

ASIA DAILY FOREX OUTLOOK - Majors

28 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	82.63-82.97	82.31-83.15
EUR/USD	1.3121-1.3181	1.3070-1.3202
AUD/USD	1.0004-1.0066	0.9980-1.0086
NZD/USD	0.7461-0.7508	0.7447-0.7518
GBP/USD	1.5368-1.5456	1.5345-1.5475
USD/CHF	0.9570-0.9645	0.9493-0.9662
USD/CAD	1.0026-1.0093	0.9997-1.0115
EUR/JPY	108.42-109.60	108.33-110.13
EUR/GBP	0.8506-0.8559	0.8474-0.8572

(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 bearish bias amid broadly weaker USD undertone (ICE spot dollar index last 80.27 vs 80.47 early Monday), typical thin year-end conditions after market participants yesterday showed mixed response to China's central bank Christmas Day rate hike (Shanghai Composite down 1.9%; Nikkei up 0.8%) as some deemed official action to combat inflation in China were not unexpected. Still, risk sentiment vulnerable on prospects of further Chinese rate hikes in coming months. No strong cue for JPY-funded carry trades from Wall Street as U.S. stocks closed narrowly mixed (DJIA off 0.16%, S&P up 0.06%). USD/JPY weighed by Japan exporter sales, lingering worries over euro zone's sovereign-debt crisis; dip in Dallas Fed December manufacturing index to 12.8 from November's 13.1. But USD/JPY losses tempered by USD demand for import settlements; 0.4% rise in Chicago Fed Midwest manufacturing index for November for best performance since July. Data focus: 2330 GMT Japan December Tokyo CPI, November nation CPI, November household spending, November labour force survey, 2350 GMT Japan November preliminary industrial production and retail sales, 1400 GMT U.S. October S&P/Case-Shiller home price index, 1500 GMT December Richmond Fed business activity survey, 1500 GMT U.S. December consumer confidence index. USD/JPY daily chart negative-biased as MACD & stochastics in bearish mode; 5-day moving average below 15-day and falling. Support at 82.63 (yesterday's low, near 55-day moving average); breach would expose downside to 82.31 (Dec. 7 low), then 81.63 (Nov. 12 low) and 80.50 (Nov. 9 low). Resistance at 82.97 (yesterday's high), then at 83.15 (Friday's high) and 83.57 (Thursday's high); breach would expose upside to 83.85-83.90 band (Wednesday's high-Dec. 21 high), then 84.11 (Dec. 20 high), 84.21 (Dec. 17 high) and 84.44-84.51 band (Dec. 16 high-Dec. 15 high).

EUR/USD - to consolidate. Pair supported by broadly weaker USD undertone as markets participants adjust positions at year end; but gains tempered by lingering worries over euro zone sovereign debt crisis. EUR/USD daily chart mixed as stochastics turned bullish at oversold; but 5- & 15-day moving averages meandering sideways. Resistance at 1.3181 (Wednesday's high), then at 1.3202 (Dec. 21 high); breach would expose upside to 1.3358 (Dec. 17 high), then 1.3382 (Dec. 15 high), 1.3500 (Dec. 14 reaction high) and 1.3553 (55-day moving average). Support at 1.3121 (hourly chart), then at 1.3070 (yesterday's low); breach would tilt near-term outlook toward negative, targeting 1.3053

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(Thursday's low), then 1.2964 (Nov. 30 reaction low); below which there is no significant support until 1.2642 (Sept. 10 reaction low).

AUD/USD - to range-trade; trading volumes thin as Australian markets closed for holiday. AUD/USD supported by broadly weaker USD undertone, AUD-USD interest differential; but gains tempered by lingering worries over euro zone sovereign debt crisis. AUD/USD daily chart still positive-biased as MACD & stochastics bullish, but latter at overbought. Resistance at 1.0058-1.0066 band (yesterday's high-Thursday's high); breach would target 1.0086 (Nov. 11 high), then 1.0183 (post-float high set Nov. 5). Support at 1.0004 (hourly chart), then at 0.9980 (yesterday's low) and 0.9970 (Thursday's low); breach would tilt near-term outlook toward negative, targeting 0.9948 (Wednesday's low), then 0.9914 (Dec. 21 low), 0.9858 (Dec. 20 low) and 0.9836-0.9823 band (Dec. 17 low-Dec. 13 low).

