

# 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	84.71-85.49	84.00-86.24
EUR/USD	1.2807-1.3078	1.2730-1.3190
AUD/USD	0.8902-0.9052	0.8853-0.9134
NZD/USD	0.7102-0.7210	0.7092-0.7246
GBP/USD	1.5549-1.5737	1.5513-1.5866
USD/CHF	1.0561-1.0626	1.0458-1.0640
USD/CAD	1.0388-1.0503	1.0300-1.0586
EUR/JPY	109.12-111.00	107.30-112.66
EUR/GBP	0.8163-0.8252	0.8065-0.8321

(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 amid broadly stronger USD undertone (ICE spot dollar index last 82.451 vs Tuesday's 80.799 settlement) as increased risk aversion (VIX fear gauge surged 13.5% to 25.39), sharp Wall Street losses overnight (DJIA off 2.49%, Nasdaq down 3.01%) spurring flows to safe-haven USD. Investor worries intensified over health of global economy after Fed's acknowledgment that U.S. economic recovery is slowing, soft Chinese industrial output, retail sales and Japanese machinery orders data, BOE cut its UK GDP growth forecasts as well as wider-than-expected U.S. trade deficit of \$49.9 billion in June (vs \$42.7 billion forecast) which some economists suggest could slash U.S. 2Q GDP growth to 1%-1.5% (vs initial estimate of 2.4%). USD/JPY also underpinned by USD demand for import settlements, fears of Japan FX intervention; but gains tempered by lower U.S. Treasury yields (2-year hit fresh record low of 0.486% overnight), Japan exporter sales, unwinding of short-JPY carry trades as risk appetite falls. Data focus: 0430 GMT Japan June revised industrial production, revised retail sales, 0500 GMT Japan July consumer confidence survey, 1230 GMT U.S. weekly jobless claims, U. S. July import & export price indexes. USD/JPY daily chart still negative-biased as MACD bearish, while stochastics stay suppressed at oversold, suggesting sideways or lower USD/JPY trading near-term. Support at 84.71 (yesterday's 15-year low); breach would expose downside to psychological round-numbered levels from 84.00 down to 80.00, then 79.70 (record low set April 19, 1995). Resistance at 85.49 (yesterday's high); breach would tilt near-term outlook toward positive, targeting 86.24 (Tuesday's high), then 86.49 (Aug. 5 high), 86.66 (Aug. 3 high), and 86.93 (July 30 high).

EUR/USD - to trade lower. Pair undermined by unwinding of long-EUR carry trades on increased risk aversion. Data focus: 0900 GMT euro-zone June industrial production. EUR/USD daily chart negative-biased as stochastics falling from overbought; MACD staged bearish crossover against its exponential moving average; bearish parabolic stop-and-reverse signal hit at 1.3017 yesterday. Support at 1.2807 (100-day moving average); breach would expose downside to 1.2730 (July 21 reaction low), then 1.2598 (55-day moving average) and 1.2520 (July 13 reaction low). Resistance at 1.3078 (hourly chart); breach would expose upside to 1.3190 (yesterday's high), then 1.3234 (Tuesday's high), 1.3307 (Monday's high) and 1.3333-1.3342 band (Friday's high-April 30 reaction high).

AUD/USD - to trade lower. Spotlight on 0100 GMT Australia August consumer inflationary expectations survey, 0130 GMT July labour force (consensus forecast for 20,000 jobs added, unemployment rate remaining at 5.1%). Pair undermined by unwinding of long-AUD carry trades on higher risk aversion, softer commodity prices (CRB spot index closed down 3.45 yesterday at 268.83). But AUD/USD losses tempered by Aussie-USD yield gap. AUD/USD daily chart negative-biased as stochastics falling from overbought, MACD staged bearish crossover

against its exponential moving average. Support at 0.8902 (July 28 reaction low); breach would expose downside to 0.8853 (100-day moving average), then 0.8735 (July 22 reaction low), 0.8717 (55-day moving average) and 0.8631 (July 19 reaction low). Resistance at 0.9052 (hourly chart); breach would expose upside to 0.9134 (yesterday's high), then 0.9166 (Tuesday's high), 0.9205 (Monday's high) and 0.9221 (Friday's high).

