

G10 Currencies - the traders' views (26-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	The single currency remained in a tight one big figure range this past week, and even with the help of stronger than expected Markit PMIs, EUR could not break 1.1250. There has been a noticeable pressure building on the ECB at the next meeting in June to provide clear communication about the reduction of its monthly purchases. However, Draghi has been consistent in using lower for “now”, and is waiting for the recent strength in growth to firmly translate into inflation and more importantly have a sustainable effect, which means that the market might be setting itself for a disappointment.	Bearish –above 1.1300 negates	1.0800 3m , 1.0700 12m
GBP	A difficult week for the UK which is reeling from the attack on Manchester Arena on Monday night. The currency and curve remained well supported as politicians suspended their general election campaign in deference to the victims and even the weak GDP didn't seem to have much impact. Most forecasters lowered their outlook for UK GDP in light of the miss in Q1 and as we move closer to the general election on June 8th the jitters have become more apparent. A YouGov poll released on Friday shows Labour closing the gap on the conservative which sent the pound into a bit of a tail spin towards 1.28 with the strong US data pushing it further. Should the headlines continue over the weekend expect a soft open on Monday in light of the US and UK bank holidays.	Neutral – Cable to remain range bound 1.27 -1.30	1.2400 3m, 1.3000 12m
AUD	The AUD/USD was off this week's earlier peaks with US dollar rebounding on Friday and the Aussie continuing to be weighed down by soft commodity prices. Australian CPI coming in lower than expected also did not help general AUD sentiment.	Bearish – above 0.7600 negates.	0.7600 3m, 0.7800 12m
CHF	Little recent noise from the SNB, although they will undoubtedly reiterate the overvalued nature of CHF if a move back below 1.0700 materializes in EURCHF. But with EURCHF at elevated levels since breaking a cloud top around 1.0700 in March, the cross remains supported above 1.0800 and expectations range of 1.0800 – 1.1000 to remain for the time being.	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 FOMC minutes did not help revive the dollar sentiment, instead the greenback was sold across G10 on the back of the dovish interpretations of the Fed's desire to wait until the slowing activity and growth is proven transitional. Additionally, because of the Trump economics, or the lack of it, Fed members are starting to show concern, as evident by Fed's Williams comments that he sees small short term gains and little for the longer term and now some market participants doubt the Fed's ability to hike more than once this year. On the other side of the world, expect JPY to be supported by end of month flows and stellar Japanese CPIs which grew for the fourth consecutive month.	Bearish – with preference to sell the rallies closer to 113.00	115.00 3m, 120.00 12m

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NZD	Kiwi maintained its recent bid tone, especially after Fonterra upgraded its dairy price forecast, which lifted NZD to a high of 0.7060. Furthermore, recent NZ data has been positive, a strong government budget position and the better than expected trade balance, has all helped NZD escape the negative external commodity developments. Now, a close above 0.7060 will set a new higher range for NZD, unless we see a reversal in AUDNZD which seems to be heading for 1.0500.	Neutral	0.6900 3m, 0.7100 12m
CAD	A combination of upbeat BoC policy statement and recent dollar weakness has seen USDCAD push lower towards 1.3388. Then Oil prices dipped despite the breakthrough in the OPEC/NOPEC agreement to extend the production cuts for a further nine months, which shows that the cuts were priced in and that the market is skeptical of the commitment of the non-OPEC countries. This has translated into a rally in USDCAD from lows, which means that a close correction towards 1.3600 could be in the cards.	Neutral - preference to play CAD using other crosses.	1.3400 3m, 1.3600 12m

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