

2010-09-17\_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	85.20-85.93	85.00-86.39
EUR/USD	1.3045-1.3117	1.2974-1.3233
AUD/USD	0.9328-0.9395	0.9311-0.9428
NZD/USD	0.7211-0.7255	0.7196-0.7285
GBP/USD	1.5536-1.5651	1.5446-1.5707
USD/CHF	1.0105-1.0170	0.9995-1.0205
USD/CAD	1.0234-1.0290	1.0212-1.0319
EUR/JPY	110.63-112.40	109.55-113.93
EUR/GBP	0.8307-0.8402	0.8268-0.8415

(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 consolidate with bullish bias, buoyed by fear of further Japan MOF JPY-selling intervention. USD/JPY also supported by expectations BOJ may ease its monetary policy further to help government fight strong yen, USD demand for import settlements, higher U.S. Treasury yields, diminished investor risk aversion (VIX fear gauge ended down 1.72% at 21.72) as U.S. stocks recovered from early losses to close mixed (DJIA up 0.21%, S&P down 0.04%); surprise 3,000 drop in latest U.S. weekly jobless claims (vs forecast for 9,000 increase). USD/JPY gains limited by Japan exporter sales, smaller-than-expected rise in Philadelphia Fed index of general business activity for factories to -0.7 in September from -7.7 in August (vs forecast for 0.0 reading); negative USD sentiment amid speculation of further quantitative measures from U.S. Federal Reserve; positions adjustment before weekend. Data focus: 1230 GMT U.S. August CPI, 1355 GMT September University of Michigan survey of consumers (preliminary). USD/JPY daily chart positive-biased as MACD & stochastics bullish; 5-day moving average staged bullish crossover against 15-day. Resistance at 85.93 (yesterday's high, matching 55-day moving average); breach would expose upside to 86.39 (Aug. 13 high), then 86.49 (Aug. 5 high), 86.88 (Aug. 2 high) and 88.11 (July 28 reaction high). Support at 85.20 (yesterday's low); breach would expose downside to 85.00 (hourly chart), then 84.57 (previous downtrend resistance line from July 14 high of 89.11), 84.43 (previous cap set Sept. 10) and 82.87 (Wednesday's fresh 15-year low).

EUR/USD - to consolidate with bullish bias. Supported by negative USD sentiment, successful auctions of Spanish government debt yesterday, larger-than-expected euro-zone trade surplus of EUR6.7 billion in July, moderating investor risk aversion, EUR demand for long-EUR/JPY trades as fear of further Japan MOF JPY-selling intervention prevails. But EUR/USD gains tempered by concerns about further Chinese policy tightening, positions adjustment before weekend. Data focus: 0600 GMT German August PPI, 0800 GMT July euro area balance of payments, 0900 GMT euro-zone July construction output. EUR/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher EUR/USD trading near-term. Resistance at 1.3117 (yesterday's high); breach would expose upside to 1.3233 (200-day moving average), then 1.3333 (Aug. 6 reaction high). Support at 1.3045 (hourly chart); then at 1.2974 (yesterday's low); breach would temper near-term positive outlook, targeting 1.2953 (Wednesday's low), then 1.2918 (previous cap set Sept. 6), 1.2862 (55-day moving average), 1.2826 (Tuesday's low) and 1.2701 (Monday's low).

## 2010-09-17\_ASIA DAILY FOREX OUTLOOK - Majors

AUD/USD - to consolidate. Pair underpinned by weak USD sentiment, lower investor risk aversion, AUD demand for long-AUD/JPY trades as fear of further Japan MOF JPY-selling intervention persists. But AUD/USD gains tempered by talk China may tighten policy further to cool its economy; softer commodity prices (CRB spot index settled down 0.36 yesterday at 278.69), positions adjustment before weekend. AUD/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 0.9328 (yesterday's low); breach would target 0.9311 (Tuesday's low), then 0.9286 (Monday's low), 0.9202 (Sept. 10 low) and 0.9168 (Sep. 9 low). Resistance at 0.9395 (yesterday's high), then at 0.9428 (Wednesday's high) and 0.9458 (Tuesday's high); breach would reinstate near-term positive outlook, exposing upside to psychological round-numbered levels from 0.9500 up to 0.9800, then 0.9849 (July 15, 2008 post-float high).

NZD/USD - to consolidate with risks skewed lower. NZD/USD soft after RBNZ yesterday kept its policy rate unchanged at 3% as widely expected but issued surprisingly dovish statement, delaying consensus forecast for RBNZ's next hike to March 2011 from December 2010 before yesterday's announcement. NZD/USD also undermined by worries about further Chinese policy tightening, but losses tempered by positions adjustment before weekend, weak USD sentiment, decreased investor risk aversion, NZD demand for long-NZD/JPY trades as threat of further Japan MOF JPY-selling intervention lurks. NZD/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 0.7211 (yesterday's low); breach would target 0.7196 (Sept. 9 low), then 0.7155 (Sept. 8 low), 0.7126 (Sept. 3 low) and 0.7085 (200-day moving average). Resistance at 0.7255 (hourly chart), then at 0.7285 (yesterday's high); breach would expose upside to 0.7356 (Wednesday's high), then 0.7395 (Tuesday's high), 0.7441 (Jan. 14 reaction high) and 0.7521 (Nov. 16, 2009 reaction high).

