

2010-04-02_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	93.26-94.04	92.73-95.00
EUR/USD	1.3548-1.3626	1.3455-1.3710
AUD/USD	0.9181-0.9224	0.9149-0.9251
NZD/USD	0.7060-0.7115	0.7031-0.7132
GBP/USD	1.5171-1.5303	1.5041-1.5380
USD/CHF	1.0500-1.0609	1.0431-1.0690
USD/CAD	1.0059-1.0161	1.0000-1.0200
EUR/JPY	126.62-127.55	125.92-128.36
EUR/GBP	0.8839-0.8904	0.8805-0.8945

(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 with positive bias after hitting 7-month high of 94.04 yesterday. Trading conditions thin as markets in several countries closed for Good Friday holiday. USD/JPY underpinned by traditional yen outflows at beginning of new Japan fiscal year, buying of yen crosses amid increased investor risk appetite (VIX fear gauge eased 0.68% to 17.47; DJIA up 0.65%) as optimism grows over global economy after strong manufacturing PMI data from around the world. Pair also supported by surge in U.S. March ISM manufacturing index to 59.6 (highest since July 2004) from February's 56.5 (well above 57.0 forecast), higher U.S. Treasury yields, USD demand for import settlements. But USD/JPY gains tempered by Japan exporter sales, caution before U.S. March non-farm payrolls data at 1230 GMT (200,000 increase expected vs February's 36,000 drop) & unemployment rate (expected to be flat at 9.7%). Data focus: 2350 GMT Japan March monetary base. USD/JPY daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher USD/JPY trading near-term. Resistance at 94.04 (yesterday's high); breach would expose upside to psychological 95.00 level (just below Aug. 24 reaction high of 95.06, which roughly matches 61.8% Fibonacci retracement of decline from April 6, 2009 high of 101.45 to Nov. 27, 2009 low of 84.81) and psychological 96.00 level. Support at 93.26 (yesterday's low); breach would temper near-term positive outlook, targeting 92.73 (Wednesday's low), then 92.10 (Tuesday's low), 91.74 (March 25 low) and 91.43 (200-day moving average).

EUR/USD - to trade higher. Pair supported by improved investor risk appetite, strong rise in euro-zone manufacturing PMI to 40-month high of 56.6 in March (vs 56.3 expected) from 54.2 in February. But EUR/USD gains tempered by continued concerns over euro-zone sovereign debt, caution before U.S. non-farm payrolls data. EUR/USD daily chart positive-biased as stochastics rising from oversold; MACD staged bullish crossover against its exponential moving average; bullish parabolic stop-and-reverse signal hit at 1.3588 yesterday. Resistance at 1.3626 (March 19 high); breach would expose upside to 1.3710 (55-day moving average), then 1.3817 (March 17 reaction high) and 1.3839 (Feb. 9 reaction high). Support at 1.3548 (previous cap set Wednesday), then at 1.3455 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.3382 (Wednesday's low), then 1.3265 (10-month low hit March 25) and psychological 1.3200 level.

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AUD/USD - to consolidate with risks skewed higher. Pair underpinned by AUD demand for long-AUD carry trades on better investor risk appetite, firmer commodity prices (CRB spot index closed up 3.09 yesterday at 276.43). But AUD/USD gains tempered by caution before U.S. jobs data, reduced expectations for RBA rate hike Tuesday, fears China may further tighten its monetary policy. AUD/USD daily chart mixed as stochastics in bullish mode, 5-day moving average staging bullish crossover against 15-day, but MACD neutral. Resistance at 0.9218-0.9224 band (yesterday's-March 19 highs, just below downtrend resistance line from Nov. 16 high of 0.9405); breach would target 0.9242-0.9251 band (March 18-March 17 highs), then 0.9281 (Jan. 19 high) and 0.9330 (Jan. 14 reaction high). Support at 0.9181 (hourly chart); breach would target 0.9149 (yesterday's low), then 0.9130 (Wednesday's low), 0.9030 (Monday's low) and 0.8998 (March 26 reaction low).

NZD/USD - to range-trade. Pair underpinned by NZD demand for long-NZD carry trades on higher risk appetite, firmer commodity prices. But NZD/USD gains tempered by caution before U.S. employment data. NZD/USD daily chart mixed as MACD flat, stochastics neutral. Resistance at 0.7111-0.7115 band (yesterday's-Wednesday's highs), then at 0.7132 (Tuesday's high, matching 100-day moving average); breach would target 0.7158 (March 19 high), then 0.7174-0.7178 band (March 18-March 17 highs) and 0.7197 (61.8% Fibonacci retracement of 0.7441-0.6803 Jan. 14-Feb. 5 decline). Support at 0.7060 (hourly chart), then at 0.7031 (yesterday's low, matching Monday's low and 200-day moving average); breach would target 0.7012 (March 25 & March 26 low), then 0.6992 (March 24 low), 0.6980 (March 12 low) and 0.6961 (March 11 reaction low).

