

EM FX & Rates - The Traders' Views

Please find below views on Emerging Markets FX directly from our traders.

EM FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
SGD	<p>Singapore's monetary authority maintained the width and centre of the currency band as expected, it also kept a zero appreciation path of the SGD. They said that the economic outlook at this stage was consistent with medium term price stability. MAS also released Singapore 3Q GDP, which came in at +6.3% q/q on annualized basis, compared to a 3.7% consensus. After the announcement, the SGDNEER was trading at 0.7% on the upper band compared to 0.9% on the upper band prior to the announcement. Overall, the market interpreted the CB's statement as somewhat dovish, however, we feel that their specific wording "<i>the appropriateness of a neutral policy for an extended period is a dated assessment and less relevant going forward</i>" doesn't sound that soft. Thus we expect SGDNEER will continue to hover around 1% in the upper band. We have US CPI numbers later tonight (Friday 13th Oct), and this may give some direction for USDAsia.</p>	Bullish 1.3650	Bullish 1.3850
INR	<p>India's August CPI was released this week and was higher than expected. Consumer CPI printed at 3.36% in August vs. a 3.24% medium estimate. Food prices rose 1.52% compared with a drop of 0.36% in previous month. This is the second rise in consecutive months of and almost at the upper limit of the RBI's inflation expectation of between 2 and 3.5%. This rising inflation environment will be a concern ahead of the RBI's policy review next month. ...</p>	Neutral 65.50	Neutral 65.50

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INR	... With the fiscal outlook also an issue, there appear to be a few headwinds for INR. Activity wise, we have seen a lot of profit taking of long USDINR positions this past week, and the momentum is clearly fading. Our view is still to see USDINR higher towards the mid 65.00s over the next 1-2 months.	Neutral 65.50	Neutral 65.50
CNH	USD/CNH has experienced a wild ride for the last few weeks driven by a number of factors including general global sentiment, the PBOC, the new hedging rules as well as the DXY. But, if you take a step back, you can see that there has been large systematic change occurring with regards to the CFET basket. China is letting its currency appreciate again after years of maintaining a depreciation trend, and we expect this reversal to continue until at least the end of the year. Technically, the downtrend is quite strong, so it wouldn't be a surprise if USD/CNH tested 6.5200 soon, especially if the US CPI numbers are poor this evening (Friday 13th Oct)	Bearish 6.5500	Bearish 6.5000
KRW	Although USDKRW dipped somewhat this past week after the long holiday, the move was not all that convincing. USDKRW opened lower on a daily basis to track the overall USD move, but real USD demand picked up as the sessions went by. Despite spec names selling USD on any spike as KOSPI kept printing new highs, USD demand from pension funds kept USDKRW relatively steady, and only ended the week 1% lower. We will be watching the weekly close tonight (Friday 13 th Oct), and if it's closes below 1130, then it could accelerate down towards the bottom of the range of 1120.	Neutral 1130	Neutral 1130

GCC FX Commentary

SAR	The SAR FX curve was little changed in the short end, however, longer tenors moved lower by as much as 100 points. The 1Y SAR swap is now trading at 105 mid, 15 points lower on the previous week, while the 3Y moved from 790 to 675 mid.
QAR	<p>QAR spot continued its northward journey to trade at 3.7350 mid, 130 pips higher on the week. The move higher came after the pair broke through the upper-end of the 3.7050-3.7200 range it had been trading in since the beginning of September.</p> <p>FX swaps were softer as we continued to see counterparties hitting the LHS in order to generate USD as we approach year-end. The 1Y swap is 65 points lower on the week following a 40 point drop the prior week; it is now trading at 155 mid.</p>
BHD	Bahrain had another successful T-bill tender this week with the yield demanded by investors increasing by a 5bps week-on-week to 2.66%. The issue was 111% oversubscribed.
AED	We continued to see the longer tenors of the AED FX curve move lower, with the 4Y moving 250 points lower to trade at 450 mid on the back of market flows. The 1Y AED swap remains unchanged at 55 mid.

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