

2010-04-16_ASIA DAILY FOREX OUTLOOK - Majors

ASIA DAILY FOREX OUTLOOK - Majors

16 Apr 2010, 01:40

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

	Immediate Range	Larger Range
USD/JPY	92.81-93.53	92.55-93.78
EUR/USD	1.3517-1.3617	1.3435-1.3666
AUD/USD	0.9308-0.9364	0.9271-0.9389
NZD/USD	0.7100-0.7161	0.7062-0.7194
GBP/USD	1.5385-1.5523	1.5334-1.5575
USD/CHF	1.0509-1.0616	1.0499-1.0668
USD/CAD	0.9950-1.0035	0.9900-1.0065
EUR/JPY	125.80-126.69	125.68-127.68
EUR/GBP	0.8748-0.8831	0.8704-0.8864

(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 negative bias. Pair undermined by unwinding of short-JPY carry trades as risk aversion intensified (VIX fear gauge up 1.92% at 15.89 yesterday) on renewed worries about Greece's fiscal situation, though U.S. stocks rose modestly overnight (DJIA up 0.19% at 19-month closing high) on robust U.S. corporate earnings. USD/JPY also weighed by after-close fall in U.S. stock index futures, Japan exporter sales, lower U.S. Treasury yields, surprise 24,000 rise in U.S. weekly jobless claims (vs forecast for 15,000 decline), weak U.S. March industrial production (up only 0.1% vs +0.8% expected), fears of further Chinese monetary policy tightening. But USD/JPY losses tempered by USD demand for import settlements, strong rise in Philadelphia Fed index of general business activity to 20.2 in April from 18.9 in March (vs 19.5 expected), spike in U.S. NAHB housing index to 19 in April from 15 in March (vs 16 expected). Data focus: 0100 GMT Fed's Yellen speaks, 1230 GMT U.S. March housing starts, 1355 GMT April University Of Michigan consumer sentiment survey (preliminary), 1630 GMT Fed's Hoenig speaks. USD/JPY daily chart negative-biased as MACD & stochastics in bearish mode; 5-day moving average staged bearish crossover against 15-day. Support at 92.85-92.81 band (yesterday's low-Wednesday's low), then at 92.55 (Tuesday's low); breach would expose downside to 92.26 (50% Fibonacci correction of 89.74-94.78 March 18-April 5 advance), then 92.10 (March 30 low), 91.74 (March 25 low) and 91.66 (61.8% correction). Resistance at 93.53 (yesterday's high), then at 93.71-93.78 band (Wednesday's high-April 9 high); breach would tilt near-term outlook toward positive, exposing upside to 94.26 (April 7 high), then 94.37 (April 6 high), 94.78 (April 5 high) and 95.00-95.06 band (psychological level-Aug. 24 reaction high, roughly matching 61.8% Fibonacci retracement of decline from April 6, 2009 high of 101.45 to Nov. 27, 2009 low of 84.81).

EUR/USD - to trade with risks skewed lower. Pair undermined by renewed concerns about Greece: government official yesterday said Athens may be forced to shelve planned USD-denominated bond if "the minimum necessary amount can't be collected". EUR/USD also weighed by contrasting U.S./euro-zone economic picture, persistent worries about other fiscally troubled euro-zone peripheral nations; though EUR sentiment soothed after Greece said it would meet with IMF on Monday to discuss rescue plan. Data focus: 0900 GMT euro-zone March harmonized CPI, February trade balance. EUR/USD daily chart mixed as MACD bullish, but stochastics turning bearish at overbought. Support at 1.3517 (yesterday's low); breach would expose downside to 1.3435 (hourly chart), 1.3338 (April 9 low), 1.3278 (April 8 low) and 1.3265 (10-month low hit March 25). Resistance at

2010-04-16_ASIA DAILY FOREX OUTLOOK - Majors

1.3617 (hourly chart), then at 1.3666 (yesterday's high) and 1.3678 (Wednesday's high); breach would target 1.3691 (Monday's high), then 1.3817 (March 17 reaction high), 1.3839 Feb. 9 reaction high) and 1.3983 (38.2% Fibonacci correction of 1.5144-1.3265 Nov. 25-March 25 decline).

AUD/USD - to consolidate with risks skewed lower. Pair undermined by unwinding of long-AUD carry trades on decreased investor risk tolerance, softer commodity prices (CRB spot index closed down 0.21 yesterday at 279.75), contagion from weak EUR, worries over further monetary policy tightening in China after yesterday's strong China March economic data. "The market feared that instead of a China rate revaluation coming, it could be a China rate hike coming," said Amelia Bourdeau, senior G-10 currency strategist at UBS. But AUD/USD downside limited by Aussie-U.S. yield gap, divergent Fed-RBA monetary policies, reports from Melbourne Institute and Westpac Banking Corp yesterday showing rising consumer inflationary expectations in April. AUD/USD daily chart still positive-biased as MACD & stochastics bullish, although latter at overbought. Support at 0.9308 (yesterday's low); breach would expose downside to 0.9271 (Wednesday's low), then 0.9222 (Tuesday & April 8 low), 0.9130 (March 31 low) and 0.9065 (confluence of 55-day & 100-day moving averages). Resistance at 0.9364 (yesterday's high); breach would target 0.9389 (Monday's high), then 0.9405 (Nov. 16 top) and psychological 0.9500 level.

