

# 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	80.99-81.50	80.84-81.84
EUR/USD	1.3894-1.3997	1.3858-1.4051
AUD/USD	0.9756-0.9875	0.9741-0.9893
NZD/USD	0.7433-0.7508	0.7422-0.7538
GBP/USD	1.5653-1.5730	1.5501-1.5750
USD/CHF	0.9695-0.9805	0.9656-0.9843
USD/CAD	1.0219-1.0280	1.0159-1.0302
EUR/JPY	112.60-113.80	111.54-113.94
EUR/GBP	0.8844-0.8930	0.8770-0.9000

(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 higher, supported by JPY-funded carry trades amid positive global risk sentiment after G20 agreement to avoid competitive devaluation. USD/JPY downside also limited by threat of further Japan MOF JPY-selling intervention; G20 meeting's written outcome stating advanced economies including those with reserve currencies will be vigilant against excess volatility and disorderly movements in exchange rates suggests Japan may intervene in currency market if dollar weakens excessively, says Yuichiro Harada, senior dealer at Mizuho Corporate Bank. USD/JPY also supported by USD demand for import settlements, higher U.S. Treasury yields, increased expectations that smaller increments of U.S. Treasury bond purchases rather than "shock and awe" large-scale quantitative easing will be announced when U.S. Federal Reserve meets early next month. But USD/JPY gains tempered by Japan exporter sales. Data focus: 2350 GMT Japan September provisional trade statistics, 1230 GMT September Chicago Fed national activity index, 1400 GMT U.S. September existing home sales, 1430 GMT October Texas manufacturing outlook survey, 2030 GMT Fed's Dudley speech. USD/JPY daily chart mixed as MACD bearish but stochastics oversold, 5-day moving average meandering sideways, inside-day-range pattern completed Friday. Resistance at 81.50 (Friday's high); breach would target 81.84 (Thursday's high), then 81.92-82.00 band (Tuesday's high-Oct. 13 high), 82.34 (Oct. 12 high), 82.57 (Oct. 8 high) and 83.02 (Oct. 7 high). Support at 80.99 (Friday's low), then at 80.84 (Wednesday's 15-year low); breach would expose downside to psychological 80.00, then 79.75 (record low set April 19, 1995).

EUR/USD - to consolidate with risks skewed lower. Pair weighed by expectations of smaller increments of U.S. Treasury bond purchases by U.S. Federal Reserve next month. But EUR/USD losses tempered by improved investor risk sentiment, EUR demand from sovereign central banks. EUR sentiment also soothed by surprise rise in German Ifo business climate index to 107.6 in October from 106.8 in September (vs forecast for drop to 106.4). G20 agreement of sorts on avoiding competitive devaluation & need for market-based exchange rates is signal to buy risk, but given Fed's expected quantitative easing already priced in, USD weakness could be short-lived, says J.P. Morgan chief FX dealer Philip Burke; "there may be less shock and awe for the QE next month, which would be USD supportive." Data focus: 0900 GMT euro-zone August new industrial orders. EUR/USD daily chart mixed as MACD bearish, 5-day moving average staged bearish crossover against 15-day; but stochastics neutral. Support at 1.3894 (hourly chart), then at 1.3858 (Friday's low); breach would expose downside to 1.3696 (Wednesday's low), then 1.3635 (Oct. 5 low), 1.3558 (Sept. 30 low, matching 38.2% Fibonacci correction of 1.2584-1.4161 Aug. 24-Oct. 15 advance) and 1.3380 (Sept. 28 low, just above 50% correction). Resistance at 1.3997 (hourly chart), then at 1.4051 (Thursday's high); breach would expose upside to 1.4161 (9-month high set Oct. 15), then 1.4197 (Jan. 25 high), 1.4216 (previous base set Dec. 22, 2009) and psychological 1.4500.

AUD/USD - to consolidate with risks skewed lower. Pair weighed by reduced expectations of large-scale quantitative easing measures from U.S. Federal Reserve next month. But AUD/USD losses tempered by increased investor risk tolerance, AUD-USD yield gap, firmer commodity prices (CRB spot index closed up 1.68 Friday at 297.23). Data focus: 0025 GMT RBA Gov. Stevens' speech, 0030 GMT Australia 3Q PPI. AUD/USD daily chart mixed as MACD bearish, 5-day moving average staged bearish crossover against 15-day; but stochastics neutral, inside-day-range pattern completed Friday. Support at 0.9756 (Friday's low), then at 0.9741 (Thursday's low); breach would expose downside to 0.9660 (Tuesday's low), then 0.9540 (Oct. 5 low, just above 38.2% correction of 0.8769-1.0003 Aug. 25-Oct. 15 advance), 0.9461 (Sept. 24 low), 0.9386 (50% correction) and 0.9377 (55-day moving average). Resistance at 0.9875 (hourly chart), then at 0.9893 (Thursday's high); breach would expose upside to 0.9946 (Tuesday's high), then 1.0003 (post-float high set Oct. 15), psychological 1.0100, 1.0200 and 1.0250 (ascending resistance trendline from Sept. 14 high of 0.9458).

