

G10 Currencies - the traders' views (16-September-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	No specific policy guidance from the ECB's recent meeting means the market is now looking to December for the CB to announce an extension to its current QE programme which is due to finish in March next year. Meanwhile the currency is trading quietly in a broad and well-work 1.1000-1.1400 range although evidence via latest ZEW numbers that growth in the German economy is set to slow could favour downside pressure for the EUR should momentum gather pace. For the moment, fortunes for Fed rate movement on Wednesday mean that the USD side of the equation is more likely to get proceedings moving.	Bearish – stops placed above 1.1375 trend resistance, 1.1120 key downside attraction.	1.1000 3m; 1.0800 12m
GBP	The latest release of retail sales show the UK is weathering the near term effects of Brexit pretty well. A smooth political transition and aggressive BoE response (according to Carney) have helped, while GBP's subsequent post-Brexit fall has brought the bargain-seeking overseas tourists into town. With the BoE holding rates as widely expected, a lack of bearish news is eating into record GBP short positions, although concerns over EU negotiations and ratification from Parliament over Brexit means that unless 1.3500 breaks, downside potential for the currency remains intact.	Neutral at current levels – 1.3000-1.3500 wide range persists.	1.3500 3m; 1.4000 12m
AUD	Recent consumer confidence numbers down under were weak and were followed hot on their heels by a less than convincing jobs report, the headline employment number unexpectedly declining despite the jobless rate managing to tick lower a notch to 5.6%. Recent inability to hold above 0.7500-50 bolsters an increasingly bearish technical view and gives those short positions confidence that a further drop towards 0.7300 is on the cards, although the USD is likely to hold the cards in the near future.	Bearish – most shorts survived a recent visit above 0.7700 and look for a 0.7300 test.	0.7400 3m; 0.7800 12m
CHF	No fireworks from the SNB at their policy meeting this week, just the usual headlines concerning an overvalued currency and the pledge to intervene in FX markets if necessary, the CB also noting that recovery in the domestic economy is likely to continue and the imbalance in mortgage and real estate market will persist. EURCHF continues to bump along untroubled, the SNB comfortable with the cross's ability to retain its recent 1.07-1.10 range. Expect more of the same.	Neutral – SNB interested on dips, speculators queue up to sell value above 1.1000	USD CHF 1.0000 3m; 1.0500 12m
JPY	As the BoJ's important September meeting approaches, there have been rumblings regarding the expansion of Kuroda's negative rate policy. A further cut into negative territory is possible but unlikely, with the CB more likely to choose to maintain its positive stance on QE expansion, while adjustment of its JGB programme is likely. Market disappointment surrounding the decision is probable and with exporters lined up to take advantage of any unlikely spike in USDJPY to 105.00 and beyond, the probability of a revisit of the psychological 100.00 level is elevated.	Bearish – Sell rallies looking for a test of 100.00	102.00 3m; 107.00 12m
NZD	With a weaker GDP print in recent days, there is an outside chance that the RBNZ could surprise the market with a cut in the week ahead. Indeed, with the NZD trade weighted index racing ahead since the last CB meeting in August, recent measures to cool the housing market and now a slowdown in data means that it would be a good time to cut and lower NZD accordingly. Lifting inflation remains the urgency for the RBNZ – no cut next week and the market will scour the accompanying statement for reassuring easing rhetoric.	Bearish – somewhat Fed dependent, we target 0.7000 while topside resistance around 0.7500 holds.	0.7000 3m; 0.7200 12m

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