NZD/USD - to consolidate with risks skewed lower. Pair undermined by unwinding of long-NZD carry trades on lower risk appetite, softer commodity prices; but losses tempered by Kiwi-USD yield gap. NZD/USD daily chart negative-biased as MACD & stochastics bearish; 5-day moving average staged bearish crossover against 15-day. Support at 0.7102 (200-day moving average); breach would target 0.7092 (July 22 low), then 0.7057 (confluence of 55-day & 100-day moving averages), 0.7027 (July 19 reaction low) and 0.6821 (July 6 reaction low). Resistance at 0.7210 (hourly chart); breach would expose upside to 0.7246 (yesterday's high), then 0.7291 (Tuesday's high), 0.7343 (Monday's high) and 0.7356 (Aug. 4 high).

GBP/USD - to trade lower. GBP sentiment hurt after BOE cut its forecasts for UK economic growth & long-term inflation in its quarterly Inflation Report, BOE Gov. King reiterated central bank prepared to do more quantitative easing if required. GBP/USD also undermined by higher investor risk aversion, stronger USD sentiment, smaller-than-expected 3,800 drop in UK July claimant count measure of unemployment (vs forecast for 16,000 decline), fall in Nationwide July UK consumer confidence index to 56 from 63 in June for third straight month of decline, concerns over negative impact of fiscal tightening on UK economic growth. GBP/USD daily chart negative-biased as stochastics falling from overbought, MACD staged bearish crossover against its exponential moving average. Support at 1.5549 (July 30 low); breach would expose downside to 1.5513 (200-day moving average), then 1.5500 (uptrend line from June 8 low of 1.4344) and 1.5471 (previous cap set July 15), after which there's no significant until 1.5140 (55-day moving average) and 1.5123 (July 21 reaction low). Resistance at 1.5737 (hourly chart); breach would expose upside to 1.5866 (yesterday's high), then 1.5910 (Tuesday's high), 1.6002 (Friday's high) and 1.6069 (Feb. 3 reaction high).

USD/CHF - to trade higher. Pair underpinned by broadly stronger USD undertone; but topside limited by unwinding of short-CHF carry trades amid higher risk aversion. Daily chart positive-biased as MACD & stochastics bullish, 5-day moving average staged bullish crossover against 15-day. Resistance at 1.0626 (yesterday's high); breach would target 1.0640 (July 27 reaction high), then 1.0675 (July 12 high), 1.0852 (55-day moving average) and 1.0889 (100-day moving average). Support at 1.0561 (hourly chart); breach would expose downside to 1.0458 (Tuesday's low), then 1.0356 (Monday's low), 1.0328 (Friday's low) and 1.0127 (Jan. 11 reaction low).

USD/CAD - to trade higher. Pair underpinned by negative risk sentiment, stronger global USD, weaker commodity & oil prices (Nymex crude settled down \$2.23 yesterday at \$78.02/bbl); but topside limited by widening CAD-USD interest rate differential. Data focus: 1230 GMT Canada June international merchandise trade. USD/CAD daily chart positive-biased as stochastics bullish, MACD staged bullish crossover against its exponential moving average. Resistance at 1.0503 (July 22 high); breach would expose upside to 1.0586 (July 20 reaction high), then 1.0677 (July 6 reaction high) and 1.0851 (May 25 reaction high). Support at 1.0388 (hourly chart); breach would expose downside to 1.0300 (yesterday's low), then 1.0252 (Monday's low), 1.0141 (Friday's low) and 1.0102 (Aug. 5 low).

EUR/JPY - to trade lower. Cross undermined by unwinding of carry trades on higher risk aversion. Daily chart negative-biased as MACD & stochastics bearish, 5-day moving average staged bearish crossover against 15-day, bearish parabolic stop-and-reverse signal hit at 112.26 yesterday. Support at 109.12 (July 6 low); breach would expose downside to 107.30 (9-year low set June 29), then 106.76 (Nov. 8, 2001 reaction low). Resistance at 111.00 (hourly chart); breach would expose upside to 112.66 (yesterday's high), then 113.93 (Monday's high), 114.17 (Aug. 2 high) and 114.73 (July 28 high).

EUR/GBP - to consolidate with bearish bias. Daily chart negative-biased as MACD bearish, while stochastics stay suppressed at oversold, suggesting sideways or lower EUR/GBP trading near-term. Support at 0.8163 (July 1 low); breach would expose downside to 0.8065 (19-month low when hit June 29), then psychological 0.8000 and 0.7807 (Oct. 21, 2008 reaction low). Resistance at 0.8252 (previous base set Aug. 2); breach would expose upside to 0.8321 (yesterday's high), then 0.8364 (Tuesday's high), 0.8379 (July 30 high) and 0.8395 (July 29 high).