NZD/USD - to consolidate with risks skewed lower. Pair undermined by unwinding of long-NZD carry trades on lower risk appetite, weaker commodity prices, contagion from weak EUR. But NZD/USD downside limited by Kiwi-U.S. yield advantage. NZD/USD daily chart mixed as MACD bullish, but stochastics remain bearish near overbought. Support at 0.7100 (yesterday's low); breach would target 0.7066-0.7062 band (Wednesday's low-April 9 low), then 0.7003 (April 8 low), 0.6967-0.6961 band (April 6 low-March 11 reaction low) and 0.6847 (March 4 reaction low). Resistance at 0.7161 (yesterday's high); breach would expose upside to 0.7194 (Monday's high, almost matching 61.8% Fibonacci retracement of 0.7441-0.6803 Jan. 14-Feb. 5 decline), then 0.7290 (76.4% retracement) and 0.7441 (Jan. 14 top).

GBP/USD - to consolidate with risks skewed lower. Pair undermined by latest YouGov opinion poll showing opposition Conservative Party's lead over Labour fell to 6 percentage points from 9 (Conservative at 37%, Labour 31%), heightening worries of hung UK parliament after May 6 general elections. GBP/USD also weighed by lower investor risk tolerance, continued concerns over weak UK fiscal situation. GBP/USD daily chart still positive-biased as MACD & stochastics bullish, although latter at overbought. Support at 1.5385 (yesterday's low), then at 1.5334 (Tuesday's low); breach would expose downside to 1.5264 (April 9 low), then 1.5126 (April 6 reaction low), 1.5041 (March 31 low) and 1.4972 (March 30 low). Resistance at 1.5523 (yesterday's high); breach would expose upside to 1.5575 (Feb. 23 reaction high), then 1.5717 (100-day moving average) and 1.5816 (Feb. 17 reaction high).

USD/CHF - to trade with risks skewed higher. Pair underpinned by broadly stronger USD undertone, fears of more CHF-selling FX intervention by SNB. But USD/CHF topside limited by unwinding of short-CHF carry trades amid higher risk aversion. Data focus: 0715 GMT Swiss March import price index & PPI. Daily chart mixed as MACD bearish, but stochastics turning bullish near oversold. Resistance at 1.0611-1.0616 band (yesterday's high-Monday's high); breach would expose upside to 1.0668 (55-day moving average), then 1.0765 (April 9 high), 1.0786-1.0794 band (April 8 high-March 10 high) and 1.0809 (March 5 high). Support at 1.0509 (100-day moving average), then at 1.0499 (Wednesday's low); breach would target 1.0461 (200-day moving average), then 1.0431 (April 1 reaction low), 1.0422 (61.8% Fibonacci correction of advance from Jan. 11 low of 1.0127 to Feb. 19 high of 1.0898) and 1.0363 (Jan. 25 reaction low).

USD/CAD - to trade with positive bias. Pair underpinned by weaker market risk sentiment, stronger global USD, softer commodity and oil prices (Nymex crude settled down 33 cents yesterday at \$85.51 /bbl), contagion from weak EUR,

2010-04-16_ASIA DAILY FOREX OUTLOOK - Majors

profit-taking on long-CAD cross positions ahead of weekend and Tuesday's BOC monetary policy announcement. Data focus: 1230 GMT Canada February manufacturing survey, February new vehicle sales. USD/CAD daily chart positive-biased as stochastics turning bullish at oversold; MACD staging bullish crossover against its exponential moving average. Resistance at 1.0035 (yesterday's high); breach would target 1.0065 (Tuesday's high), then 1.0088 (Monday's high), 1.0104 (April 8 high), 1.0129 (April 2 high) and 1.0161 (April 1 high). Support at 0.9950 (22-month low hit Wednesday); breach would expose downside to psychological 0.9900 level, then 0.9816 (May 21, 2008 reaction low).

EUR/JPY - to trade with bearish bias. Cross undermined by unwinding of carry trades on concerns about euro-zone sovereign debt issues. EUR/JPY daily chart negative-biased as stochastics turned bearish at overbought, positive MACD histogram bars contracting, pointing to increasing downside risks. Support at 125.80 (yesterday's low), then at 125.68 (Tuesday's low); breach would expose downside to 124.65 (April 9 low), then 123.89 (55-day moving average) and 123.41 (April 8 reaction low). Resistance at 126.69 (hourly chart); breach would expose upside to 127.68 (Wednesday's high), then 127.91 (April 2 reaction high), 128.36 (Jan. 26 reaction high) and 128.75 (61.8% Fibonacci correction of 134.39-119.63 Jan. 11-Feb. 25 decline).

EUR/GBP - to consolidate. Cross undermined by renewed worries over Greece debt situation as well as other fiscally strapped euro-zone peripheral nations; but downside limited by latest YouGov UK opinion poll showing opposition Conservative Party's lead over Labour narrowed to 6 points from 9. Daily chart still negative-biased as MACD & stochastics in bearish mode. Resistance at 0.8831 (yesterday's high); breach would target 0.8864 (Wednesday's high), then 0.8874 (55-day moving average, matching 38.2% Fibonacci correction of 0.9148-0.8704 March 1-April 6 decline), 0.8883 (200-day moving average), 0.8892 (100-day moving average) and 0.8926 (50% correction). Support at 0.8748 (yesterday's low); breach would target 0.8704 (April 9 low), then 0.8661-0.8656 band (Feb. 18-Feb. 12 lows) and 0.8593 (Jan. 28 trough).

April 15, 2010 19:40 ET (23:40 GMT)