

# FX Viewpoint

Emmanuel Ng  
Treasury Research & Strategy  
Global Treasury

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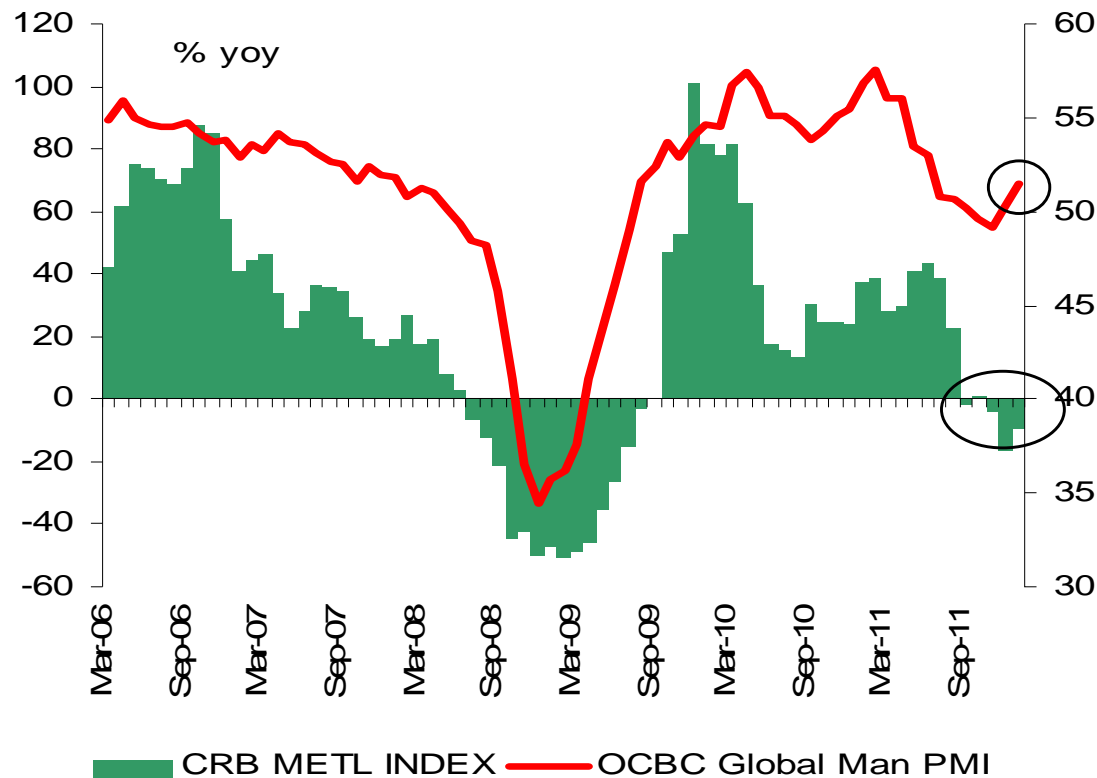


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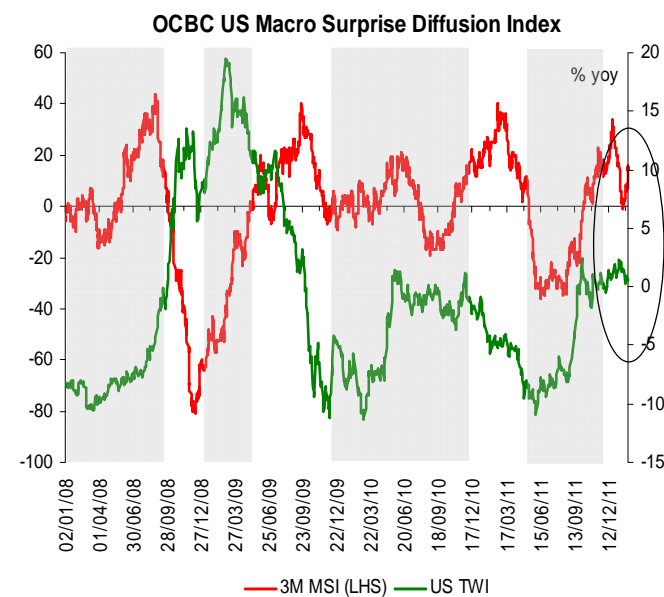
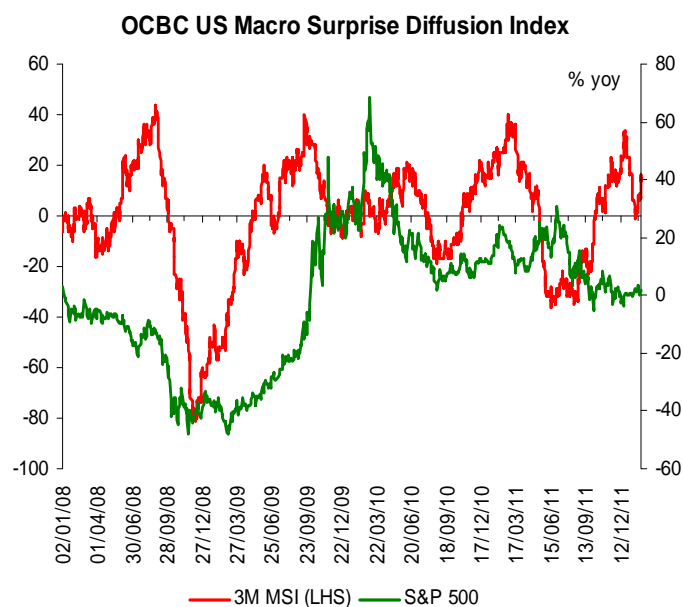
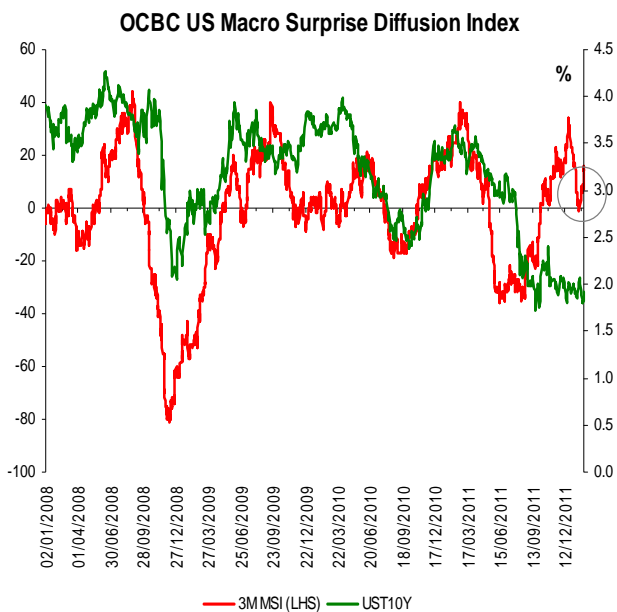
# Global manufacturing activity – stabilization

- Our global manufacturing PMI improved for the second consecutive month with the first 3M sequential improvement (% chng) since Mar 11.



