

G10 Currencies - the traders' views (01-July-2016)

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	Reports that the ECB is considering loosening the rules for its bond purchases in the aftermath of Brexit have been denied by the CB but expectation for market participants to build EUR short positions are increasing due to the possibility of political contagion, Draghi admitting that the collateral damage to the EU economy due to Brexit could equate to 0.5% of GDP over 3 years. The ongoing pressure on the ECB to expand QE further and the possibility that US rate assumptions are too low, underlines a continued bias to sell EUR rallies where prudently possible, although a retake of the 1.1200 handle would maybe be of concern.	Neutral – a 1.0900 break would confirm a new down leg but chances of a short squeeze are real.	1.1000 3m; 1.0600 12m
GBP	Carney's admittance that the UK's economic outlook is likely to worsen after Brexit and that some monetary policy stimulus may be needed over the summer has rejuvenated GBP's downward spiral after a week in which some stability had previously been restored. Although GBP's slide may be viewed as softening the blow of Brexit as UK exports cheapen and equities recover, financing a burgeoning current account deficit remains a significant challenge for the BoE. Downside bias for the currency is likely to continue as constitutional uncertainty regarding government leadership and the link to invoking Article 50 is retained.	Bearish – 1.3200 support looks in danger while last Friday's 1.3680 close remains untested.	1.3000 3m; 1.4000 12m
AUD	AUD has been a something of a reliable buy on dips in recent sessions as the market seeks out genuine safe haven value, and a strong win for the Liberal/National coalition this weekend could well prop up the currency further. Resilient Asian stocks, firmer commodities and expectations of no change in RBA policy on Tuesday are also serving to support AUD, despite a dovish tone from the CB being widely anticipated given the risks of Brexit to global growth. Any new forecasts from the RBA will be scoured for clues as to whether August could still be in the running for a rate cut.	Bearish – feel ingrained negativity still persists while 0.7650 topside holds.	0.7200 3m; 0.7500 12m
CHF	The SNB were the only confirmed Central Bank that stepped into markets in reaction to the UK's Brexit decision as CHF came under upward safe-haven pressure, as they intervened to stabilize the situation and remind markets of its commitment to use such actions to prevent an unwarranted tightening of monetary conditions. Unofficially, 1.0500 is now deemed to be the EURCHF support level and the CB will be expected to remain active in FX markets if necessary. 1.0800 has been regained although we would expect upside potential now to be limited to 1.1000 and CHF will likely continue to benefit as risk aversion remains somewhat elevated.	Neutral – Rangy - SNB on the base, but speculators will sit above.	USD CHF 1.0000 3m; 1.0500 12m
JPY	The Japanese currency continues to meander amid diminished demand for safe haven assets, although USDJPY appears to have been reasonably well contained in recent sessions. 101.50-103.50 has been a settled range this week with upside preference, although should market risk uncertainties return, ongoing rhetoric from the Japanese authorities will not be too far away, especially should a renewed attempt at 100.00 repeat. Expect Aso and Kuroda to 'continue to pay close attention to financial market movement, including those in FX.	Bearish – exporter offers will have been moved to 105.00 and should contain any unexpected rally.	100.00 3m; 105.00 12m
NZD	The Kiwi has weathered Brexit quite well to date but given that politically-induced market ambivalence is set to continue for some time, we would expect the currency to trade in line with broader risk sentiment for the foreseeable future. Expectations for an interest rate cut in August are still elevated and with markets allergic to uncertainty, they will be on the lookout for renewed domestic data depression to possibly stir the RBNZ.	Bearish – looking for a test of corporate and macro bids under 0.6980, above 0.7300 negates.	0.6800 3m; 0.7000 12m

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