

G10 Currencies - the traders' views (25-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	Choppy trading for the single currency last week and although the EUR took something of a breather in a holiday shortened week, a new trend low close to 1.0500 was managed as USD bulls cling to the hope that Trump's fiscal pledges boost US growth and inflation and spur hikes in 2017 accordingly. The currency still looks likely to fall further, weighed by political risks out of France and Italy along with a nailed on December Fed hike, increased hawkish Fed speak and cooling Eurozone CPI which looks like keeping rates in Europe lower for longer and a fall through 1.0450 would likely cement this bearish view.	Bearish – above 1.0850 negates.	1.0300 3m; 1.0700 12m
GBP	The pound has marked time over the last week, some commentators believing that the pound's recent outperformance vs a surging USD may be over, while others say that the UK will see a gradual recovery over the next 2 years and believe that the fears of negative Brexit news is already priced in. Philip Hammond's first and last Autumn Statement was something of a low key affair as he relaxed fiscal targets somewhat in the wake of Brexit to allow a modest giveaway elsewhere but in the absence of UK economic releases, expect the currency to trade at the mercy of US dynamics.	Neutral – rangy 1.2200-1.2600. EURGBP a sell on rallies.	1.2200 3m; 1.3000 12m
AUD	Subdued action despite the improved logistics of higher commodity prices, but the move back above 0.7400 is opening up the opportunity for further gains and helping speculators dip their toes into the long trade again. Short term daily technicals suggest a short term test of 0.7490-0.7500 although longer term fortunes look a little more cloudy, as USD remains a broad based buy on dips. RBA Deputy Governor Kent's speech last week had limited impact on proceedings although he did warn that US trade restrictions pose an uncertain outlook for global markets.	Neutral – looking to resell higher close to 0.7600, with 0.7740 as a short term stop.	0.7400 3m; 0.7700 12m
CHF	No official sign of the SNB as EURCHF trades towards year's lows around 1.0700, just some usual jawboning that the CB is prepared to intervene in the FX markets to ease upward pressure on the CHF if need be, even citing the Italian referendum as event risk for them to consider. The authorities are likely smoothing the currency's upside progress behind the scenes in a continuation of policy, but in reality the headwinds of a weak single currency and a broadly desired USD are proving tricky to negotiate.	Neutral – CHF dictated to by external pressures.	USD CHF 1.0200 3m; 1.0000 12m
JPY	The market continues to look under positioned in the long USD trade and despite it seeming reasonable to expect a degree of profit taking at these lofty levels, the latest boost to the USD has seen USDJPY hurtle through 113.00 to achieve 8-month highs as exporters stand aside, presumably hedged at much lower levels. As rising US yields and solid economic data continue to underpin the USD's move, some commentators consider that the move has been driven by short-covering in an abnormal market but bids are now likely to be lined up on any dip back towards 110.00 as the scope for fresh USD long positions remains. Focus is now shifting towards options defence at 115.00.	Bullish – move through 110.00 has been achieved and acts as support while the sell JPY trend continues.	102.00 3m; 107.00 12m
NZD	The impacts of the recent earthquake will cause little change to recent macro-economic forecasts which remain stout, GDP growth predicted at over 3% for 2017 – Q3 GDP 2016 is scheduled for Dec 15th and may give more clues. Commodity price buoyancy and an uptick in risk sentiment has curtailed the currency's recent slide and with the RBNZ expected to keep the OCR steady now at 1.75% throughout 2017, NZD is more likely to trade on the various global risk events ahead of year end.	Neutral – preference to sell rallies persists while 0.7400 topside holds.	0.7000 3m; 0.7200 12m

NBAD Global Markets FX team

G10 FX Spot

Phil Muldoon

Phil.Muldoon@nbad.com

Nourah Al Zahmi

Nourah.Alzahmi@nbad.com

Tel: 00971 2611 0111

EM FX Spot

Danay Sarypbekov

Danay.Sarypbekov@nbad.com

Pinrath Wongtrangan

Pinrath.Wongtrangan@nbad.com

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