

## G10 Currencies - the traders' views (19-May-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	EURUSD broke 1.1000 with limited resistance this week, trading at its highest level since November and multiple factors have contributed to this recent EUR momentum, namely the market relief after Macron's victory, the positive Eurozone data and the weak dollar sentiment in the market on the back of the intensified US political uncertainty. Additionally, the latest ECB minutes have shown a division between the members with regards to the shift towards tighter policy, and therefore the market awaits future guidance at the June ECB meeting.	Neutral –until the US political worries settle.	1.0800 3m , 1.0700 12m
GBP	Cable took a hit late last Thursday for no apparent reason bouncing off highs of 1.3048 straight down to 1.2900 although began creeping back again on Friday. This past week in general was not that supportive for GBP with May's manifesto pointing the way clear for a tough Brexit process and the potential replacement of Hammond as chancellor which would be a shame. Whilst we saw an uptick in inflation wages are not keeping up so those on a lower income are finding life more difficult, a trend set to continue. It seems unlikely the MPC will move rates in either direction any time soon and gilts continue to follow the TY bouncing off yesterday's highs at 129.00. Please see attached for a GBP trade idea.	Bearish	1.2400 3m, 1.3000 12m
AUD	The latest comments by Russia and Saudi Arabia to extend the Oil cut agreement have been supportive of the commodity currencies, giving AUD a solid uplift through the past week. However the CB's MPC minutes shows concerns over housing and wage growth along with the mixed employment data, and the RBA is likely set to maintain its current interest rate policy. With this in mind and the market pricing in a 70% chance of a June FED rate hike, further strong gains by the AUD look limited.	Bearish – above 0.7600 negates.	0.7600 3m, 0.7800 12m
CHF	SNB Jordan finally showed some optimism in an interview saying that the Swiss economy is on a trajectory of moderate growth that the SNB expects to continue and consolidate during the course of the year, but added the usual comments about intervening in the FX market. The overall hawkish undertones from the CB was not enough to stand in the way of EURCHF's march higher, as the Eurozone political risk declines and EURCHF now looks to be in a far more stable place with potential to consolidate its position above 1.0800.	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	The Yen weakened slightly this morning following some mixed trade data. Exports recorded their 5th month of gains although the 7.50% rise was lower than the market's expectations. Japan's trade surplus with the US dipped by 4% which make it more difficult for the Trump administration to criticize Tokyo's trade practices.	Bullish – the recent selloff bound for a near-term correction possibly towards 113.00	115.00 3m, 120.00 12m

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NZD	Overall expect a quiet week ahead for the Kiwi as there are no important domestic data releases ahead, although there will be some attention paid to the Finance Minister's budget speech on Thursday.	Bearish – above 0.7000 negates	0.6900 3m, 0.7100 12m
CAD	USDCAD hit 1.3550 last week and the move was dictated by the soft general dollar sentiment in the market. The Loonie was also supported by the latest commodities rally and some positive Canadian data such as the monthly retail sales that beat the survey at 0.7%, while YoY CPI rose 1.6%, which might provide some comfort to the BoC ahead of the meeting next week, where the market expects no change. 1.3500 now provides near term support.	Neutral - preference to play CAD using other crosses.	1.3400 3m, 1.3600 12m

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