

## G10 Currencies - the traders' views (13-May-2016)

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	Uninspiring week for EUR as the range for the entire week has been one big figure and the trading range in the Asian sessions was 10 pips at best. The market is clearly in "consolidation mode" amid the lack of clarity on macro drivers. EURUSD is ending this long week trading near the lower end of the range, weighed down by the soft European equities and could not be lifted by the ECB comments that the policies have been effective and are "sufficient as they are."	Neutral – bias is lower but may see better levels to sell at 1.1550 first	1.1100 3m; 1.0600 12m
GBP	Cable was range trading all week ahead of the BOE and Thursday was not as super as the market expected, the CB left rates unchanged with a unanimous vote while revising down the GDP forecast and growth outlook. Regardless, the press conference provided some insight about "the big elephant in the room" as Carney refers to Brexit and he did a great job of manoeuvring around questions on Brexit. Furthermore, the BOE officials indicated that they will act more cautiously to data in light of this risk, saying that Brexit could have significant material effects on the UK economy, including a sharp drop in Sterling which, on its own, would boost inflation (and likely cause a rate hike). In light of the current range trading, an increase in Brexit odds would put further weight on GBP.	Bearish – looking to sell above 1.4600 with a stop at 1.4750	1.4300 3m; 1.4800 12m
AUD	The pair is still suffering post the RBA cut, and continues to trade lower as the soft Chinese trade figures may have set the tone for commodity prices. Additionally, the resurgent USD has provided the core lead once more, and the soft external backdrop has re-entered the equation adding further weight on AUD. What is worth to note is that, the positioning in AUD now has shifted and longs were trimmed massively, especially after AUDUSD broke the Tuesday lows as copper collapse.	Bearish – looking to fade rallies above 0.7500	0.7400 3m; 0.7600 12m
CHF	The week started with a EURCHF rally on the back of rumours that the other Swiss bank might be considering penalties on certain deposits with them and EURCHF could not sustain its gains above 1.1100. Furthermore, the divergence between EURUSD and EURCHF ended on Thursday when they both started moving lower and if EURCHF drops below 1.1000, it might put further pressure on the SNB to intervene as they still see CHF as "overvalued." Additionally, SNB Jordan has reiterated his commitment to deploy further easing measures, if warranted, to lower the attractiveness of the currency.	Neutral – EURCHF continues rangebound as USD moves look to dictate.	USD CHF 1.0000 3m; 1.0500 12m
JPY	To reverse higher or just stay there?! There was plenty of rhetoric from BOJ officials this week helping to support but no actual intervention is happening. BOJ Kuroda reiterated that they will not hesitate to ease further if needed, adding that risks to the outlook are tilted to the downside, and commented on inflation expectations having weakened recently. The current price action is being driven by Nikkei and notable exporter offers taking advantage of the 109.00 handle are halting any move higher. If the Japanese equities remain calm over next week, risk appetite improves and the Japanese GDP numbers disappoints, USDJPY could potentially march towards 110.00.	Bullish – the recent move down is starting to correct upwards, looking to follow the move up towards 110.00	110.00 3m; 115.00 12m

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NZD	The dollar strength drove Kiwi lower towards 0.6720, but what is worth to note is that the dollar demand which is not on the back of the US rate expectations, but from the EM weakness. Then NZD\$ got a boost from the RBNZ financial stability report and the drop in AUDNZD. The divergence of policies is pushing AUDNZD lower as the risks tilt towards more rate cuts by the RBA than the RBNZ. In the lack of any material data range trading seems to be the recurrent theme as the market participants are frustrated with the NZD's inability to break in either direction despite the recent miss in the retail sales.	Neutral – market might start building bearish positioning.	0.6600 3m; 0.6900 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)

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