

2010-09-14_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	83.50-84.17	83.34-84.49
EUR/USD	1.2767-1.2892	1.2701-1.2923
AUD/USD	0.9286-0.9362	0.9202-0.9382
NZD/USD	0.7305-0.7345	0.7280-0.7356
GBP/USD	1.5387-1.5488	1.5343-1.5533
USD/CHF	1.0058-1.0170	1.0000-1.0205
USD/CAD	1.0262-1.0345	1.0241-1.0374
EUR/JPY	106.94-107.94	106.23-108.37
EUR/GBP	0.8305-0.8358	0.8268-0.8390

(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 amid negative USD sentiment (ICE spot dollar index last 81.85 vs Friday's 82.698 settlement) as Chinese yuan hit modern-era high vs USD yesterday. USD/JPY undermined by Japan exporter sales, lower U.S. Treasury yields, caution ahead of U.S. August retail sales data due 1230 GMT. "The global economy might be looking okay, but that doesn't necessarily translate into a stronger U.S. economy," said Ira Jersey, director in U.S. interest-rate strategy team at Credit Suisse. USD/JPY downside limited by USD demand for import settlements, JPY-funded carry trades amid positive global risk sentiment (VIX fear gauge eases 3.55% to 21.21), Wall Street gains overnight (DJIA up 0.78%, Nasdaq up 1.93%) as investor risk appetite stoked by better-than-expected Chinese economic data, upward revision to euro-zone GDP growth forecasts & less-stringent-than-expected Basel III global banking requirements. Eyes on outcome of DPJ presidential election today; Ozawa win will lift USD/JPY as it increases odds for Japan MOF yen-selling intervention. Other data focus: 0430 GMT Japan July revised industrial production, revised retail sales, 1130 GMT U.S. August small business optimism index. USD/JPY daily chart mixed as MACD flat, 5-day moving average below 15-day and falling. Support at 83.50 (yesterday's low), then at 83.34 (Wednesday's 15-year low); breach would expose downside to psychological round-numbered levels from 83.00 down to 80.00, then 79.70 (around record low set April 19, 1995). Resistance at 84.17 (hourly chart), then at 84.49 (Sept. 6 high); breach would expose upside to 85.22 (Sept. 3 high), then 85.92 (Aug. 30 high), 86.04 (55-day moving average) and 86.39 (Aug. 13 high).

EUR/USD - to consolidate with positive bias. Pair underpinned by weak USD sentiment, EUR demand for long-EUR carry trades on increased risk appetite, EU increasing its 2010 economic growth forecast to 1.8% from 1%. But EUR/USD gains tempered by lingering concern over health of banks in some euro-zone nations. Data focus: 0600 GMT German August WPI, 0900 GMT German September ZEW indicator of economic sentiment, euro-zone July industrial production, euro-zone 2Q labor cost index. EUR/USD daily chart positive-biased as MACD & stochastics turned bullish. Resistance at 1.2892 (yesterday's high), then at 1.2918-1.2923 band (Sept. 6 high-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 1.2767 (hourly chart); breach would expose downside to 1.2701 (yesterday's low), then 1.2642 (Friday's low, near 100-day moving average), 1.2623 (Aug. 31 low) and 1.2584 (Aug. 24 low).

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AUD/USD - to consolidate with positive bias. Underpinned by weak USD sentiment, AUD demand for long-AUD carry trades on stronger risk appetite, positive Chinese data, firmer commodity prices (CRB spot index settled up 2.42 yesterday at 277.56). Data focus: 0130 GMT Australia August NAB business survey. AUD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher AUD/USD trading near-term. Resistance at 0.9362 (yesterday's high), then at 0.9382 (April 12 reaction high) and 0.9405 (Nov. 16, 2009 top); breach would expose upside to psychological 0.9500 level. Support at 0.9286 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 0.9202 (Friday's low), then 0.9168 (Thursday's low), 0.9089 (Sept. 7 low), and 0.9064 (Sept. 3 low).

NZD/USD - to consolidate with positive bias. Underpinned by weak USD sentiment, NZD demand for long-NZD carry trades on higher risk appetite, firmer commodity prices. But NZD/USD gains tempered by worse-than-expected 0.4% on-month fall in NZ July retail sales (vs forecast for 0.1% drop); caution ahead of RBNZ interest rate decision due 2100 GMT Wednesday. NZD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher NZD/USD trading near-term. Resistance at 0.7345 (yesterday's high, matching Aug. 6 high), then at 0.7356 (Aug. 4 reaction high); breach would expose upside to 0.7395 (July 27 reaction high), then 0.7441 (Jan. 14 reaction high) and 0.7521 (Nov. 16, 2009 reaction high). Support at 0.7305 (hourly chart), then at 0.7280 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 0.7223 (Friday's low), then 0.7196 (Thursday's low), 0.7155 (Wednesday's low) and 0.7126 (Sept. 3 low).

