

2010-09-06\_ASIA DAILY FOREX OUTLOOK - Majors

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

|         | Immediate Range | Larger Range  |
|---------|-----------------|---------------|
| USD/JPY | 84.00-85.22     | 83.58-85.92   |
| EUR/USD | 1.2807-1.2923   | 1.2775-1.2959 |
| AUD/USD | 0.9134-0.9221   | 0.9064-0.9324 |
| NZD/USD | 0.7126-0.7218   | 0.7093-0.7246 |
| GBP/USD | 1.5387-1.5468   | 1.5348-1.5491 |
| USD/CHF | 1.0113-1.0238   | 1.0092-1.0263 |
| USD/CAD | 1.0377-1.0453   | 1.0241-1.0569 |
| EUR/JPY | 107.85-109.54   | 107.43-110.12 |
| EUR/GBP | 0.8295-0.8350   | 0.8277-0.8364 |

(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 trade with risks skewed higher; trading thin as U.S. market closed for Labor Day holiday. Pair underpinned by JPY-funded carry trades amid positive risk sentiment (VIX fear gauge eases 8.11% to 21.31), strong Wall Street gains Friday (DJIA up 1.24%, Nasdaq up 1.53%) as smaller-than-expected 54,000 drop in U.S. August non-farm payrolls (vs forecast for 110,000 decline) eased fear about U.S. double-dip. USD/JPY also supported by USD demand for import settlements, higher U.S. Treasury yields; speculation over Japanese FX intervention to stem yen's advance ahead of Sept. 14 leadership election for ruling DPJ. But USD/JPY gains tempered by Japan exporter sales, weaker USD sentiment (ICE spot dollar index last 82.05 vs Thursday's 82.463 settlement) on worse-than-expected fall in U.S. ISM non-manufacturing index to 51.5 in August from 54.3 in July (vs 53.0 forecast). USD/JPY daily chart positive-biased as MACD & stochastics turning bullish. Resistance at 85.22 (Friday's high); breach would expose upside to 85.92 (Aug. 30 high), then 86.39 (Aug. 13 high), 86.67 (55-day moving average) and 86.88 (Aug. 2 high). Support at 84.00 (Thursday's low), then at 83.67-83.58 band (Wednesday's low-Aug. 24 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 trade with bullish bias. Buoyed by weak USD sentiment, EUR demand for long-EUR carry trades on decreased risk aversion; above-forecast euro-zone August composite PMI of 56.2 (vs 56.1 expected), stronger-than-expected 0.1% on-month rise in euro-zone July retail sales (vs forecast for no change). EUR/USD daily chart positive-biased as stochastics bullish; 5-day moving average staged bullish crossover against 15-day. Resistance at 1.2923 (Aug. 18 high); breach would target 1.2959 (50% Fibonacci correction of 1.3333-1.2584 Aug. 6-Aug. 24 decline), then psychological 1.3000 and 1.3047 (61.8% correction). Support at 1.2807 (Friday's low); breach would temper near-term positive outlook, targeting 1.2775 (Thursday's low), then 1.2661 (Wednesday's low), 1.2623 (Tuesday's low) and 1.2603 (Aug. 25 low).

AUD/USD - to trade with positive bias. Underpinned by weak USD sentiment, AUD demand for long-AUD carry trades on diminished risk aversion, stronger commodity prices (CRB spot index settled up 1.62 Friday at 272.77). But AUD/USD gains tempered by caution ahead of tomorrow's RBA interest rate decision. Data focus: 0100 GMT Australia August TD Securities monthly inflation gauge, 0130 GMT August ANZ job ads. AUD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought. Resistance at 0.9221 (Aug. 6 high); breach would expose upside to 0.9324 (April 30 reaction high), then 0.9382 (April 12 reaction

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high). Support at 0.9134 (hourly chart), then at 0.9064 (Friday's low); breach would temper near-term positive outlook, targeting 0.9052 (Thursday's low), then 0.9030 (previous cap set Aug. 30), 0.8910 (Wednesday's low) and 0.8858 (Tuesday's low).

