

## ASIA DAILY FOREX OUTLOOK - Maj ors

9 Dec 2010, 00:37

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

	Immediate Range	Larger Range
USD/JPY	83.69-84.30	83.44-84.41
EUR/USD	1.3177-1.3280	1.3056-1.3400
AUD/USD	0.9747-0.9834	0.9737-0.9855
NZD/USD	0.7430-0.7520	0.7412-0.7577
GBP/USD	1.5730-1.5835	1.5666-1.5872
USD/CHF	0.9835-0.9915	0.9752-0.9950
USD/CAD	1.0059-1.0125	1.0000-1.0141
EUR/JPY	111.10-111.71	110.48-111.90
EUR/GBP	0.8358-0.8428	0.8330-0.8481

(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 on broadly stronger USD (ICE Dollar Index last 79.99 vs 79.93 early Wednesday) as likely U.S. tax-break extension fuels economic optimism, higher Treasury yields, speculation of less quantitative easing from Fed. USD/JPY also supported by USD demand for Japan import settlements, JPY-funded carry trades on positive global risk sentiment (VIX fear gauge eases 1.39% to 17.74), modest Wall Street gains (DJIA up 0.12%, Nasdaq up 0.41%). But USD/JPY gains tempered by Japan exporter sales, expectations of China rate hike, possibly this weekend; continuing concerns over euro-zone sovereign debt. Data focus: 2350 GMT Japan 3Q 2nd preliminary quarterly GDP, 0600 GMT Japan November preliminary machine-tool orders, 1330 GMT U.S. Dec 4 weekly jobless claims, 1500 GMT U.S. October wholesale trade. USD/JPY daily chart mixed as stochastics in bullish mode, but MACD still bearish. Resistance at 84.30 (yesterday's high), then at 84.41 (Nov. 29 reaction high); breach would target psychological 85.00, then 85.38 (Sept. 24 high) and 85.94 (Sept. 16 reaction high). Support at 83.69 (hourly chart); breach would expose downside to 83.44 (yesterday's low), then 82.31 (Tuesday's low), 81.63 (Nov. 12 low) and 80.50 (Nov. 9 low).

EUR/USD - to range-trade. Undermined by bullish USD sentiment, persistent concerns over euro-zone sovereign debt. But EUR sentiment soothed by strong 2.95% gain in German October industrial orders (vs +0.8% expected). Data focus: 0700 GMT German November CPI, German 3Q labor-cost index, German October manufacturing turnover. EUR/USD daily chart mixed as stochastics bearish, but MACD staging bullish crossover against its exponential moving average. Resistance at 1.3280 (yesterday's high); breach would expose upside to 1.3400 (Tuesday's high), then 1.3452 (Monday's high), 1.3633 (Nov. 23 high) and 1.3684 (55-day moving average). Support at 1.3177 (yesterday's low); breach would expose downside to 1.3056 (Dec. 2 low), then 1.2964 (Nov. 30 low) and 1.2642 (Sept. 10 reaction low).

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AUD/USD - to consolidate. Undermined by bullish USD sentiment, expectations of Chinese monetary tightening, narrowing interest-rate gap as U.S. yields rise. But AUD/USD losses tempered by AUD demand for long-AUD carry trades on better risk sentiment, firmer commodity prices (CRB spot index up 1.25 at 316.87). Data focus: 0030 GMT Australia November labor force. AUD/USD daily chart mixed as MACD bullish, but stochastics bearish near overbought. Support at 0.9747 (yesterday's low), then at 0.9737 (Friday's low); breach would expose downside to 0.9625 (Dec. 2 low), then 0.9535 (Dec. 1 reaction low) and 0.9508 (100-day moving average). Resistance at 0.9834 (hourly chart), then at 0.9855 (yesterday's high); breach would expose upside to 0.9965 (Tuesday's high), then psychological 1.0000 and 1.0086 (Nov. 11 high).

NZD/USD - to trade with risks skewed lower after RBNZ grows more dovish while keeping rates unchanged, as expected, pushing out expectations for rate hike till mid- to late 2011. Kiwi also weighed by China rate expectations, bullish USD undertone. But NZD/USD losses tempered by firmer commodity prices, NZD demand for long-NZD carry trades on improved investor risk tolerance. NZD/USD daily chart negative-biased as MACD & stochastics in bearish mode. Support at 0.7430 (overnight low, matching uptrend support line from June 8 low of 0.6569), breach would target 0.7412 (100-day moving average), then 0.7394 (Nov. 30 reaction low), 0.7354 (Oct. 5 low) and 0.7302 (Sept. 30 low). Resistance at 0.7520 (hourly chart), then at 0.7577 (yesterday's high); breach would expose upside to 0.7666-0.7672 band (Tuesday's high-Friday's high), then 0.7730 (Nov. 30 high) and 0.7754 (61.8% Fibonacci correction of decline from Nov. 4 high of 0.7976 to Nov. 30 low of 0.7394).

