

ASIA DAILY FOREX OUTLOOK - Majors

7 Dec 2010, 00:33

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

	Immediate Range	Larger Range
USD/JPY	82.51-82.98	82.37-83.89
EUR/USD	1.3242-1.3380	1.3191-1.3452
AUD/USD	0.9846-0.9926	0.9737-0.9937
NZD/USD	0.7582-0.7648	0.7540-0.7672
GBP/USD	1.5654-1.5757	1.5579-1.5793
USD/CHF	0.9721-0.9874	0.9665-0.9950
USD/CAD	1.0020-1.0083	1.0000-1.0161
EUR/JPY	109.63-110.26	109.00-111.10
EUR/GBP	0.8443-0.8511	0.8388-0.8525

(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. Weighed by JPY demand on soft EUR/JPY as euro-zone debt worries persist, Japan exporter sales, lower U.S. Treasury yields, expectations of further Chinese monetary tightening. But USD/JPY looses tempered by USD demand for import settlements, improved USD sentiment (ICE spot dollar index last 79.65 vs 79.19 early Monday) after Bernanke's remarks on CBS early Monday in Asia that "it doesn't seem likely" U.S. economy would fall into recession again. No strong cue for other JPY-funded carry trades as Wall Street narrowly (DJIA down 0.17%, Nasdaq up 0.13%). Data focus: 2350 GMT Japan November international reserves, 0500 GMT Japan October indexes of business conditions (preliminary), 1500 GMT U.S. December IBD/TIPP economic optimism index, 2000 GMT U.S. October consumer credit. USD/JPY daily chart negative-biased as MACD & stochastics bearish. Support at 82.51 (Friday's low); breach would target 82.37 (Nov. 15 low), then 81.63 (Nov. 12 low) and 80.50 (Nov. 9 low). Resistance at 82.98 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 83.89 (Friday's high), then 84.41 (Nov. 29 high), psychological 85.00 and 85.38 (Sept. 24 high).

EUR/USD - to trade with risks skewed lower. Undermined by improved USD sentiment, Germany opposition to issue of a common euro-zone bond and to increasing EUR440 billion European Financial Stabilization Facility, Moody's downgrade of Hungary's rating by 2 notches to just above junk status. But EUR sentiment soothed by expectations austere 2011 Ireland budget likely to pass a critical parliamentary vote today. EUR/USD daily chart mixed as stochastics rising from oversold; but MACD still in bearish mode. Support at 1.3242 (yesterday's low); breach would expose downside to 1.3191 (Friday's low), then 1.3056 (Thursday's low), 1.2964 (Nov. 30 low) and 1.2642 (Sept. 10 reaction low). Resistance at 1.3380 (hourly chart); breach would expose upside to 1.3452 (yesterday's high), then 1.3633 (Nov. 23 high), 1.3688 (55-day moving average) and 1.3786 (Nov. 22 reaction high).

AUD/USD - to consolidate, vulnerable to 0330 RBA rate decision: central bank expected to stay on hold. AUD/USD undermined by improved USD sentiment, contagion from EUR weakness, expectations of further Chinese monetary tightening. But AUD/USD losses tempered by wide Aussie-U.S. yield gap, firmer commodity prices (CRB spot index up 1.13 yesterday at 317.29). Data focus: 0530

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GMT Australia November official reserve assets. AUD/USD daily chart positive-biased as stochastics in bullish mode, MACD turned bullish. Resistance at 0.9926 (yesterday's high), then at 0.9937 (Friday's high); breach would target 0.9954 (Nov. 22 reaction high), then psychological 1.0000 and 1.0086 (Nov. 11 high). Support at 0.9846 (yesterday's low); breach would expose downside to 0.9737 (Friday's low), then 0.9625 (Thursday's low), 0.9535 (Wednesday's reaction low) and 0.9490 (100-day moving average).

NZD/USD - to consolidate with risks skewed lower. Undermined by improved USD sentiment, contagion from EUR weakness, expectations China will tighten. But NZD/USD losses tempered by stronger commodity prices, Kiwi-U.S. yield differential. NZD/USD daily chart mixed as stochastics rising from oversold; but MACD still in bearish mode, inside-day-range pattern completed yesterday. Support at 0.7582 (yesterday's low); breach would expose downside to 0.7540 (Friday's low), then 0.7451 (Thursday's low), 0.7419 (uptrend support line from June 8 low of 0.6569) and 0.7407 (100-day moving average). Resistance at 0.7648 (hourly chart), then at 0.7672 (Friday's high); breach would expose upside to 0.7730 (Nov. 30 high), then 0.7754 (61.8% Fibonacci correction of decline from Nov. 4 high of 0.7976 to Nov. 30 low of 0.7394) and 0.7835 (Nov. 22 reaction high).

