

ASIA DAILY FOREX OUTLOOK - Maj ors

24 Sep 2010, 01:33

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

| | Immediate Range | Larger Range |
|---------|-----------------|---------------|
| USD/JPY | 84.24-84.67 | 84.04-85.18 |
| EUR/USD | 1.3303-1.3380 | 1.3245-1.3413 |
| AUD/USD | 0.9464-0.9551 | 0.9439-0.9576 |
| NZD/USD | 0.7259-0.7336 | 0.7247-0.7417 |
| GBP/USD | 1.5600-1.5741 | 1.5501-1.5910 |
| USD/CHF | 0.9801-0.9905 | 0.9700-0.9985 |
| USD/CAD | 1.0274-1.0379 | 1.0188-1.0394 |
| EUR/JPY | 112.15-112.82 | 111.44-113.42 |
| EUR/GBP | 0.8470-0.8565 | 0.8460-0.8577 |

(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 trade with risks skewed lower. Pair undermined by selling of yen crosses amid negative global risk sentiment (VIX fear gauge jumped 6.04% to 23.87), Wall Street's losses overnight (DJIA off 0.72%, S&P off 0.83%) as worries over European economy resurfaced, latest U.S. weekly jobless claims rose more-than-expected 12,000 (vs +3,000 forecast). USD/JPY also weighed by Japan exporter sales, lower U.S. Treasury yields, expectations of further quantitative measures from U.S. Federal Reserve. But USD/JPY downside limited by fear of further Japan MOF JPY-selling intervention, USD demand for import settlements; better-than-expected 0.3% rise in U.S. August Conference Board index of leading economic indicators (vs +0.2% expected); stronger-than-expected 7.6% increase in U.S. August existing home sales (vs +7.0% expected); positions adjustment before weekend. Data focus: 1230 GMT U.S. August durable goods orders, 1400 GMT U.S. August new home sales, 1700 GMT Fed's Lacker speaks, 1800 GMT Fed's Plosser speaks. USD/JPY daily chart mixed as MACD bullish, but stochastics falling from overbought. Support at 84.24 (yesterday's low), then at 84.04 (61.8% Fibonacci correction of 82.87-85.93 Sept. 15-Sept. 16 advance); breach would expose downside to 82.87 (15-year low set Sept. 15), then psychological round-numbered levels from 82.00 down to 80.00, and 79.75 (record low set April 19, 1995). Resistance at 84.67 (yesterday's high); breach would tilt near-term outlook toward positive, targeting 85.18 (Wednesday's high), then 85.77 (Tuesday's high), 85.93 (Sept. 17 high), 86.39 (Aug. 13 high) and 86.49 (Aug. 5 high).

EUR/USD - to trade with risks skewed lower. Pair undermined by reduced investor risk tolerance; worse-than-expected drop in euro-zone composite PMI to 53.8 in September from 56.2 in August (vs 55.7 forecast); sharp fall in German composite PMI to 54.8 from August's 58.4 (vs 57.9 expected); renewed tension in some euro-zone markets after surprise 1.2% contraction in Ireland's 2Q GDP (vs forecast for 0.5% growth), Portugal opposition party's refusal to help pass belt-tightening budget. But EUR/USD loses tempered by ultra-loose U.S. monetary policy, positions adjustment before weekend. Data focus: 0730 GMT August EuroCOIN indicator of euro-area economic activity, 0800 GMT German September Ifo business climate index. EUR/USD daily chart mixed as MACD bullish, but stochastics turning bearish at overbought; inside-day-range pattern completed yesterday. Support at 1.3303 (yesterday's low); breach would expose downside to 1.3245 (Wednesday's low), then 1.3055 (Tuesday's low), 1.3016 (Sept. 17 low) and

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1.2974 (Sept. 16 low). Resistance at 1.3380 (hourly chart), then at 1.3413 (yesterday's high) and 1.3440 (Wednesday's high); breach would reinstate near-term positive bias, exposing upside to 1.3510 (50% Fibonacci retracement of decline from Nov. 25 high of 1.5144 to June 7 low of 1.1875), then 1.3691 (April 12 reaction high) and 1.3817 (March 17 reaction high).

AUD/USD - to trade with risks skewed lower. Pair undermined by unwinding of long-AUD carry trades on higher risk aversion. But AUD/USD losses tempered by Aussie-USD yield gap, divergent RBA-U.S. Fed monetary policy stances, firmer commodity prices (CRB spot index closed up 1.25 yesterday at 280.14), positions adjustment before weekend. AUD/USD daily chart mixed as MACD bullish, but stochastics turned bearish at overbought. Support at 0.9464 (yesterday's low); breach would target 0.9439 (Tuesday's low), then 0.9347 (Sept. 17 low), 0.9328 (Sept. 16 low) and 0.9311 (Sept. 14 low). Resistance at 0.9551 (hourly chart), then at 0.9576 (yesterday's high) and 0.9599 (Wednesday's high); breach would reinstate near-term positive bias, exposing upside to psychological round-numbered levels 0.9700 and 0.9800, then 0.9849 (July 15, 2008 post-float high).

