

2010-06-24_ASIA DAILY FOREX OUTLOOK - Majors

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24 Jun 2010, 01:38

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

	Immediate Range	Larger Range
USD/JPY	89.72-90.19	89.24-90.58
EUR/USD	1.2259-1.2353	1.2207-1.2490
AUD/USD	0.8649-0.8780	0.8580-0.8806
NZD/USD	0.7063-0.7162	0.7014-0.7199
GBP/USD	1.4850-1.5000	1.4800-1.5053
USD/CHF	1.1016-1.1090	1.0995-1.1138
USD/CAD	1.0286-1.0459	1.0269-1.0517
EUR/JPY	109.87-111.15	108.84-111.36
EUR/GBP	0.8195-0.8247	0.8000-0.8287

(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 amid negative USD sentiment (ICE spot index last 85.78 vs Tuesday's 86.106 settlement) after U.S. Federal Reserve again kept its target rate at current range of zero to 0.25% & reiterated rates will remain low for extended period, but downgraded its outlook for U.S. economy (says recovery was "proceeding" - not strengthening as they had said in April). No strong cues for JPY-funded carry trades from Wall Street as U.S. stocks closed mixed (DJIA up 0.05%, Nasdaq down 0.33%), though VIX fear gauge eased 0.52% to 26.91. USD/JPY also undermined by Japan exporter sales, lower U.S. Treasury yields, 32.7% plunge in U.S. May new home sales to record-low 300,000 (vs 400,000 expected). But USD/JPY losses tempered by USD demand for import settlements. Data focus: 2350 GMT Japan May provisional trade statistics, May corporate service price index, 1230 GMT U.S. June 19 weekly jobless claims, May durable goods, 1500 GMT June Kansas City Fed manufacturing index. USD/JPY daily chart negative-biased as MACD & stochastics bearish, although latter at oversold. Support at 89.72 (yesterday's low); breach would expose downside to 89.24 (May 25 low), then 88.98 (May 20 reaction low) and 87.95 (May 6 low). Resistance at 90.19 (hourly chart), then at 90.58 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 91.10 (Tuesday's high), then 91.48 (Monday's high), 91.82 (June 16 high) and 92.11 (June 14 high, near 55-day moving average).

EUR/USD - to consolidate. Pair weighed by worries over euro-zone banking system, EUR sales on falling EUR/GBP cross. But EUR/USD downside limited by broad-based USD weakness. EUR sentiment also soothed by better-than-expected flash euro-zone June composite PMI (slipped to 56.0 in June from May's 56.4, but above 55.5 forecast) Data focus: 0900 GMT euro-zone April industrial new orders. EUR/USD daily chart mixed as MACD bullish, but stochastics in bearish mode. Resistance at 1.2343-1.2353 band (yesterday's high-Tuesday's high); breach would expose upside to 1.2490 (Monday's high), then 1.2672 (May 21 reaction high, just below 55-day moving average). Support at 1.2259 (hourly chart); breach would expose downside to 1.2207 (yesterday's low), then 1.2163 (June 15 low), 1.2043 (June 11 low) and 1.1954 (June 10 low).

2010-06-24_ASIA DAILY FOREX OUTLOOK - Majors

AUD/USD - to consolidate. Pair undermined by softer commodity prices (CRB spot index closed down 2.96 yesterday at 259.72); vice chairman of government think tank China Center for International Economic Exchanges yesterday urging caution over adding AUD in reserves as China's shift toward more efficient economy will reduce its demand for raw materials over time; Aussie sales on falling AUD/NZD cross. But AUD/USD losses tempered by weaker USD sentiment, Aussie-U.S. yield gap, AUD/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 0.8658-0.8649 band (yesterday's low-Friday's low); breach would expose downside to 0.8580 (June 16-June 17 lows), then 0.8503 (June 15 low) and 0.8422 (June 11 low). Resistance at 0.8780 (yesterday's high), then at 0.8806 (hourly chart); breach would target 0.8832 (Tuesday's high), then 0.8859 (Monday's high), 0.8915 (100-day moving average), 0.8983 (200-day moving average) and psychological 90.00.

NZD/USD - to consolidate with risks skewed higher. Pair underpinned by weaker USD sentiment, Kiwi-U.S. yield advantage; stronger-than-expected NZ 1Q GDP growth of 0.6% (vs +0.5% forecast); unexpected 1Q NZ current account surplus of NZ\$176 million (vs forecast for NZ\$250 million deficit); expectations RBNZ will hike rates by 25 bps at its July review; Kiwi demand on falling AUD/NZD cross. But NZD/USD gains tempered by softer commodity prices. NZD/USD daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher NZD/USD trading near-term. Resistance at 0.7162 (yesterday's high); breach would target 0.7199 (May 12 high), then 0.7295 (May 10 reaction high) and 0.7325 (April 30 top). Support at 0.7063 (hourly chart), then at 0.7022-0.7014 band (yesterday's low-Friday's low) and 0.7000 (confluence of 55-day & 100-day moving averages); breach would temper near-term positive outlook, exposing downside to 0.6943 (June 17 low), then 0.6926 (June 16 low), 0.6883 (June 15 low) and 0.6799 (June 11 low).

