

2010-05-17_ASIA DAILY FOREX OUTLOOK - Maj ors

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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	91.78-92.67	90.00-93.09
EUR/USD	1.2328-1.2438	1.2220-1.2575
AUD/USD	0.8801-0.8938	0.8714-0.8973
NZD/USD	0.7035-0.7106	0.7007-0.7153
GBP/USD	1.4494-1.4604	1.4475-1.4638
USD/CHF	1.1258-1.1350	1.1148-1.1387
USD/CAD	1.0308-1.0377	1.0207-1.0391
EUR/JPY	113.50-116.12	110.49-117.02
EUR/GBP	0.8493-0.8556	0.8439-0.8619

(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 bearish bias on inflamed risk aversion (VIX fear gauge spiked 17% to 31.2), sharp Wall Street falls Friday (DJIA off 1.51%) as worries about contagion from euro-zone debt crisis, rising Libor reflecting increased counterparty risks overshadowed upbeat U.S. economic data (U.S. retail sales unexpectedly bounce 0.4% in April vs forecast for 0.1% decline, University of Michigan consumer sentiment index for May improved to 73.3 from April's 72.2, while industrial production grew 0.8% in April). USD/JPY also undermined by Japan exporter sales, lower U.S. Treasury yields. But USD/JPY losses tempered by USD demand for import settlements. Data focus: 2350 GMT Japan April corporate goods price index, March machinery orders, 1230 GMT May NY Fed Empire State survey, 1300 GMT U.S. March Treasury international capital flows, 1700 GMT U.S. May NAHB housing index. USD/JPY daily chart negative-biased as MACD & stochastics bearish. Support at 91.78 (Friday's low, matching May 10 low); breach would expose downside 90.00 (May 7 low), then 87.95 (May 6 low). Resistance at 92.67 (hourly chart); breach would expose upside to 93.09 (Friday's high), then 93.64 (Thursday's high), 93.98 (May 6 high) and 94.99 (May 4 high).

EUR/USD - to trade with risks skewed lower morning's 18-month low 1.2339 on EBS. Weighed by increased risk aversion, growing doubts about viability of nearly \$1 trillion EU/IMF rescue package rescue package for heavily-indebted euro-zone member countries, despite Geithner's comment that Europeans "They have the capacity to make that program work." EUR/USD also hurt by ECB's dented credibility as inflation fighter and its reputation for independence from political pressure after its turnaround last week to buy troubled euro-zone debt; worries about negative economic effects of severe austerity measures, tax hikes implemented by euro-zone governments; Deutsche Bank chief Ackermann saying it's "doubtful" whether Greece over time would be able to repay its debt; ex-Fed chairman Volcker citing possibility of euro-zone disintegration. EUR/USD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold. Support at 1.2328 (Oct. 28, 2008 trough); breach would expose downside to 1.2220 (projected base of descending channel formed with Dec. 22 low of 1.4216 and April 14 high of 1.3678), then psychological 1.2000 and 1.1823 (Feb. 27, 2006 reaction low). Resistance at 1.2438 (hourly chart), then at 1.2575 (Friday's high); breach would expose upside to 1.2684 (Thursday's high), then 1.2739 (Wednesday's high), 1.2802 (Tuesday's high) and 1.3093 (May 10 high).

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AUD/USD - to trade lower. Undermined by unwinding of long-AUD carry trades on heightened risk aversion, softer commodity prices (CRB spot index slumped 7.23 Friday to end at 258.55), contagion from weak EUR & GBP. But AUD/USD losses tempered by Aussie-U.S. yield gap. Data focus: 0130 GMT Australia March lending finance. AUD/USD daily chart negative-biased as MACD & stochastics bearish. Support at 0.8801 (May 7 low); breach would expose downside to 0.8714 (May 6 low), then 0.8612 (Feb. 9 low), 0.8576 (Feb. 5 reaction low) and 0.8477 (previous cap set Aug. 14, 2009). Resistance at 0.8938 (hourly chart), then at 0.8973 (Friday's high); breach would target 0.9026 (Thursday's high), then 0.9078 (May 10 high), 0.9093 (May 6 high) and 0.9117 (May 5 high).

