

# 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	83.72-84.49	83.47-85.22
EUR/USD	1.2642-1.2747	1.2623-1.2767
AUD/USD	0.9234-0.9324	0.9202-0.9382
NZD/USD	0.7264-0.7344	0.7223-0.7356
GBP/USD	1.5343-1.5466	1.5294-1.5533
USD/CHF	1.0132-1.0277	1.0096-1.0315
USD/CAD	1.0285-1.0374	1.0241-1.0394
EUR/JPY	106.23-107.40	105.93-108.37
EUR/GBP	0.8211-0.8288	0.8200-0.8364

(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. Buoyed by JPY-funded carry trades on solid global risk sentiment. China's Saturday data positive: August industrial output up 13.9% on year, accelerating from July's 13.4%, beating forecasts and reversing year's growth slowdown. Same time, although CPI up 3.5%, data don't look set to spur immediate tightening: PBOC adviser Xia Bin tells Dow Jones China's economic situation doesn't justify sharp policy changes; government should fine-tune macroeconomic policy but "won't and shouldn't" change basic policy direction. Follows modest Wall Street rise Friday with VIX fear gauge down 3.59%. USD/JPY also supported by USD demand for import settlements, higher U.S. Treasury yields. But USD/JPY gains tempered by Japan exporter sales. USD/JPY daily chart positive-biased as MACD & stochastics in bullish mode. Resistance at 84.49 (Sept. 6 high); breach would expose upside to 85.22 (Sept. 3 high), then 85.92 (Aug. 30 high), 86.14 (55-day moving average) and 86.39 (Aug. 13 high). Support at 83.72 (Friday's low), then at 83.47 (Thursday's low) and 83.34 (Wednesday's 15-year low); breach would expose downside to psychological round-numbered levels from 83.00 down to 80.00, then 79.70 (around record low set April 19, 1995).

**EUR/USD** - to consolidate with risks skewed higher. Supported by positive risk sentiment. But EUR/USD gains tempered by lingering concern over health of European banking sector, news that Germany's troubled Hypo Real Estate bank will get another EUR40 billion in state guarantees; pressure from more stringent Basel regulations on weaker EU banks to raise capital; "While respected and strong institutions will have little problem raising equity, the smaller and weaker banks may run into problems," says BNP Paribas. EUR/USD daily chart still negative-biased as MACD & stochastics in bearish mode. Resistance at 1.2747 (Friday's high), then at 1.2767 (Thursday's high); breach would expose upside to 1.2876 (Tuesday's high), then 1.2918-1.2923 band (Sept. 6 high-Aug. 18 high), 1.2959 (50% Fibonacci correction of 1.3333-1.2584 Aug. 6-Aug. 24 decline) and psychological 1.3000. Support at 1.2642 (Friday's low, near 100-day moving average); breach would target 1.2623 (Aug. 31 low), then 1.2584 (Aug. 24 low), 1.2520 (July 13 reaction low), 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).

**AUD/USD** - to consolidate with bullish bias. Buoyed by AUD demand for long-AUD carry trades on increased risk appetite, positive Chinese data, firmer commodity prices (CRB spot index settled up 1.93 Friday at 275.14). Data focus: 0130 GMT Australia July lending finance. 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 0.9324 (April 30 reaction high); breach would expose upside to 0.9382 (April 12 reaction high), then 0.9405 (Nov. 16, 2009 top) and psychological 0.9500 level. Support at 0.9234 (hourly chart), then at 0.9202 (Friday's low); breach would temper near-term positive outlook, exposing downside to 0.9168

(Thursday's low), then 0.9089 (Tuesday's low), 0.9064 (Sept. 3 low) and 0.9052 (Sept. 2 low).

NZD/USD - to consolidate with bullish bias. Underpinned by NZD demand for long-NZD carry trades on stronger risk appetite, firmer commodity prices. NZD/USD daily chart positive-biased as MACD bullish, stochastics stays elevated at overbought, suggesting sideways or higher NZD/USD trading near-term. Resistance at 0.7344 (Aug. 6 high), then at 0.7356 (Aug. 4 reaction high); breach would expose upside to 0.7395 (July 27 reaction high), then 0.7441 (Jan. 14 reaction high) and 0.7521 (Nov. 16, 2009 reaction high). Support at 0.7264 (hourly chart), then at 0.7223 (Friday's low); breach would temper near-term positive outlook, exposing downside to 0.7196 (Thursday's low), then 0.7155 (Wednesday's low), 0.7126 (Sept. 3 low) and 0.7093 (Sept. 2 low).

