

# ASIA DAILY FOREX OUTLOOK - Majors

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

	Immediate Range	Larger Range
USD/JPY	87.15-87.78	86.71-88.00
EUR/USD	1.2791-1.2930	1.2730-1.2967
AUD/USD	0.8894-0.8970	0.8800-0.9000
NZD/USD	0.7222-0.7291	0.7092-0.7301
GBP/USD	1.5347-1.5449	1.5251-1.5471
USD/CHF	1.0501-1.0563	1.0405-1.0617
USD/CAD	1.0341-1.0434	1.0273-1.0503
EUR/JPY	111.55-113.00	110.02-113.40
EUR/GBP	0.8315-0.8409	0.8288-0.8466

(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 bullish bias. Pair underpinned by JPY-funded carry trades amid positive risk sentiment (VIX fear gauge eased 4.71% to 23.47) as Wall Street gained Friday (DJIA up 0.99%, Nasdaq up 1.05%) on strong U.S. 2Q corporate earnings; results from stress tests on euro-zone banks brought some to financial markets, even though skepticism lingers over tests' lack of severity. USD/JPY also supported by USD demand for import settlements, higher U.S. Treasury yields, fear of Japan official jawboning against further JPY strength. But USD/JPY gains tempered by Japan exporter sales, expectations Fed will keep interest rates at record lows near zero well into 2011. Data focus: 2350 GMT Japan June provisional trade statistics, 1230 GMT June Chicago Fed national activity index, 1330 GMT July Texas manufacturing outlook survey, 1400 GMT U.S. June new residential sales. USD/JPY daily chart positive-biased as MACD & stochastics in bullish mode. Resistance at 87.78 (hourly chart); breach would target 88.00 (previous base set July 13), then 88.43 (July 15 high), 89.11-89.15 band (July 14 high-July 12 high) and 89.42-89.47 band (June 29 high-June 28 high). Support at 87.15 (hourly chart), then at 86.71 (Friday's low); breach would temper near-term positive outlook, exposing downside to 86.32-86.25 band (Thursday's low-July 16 low), then psychological round-numbered levels of 86.00, 85.00, and 84.81 (Nov. 27 bottom).

**EUR/USD** - to range-trade. EUR/USD supported as most of 91 euro-zone banks passed regulatory stress tests (only 5 Spanish, 1 German & 1 Greek banks failed). Pair also underpinned by positive market risk sentiment, surprise 4.4-point jump in German July Ifo business climate index to 106.2 from June's 101.8 (against forecast for decline to 101.5). But EUR/USD gains tempered by lingering doubts over tests' stringency; EUR sales on soft EUR/GBP cross. EUR/USD daily chart mixed as MACD bullish, but stochastics falling from overbought. Resistance at 1.2930 (hourly chart); breach would expose upside to 1.2967 (Friday's high), then 1.3028 (Tuesday's high), 1.3093 (May 10 high), 1.3124 (38.2% Fibonacci correction of 1.5144-1.1875 Nov. 25-June 7 decline) and 1.3342 (April 30 reaction high). Support at 1.2791 (Friday's low); breach would expose downside to 1.2730 (Wednesday's low), then 1.2707 (July 15 low), 1.2680 (July 14 low) and 1.2520 (July 13 low).

**AUD/USD** - to consolidate with bullish bias. Pair underpinned by AUD demand for long-AUD carry trades as risk appetite up; speculation RBA may hike rates next month. But AUD/USD gains tempered by caution ahead of this week's Australian 2Q inflation data, softer commodity prices (CRB spot index closed down 0.24 Friday at 266.62). Data focus: 0130 GMT Australia 2Q PPI. AUD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher AUD/USD trading near-term. Resistance at 0.8970 (Friday's high, near 200-day moving average); breach would expose upside to psychological 0.9000,

then 0.9026 (May 13 high), 0.9078 (May 10 reaction high) and 0.9213 (projected top of ascending channel formed with July 6 low of 0.8315 and July 8 high of 0.8791). Support at 0.8894 (Friday's low); breach would expose downside to 0.8800 (base of channel), then 0.8735 (Thursday's low), 0.8665 (Tuesday's low), 0.8631 (July 19 reaction low) and 0.8596 (55-day moving average).