# US macro data surprises

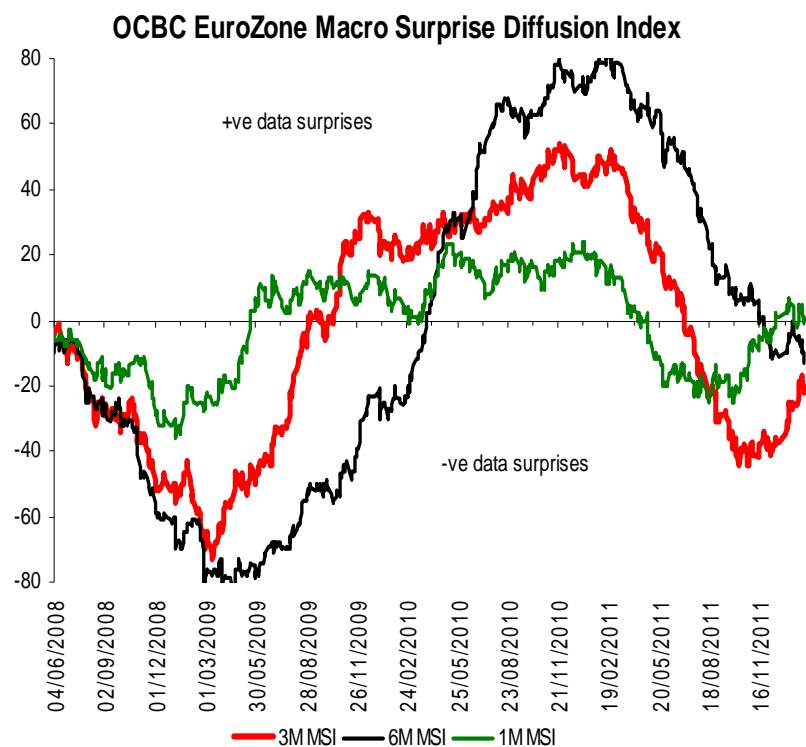
- US data surprises mixed despite last Fri's NFP numbers with the latest labor market numbers unlikely as yet to fuel a S&P 500 rally while US Treasuries may still prove supported amidst EZ uncertainty.
- The dollar has also been hurt by the dovish Fed and positive risk appetite levels.



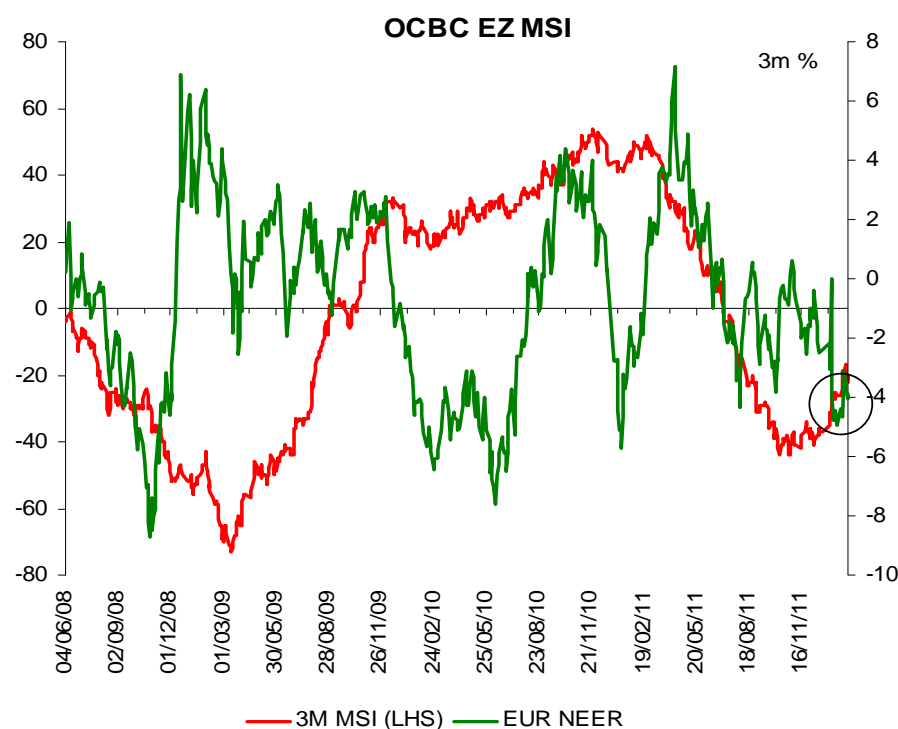
Source: OCBC Bank

# EZ macro data surprises

- EUR attempting to stabilize but much rests on news flow regarding Greece and even Portugal.