GBP/USD - to consolidate with risks skewed higher, vulnerable to 1200 GMT BOE rate announcement; central bank expected to hold its policy rate at 0.5% and its bond purchases unchanged at GBP200 billion. GBP/USD supported by improved risk tolerance, UK December CBI survey showing industrial output expected to pick up in the 3 months from December and export orders to hit their strongest level for more than 15 years--lessened chance of BOE MPC extending QE. But GBP/USD topside limited by bullish USD sentiment, euro-zone debt crisis, concerns over negative impact of fiscal austerity measures on UK growth. Other data focus: 0930 GMT UK October global goods trade balance. GBP/USD daily chart positive-biased as stochastics bullish; MACD staging bullish crossover against its exponential moving average. Resistance at 1.5835 (yesterday's high, matching Nov. 24 high); breach would target 1.5872 (55-day moving average), then psychological 1.6000. Support at 1.5730 (hourly chart), then at 1.5666 (yesterday's low) and 1.5654 (Monday's low); breach would expose downside to 1.5579 (Friday's low), then 1.5510 (Dec. 2 low), 1.5483 (Nov. 30 reaction low) and 1.5366 (200-day moving average).

USD/CHF - to consolidate with risks skewed lower, undermined by CHF demand on soft EUR/CHF. But USD/CHF losses tempered by bullish USD sentiment. Daily chart mixed as MACD bearish, but stochastics bullish near oversold. Support at 0.9835 (hourly chart); breach would expose downside to 0.9752 (Tuesday's low), then 0.9721 (Monday's low), 0.9665 (Nov. 11 low) and 0.9581 (Nov. 9 low). Resistance at 0.9915 (yesterday's high), then at 0.9950 (Friday's high); breach would expose upside to psychological 1.0000, then 1.0055 (Dec. 2 high), 1.0066 (Dec. 1 reaction high) and 1.0183 (Sept. 17 reaction high).

USD/CAD - to consolidate with risks skewed higher, underpinned by stronger global USD, softer oil prices (Nymex crude settled down 41 cents at \$88.28/bbl). But USD/CAD topside limited by healthier investor risk appetite, improved sentiment for North American currencies, 11.6% jump in Canada November housing starts. Data focus: 1330 GMT Canada October new housing price index. USD/CAD daily chart mixed as MACD bearish, but stochastics rising from oversold. Resistance at 1.0125 (hourly chart), then at 1.0141 (yesterday's high) and 1.0154 (55-day moving average); breach would target 1.0189 (Dec. 2 high), then 1.0270 (Dec. 1 high, near 200-day moving average) and 1.0286 (Nov. 30 reaction high). Support at 1.0059 (yesterday's low); breach would expose downside to psychological 1.0000, then 0.9971 (Nov. 11 low), 0.9926 (April 21 low) and 0.9816 (May 21, 2008 reaction low).

EUR/JPY - to consolidate with risks skewed higher. Supported by stronger risk appetite, Japan importer demand, buoyant USD/JPY; but topside limited by euro-zone debt worries, Japan exporter sales. EUR/JPY daily chart mixed as stochastics neutral; MACD staging bullish crossover against its exponential moving average. Resistance at 111.71 (100-day moving average); breach would target 111.90 (Nov. 29 high), then 112.88 (55-day moving average) and 113.67 (Nov. 23 high). Support at 111.10 (hourly chart); breach would expose downside to 110.48 (yesterday's low), then 109.55 (Tuesday's low), psychological 109 and 108.33 (Nov. 30 reaction low).

EUR/GBP - to range-trade. Daily chart mixed as MACD flat, stochastics bearish. Support at 0.8358 (yesterday's low); breach would expose downside to 0.8330 (Dec. 1 low), then 0.8307 (Sept. 16 reaction low) and 0.8200 (Sept. 8 reaction low). Resistance at 0.8428 (yesterday's high); breach would expose upside to 0.8481 (Tuesday's high), then 0.8511 (Monday's high), 0.8525 (Friday's high), 0.8532 (200-day moving average) and 0.8542 (Nov. 23 high).

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