NZD/USD - to range-trade; trading volumes thin as New Zealand markets closed for holiday. NZD/USD supported by broadly weaker USD undertone, NZD-USD yield advantage; but gains tempered by lingering worries over euro zone sovereign debt crisis. NZD/USD daily chart still positive-biased as MACD & stochastics in bullish mode, 5-day moving average staging bullish crossover against 15-day. Resistance at 0.7508 (yesterday's high), then at 0.7518 (previous uptrend support line from June 8 low of 0.6569); breach would expose upside to 0.7575 (Dec. 14 high), then 0.7586 (55-day moving average) and 0.7672 (Dec. 3 high). Support at 0.7461 (hourly chart), then at 0.7447 (Friday's low); breach would tilt near-term outlook toward negative, exposing downside to 0.7380 (Thursday's low), then 0.7329 (Dec. 16 low), 0.7301 (Sept. 28 low) and 0.7259 (Sept. 23 low).

GBP/USD - to consolidate. Pair supported in holiday-thinned trading by broadly weaker USD undertone; but gains tempered by lingering concerns about UK banks' exposure to Irish debt and negative impact of government fiscal tightening measures on UK economy. GBP sentiment also hurt by Hometrack survey showing UK house prices fell 1.6% on year in December for biggest annual fall in 12 months. GBP/USD daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support at 1.5368 (yesterday's low), then at 1.5354-1.5345 band (Wednesday'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 1.5456 (yesterday's high), then at 1.5475 (Friday's high); breach would target 1.5493 (Wednesday's high), then 1.5567-1.5576 band (Dec. 21 high-Dec. 20 high), 1.5646 (Dec. 17 high) and 1.5718 (100-day moving average).

USD/CHF - to range-trade. Pair supported by fears of SNB's CHF-selling intervention. But USD/CHF gains tempered by CHF demand on soft EUR/CHF cross as worries persist over euro zone sovereign debt crisis; broadly weaker USD undertone. Daily chart mixed as MACD bearish, but stochastics bullish at oversold. Resistance at 0.9645 (yesterday's high), then at 0.9662 (Thursday's high); breach would expose upside to 0.9720 (Dec. 20 high), then 0.9733 (Dec. 16 high), 0.9766 (55-day moving average) and 0.9855 (Dec. 13 high). Support at 0.9570 (yesterday's low); breach would expose downside to 0.9493 (Thursday's low), then 0.9481 (Oct. 15 low), 0.9463 (record low set Oct. 14) and psychological 0.9400.

USD/CAD - to consolidate; trading volumes thin as Canada markets closed for holiday. Pair underpinned by weaker oil prices (Nymex crude settled down 88 cents yesterday at \$91.03/bbl after hitting fresh 26-month high of \$91.88); but upside limited by weaker global USD. USD/CAD daily chart mixed as stochastics bearish, MACD flat; spinning-top candlestick pattern reflecting indecision of traders completed yesterday. Resistance at 1.0093 (hourly chart), then at 1.0110-1.0115 band (yesterday's high-Friday's high); breach would target 1.0165 (Thursday's high), then 1.0178 (Wednesday's high), 1.0208 (Dec. 20 high) and 1.0229 (100-day moving average). Support at 1.0035-1.0026 band (Dec. 17 low-Dec. 16 low); breach would target 0.9997 (Dec. 15 low), then 0.9971 (Nov. 11 low) and 0.9926 (April 21 low).

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EUR/JPY - to consolidate. Cross undermined by persistent euro-zone sovereign debt concerns, Japan exporter sales; but downside limited by Japan importer demand. EUR/JPY daily chart mixed as MACD bearish, but stochastics turning bullish at oversold. Resistance at 109.60 (Thursday's high); breach would expose upside to 110.13 (Wednesday's high), then 110.49 (Dec. 21 high) and 110.72 (Dec. 20 high). Support at 108.42 (yesterday's low, matching Thursday's low), then at 108.33 (Nov. 30 reaction low); breach would target psychological 108 and 107 levels, then 106.71 (Sept. 14 low).

EUR/GBP - to trade with risks skewed higher. Daily chart positive-biased as MACD & stochastics in bullish mode; 5- & 15-day moving averages rising. Resistance at 0.8559 (yesterday's high); breach would target 0.8572 (55-day moving average), then 0.8595 (Nov. 22 reaction high) and 0.8649 (previous base set Nov. 1). Support at 0.8506 (hourly chart), then at 0.8478-0.8474 band (yesterday's low-Friday's low); breach would target 0.8464-0.8458 band (Thursday's low-Wednesday's low), then 0.8444 (Dec. 20 low), 0.8430 (Dec. 14 low) and 0.8343 (Dec. 13 low).

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