

Emerging Markets Currencies - The Traders' Views

Please find below views on Emerging Markets FX directly from our traders. The views include short-term (2wk), intermediate (3mth) and long-term (12mth) outlook on EM FX.

EM FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2 week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
SGD	Asian currency markets have been pretty volatile for traders this week. Initially all the USDAsia pairs broke higher on the back of outflows as USD rates steepened. However, as the week went on, and after most USD bears got stopped out, the markets headed in the other direction and never looked back. On the SGD, after a false break on Monday above 1.3860, the pair came lower as if a 'bot' (model funds community) had begun selling USD heavily. It has since been a one way street down to 1.3740 and the NEER was traded as rich as +80. Even though we have not favoured SGD for some time, we would not trying to fight this trend. Rather, we prefer fading the SGD via a cross, like -SGDINR and -SGDKRW.	Neutral USD/SGD 1.3800	Bullish USD/SGD 1.4200
INR	We put out a trade idea earlier this week to go long INRIDR. So if you still haven't received it, please contact your FAB sales representative. Overall, we are bullish the Rupee, and specifically bearish USDINR, in the near term. INR is still the best performer this year so far, and we expect this to continue. Meanwhile with inflation numbers keep falling, we believe that RBI may cut rates at the next meeting.	Bearish USD/INR 63.50	Bullish 65.50
CNH	Spot USD/CNH followed the rest of Asian currency markets moves this past week , so we will not repeat our commentaries above, apart from mentioning that USD shorts should perhaps consider squaring ahead of the US CPI numbers later this evening (14 July). But, the interesting topic in regards to CNH to us this week was the DF. The CNH...	Bullish USD/CNH 6.8500	Bullish 7.000

14 July 2017

Please click [here](#) to view our recent publications on MENA and Global Markets

EM FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2 week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
CNH	...FWD-FWD curve compressed massively over the past few days, and many accounts started receiving CNH DF. 1y touched the year's low below 1500, which was even lower than when t/n was trading under zero back in June. Even if locals continue to buy 1mth DF from time to time, the market has ignored the elevated level of short dates, and kept selling. To us, CNH fwd/fwd in the short end looks cheap as t/n stabilizes in a positive area.	Bullish USD/CNH 6.8500	Bullish 7.000
KRW	USDKRW reached and broke 1150. But this move didn't last too long. We suggested last week that the momentum should push USDKRW higher, but we are reconsidering that position as Yellen's dovish statement has given the whole market the green light to be long EM risk once again, so unless the N.Korean situation should worsen it appears it will be tough for USDKRW to climb much higher, at least until the next FOMC meeting, when the path of rates normalization may become clearer again, therefore we are now square for the time being.	Neutral USD/KRW 1130	Bullish 1160
EGP	Following the break below 18.00 and touch of 17.82, USDEGP Spot has been seen fixing marginally higher this past week, but still remaining below 18.00 while NDF also shifted a little higher across the curve. On the news front, the main headline was that the IMF has approved the second US\$1.25 bio tranche of the \$12bn loan program. We remain bullish on EGP and we advocate staying short USD long EGP through NDFs or in the spot market through the repatriation mechanism of the CBE coupled with the purchase of Tbills.	Neutral to bullish EGP 17.50-18.25	Neutral to bullish EGP 15.50-18.50
NGN	The NIFEX has remained stable around 325 since mid-June and the NAFEX range was 364.83-365.52 this past week. However, considering the risk-reward it is still worth to be long USD vs NGN in longer-dated NDFs 6-12 month outright especially as outright prices are getting lower and lower with each passing week.	Neutral NGN 315-325	Neutral to bearish NGN 400+
ZAR	USDZAR continued its upward trend it started in mid-June fueled by domestic policy uncertainties and reached our target of 13.20-13.50 mentioned in our previous commentary. There, the momentum stalled at 13.60 and ZAR started claw back some ground on the back of the general global EM risk-on sentiment in the market and better than expected data namely the manufacturing and mining output. Next week, the focus will turn towards the latest inflation data and more importantly the SARB meeting on the 20th. Overall as long as USDZAR does not break 12.80, the technical uptrend looks to remain intact.	Bearish ZAR 12.90- 13.50	Neutral 11.50-13.00

FAB Global Markets FX team

G10 FX Spot

Nourah Al Zahmi

Nourah.Alzahmi@nbad.com

Meera Al Marar

Meera.AIMarar@nbad.com

Tel: +971 2611 0111

EM FX Spot

Danay Sarypbekov

Danay.Sarypbekov@nbad.com

Pinrath Wongtrangan

Pinrath.Wongtrangan@nbad.com

Disclaimer:

To the fullest extent allowed by applicable laws and regulations, First Abu Dhabi Bank (the “Bank”) and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an “as is” and “as available” basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Global Markets division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.