GBP/USD - to trade with bullish bias. Pair underpinned by positive risk sentiment, strong rise in UK manufacturing PMI to 15-year high of 57.2 in March (vs 57.0 expected) from 56.5 in February, widening lead for Conservative party over Labour in latest Harris poll. But GBP/USD gains tempered by continued investor concerns over weak UK fiscal situation, caution before U.S. non-farm payrolls data. GBP/USD daily chart positive-biased as MACD & stochastics in bullish mode; bullish parabolic stop-and-reverse signal hit at 1.5264 yesterday. Resistance at 1.5303 (yesterday's high); breach would target 1.5380 (March 17 reaction high), then 1.5479 (55-day moving average), 1.5575 (Feb. 23 reaction high) and 1.5816 (Feb. 17 reaction high). Support at 1.5171 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.5041 (Wednesday's low), then 1.4972 (Tuesday's low), 1.4890 (Monday's low) and 1.4797 (March 25 low).

USD/CHF - to consolidate after rebounding strongly from 9-week low of 1.0431 yesterday. Pair undermined by broadly weaker USD undertone, jump in Swiss manufacturing PMI to record high of 65.5 in March from 57.4 in February (well exceeding 58.7 expected). But USD/CHF losses tempered by short-CHF carry trades on stronger investor risk appetite, caution before U.S. jobs data, fears of more CHF-selling FX intervention by SNB (traders said central bank suspected of intervening in currency markets yesterday after EUR/CHF fell to all-time low of 1.4148, triggering spike to 1.4325). Daily chart mixed as MACD & stochastics bearish, but long-legged doji candlestick pattern completed yesterday. Support at 1.0500 (hourly chart), then at 1.0431 (yesterday's low); breach would target 1.0422 (61.8% Fibonacci correction of advance from Jan. 11 low of 1.0127 to Feb. 19 high of 1.0898), then 1.0363 (Jan. 25 reaction low). Resistance at 1.0609 (yesterday's high); breach would expose upside to 1.0683-1.0690 band (Wednesday's-Monday's highs), then 1.0751 (March 25 reaction high), 1.0794 (March 10 high) and 1.0809 (March 5 high).

USD/CAD - to trade with risks skewed lower. Pair undermined by positive investor risk sentiment, weak global USD, strong commodity and oil prices (Nymex crude ended up \$1.11 yesterday at fresh 17-month settlement high of \$84.87/bbl), expectations BOC will raise interest rates before Fed does. But USD/CAD losses tempered by caution before U.S. employment data. USD/CAD daily chart negative-biased as stochastics bearish; MACD staging bearish crossover against its exponential moving average, bearish parabolic stop-and-reverse signal hit at 1.0126 yesterday, 5-day moving average staging bearish crossover against 15-day.

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Support at 1.0064-1.0059 band (yesterday's-March 19 lows); breach would expose downside to parity, then 0.9972 (July 15, 2008 reaction low) and 0.9816 (May 21, 2008 reaction low). Resistance at 1.0161 (yesterday's high); breach would temper near-term negative outlook, targeting 1.0200 (Wednesday's high), then 1.0223 (Tuesday's high), 1.0271 (Monday's high) and 1.0302 (March 26 high).

EUR/JPY - to consolidate with positive bias after hitting 2-month high of 127.55 yesterday. Cross supported by usual yen outflows at start of new Japan fiscal year, JPY-funded carry trades amid stronger investor risk appetite. But EUR/JPY gains tempered by continued concerns over euro-zone sovereign debt, caution before U.S. non-farm payrolls data. EUR/JPY daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher EUR/JPY trading near-term. Resistance at 127.55 (yesterday's high, matching 100-day moving average); breach would target 128.36 (Jan. 26 reaction high), then 128.75 (61.8% Fibonacci correction of 134.39-119.63 Jan. 11-Feb. 25 decline), psychological 130.00 and 130.70 (200-day moving average). Support at 126.62 (hourly chart), then at 125.92 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 125.20 (previous cap set March 12), then 124.41 (Wednesday's low) and 124.07 (Monday's low, near 55-day moving average).

EUR/GBP - to consolidate after hitting 5-week low of 0.8839 yesterday. Daily chart negative-biased as MACD & stochastics bearish, although latter near oversold, suggesting sideways or lower EUR/GBP trading near-term. Support at 0.8839 (yesterday's low); breach would expose downside to 0.8805 (61.8% Fibonacci correction of 0.8593-0.9148 Jan. 28-March 1 advance), then 0.8748 (Feb. 24 reaction low) and 0.8661-0.8656 band (Feb. 18-Feb. 12 lows). Resistance at 0.8904 (yesterday's high); breach would expose upside to 0.8945 (Wednesday's high), then 0.8975 (downtrend line from March 15 high of 0.9132), 0.9000 (Tuesday's high) and 0.9025 (March 26 high).

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