentary

<b>SAR</b>	<p>The SAR FX curve was softer this week with the 1Y FX swap moving 10 points lower to trade at 85 mid since last Friday. The 4Y and 5Y swaps moved 290 and 190 points lower to trade at 950 and 1,350 mid, respectively.</p> <p>SAR FX spot is currently trading at 3.7504.</p>
<b>AED</b>	<p>The AED FX curve was also softer on the week. The FX swap curve with the 1Y moving lower by 10 points to trade at 50 mid.</p>
<b>QAR</b>	<p>Volatility in the offshore USD/QAR spot market has reduced significantly. The pair is now trading at 3.6650 mid, unchanged over the week. However, the market remains thinly traded with typical transaction size of \$2-3m. The FX swap curve was unchanged on the week.</p>
<b>OMR</b>	<p>Oman followed the remainder of the GCC market with FX swaps softer on the week. The 1Y moved 125 points lower to trade at 575 mid. The longer tenors also moved lower by 200-250bps.</p> <p>OMR FX spot is trading at 0.38498 mid.</p>
<b>BHD</b>	<p>The Bahraini spot and forwards were unchanged week-on-week. The 1Y FX swap is trading at 230 points mid.</p> <p>USD/BHD spot has remained at 0.37705.</p> <p>T-bill yields on the 3-month and 6-month issuance in the past week were 3.09% (100% subscribed) and 3.09% (117% subscribed), respectively. The 3-month yield was 10bps higher, while the 6-month yield was lower by 7bps higher.</p>

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