GBP/USD - to range-trade. Undermined by plunge in August RICS UK housing price balance to minus 32 from July's minus 8 (vs forecast for minus 13) for largest drop since April-May 1989; concerns over negative impact of fiscal tightening on UK economy. But GBP/USD losses tempered by weak USD sentiment, healthier investor risk appetite, rise in Nationwide UK consumer confidence index to 61 in August from 56 in July. Data focus: 0830 GMT UK August monthly inflation, 0830 GMT UK July DCLG house price index. GBP/USD daily chart mixed as MACD in bearish mode, stochastics neutral; 5-day moving average meandering sideways. Resistance at 1.5488 (yesterday's high); breach would expose upside to 1.5533 (Wednesday's high), then 1.5580 (Aug. 30 high), 1.5597 (Aug. 26 high) and 1.5620 (Aug. 23 high). Support at 1.5387 (hourly chart), then at 1.5343 (Friday's low); breach would expose downside to 1.5294 (Sept. 7 low), then 1.5123 (July 21 reaction low, near 100-day moving average and 50% Fibonacci correction of advance from May 20 low of 1.4230 to Aug. 6 high of 1.6002) and psychological 1.5000.

USD/CHF - to consolidate with risks skewed lower. Pair undermined by broadly weak USD sentiment, surprise 0.1% on-month rise in Swiss August PPI & import price index (vs forecast for 0.1% drop) raising odds for SNB rate hike at its policy meeting Thursday. But USD/CHF losses tempered by short-CHF carry trades on diminished risk aversion. Daily chart mixed as stochastics stay suppressed at oversold, MACD flat, 5-day moving average meandering sideways. Support at 1.0058 (Wednesday's 9-month low); breach would expose downside to parity, then 0.9958 (Dec. 3, 2009 low) and 0.9914 (Nov. 26, 2009 trough). Resistance at 1.0170 (hourly chart), then at 1.0205 (yesterday's high); breach would expose upside to 1.0277 (Friday's high), then 1.0315 (Aug. 30 high), 1.0328 (Aug. 25 high) and 1.0452 (Aug. 24 high).

USD/CAD - to consolidate with bearish bias. Pair undermined by decreased risk aversion, weak global USD, firmer commodity and oil prices (Nymex crude settled up 74 cents yesterday at \$77.19/bbl). Data focus: 1230 GMT Canada 2Q labour productivity, unit labor cost, 2Q industrial capacity utilization, July new motor vehicle sales. USD/CAD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower USD/CAD trading near-term. Support at 1.0262 (yesterday's low), then at 1.0241 (Aug. 19 reaction low); breach would expose downside to 1.0102 (Aug. 5 reaction low), then 1.0010 (April 29 low). Resistance at 1.0345 (yesterday's high); breach

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would temper near-term negative outlook, targeting 1.0374 (Friday's high), then 1.0394 (Thursday's high), 1.0509 (Wednesday's high) and 1.0569 (Sept. 3 high).

EUR/JPY - to trade with bullish bias. Supported by increased investor risk tolerance, firm EUR undertone vs USD. Daily chart positive-biased as MACD & stochastics bullish. Resistance at 107.94 (yesterday's high); breach would expose upside to 108.37 (Sept. 7 high), then 108.95 (Sept. 6 high), 109.54 (Sept. 3 high) and 110.12 (Aug. 19 high). Support at 106.94 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 106.23 (Friday's low), then 105.93 (Thursday's low), 105.75 (Wednesday's low) and 105.44 (9-year low set Aug. 24) - below which 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 with risks skewed higher. Daily chart positive-biased as MACD & stochastics in bullish mode. Resistance at 0.8358 (yesterday's high, coinciding with 100-day moving average); breach would expose upside to 0.8390 (Sept. 6 high), then 0.8415 (July 27 high), 0.8466 (July 22 high) and 0.8478 (July 21 high). Support at 0.8305 (hourly chart), then at 0.8268 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 0.8211 (Friday's low), then 0.8200 (Wednesday's low), 0.8169 (Aug. 31 low) and 0.8159-0.8152 band (Aug. 30 low-Aug. 26 low).

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