

ASIA DAILY FOREX OUTLOOK - Majors

24 Jan 2011, 00:37

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

| | Immediate Range | Larger Range |
|---------|-----------------|---------------|
| USD/JPY | 82.51-82.94 | 81.85-83.12 |
| EUR/USD | 1.3500-1.3744 | 1.3445-1.3786 |
| AUD/USD | 0.9828-0.9918 | 0.9818-0.9981 |
| NZD/USD | 0.7557-0.7598 | 0.7521-0.7616 |
| GBP/USD | 1.5953-1.6017 | 1.5865-1.6037 |
| USD/CHF | 0.9518-0.9653 | 0.9466-0.9690 |
| USD/CAD | 0.9903-0.9988 | 0.9884-1.0033 |
| EUR/JPY | 111.78-113.00 | 111.60-114.00 |
| EUR/GBP | 0.8458-0.8534 | 0.8410-0.8648 |

(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 broad-based USD weakness (ICE spot dollar index ended down 0.77% Friday at 78.213, last 78.19) as eurozone debt worries abate. USD/JPY undermined by lower U.S. Treasury yields (10-year down 4 bps), Japan exporter sales, worries over further monetary policy tightening from Beijing. But USD/JPY losses tempered by Japan importer purchases. No strong cues for yen carry trades from Wall Street Friday after U.S. stocks closed mixed (DJIA up 0.41%, Nasdaq off 0.55%); still, investor fear gauge VIX rose 2.67% to 18.47. Two-day BOJ monetary policy meeting begins today, but no significant economic data from Japan, U.S. today. USD/JPY daily chart mixed as stochastics neutral, MACD flat. Support at 82.51 (Friday's low); breach would expose downside to 81.95-81.85 band (Thursday's low-Wednesday's low), then 81.61 (Jan. 4 low), 80.93 (Jan. 3 low) and 80.50 (Nov. 9 low). Resistance at 82.94 (hourly chart), then at 83.12 (Thursday's high); breach would expose upside to 83.50 (Jan. 11 high), then 83.70 (Jan. 6 high), 83.90 (Dec. 21 high) and 84.21 (Dec. 17 high).

EUR/USD - to consolidate with bullish bias. Pair buoyed by hawkish rhetoric on inflation from ECB chief Trichet in interview with WSJ; said won't let Greek, Irish economic weakness delay interest-rate increases if needed; stronger-than-expected rise in German IFO business-confidence index to record 110.3 in January from revised 109.8 last month (vs 110.0 forecast); comments from Eurogroup head Juncker that proposals to shore up rescue mechanism for troubled euro-zone countries would be forthcoming in a matter of weeks, bolstering growing view EU policy makers now more flexible in dealing with debt crisis; optimism over tomorrow's debut European Financial Stability Facility debt issuance. But EUR gains tempered by lingering concerns over longer-term underlying eurozone sovereign debt problems. Data focus: 0830 GMT German January flash PMIs, 0900 GMT Eurozone January flash PMIs, 1000 GMT eurozone November new industrial orders. EUR/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher EUR/USD trading near-term. Resistance at 1.3744 (61.8% Fibonacci retracement of 1.4283-1.2871 Nov. 4-Jan. 10 decline); breach would expose upside to 1.3786 (Nov. 22 reaction high), then 1.3950 (76.4% retracement) and psychological 1.4000. Support at 1.3500 (hourly chart); breach would expose downside to 1.3445 (Friday's low), then 1.3393 (Thursday's low), 1.3367 (Wednesday's low) and

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1.3250-1.3243 (Tuesday's low-Jan. 17 low).

AUD/USD - to consolidate with bearish bias. Pair undermined by worries over more Chinese monetary policy tightening measures; but losses tempered by diminished eurozone debt worries, buoyant commodity prices (CRB spot index closed up 2.09 Friday at 333.99); Aussie-USD yield gap. Data focus: 0030 GMT Australia 4Q PPI. AUD/USD daily chart negative-biased as MACD & stochastics bearish, though inside-day-range pattern completed Friday. Support at 0.9837-0.9828 band (Friday's low-Thursday's low); breach would target 0.9818 (100-day moving average), then 0.9801 (Jan. 12 low), 0.9747 (Dec. 8 reaction low), 0.9625 (Dec. 2 low) and 0.9535 (Dec. 1 reaction low). Resistance at 0.9918 (Friday's high); breach would expose upside to 0.9981 (hourly chart), then 1.0076 (Wednesday's high), 1.0171 (Jan. 4 high) and 1.0223 (Jan. 3 high).