GBP/USD - to consolidate with risks skewed lower. Undermined by improved USD sentiment, euro-zone debt crisis, concerns over negative impact of fiscal austerity measures on UK growth. Data focus: 0001 GMT UK November BRC retail sales, 0930 GMT UK October industrial production, manufacturing output, 1500 GMT UK November NIESR GDP estimates. GBP/USD daily chart mixed as stochastics rising from oversold; but MACD still in bearish mode, inside-day-range pattern completed yesterday. Support at 1.5654 (yesterday's low); breach would expose downside to 1.5579 (Friday's low), then 1.5510 (Thursday's low), 1.5483 (Nov. 30 reaction low) and 1.5359 (200-day moving average). Resistance at 1.5757 (hourly chart), then at 1.5786-1.5793 band (Friday's high-Nov. 25 high); breach would expose upside to 1.5835 (Nov. 24 high), then 1.5867 (55-day moving average) and psychological 1.6000.

USD/CHF - to consolidate with risks skewed lower, weighed by CHF demand on soft EUR/CHF. But USD/CHF losses tempered by improved USD sentiment. Data focus: 0645 GMT Swiss November unemployment rate. Daily chart negative-biased as MACD & stochastics bearish; 5-day moving average staged bearish crossover against 15-day. Support at 0.9721 (yesterday's low, roughly matching Nov. 12 low); breach would expose downside to 0.9665 (Nov. 11 low), then 0.9581 (Nov. 9 low) and 0.9543 (Nov. 5 reaction low). Resistance at 0.9874 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 0.9950 (Friday's high), then psychological 1.0000, 1.0055 (Thursday's high) and 1.0066 (Wednesday's high).

USD/CAD - to be rangebound as markets await 1400 GMT BOC rate decision: central bank expected on hold at 1%. USD/CAD buoyed by improved USD sentiment, contagion from weak EUR; sharper-than-expected 6.5% drop in Canada October building permits. But USD/CAD gains tempered by stronger commodity & oil prices (Nymex crude up 19 cents yesterday at 2-year settlement high of \$89.38/bbl); upbeat Canada November Ivey PMI of 57.5. USD/CAD daily chart still negative-biased as MACD & stochastics bearish, but latter at oversold. Resistance at 1.0083 (yesterday's high); breach would expose upside to 1.0161 (55-day moving average), then 1.0189 (Thursday's high), 1.0270 (Wednesday's high) and 1.0286 (Nov. 30 high, near 200-day moving average). Support at 1.0020 (yesterday's low), then at psychological 1.0000 (roughly matching Friday's low); breach would target 0.9971 (Nov. 11 low), then 0.9926 (April 21 low), 0.9816 (May 21, 2008 reaction low) and 0.9708 (Feb. 28, 2008 reaction low).

EUR/JPY - to trade with bearish bias. Weighed by euro-zone debt worries, Japan exporter sales; but losses tempered by Japan importer demand. Daily chart negative-biased as MACD in bearish mode, stochastics turned bearish. Support at 109.63 (yesterday's low); breach would expose downside to psychological 109,

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then 108.33 (Nov. 30 reaction low). Resistance at 110.26 (hourly chart); breach would expose upside to 111.10 (Friday's high), then 111.20 (Thursday's high), 111.71 (100-day moving average), 111.90 (Nov. 29 high) and 112.23 (previous base set Nov. 16).

EUR/GBP - to consolidate. Daily chart still positive-biased as stochastics & MACD bullish, though inside-day-range pattern completed yesterday. Support at 0.8449-0.8443 band (yesterday's low-Friday's low); breach would expose downside to 0.8388 (Thursday's low), then 0.8330 (Wednesday's low), 0.8307 (Sept. 16 reaction low) and 0.8200 (Sept. 8 reaction low). Resistance at 0.8511 (yesterday's high), then at 0.8525 (Friday's high); breach would expose upside to 0.8542 (Nov. 23 high, near 200-day moving average), then 0.8595 (Nov. 22 reaction high) and 0.8624 (55-day moving average).

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