

## 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>An uneventful past week in Singapore with USDSGD steady within a 100 pip range and SGDNEER holding at 0.5% above the mid-point. Overall it feels like players prefer to sit on the side-line in SGD ahead of the NFP, awaiting for clearer signals on whether Fed will hike at all this year. Currently, only 37% chance of rate hike is priced in for 2017. Hence if strong US data comes out, the market might start to reprice the rate path curve and could trigger a stronger USD. Meanwhile, despite Singapore data showing some improvement especially on export side, we believe it is still too early to decide if MAS will shift from SGD neutral to an appreciation stance in October. Hence we would prefer to stay long high yield Asian currencies against SGD for the relative value play for the time being.</p>	Bullish 1.3800	Bullish 1.4000
INR	<p>A slow week too for USDINR as spot traded within a tight range of 0.2%. The flooding in Mumbai also caused market activity to slow down and while plenty of damage was caused it should not disrupt India's overall healthy economic picture. The carry play remains a core theme for this currency as inflation remains subdued, and thus the market still prefers holding onto INR bonds for both FX and rates carry exposure. We believe the next move in USDINR could be triggered by the USD during Sep FOMC, whether Fed shows a more than expected hawkish tone along with balance sheet reduction. Otherwise the carry play would still be the best theme for this currency pair.</p>	Neutral 64.00	Neutral 64.00

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CNH	<p>USDCNH continues to trade lower and broke the key 6.6000 support this week. CNY has also strengthened against its basket to above 94 as USDCNY fixing seems still biased to fix lower. The market is clearly shifting its stance from CNH depreciation to appreciation now with local exporters appearing to also join the sell USDCNY mood. Ahead of the 19th NPC on 18 Oct, we would not be surprised to see CNY/CNH to remain its strengthen, also backed by with a healthy equities market which has made a new year to date high this week. Good local data along with commodities prices picking up which drives better earnings for SOE also provide a decent picture for China. Thus we remain short term bearish on USDCNH spot.</p>	Bearish 6.6000	Neutral 6.7000
KRW	<p>USDKRW whipsawed within a 8 won range this past week albeit in light activity. The Equity and bond markets stabilized after the BoK kept its policy rate unchanged at 1.25% and maintained a neutral stance. Tensions between US / N Korea have eased a little despite the latest NK missile launch, but 9th Sep will be DPRK Foundation Day which may trigger some political noise again. In the short run, we believe the performance of technology sector will remain the key factor for money flows into S. Korea, and as the NASDAQ is testing yearly highs again, we have a neutral to cautiously positive view on KRW at least until the FOMC.</p>	Neutral 1125	Bullish 1150
EGP	<p>A quiet past week in the Egyptian market with little in terms of news and economic releases. The USDEGP pair continues to grind lower ending the period around 17.60-17.70. There is now a talk in the market that by the year end the spot will reach 17.25-17.50. Due to the Eid holidays the Central Bank of Egypt held the latest T-Bill auctions on Wednesday for where the yields came out between 19.20-19.50. Our view remains the same: to stay short USD long EGP through NDFs but in tenors up to 3 month especially on spikes in prices or short USD in the spot market through the repatriation mechanism of the CBE coupled with the purchase of Tbills.</p>	Neutral to bearish USD/EGP 17.60-17.70	Neutral to bearish 17.00-18.00
NGN	<p>A stable week in the FX market in Nigeria with the NIFEX and NAFEX fixings unchanged around 328 and 360 respectively. The major economic news was inflation for July which was a touch lower than the month before at 16.0%. Meanwhile reports came out that the oil marketers who supply petrol and gas to the retail market domestically have claims against the government up to \$2bln which still have not been honored and the implication is that such supplies could be interrupted going forward if these debts are not repaid. So this is something to watch for. Our view is that the risk-reward is supportive of being long USD vs NGN in longer-dated NDFs 6-12 month outright at current levels in both the NIFEX and NAFEX curves.</p>	Neutral USD/NGN 325-335	Neutral to bullish 365-385

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ZAR	A subdued week in the USDZAR market with the spot trading in a tight range of 12.95-13.10. This listless activity was driven by the lack of news domestically although the latest US employment report (not yet out at time of writing) may inject some volatility into the EMFX currencies. For now the market seems to be comfortable with carry trades expecting the US dollar to remain weak or range bound. We are more inclined to remain bearish on USDZAR and it feels that USD has a lot more room to run to regain the ground lost in the previous months.	Bullish USD/ZAR 12.90-13.35	Neutral 12.50-14.00

### GCC FX Commentary

QAR	Offshore USD/QAR remains reasonably bid despite limited overall activity due to the summer break. The pair ended this past week around 3.6925 compared to 3.6700/3800 the previous week.
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### GCC Rates Commentary

AED & SAR	Light trading before the EID weekend has kept overall interest subdued, but AED spreads are 1bps higher and SAR spreads are 2bps higher. SAR spreads have dropped almost 10bps over the last month as a result of stable oil prices and local ALM hedging activities.
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