

# 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	84.04-84.89	82.87-85.38
EUR/USD	1.3366-1.3510	1.3284-1.3691
AUD/USD	0.9528-0.9700	0.9461-0.9800
NZD/USD	0.7322-0.7417	0.7259-0.7441
GBP/USD	1.5741-1.5910	1.5638-1.6002
USD/CHF	0.9776-0.9879	0.9700-0.9905
USD/CAD	1.0221-1.0278	1.0188-1.0354
EUR/JPY	112.63-113.93	112.15-114.17
EUR/GBP	0.8487-0.8549	0.8470-0.8565

(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 broad-based USD weakness (ICE spot dollar index down 0.77% Friday at 79.395, last at 79.308) as expectations of further quantitative measures from U.S. Federal Reserve were reinforced by Chairman Bernanke late Friday saying he's dissatisfied with course of U.S. recovery, suggesting Fed may downgrade its economic growth forecast at its next meeting on Nov. 3. USD/JPY also undermined by Japan exporter sales. But downside limited by fear of further Japan MOF JPY-selling intervention, higher U.S. Treasury yields, USD demand for import settlements, JPY-funded carry trades amid positive global risk sentiment (VIX fear gauge eased 9.05% to 21.71) as Wall Street posted strong gains Friday (DJIA up 1.86%, Nasdaq up 2.33%) despite big 1.3% drop in U.S. August durable goods orders (vs forecast for 1.0% fall) - investors heartened as July durables revised to 0.7% increase from originally reported 0.4% rise, while U.S. August new home sales came in flat vs +6.9% expected but July sales revised to 7.7% decline from originally reported 12.4% drop. Data focus: 2350 GMT Japan August provisional trade statistics, August corporate service price index, 1230 GMT August Chicago Fed national activity index, 1430 GMT September Texas manufacturing outlook survey, 1600 GMT August Chicago Fed Midwest manufacturing index. USD/JPY daily chart mixed as stochastics falling from overbought but MACD still in bullish mode. Support 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 84.89 (hourly chart), then at 85.38 (Friday's high); breach would target 85.54 (55-day moving average), then 85.77 (Tuesday's high), 85.93 (Sept. 16 high) and 86.39 (Aug. 13 high).

EUR/USD - to consolidate with positive bias. Pair underpinned by weak USD sentiment, EUR demand for long-EUR carry trades on better investor risk appetite, surprise rise in German Ifo business sentiment index to 106.8 in September from 106.7 in August (vs forecast for drop to 106.5). But EUR/USD gains tempered by lingering concerns over economic & fiscal health of some euro-zone nations. Data focus: 0800 GMT August Monetary developments (M3) in euro area. EUR/USD daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher EUR/USD trading near-term. Resistance at 1.3510 (50% Fibonacci retracement of decline from Nov. 25 high of 1.5144 to June 7 low of 1.1875); breach would expose upside to 1.3691 (April 12 reaction high), then 1.3817 (March 17 reaction high). Support at 1.3366 (hourly chart), then at 1.3284 (Friday's low); breach would temper near-term negative outlook, exposing upside to 1.3245 (Wednesday's low), then 1.3055 (Tuesday's low), 1.3016 (Sept. 17 low) and 1.2974 (Sept. 16 low).

AUD/USD - to consolidate with positive bias after setting 2-year high of 0.9624 this morning. Pair underpinned by AUD demand for long-AUD carry trades on increased investor risk appetite, divergent RBA-U.S. Fed monetary

policy stances, firmer commodity prices (CRB spot index closed up 3.49 Friday at 283.63). AUD/USD daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher AUD/USD trading near-term. Resistance at psychological 0.9700; breach would expose upside to next psychological round-numbered level at 0.9800, then 0.9849 (July 15, 2008 peak). Support at 0.9528 (hourly chart), then at 0.9461 (Friday's low); breach would temper near-term positive outlook, targeting 0.9439 (Tuesday's low), then 0.9347 (Sept. 17 low), 0.9328 (Sept. 16 low) and 0.9311 (Sept. 14 low).

