

2010-06-28_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	89.19-89.50	88.98-89.77
EUR/USD	1.2277-1.2395	1.2250-1.2490
AUD/USD	0.8631-0.8760	0.8593-0.8780
NZD/USD	0.7056-0.7162	0.6990-0.7199
GBP/USD	1.4940-1.5077	1.4854-1.5125
USD/CHF	1.0915-1.1034	1.0898-1.1046
USD/CAD	1.0337-1.0412	1.0304-1.0442
EUR/JPY	109.51-110.88	108.84-111.01
EUR/GBP	0.8200-0.8274	0.8174-0.8287

(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. Little FX impact from weekend G20 meeting as group showed common resolve to contain budgets, ballooning debt levels while ensuring global recovery remains intact. USD/JPY supported by JPY-funded carry trades as risk appetite improved (VIX fear gauge eased 4.07% to 28.53) after U.S. stocks rebounded from earlier losses Friday to close mixed (DJIA off 0.09%, S&P up 0.29%) as relief after U.S. lawmakers agreed on financial reform bill countered worries about economic outlook after U.S. 1Q GDP revised down to 2.7% annual rate from original estimate of 3.2% in April. USD/JPY also supported by USD demand for import settlements; better-than-expected June University of Michigan consumers sentiment index (rose to 76.0 from 73.6 in May, vs 75.5 expected). But USD/JPY gains tempered by negative USD sentiment, Japan exporter sales, lower U.S. Treasury yields, lingering effect from downbeat assessment of economy from Fed Wednesday, ongoing euro zone's debt troubles. Data focus: 2350 GMT Japan May preliminary retail sales, 1230 GMT May Chicago Fed national activity index, U.S. May personal income & outlays, 1430 GMT June Texas manufacturing outlook survey, 1600 GMT May Chicago Fed Midwest manufacturing index, 1645 GMT Fed's Warsh speaks. USD/JPY daily chart still negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower USD/JPY trading near-term. Support at 89.19 (Friday's low); breach would target 88.98 (May 20 reaction low), then 87.95 (May 6 low). Resistance at 89.50 (hourly chart), then at 89.77 (Friday's high) and 89.98 (Thursday's high); breach would expose upside to 90.58 (Wednesday's high), then 91.10 (Tuesday's high), 91.48 (June 21 high) and 91.82 (June 16 high).

EUR/USD - to consolidate. Pair supported by improved risk sentiment; but topside limited by lingering worries over euro-zone debt troubles as Greek 5-year sovereign CDS quoted as high as record 1,131 bps Friday. Data focus: German June provisional CPI, 0800 GMT May monetary developments (M3) in euro area. EUR/USD daily chart still positive-biased as MACD & stochastics in bullish mode. Resistance at 1.2395 (Thursday's high); breach would expose upside to 1.2490 (June 21 high), then 1.2638 (55-day moving average) and 1.2672 (May 21 reaction high). Support at 1.2277 (hourly chart), then 1.2250 (Friday's low); breach would expose downside to 1.2207 (Wednesday's low), then 1.2163 (June 15 low) and 1.2043 (June 11 low).

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AUD/USD - to consolidate. Pair underpinned by AUD demand for long-AUD carry trades on stronger investor risk tolerance, firmer commodity prices (CRB spot index ended up 3.99 Friday at 265.61). But concerns about Europe's debt woes as well as expectations China will continue to make policy moves that moderate economic growth may limit AUD/USD gains, says Greg Gibbs, FX strategist at RBS. AUD/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 0.8631 (hourly chart); breach would expose downside to 0.8593 (Friday's low), then 0.8580 (June 16-June 17 lows), 0.8503 (June 15 low) and 0.8422 (June 11 low). Resistance at 0.8760 (Friday's high), then at 0.8771-0.8780 band (Thursday's high-Wednesday's high); breach would expose upside to 0.8832 (Tuesday's high), then 0.8859 (June 21 high) and 0.8916 (100-day moving average).

