

ASIA DAILY FOREX OUTLOOK - Majors

23 Dec 2010, 00:28

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

	Immediate Range	Larger Range
USD/JPY	83.40-83.90	83.17-84.11
EUR/USD	1.3071-1.3181	1.3056-1.3202
AUD/USD	0.9948-1.0011	0.9914-1.0027
NZD/USD	0.7329-0.7451	0.7301-0.7484
GBP/USD	1.5345-1.5493	1.5294-1.5576
USD/CHF	0.9499-0.9575	0.9481-0.9657
USD/CAD	1.0107-1.0176	1.0095-1.0208
EUR/JPY	109.20-110.13	109.00-110.49
EUR/GBP	0.8458-0.8523	0.8444-0.8552

(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 lower amid thin trading conditions as Japan markets closed for holiday and global trading volumes dwindle heading into Christmas holiday period. USD/JPY undermined by JPY demand on soft EUR/JPY cross as investors continued to seek safety from euro zone's sovereign-debt crisis. USD/JPY also weighed by buy-JPY orders from Japan exporters, lingering concerns over further Chinese policy tightening, less-than-expected upwardly revision of U.S. 3Q real GDP growth to 2.6% (vs 2.9% forecast) from previous estimate of 2.5%. But USD/JPY losses tempered by higher U.S. Treasury yields, sell-JPY orders from Japan importers, concerns about possible escalation of conflict on Korean Peninsular as South conducts military exercises. Data focus: 1330 GMT U.S. November personal income & outlays, Dec 18 weekly jobless claims, November durable goods, 1455 GMT December University of Michigan survey of consumers (final), 1500 GMT U.S. November new home sales. USD/JPY daily chart negative-biased as MACD & stochastics bearish. Support at 83.40 (yesterday's low), then at 83.17 (hourly chart); breach would expose downside to 82.82 (Dec. 14 low), then 82.56 (55-day moving average), 82.31 (Dec. 7 low) and 81.63 (Nov. 12 low). Resistance at 83.85-83.90 band (yesterday's high-Tuesday's high), then at 84.11 (Monday's high), 84.21 (Friday's high) and 84.44-84.51 band (Dec. 16 high-Dec. 15 high); breach would expose upside to psychological 85.00, then 85.38 (Sept. 24 high) and 85.94 (Sept. 16 reaction high).

EUR/USD - to trade with bearish bias. Pair weighed by continued worries over euro-zone sovereign debt crisis after Moody's on Tuesday placed Portugal's ratings on review for possible downgrade and Fitch Ratings did likewise to Greece. EUR/USD daily chart negative-biased as MACD & stochastics bearish; 5-day moving average below 15-day and falling. Support at 1.3071 (Tuesday's low); breach would target 1.3056 (Dec. 2 low), then 1.2964 (Nov. 30 reaction low); below which would open way down to 1.2642 (Sept. 10 reaction low). Resistance at 1.3181 (yesterday's high), then at 1.3202 (Tuesday's high); breach would expose upside to 1.3358 (Friday's high), then 1.3382 (Dec. 15 high), 1.3500 (Dec. 14 high) and 1.3594 (55-day moving average).

AUD/USD - to consolidate. Pair buoyed by AUD demand on soft EUR/AUD cross as investors diversified away from beleaguered euro into Aussie (EUR/AUD hit record low of 1.3067 yesterday), firmer commodity prices (CRB spot index up 1.31 yesterday at 328.11), AUD-USD interest differential; Aussie demand on rising AUD/NZD cross which hit 10-year high of 1.3518 this morning. But AUD/USD gains tempered by lingering fears over further Chinese monetary policy tightening. AUD/USD daily chart still positive-biased as MACD & stochastics bullish, but latter at overbought. Support at 0.9948 (yesterday's low); breach would expose downside to 0.9914 (Tuesday's low), then 0.9858 (Monday's low), 0.9836-0.9823 band (Friday's low-Dec. 13 low), 0.9773 (Dec. 9 low) and 0.9737 (Dec. 3 low). Resistance at 1.0011 (yesterday's high); breach would target 1.0027 (Dec. 14 high), then 1.0086 (Nov. 11 high) and 1.0183 (post-float high set Nov. 5).

NZD/USD - to trade with risks skewed lower. Pair undermined by surprise NZ 3Q GDP on-quarter contraction of 0.2% (vs +0.1% forecast), lingering fears China may tighten monetary policy further; Kiwi sales on buoyant AUD/NZD cross. But NZD/USD losses tempered by firmer commodity prices, NZD-USD yield advantage. NZD/USD daily chart mixed as MACD bearish, but stochastics still bullish at oversold. Support at 0.7329 (Dec. 16 low); breach would target 0.7301 (Sept. 28 low), then 0.7259 (Sept. 23 low), 0.7238 (200-day moving average) and 0.7211 (Sept. 16 reaction low). Resistance at 0.7451 (yesterday's high, near downtrend line from Dec. 7 high of 0.7666), then at 0.7484 (Tuesday's high) and 0.7498 (previous uptrend support line from June 8 low of 0.6569); breach would expose upside to 0.7575 (Dec. 14 high), then 0.7587 (55-day moving average) and 0.7672 (Dec. 3 high).