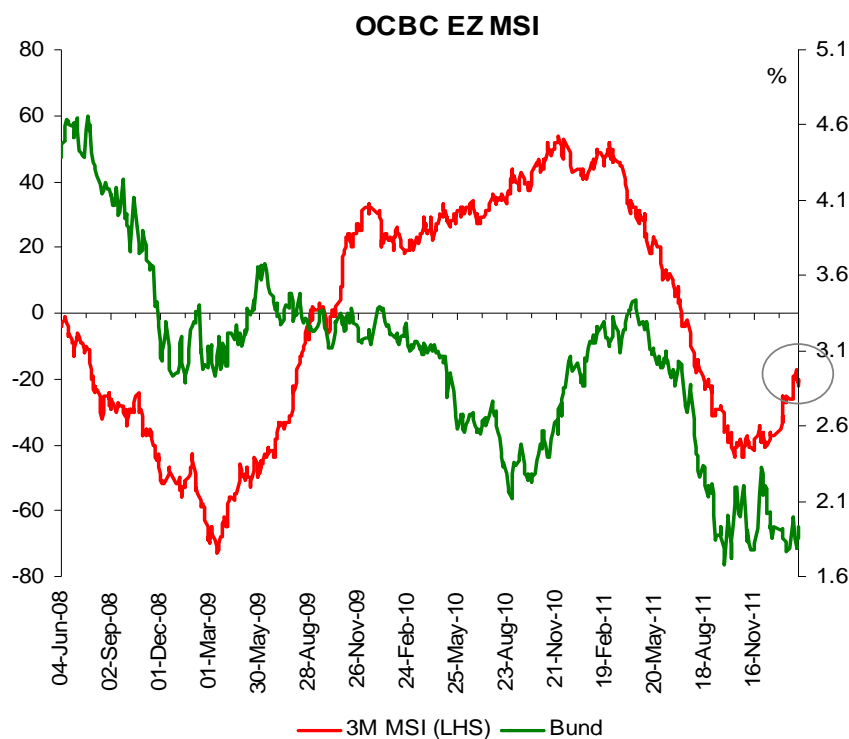
Source: OCBC Bank



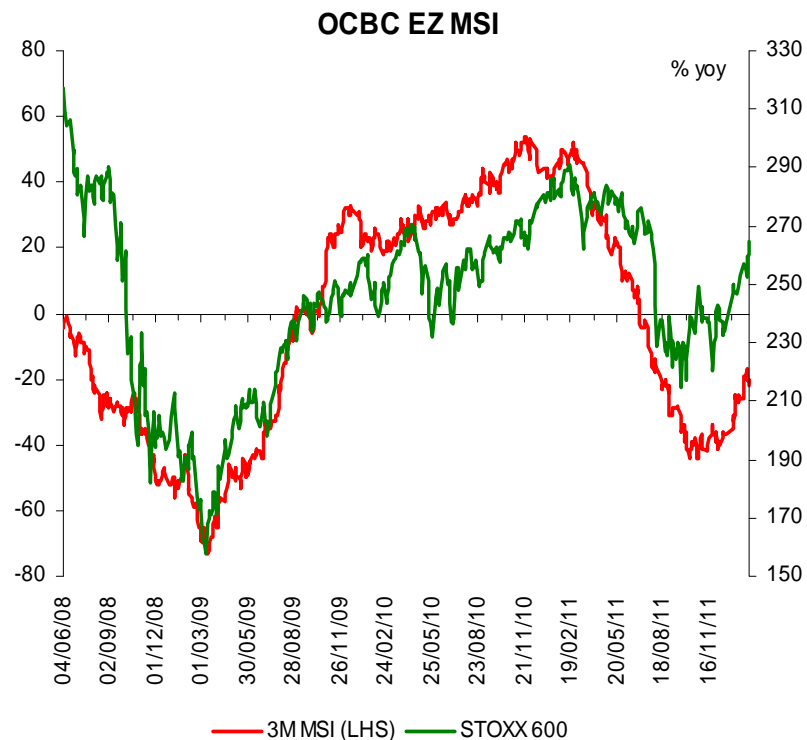
Source: OCBC Bank

# EZ macro data surprises (II)

- Macro surprises looking more constructive of late.



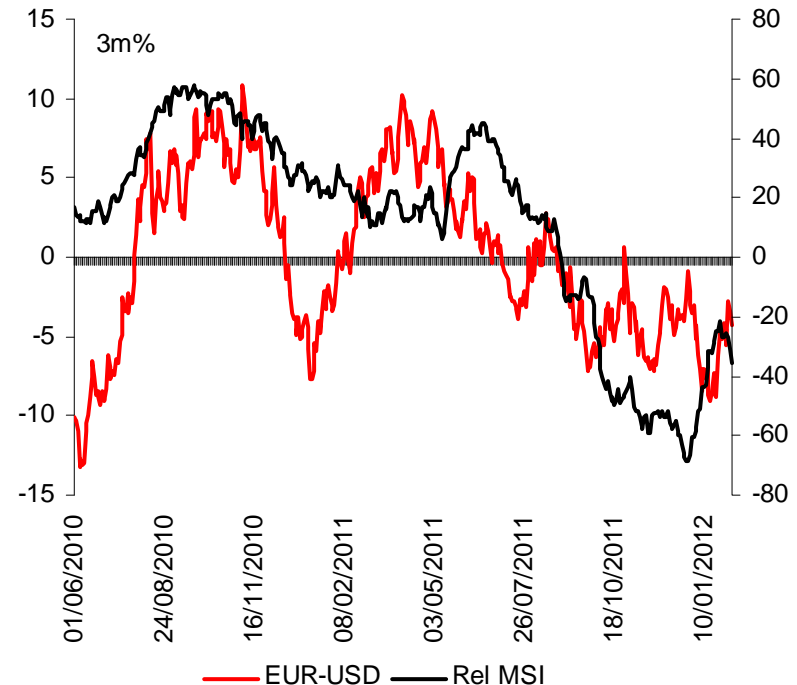
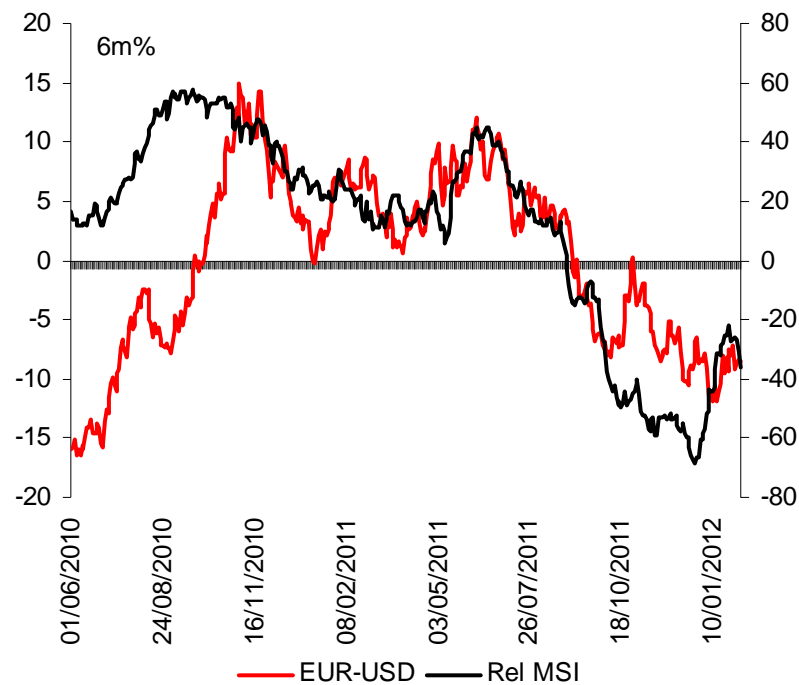
Source: OCBC Bank



