

## G10 Currencies - the traders' views (23-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	The single currency has seen one of the narrowest monthly ranges on record, Draghi's latest address saying nothing market moving or indeed related to monetary policy. EUR has benefitted from general USD misfortune and a slight oversold feeling in recent days and a close below 1.1120 would ideally be needed for us to open up downside potential but while focus remains on the US and last week's FOMC decision, expect the currency to bump along in its familiar recent range, a lack of desire within the ECB to extend negative rates further reminding bears that a squeeze is still possible. The plethora of Fed speakers next week could hold the key to a range breakout.	Neutral while in 1.1120-1.1320 range	1.1000 3m 1.0800 12m
GBP	The pound overcame a midweek crisis of confidence to trade from 5 week lows around 1.2940 back above 1.3120 as a somewhat dovish Fed put an offer into the USD and BoE's Forbes suggested that current UK data forecasts could yet be revised higher and that the CB may be overstating Brexit uncertainty. But the resultant tick up in GBP continues to find supply as a fade rally mentality prevails with clarity over the UK's likely future relationship with the EU sought, internal government squabbling evident, and fears elevated that the UK could still be heading towards a hard exit.	Bearish – while 1.3250 caps, 1.2900 support looks to be in danger.	1.3500 3m 1.4000 12m
AUD	The minutes of the last RBA meeting presided over by Governor Stevens did not show any signs of any immediate change of policy plans, the CB remaining largely in wait and see mode. Indeed, new governor Lowe's initial offerings have been credible and unsurprisingly stick to the game plan. His transparency sees us awaiting further data flow with domestic focus now centred around October 23rd Q3 CPI numbers as a dormant market persists, while on the bigger stage USD inconsistencies mean a possible revisit to highs above 0.7720 is increasing in likelihood.	Neutral – bears looking nervously towards a possible topside range break.	0.7400 3m; 0.7800 12m
CHF	The safe haven CHF remains largely unperturbed by the persisting risk friendly environment which has been backed by higher stocks and oil prices as a result of the Fed's continued interest rate paralysis. USDCHF looks exposed to further downside as the USD continues to trade unconvincingly in light of the disappointing FOMC statement while EURCHF trades in its usual, untroubled 1.07-1.10 range, the SNB's recent and usual headlines concerning an overvalued currency still in the back of peoples' minds.	Neutral – SNB interested on EURCHF dips to 1.0700, speculators queue up to sell value above 1.1000	USD CHF 1.0000 3m; 1.0500 12m
JPY	BoJ policy changes were greeted favourably last week, as the CB attempts to target the yield curve, add flexibility to the monetary base target, drop guidance on the duration of bond purchases and commit to overshoot the inflation target. But headlines from Kuroda making the BoJ sound complacent that easing has led to Japan no longer being in a deflationary state saw initial USDJPY gains eroded as markets reacted very sceptically to the plan. USDJPY has subsequently shown resilience to a further slide with notable profit taking ahead of the psychological 100.00 level as authorities look to step up the unwelcome and excessive JPY move rhetoric, although Japanese exporter sales will undoubtedly limit any marked recovery in the pair.	Bearish USDJPY - 100.00 test has narrowly failed to yield as yet, but remains in jeopardy.	102.00 3m; 107.00 12m
NZD	The RBNZ left NZ rates on hold this week at 2% but their easing bias is firmly in place. With Fonterra expecting only gradual increases in dairy prices in coming months and Q2 GDP results consistent with the CB's growth projections, markets are pricing in a 65% chance of a Nov cut now. The currency has struggled to maintain composure despite the buoying effect of Fed inaction upon the USD outweighing the RBNZ's signal that further policy easing will be likely, and further gains now look difficult particularly as NZD suffers on interest rate differentials vs the AUD, the cross now back above 1.0500 having tested 1.0250 in mid-September.	Bearish – we target 0.7000 while 0.7500 topside holds.	0.7000 3m; 0.7200 12m

## NBAD Global Markets FX team

### G10 FX Spot

**Phil Muldoon**

[Phil.Muldoon@nbad.com](mailto:Phil.Muldoon@nbad.com)

**Nourah Al Zahmi**

[Nourah.Alzahmi@nbad.com](mailto:Nourah.Alzahmi@nbad.com)

**Tel: 00971 2611 0111**

### EM FX Spot

**Danay Sarypbekov**

[Danay.Sarypbekov@nbad.com](mailto:Danay.Sarypbekov@nbad.com)

**Pinrath Wongtrangan**

[Pinrath.Wongtrangan@nbad.com](mailto:Pinrath.Wongtrangan@nbad.com)

### **Disclaimer:**

To the fullest extent allowed by applicable laws and regulations, Natona Bank of Abu Dhabi PJSC (the "Bank") and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an "as is" and "as available" basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Global Markets division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.