

ASIA DAILY FOREX OUTLOOK - Majors

29 Dec 2010, 00:36

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

	Immediate Range	Larger Range
USD/JPY	81.81-82.97	81.63-83.15
EUR/USD	1.3091-1.3200	1.3070-1.3274
AUD/USD	1.0046-1.0154	0.9980-1.0183
NZD/USD	0.7506-0.7601	0.7484-0.7672
GBP/USD	1.5344-1.5410	1.5294-1.5511
USD/CHF	0.9479-0.9567	0.9435-0.9605
USD/CAD	0.9972-1.0071	0.9926-1.0115
EUR/JPY	107.62-108.78	107.00-109.60
EUR/GBP	0.8521-0.8595	0.8474-0.8649

(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 amid improved USD sentiment (ICE spot dollar index last 80.41 after rebounding from yesterday's European low of 79.596) as Treasury U.S. yields rise after weaker-than-expected demand at auction of \$35 billion in 5-year notes. USD/JPY also supported by fear of Japan MOF FX intervention after warning from Japanese Finance Minister Noda yesterday that government could sell JPY to cap its strength; sell-JPY orders from Japan importers; jump in Richmond Fed manufacturing general-business index to 25 in December from 9 in November. But USD/JPY gains tempered by buy-JPY orders from Japan exporters, lingering worries over euro zone's sovereign-debt crisis; bigger-than-expected 0.8% on-year decline in U.S. October S&P/Case-Shiller 20-city home-price index (vs minus 0.6% forecast); surprise drop in U.S. Conference Board's consumer confidence index to 52.5 this month from 54.3 in November (vs forecast for rise to 56.9). No strong cue for JPY-funded carry trades from Wall Street as U.S. stocks closed narrowly mixed (DJIA up 0.18%, Nasdaq off 0.16%). USD/JPY daily chart still negative-biased as MACD & stochastics in bearish mode, but latter at oversold. Resistance at 82.97 (Monday'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 (Dec. 22 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). Support at 81.81 (yesterday's low); breach would expose downside to 81.63 (Nov. 12 low), then 80.50 (Nov. 9 low), 80.21 (15-year low set Nov. 1) and 79.75 (record low set on Apr. 19, 1995).

EUR/USD - to consolidate with risks skewed lower. Pair undermined by higher USD yields, worries that euro zone sovereign debt crisis will intensify next year as fiscally-strapped governments compete with banks in capital markets to raise funds. But EUR sentiment soothed by ECB data showing central bank increased its purchases of euro-zone government bonds in the week before Christmas to EUR1.121 billion from EUR603 million the previous week, suggesting ECB vigilant against escalation of debt crisis. Data focus: German December provisional CPI, 0900 GMT November monetary developments in euro area. EUR/USD daily chart mixed as MACD bullish, but stochastics stays suppressed at oversold; meanwhile, 5- & 15-day moving averages meandering sideways. Support at 1.3091 (yesterday's low), then at 1.3070 (Monday's low); breach would target 1.3053 (Thursday's low), then 1.2964 (Nov. 30 reaction low); below which there is no significant support until 1.2642 (Sept. 10 reaction low). Resistance at 1.3200 (hourly chart); breach would expose upside to 1.3274 (yesterday's high), then 1.3358 (Dec. 17 high), 1.3382 (Dec. 15 high) and 1.3500 (Dec. 14 reaction high).

AUD/USD - to consolidate. AUD/USD supported by firmer commodity prices despite China's weekend rate hike (CRB spot index up 2.32 yesterday at 2-year closing high of 331.43), AUD-USD interest differential, AUD demand on soft EUR/AUD cross which hit record low of 1.2948 yesterday. But AUD/USD gains tempered by lingering worries over euro zone sovereign debt crisis, improved USD sentiment. AUD/USD daily chart still positive-biased as MACD bullish, stochastics stays elevated at overbought, suggesting sideways or higher AUD/USD trading near-term. Resistance at 1.0154 (yesterday's high); breach would target 1.0183 (post-float high set Nov. 5), then psychological 1.0200. Support at 1.0046 (hourly chart), then at 0.9980 (Monday's low) and 0.9970 (Thursday's low); breach would tilt near-term outlook toward negative, targeting 0.9948 (Dec. 22 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. NZD/USD supported by firmer commodity prices, NZD-USD yield advantage; but gains tempered by lingering worries over euro zone sovereign debt crisis, improved USD sentiment. NZD/USD daily chart still positive-biased as MACD & stochastics in bullish mode; bullish parabolic stop-and-reverse signal hit at 0.7572 yesterday. Resistance at 0.7601 (yesterday's high); breach would expose upside to 0.7672 (Dec. 3 reaction high), then 0.7835 (Nov. 22 reaction high). Support at 0.7506 (hourly chart); breach would target 0.7484 (yesterday's low), then 0.7447 (Friday's low), 0.7380 (Thursday's low) and 0.7329 (Dec. 16 low).

