

## No news is good news

### Asia overnight

Hurricane Irma did not reach the category 5 level feared and North Korea did not test an ICBM over the weekend and during its Foundation Day celebrations. So, the USD bounced on these "non-events" and trailed only the CAD in terms of being the best performer during the Asian session. The CAD continued to receive a boost from strong Canadian labour market data on Friday. Firm risk sentiment helped the Antipodean hold their ground against the USD and the CHF and JPY the weakest performers.

### European morning: Norwegian Inflation and politics

Ahead today the main focus will be on Norway, where August CPI will be released. At 1.4% (prev. 1.2%) and 1.7% (prev. 1.5%) core and headline inflation is expected to have improved. Even if prices were to disappoint, the NOK is unlikely to face any bigger downside risks. If anything, the Norges Bank sticks to the view that low inflation is transitory, and further improved growth conditions should enable the central bank to stick to such a stance for longer. Altogether, we believe that further improving growth and price developments will keep the NOK subject to upside risks. We stay short EUR/NOK as a trade recommendation.

When it comes to politics, it must be noted that the General Election will take place in Norway today. Uncertainty has been increasing of late and given the large share of undecided voters. Although it remains the base case that Conservative Party Leader Erna Solberg will get a second mandate, the risk of a minority government cannot be excluded either. In any case, expectations with respect to next week's election outcome to have a material market impact are low. This is especially true as, depending on the outcome, actual coalition talks will take time.

In terms of speeches, all eyes will be on ECB Governing Council member Coeure, who will talk about monetary policy. However, just one week after the ECB announced monetary policy we see little scope for surprises. Sentiment is likely to remain in favour of buying the single currency, although increased speculative long positioning is likely to keep some position squaring related downside risk intact.

### CPI unlikely to help the USD this week

Early in the week the USD is still likely to be driven by non-data factors such as the impact of Hurricane Irma and the state of the North Korea tensions. Many of the negatives appear already backed into the fixed income market which is pricing in less than one hike by the end of 2018. However, momentum remains with USD bears despite somewhat stretched short dollar positioning. We don't believe that the CPI report this week will offer much in terms of a relief for the Fed and the dollar as core inflation should decelerate further. We expect a more positive picture from the retail sales data but it's also likely that over the coming months US activity data will be clouded by the impact of the natural disasters. It's quiet on the Fed speak front as the FOMC enters a blackout period ahead of its September 20 policy announcement.

## Open Trade Recommendations

Underlying	Date	Opening Time	Direction	Notional	Entry	Target	Stop	Last	P&L Individ.	P&L Portfolio
EUR/NOK	07-Aug-17	10:37:00	Short	3,000,000	9.3765	9.1000	9.5500	9.3037	0.89%	0.03%
EUR/CHF	09-Aug-17	11:49:00	Long	3,000,000	1.1320	1.1800	1.1200	1.1406	0.79%	0.02%
<b>Open trades P&amp;L</b>										<b>0.05%</b>

Underlying	Date	Option Type	Notional	Strike	Barrier	Spot Entry	Cost	P&L Individ.	P&L Portfolio
EUR/JPY	17-Jul-17	3M Call spread	28,627,500	134/136	-	128.82	0.25%	-0.12%	-0.04%
<b>Open trades P&amp;L</b>									<b>-0.04%</b>



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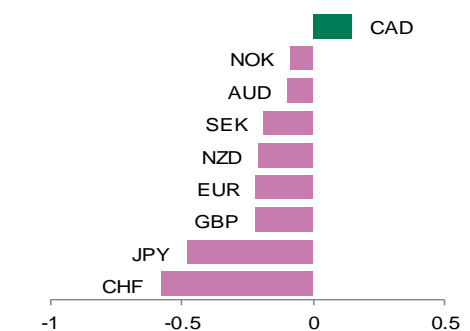
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### Latest Publications

- [08 Sep – FX Weekly – \*The FX divergence trade: the winners and the losers\*](#)
- [07 Sep – G10 Market Rate Exp. Monitor – \*ECB on course to taper...\*](#)
- [07 Sep – FX Risk Index – \*Risk sentiment neutral\*](#)
- [06 Sep – FX Focus – \*Is there a risk premium on the USD?\*](#)
- [05 Sep – FX Focus – \*Trading FX with G10 VALFeX: model went long JPY\*](#)

### Overnight returns (% vs USD)



### G10 FX Forecasts

	Today	Sep-17	Dec-17	Mar-18
EUR/USD	1.20	1.17	1.18	1.18
USD/JPY	108	113	115	114
EUR/JPY	130	132	136	135
GBP/USD	1.32	1.30	1.31	1.33
EUR/GBP	0.91	0.90	0.90	0.89
USD/CHF	0.95	0.97	0.97	0.97
USD/CAD	1.21	1.26	1.25	1.24
AUD/USD	0.81	0.78	0.76	0.75
NZD/USD	0.73	0.73	0.72	0.71
EUR/NOK	9.30	9.30	9.10	9.00
EUR/SEK	9.54	9.50	9.40	9.30
EUR/CHF	1.14	1.14	1.15	1.15

Source: Bloomberg, Crédit Agricole CIB

## Key Events

BST	Country/ Zone	Indicator/Event	For	CA-CIB f/c	Cons.	Prev.	Comment
07:00	JN	Machine Tool Orders YoY	Aug			28.00%	
07:00	NO	CPI YoY	Aug		1.70%	1.50%	
07:00	NO	PPI YoY	Aug			1.80%	
07:30	FR	Bank of Fr. Bus. Sentiment	Aug		106.00	105.06	
08:00	DE	CPI YoY	Aug			1.50%	
09:00	IT	Industrial Production MoM	Jul			1.10%	
13:15	CA	Housing starts	Aug			222 K	
23:00	NZ	ANZ Truckometer	Aug			-5.50%	

Source: Bloomberg, Crédit Agricole CIB

## Webcasts

- \*NEW\*** [A tapering of the tantrum: Credit markets and an ECB taper](#)
- [Green Bonds: feeling lost in the 'what is green?' debate?](#), 20 July
- [Corporate hybrids: designed for times of tapering?](#), 12 July
- [Telecoms: consolidation versus convergence – time to choose?](#), 11 July
- [Banks - Spain vs Italy: a different view of BRRD](#), 29 June
- [G10 FX Outlook: resurgent EUR, subdued USD, vulnerable GBP](#), 29 June
- [Autos 2017 Roadmap: risks increasing but valuations tight](#), 12 June
- [Bail-in framework in Europe: solution à la française](#), 10 May
- [French presidential election – all eyes on the second round](#), 24 April
- [French presidential election – your survival kit](#), 20 April
- [Utilities: Corporate actions back to the forefront](#), 6 April
- [Key G10 FX views update: less USD strength, but for longer](#), 5 April
- [Czech Republic: the end of the peg?](#), 31 March
- [Impact of political risk on covered bond and SSA spreads](#), 27 March
- [Metals & Mining: Any value left after the flow of positives?](#), 17 March
- [Hedging European political risks with FX](#), 14 March
- [India & the INR outlook post-budget and post-RBI](#), 9 February
- [Asia: protectionism angst](#), 6 February
- [Airlines: the benefits of travelling light](#), 3 February

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