NZD/USD - to consolidate with bearish bias. Pair undermined by worries over further Chinese monetary policy tightening measures; But losses tempered by reduced eurozone debt worries, Kiwi-USD yield gap, firm commodity prices. NZD/USD daily chart negative-biased as MACD & stochastics in bearish mode. Support at 0.7557 (hourly chart), then at 0.7521 (Friday's low); breach would expose downside to 0.7448 (Dec. 24 low), then 0.7380 (Dec. 23 low) and 0.7329 (Dec. 16 reaction low). Resistance 0.7598 (55-day moving average), then at 0.7616 (hourly chart); breach would expose upside to 0.7691 (Thursday's high), then 0.7784 (Jan. 3 high), 0.7813 (Dec. 30 reaction high) and 0.7835 (Nov. 22 reaction high).

GBP/USD - to consolidate with bullish bias. Pair supported by decreased eurozone debt worries, speculation BOE could be forced to hike rates in mid-2011 as inflationary risks increase. But GBP/USD gains tempered by 0.8% fall in December retail sales (vs 0.4% decline that was expected); lingering concerns over adverse impact of UK government's fiscal-tightening program on economy; GBP sales on rising EUR/GBP cross. GBP/USD daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher GBP/USD trading near-term. Resistance at 1.6017 (Friday's high), then at 1.6037 (Wednesday's high); breach would target 1.6059 (Tuesday's high), then 1.6094 (Nov. 19 reaction high), 1.6183 (Nov. 12 reaction high) and 1.6299 (Nov. 4 top). Support at 1.5953 (hourly chart); breach would expose downside to 1.5865 (Friday's low), then 1.5838-1.5833 band (Thursday's low-Jan. 17 low), 1.5813 (Jan. 14 low) and 1.57568 (100-day moving average).

USD/CHF - to range-trade. Pair undermined by broadly weaker USD undertone; but losses tempered by CHF sales on rising EUR/CHF cross. Daily chart mixed as MACD bullish, but stochastics in bearish mode. Support at 0.9524-0.9518 band (Thursday's low-Wednesday's low); breach would expose downside to 0.9466 (Jan. 5 low), then 0.9316 (Jan. 3 low) and 0.9301 (Dec. 31 record low). Resistance at 0.9653 (hourly chart) then at 0.9690 (Friday's high); breach would expose upside to 0.9766 (Jan. 13 high, near 100-day moving average), then 0.9785 (Jan. 11 high) and 0.9915 (Dec. 8 reaction high).

USD/CAD - to range-trade. Pair undermined by robust 1.3% on-month increase in Canada November retail sales (vs +0.5 expected); receding eurozone debt concerns. But USD/CAD losses tempered by weaker oil prices (Nymex crude settled down 48 cents Friday at \$89.11/bbl). USD/CAD daily chart mixed as MACD bullish, but stochastics neutral. Support at 0.9903 (Friday's low); breach would target 0.9884 (Wednesday's low), then 0.9827 (Tuesday's low), 0.9816 (May 21, 2008 reaction low) and 0.9708 (Feb. 28, 2008 reaction low). Resistance at 0.9988 (Friday's high), then at 1.0030-1.0033 band (Thursday's high-Jan. 4 reaction high); breach would target 1.0054 (55-day moving average), then 1.0115 (Dec. 24 high), 1.0126 (100-day moving average) and 1.0165 (Dec. 23 high).

EUR/JPY - to consolidate with bullish bias. Cross supported by waning eurozone debt worries, Japan importer demand; but gains tempered by Japan exporter sales, worries over further Chinese monetary policy tightening measures. EUR/JPY daily

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chart positive-biased as MACD & stochastics bullish, although latter at
overbought, suggesting sideways or higher EUR/JPY trading near-term. Resistance
at psychological 113 & 114 levels; breach would expose upside to 114.95 (Nov. 22
reaction high). Support at 111.78 (hourly chart), then at 111.60 (Friday's low);
breach would temper near-term positive outlook, targeting 110.30 (Thursday's
low), then 109.57 (Jan. 17 low), 108.66 (Jan. 13 low) and 107.83 (Jan. 12 low).

EUR/GBP - to trade with upward bias. Daily chart positive-biased as MACD &
stochastics bullish; 5-day moving average staged bullish crossover against
15-day MA. Resistance at 0.8537-0.8534 band (Friday's high-100-day moving
average); breach would expose upside to 0.8648 (Dec. 31 reaction high), then
0.8817 (Nov. 4 reaction high). Support at 0.8458 (Friday's low); breach would
temper near-term positive outlook, exposing downside to 0.8410 (Thursday's low),
then 0.8374 (Wednesday's low), 0.8329 (Tuesday's low) and 0.8309 (Jan. 13 low).

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