NZD/USD - to trade with positive bias but cautious as market gauges fallout from Saturday's 7.1-magnitude earthquake in Christchurch. Trade likely to remain "within extremely tight ranges today as markets assess the economic impacts and overall situation," says ANZ Bank senior dealer Alex Sinton. Kiwi underpinned by weak USD sentiment, NZD demand for long-NZD carry trades on stronger risk tolerance, stronger commodity prices. NZD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought. Resistance at 0.7218 (Friday's high); breach would target 0.7246 (Aug. 11 high), then 0.7344 (Aug. 6 high) and 0.7356 (Aug. 4 reaction high). Support at 0.7126 (Friday's low); breach would temper near-term positive outlook, targeting 0.7093 (Thursday's low), then 0.7082 (200-day moving average), 0.7056 (100-day moving average), 0.6983 (Wednesday's low) and 0.6962 (Tuesday's reaction low).

GBP/USD - to consolidate with risks skewed higher. Cable underpinned by weak USD sentiment, stronger investor risk appetite. But GBP/USD topside limited by worse-than-expected drop in UK services PMI to 16-month low of 51.3 in August from 53.1 in July (vs 52.8 forecast), lingering concerns over negative impact of fiscal tightening on UK growth. GBP/USD daily chart mixed as MACD bearish, but stochastics rising from oversold. Resistance at 1.5468 (Friday's high), then at 1.5491 (Wednesday's high); breach would expose upside to 1.5580 (Aug. 30 high), then 1.5597 (Aug. 26 high), 1.5620 (Aug. 23 high) and 1.5672 (Aug. 19 high). Support at 1.5387 (Friday's low); breach would target 1.5348 (Thursday's low), then 1.5325 (Tuesday's low, coinciding with 38.2% Fibonacci correction of advance from May 20 low of 1.4230 to Aug. 6 high of 1.6002), 1.5123 (July 21 reaction low, matching 100-day moving average and 50% correction) and psychological 1.5000.

USD/CHF - to range-trade. Undermined by weak USD sentiment; but downside limited by short-CHF carry trades on improved risk tolerance. Daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support 1.0113 (Friday's low); breach would target 1.0092 (Thursday's low), then 1.0060 (Wednesday's 9-month low), parity and 0.9958 (Dec. 3, 2009 low). Resistance at 1.0238 (Friday's high); breach would expose upside to 1.0263 (Tuesday's high), then 1.0315 (Aug. 30 high), 1.0328 (Aug. 25 high), 1.0452 (Aug. 24 high) and 1.0465 (Aug. 19 high).

USD/CAD - to trade with bearish bias; trading conditions thin as U.S., Canada markets both closed for holidays. Loonie undermined by improved investor risk appetite, weak USD sentiment. But USD/CAD downside limited by softer oil prices (Nymex crude settled down 42 cents Friday at \$74.60/bbl), reduced expectations of BOC rate hike Wednesday. USD/CAD daily chart negative-biased as stochastics falling from overbought; MACD staged bearish crossover against its exponential moving average. Support at 1.0377 (Friday's low, matching Aug. 20 low); breach would expose downside to 1.0241 (Aug. 19 reaction low), then 1.0102 (Aug. 5 reaction low) and 1.0010 (April 29 low). Resistance at 1.0453 (hourly chart); breach would expose upside to 1.0569 (Friday's high), then 1.0656 (Wednesday's high), 1.0677 (July 6 reaction high) and 1.0851 (May 25 reaction high).

EUR/JPY - to trade with upward bias, supported by stronger investor risk appetite. Daily chart positive-biased as MACD & stochastics bullish. Resistance at 109.54 (Friday's high, matching Aug. 30 high); breach would expose upside to 110.12 (Aug. 19 high), then 110.43 (Aug. 17 high), 110.72 (55-day moving average) and 111.12 (Aug. 13 reaction high). Support at 107.85 (Friday's low); breach would temper near-term positive outlook, exposing downside to 107.43 (Thursday's low), then 106.55 (Wednesday's low), 106.14 (Tuesday's reaction low) and 105.44 (9-year low set Aug. 24).

EUR/GBP - to trade with bullish bias. Daily chart positive-biased as MACD & stochastics in bullish mode, although latter at overbought; 5-day moving average above 15-day and rising. Resistance at 0.8350 (Friday's high); breach would target 0.8364 (Aug. 10 reaction high), then 0.8382 (61.8% Fibonacci correction of 0.8532-0.8139 July 19-Aug. 23 decline; coinciding with 100-day moving average), 0.8415 (July 27 high) and 0.8466 (July 22 high). Support at 0.8295

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(Friday's low); breach would temper near-term positive outlook, targeting 0.8277  
(Thursday's low), then 0.8244 (Wednesday's low), 0.8169 (Tuesday's low) and  
0.8152-0.8159 band (Aug. 26 low-Aug. 30 low).

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