

ASIA DAILY FOREX OUTLOOK - Majors -2-

1 Nov 2010, 00:36

EUR/JPY - to consolidate. Cross supported by threat of further Japan JPY-selling intervention, Japan importer demand, prospect of further BOJ monetary easing at its meeting Nov. 4-5. But EUR/JPY gains tempered by weaker investor risk appetite, Japan exporter sales. Daily chart mixed as MACD bearish, 5- & 15-day moving averages falling, but stochastics neutral. Support at 111.49 (Friday's low, matching 100-day moving average); breach would target 111.24 (55-day moving average), then 110.63 (Sept. 16 low) and 109.55 (previous cap set Aug. 30). Resistance at 112.96 (Friday's high, matching Thursday's high and downtrend resistance line from Oct. 7 high of 115.66); breach would target 113.27 (Tuesday's high), then 113.77 (Oct. 25 high), 113.94 (Oct. 21 high), 114.79 (Oct. 14 high) and 114.95 (Oct. 8 high).

EUR/GBP - to consolidate with bearish bias after hitting 3-week low of 0.8667 Friday. Cross undermined by reduced expectations that BOE will announce more bond purchases Thursday. Daily chart negative-biased as MACD & stochastics bearish, although latter at oversold; meanwhile, 5-day moving average below 15-day and falling. Support at 0.8667 (Friday's low); breach would target 0.8635 (38.2% Fibonacci correction of 0.8139-0.8941 Aug. 23-Oct. 25 advance), then 0.8624 (Oct. 5 low) and 0.8570 (200-day moving average). Resistance at 0.8742 (Friday's high); breach would temper near-term negative outlook, exposing upside to 0.8771 (Thursday's high), then 0.8879 (Tuesday's high), 0.8941 (7-month high set Oct. 25) and psychological 0.9000.

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