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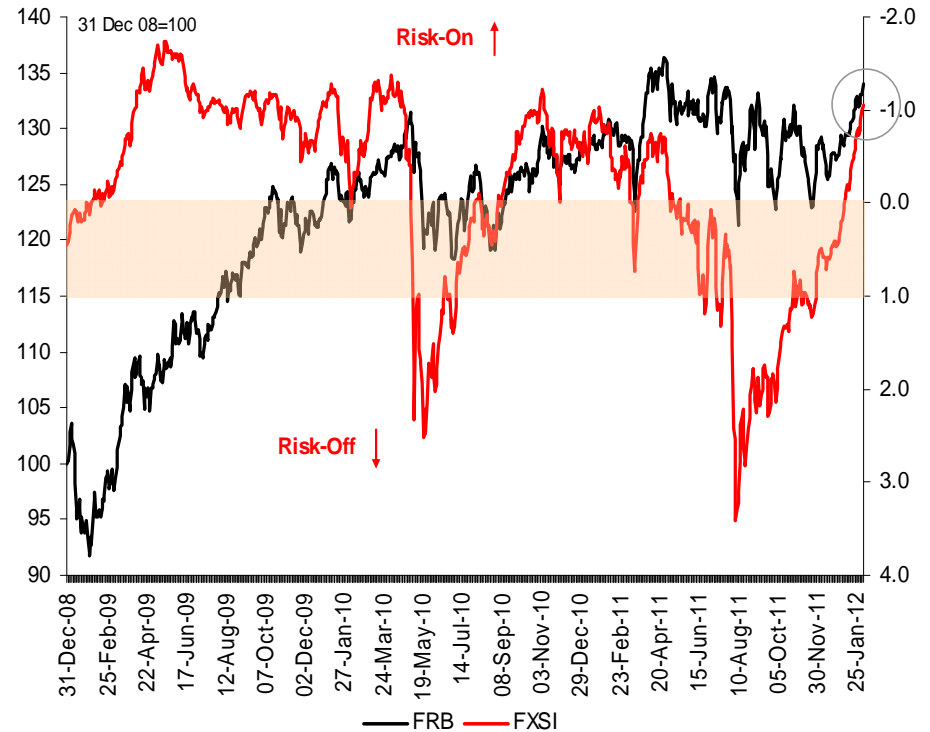
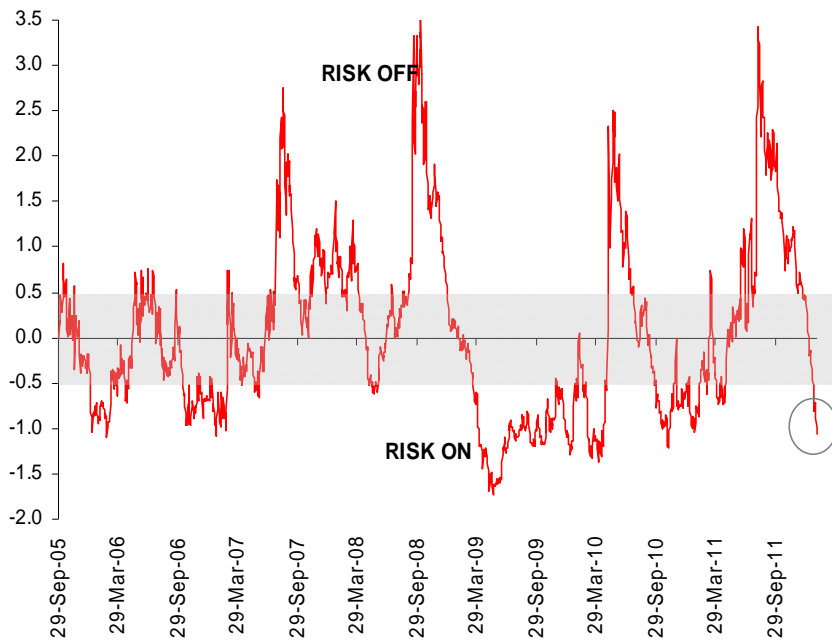
# EUR prospects

- Some fundamental cause for pause from the relative performances of the US and EZ MSIs (macro surprise indices).



# FX Sentiment Index (FXSI)

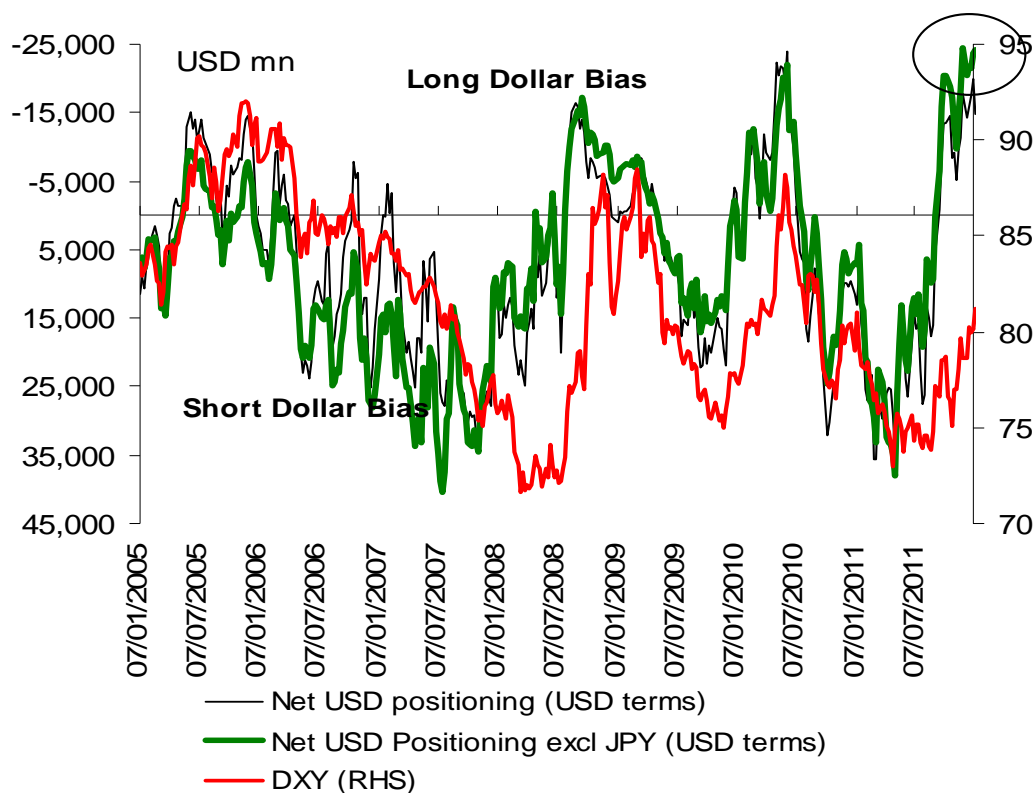
- Global risk appetite levels continued to improve in the latest week, lending further support to carry.



