

G10 Currencies - the traders' views (08-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	The single currency continues to rattle around quietly, and with recent ECB speakers implying very little probability of a rate cut on July 21st and no meeting in August, it seems likely that the ECB will use the summer to evaluate the likelihood of QE extension in September. Eurozone growth targets are expected to be revised downwards in the wake of the Brexit vote as contagion is set to bite, underlining downside EUR risks although the continued bias to sell rallies where prudently possible would be of concern should a retake of the 1.1200 handle occur.	Bearish – a 1.0900 break would confirm a new down leg.	1.1000 3m; 1.0600 12m
GBP	The risk off tone and Brexit after shock continues to weigh on GBP, markets having extended Cable through initial Brexit lows to trade down to 1.2800 using frozen property funds in the UK as a risk off catalyst, with 1.3040 resisting rallies. Ratings agencies are concerned by the UK's burgeoning current account deficit and downside bias for the currency is likely to continue as constitutional uncertainty and the link to invoking Article 50 is retained, and the possibility of rate cuts or additional non-standard monetary loosening measures are set to be delivered by the BoE maybe as early as this week.	Bearish – 1.2500-1.2700 area on the cards should short squeezes fail to retake 1.3200	1.3000 3m; 1.4000 12m
AUD	AUD has been firm this week in sympathy with a surging NZD, further enhanced by its high yield attraction. The RBA held rates at 1.75% as expected stating that holding policy is prudent at this stage, whilst continuing to assess outlook for growth and inflation. Somewhat immune to proceedings in Europe, AUD continues to find its footing despite anticipation that the market may be looking rebuild shorts – above 0.7650 and near term negative bets could be off.	Neutral – although ingrained negativity still persists while 0.7650 topside holds.	0.7200 3m; 0.7500 12m
CHF	The SNB stepped into markets in reaction to the UK's Brexit decision as CHF came under upward safe-haven pressure, intervening 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, upbeat Swiss employment data having added to the SNB's headache.	Neutral – rangy EURCHF, SNB on the base, but speculators sitting above.	USD CHF 1.0000 3m; 1.0500 12m
JPY	As global risk appetite remains fragile spurred by a decline in Asian stocks, the ongoing strength of the JPY continues at odds with the state of the domestic economy. Declining US yield is weighing on USDJPY and better than expected US jobs data alone is unlikely to change this. Meanwhile little new from Kuroda, the MoF said to be watching for signs of speculation – ongoing rhetoric from the Japanese authorities will never be too far away, especially should a renewed attempt at 100.00 repeat.	Bearish – exporter offers have been moved to 105.00 and should contain any unexpected rally.	100.00 3m; 105.00 12m
NZD	The Kiwi is on the front foot as the global search for yield gathers pace, the currency's chances improving further as the RBNZ appears to be dousing chances for a rate cut in NZ in August. As AUD/NZD cross longs are unwound, the market is clearly spooked by RBNZ Spencer's comments that further rate cuts could pose significant financial stability risk, house price inflation threatening to run away into the bargain.	Neutral – shorts are nervously eyeing potential stop activity should 0.7300 break.	0.6800 3m; 0.7000 12m

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