

## 2010-05-04\_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	94.15-94.80	93.50-95.06
EUR/USD	1.3152-1.3252	1.3112-1.3359
AUD/USD	0.9207-0.9275	0.9161-0.9324
NZD/USD	0.7275-0.7325	0.7245-0.7408
GBP/USD	1.5210-1.5332	1.5074-1.5390
USD/CHF	1.0806-1.0888	1.0729-1.0924
USD/CAD	1.0098-1.0163	1.0010-1.0187
EUR/JPY	124.34-125.41	123.96-125.95
EUR/GBP	0.8637-0.8709	0.8621-0.8733

(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 upward bias amid positive USD sentiment after strong rise in U.S. ISM manufacturing index to 60.4 in April from 59.6 in March (beating 60.1 forecast), 0.2% increase in U.S. March construction spending for first gain in 5 months. Trading volumes likely thin in Asia as markets in Japan closed for holiday. USD/JPY underpinned by buying of yen crosses amid diminished risk aversion (VIX fear gauge eases 8.44% to 20.19), strong gains in U.S. stocks overnight (DJIA up 1.3%) as picture of improving U.S. economy helps quell investors' concerns after euro zone sovereign-debt issues and Goldman Sachs criminal probe. USD/JPY also supported by higher U.S. Treasury yields, buy orders from Japan importers, lingering effect from BOJ announcement Friday it will study ways to improve bank funding. But USD/JPY gains tempered by Japan exporters' sell orders. Data focus: 1400 GMT U.S. March pending home sales, March factory orders. USD/JPY daily chart positive-biased as stochastics in bullish mode, MACD stages bullish crossover against its exponential moving average. Resistance at 94.80 (yesterday's 8-month high); breach would expose upside to 95.00-95.06 (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), then psychological 96.00 level. Support at 94.15 (hourly chart), then at 93.50 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 92.97 (Wednesday's low), then 92.80-92.71 band (April 27 low-April 22 low), 92.38 (April 20 low) and 91.58 (April 19 reaction low).

EUR/USD - to trade with risks skewed lower. Pair undermined by investor doubts Greek government will be able to enact severe austerity measures mandated by EU-IMF EUR110 billion aid package, worries Greece's debt woes could spill across euro-zone. But EUR sentiment soothed by strong rise in euro-zone manufacturing PMI to 57.6 in April from 56.6 in March (vs 57.5 expected), general improvement in market risk appetite following strong Wall Street gains. Data focus: 0600 GMT German March retail trade, 0900 GMT euro-zone March PPI. EUR/USD daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support at 1.3152 (yesterday's low); breach would target 1.3112 (Wednesday's low), then psychological 1.3100 level, 1.3090 (76.4% Fibonacci retracement level of advance from March 4, 2009 low of 1.2455 to Nov. 25, 2009 high of 1.5144) and psychological 1.3000. Resistance at 1.3252 (hourly chart); breach would expose upside to 1.3359 (yesterday's high), then 1.3413-1.3421 band (April 27 high-April 22 high), 1.3447 (April 21 high) and 1.3522 (April 20 high).

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AUD/USD - to consolidate with firm tone as markets await 0430 GMT RBA interest rate decision: bank expected to hike policy rate by 25 bps to 4.50%. AUD/USD supported by AUD demand for long-AUD carry trades on better investor risk appetite, firmer commodity prices (CRB spot index closed up 0.39 yesterday at 278.1). But AUD/USD gains tempered by lingering effect from China's hike of banks' reserve-requirement ratio on Sunday. AUD/USD daily chart mixed as MACD bearish, but stochastics in bullish mode. Resistance at 0.9275 (yesterday's high); breach would target 0.9324 (Friday's high), then 0.9338 (April 21 reaction high), 0.9364 (April 15 reaction high), 0.9389 (April 12 reaction high) and 0.9405 (Nov. 16 top). Support at 0.9207 (yesterday's low); breach would expose downside to 0.9161 (55-day moving average), then 0.9133 (April 27 low), 0.9076 (100-day moving average) and 0.8998 (March 26 reaction low).

NZD/USD - to trade with bullish bias. Pair underpinned by NZD demand for long-NZD carry trades on higher risk appetite, firmer commodity prices. But Kiwi sentiment dented by weaker-than-expected NZ 1Q labour cost index (+0.3% on quarter vs +0.5% forecast). NZD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought. Resistance at 0.7325 (Friday's high); breach would expose upside to 0.7408 (Jan. 19 high), then 0.7441 (Jan. 14 top). Support at 0.7275 (hourly chart), then at 0.7245 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 0.7229 (Friday's low), then 0.7147 (Thursday's low) and 0.7110 (200-day moving average).