GBP/USD - to consolidate. Supported by positive risk sentiment, but gains tempered by lingering concerns over negative impact of fiscal tightening on UK growth. Data focus: 0830 GMT UK July CML regulated mortgage survey. GBP/USD daily chart negative-biased as MACD & stochastics in bearish mode; 5-day moving average below 15-day and falling. Resistance at 1.5466 (Friday's high); breach would expose upside to 1.5533 (Wednesday's high), then 1.5580 (Aug. 30 high), 1.5597 (Aug. 26 high) and 1.5620 (Aug. 23 high). Support at 1.5343 (Friday's low, roughly matching Wednesday's low); breach would expose downside to 1.5294 (Tuesday's low), then 1.5123 (July 21 reaction low, near 100-day moving average and 50% Fibonacci correction of advance from May 20 low of 1.4230 to Aug. 6 high of 1.6002) and psychological 1.5000.

USD/CHF - to trade with bullish bias. Supported by short-CHF carry trades on improved risk appetite. Data focus: 0715 GMT Swiss August PPI & import price index. Daily chart positive-biased as spot rate broke above downtrend line from Aug. 12 high of 1.0616; bullish parabolic stop-and-reverse signal hit at 1.0205 Friday; stochastics rising from oversold, MACD staged bullish crossover against its exponential moving average. Resistance at 1.0277 (Friday's high); breach would expose upside to 1.0315 (Aug. 30 high), then 1.0328 (Aug. 25 high), 1.0452 (Aug. 24 high) and 1.0465 (Aug. 19 high). Support 1.0132 (Friday's low); breach would expose downside to 1.0096 (Thursday's low), then 1.0058 (Wednesday's 9-month low), parity and 0.9958 (Dec. 3, 2009 low).

USD/CAD - to consolidate with bearish bias. Undermined by Canada August job creation (35,800 vs 30,000 forecast), although employment rate inched up to 8.1% from 8.0% in July. Pair also weighed by positive risk sentiment, firmer commodity & oil prices (Nymex crude settled up \$2.20 Friday at \$76.45). But USD/CAD losses tempered by BOC Gov. Carney denting expectations for rate hikes this year. USD/CAD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold. Support at 1.0285 (Friday's low); breach would expose downside to 1.0241 (Aug. 19 reaction low), then 1.0102 (Aug. 5 reaction low) and 1.0010 (April 29 low). Resistance at 1.0374 (Friday's high); breach would temper near-term negative outlook, targeting 1.0394 (Thursday's high), then 1.0509 (Wednesday's high), 1.0569 (Sept. 3 high) and 1.0677 (July 6 reaction high).

EUR/JPY - to trade with bullish bias, supported by stronger risk appetite. Daily chart positive-biased as MACD & stochastics turning bullish. Resistance at 107.40 (hourly chart); breach would expose upside to 108.37 (Tuesday's high), then 108.95 (Sept. 6 high), 109.54 (Sept. 3 high) and 110.12 (Aug. 19 high). Support at 106.23 (Friday's low); breach would tilt near-term outlook toward negative, targeting 105.93 (Thursday's low), then 105.75 (Wednesday's low) and 105.44 (9-year low set Aug. 24) - below which would expose downside to psychological round-numbered levels from 105.00 down to 100.00, then 99.85 (June 1, 2001 reaction low).

EUR/GBP - to consolidate with risks skewed higher. Daily chart positive-biased as MACD in bullish mode, stochastics turning bullish. Resistance at 0.8288 (Friday's high, near 55-day moving average); breach would

expose upside to 0.8364 (Tuesday's high, near 100-day moving average), then 0.8390 (Sept. 6 high), 0.8415 (July 27 high) and 0.8466 (July 22 high). Support at 0.8211 (Friday's low), then at 0.8200 (Wednesday's low); breach would expose downside to 0.8169 (Aug. 31 low), then 0.8159-0.8152 band (Aug. 30 low-Aug. 26 low), 0.8139 (Aug. 23 reaction low) and 0.8065 (19-month low when hit June 29).