

## EM FX - 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>USDSGD recovered in the past week as the pair found the low last Friday when the whole world was dumping USD. The low was 1.3350, and we would make a call that this should be the end of USD sell off that started since Jan 2017. Many people would still disagree with us because the momentum is still on the downside, but we feel this is the last chance for the USD to rebound. Because this 1.3350 was tested again and failed to hold, we do not see where the next support would be. We have FOMC next week, and expect to see the FOMC start the balance sheet reduction and this would lend support to the dollar. SGD NEER is currently at 0.8%, so if one believes that USD weakness will continue, there is more room for SGD to appreciate. But, we are calling for a correction to 1.3650 in the near term and 1.3800 for the year end.</p>	Bullish 1.3650	Bullish 1.3850
INR	<p>We finally got a strong print in CPI and WPI in Aug in India! We found this significant because the numbers convinced us that the RBI will not ease further in the 4 Oct monetary policy meeting after the Aug cut. Let's look into the figures for a bit. Aug healing and core CPI rose to 3.4% y/y and 4.6% y/y from July 2.4% y/y and 4.1%y/y on the back of the rise in food price inflation from 0.4% y/y in Jul to 2.0% y/y in Aug. These numbers were considered a significant jump. Therefore, we continue to stress our view that we need to see USDINR going up first before making another wave lower. We expect to see 65.00 first, but our year-end target is kept at 63.50.</p>	Bullish 65.00	Bearish 63.50
CNH	<p>Regulations have changed again in China. This week, the PBOC asked CNH clearing bank to remove the required bank reserve for CNH participating banks. The PBOC will return the RMB reserve already...</p>	Neutral 6.5500	Bearish 6.5000

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CNH	...collected from each PB to its settlement account. Onshore the PBOC removed its reserve requirement for FX forward purchases. In our view, this is another step of RMB to be more flexible and internationalized. Meanwhile, this will lend support to the RMB's recent sharp appreciation as it allows onshore corporate to buy USDCNY forward more easily. Given such move, we expect USDCNY volatility to decrease because there will be more two-way flow, encouraging onshore importer to take advantage of low USDCNY. CNH DF curve is very flat now, with 3.5% implied yield across the curve, and it should stay this way for a while.	Neutral 6.5500	Bearish 6.5000
KRW	Nothing is new to KRW this week as the market has already stopped reacting to any news relating to NK now. Even when NK launched another missile over Japan on Friday morning, USDKRW barely moved as it has already become immune to it. The rest of USDAsia also didn't react. USDKRW is currently trading at 1130, which is in the middle for this year from 1110 to 1155 range. Market positioning is still skewed towards long USD, so our strategy would be to sell USD on rallies towards 1150 rather than buy on dips.	Neutral 1130	Neutral 1130
EGP	Another week of stability in the spot FX market in Egypt with the same range of 17.60-17.70. The inflation data for August show Urban CPI YoY at 31.9% vs 33% previously. Most economists think that the inflation has peaked and should now start to decline especially in November and December as it will be one since the devaluation of 2016. The NDF market stabilized and there are now consistent two-way flows. The sentiment towards Egypt remains positive. We think it is wise for investors to start hedging their EGP exposure through NDFs as implied yields are historically low and because most foreign inflows are currency unhedged.	Neutral to bearish USD/EGP 17.60-17.70	Neutral to bearish 17.00-18.00
NGN	Generally quiet week in the FX market in Nigeria with the NIFEX and NAFEX fixings pushing slightly higher to 329 and 360-361 respectively. Nigeria agreed in principle to participate in the OPEC oil production cuts but only on the condition that the output has to consistently stay around 1.8mln bpd. Our view is unchanged 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.	Neutral USD/NGN 325-335	Neutral to bullish 365-385
ZAR	The rand is trading on backfoot in the past week as macroeconomic data were not supportive of the local currency. Retail sales data YoY came out weaker than expected at 1.8% vs exp. 2.5% for July and Q2 current account -2.4% of GDP vs exp. -1.9%. The reversal of the US dollar fortunes also contributed to the rise in USDZAR from 12.90 to 13.20 in the course of the past few days. In our view there seems to be strong momentum for the exchange rate to continue higher towards 13.40-13.50.	Bullish USD/ZAR 13.00-13.50	Neutral 12.50-14.00

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