NZD/USD - to trade with risks skewed lower. Pair undermined by reduced investor risk tolerance, lingering effect from yesterday's weaker-than-expected NZ 2Q GDP data. But NZD/USD losses tempered by Kiwi-USD yield gap, firmer commodity prices, positions adjustment before weekend. NZD/USD daily chart mixed as MACD bullish, but stochastics bearish near overbought. Support at 0.7259 (yesterday's low), then at 0.7247 (Monday's low); breach would target 0.7234 (Sept. 17 low), then 0.7211 (Sept. 16 low), 0.7196 (Sept. 9 low), 0.7155 (Sept. 8 low) and 0.7126 (Sept. 3 low). Resistance at 0.7336 (hourly chart); breach would expose upside to 0.7417 (Wednesday's high), then 0.7441 (Jan. 14 reaction high) and 0.7521 (Nov. 16, 2009 reaction high).

GBP/USD - to consolidate with risks skewed lower. Pair undermined by negative global risk sentiment, lingering concerns over negative impact of fiscal tightening on UK economy; but losses tempered by GBP demand on soft EUR/GBP cross, ultra-loose U.S. monetary policy, positions adjustment before weekend. GBP/USD daily chart still positive-biased as MACD bullish, while stochastics stay elevated at overbought. Support at 1.5609-1.5600 band (yesterday's low-Wednesday's low); breach would expose downside to 1.5501 (Tuesday's low), then 1.5446 (Sept. 15 low), 1.5345 (Sept. 14 low) and 1.5294 (Sept. 7 low). Resistance at 1.5741 (yesterday's high); breach would expose upside to 1.5910 (Aug. 10 high), then 1.6002 (Aug. 6 top).

USD/CHF - to trade with bearish bias. Pair weighed by unwinding of short-CHF carry trades amid higher risk aversion, ultra-loose U.S. monetary policy; but losses tempered by fear of SNB's CHF-selling intervention, positions adjustment before weekend. Daily chart negative-biased as MACD & stochastics bearish; 5- & 15-day moving averages falling. Support at 0.9801 (yesterday's low); breach would expose downside to psychological round-numbered levels 0.9700 & 0.9600, then 0.9572 (record low set March 17, 2008). Resistance at 0.9905 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 0.9985 (Wednesday's high), then 1.0074 (Tuesday's high), 1.0121 (Monday's high) and 1.0183 (Sept. 17 high).

USD/CAD - to trade with risks skewed higher. Pair underpinned by negative global risk sentiment; but gains tempered by firmer oil prices (Nymex crude settled up 47 cents yesterday at \$75.18/bbl), positions adjustment before weekend. Data focus: 1230 GMT Canada July payroll employment. USD/CAD daily chart positive-biased as stochastics rising from oversold, negative MACD histogram bars contracting. Resistance at 1.0379 (yesterday's high); breach would target 1.0394 (Sept. 9 high), then 1.0509 (Sept. 8 high) and 1.0569 (Sept. 3 high). Support at 1.0274 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.0188 (Wednesday's low), then 1.0102 (Aug. 5 reaction low) and 1.0010 (April 29 low).

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EUR/JPY - to consolidate with risks skewed lower. Cross weighed by European economic concerns, unwinding of carry trades amid negative global risk sentiment; but losses tempered by fear of further Japan JPY-selling intervention, positions adjustment before weekend. Daily chart mixed as MACD bullish, but stochastics turning bearish at overbought. Support at 112.15 (yesterday's low); breach would expose downside to 111.44 (Tuesday's low), then 110.63 (Sept. 16 low, matching 55-day moving average), 109.55 (previous cap set Aug. 30) and 107.70 (Sept. 15 low). Resistance at 112.82 (hourly chart); breach would expose upside to 113.42 (yesterday's high), then 113.54 (Wednesday's high), 113.93 (Aug. 9 high) and 114.17 (Aug. 2 high).

EUR/GBP - to consolidate with risks skewed lower. Daily chart mixed as MACD bullish, but stochastics turned bearish at overbought; inside-day-range pattern completed yesterday. Support at 0.8470 (yesterday's low), then at 0.8460 (Wednesday's low); breach would expose downside to 0.8387 (Tuesday's low), then 0.8328 (Sept. 17 low) and 0.8307 (Sept. 16 low). Resistance at 0.8565 (yesterday's high), then at 0.8577 (Wednesday's high) and 0.8591 (200-day moving average); breach would expose upside to 0.8773 (May 21 reaction high).

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