

2010-08-27_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	84.31-84.90	84.04-85.20
EUR/USD	1.2648-1.2764	1.2603-1.2832
AUD/USD	0.8829-0.8916	0.8769-0.8982
NZD/USD	0.6979-0.7088	0.6944-0.7124
GBP/USD	1.5505-1.5597	1.5464-1.5620
USD/CHF	1.0217-1.0328	1.0127-1.0452
USD/CAD	1.0518-1.0602	1.0441-1.0677
EUR/JPY	107.04-107.92	106.35-108.05
EUR/GBP	0.8152-0.8196	0.8139-0.8236

(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 risks skewed lower amid broad-based USD weakness (ICE spot dollar index last 82.916 vs Wednesday's 83.261 settlement) as markets await 1230 GMT U.S. 2Q GDP (2nd estimate) as well as Federal Reserve Chairman Bernanke's speech at Jackson Hole economic policy symposium for clues regarding further stimulus or quantitative easing measures. USD/JPY undermined by lower U.S. Treasury yields, ultra-loose U.S. monetary policy, Japan exporter sales, unwinding of JPY-funded carry trades on higher investor risk aversion (CBOE volatility index VIX rose 2.51% to 27.37), Wall Street's losses (DJIA off 0.74%, Nasdaq off 1.07%) despite bigger-than-expected 31,000 decline in latest U.S. weekly jobless claims (vs forecast for 10,000 drop); positions adjustment before weekend. But USD/JPY losses tempered by USD demand for import settlements, possibility of Japan FX intervention, BOJ monetary easing to stem yen strength - though some believe BOJ can't move this week because Gov. Shirakawa attending annual Jackson Hole Economic Symposium. Data focus: 2330 GMT Japan July household spending, July labor force survey, July Nation CPI, August Tokyo CPI, 1355 GMT University of Michigan survey of consumers (final). USD/JPY daily chart mixed as MACD in bearish mode, 5-day moving average below 15-day and falling; but stochastics bullish near oversold. Support at 84.31 (yesterday's low); breach would expose downside to 84.04 (Wednesday's low), then 83.58 (Tuesday's 15-year low), psychological round-numbered levels from 83.00 down to 80.00, and 79.70 (record low set April 19, 1995). Resistance at 84.90 (yesterday's high); breach would expose upside to 85.20 (Tuesday's high), then 85.68 (Monday's high), 85.85-85.91 band (Aug. 20 high-Aug. 19 high), 86.28 (Aug. 16 high) and 86.39 (Aug. 13 high).

EUR/USD - to consolidate. EUR/USD supported by weak USD sentiment, stronger-than-expected German GfK consumer-sentiment index (rose to 4.1 for September from 4.0 in August), well-received Irish government debt auction. But EUR/USD topside limited by higher investor risk aversion, worries over negative effects of austerity measures on economies of some euro-zone nations, positions adjustment before weekend. Data focus: German August provisional CPI, 0730 GMT July EuroCOIN indicator of euro area economic activity. EUR/USD daily chart mixed as MACD bearish, but stochastics bullish at oversold. Resistance at 1.2764 (yesterday's high); breach would expose upside to 1.2832 (Aug. 20 high), then 1.2902 (Aug. 19 high), 1.2923 (Aug. 18 high) and psychological 1.3000. Support at 1.2648 (yesterday's low), then at 1.2603 (Wednesday's low) and 1.2584 (Tuesday's low); breach would expose downside to 1.2520 (July 13 reaction low), then 1.2478 (July 6 low) and 1.2432 (61.8% Fibonacci correction of advance from June 7 low of 1.1875 to Aug. 6 high of 1.3333).

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AUD/USD - to consolidate. Pair underpinned by Aussie-U.S. yield gap, weak USD sentiment, firmer commodity prices (CRB spot index settled up 2.24 yesterday at 264.04). But AUD/USD gains tempered by heightened investor risk aversion, political uncertainty in Australia, positions adjustment before weekend. AUD/USD daily chart mixed as MACD bearish, but stochastics turning bullish at oversold. Support at 0.8829 (yesterday's low), then at 0.8769 (Tuesday's low); breach would target 0.8735 (July 22 low), then 0.8643 (50% Fibonacci retracement of advance from May 25 low of 0.8065 to Aug. 6 high of 0.9221) and 0.8631 (July 19 reaction low). Resistance at 0.8916 (yesterday's high); breach would expose upside to 0.8982 (Monday's high), then 0.9018 (Aug. 19 high), 0.9058 (Aug. 18 high) and 0.9082 (Aug. 17 high).