GBP/USD - to trade with risks skewed lower. GBP sentiment weak after unexpected downward revision of UK 3Q GDP growth to 0.7% (vs forecast for no change) from previous estimate of 0.8%; meanwhile, slightly more hawkish inflation tone in BOE Monetary Policy Committee's latest meeting implies central bank's next move more likely to be interest rate hike, suggesting bank unable to adopt quantitative easing measures as stimulus for struggling UK economy as government fiscal tightening measures loom. GBP/USD also weighed by concerns about UK banks' exposure to Irish debt. GBP/USD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold; 5-day moving average below 15-day and falling. Support at 1.5354-1.5345 band (yesterday's low-Sept. 14 low); breach would expose downside to 1.5294 (Sept. 7 reaction low), then 1.5123 (July 21 reaction low), psychological 1.5000 and 1.4946 (July 12 reaction low). Resistance at 1.5493 (yesterday's high), then at 1.5567-1.5576 band (Tuesday's high-Monday's high); breach would expose upside to 1.5646 (Friday's high), then 1.5732 (100-day moving average), 1.5830 (55-day moving average) and 1.5910 (Dec. 14 reaction high).

USD/CHF - to consolidate with risks skewed lower. Pair undermined by CHF demand on soft EUR/CHF cross as investors worried about euro-zone's sovereign debt problems transfer their capital into safe-haven Swiss franc -- EUR/CHF cross hit record low of 1.2440 on EBS yesterday despite Swiss Finance Minister Widmer-Schlumpf denying Swiss press report that SNB head had talked with government about possible sharp decline in EUR/CHF to 0.5000. Daily chart negative-biased as MACD & stochastics bearish, although latter at oversold; 5- & 15-day moving averages falling. Support at 0.9499 (yesterday's low); breach would target 0.9481 (Oct. 15 low), then 0.9463 (record low set Oct. 14) and psychological round-numbered levels of 0.9400 down to 0.9000. Resistance at 0.9575 (hourly chart); breach would expose upside to 0.9657 (Tuesday's high), then 0.9720 (Monday's high), 0.9733 (Dec. 16 high) and 0.9765 (55-day moving average).

USD/CAD - to consolidate. Pair undermined by firmer commodity & oil prices (Nymex crude settled up 66 cents yesterday at \$90.48/bbl); but losses limited by position squaring ahead of Christmas holiday period. Data focus: 1330 GMT Canada October payroll employment, earnings & hours; 1330 GMT Canada October GDP (tipped to have risen 0.3% after declining 0.1% in September). USD/CAD daily

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chart still positive-biased as MACD & stochastics in bullish mode. Resistance at 1.0176 (yesterday's high), then at 1.0208 (Monday's high); breach would target 1.0236 (100-day moving average), then 1.0271 (200-day moving average), 1.0286 (Nov. 30 reaction high) and 1.0339 (Oct. 27 reaction high). Support at 1.0107 (yesterday's low); breach would target 1.0095 (Monday's low), then 1.0035-1.0026 band (Friday's low-Dec. 16 low), 0.9997 (Dec. 15 low) and 0.9971 (Nov. 11 low).

EUR/JPY - to trade with bearish bias, undermined by persistent euro-zone sovereign debt concerns. EUR/JPY daily chart negative-biased as MACD & stochastics bearish; 5-day moving average below 15-day and falling; bearish parabolic stop-and-reverse signal hit at 109.55 yesterday. Support at 109.20 (yesterday's low); breach would target psychological 109, then 108.33 (Nov. 30 reaction low) and psychological 108.00. Resistance at 110.13 (yesterday's high), then at 110.49 (Tuesday's high); breach would target 110.72 (Monday's high), then 111.94 (Friday's high), 112.09 (Dec. 15 high) and 112.20 (Dec. 14 high).

EUR/GBP - to consolidate with risks skewed higher. Daily chart positive-biased as MACD bullish, stochastics revert to bullish mode; 5- & 15-day moving averages rising. Resistance at 0.8523 (yesterday's high); breach would expose upside to 0.8552 (Friday's high), then 0.8585 (55-day moving average), 0.8595 (Nov. 22 reaction high) and 0.8649 (previous base set Nov. 1). Support at 0.8458 (yesterday's low), then at 0.8444 (Monday's low); breach would nullify near-term positive bias, targeting 0.8430 (Dec. 14 low), then 0.8343 (Dec. 13 low), 0.8330 (Dec. 1 reaction low) and 0.8307 (Sept. 16 reaction low).

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