

## Emerging Markets Currencies - the traders' views (17-March-2017)

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	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2 week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
SGD	It was quite an uneventful week for USDASIA, with the only exception on the FOMC night where USD came off across the board. Without much price action surrounding the FOMC, we can conclude that USDAsia, especially USDSGD is stuck in a tight range. We are now at the bottom of the range at 1.4020, so it wouldn't be a bad idea to fade the move, going long USD for a pull back to 1.4020. SGD NEER is also quite rich at the moment at +0.7, and as we said last week in our commentary, the range of +0.3 to +0.7 of the SGD NEER should hold for now.	Neutral 1.4200	Bearish 1.4400
INR	Being long INR is our favourite trade now. The fundamental, technical, and price action all pointed to USDINR being lower. Optimism after BJP's strong showing at the most prized Uttar Pradesh state elections, together with the dovish Fed, strengthened a case for being bullish INR. In our opinion USDINR could easily go to 65.00 next week, so get on the train before it's too late. On the data front, Feb WPI and CPI were on tap. WPI came in at 6.1% compared to 6.55%, and CPI printed at 3.60% compared to 3.65% survey.	Bullish 65.00	Bearish 67.50
CNH	USDCNH ended the week exactly where it started at 6.8900 even if we saw a blip post NFP. As we mentioned last week, we expect to see some stability in China this year given the change in power. We thus suggest not to bet on any significant policy change or big fluctuation in the bond and FX market. The best trade is to run carry, either being short USDCNH outright or receiving CNH rates, via selling deliverable forwards.	Neutral 6.9000	Bearish 7.0000
KRW	We had a closer look at USDKRW this week, trying to look at it objectively without being biased towards the market's consensus view, and we noticed that USDKRW big trend is actually down, rather than up. So, rather trying to be long and wrong on USD dip, we recommend to be on the short USD side and sell USD on rally. Having said this, it doesn't mean that we are recommending to sell USDKRW at this level because we feel we are in the last leg of USD down trend before seeing correction. We think USDKRW should break a new low at 1125 to 1120 in a week or two, but it could retrace back to 1140 and 1150 quickly. This is where we feel one can start putting on short for another move down to 1100.	Neutral 1140- 1150	Neutral 1150
EGP	The interbank market this week in Egypt moved to levels above the 18.00 threshold and we are approaching the top side of the post-devaluation range around 18.75. Our base case view is unchanged that the spot market should reach levels between 18.00-18.75 where it will top out. We think there will be again considerable interest from portfolio investors to buy Egyptian assets at that higher level. There were two auctions yesterday in 6-mth and 12-mth Tbills and the foreign investors purchased about 35% of the total issue sizes. The implication is that foreigners are finding current levels of FX attractive for putting new positions. It was also reported that foreign investors of late increased their EGP Tbills exposure to \$3.3bln from almost zero before the devaluation in November 2016. As we mentioned in our Egypt update (please advise if you have missed it) we are bullish on EGP at these FX levels and recommend buying EGP through NDFs.	Bullish 17.00- 17.50	Neutral 16.50- 18.50

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NGN	The interbank market remained this week between 310-330. The parallel market remains around 450 as the CBN continued to do FX auctions offering dollars on the forward basis. These actions from the central bank, in our opinion, confirm that they do not intend to devalue the naira in the near future and trying to inject some liquidity into the current FX regime. The Central Bank governor made some comments in the last 2 weeks where he strongly emphasized his view against the naira devaluation. We believe that nothing will happen to the naira exchange rate next week at the CBN MPC meeting and no policy change will happen unless there is a macroeconomic shock such as a significant oil price drop or the head of the central bank is replaced by someone with a different opinion on the FX regime.	Neutral 315-325	Bearish 400+
ZAR	We are getting whipsawed in our ZAR view and find it very difficult to read the future direction of the currency. Basically the Fed decision and the reaction to it carried ZAR to the 12.70 low so far and thus the technicals look bullish to us for the ZAR. We think the ZAR should move closer to 12.25 in the coming weeks and if investors are looking for carry in a relatively liquid currency then ZAR is one of them.	Neutral to bullish 12.25-12.75	Neutral 13.50- 15.00

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