

G10 FX - The Traders' Views

Please find below views on G10 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	<p>EURUSD is the star performer of the G10 currently. The latest data have been mixed and yet, there is a continuation of the hawkish remarks from the ECB speakers, for example ECB Mersch commented that the global recovery is firming, and that they are more assured about the return of inflation to their objective and my favorite comment was that the risks about the euro area growth outlook might be "upward". There are many arguments about the exit, the latest being is that unconventional monetary policy was a response to the threat of deflation</p> <p>Personally, I think the EUR is overdone and would be looking to fade the move because possible ECB caution is another reason to expect some correction especially with the rapid currency appreciation rate.</p>	Bearish – with preference to sell the rallies above 1.1800	1.1500 3m; 1.1800 12m
GBP	<p>Cable ended the week in a stable manner, and the most anticipated GDP print came out as expected which added impetus to the move. Cable ran into stops above 1.3050 and benefited from the USD weakness, marking a high of 1.3150. Next week's BOE meeting should be the highlight of the week, where the market expects the BOE to remain on hold with 10% chances of a rate hike priced in until the end of the year. Carney's press conference will be watched closely for clues on the timing of the next move.</p>	Neutral 1.2900 – 1.3300 range to hold in the near term	1.2600 3m; 1.3000 12m
JPY	<p>As most of the central banks start thinking about hiking/exiting QE, the BoJ always reminds the market of their commitment to their policy.</p>	Neutral – 110.00-113.00 range to hold	112.00 3m; 118.00 12m

28 July 2017

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JPY	BoJ Deputy Gov Nakaso said the bank needs to continue monetary stimulus to achieve its 2% inflation target as soon as possible. On the political front, PM Abe popularity continues to show declines which increase the political uncertainty in Japan. Meanwhile Nikkei index gains, strong jobless rate, and CPI continue to offset the impact of these remarks, as USDJPY slashes through support levels at 112.00 and 111.50.	Neutral – 110.00-113.00 range to hold	112.00 3m; 118.00 12m
CHF	For the first time in two years, EURCHF managed to firmly trade above 1.1200 and make new highs on consecutive days. With the SNB constant rhetoric about the overvalued CHF, it seems like the interest rate differentials between the EU and Switzerland have triggered the liquidation of the long CHF positions. The lack of technical resistances leaves the door open for further upside momentum.	Neutral – speculators are gaining in confidence having breached 1.1200 with little difficulty.	USD CHF 0.9900 3m; 1.0000 12m
AUD	AUD/USD fell as much as 0.6% as leveraged accounts sold the pair on the headline miss in 2Q CPI, but managed to clear 0.8050 on the FOMC day as USD weakness spread on other currencies. Expect the current AUD strength to persist as long as the RBA continues to show reluctance to cut rates again, and refrain from talking down the currency which worked for them in the past. The market eyes the RBA meeting on Tuesday and expects no change.	Bearish – ingrained negativity remains, only above 0.8300 concerns.	0.7500 3m; 0.8500 12m
NZD	The kiwi has failed to excite this week, and the highlight of the week for me was breaking news about a contagious disease that was found in 14 cattle. Furthermore, Kiwi benefited from the broad based USD weakness on the FOMC day, during which it broke 0.7550, and NZDJPY marked a high of 83.91. Having reached our ideal selling area in NZDJPY we now eye 82 as an initial target. Next week's building permits, unemployment rate and the ANZ commodity price will be of focus.	Bearish – expressed through NZDJPY	0.6900 3m; 0.7100 12m
CAD	Finally, after the FOMC meeting the USD/CAD found the bottom that we have been anticipating after the BoC meeting on 12 July. The low came at 1.2414 and so far the move off it was very strong and impulsive. The initial target is around 1.2635-1.2650 and we anticipate that after a very long strong run for CAD we can see the pair correcting to 1.2950-1.300. The positioning is heavy and it should take some time for it to be cleared. Longer term our view is for the USD/CAD to print new lows. The week was light on economic data locally.	Bullish USDCAD	1.3100 3m; 1.2800 12m

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G10

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