NZD/USD - to consolidate with risks skewed higher. Pair underpinned by weak USD sentiment, NZD demand for long-NZD carry trades on improved investor risk appetite, firmer commodity prices. NZD/USD daily chart mixed as MACD bullish, but stochastics bearish near overbought. Resistance at 0.7417 (Wednesday's high); breach would expose upside to 0.7441 (Jan. 14 reaction high), then 0.7521 (Nov. 16, 2009 reaction high). Support at 0.7322 (hourly chart), then at 0.7268-0.7259 band (Friday's low-Thursday's low) and 0.7247 (Sept. 20 low); breach would target 0.7234 (Sept. 17 low), then 0.7211 (Sept. 16 low), 0.7196 (Sept. 9 low) and 0.7155 (Sept. 8 low).

GBP/USD - to consolidate with risks skewed higher. Pair underpinned by weak USD sentiment, higher investor risk appetite. But GBP/USD topside limited by UK Hometrack survey showing 0.4% on-month drop in September national house prices for biggest margin of decline since March 2009; lingering concerns over negative impact of fiscal tightening on UK economy. 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 1.5910 (Aug. 10 high); breach would expose upside to 1.6002 (Aug. 6 top), then 1.6069 (Feb. 3 high) and 1.6276 (Jan. 28 high). Support at 1.5741 (hourly chart), then at 1.5638 (Friday's low) and 1.5609-1.5600 band (Thursday'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).

USD/CHF - to consolidate with risks skewed lower. Pair undermined by negative USD sentiment; but downside limited by short-CHF carry trades on stronger investor risk appetite, fear of SNB's CHF-selling intervention. Daily chart negative-biased as MACD bearish, while stochastics stay suppressed at oversold, suggesting sideways or lower USD/CHF trading near-term. Support at 0.9776 (Friday's low); breach would expose downside to psychological round-numbered levels of 0.9700 & 0.9600, then 0.9572 (record low set March 17, 2008). Resistance at 0.9879 (Friday's high); breach would temper near-term negative outlook, targeting 0.9905 (Thursday's high), then 0.9985 (Wednesday's high), 1.0074 (Tuesday's high) and 1.0121 (Sept. 20 high).

USD/CAD - to consolidate with risks skewed lower. Pair undermined by healthier investor risk appetite, negative USD sentiment, firmer commodity and oil prices (Nymex crude settled up \$1.31 Friday at \$76.49/bbl). USD/CAD daily chart mixed as stochastics rising from oversold but MACD still bearish. Support at 1.0221 (Friday's low); breach would expose downside to 1.0188 (Wednesday's low), then 1.0102 (Aug. 5 reaction low) and 1.0010 (April 29 low). Resistance at 1.0278 (hourly chart), then at 1.0354 (Friday's high) and 1.0379 (Thursday's high); breach would target 1.0394 (Sept. 9 high), then 1.0509 (Sept. 8 high) and 1.0569 (Sept. 3 high).

EUR/JPY - to trade with risks skewed higher. Cross supported by increased investor risk tolerance, threat of further Japan JPY-selling intervention. Daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher EUR/JPY trading near-term. Resistance at 113.93 (Aug. 9 high), then at 114.17 (Aug. 2 high); breach would target 114.73 (July 28 reaction high), then 115.49 (May 18 high) and 118.40 (200-day moving average). Support at 112.63 (hourly chart), then at 112.15 (Thursday's low); breach would expose downside to 111.44 (Tuesday's low), then 110.63 (Sept. 16 low, near 55-day moving average), 109.55 (previous cap set Aug. 30) and 107.70 (Sept. 15 low).

EUR/GBP - to consolidate. Daily chart mixed as MACD bullish, but stochastics bearish at overbought; inside-day-range pattern completed Friday. Support at 0.8487 (hourly chart), then at 0.8470 (Thursday's low) and 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 0.8549 (Friday's high); breach would target 0.8565 (Thursday's high), then 0.8577 (Wednesday's high), 0.8590 (200-day moving average) and 0.8773 (May 21 reaction high).