

2010-07-12_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 | 88.34-89.00 | 87.98-89.47 |
| EUR/USD | 1.2605-1.2683 | 1.2552-1.2722 |
| AUD/USD | 0.8725-0.8791 | 0.8690-0.8859 |
| NZD/USD | 0.7060-0.7115 | 0.7033-0.7162 |
| GBP/USD | 1.5049-1.5125 | 1.4984-1.5204 |
| USD/CHF | 1.0524-1.0597 | 1.0478-1.0637 |
| USD/CAD | 1.0294-1.0375 | 1.0269-1.0454 |
| EUR/JPY | 111.51-112.67 | 111.29-113.41 |
| EUR/GBP | 0.8371-0.8398 | 0.8331-0.8415 |

(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 higher. Underpinned by buying of yen crosses as risk appetite improves (VIX fear gauge eases 2.84% to 24.98), Wall Street gains Friday (DJIA up 0.58%, Nasdaq up 0.97%) as expectations improve for U.S. 2Q earnings season starting this week, concerns about fiscally-strapped euro zone nations calmed, China Saturday reported stronger-than-expected 43.9% growth in its June exports. USD/JPY also supported by improved USD sentiment (ICE spot dollar index settled up 0.14% Friday at 83.947), helped by comment from Fed's Lacker that recent weak U.S. data doesn't mean U.S. recovery is faltering; USD demand for import settlements, higher U.S. Treasury yields, Japan political uncertainty after ruling DPJ and its coalition lost Upper House elections Sunday. But USD/JPY gains tempered by Japan exporter sales. Data focus: 2350 GMT Japan June corporate goods price index, 1300 GMT Fed's Lacker speaks. USD/JPY daily chart positive-biased as stochastics rising from oversold; MACD staging bullish crossover against its exponential moving average; bullish parabolic stop-and-reverse signal hit at 88.78 this morning. Resistance at 89.00 (previous base set May 20); breach would target 89.42-89.47 band (June 29 high-June 28 high), then 89.77 (June 25 high), psychological 90.00 and 90.75 (200-day moving average). Support at 88.34 (Friday's low); breach would temper near-term positive outlook, exposing downside to 87.98 (hourly chart), then 87.64 (Thursday's low) and 87.00-86.96 band (Wednesday's low-July 1 low).

EUR/USD - to consolidate with risks skewed lower, weighed by improved USD sentiment. But EUR/USD downside limited by stronger investor risk appetite; easing concerns over Europe's sovereign debt crisis, helped by Greek lawmakers' approval of sweeping changes to nation's pension system & labor laws as its government tries to cut its massive debt, while concerns over euro-zone banking system eased after last week's release of details of stress tests on European banks, Spanish government approval Friday of overhaul of savings-bank regulations to open door to private ownership of its cajas. EUR/USD daily chart mixed as MACD bullish, but stochastics turning bearish at overbought; bearish key-reversal-day pattern completed Friday. Support at 1.2605 (Friday's low); breach would expose downside to 1.2552 (Wednesday's low), then 1.2478 (July 2 & Tuesday's lows), 1.2397 (previous cap set June 28) and 1.2192 (July 1 low). Resistance at 1.2683 (hourly chart), then at 1.2722 (Friday's high); breach would reinstate near-term positive bias, exposing upside to 1.2943 (100-day moving average), then psychological 1.3000 and 1.3093 (May 10 high).

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AUD/USD - to trade with bullish bias. Underpinned by AUD demand for long-AUD carry trades as risk appetite rises; firmer commodity prices (CRB spot index closed up 1.11 Friday at 260.62); stronger-than-expected China June exports data. But AUD/USD gains tempered by improved USD sentiment. Data focus: 0130 GMT Australia May housing finance approvals. AUD/USD daily chart positive-biased as MACD & stochastics in bullish mode; 5-day moving average staged bullish crossover against 15-day. Resistance at 0.8791 (Thursday's high); breach would expose upside to 0.8859 (June 21 reaction high), then 0.8881 (100-day moving average), 0.8975 (200-day moving average) and psychological 0.9000. Support at 0.8725 (Friday's low), then at 0.8690 (hourly chart); breach would expose downside to 0.8646 (55-day moving average), then 0.8619 (Thursday's low), 0.8510 (previous cap set July 2) and 0.8447 (Wednesday's low).