GBP/USD - to trade with risks skewed lower. Pair undermined by higher USD yields, lingering concerns about negative impact of government fiscal tightening measures on UK economy; UK banks' exposure to Irish debt. GBP/USD daily chart negative-biased as MACD bearish, stochastics stays suppressed at oversold, suggesting sideways or lower GBP/USD trading near-term. Support at 1.5344 (yesterday's low, matching 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 1.5410 (hourly chart); breach would expose upside to 1.5511 (yesterday's high), then 1.5567-1.5576 band (Dec. 21 high-Dec. 20 high), 1.5646 (Dec. 17 high) and 1.5715 (100-day moving average).

USD/CHF - to consolidate after hitting record low of 0.9435 yesterday. Pair supported by higher USD yields, 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. Data focus: 1030 GMT Swiss December KOF economic barometer. Daily chart negative-biased as MACD bearish, stochastics stays suppressed at oversold, suggesting sideways or lower USD/CHF trading near-term. Support at 0.9479 (hourly chart), then at 0.9435 (yesterday's low); breach would expose downside to psychological 0.9400. Resistance at 0.9567 (hourly chart), then at 0.9605 (yesterday's high); breach would expose upside to 0.9645 (Monday's high), then 0.9662 (Thursday's high), 0.9720 (Dec. 20 high) and 0.9733 (Dec. 16 high).

USD/CAD - to range-trade. Pair undermined by firmer commodity & oil prices (Nymex crude settled up 49 cents yesterday at \$91.49/bbl); but downside limited by higher USD yields. USD/CAD daily chart negative-biased as MACD & stochastics bearish. Support at 0.9972 (yesterday's low, matching Nov. 11 low); breach would target 0.9926 (April 21 low), then 0.9816 (May 21, 2008 reaction low) and 0.9708 (Feb. 28, 2008 reaction low). Resistance at 1.0071 (yesterday's high), then at 1.0110-1.0115 band (Monday's high-Friday's high); breach would target 1.0165 (Thursday's high), then 1.0178 (Dec. 22 high), 1.0208 (Dec. 20 high) and 1.0229 (100-day moving average).

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EUR/JPY - to consolidate with risks skewed lower. Cross undermined by persistent euro-zone sovereign debt concerns, sell orders from Japan exporters; but downside limited by Japan importer demand. EUR/JPY daily chart negative-biased as MACD bearish, stochastics stays suppressed at oversold, suggesting sideways or lower EUR/JPY trading near-term. Support at 107.62 (yesterday's low); breach would target psychological 107 level, then 106.71 (Sept. 14 low). Resistance at 108.78 (hourly chart), then at 109.52-109.60 band (yesterday's high-Thursday's high); breach would expose upside to 110.13 (Dec. 22 high), then 110.49 (Dec. 21 high) and 110.72 (Dec. 20 high).

EUR/GBP - to consolidate with risks skewed lower. Daily chart still positive-biased as MACD & stochastics in bullish mode; but latter near overbought. Support at 0.8521 (yesterday's low); breach would expose downside to 0.8478-0.8474 band (Monday's low-Friday's low), then 0.8464-0.8458 band (Thursday's low-Dec. 22 low), 0.8444 (Dec. 20 low), 0.8430 (Dec. 14 low) and 0.8343 (Dec. 13 low). Resistance at 0.8592-0.8595 band (yesterday's high-Nov. 22 reaction high); breach would expose upside to 0.8649 (previous base set Nov. 1), then 0.8817 (Nov. 4 reaction high).

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