

2010-08-25_ASIA DAILY FOREX OUTLOOK - Majors

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25 Aug 2010, 01:31

SINGAPORE (Dow Jones)--Following are expected trading ranges and outlooks for nine major currency pairs today:

	Immediate Range	Larger Range
USD/JPY	83.58-84.71	83.00-85.20
EUR/USD	1.2584-1.2718	1.2520-1.2731
AUD/USD	0.8796-0.8873	0.8779-0.8908
NZD/USD	0.7003-0.7078	0.6993-0.7124
GBP/USD	1.5370-1.5482	1.5325-1.5513
USD/CHF	1.0283-1.0387	1.0254-1.0452
USD/CAD	1.0552-1.0663	1.0512-1.0677
EUR/JPY	105.44-107.05	105.00-107.81
EUR/GBP	0.8139-0.8219	0.8065-0.8248

(Ranges are calculated using recent high and lows, information on the placement of option strikes, and technical analysis - Fibonacci levels, trendlines and moving averages.)

USD/JPY - to consolidate after hitting fresh 15-year low of 83.58 on EBS yesterday. Pair undermined by unwinding of JPY-funded carry trades amid inflamed risk aversion (VIX fear gauge rose 7.01% to 27.46), sharp Wall Street falls yesterday (DJIA down 1.32%, Nasdaq down 1.66%) as 27.2% plunge in U.S. existing home sales to 15-year low in July (vs forecast for 14.3% decline), drop in Richmond Fed manufacturing index to 11 in August from 16 in July added to anxiety about global economic outlook. USD/JPY also undermined by Japan exporter sales, lower U.S. Treasury yields, speculation on Federal Reserve may introduce another round of quantitative easing after disastrous U.S. housing data. But USD/JPY downside limited by USD demand for import settlements, lingering fears of Japan FX intervention, profit-taking on USD shorts; Nikkei newspaper report BOJ considering additional easing steps to pre-empt adverse effects from strong yen. Data focus: 2350 GMT Japan July corporate service price index, July provisional trade statistics, 1230 GMT U.S. July durable goods orders, 1400 GMT U.S. July new home sales. USD/JPY daily chart still negative-biased as MACD & stochastics in bearish mode. Resistance at 84.71 (previous base set Aug. 11); breach would expose upside to 85.20 (yesterday's high), then 85.68 (Monday's high), 85.85-85.91 band (Friday's high-Thursday's high), 86.28 (Aug. 16 high) and 86.39 (Aug. 13 high). Support at 83.58 (yesterday's low); breach would expose downside to psychological round-numbered levels from 83.00 down to 80.00, then 79.70 (record low set April 19, 1995).

EUR/USD - to consolidate with bearish bias. Pair undermined by negative risk sentiment, flows to safe-haven USD (ICE spot USD index last 83.312 vs Monday's 83.123 settlement), S&P's downgrade of Ireland's long-term sovereign credit rating to AA- from AA, Moody's warning it could downgrade Spain's credit rating next month, worries over negative effects of austerity measures on economies of some euro-zone nations. But EUR sentiment soothed by stronger-than-expected 2.5% rise in euro-zone June new industrial orders (vs +1.5% forecast). EUR/USD losses also tempered by profit-taking on euro-shorts. Data focus: 0800 GMT German August Ifo business climate index. EUR/USD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower EUR/USD trading near-term. Support at 1.2584 (yesterday's low); breach would expose downside to 1.2520 (July 13 reaction low), then 1.2478 (July 6 low) and 1.2432 (61.8% Fibonacci correction of advance from June 7 low of 1.1875 to Aug. 6 high of 1.3333). Resistance at 1.2718 (yesterday's high); breach would temper near-term negative outlook, targeting 1.2731 (Monday's high), then 1.2832 (Friday's high), 1.2902 (Thursday's high), 1.2923 (Aug. 18 high) and psychological 1.3000.

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AUD/USD - to consolidate with bearish bias. Pair undermined by unwinding of long-AUD carry trades on heightened risk aversion, weaker commodity prices (CRB spot index ended down 3.57 yesterday at 262.46), political uncertainty in Australia. But AUD/USD losses tempered by Aussie-U.S. yield gap, profit-taking on Aussie-shorts. Data focus: 0130 GMT Australia 2Q construction work done. AUD/USD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower AUD/USD trading near-term. Support at 0.8796 (yesterday's low); breach would target 0.8779 (38.2% Fibonacci retracement of advance from May 25 low of 0.8065 to Aug. 6 high of 0.9221), then 0.8735 (July 22 low), 0.8643 (50% retracement) and 0.8631 (July 19 reaction low). Resistance at 0.8873 (hourly chart), then at 0.8908 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 0.8982 (Monday's high), then 0.9018 (Thursday's high), 0.9058 (Aug. 18 high) and 0.9082 (Aug. 17 high).

