

ASIA DAILY FOREX OUTLOOK - Majors

28 Jan 2011, 00:33

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

	Immediate Range	Larger Range
USD/JPY	82.46-83.20	81.96-83.50
EUR/USD	1.3676-1.3759	1.3635-1.3786
AUD/USD	0.9873-0.9945	0.9857-1.0001
NZD/USD	0.7668-0.7751	0.7641-0.7771
GBP/USD	1.5878-1.5990	1.5768-1.6017
USD/CHF	0.9384-0.9481	0.9316-0.9523
USD/CAD	0.9922-0.9985	0.9905-1.0004
EUR/JPY	113.00-114.00	112.42-114.95
EUR/GBP	0.8578-0.8629	0.8524-0.8672

(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 as markets await 1330 GMT U.S. 4Q GDP data (tipped to have grown 3.5% vs +2.6% in 3Q). USD/JPY supported by S&P's downgrade of Japan's credit rating to AA minus from AA, though investor concern limited as most of Japan's debt is funded domestically and its current account is in surplus. USD/JPY also underpinned by USD demand for import settlements, JPY-funded carry trades amid mildly positive investor risk appetite (VIX fear gauge eased 2.82% to 16.17) as Wall Street posted modest gains overnight (DJIA up 0.04%, Nasdaq up 0.58%), larger-than-expected 2% rise in U.S. December pending home sales (vs +1.1% forecast), improvement in Chicago Fed national activity index to positive 0.03 in December from minus 0.40 in November which broke 6-month string of below-trend economic growth. But USD/JPY gains tempered by Japan exporter sales; concerns over further Chinese monetary policy tightening; lower U.S. Treasury yields (10-year down 3 bps), bigger-than-expected 51,000 rise in latest U.S. weekly jobless claims (vs +1,000 forecast), surprise 2.5% drop in U.S. December durable goods (vs forecast for 1.4% gain); sharp drop in Kansas City Fed manufacturing index to 11 in January from 21 last month; Congressional Budget Office estimate that U.S. budget deficit could rise to \$1.5 trillion in 2011 from \$1.3 trillion last year, debt/GDP ratio to 9.8% from 8.9%; positions adjustment before weekend. Other data: 2330 GMT Japan December household spending, December labor force survey, December nation CPI, January Tokyo CPI, 2350 GMT Japan December preliminary retail sales, December BOJ monetary policy meeting minutes, 1330 GMT U.S. 4Q employment cost index, 1455 GMT January University of Michigan survey of consumers (final). USD/JPY daily chart mixed as MACD flat, stochastics turned bullish; 5- & 15-day moving averages meandering sideways. Resistance at 83.20 (yesterday's high); breach would target 83.50 (Jan. 11 high), then 83.70 (Jan. 7 reaction high) and 84.51 (Dec. 15 reaction high). Support at 82.46 (hourly chart); breach would expose downside to 81.96 (Wednesday's low), then 81.85 (Jan. 19 low), 81.61 (Jan. 4 low), 80.93 (Jan. 3 low) and 80.50 (Nov. 9 low).

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EUR/USD - to consolidate with bullish bias after hitting fresh 9-week high of 1.3759 yesterday. Pair supported by diminished investor worries over eurozone sovereign crisis; expectations ECB could tighten monetary policy to combat rising inflation after recent hawkish rhetoric from central bank chief Trichet. But EUR/USD gains tempered by rise in Portuguese borrowing costs yesterday above key 7% mark; lower-than-expected 1.9% annual rise in German January CPI (vs +2.0% forecast); surprise drop in European Commission's Economic Sentiment Indicator to 106.5 in January from 106.6 last month for first decline since May (vs forecast for rise to 106.7); positions adjustment before weekend. Data focus: 0830 GMT December EuroCOIN indicator of euro area economic activity, 0900 GMT December monetary developments in euro area (M3), 0910 GMT January eurozone retail PMI. 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 1.3759 (yesterday's high); breach would target 1.3786 (Nov. 22 reaction high), then 1.3950 (76.4% Fibonacci retracement of 1.4283-1.2871 Nov. 4-Jan. 10 decline) and psychological 1.4000. Support at 1.3676 (hourly chart), then at 1.3635 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.3570 (Tuesday's low), then 1.3536 (Monday's low), 1.3445 (Jan. 21 low) and 1.3393 (Jan. 20 low).

AUD/USD - to trade with risks skewed lower. Pair undermined by Australian government tax levy to help fund reconstruction in flood-devastated Queensland state; expectations for fewer RBA interest-rate hikes this year; weaker commodity prices (CRB spot index closed down 1.44 yesterday at 331.39); lingering concerns over further Chinese monetary policy tightening, positions adjustment before weekend. But AUD/USD losses tempered by Aussie-USD yield gap, reduced eurozone debt concerns. AUD/USD daily chart negative-biased as MACD in bearish mode, stochastics turned bearish. Support at 0.9873 (yesterday's low); breach would target 0.9857 (Monday's low), then 0.9848 (100-day moving average), 0.9828 (Jan. 20 reaction low) and 0.9801 (Jan. 12 reaction low). Resistance at 0.9945 (hourly chart), then at 1.0001 (yesterday's high) and 1.0022 (Monday's high); breach would temper near-term negative outlook, exposing upside to 1.0076 (Jan. 19 high), then 1.0171 (Jan. 4 high) and 1.0223 (Jan. 3 high).

