

2010-11-24_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	82.76-83.45	82.37-83.85
EUR/USD	1.3359-1.3446	1.3333-1.3633
AUD/USD	0.9706-0.9838	0.9676-0.9889
NZD/USD	0.7573-0.7628	0.7536-0.7693
GBP/USD	1.5757-1.5838	1.5691-1.5901
USD/CHF	0.9913-0.9975	0.9844-0.9999
USD/CAD	1.0163-1.0264	1.0108-1.0294
EUR/JPY	110.72-112.23	110.00-113.67
EUR/GBP	0.8443-0.8505	0.8390-0.8542

(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 range-trade amid broad flows to safe-haven dollar (ICE spot dollar index last 79.62 vs 78.64 early Tuesday) as global risk sentiment deteriorates (VIX fear gauge rose 12.3% to 20.63) on continued worries about financial health of some euro-zone countries including Ireland, Portugal and Spain; geopolitical tensions in Korean peninsula, sharp Wall Street falls overnight (DJIA off 1.27%, Nasdaq down 1.46%) as U.S. FOMC minutes showed Federal Reserve downgraded its economic projections. USD/JPY also supported by USD demand for import settlements, slightly-stronger-than-expected U.S. 3Q revised GDP of 2.5% (vs +2.4% forecast); but gains tempered by Japan exporter sales, selling of yen-crosses as risk appetite falls, lower U.S. Treasury yields. Data focus: 0600 GMT Japan September revised machine tool orders, 1330 GMT U.S. Nov 20 weekly jobless claims, 1330 GMT U.S. October durable goods, October personal income & spending, 1455 GMT November University of Michigan final survey of consumers, 1500 GMT U.S. October new home sales, 1600 GMT November Kansas Fed manufacturing activity index. USD/JPY daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 82.76 (yesterday's low, just above 55-day moving average); breach would expose downside to 82.37 (Nov. 15 low), then 81.63-81.55 band (Nov. 12 low-Nov. 10 low) and 80.50-80.45 band (Nov. 9 low-Nov. 2 low). Resistance at 83.45 (hourly chart), then at 83.85 (yesterday's high); breach would target 83.99 (Oct. 5 high), then 84.19 (100-day moving average) and 85.38 (Sept. 24 high).

EUR/USD - to consolidate with bearish bias after falling nearly 3 cents yesterday amid worries over Korean tensions, political instability in Ireland, growing ratings agencies' concerns about Portugal and market speculation it may be next in seeking EU/IMF financial bailout. But EUR sentiment soothed by stronger-than-expected rise in preliminary euro-zone composite PMI to 55.4 this month from October's 53.8 (vs 53.9 forecast). Data focus: 0900 GMT German November Ifo business climate index, 1000 GMT EU September new industrial orders. EUR/USD daily chart negative-biased as MACD bearish, stochastics revert to bearish mode at oversold, suggesting sideways or lower EUR/USD trading near-term. Support at 1.3359 (yesterday's low); breach would target 1.3333 (previous cap set Aug. 6), then 1.3297 (100-day moving average), 1.3228 (uptrend line from June 7 low of 1.1875) and 1.3134 (200-day moving average). Resistance at 1.3446 (previous base set Nov. 16); breach would expose upside to 1.3633

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(yesterday's high), then 1.3786 (Monday's high), 1.3820-1.3826 band (Nov. 11 high-Nov. 10 high) and 1.3973 (Nov. 9 high).

AUD/USD - to trade with bearish bias. Pair undermined by unwinding of long-AUD carry trades on higher risk aversion, softer commodity prices (CRB spot index closed down 0.33 yesterday at 297.69), contagion from weak euro, lingering fears over further Chinese monetary policy tightening. But AUD/USD losses tempered by Aussie-USD yield gap, divergent RBA-U.S. Fed monetary policy stances. Data focus: 0030 GMT Australia 3Q construction work done. AUD/USD daily chart negative-biased as MACD bearish, stochastics revert to bearish mode at oversold, suggesting sideways or lower AUD/USD trading near-term. Support at 0.9706 (yesterday's low); breach would expose downside to 0.9676 (Oct. 29 low), then 0.9649 (Oct. 27 reaction low), 0.9540 (Oct. 5 low) and 0.9461 (Sept. 24 low). Resistance at 0.9838 (hourly chart); breach would expose upside to 0.9889 (yesterday's high), then 0.9954 (Monday's high), 1.0002 (Nov. 12 high) and 1.0086 (Nov. 11 high).

NZD/USD - to trade with bearish bias. Pair undermined by unwinding of long-NZD carry trades on higher risk aversion, softer commodity prices, lingering fears China may tighten monetary policy further, contagion from weak euro. But NZD/USD losses tempered by Kiwi-U.S. yield advantage, ultra-loose U.S. monetary policy. NZD/USD daily chart negative-biased as MACD & stochastics bearish. Support at 0.7573 (yesterday's low); breach would expose downside to 0.7536 (55-day moving average), then 0.7401 (Oct. 27 reaction low). Resistance at 0.7628 (previous base set Nov. 17), then at 0.7693 (hourly chart); breach would expose upside to 0.7730 (yesterday's high), then 0.7835 (Monday's high), 0.7872 (Nov. 11 high) and 0.7915 (Nov. 9 high).

