

## FX: White House re-shuffle a dollar negative

With the ongoing White House reshuffle and the risk of a more protectionist US administration, any positive gains to be had from a bounce back in US retail sales are likely to be limited



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### USD: White House reshuffle weighs on USD against high quality low-yielders

We and the market are looking for a rebound in February US retail sales following the weather-related distortions to the January reading. Previously, we expected 0.3% month-on-month vs -0.3% previously.

Any positive effect on the US dollar should be muted as the market is currently focused on the ongoing White House reshuffle following the resignation of economic adviser Gary Cohn last week and the sacking of Secretary of State Rex Tillerson yesterday in addition to the associated rising risk of a more pro-tariff and protectionist US administration.

Such a stance suggests an ongoing downside risk to the US dollar vs high quality G10 low yielders such as the Japanese yen and the Euro in particular, as well as pressure on global growth-levered

currencies such as the Swedish krona.

## EUR: Limited potential to credibly talk down the euro

EUR/USD is flirting with the 1.2400 level as concerns about potential US policy-induced global trade wars are helping the current account surplus euro vs the dollar. A series of ECB speakers will be speaking this morning including President Mario Draghi but their potential to credibly talk down the euro seems very limited.

EUR/USD to range trade around 1.2400 today.

## SEK: Downside risks from the CPI

We're below-consensus for February Swedish CPI. This suggests downside risk to the Swedish krona, with EUR/SEK likely to re-test the 10.20 level as the market continues to question the timing of the eventual start of the Riksbank tightening cycle (and potentially postpone expectations of it even further).

[As our economists note in, SEK: Swimming naked?](#), we see upside risks to EUR/SEK in the coming weeks (towards 10.30) either due to the potential for a dovish re-pricing of the Riksbank outlook or risk from trade wars to the global growth-levered krona.

In any case, the latest White House reshuffle and the pro-tariff orientated incoming personnel suggest downside risks to the krona.

## HUF: The NBH Minutes unlikely to affect HUF

The National Bank of Hungary minutes are unlikely to bring any surprise today and should reiterate the inherently dovish NBH stance. The spill-over into EUR/Hungarian forint should be largely limited, as a surprise is unlikely (due in part to the recent stability of HUF and a lack of a forint appreciation pressure). We continue to expect EUR/HUF to broadly trade around the 310.00 gravity line in coming months.