Source: OCBC Bank

# Broad dollar perspective – CFTC positioning

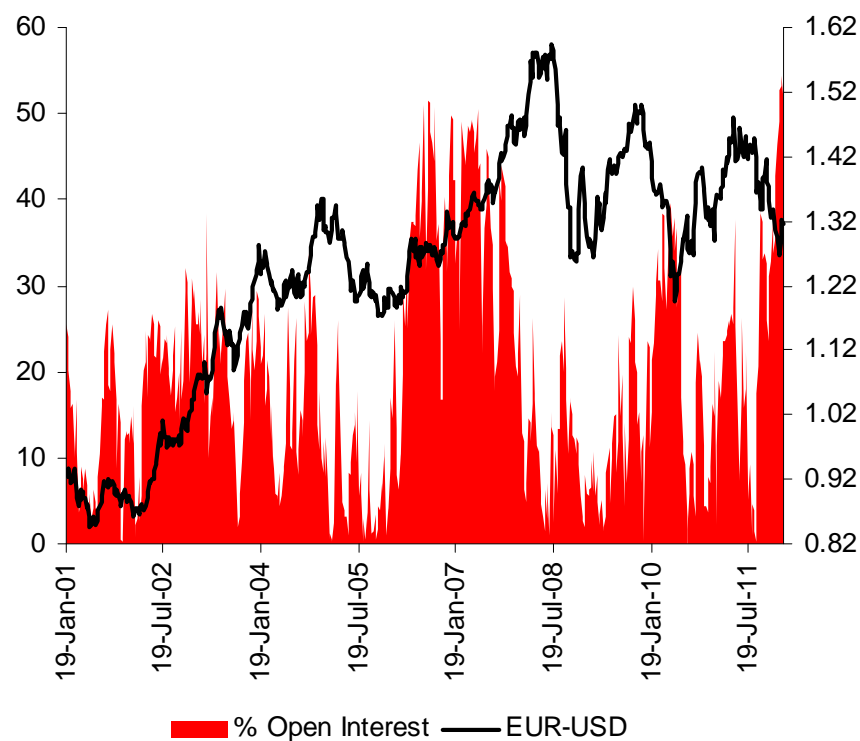
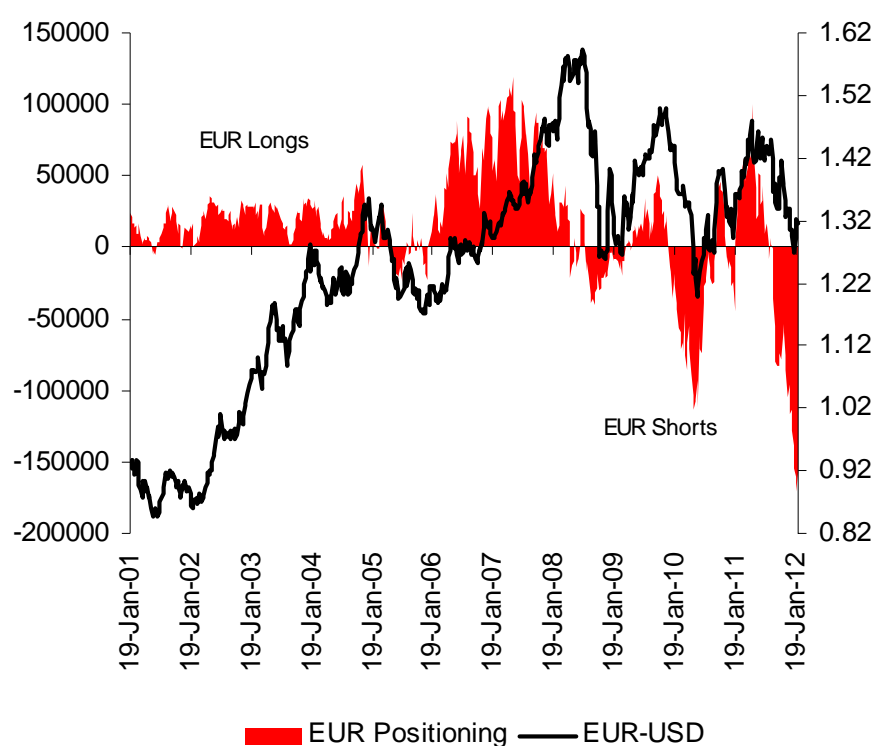
- Markets remain on an inherently long dollar footing despite the recent run up in the majors. Note however the ongoing dichotomy with EUR, GBP shorts, and longs in AUD, NZD, CAD, JPY.



Source: Bloomberg

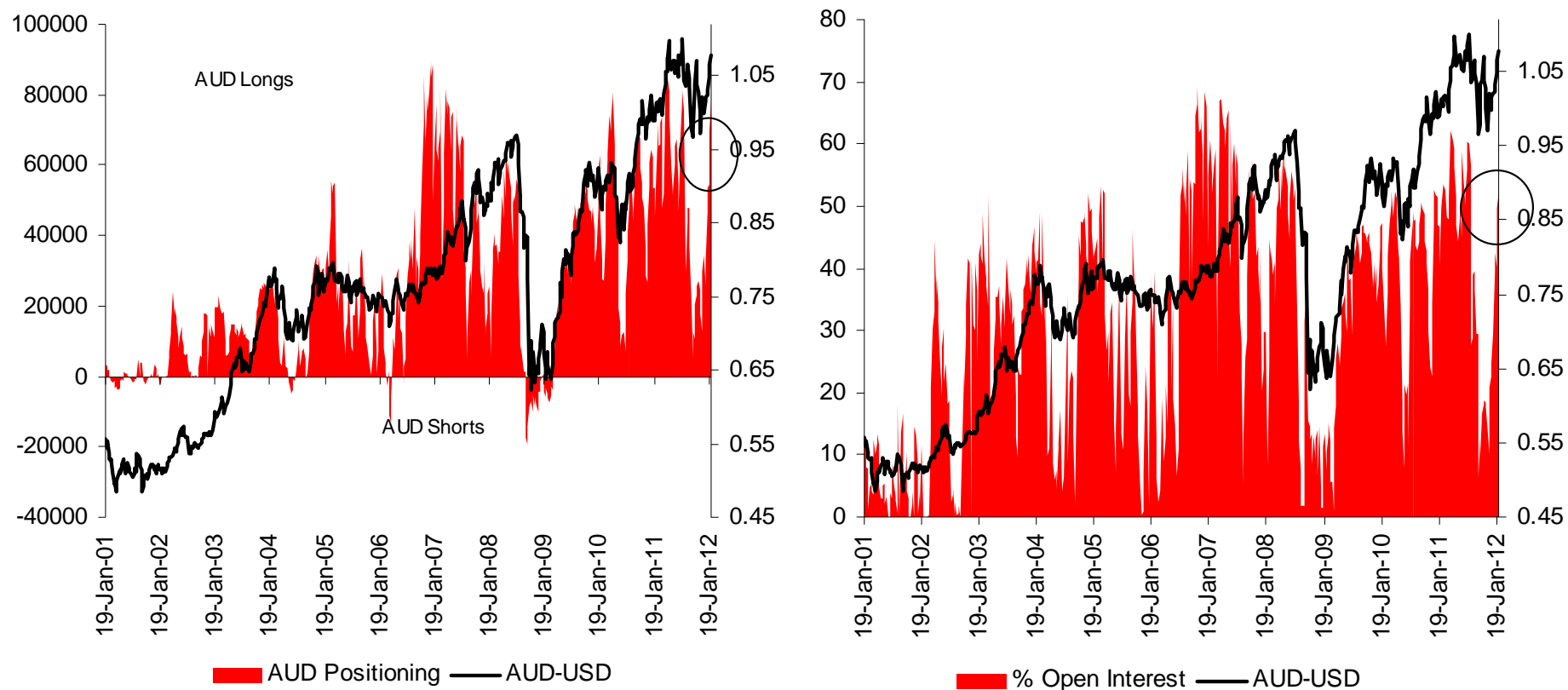
# EUR-USD speculative positioning

- EUR shorts still at extreme levels and further positive news flow may trigger a further unwinding (currently not priced into the market). Systemic shocks however may affirm the market's short positioning.