GBP/USD - to trade with bearish bias. Pair undermined by higher investor risk aversion, UK banks' exposure to Irish debt, lingering concerns over negative impact of fiscal tightening on UK growth. But GBP/USD losses tempered by ultra-loose U.S. monetary policy, GBP demand on falling EUR/GBP cross. Data focus: 0930 GMT UK 3Q business investment provisional results, 0930 GMT UK 3Q GDP (revised), 1220 GMT BOE's Sentance speech. GBP/USD daily chart negative-biased as MACD bearish, stochastics revert to bearish mode near oversold. Support at 1.5757 (yesterday's low); breach would expose downside to 1.5691 (100-day moving average), then 1.5652 (Oct. 20 reaction low), 1.5501 (Sept. 21 reaction low) and 1.5343 (Sept. 10 reaction low, matching 200-day moving average). Resistance at 1.5838 (previous base set Nov. 16), then at 1.5901 (previous uptrend support line from Sept. 7 low of 1.5294); breach would expose upside to 1.5964 (yesterday's high), then 1.6084 (Monday's high), 1.6094 (Friday's high) and 1.6153 (Nov. 15 high).

USD/CHF - to consolidate with risks skewed higher. Pair underpinned by broadly stronger USD undertone; but gains tempered by unwinding of short-CHF carry trades amid higher risk aversion, CHF demand on falling EUR/CHF cross, ultra-loose U.S. monetary policy. Daily chart positive-biased as MACD bullish, stochastics stays elevated at overbought, suggesting sideways or higher USD/CHF trading near-term. Resistance at 0.9975 (yesterday's high); breach would target 0.9999 (Thursday's high), then 1.0074 (100-day moving average) and 1.0183 (Sept. 17 reaction high). Support at 0.9913 (hourly chart); breach would expose downside to 0.9844 (yesterday's low), then 0.9826 (Nov. 16 low), 0.9807 (55-day moving average) and 0.9759 (Nov. 15 low).

USD/CAD - to consolidate with risks skewed higher. Underpinned by negative risk sentiment, softer commodity & oil prices (Nymex crude settled down 49 cents yesterday at \$81.25 /bbl), contagion from weak euro, weaker-than-expected 0.6% rise in September retail sales (vs +0.7% forecast). But USD/CAD gains tempered by ultra-loose U.S. monetary policy, CAD demand on CAD crosses as sentiment for North American currencies improve; higher-than-expected Canadian October CPI of 1.8% (vs +1.5% forecast). USD/CAD daily chart positive-biased as MACD bullish, stochastics stays elevated at overbought, suggesting sideways or higher USD/CAD trading near-term. Resistance at 1.0264 (yesterday's high); breach would expose

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upside to 1.0287-1.0294 band (100-day moving average - 200-day moving average), then 1.0339 (Oct. 27 high) and 1.0372-1.0379 band (Oct. 19 high-Sept. 23 high). Support at 1.0163 (yesterday's low); breach would expose downside to 1.0108 (Monday's low), then 1.0064 (Nov. 16 low), 1.0051 (Nov. 15 low), 1.0023 (Nov. 12 low) and 0.9971 (Nov. 11 low).

EUR/JPY - to trade with bearish bias. Cross undermined by unwinding of carry trades on higher risk aversion as worries fester over European sovereign debt and Korean geopolitical tensions; Japan exporter sales. But EUR/JPY losses tempered by Japan importer demand. Daily chart negative-biased as MACD & stochastics bearish. Support at 110.72 (yesterday's low); breach would expose downside to psychological 110.00, then 109.55 (previous cap set Aug. 30) and 106.71 (Sept. 14 low). Resistance at 112.23 (previous base set Nov. 16); breach would expose upside to 113.67 (yesterday's high), then 114.94-115.03 band (Monday's high-Nov. 5 high) and 115.23 (200-day moving average).

EUR/GBP - to trade with risks skewed lower. Cross undermined by sovereign debt crisis afflicting Ireland and contagion spreading to Portugal, Spain. Daily chart negative-biased as MACD & stochastics bearish. Support at 0.8443 (yesterday's low); breach would expose downside to 0.8390 (previous cap set Sept. 6), then 0.8307 (Sept. 16 reaction low) and 0.8200 (Sept. 8 reaction low). Resistance at 0.8505 (hourly chart), then at 0.8542 (yesterday's high); breach would expose upside to 0.8595 (Monday's high), then 0.8608 (55-day moving average) and 0.8638-0.8646 band (Nov. 10 high-Nov. 9 high).

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