

## G10 Currencies - the traders' views (11-November-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	A rollercoaster ride for the single currency not for the faint-hearted, pushing higher all the way to 1.1300 as the news of Trump's unlikely victory became louder in anticipation of the results, then the move was retraced as trump was announced as the US president (Brexit 2.0??). The market now looks for the implications of Trump's victory suggesting that it may be good for the USD. The markets now expect Trump to focus on campaign pledges to attack wage deflation, fiscal spending, trade renegotiation and immigration restriction with expectations of higher inflation and growth. This entailed dollar strength pushing EUR below 1.1000 with more weakness expected on the back of plenty of event risk to come (Italian referendum, Austrian Presidential election, Netherlands general election, French presidential elections and German elections). Furthermore, the big question now is what does this mean for the Fed hike expectations?? Fed's Bullard said that post-election volatility not at troubling levels and that December is a "reasonable time" for a rate hike and now EUR will be sensitive to the economic data next week and all eyes will be on Draghi on Monday.	Bearish – the short EUR trade is looking good again, and the negative sentiment around Europe is growing with the Italian referendum in December – above 1.1300 negates.	1.0600 3m; 1.0500 12m
GBP	It's been a tricky week for the pound so far with traders scratching their heads as the dollar is trading higher against most of the G10 with the exception of the pound. GBP has its eyes on 1.2614 to close the gap of the flash crash, aided by uncertainty around Brexit and the supreme court decision after the US election results which saw EURGBP backing off from 0.9000 to 0.8675. The moves show that the market is getting ahead of itself and at some stage, corrections are due to happen when fast monies take profit or get stopped out. Going into next week, focus will shift towards the central bank speakers from the Fed and BOE.	Neutral – the range is now higher 1.2400 -1.2800	1.2200 3m; 1.3000 12m
AUD	Gains in AUD above 0.7750 were completely eroded as risk aversion hits the commodity currencies, AUDUSD taken out 0.7600 support as the USD strength takes hold after Trump's election victory. The volatility is expected to remain elevated in the coming weeks as the market digests the effects of this election on the rest of the world as Trump puts his team together, and his agenda unfolds as opposed to the campaign rhetoric. So fasten your seatbelt and enjoy the ride, meanwhile next week we have the RBA November minutes released on Monday and RBA Lowe speaks in Melbourne in the same day.	Neutral – commodities are expected to rise, but the general dollar strength is likely to cap the rally.	0.7400 3m; 0.7800 12m
CHF	The SNB were next to show concern over an appreciating currency as the CHF benefits from its safe haven status and lack of CB action to trade down to 1.0700 vs the EUR at the year's lows. Maechler reiterated the CB's readiness to intervene in FX markets but disinflation remains a major theme for the Swiss economy and the SNB may need to turn up the heat accordingly especially if the market turns around on risk aversion on the back of Trump headlines.	Neutral – SNB interested on EURCHF dips to 1.0700, speculators queue up to sell value above 1.1000	USD CHF 1.0000 3m; 1.0300 12m
JPY	The elections proven kind to the dollar especially against JPY as the market jumps the gun and investors exuberant as they expect Trump's victory will lead to fiscal stimulus and growth as he delivers the promised tax cuts and boosts spending. As a result, the USD benefitted from higher yields and USDJPY staged a very impressive recovery, which will allow BOJ to hold off further action. Then USDJPY was faced with big offers ahead of 107.00 which capped the rally, which might indicate the correction to this move is nearby. The market now looks to buy the dips for an eventual push towards 110.00.	Bullish– looking for a dip around 103.50 for a move back to 110.00	102.00 3m; 107.00 12m
NZD	The RBNZ cut its benchmark OCR by 0.25bp to 1.75% and signalled openness to ease further, with strength in NZD and a deterioration in the international outlook flagged as potential triggers, but the CB appeared less concerned that long term inflation expectations will become unanchored from the target midpoint, suggesting a pause in the easing cycle. McDermott clarified the Bank's dovish position later however, saying that the RBNZ have not reached the floor on rates and will cut again if needed as the impacts of a strong currency still concern, which should cap Kiwi in the short-term.	Bearish – above 0.7400 negates, NZD likely to consolidate around 0.7050	0.7000 3m; 0.7200 12m

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