NZD/USD - to consolidate with bullish bias. Pair underpinned by NZD demand for long-NZD carry trades on stronger investor risk appetite, speculation RBNZ may hike rates at Thursday's review; but gains tempered by softer commodity prices. NZD/USD daily chart positive-biased as MACD & stochastics bullish. Resistance at 0.7291 (Friday's high); breach would target 0.7301 (July 15 high), then 0.7325 (April 30 reaction high) and 0.7441 (Jan. 14 reaction high). Support at 0.7222 (Friday's low); breach would expose downside to 0.7092 (Thursday's low), then 0.7041 (Tuesday's low), 0.7027 (July 19 low, matching 100-day moving average) and 0.6965 (55-day moving average).

GBP/USD - to consolidate with risks skewed higher. Pair underpinned by positive investor risk sentiment; strong 1.1% growth in UK 2Q GDP for fastest pace in more than 4 years (well above +0.6% forecast); GBP demand on soft EUR/GBP cross. But GBP/USD gains tempered by lingering worries about UK's fiscal outlook, concerns over negative impact of fiscal consolidation on UK economy. GBP/USD daily chart mixed as MACD flat, stochastics turned bullish. Resistance at 1.5449 (Friday's high); breach would target 1.5471 (July 15 high), then 1.5498 (April 26 reaction high), 1.5523 (April 15 reaction high) and 1.5558 (200-day moving average). Support at 1.5347 (hourly chart); breach would expose downside to 1.5251 (Friday's low), then 1.5147 (Thursday's low), 1.5123 (Wednesday's low) and 1.4997 (100-day moving average).

USD/CHF - to trade higher. Pair underpinned by short-CHF carry trades on healthier investor risk appetite; CHF sales on rising EUR/CHF cross. Daily chart positive-biased as MACD bullish, stochastics rising from oversold. Resistance at 1.0563 (Friday's high); breach would expose upside to 1.0617 (July 14 high), then 1.0645 (July 13 high), 1.0675 (July 12 reaction high) and 1.0697 (July 2 high). Support at 1.0501 (hourly chart); breach would expose downside to 1.0405 (Friday's low), then 1.0391 (Thursday's low), 1.0363 (Jan. 25 reaction low) and 1.0127 (Jan. 11 reaction low).

USD/CAD - to consolidate with bearish bias. USD/CAD undermined by increased investor risk appetite, weaker global USD, expectations BOC to continue raising interest rates gradually after benign Canadian June inflation data. But USD/CAD losses tempered by softer commodity & oil prices (Nymex crude settled down 32 cents Friday at \$78.98/bbl). USD/CAD daily chart negative-biased as MACD & stochastics bearish. Support at 1.0341 (Friday's low); breach would expose downside to 1.0278-1.0273 band (July 15 low-July 13 low), then 1.0178 (June 22 low), 1.0133 (June 21 reaction low) and 1.0105 (May 13 reaction low). Resistance at 1.0434 (Friday's high); breach would temper near-term negative outlook, exposing upside to 1.0503 (Thursday's high), then 1.0586 (Tuesday's high), 1.0606 (July 7 high) and 1.0677 (July 6 reaction high).

EUR/JPY - to trade higher. Cross supported by positive investor risk sentiment. Daily chart positive-biased as MACD in bullish mode, stochastics turning bullish. Resistance at 113.00 (Friday's high); breach would target 113.37-113.40 band (Tuesday's high-July 15 high), then 114.16 (June 3 reaction high), 114.40 (May 21 reaction high) and 115.49 (May 18 high). Support at 111.55 (Friday's low); breach would temper near-term positive outlook, exposing downside to 110.02 (Thursday's low), then 109.29 (July 7 low), 109.12 (July 6 low) and 107.47 (July 1 low).

EUR/GBP - to consolidate with risks skewed lower. Daily chart negative-biased as stochastics falling from overbought; positive MACD histogram bars contracting; bearish parabolic stop-and-reverse signal hit at 0.8372

Friday. Support at 0.8315 (Friday's low); breach would target 0.8288 (July 7 low), then 0.8262 (July 6 low), 0.8215 (July 2 low) and 0.8163 (July 1 low). Resistance at 0.8409 (hourly chart); breach would expose upside to 0.8466 (Thursday's high), then 0.8478 (Wednesday's high); 0.8531 (high hit on both July 19 & Tuesday) and 0.8547 (May 28 high).

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