NZD/USD - to consolidate with bearish bias. Pair undermined by unwinding of long-NZD carry trades on elevated risk aversion, weaker commodity prices. But NZD/USD losses tempered by Kiwi-U.S. yield advantage, profit-taking on Kiwi-shorts. NZD/USD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower NZD/USD trading near-term. Support at 0.7003 (yesterday's low), then at 0.6999-0.6993 band (Friday's low-Aug. 16 low); breach would expose downside to 0.6882 (July 7 low), then 0.6821 (July 6 reaction low) and 0.6791 (July 1 reaction low). Resistance at 0.7078 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 0.7124 (Monday's high), then 0.7156 (Thursday's high), 0.7192 (Aug. 18 high) and 0.7246 (Aug. 11 high).

GBP/USD - to consolidate with bearish bias. Pair undermined by heightened investor risk aversion, BOE's Weale warning UK faces real risk of second recession, lingering concerns over negative impact of fiscal tightening on UK economic growth. But GBP/USD losses tempered by profit-taking on GBP-shorts. GBP/USD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower GBP/USD trading near-term. Support at 1.5370 (yesterday's low); breach would expose downside to 1.5325 (38.2% Fibonacci correction of advance from May 20 low of 1.4230 to Aug. 6 high of 1.6002), then 1.5304 (55-day moving average) and 1.5123 (July 21 reaction low, matching 100-day moving average and 50% correction). Resistance at 1.5842 (hourly chart), then at 1.5513 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 1.5620 (Monday's high), then 1.5672 (Thursday's high), 1.5688 (Aug. 18 high) and 1.5707 (Aug. 16 high).

USD/CHF - to consolidate. Pair undermined by flows to safe-haven CHF on higher investor risk aversion; CHF demand on weak EUR/CHF cross (hit record low of 1.3014 overnight, last at 1.3030). But USD/CHF losses tempered by fears of CHF-selling intervention by SNB; profit-taking on USD-shorts. Daily chart mixed as MACD & stochastics have turned neutral, though 5-day moving average still below 15-day and falling. Resistance at 1.0387 (hourly chart); breach would expose upside to 1.0452 (yesterday's high), then 1.0465 (Thursday's high), 1.0534 (Aug. 16 high) and 1.0551 (Aug. 13 high). Support at 1.0283 (yesterday's low, matching Friday's low), then at 1.0254 (Thursday's low); breach would expose downside to 1.0127 (Jan. 11 reaction low), then parity, 0.9958 (Dec. 3, 2009 low) and 0.9914 (Nov. 26, 2009 trough).

USD/CAD - to consolidate. Pair underpinned by increased investor risk aversion, flows to safe-haven USD, softer commodity & oil prices (Nymex crude settled down \$1.47 yesterday at \$71.63), weaker-than-expected 0.1% rise in Canada June retail sales (vs +0.4% forecast), lower expectations for BOC rate hike in September. But USD/CAD topside limited by ultra-loose U.S. monetary policy, profit-taking on USD-longs. USD/CAD daily chart still positive-biased as MACD & stochastics in bullish mode, although latter at overbought. Support at 1.0552 (hourly chart), then at 1.0512 (yesterday's low); breach would expose downside 1.0441 (Monday's low), then 1.0378 (Friday's low), 1.0241 (Thursday's low) and 1.0141 (Aug. 6 low). Resistance at 1.0663 (yesterday's high); breach would target 1.0677 (July 6 reaction high), then 1.0851 (May 25 reaction high).

EUR/JPY - to consolidate after hitting 9-year low of 105.44 on EBS yesterday. Cross undermined by unwinding of carry trades amid increased risk aversion; but

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Losses tempered by lingering fears of Japan FX intervention, profit-taking on EUR-shorts. Daily chart negative-biased as MACD bearish, while stochastics stay suppressed at oversold, suggesting sideways or lower EUR/JPY trading near-term. Resistance at 107.05 (hourly chart), then at 107.81 (yesterday's high); breach would expose upside to 108.87 (Monday's high), then 109.62 (Friday's high), 110.12 (Thursday's high) and 110.39-110.43 band (Aug. 18 high-Aug. 17 high). Support at 105.44 (yesterday's low, matching Sept. 4, 2001 reaction low); breach would expose downside to psychological round-numbered levels from 105.00 down to 100.00, then 99.85 (June 1, 2001 reaction low).

EUR/GBP - to consolidate. Daily chart mixed as MACD bearish, but stochastics turning bullish at oversold. Resistance at 0.8219 (yesterday's high); breach would expose upside to 0.8248 (Thursday's high), then 0.8282 (Aug. 18 high), 0.8297 (55-day moving average) and 0.8321 (Aug. 11 high). Support at 0.8147-0.8139 band (yesterday's low-Monday's low); breach would reinstate near-term negative bias, exposing downside to 0.8065 (19-month low when hit June 29), then psychological 0.8000.

August 24, 2010 19:31 ET (23:31 GMT)