

G10 Currencies - the traders' views (06-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	The golden week carried some interesting moves, which started with a continuation of last week's EUR strength after Draghi disappointed the market defending the ECB policy saying that there is no alternative to low rates for now and ECB sources indicated that there is no desire for more action before September if at all, giving EUR a final push towards 1.1600. Then the move was retraced entirely by the sour risk sentiment when equities and commodities alike were tracking oil lower. The market is now on a watch mode for the US data, looking for clues to reaffirm the recent hawkish Fed comments that the June meeting is live, despite the fact that the chances are looking extremely remote.	Neutral – bias is lower but may see better levels to sell at 1.1550 first.	1.1100 3m; 1.0600 12m
GBP	The pair managed to rally towards 1.4750 squeezing the short positions entirely, then selling off as if it was falling off a cliff on the back of the weak manufacturing PMI data. Typical price action, as the Brexit polls swing and the recent average bookmaker odds implies the probability of an exit. In terms of the FX world, the Brexit fear has been always there, implying that the recent rally in GBP has been purely on the back of dollar weakness and now as Brexit uncertainty has been amplified and super Thursday is the biggest risk event next week, expect Cable to come under increased pressure.	Bearish – looking to sell above 1.4600 with a stop at 1.4750	1.4300 3m; 1.4800 12m
AUD	The Q1 CPI disappointment pushed the RBA out of their “wait and see” comfort zone, and the CB finally cut rates to historical levels at 1.75%, after being on hold for months. The decision reflects the CB concerns over the recovery of the economy, inflation, wage growth and commodity prices, mainly iron ore and the CB will continue to observe the market for signs of recovery. The pair really suffered after the cut, especially with the general dollar strength and the soft EM and equity which weighs on AUD and it remains vulnerable to further unwinds of long positions, especially now that the market is pricing another rate cut by August.	Bearish – looking to fade rallies above 0.7500	0.7400 3m; 0.7600 12m
CHF	The rumours about a new minimum exchange rate for EURCHF if the UK leaves the EU were not confirmed. Moreover, with EUR now crowned the safe haven currency, EURCHF continues to appreciate seemingly, and is ticks away from the February highs as the market embraced the risk off sentiment. Moreover, SNB recently released that it hasn't yet exhausted its policy options and won't hesitate to take unconventional steps in the face of a franc that remains “significantly overvalued.”	Neutral – EURCHF continues rangebound as USD moves look to dictate.	USD CHF 1.0000 3m; 1.0500 12m
JPY	The dollar managed to claw its way back, even against JPY, aided by the renewed dollar strength and central bankers' comments. Lockhart's hawkish comments boosted the dollar stating that the June meeting is live, and Williams was in the same camp as Lockhart saying that the June hike could be appropriate and does not need an improvement in data to justify it. On the other hand, BOJ Abe and Aso were jawboning the currency and PM Abe comments started to sound stronger than before as he said he could discuss the FX market at G7 summit if necessary which caught the attention of all market players and might be the beginning of the JPY reversal.	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	Stronger dollar coupled with weaker commodities and equities took a toll on NZD, and despite the recent recovery in dairy prices, it could not sustain its recent gains. NZD followed its peer AUD lower as the RBA cut rate, and the market now is pricing in a cut in the next RBNZ June meeting. Additionally, given the fact that the currency has been trading at a high levels, the RBNZ like other central banks keeps releasing statements jawboning the currency to boost tradable inflation and now as the chances of a rate cut are increased, the currency is likely to remain under pressure.	Neutral – market might start building bearish positioning.	0.6600 3m; 0.6900 12m

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