GBP/USD - to consolidate with bullish bias. Pair underpinned by weak USD sentiment, CBI survey showing UK industrial output balance increased to +12 in September vs +10 in August; BOE quarterly poll showing UK public inflation expectations for next 12 months 3.4%, up from 3.3% in May poll and highest since August 2008; diminished investor risk aversion, sterling demand for long-GBP/JPY trades as fear of further Japan MOF yen-selling intervention prevails. But GBP/USD topside limited by surprise 0.5% on-month drop in UK August retail sales (vs forecast for 0.3% rise), concerns over negative impact of fiscal tightening on UK economy, positions adjustment before weekend. GBP/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher GBP/USD trading near-term. Resistance at 1.5651 (Wednesday's high); breach would expose upside to 1.5707 (Aug. 16 high), then 1.5866 (Aug. 11 high) and 1.6002 (Aug. 6 top). Support at 1.5536 (yesterday's low); breach would expose downside to 1.5446 (Wednesday's low), then 1.5345 (Tuesday's low), 1.5294 (Sept. 7 low) and 1.5142 (100-day moving average).

USD/CHF - to trade with risks skewed higher. USD/CHF supported after SNB yesterday left key interest rates unchanged as widely expected but sharply cut its inflation forecasts for 2010, 2011 and 2012, saying it doesn't rule out deflation in 2011. Pair also buoyed by fear of SNB's CHF-selling intervention; but gains tempered by weak USD sentiment, positions adjustment before weekend. Daily chart mixed as MACD & stochastics turned bullish; but 5-day moving average still below 15-day and falling. Resistance at 1.0170 (yesterday's high); breach would target 1.0205 (Monday's high), then 1.0277 (Sept. 10 reaction high), 1.0315 (Aug. 30 high) and 1.0328 (Aug. 25 high). Support at 1.0105 (hourly chart); breach would expose downside to 0.9995 (yesterday's low), then 0.9945 (Wednesday's low), 0.9930 (Tuesday's 10-month low) and 0.9914 (Nov. 26, 2009 trough), below which would open way down to psychological round-numbered levels from 0.9900 down to 0.9600, then 0.9572 (record low set March 17, 2008).

USD/CAD - to consolidate. Pair undermined by negative USD sentiment, subdued investor risk aversion, CAD demand for long-CAD/JPY trades as fear of further Japan MOF JPY-selling intervention prevails. But USD/CAD losses tempered by concerns about further Chinese policy tightening, softer commodity and oil

2010-09-17\_ASIA DAILY FOREX OUTLOOK - Majors

prices (Nymex crude settled down \$1.45 yesterday at \$74.57/bbl), positions adjustment before weekend. USD/CAD daily chart mixed as MACD bearish but stochastics turning bullish at oversold. Resistance at 1.0290 (yesterday's high), then at 1.0319 (Wednesday's high); breach would expose upside to 1.0345 (Monday's high), then 1.0374 (Sep. 10 high, matching 200-day moving average), 1.0394 (Sep. 9 high) and 1.0509 (Sep. 8 high). Support at 1.0234 (yesterday's low), then at 1.0212 (Tuesday's low); breach would expose downside to 1.0102 (Aug. 5 reaction low), then 1.0010 (April 29 low).

EUR/JPY - to trade with bullish bias. Cross supported by fear of further Japan MOF JPY-selling intervention; but gains tempered by positions adjustment before weekend. Daily chart positive-biased as MACD & stochastics bullish, although latter at overbought. Resistance at 112.40 (yesterday's high); breach would expose upside to 113.93 (Aug. 9 high), then 114.17 (Aug. 2 high) and 114.73 (July 28 reaction high). Support at 110.63 (yesterday's low, near 55-day moving average); breach would temper near-term positive outlook, exposing downside to 109.55 (previous cap set Aug. 30), then 107.70 (Wednesday's low), 106.71 (Tuesday's low) and 105.93 (Sep. 9 low).

EUR/GBP - to range-trade. Daily chart positive-biased as MACD & stochastics in bullish mode, but latter at overbought. Resistance at 0.8402 (Wednesday's high), then at 0.8415 (July 27 high); breach would target 0.8466 (July 22 high), then 0.8478 (July 21 high) and 0.8532 (July 19 reaction high). Support at 0.8307 (yesterday's low); breach would expose downside to 0.8268 (Monday's low), then 0.8211 (Sept. 10 low), 0.8200 (Sep. 8 low) and 0.8169 (Aug. 31 low).

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