

## G10 Currencies - the traders' views (17-March-2017)

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	Accelerating Eurozone inflation and headlines claiming that ECB's Nowotny has suggested a rate hike may be on its way, despite the likelihood that this was pure journalistic interpretation of comments made, and the market is becoming receptive to the idea that the ECB may move earlier than their forward guidance indicates. With mainstream parties prevailing in the Dutch elections and helping to soothe recent elevated concerns regarding the upcoming French elections, reasons to fade EUR strength are falling apart. Last week's dovish hike by the Fed only assists this hypothesis as attention likely turns to comments made at this weekend's G20 meeting in Baden-Baden.	Bullish – 1.0600 support to be respected – a move above 1.0840 could mean a near term test of 1.1000.	1.0800 3m; 1.0700 12m
GBP	The Bank of England held rates for the 5th month in a row last week but the 8-1 vote - Forbes calling for a hike and indication that other members might not be far behind – has seen Cable move swiftly higher in something of a hawkish hold. Contrast this to the Fed's dovish hike and GB's elevated shorts are looking more exposed, although those who respected the downside support ahead of 1.2100 will now view the pound's renewed confidence as better levels to sell given the upcoming Article 50 invocation.	Neutral – we are now in danger of returning to the higher Cable range we saw earlier this year.	1.2400 3m; 1.3000 12m
AUD	The currency jumped to its best levels for 3 weeks vs the USD last week after the Fed lifted rates and disappointed USD bulls with its outlook for monetary tightening this year. However, the release of the latest Australian labour report showed a tick up in the jobless rate, reinforcing the view that the RBA is on hold for the foreseeable future and indeed the risk is still to the downside if anything, especially as the labour market remains such a pressure point for the CB. A move above 0.7700 has stalled as a result and markets will remember recent failed attempts to breach 0.7720-40.	Neutral – recent bearishness appears on hold with AUDNZD firm and USD bulls wounded.	0.7600 3m; 0.7800 12m
CHF	No change in libor target range from the SNB last week who continue to say that the currency is significantly overvalued and pledge to intervene if necessary, despite Jordan's claims that the CB is not a currency manipulator. Overall dovish undertones from the CB coupled with a hawkish ECB and declining Eurozone political risk and EURCHF now looks to be in a far more stable place while the 1.0600 line in the sand holds firm, with potential to consolidate its position above 1.0700.	Neutral – Speculators appear to have given up on the cross's downside much to the relief of an appreciative SNB.	USD CHF 0.9900 3m; 1.0000 12m
JPY	Long weekend in Japan following a week in which the BoJ kept its monetary easing programme unchanged and maintained the pace of asset purchases, whilst also indicating that there is little chance of a rate increase this year. Markets are attentive to indications that the authorities are becoming more concerned with shifting US trade policy but with the USD broadly sold after the Fed delivered a slightly dovish message, the JPY is trading on the front foot. 115.00 remains the pivotal line in the sand – moves through have been fleeting at best as exporters smooth somewhat weak upside momentum, and following the latest fail above, the sellers may indeed consider lowering their offers. 112.00 remains the downside importer and investor support level to respect.	Neutral – 112.00-115.00 range still favoured.	115.00 3m; 120.00 12m
NZD	Tuesday's milk auction is likely to be weak again, and sentiment towards global milk prices has taken a decisive turn for the worse in recent weeks. But despite NZ's lower terms of trade remaining a NZD negative, Wednesday's RBNZ meeting is unlikely to cause too much additional fuss, given the announcement consists of just a short policy statement with no new forecasts and no press conference. AUD/NZD remains the local focus with an attempt on 1.1000 and although the ongoing upside impetus is stretched, it is unlikely to stall unless something happens on the AUD side of the equation.	Neutral – although NZD-centric factors remain bearish near term.	0.6900 3m; 0.7100 12m

G-10	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2 week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
CAD	No major domestic events to report but CAD is looking a little better conditioned following a strong employment report and investors are likely to begin to question the degree to which the Bank of Canada can stick its recent dovishness. However, the commodity-linked currency looks likely to remain at the mercy of oil market dynamics, while a follow through recovery in US treasury bond yields could lend support to the USD and limit any sharp near-term downside to the USDCAD pair. Canadian CPI and retail sales, both due next week, will now be on investors' radars.	Neutral – 1.3275 looks near term support.	1.3400 3m; 1.3600 12m

## NBAD Global Markets FX team

### G10 FX Spot

**Phil Muldoon**  
[Phil.Muldoon@nbad.com](mailto:Phil.Muldoon@nbad.com)

**Nourah Al Zahmi**  
[Nourah.Alzahmi@nbad.com](mailto:Nourah.Alzahmi@nbad.com)

**Tel: 00971 2611 0111**

### EM FX Spot

**Danay Sarypbekov**  
[Danay.Sarypbekov@nbad.com](mailto:Danay.Sarypbekov@nbad.com)

**Pinrath Wongtrangan**  
[Pinrath.Wongtrangan@nbad.com](mailto:Pinrath.Wongtrangan@nbad.com)

### Disclaimer:

To the fullest extent allowed by applicable laws and regulations, Nationa Bank of Abu Dhabi PJSC (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.