GBP/USD - to range-trade. Pair supported by positive risk sentiment from higher equities; but topside limited by concerns over weak UK fiscal situation, prospect of hung UK parliament after Thursday's general elections: latest YouGov opinion poll shows Conservatives leading with 35% support, Liberal Democrats and Labour neck on neck at 28%. Data focus: 0830 GMT UK March BSA savings & mortgage lending figures, 0830 GMT UK April CIPS manufacturing PMI. GBP/USD daily chart mixed as MACD bearish, but stochastics neutral. Support at 1.5210 (yesterday's low); breach would expose downside to 1.5074 (61.8% Fibonacci retracement of 1.4797-1.5523 March 25-April 15 advance), then 1.4797 (March 25 reaction low). Resistance at 1.5332 (yesterday's high), then at 1.5390 (Friday's high); breach would expose upside to 1.5498 (April 26 reaction high), then 1.5523 (April 15 high), 1.5575 (Feb. 23 reaction high), and 1.5586 (100-day moving average).

USD/CHF - to consolidate with risks skewed higher. Pair supported by positive USD sentiment, short-CHF carry trades on stronger investor risk appetite, fears of more CHF-selling FX intervention by SNB; but gains tempered by surprise rise in Swiss PMI to 65.9 in April from 65.5 in March (vs forecast for drop to 64.4). Daily chart mixed as MACD bullish, but stochastics bearish at overbought. Resistance at 1.0888 (yesterday's high); breach would target 1.0924 (Wednesday's high), then 1.0934 (July 30, 2009 reaction high), 1.0956 (July 6, 2009 reaction high) and 1.1020 (June 24, 2009 reaction high). Support at 1.0806 (hourly chart); breach would expose downside to 1.0729 (yesterday's low), then 1.0697 (April 27 low, just above 55-day moving average), 1.0670 (April 22 low) and 1.0655 (April 21 low).

USD/CAD - to range-trade. Pair undermined by stronger investor risk appetite, firmer commodity and oil prices (Nymex crude settled up 4 cents yesterday at \$86.19/barrel after hitting 18-month intraday high of \$87.15). But USD/CAD losses tempered by bullish USD sentiment. USD/CAD daily chart still positive-biased as MACD & stochastics in bullish mode. Resistance at 1.0163 (hourly chart), then at 1.0187 (yesterday's high, near 55-day moving average), 1.0197 (Wednesday's high) and 1.0215 (April 19 high); breach would expose upside to 1.0302 (March 26 reaction high). Support at 1.0098 (yesterday's low); breach would expose downside to 1.0010 (Thursday's low), then 0.9987 (April 27 low), 0.9963-0.9954 band (April 26 low-April 22 low) and 0.9926 (22-month low hit April 21).

EUR/JPY - to trade with risks skewed higher. Pair supported by improved market risk sentiment from higher equities, but gains tempered by persistent worries over euro-zone sovereign debt woes. EUR/JPY daily chart mixed as MACD bearish, but stochastics in bullish mode, while 5- & 15-day moving averages meandering sideways. Resistance at 125.41 (yesterday's high), then at 125.95 (Friday's high), 126.29 (April 26 high) and 126.42 (April 16 high); breach would expose

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upside to 127.68 (April 14 reaction high), then 127.91 (April 2 reaction high). Support at 124.34 (hourly chart), then at 123.96 (yesterday's low) and 123.72 (Thursday's low); breach would expose downside to 122.37 (Wednesday's reaction low), then 121.39 (March 24 low) and 121.02 (March 22 reaction low).

EUR/GBP - to range-trade. Daily chart mixed as stochastics bullish at oversold, but MACD still in bearish mode; inside-day-range pattern completed yesterday. Resistance at 0.8709 (yesterday's high), then at 0.8725-0.8733 band (Friday's high-Thursday's high) and 0.8748 (April 21 high); breach would expose upside to 0.8803 (April 20 high), then 0.8847 (April 19 high) and 0.8864 (April 14 high). Support at 0.8637 (yesterday's low), then at 0.8621 (Friday's low); breach would target 0.8601 (April 26 low), then 0.8593 (Jan. 28 reaction low), 0.8520 (Aug. 18, 2009 reaction low) and 0.8453 (Aug. 6, 2009 reaction low).

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