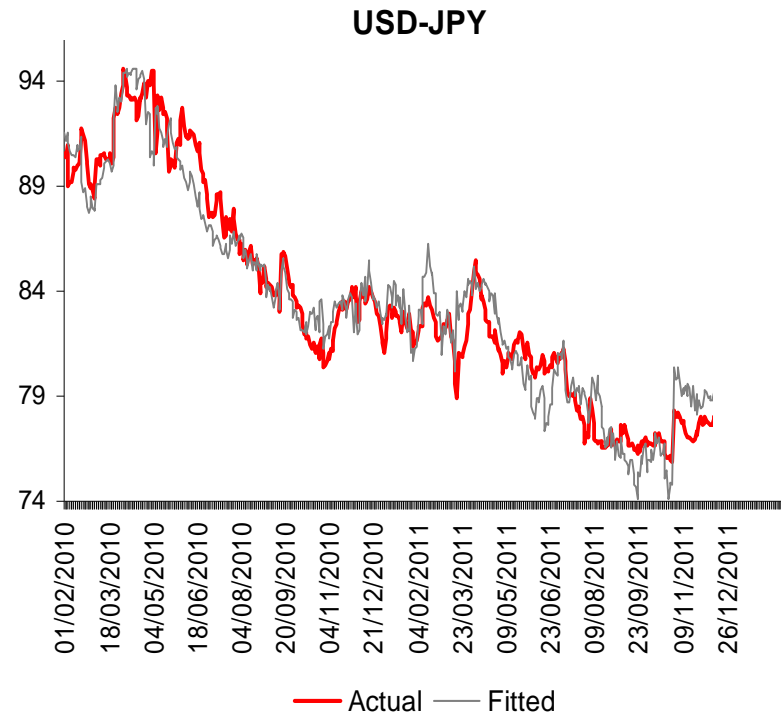
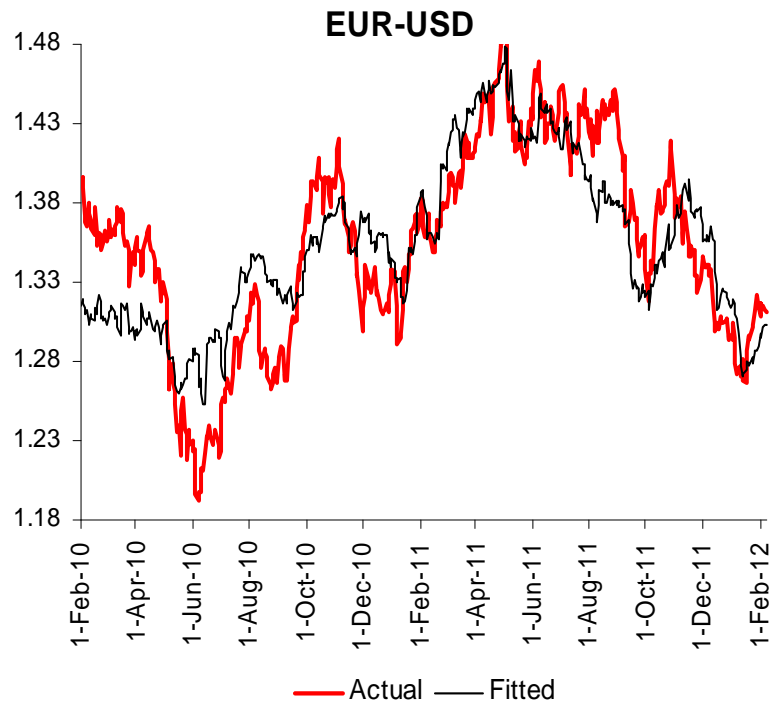
# AUD-USD – Speculative CFTC positioning

- Contrasting story between the EUR and the AUD, with AUD longs beginning to look elevated.



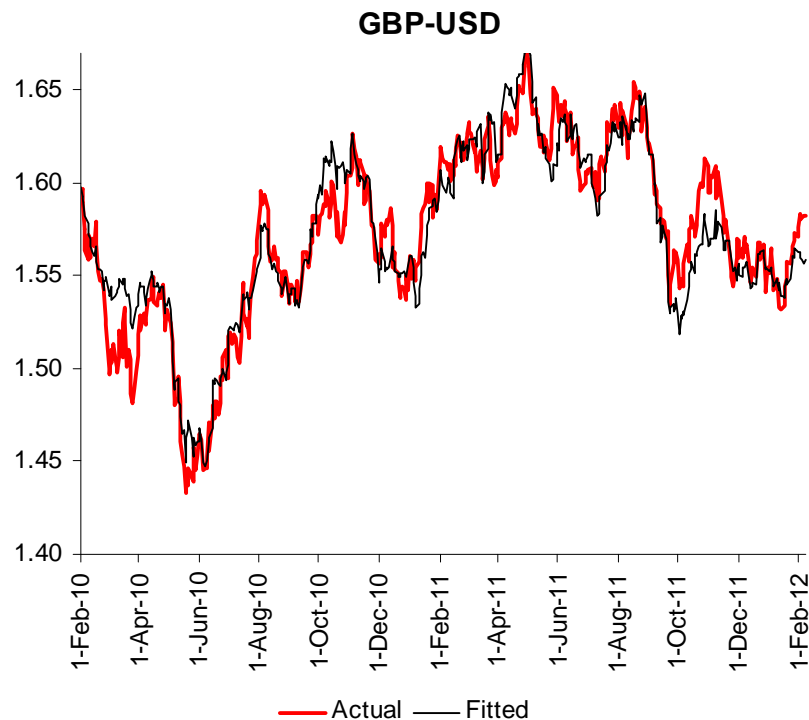
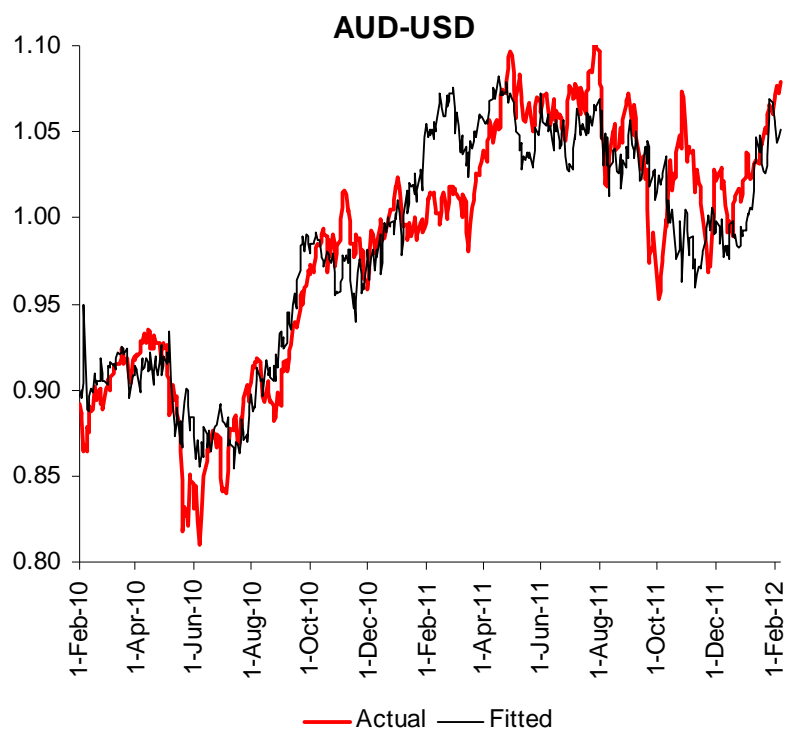
# Short-term FX model updates

- EUR-USD: Recent gains in line with model-implied valuations with the pair not unduly strong at current levels.
- USD-JPY trading comfortably in recent ranges amidst a heavy backdrop, BOJ intervention data notwithstanding.