NZD/USD - to consolidate. Pair underpinned by weak USD sentiment, Kiwi-U.S. yield advantage, firmer commodity prices. But NZD/USD gains tempered by increased investor risk aversion, positions adjustment before weekend. NZD/USD daily chart mixed as MACD bearish, but stochastics turning bullish at oversold. Support at 0.6979 (yesterday's low), then at 0.6944 (Wednesday's low); breach would expose downside to 0.6882 (July 7 low), then 0.6821 (July 6 reaction low) and 0.6791 (July 1 reaction low). Resistance at 0.7088 (yesterday's high, matching 200-day moving average); breach would expose upside to 0.7124 (Monday's high), then 0.7156 (Aug. 19 high), 0.7192 (Aug. 18 high) and 0.7246 (Aug. 11 high).

GBP/USD - to consolidate. GBP/USD supported by broad-based USD weakness, strong CBI August Distributive Trades Survey (retail sales balance rose to 3-year high of +35 from +33 in July). But GBP/USD gains tempered by lingering concerns over negative impact of fiscal tightening on UK economic growth, positions adjustment before weekend. Data focus: 0830 GMT UK 2Q revised GDP, 2Q business investment provisional results, 1000 GMT UK July Land Registry house price index. GBP/USD daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support at 1.5505 (hourly chart); breach would expose downside to 1.5464 (yesterday's low), then 1.5387 (Wednesday's low), 1.5370 (Tuesday's low), 1.5325 (38.2% Fibonacci correction of advance from May 20 low of 1.4230 to Aug. 6 high of 1.6002; near 55-day moving average) and 1.5123 (July 21 reaction low, matching 100-day moving average and 50% correction). Resistance at 1.5597 (yesterday's high); breach would target 1.5620 (Monday's high), then 1.5672 (Aug. 19 high), 1.5688 (Aug. 18 high) and 1.5707 (Aug. 16 high).

USD/CHF - to consolidate with bearish bias after hitting 7-month low of 1.0217 yesterday. Pair undermined by broadly weak USD undertone, unwinding of short-CHF carry trades on higher risk aversion. But USD/CHF losses tempered by fears of SNB CHF-selling intervention as EUR/CHF cross stays weak; positions adjustment before weekend. Data focus: 0930 GMT Swiss August KOF economic barometer. Daily chart negative-biased as MACD & stochastics bearish; 5-day moving average below 15-day and falling. Support at 1.0217 (yesterday's low); breach would expose downside to 1.0127 (Jan. 11 reaction low), then parity, 0.9958 (Dec. 3, 2009 low) and 0.9914 (Nov. 26, 2009 trough). Resistance at 1.0320-1.0328 band (yesterday's high-Wednesday's high); breach would expose upside to 1.0452 (Tuesday's high), then 1.0465 (Aug. 19 high), 1.0534 (Aug. 16 high) and 1.0551 (Aug. 13 high).

USD/CAD - to consolidate. Pair undermined by weak USD sentiment, firmer commodity & oil prices (Nymex crude settled up 84 cents yesterday at \$73.36/bbl). But USD/CAD losses tempered by weaker investor risk appetite, concerns over impact of slowing U.S. growth on Canadian economy, decreased expectations for BOC rate hike in September, positions adjustment before weekend. USD/CAD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Resistance at 1.0602 (yesterday's high); breach would expose upside to 1.0667-1.0677 band (Wednesday's high-July 6 reaction high), then 1.0851 (May 25 reaction high). Support at 1.0518 (yesterday's low); breach would expose downside to 1.0441 (Monday's low), then 1.0378 (Aug. 20 low), 1.0241 (Aug. 19 low) and 1.0141 (Aug. 6 low).

EUR/JPY - to consolidate with risks skewed lower. Cross undermined by weaker investor risk appetite; but losses tempered by fear of Japanese FX intervention, expectations of BOJ monetary easing, positions adjustment before weekend. Daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support at

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107.04 (yesterday's low); breach would expose downside to 106.35 (hourly chart), then 105.90 (Wednesday's low), 105.44 (Tuesday's 9-year low), psychological round-numbered levels from 105.00 down to 100.00, and 99.85 (June 1, 2001 reaction low). Resistance at 107.92 (hourly chart), then at 108.05 (yesterday's high); breach would expose upside to 108.87 (Monday's high), then 109.62 (Aug. 20 high), 110.12 (Aug. 19 high) and 110.39-110.43 band (Aug. 18 high-Aug. 17 high).

EUR/GBP - to consolidate. Daily chart mixed as MACD bearish, but stochastics bullish at oversold. Resistance at 0.8196 (yesterday's high); breach would expose upside to 0.8236 (Wednesday's high), then 0.8248 (Aug. 19 high), 0.8282 (Aug. 18 high), 0.8294 (55-day moving average) and 0.8321 (Aug. 11 high). Support at 0.8152 (yesterday's low); breach would expose downside to 0.8139 (Monday's low), then 0.8065 (19-month low when hit June 29) and psychological 0.8000.

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