NZD/USD - to range-trade. Pair underpinned by NZD-USD yield gap, diminished eurozone debt concerns, Kiwi demand on falling AUD/NZD cross. But NZD/USD gains tempered by lingering fears China may tighten monetary policy further; weaker commodity prices, positions adjustment before weekend. NZD/USD daily chart still positive-biased as MACD & stochastics in bullish mood. Resistance at 0.7751 (yesterday's high), then at 0.7771 (downtrend line from Dec. 31 high of 0.7813); breach would target 0.7786 (Jan. 19 high), then 0.7813 (Dec. 31 reaction high), 0.7835 (Nov. 22 reaction high) and 0.7872 (Nov. 11 high). Support at 0.7668 (yesterday's low); breach would target 0.7641 (Wednesday's low), then 0.7618 (Tuesday's low), 0.7558 (Monday's low), 0.7521 (Jan. 21 low) and 0.7448 (Dec. 24 low).

GBP/USD - to consolidate with risks skewed lower. Pair undermined by grim UK 4Q GDP data; HomeTrack survey indicating U.K. house prices fell 0.5% on month in January for 7th straight month of decline and likely to fall further; UK CBI survey showing its retail sales volume balance fell to 37 in January from 56 in December for weakest reading in 3 months and likely to see further declines; concerns over negative impact of UK government fiscal tightening measures on economic growth; positions adjustment before weekend. But GBP/USD losses tempered by lingering effect from Wednesday's more-hawkish-than-expected BOE MPC minutes. Data focus: 0001 GMT UK January consumer confidence survey. GBP/USD daily chart negative-biased as stochastics bearish, positive MACD histogram bars contracting. Support at 1.5878 (yesterday's low); breach would expose downside to 1.5768 (Wednesday's low, near 100-day moving average), then 1.5750 (Tuesday's low), 1.5712 (55-day moving average), 1.5617 (61.8% Fibonacci retracement of 1.5344-1.6059 Dec. 28-Jan. 18 advance) and 1.5579 (Jan. 12 low). Resistance at 1.5990 (yesterday's high), then at 1.6017 (Tuesday's high); breach would target 1.6037 (Jan. 19 high), then 1.6059 (Jan. 18 high) and 1.6094 (Nov. 19 reaction high).

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USD/CHF - to consolidate with risks skewed higher. Pair supported by CHF sales on rebounding EUR/CHF cross; fear of SNB's CHF-selling intervention. But gains tempered by positions adjustment before weekend. Data focus: 1030 GMT Swiss January KOF economic barometer. Daily chart mixed as MACD bearish, but stochastics turning bullish at oversold; bullish key-reversal-day pattern completed yesterday. Resistance at 0.9481 (yesterday's high); breach would expose upside to 0.9523 (Tuesday's high), then 0.9632 (Monday's high), 0.9690 (Jan. 21 high, near 55-day moving average) and 0.9729 (100-day moving average). Support at 0.9384 (yesterday's low); breach would reinstate near-term negative bias, exposing downside to 0.9316 (Jan. 3 low), then 0.9301 (Dec. 31 record low) and psychological 0.9200.

USD/CAD - to range-trade. Pair supported by weaker commodity & oil prices (Nymex crude settled down \$1.69 yesterday at \$85.64/bbl), BOC Gov. Carney's comment in interview with The Wall Street Journal that Canada has a competitiveness problem due partly to the Loonie's strength. But USD/CAD gains tempered by receding eurozone debt concerns, positions adjustment before weekend. Data focus: 1330 GMT Canada November payroll employment, earnings & hours. USD/CAD daily chart mixed MACD bullish, stochastics neutral; 5- & 15-day moving averages meandering sideways. Resistance at 0.9985 (yesterday's high), then at 1.0004 (Tuesday's high) and 1.0030-1.0033 band (Jan. 20 high-Jan. 4 reaction high); breach would target 1.0047 (55-day moving average), then 1.0115 (Dec. 24 high, near 100-day moving average) and 1.0165 (Dec. 23 high). Support at 0.9922 (yesterday's low), then at 0.9905 (Tuesday's low); breach would target 0.9884 (Jan. 19 low), then 0.9827 (Jan. 18 low), 0.9816 (May 21, 2008 reaction low) and 0.9708 (Feb. 28, 2008 reaction low).

EUR/JPY - to consolidate with bullish bias. Cross supported by waning eurozone debt worries, improved investor risk appetite, Japan importer demand, Japan's rating cut by S&P. But EUR/JPY gains tempered by Japan exporter sales, worries over further Chinese monetary tightening, positions adjustment before weekend. EUR/JPY daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher EUR/JPY trading near-term. Resistance at 114.00 (yesterday's high); breach would expose upside to 114.95 (Nov. 22 reaction high), then 115.42 (Nov. 4 reaction high). Support at 113.00 (hourly chart), then at 112.42 (yesterday's low); breach would temper near-term positive outlook, targeting 112.12 (Wednesday's low), then 111.80 (Monday's low), 111.60 (Jan. 21 low) and 110.30 (Jan. 20 low).

EUR/GBP - to consolidate. Daily chart mixed as MACD bullish, but stochastics turning bearish at overbought. Support at 0.8578 (yesterday's low); breach would expose downside to 0.8524 (Tuesday's low), then 0.8489 (Monday's low), 0.8458 (Jan. 21 low) and 0.8410 (Jan. 20 low). Resistance at 0.8629 (yesterday's high); breach would expose upside to 0.8672 (Wednesday's high), then 0.8817 (Nov. 4 reaction high) and 0.8941 (Oct. 25 top).

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