NZD/USD - to consolidate with risks skewed lower. Pair weighed by expectations of smaller increments of U.S. Treasury bond purchases by U.S. Federal Reserve next month, Kiwi sales on buoyant AUD/NZD cross. But NZD/USD losses tempered by diminished investor risk aversion, NZD-USD yield gap, firmer commodity prices. NZD/USD daily chart negative-biased as MACD bearish, stochastics falling from overbought, 5-day moving average below 15-day and falling. Support at 0.7433 (Thursday's low), then at 0.7422 (Wednesday's low); breach would expose downside to 0.7377 (38.2% Fibonacci correction of 0.6944-0.7645 Aug. 25-Oct. 14 advance), then 0.7354 (Oct. 5 low), 0.7325 (Oct. 1 low) and 0.7302 (Sept. 30 low, just above 50% correction). Resistance at 0.7508 (Friday's high), then at 0.7538 (Thursday's high) and 0.7569 (Wednesday's high); breach would expose upside to 0.7599 (Tuesday's high), then 0.7618 (Oct. 15 high), 0.7645 (27-month high set Oct. 14) and 0.7759 (July 15, 2008 reaction high).

GBP/USD - to trade with risks skewed lower. Pair weighed by expectations of smaller increments of quantitative easing measures from U.S. Federal Reserve next month, concerns over negative impact of U.K. government's tough austerity program on U.K. economy, growing expectations for further BOE monetary easing. But GBP/USD losses tempered by better market risk sentiment. GBP/USD daily chart negative-biased as MACD bearish, stochastics falling from overbought, 5-day moving average below 15-day and falling. Support at 1.5653 (Friday's low, matching Wednesday's low and 55-day moving average); breach would expose downside to 1.5501 (Sept. 21 low), then 1.5445 (100-day moving average), 1.5343 (Sept. 10 low, near 200-day moving average) and 1.5294 (Sept. 7 trough). Resistance at 1.5730 (hourly chart), then at 1.5750 (Friday's high); breach would expose upside to 1.5848 (Thursday's high), then 1.5878 (Wednesday's high), 1.5940 (Tuesday's high), 1.6003 (Oct. 18 high) and 1.6104 (8-month high set Oct. 15).

USD/CHF - to trade with risks skewed higher. Pair underpinned by short-CHF carry trades on lower risk aversion; expectations of smaller-scale quantitative easing measures from U.S. Federal Reserve early November. Daily chart positive-biased as MACD & stochastics bullish, 5-day moving average has staged bullish crossover against 15-day. Resistance at 0.9805 (Friday's high); breach would expose upside to 0.9843 (Oct. 1 high), then 0.9877 (Sept. 28 high), 0.9930 (previous base set Sept. 14) and 1.0003 (55-day moving average). Support at 0.9695 (hourly chart), then at 0.9656 (Friday's low); breach would expose downside to 0.9607 (Thursday's low), then 0.9570 (Wednesday's low), 0.9538 (Oct. 18 low), 0.9481 (Oct. 15 low) and 0.9463 (record low set Oct. 14).

USD/CAD - to consolidate with risks skewed higher. Pair supported by expectations of smaller scale of U.S. Treasury bond purchases by U.S. Federal Reserve next month; lower-than-expected Canada September core CPI (+1.5% on year vs +1.6% forecast). But USD/CAD gains tempered by improved investor risk sentiment, firmer commodity and oil prices (Nymex crude settled up \$1.13 Friday at \$81.69/bbl); surprise 0.5% rise in Canada August retail sales (vs forecast for 0.1% drop). USD/CAD daily chart positive-biased as MACD & stochastics bullish, 5-day moving average above 15-day and rising. Resistance at 1.0280 (hourly chart), then at 1.0302 (Friday's high, matching Thursday's high); breach would expose upside to 1.0348 (Wednesday's high), then 1.0372-1.0379 band (Tuesday's high-Sept. 23 high), 1.0509 (Sept. 8 high), 1.0569 (Sept. 3 high) and 1.0672

(Aug. 31 reaction high). Support at 1.0219 (Friday's low); breach would expose downside to 1.0163-1.0159 band (Thursday's low-Tuesday's low), then 1.0075 (previous cap set Oct. 14), 1.0008 (Oct. 15 low) and 0.9980 (5-month low set Oct. 14).

EUR/JPY - to consolidate. Cross supported by positive global risk sentiment, threat of further Japan JPY-selling intervention, Japan importer demand. But EUR/JPY gains tempered by Japan exporter sales. Daily chart mixed as MACD bearish but stochastics in bullish mode. Resistance at 113.80 (hourly chart), then at 113.94 (Thursday's high); breach would expose upside to 114.79 (Oct. 14 high), then 114.95 (Oct. 8 high), 115.68 (Oct. 7 high) and psychological 116.00. Support at 112.60 (Friday's low); breach would expose downside to 111.54 (Wednesday's low), then 111.44 (Sept. 21 low, near 100-day moving average), 111.05 (55-day moving average) and 110.63 (Sept. 16 low).