

2010-05-10_ASIA DAILY FOREX OUTLOOK - Majors

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

	Immediate Range	Larger Range
USD/JPY	90.82-93.11	90.00-93.98
EUR/USD	1.2797-1.2950	1.2607-1.2996
AUD/USD	0.8857-0.9005	0.8801-0.9093
NZD/USD	0.7065-0.7218	0.7035-0.7276
GBP/USD	1.4645-1.4891	1.4475-1.4935
USD/CHF	1.0988-1.1129	1.0924-1.1176
USD/CAD	1.0307-1.0469	1.0279-1.0571
EUR/JPY	117.36-119.97	113.62-120.72
EUR/GBP	0.8586-0.8807	0.8439-0.8837

(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 trade with risks skewed higher. Pair underpinned by JPY-funded carry trades as investor risk appetite improved, U.S. stock index futures gained strongly after EU source said finance ministers considering IMF-linked EUR600 billion stability fund to stem eurozone's debt crisis, threat of contagion; but fund still hasn't been agreed to yet and its size could change in final pact. USD/JPY also supported by Japan importer demand, strong 290,000 increase in U.S. April non-farm payrolls (vs +180,000 expected), though unexpected rise in U.S. April unemployment rate to 9.9% (vs forecast for no change at 9.7%), Japan exporter sales limiting USD/JPY gains. Data focus: 2350 GMT April BOJ monetary policy meeting minutes, 1400 GMT U.S. April Conference Board employment trends index, 1700 GMT Fed's Kocherlakota speaks. USD/JPY daily chart still negative-biased as MACD & stochastics in bearish mode. Resistance at 93.11 (Friday's high); breach would expose upside to 93.98 (Thursday's high), then 94.99 (Tuesday's high). Support at 90.82 (hourly chart); breach would expose downside to 90.00 (Friday's low), then 87.95 (Thursday's 5-month low) and 87.33 (Dec. 9 reaction low).

EUR/USD - to trade with risks skewed higher as sentiment improved on possible EUR600 billion EU crisis fund to soothe investors' nerves over spread of debt crisis across periphery of European monetary union; Moody's comment Friday that Italy has encouraging record in turning around its public debt trend; though doubts still remain about Greece's ability to meet tough austerity measures required by EU-IMF EUR110 billion bailout package. Data focus: 0600 GMT German March foreign trade, March manufacturing turnover. EUR/USD daily chart mixed as MACD bearish, but stochastics turned bullish at oversold. Resistance at 1.2950 (hourly chart); breach would expose upside to 1.2996 (Wednesday's high), then 1.3112 (previous base set April 28) and 1.3213 (Tuesday's high). Support at 1.2797 (previous cap set Friday); breach would expose downside to 1.2607 (hourly chart), then 1.2510 (Thursday's 14-month low), 1.2455 (March 4, 2009 reaction low) and 1.2387 (Nov. 13, 2008 reaction low).

AUD/USD - to trade with risks skewed higher amid improved sentiment on possible EU crisis fund setup to arrest worries over euro-zone debt. Pair also supported by Aussie-USD yield gap; but gains tempered by concerns over further China's tightening measures. Data focus: 0130 GMT Australia April ANZ job ads. AUD/USD daily chart mixed as MACD bearish, but stochastics turned bullish at oversold. Resistance at 0.9005 (hourly chart); breach would expose upside to 0.9093 (Thursday's high), then 0.9117 (Wednesday's high), 0.9153 (55-day moving average) and 0.9275 (May 3 high). Support at 0.8857 (hourly chart); breach would expose downside to 0.8801 (Friday's low), then at 0.8714 (Thursday's 3-month low); 0.8612 (Feb. 9 low) and 0.8576 (Feb. 5 reaction low).

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NZD/USD - to consolidate with risks skewed higher. Pair supported by improved market sentiment on by possible EU stability fund setup, Kiwi-U.S. yield advantage. NZD/USD daily chart mixed as MACD in bearish mode, stochastics neutral. Resistance at 0.7218 (hourly chart); breach would expose upside to 0.7276 (Thursday's high), then 0.7325 (April 30 high), 0.7408 (Jan. 19 high) and 0.7441 (Jan. 14 top). Support at 0.7065 (hourly chart); breach would target 0.7035 (Friday's low), then 0.7007 (Thursday's low), 0.6961 (April 6 reaction low) and 0.6847 (March 4 reaction low).