NZD/USD - to consolidate. Pair supported by NZD demand for long-NZD carry trades on improved investor appetite for risk, firmer commodity prices, expectations RBNZ will hike rates by 25 bps at its July review. But NZD/USD gains tempered by lingering concerns about further China tightening, Europe's debt troubles. Data focus: 0300 GMT NZ June NBNZ business outlook. NZD/USD daily chart still positive-biased as MACD bullish, while stochastics stay elevated at overbought. Support at 0.7056 (hourly chart); breach would expose downside to 0.6990 (Friday's low), then 0.6943 (June 17 low), 0.6926 (June 16 low), 0.6883 (June 15 low) and 0.6799 (June 11 low). Resistance at 0.7157-0.7162 band (Friday's high-Wednesday's high); breach would target 0.7199 (May 12 high), then 0.7295 (May 10 reaction high) and 0.7325 (April 30 top).

GBP/USD - to consolidate with bullish bias. Pair supported by improved market risk sentiment, lingering effect from last week's well received emergency budget & June BOE MPC meeting minutes showing 7-1 split vote. But GBP/USD gains tempered by concerns over negative impact of fiscal tightening on UK growth. Data focus: 1000 GMT UK May land registry house price index. 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 1.5077 (Friday's high); breach would expose upside to 1.5125 (previous base set April 28), then 1.5390 (April 30 reaction high). Support at 1.4940 (hourly chart), then at 1.4854 (Friday's low); breach would temper near-term positive outlook, exposing downside to 1.4800 (Wednesday's low), then 1.4686 (Tuesday's low), 1.4643 (June 17 low) and 1.4502 (June 11 low).

USD/CHF - to consolidate with bearish bias. Pair undermined by broadly weaker USD undertone, CHF demand on weak EUR/CHF cross which hit record low 1.3456 (Friday), But USD/CHF downside limited by short-CHF carry trades on improved risk sentiment. Daily chart still negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower USD/CHF trading near-term. Support at 1.0915 (Friday's low); breach would target 1.0898 (previous cap set Feb. 19), then 1.0740 (May 3 reaction low). Resistance at 1.1034 (hourly chart), then at 1.1046 (Friday's high) and 1.1068 (Thursday's high); breach would expose upside to 1.1138 (Wednesday's high), then 1.1159 (55-day moving average), 1.1246 (previous base set June 16) and 1.1329-1.1339 band (June 17 high-June 16 high).

USD/CAD - to consolidate with bearish bias. Pair weighed by improved risk sentiment, weaker global USD, expectations BOC will continue to tighten monetary policy gradually in coming months; firmer commodity & oil prices (Nymex crude settled up \$2.35 Friday at \$78.86/bbl). But USD/CAD losses tempered by lingering concerns about Europe's debt troubles. USD/CAD daily chart still positive-biased as stochastics in bullish mode; negative MACD histogram bars contracting; 5-day moving average staging bullish crossover against 15-day. Support at 1.0337 (Friday's low); breach would expose downside to 1.0304 (confluence of 55-day & 100-day moving averages), then 1.0269 (Wednesday's low), 1.0178 (Tuesday's low), 1.0133 (June 21 low) and 1.0105 (May 13 reaction low). Resistance at 1.0412 (hourly chart), then at 1.0442 (Friday's high) and 1.0469 (Thursday's high); breach would expose upside to 1.0517 (June 9 high), then 1.0612 (June 6 high), 1.0678 (June 7 reaction high) and 1.0746 (May 26 high).

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EUR/JPY - to consolidate. Cross supported by carry trades on improved investor risk appetite, but gains tempered by lingering worries over euro-zone debt troubles. Daily chart mixed as stochastics bearish, but MACD in bullish mode. Resistance at 110.88 (Friday's high), then at 111.01 (Thursday's high) and 111.36 (Wednesday's high); breach would expose upside to 112.45 (Tuesday's high), then 113.41 (June 21 high), 114.16 (June 3 reaction high) and 114.40 (May 21 high). Support at 109.55-109.51 band (Friday's low-Thursday's low); breach would expose downside 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).

EUR/GBP - to range-trade. Daily chart mixed as stochastics bearish, but MACD in bullish mode. Resistance at 0.8274 (high on both Thursday & Friday), then at 0.8287 (Wednesday'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 0.8501 (55-day moving average). Support at 0.8200 (Friday's low), then at 0.8174 (Thursday's 19-month low); breach would expose downside to psychological 0.8000, then 0.7807 (Oct. 21, 2008 reaction low).

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