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بنك أبوظبي الأول
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G10 Rates & FX - The Traders' Views

Please find below views on G10 Rates & FX directly from our traders.

Volatility characterised the global fixed income space for much of last week, driven predominantly by US trade tariff concerns and nerves surrounding the FOMC. As expected, the Fed moved benchmark rates higher by 25bp and on the surface appeared to deliver a mildly hawkish assessment of the US economy. Initial market reaction was bear steepening as the Treasury and Eurodollar markets sold off 5bp. However, in the press conference, price action was quickly reversed as Powell appeared to deliver a more cautious tone. Subsequently the curve resumed a bull flattening bias with the risk-off tone perpetuated by an equity market selloff and yet another cabinet exit from the Trump administration. CT10's ended the week at 2.80%, 10bp lower on the week! Yield differentials have completely decoupled from FX markets though, and thus the FOMC result was less relevant to USD. Ultimately it is global trade discussions and the U.S. fiscal position that have been the key driving factors in the DXY decline to its current YTD lows.

G-10 FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
EUR	If your trading strategy this year has been to buy every dip in EURUSD, you would have had a very lucrative year. Although some of the froth has come off the Eurozone PMI's, monetary conditions across the region remain highly accommodative. Overall, the Eurozone economy continues to perform, with current account surplus nations benefiting from EUR currency valuations. We remain bullish on EUR and agree with market pricing of a probable 10bp of tightening from the ECB in Q1 next year.	Bullish	3m 1.2500 12m 1.3500
GBP	Last week saw a dramatic performance across GBP rates, led by the persistent duration grab. This pushed curvature to even more stretched levels, with 10/30's touching 2bp! The hawkish 7-2 vote from the BOE and the strong wage data at 2.8% appeared to raise the probability of a BOE rate increase in May and possible again in November. Nonetheless, yields edged higher on the week; the market feels very stretched with 10yr Gilts at 1.427%, 5/10 at 15bp and 1yr gaps in single digits.	Bullish	3m 1.4500 12m 1.5000

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JPY	The Yen is benefitting from its safe haven status as a result of Trump's trade war. The currency powered through the 105.00 support level on Friday even as the Nikkei fell off a cliff. The currency had been strengthening post FOMC as yields remained firm despite Wednesday's holiday. This week sees the domestic fiscal year end which has likely run its course in terms of market impact but will remain tricky to navigate in the very front end of the curve. Watch out for Jobless Rate and Tokyo CPI numbers on Friday, otherwise it should be a quiet week domestically.	Bearish USDJPY – with preference to sell the rallies above 107.50	3m 107.00 12m 108.00
CHF	Interesting week for the CHF as the three major Swiss banks gave the currency a boost with expectations of a rate hike from the SNB in Q4 18 or Q1 19. This would be earlier than consensus and shows some divergence from the ECB, which the SNB has traditionally echoed. Also announced last week was the total of the central bank's interventions for 2017 which, at CHF48b, is on the lower side of expectations. Combined with the US instigation of a trade war with China and the ensuing safe haven bid, CHF has ploughed through 0.9500 and looks set to challenge 0.9400, although the currency is still some way off its March lows of 0.9347. The KOF Institute releases its economic forecast and leading indicator on Wednesday, although we expect external factors to remain the key drivers of the market in the week ahead.	Neutral Swiss although we are still alert to any escalation in global political tensions for safe haven flow	3m 0.9300 12m 0.9700
AUD	Last week, AUD daily trading ranges were subdued ahead of the FOMC and as the RBA minutes came out as expected, offering no surprises. The second half of the week carried some AUDUSD weakness on the back of concerns surrounding the US-Chinese trading relationship amid threatened US tariffs on aluminum and steel imports. On the data front, Australian employment data came in below expectations and AUD/USD sold off from 0.7780 to low 0.7700s. We expect the currency to continue trading in tight ranges over the near-term, with sentiment mainly driven by trade tariffs headlines.	Bearish	3m 0.7500 12m 0.7500
NZD	The RBNZ kept rates unchanged as largely expected, with the market impact of the announcement further constrained by the fact that it came just a day after the FOMC. The central bank kept their accommodative policy intact with the statement little changed from that of the last meeting. The central bank remains concerned about near-term inflation risk, but is optimistic about reaching its target over the long run. That the next RBNZ meeting is not until May 10, should give the Kiwi some relief with investor focus elsewhere for the time being. This week’s trade balance is key along with NZ exports and imports.	Neutral	3m 0.6800 12m 0.6300

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CAD	Trade tariff worries gained momentum last week, especially for China, but in Canada the recent progress in NAFTA talks has helped to buoy the CAD to recover its recent losses. The US dropped key NAFTA demand on cars, which removed some of the uncertainty surrounding the NAFTA talks. As a result, we saw USDCAD dip to a low of 1.2830 mid last week. This week could see further CAD performance with top tier data releases due, including inflation, retail sales and GDP.	Bearish USDCAD	3m 1.2500 12m 1.2200

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