NZD/USD - to trade lower. Hurt by unwinding of long-NZD carry trades on elevated risk aversion, softer commodity prices, contagion from weak EUR & GBP. But NZD/USD losses tempered by Kiwi-U.S. yield advantage. NZD/USD daily chart negative-biased as MACD & stochastics bearish. Support at 0.7035 (May 7 low); breach would target 0.7007 (May 6 low), then 0.6961 (April 6 reaction low), 0.6847-0.6843 band (March 4-Feb. 25 lows) and 0.6803 (Feb. trough). Resistance at 0.7106 (hourly chart), then at 0.7153 (Friday's high); breach would expose upside to 0.7191-0.7199 band (Thursday's high-Wednesday's high), then 0.7233 (Tuesday's high) and 0.7295 (May 10 high).

GBP/USD - to trade with risks skewed lower. Undermined by capital flight to safe-haven USD on heightened investor risk aversion, concerns about negative economic effects of fiscal tightening announced by new UK coalition government, dovish BOE monetary stance; disappointing 0.7% on-month rise in Rightmove May house price index. Data focus: 0830 GMT UK March CML regulated mortgage survey, 1000 GMT May CBI industrial trends survey. GBP/USD daily chart negative-biased as MACD & stochastics bearish. Support at 1.4494 (Friday's low), then at 1.4475 (May 7 low); breach would expose downside to 1.4396 (April 22, 2009 reaction low), then 1.4108 (March 30, 2009 reaction low). Resistance at 1.4604 (hourly chart), then at 1.4638 (Friday's high); breach would expose upside to 1.4916 (Thursday's high), then 1.5053 (May 10 high) and 1.5128 (55-day moving average).

USD/CHF - to consolidate with bullish bias after morning's 1-year high of 1.1350. Bolstered by broadly stronger USD undertone, expectations of more SNB's CHF-selling intervention (traders suspect SNB bought EUR/CHF Friday near recent record low at 1.4000). But USD/CHF topside limited by unwinding of short-CHF carry trades on higher risk aversion, expectations for SNB rate hike as early as September. Daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher USD/CHF trading near-term. Resistance at 1.1350 (hourly chart), then at 1.1387 (61.8% Fibonacci retracement of decline from Nov. 21, 2008 peak of 1.2298 to Nov. 26, 2009 trough of 0.9914); breach would expose upside to 1.1603 (April 27, 2009 reaction high), then 1.1740 (April 20, 2009 reaction high, matching 76.4% retracement). Support at 1.1258 (hourly chart); breach would expose downside to 1.1148 (Friday's low), then 1.1077 (Thursday's low), 1.1055 (Wednesday's low) and 1.1034 (Tuesday's low).

USD/CAD - to trade higher. Boosted by increased risk aversion, stronger global USD, weaker commodity and oil prices (Nymex crude settled down \$2.79 Friday at \$71.61/barrel). But USD/CAD gains tempered by expectations BOC might begin raising rates June after central bank last month lifted its conditional promise to maintain its key interest rate at 0.25% until second half. USD/CAD daily chart positive-biased as MACD & stochastics bullish. Resistance at 1.0377 (Friday's high), then at 1.0391 (May 10 high); breach would expose upside to 1.0571 (May 7 high), then 1.0740 (May 6 high). Support at 1.0308 (hourly chart); breach would expose downside to 1.0207 (Friday's low), then 1.0105 (Thursday's low), 1.0098 (May 3 low), 1.0010 (April 29 low) and 0.9963-0.9954 band (April 26 low-April 22 low).

EUR/JPY - to trade lower. Weighed by unwinding of carry trades amid increased risk aversion, euro-zone fiscal woes. Daily chart negative-biased as MACD & stochastics bearish. Support at 113.50 (Friday's low); breach would expose downside with no significant support until 110.49 (May 6 low), then psychological 110 level and 106.76 (Nov. 8, 2001 reaction low). Resistance at 116.12 (hourly chart); breach would expose upside to 117.02 (Friday's high), then 118.72 (Thursday's high), 119.41 (Tuesday's high) and 122.28 (May 10 high).

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EUR/GBP - to trade with risks skewed lower. Daily chart mixed as stochastics in bullish mode, but MACD bearish, bearish-engulfing candlestick pattern completed Friday. Support at 0.8493 (Friday's low); breach would target 0.8443-0.8439 band (Wednesday's low-May 7 low), then 0.8425 (May 6 low) and 0.8397 (June 22, 2009 trough). Resistance at 0.8556 (hourly chart); breach would expose upside to 0.8619 (Friday's high), then 0.8759 (May 10 high) and 0.8807 (May 7 high, near 100-day moving average).

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