GBP/USD - to trade with risks skewed higher after rebounding strongly from 1-year low 1.4475 Friday as markets await 1100 GMT BOE monetary policy announcement: bank expected to stand pat on its loose policy stance. GBP/USD underpinned by improved market sentiment on possible EU EUR600 billion stability fund set-up, ongoing discussions between Conservative and Liberal Democrat parties to form coalition government. GBP/USD daily chart mixed as MACD bearish, but stochastics turned bullish at oversold; bullish hammer candlestick pattern completed Friday. Resistance at 1.4891 (hourly chart); breach would expose upside to 1.4935 (Friday's high), then 1.5148 (Thursday's high), 1.5172 (Wednesday's high) and 1.5267 (Tuesday's high). Support at 1.4645 (hourly chart); breach would expose downside to 1.4475 (Friday's low), then 1.4396 (April 22, 2009 reaction low) and 1.4108 (March 30, 2009 reaction low).

USD/CHF - to trade with risks skewed lower. Pair undermined by broadly weaker USD undertone after talk of possible EU crisis fund setup; but losses tempered by CHF-funded carry trades as risk sentiment improved. Daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 1.0988 (hourly chart); breach would expose downside 1.0924 (previous cap set April 28), then 1.0836 (Tuesday's low) and 1.0729 (May 3 low). Resistance at 1.1129 (hourly chart); breach would expose upside to 1.1176 (Friday's high), then 1.1245 (Thursday's 1-year high), 1.1261 (May 18, 2009 reaction high) and 1.1387 (61.8% Fibonacci retracement of decline from Nov. 21, 2008 peak of 1.2298 to Nov. 26, 2009 trough of 0.9914).

USD/CAD - to trade with risks skewed lower. Pair undermined by improved investor risk sentiment on possible set-up of huge EU stability fund, weaker global USD, rebounding oil prices (Nymex crude last up \$1.13/bbl on Globex), better-than-expected Canada April employment report (108,700 jobs added in April, more than 4 times expected, while unemployment fell to one-year low of 8.1%) heightening expectation BOC might increase interest rates at June 1 meeting. Data focus: 1215 GMT Canada April housing starts. USD/CAD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 1.0307 (hourly chart); breach would expose downside to 1.0279 (Thursday's low), then 1.0229 (Wednesday's low), 1.0215 (previous cap set April 19) and 1.0193 (55-day moving average). Resistance at 1.0469 (hourly chart); breach would expose upside to 1.0571 (Friday's high), then 1.0740 (Thursday's 3-month high) and 1.0780 (Feb. 5 reaction high).

EUR/JPY - to trade with risks skewed higher. Cross underpinned by carry trades amid improved investor risk sentiment. Daily chart mixed as MACD bearish, but stochastics turned bullish at oversold. Resistance at 119.97 (hourly chart); breach would expose upside to 120.72 (Thursday's high), then 123.38 (Wednesday's high), 125.45 (Tuesday's high) and 125.95 (April 30 high). Support at 117.36 (hourly chart); breach would expose downside to 113.62 (Friday's low), then 110.49 (Thursday's low).

EUR/GBP - to trade with bullish bias. Daily chart positive-biased as stochastics rising from oversold; MACD staging bullish crossover against its exponential moving average; bullish parabolic stop-and-reverse signal hit at 0.8635 Friday. Resistance at 0.8807 (Friday's high); breach would target 0.8837 (100-day moving average), then 0.8847 (April 19 high, matching 55-day moving average), 0.8864 (April 14 reaction high) and 0.8888 (200-day moving average). Support at 0.8586 (hourly chart); breach would expose downside to 0.8439 (Friday's low), then 0.8425 (Thursday's 10-month low) and 0.8397 (June 22, 2009 trough).

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