NZD/USD - to trade with bullish bias. Underpinned by NZD demand for long-NZD carry trades on stronger investor risk appetite, firmer commodity prices. But NZD/USD gains tempered by improved USD sentiment. NZD/USD daily chart positive-biased as MACD & stochastics in bullish mode; 5-day moving average staged bullish crossover against 15-day. Resistance at 0.7115 (Friday's high, matching 200-day moving average); breach would expose upside to 0.7162 (June 23 reaction high), then 0.7199 (May 12 high) and 0.7295 (May 10 reaction high). Support at 0.7060 (Friday's low), then at 0.7033 (hourly chart); breach would target 0.7019 (Thursday's low), then 0.7005 (100-day moving average), 0.6974 (previous cap set Tuesday, near 55-day moving average) and 0.6882 (Wednesday's low).

GBP/USD - to consolidate with risks skewed lower. Pair weighed by improved USD sentiment, wider-than-expected U.K. May global goods trade deficit of GBP8.1 billion (vs forecast for GBP6.8 billion shortfall), weak 5.1% rise in U.K. June PPI (vs +5.7 forecast), lingering concerns over negative impact of fiscal tightening on U.K. economy. But GBP/USD losses tempered by stronger investor risk appetite. Data focus: 0830 GMT U.K. May CML regulated mortgage survey, U.K. 1Q GDP, balance of payments. GBP/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 1.5049 (Friday's low); breach would expose downside to 1.4984 (100-day moving average), then 1.4871 (July 1 low), 1.4854 (June 25 low), 1.4807 (55-day moving average) and 1.4800 (June 23 low). Resistance at 1.5125 (hourly chart); breach would expose upside to 1.5204 (Friday's high), then 1.5241 (Thursday's high), 1.5390 (April 30 reaction high) and 1.5498 (April 26 reaction high).

USD/CHF - to consolidate with risks skewed higher. Underpinned by improved USD sentiment, short-CHF carry trades on healthier investor risk appetite. Daily chart mixed as MACD bearish, but stochastics turned bullish at oversold. Resistance at 1.0597 (Friday's high); breach would expose upside to 1.0637 (Wednesday's high), then 1.0666-1.0674 band (Tuesday's high-July 5 high), 1.0697 (July 2 high) and 1.0788 (July 1 high). Support at 1.0524 (hourly chart); breach would expose downside to 1.0478 (Thursday's low), then 1.0431 (April 1 reaction low) and 1.0127 (Jan. 11 reaction low).

USD/CAD - to trade with bearish bias. Undermined by increased investor risk appetite, firmer commodity & oil prices (Nymex crude settled up 65 cents Friday at \$76.09/bbl); strong 93,200 Canadian net jobs increase in June (vs +15,000 forecast), fall in June jobless rate to 18-month low of 7.9% from May's 8.1% (vs 8.1% forecast) -- cement expectations that BOC will raise interest rates 25 bps July 20. But USD/CAD losses tempered by improved USD sentiment. USD/CAD daily chart negative-biased as MACD & stochastics bearish; 5-day moving average staging bearish crossover against 15-day. Support at 1.0294 (Friday's low, near 100-day moving average); breach would expose downside to 1.0269 (June 23 low), then 1.0178 (June 22 low), 1.0133 (June 21 reaction low) and 1.0105 (May 13 reaction low). Resistance at 1.0375 (hourly chart); breach would expose upside to 1.0454 (Friday's high), then 1.0484 (Thursday's high), 1.0552 (previous base set July 5) and 1.0606 (Wednesday's high).

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EUR/JPY - to trade higher. Cross supported by better investor risk appetite, weaker JPY sentiment. Daily chart positive-biased as MACD & stochastics in bullish mode. Resistance at 112.67 (Friday's high); breach would expose upside to 113.41 (June 21 reaction high, near 55-day moving average), then 114.16 (June 3 reaction high), 114.40 (May 21 reaction high) and 115.49 (May 18 reaction high). Support at 111.51 (Friday's low), then at 111.29 (hourly chart); breach would expose downside to 110.71 (Thursday's low), then 109.29 (Wednesday's low), 109.12 (Tuesday's low) and 107.47 (July 1 low).

EUR/GBP - to consolidate with upward bias. Daily chart positive-biased as MACD & stochastics in bullish mode, although latter at overbought, suggesting sideways or higher EUR/GBP trading near-term. Resistance at 0.8398 (Friday's high); breach would target 0.8415 (55-day moving average), then 0.8425 (previous base set May 6), psychological 0.8500 and 0.8547 (May 28 high). Support at 0.8371 (hourly chart); breach would expose downside to 0.8331 (Friday's low), then 0.8307 (Thursday's low), 0.8288 (Wednesday's low) 0.8262 (Tuesday's low) and 0.8249 (July 5 low).

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