GBP/USD - to trade with risks skewed higher. Cable supported after June BOE MPC meeting minutes showed surprise 7-1 split vote to keep rates unchanged at 0.5%, with arch-hawk Sentence favoring 25-bp hike; Moody's comment UK budget supportive of country's Aaa credit rating & stable outlook; UK CBI distributive trades survey showing its retail sales balance improved to minus 5 in June from minus 18 in May; BBA reporting UK mortgage approvals hit 5-month high of 36,709 in May (vs 36,100 expected). GBP/USD also underpinned by GBP demand on falling EUR/GBP cross. GBP/USD daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher GBP/USD trading near-term. Resistance at psychological 1.5000, then at 1.5044-1.5053 band (May 12 high-May 10 high, matching 100-day moving average); breach would expose upside to 1.5125 (previous base set April 28), then 1.5390 (April 30 reaction high). Support at 1.4850 (hourly chart), then at 1.4800 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.4686 (Tuesday's low), then 1.4643 (June 17 low), 1.4502 (June 11 low) and 1.4393 (June 9 low).

USD/CHF - to consolidate with risks skewed lower. Pair undermined by broad-based USD weakness, CHF purchases on falling EUR/CHF (cross hit record low around 1.3540 overnight) after SNB last week signaled further market intervention to halt Swissie's rise unlikely as deflation no longer a concern. Daily chart negative-biased as MACD bearish, while stochastics stay suppressed at oversold, suggesting sideways or lower USD/CHF trading near-term. Support at 1.1016 (yesterday's low), then at 1.0995 (Monday's low); breach would expose downside 1.0942 (100-day moving average), then 1.0920 (May 10 reaction low, near 61.8% Fibonacci correction of 1.0431-1.1730 April 1-June 1 advance), 1.0898 (previous cap set Feb. 19) and 1.0740 (May 3 reaction low). Resistance at 1.1090 (hourly chart), then at 1.1138 (yesterday's high, matching Monday's high & just below 55-day moving average); breach would temper near-term negative outlook, exposing upside to 1.1246 (previous base set June 16), then 1.1329-1.1339 band (June 17 high-June 16 high), 1.1481-1.1488 band (June 15 high-June 14 high) and 1.1546-1.1555 band (June 11 high-June 9 high).

2010-06-24_ASIA DAILY FOREX OUTLOOK - Majors

USD/CAD - to consolidate with risks skewed higher. Pair underpinned by softer commodity & oil prices (August Nymex crude settled down \$1.50 yesterday at \$76.35/bbl), weak Canada April retail sales (fell 2% vs forecast for 0.4% drop) for first monthly decline since November 2009. But USD/CAD gains tempered by weaker global USD, expectations BOC will continue to tighten monetary policy gradually in coming months. USD/CAD daily chart mixed as MACD bearish, but stochastics rising from oversold; bullish parabolic stop-and-reverse signal hit at 1.0409 yesterday. Resistance at 1.0459 (yesterday's high); breach would expose upside to 1.0517 (June 9 high), then 1.0612 (June 6 high) and 1.0678 (June 7 reaction high). Support at 1.0286 (hourly chart), then at 1.0269 (yesterday's low); breach would expose downside to 1.0178 (Tuesday's low), then 1.0133 (Monday's low), 1.0105 (May 13 reaction low), 1.0098 (May 3 low) and 1.0010 (April 29 reaction low).

EUR/JPY - to consolidate with risks skewed lower. Cross undermined by weak USD/JPY undertone, worries over health of Europe's financial sector. Daily chart mixed as MACD bullish, but stochastics in bearish mode. Support at 109.87 (yesterday's low); breach would expose downside to 108.94-108.84 band (June 10 low-June 9 low), then 108.32 (June 8 low), 108.06 (9-year low set June 7) and 106.76 (Nov. 8, 2001 reaction low). Resistance at 111.15 (hourly chart), then at 111.36 (yesterday's high); breach would expose upside to 112.45 (Tuesday's high), then 113.41 (Monday's high), 114.16 (June 3 reaction high) and 114.40 (May 21 high).

EUR/GBP - to consolidate with risks skewed lower after hitting fresh 19-month low of 0.8198 yesterday. Cross weighed by worries over health of euro-zone financial sector, stronger GBP sentiment after June BOE MPC meeting minutes, positive Moody's comment on UK budget. Daily chart negative-biased as stochastics bearish, 5-day moving average staging bearish crossover against 15-day. Support at 0.8198-0.8195 (yesterday's low-previous cap set Oct. 24, 2008); breach would expose downside to psychological 0.8000, then 0.7807 (Oct. 21, 2008 reaction low). Resistance at 0.8247 (hourly chart), then at 0.8287 (yesterday's high); breach would expose upside to 0.8368 (Tuesday's high), then 0.8382 (June 17 high), 0.8419 (previous base set May 27) and 0.8521 (55-day moving average).

June 23, 2010 19:38 ET (23:38 GMT)