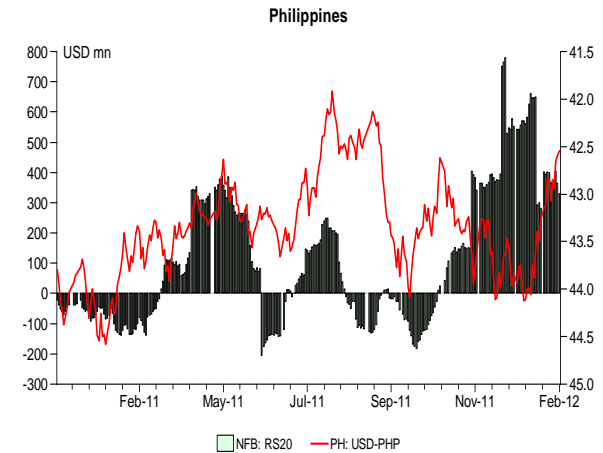
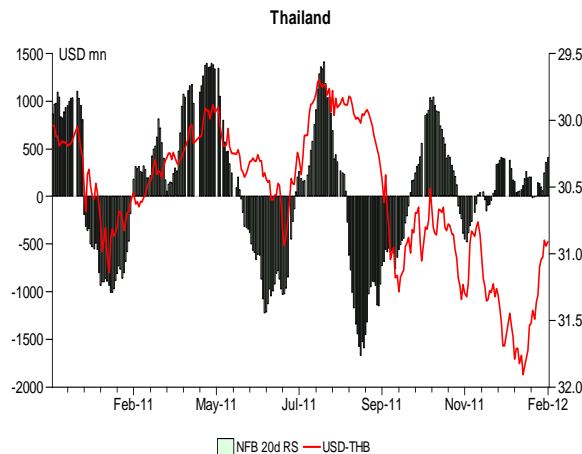
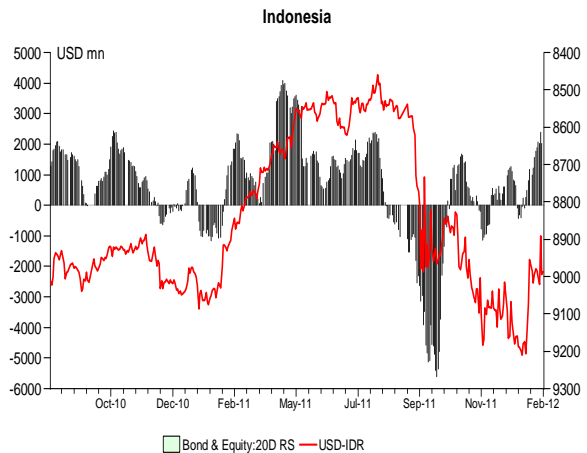
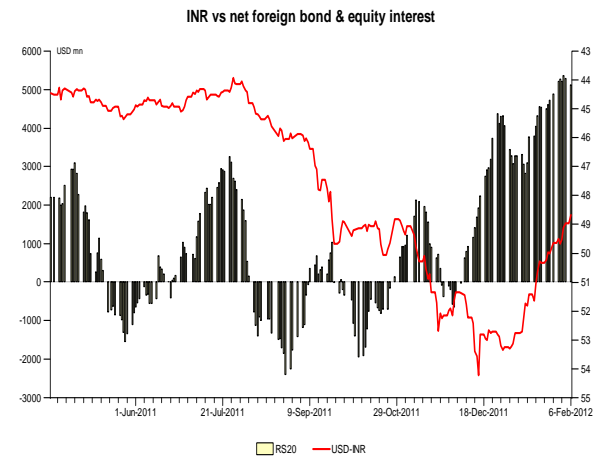
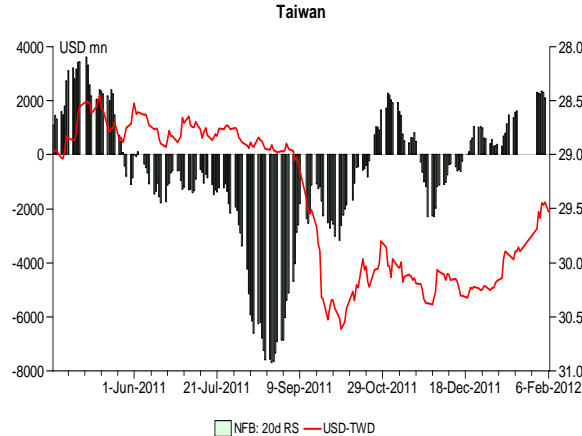
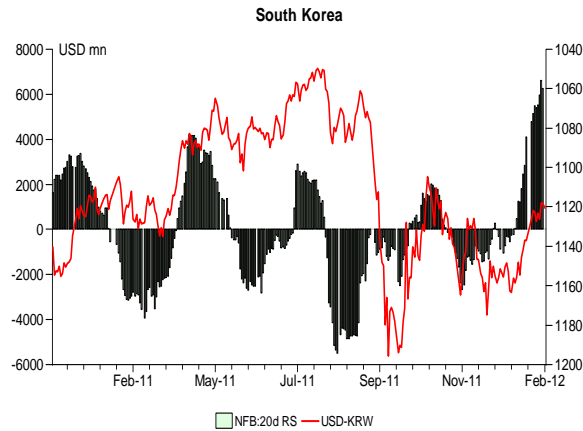
## Short-term model update (II)

- AUD-USD: Pair is trading at the upper reaches of its bullish model implied valuation band but the RBA's latest outing today may keep the AUD-USD aloft in the near term.
- GBP-USD may be looking slightly rich relative to model-implied valuations.



# Asian actual net foreign equity inflows monitor

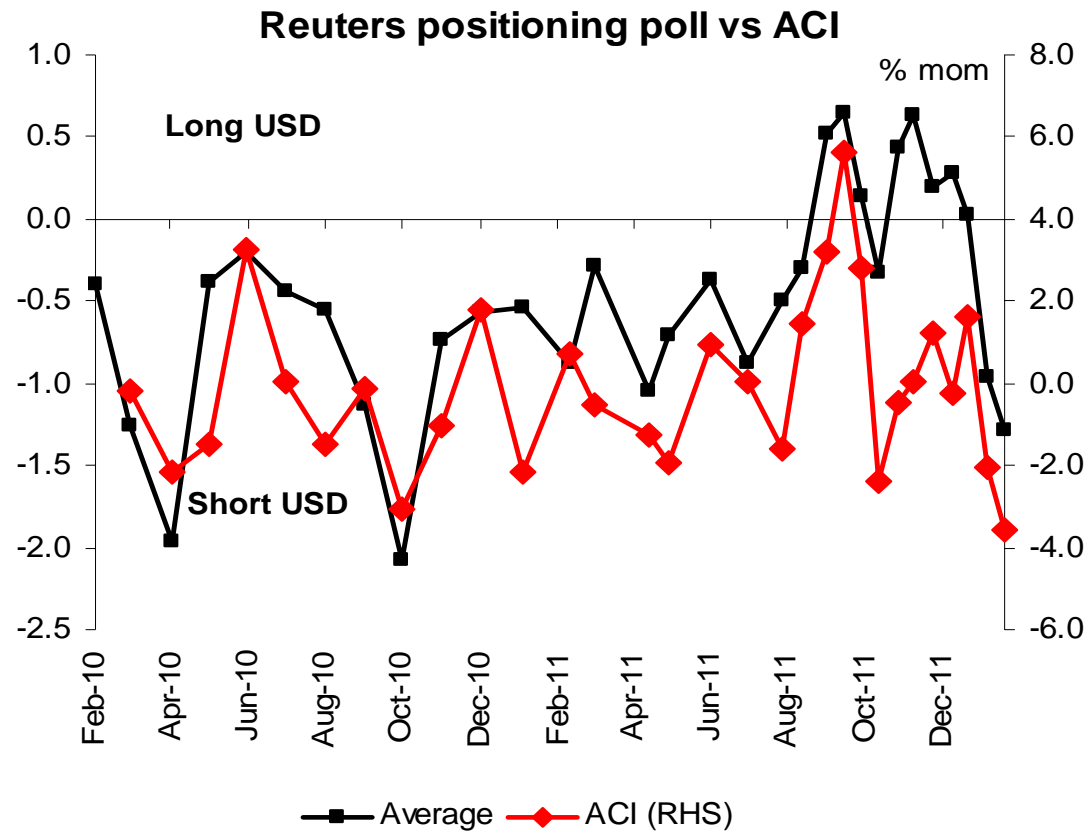
- Prevailing underlying support for Asia FX from portfolio inflows, with perhaps the PHP slightly stretched.



