

G10 FX - The Traders' Views

Please find below views on G10 FX directly from our traders.

G-10 FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
EUR	<p>The single currency has not been trading on its own merits this week and rather wobbled on USD related headlines as we have not seen any change in the Eurozone fundamentals since the ECB meeting and the political landscape remained at bay with Merkel in the lead at the German elections this September. Additionally, EURUSD tumbled on Wednesday after the latest tax headlines which the market took as progress and Thursday was much more exciting with volatility levels and choppiness not seen in a year. During the BOE, EURUSD traded softly below 1.1880 and EURGBP dropped more than a big figure instantly on the perceived hawkishness of the BOE. Soon after, the US CPI was released better than expected which shook the market and EURUSD dropped from 1.1890s to a low of 1.1838 in a matter of seconds where massive hidden bids lifted the pair, and simultaneously another headline was released that North Korea announced its readiness to fire a missile. The constant back to back headlines saw a choppy trading session and a wide spread panic resulting in EURUSD reversing its US CPI losses within the hour.</p> <p>In the near term, there is more scope for EURUSD to test 1.2000 again dependent on any further USD weakness.</p>	Neutral	1.1700 3m; 1.1800 12m
GBP	<p>Super Thursday did not disappoint, the BOE left rates unchanged as widely expected with a 7-2 vote with Saunders and McCaffery voting for a hike. However, the minutes released later showed a change in language where the committee agreed that some withdrawal of monetary stimulus was likely to be appropriate over the coming months in order to return inflation sustainably to target, and it would seem like...</p>	Bullish – having achieved our previous target of 1.3300 we would look to re-enter at dips below 1.3200.	1.2600 3m; 1.3000 12m

15 September 2017

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GBP	<p>...the BOE is trying to follow the trend of the global central bank hawkishness. Furthermore, BOE Vlieghe released comments of the need for a BOE hike in the coming months which revived the November chances to 64%, but it can be challenging, as it translate into wage growth and concrete consumer spending.</p> <p>The proud pound sky-rocketed breaking Sep 2016 highs, gaining momentum as BOE officials join the singing choir of hawkish central banks around the globe.</p>	<p>Bullish – having achieved our previous target of 1.3300 we would look to re-enter at dips below 1.3200.</p>	<p>1.2600 3m; 1.3000 12m</p>
JPY	<p>After a quiet, missile-test-free weekend, Monday's open saw USDJPY gap higher by about 40 pips and from there it never looked back. By Thursday all of the previous week's risk-off Yen gains had been erased with USDJPY printing a new one-month high of 111.04. Tuesday saw comments from PM Abe stating that it was important for the BOJ to keep pursuing the 2% inflation target regardless of who the next governor is, adding that he has full confidence in current governor Kuroda. Kuroda's term ends in 2018 although he is currently favoured to have his term renewed. On the data front, Core Machinery orders came in at a whopping 8% vs 4% expected and July final Industrial Production was as expected at -0.8%. August PPI missed expectations by 0.1% but still reflected evidence at the producer level of 2.9%. Unfortunately for Kuroda, this is not the case with the CPI, and the market now awaits BoJ meeting next week.</p>	<p>Neutral - USDJPY rebound might stall around 111.50, and it will continue to be dictated by the risk sentiment in the market.</p>	<p>112.00 3m; 118.00 12m</p>
CHF	<p>Last week's big event for the chocolatiers and watchmakers was the SNB's policy decision on Thursday which saw the central bank keep rates on hold as expected. After reaching a 14-month high the prior week on dollar weakness/safe-haven demand, Swissie gave back its gains during the first half of the week. Wednesday's m/m PPI data beat expectations coming in at 0.3% vs 0.2% expected. On Thursday in its statement, the SNB repeated its usual rhetoric of the franc being over valued and of the bank being ready to act in the FX market as needed while stressing the importance of negative rates. This time around, however, there was a slight change of language in the statement, with the CHF "remains highly valued" compared to the prior "significantly over-valued". Inflation forecasts for 2017 and 2018 were revised up by Jordan & Co. by 0.1% and 0.5% respectively while the GDP forecast for 2017 has been revised down to 1.0% from 1.5%. The franc gained slightly on Thursday and Friday, currently at 0.9610 at the time of writing.</p>	<p>Neutral – speculators are gaining in confidence having breached EURCHF 1.1300 with little difficulty.</p>	<p>USD CHF 0.9900 3m; 1.0000 12m</p>
AUD	<p>AUD shrugged off the weaker than expected release of the business conditions and business confidence and the market rather focused on the better than expected employment data with new jobs rising 54,200 in July vs an estimated 20,000. Additionally, the recent rise in the commodity sector has helped support AUD, aided by the recent dollar weakness, lifting...</p>	<p>Bullish – next resistance lies around 0.8120.</p>	<p>0.8100 3m 0.8500 12m</p>

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AUD	... AUDUSD from the lows to a high of 0.8030. The next risk event for AUD is the release of the RBA meeting minutes on Tuesday and speeches from couple of RBA speakers namely Ellis and RBA Lowe.	Bullish – next resistance lies around 0.8120.	0.8100 3m 0.8500 12m
NZD	Kiwi traded within a tight range throughout the course of the week, by Friday afternoon sitting only about 20 points lower than the previous week's close. All eyes are now on the September 23rd election which is currently too close to call between the ruling National Party and the opposition Labour Party. Regardless of the outcome, a minority government is likely so either party will have to rely on an alliance with the smaller NZ First party. On Tuesday a poll came out showing the National Party in the lead which gave the currency a boost. Previous polls had shown Labour in the lead. On the data front this week we've got Consumer Sentiment and the GDT Price Index on Tuesday, Current Account on Wednesday and GDP q/q on Thursday along with credit card spending and visitor arrivals.	Neutral – pair to continue to trade within 0.7200-0.7400	0.6900 3m; 0.7100 12m
CAD	The strong CPI print in the US pushed the USDCAD rate higher to 1.2240 but the corrective rally could not be sustained further and it came off to 1.2160. In our view the correctional phase is still ongoing with a potential to extend to 1.2287. However, once it is complete the exchange rate should resume the downward trend to break below 1.2000. Stable to stronger oil prices support this view as well as the rates cycle in Canada. A lot will depend on the strength of the US dollar which shows the signs of a bounce in the DXY index. Please see our CADNZD trade idea.	Bearish CAD with preference to express the view ag NZD. Going long NZD ag CAD	1.3100 3m; 1.2800 12m

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