

G10 Currencies - the traders' views (18-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	It is interesting to see these moves in the market, when Trump has yet to take office, the latest Fed's hawkish comments has led some market participants to believe that Trump could alter the composition of the Fed's board or even ignite the hawkishness in the Fed speakers. Furthermore, Yellen yesterday said that the case for an increase in the target range had continued to strengthen and that such an increase could well become appropriate relatively soon, affirming the market's expectation of a December rate hike. The dollar has remained bid against EUR whilst the market is reluctant to fight the move with the looming political concerns around Europe and the ongoing ECB easing. EURUSD is trading at year lows and struggling against the crosses as well, and this Sunday's outcome of the Republican Party in France might open the door for a further move down in EUR if the outcome is negative.	Bearish – the short EUR trade is looking good again, and the negative sentiment around Europe is growing with the Italian referendum in December – above 1.1000 negates	1.0600 3m; 1.0500 12m
GBP	The proud pound has been rangy most of the week, being pulled in both directions by soft UK data and Brexit headlines as rumors suggesting that Brexit could be delayed by two years and a memo was released that the government has no Brexit plan and Merkel said that special rules for U.K. would undermine single market. Cable is likely to remain rangy for the time being with volatility driven by Brexit headlines and interest rate differentials between the UK-US are likely to kick in as the market prices more into the Dec rate hike.	Neutral – the range is now higher 1.2200-1.2600	1.2200 3m; 1.3000 12m
AUD	The bear pressure is finally shining through in AUDUSD and AUDNZD as it could not shake the weaker than expected Australian employment data and whilst the soft employment data unlikely to entice the RBA to cut rates, it should raise concerns around the labor market as the latest data could point to soft wage growth. What is worth to note is that RBA Lowe was really positive and optimistic about the economy citing Strong banks, sound public finances, and robust household balance sheets are the best defenses or "buffers" against future crises. With that said, the bearish sentiment is looming around AUD, whilst other RBA comments are not as positive as Lowe's and concerned over the housing market.	Bearish – above 0.7700 negates	0.7400 3m; 0.7800 12m
CHF	It has been a rough ride for EURCHF, trading at year lows, failing to find support due to the lingering European political and economical issues. As a result, SNB Maechler reiterated the central bank's willingness to intervene in the FX market, and that the CHF remains over valued and that there is room in interest rate moves. On the other hand, the dollar had a stronger grip vs CHF as the risk on sentiment soared in the market and skyrocketed towards 1.0100.	Neutral – USDCHF dictated by the dollar strength	USD CHF 1.0000 3m; 1.0300 12m
JPY	USDJPY is currently sought as the "dollar trade" and a true gauge of the risk-on sentiment in the market. The more resilient risk sentiment is, the more USDJPY's advance can continue whilst the main themes remain fixated around Trump's higher inflation outlook and Dec rate hike expectations. And on the central bank front, Kuroda was on the wires recently with the usual rhetoric and staying clear from any FX comments, but he added that he prefers FX to move in stable manner in line with economic fundamentals. Furthermore, BOJ offered to buy an unlimited JGB yields but at a lower price than the market, that is why it failed to have an immediate effect on USDJPY. Going into next week, as exporter offers started to line above 110.50, some profit taking is expected which might weight on this stellar momentum, and the move will be dependent on more hawkish Fed comments and strong US data.	Bullish – looking for a dip around 103.50 for a move back to 110.00	102.00 3m; 107.00 12m

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NZD	Trump's fiscal policy intentions will continue to push US yields up, supporting the USD, and Kiwi is no exception to that rule. Looking at the scale of the move down, it might not look substantial compared to its peers as the pair is supported against AUD. Furthermore, the latest Fonterra Dairy prices showed a drop of 13.8% which fueled the market's bearish sentiment pushing Kiwi lower.	Bearish – above 0.7200 negates	0.7000 3m; 0.7200 12m

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