Note: Data for India and Indonesia includes bonds & equities

# Asian currency positioning

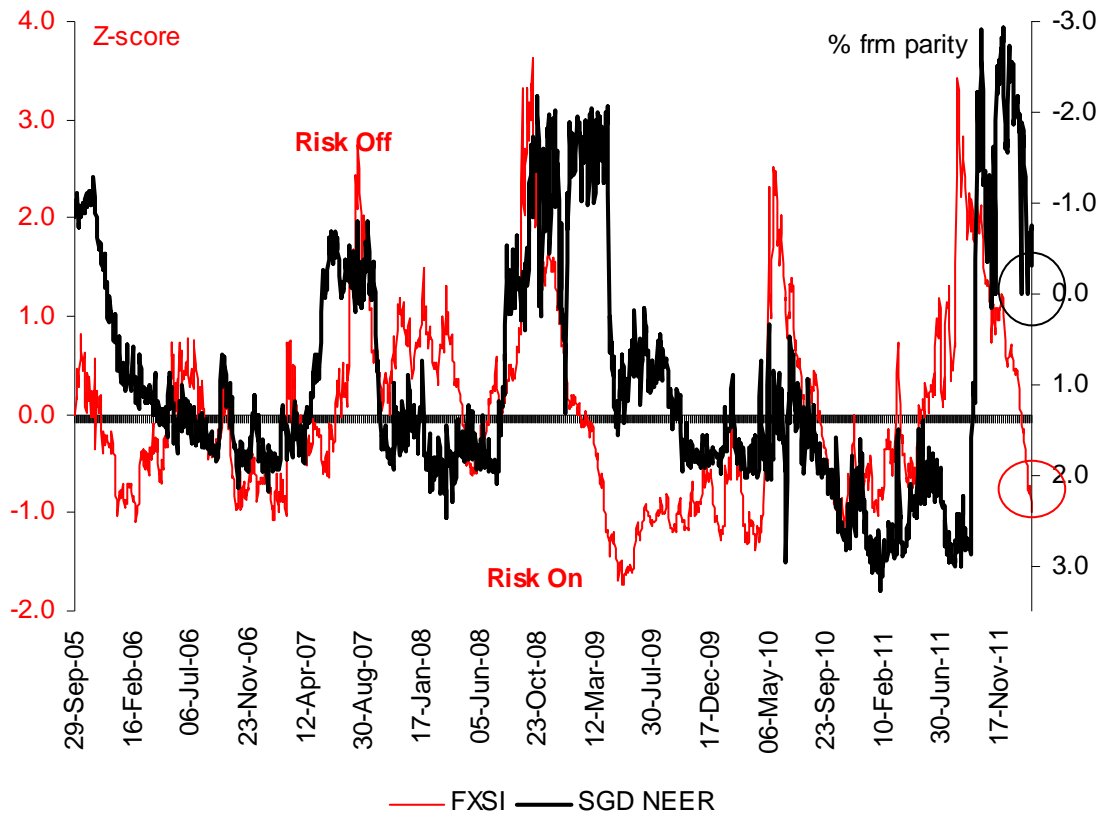
- Market positioning has moved unambiguously long Asia.



Source: Reuters, OCBC Bank

# SGD NEER vs Risk Appetite

- The SGD NEER has finally reacted to the improvement in global risk appetite levels.



# Central tendency FX forecasts

	<b>As at 2 Feb</b>	<b>Mar-12</b>	<b>Jun-12</b>	<b>Sep-12</b>	<b>Dec-12</b>
<b>USD-JPY</b>	76.12	75.75	76.17	77.17	78.17
<b>EUR-USD</b>	1.3145	1.3050	1.2993	1.3283	1.3573
<b>GBP-USD</b>	1.5821	1.5798	1.5747	1.5922	1.6097
<b>AUD-USD</b>	1.0711	1.0670	1.0605	1.0785	1.0965
<b>NZD-USD</b>	0.8324	0.8290	0.8224	0.8411	0.8598
<b>USD-CAD</b>	0.9979	0.9965	1.0046	0.9898	0.9749
<b>USD-CHF</b>	0.9169	0.9270	0.9400	0.9326	0.9252
<b>USD-SGD</b>	1.2465	1.2475	1.2500	1.2350	1.2200
<b>USD-CNY</b>	6.3137	6.2663	6.2042	6.1421	6.0800
<b>USD-THB</b>	30.89	30.90	31.00	30.70	30.40
<b>USD-IDR</b>	8970	8970	8978	8884	8791
<b>USD-MYR</b>	3.0190	3.0170	3.0332	2.9976	2.9619
<b>USD-KRW</b>	1117.50	1118	1123	1104	1086
<b>USD-TWD</b>	29.52	29.50	29.52	29.26	28.99
<b>USD-HKD</b>	7.7545	7.7575	7.7617	7.7567	7.7517
<b>USD-PHP</b>	42.700	42.68	42.90	42.60	42.30
<b>USD-INR</b>	49.06	49.45	49.42	47.96	46.49

Source: OCBC Bank

Treasury Research & Strategy

Selena Ling ([LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com))

Emmanuel Ng ([NgCYEmmanuel@ocbc.com](mailto:NgCYEmmanuel@ocbc.com))

Gundy Cahyadi ([Gundycahyadi@ocbc.com](mailto:Gundycahyadi@ocbc.com))

Tommy Xie Dongming ([XieD@ocbc.com](mailto:XieD@ocbc.com))

Barnabas Gan ([BarnabasGan@ocbc.com](mailto:BarnabasGan@ocbc.com))

Tel : (65) 6530-4887

Tel : (65) 6530-4073

Tel: (65) 6530-5949

Tel : (65) 6530-7256

Tel : (65) 6530-1778

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