

# ASIA DAILY FOREX OUTLOOK - Majors

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

	Immediate Range	Larger Range
USD/JPY	86.46-87.21	86.25-88.00
EUR/USD	1.2928-1.2991	1.2868-1.3007
AUD/USD	0.8631-0.8719	0.8619-0.8779
NZD/USD	0.7019-0.7112	0.6974-0.7196
GBP/USD	1.5200-1.5350	1.5086-1.5449
USD/CHF	1.0498-1.0560	1.0446-1.0617
USD/CAD	1.0494-1.0581	1.0442-1.0606
EUR/JPY	111.41-113.07	110.68-113.40
EUR/GBP	0.8421-0.8532	0.8361-0.8547

(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 stronger USD sentiment (ICE dollar index last 82.59 vs Friday's 82.486 settlement). USD/JPY supported by higher U.S. Treasury yields, USD demand for import settlements, JPY-funded carry trades as risk appetite improves (VIX fear gauge eased 1.07% to 25.97) after Wall Street ended with modest gains overnight (DJIA up 0.56%, Nasdaq up 0.88%) on positive corporate earnings results (though after-close slide in IBM shares on weaker-than-expected 2Q revenue growth may dent risk sentiment); fears of Japan official jawboning against further yen gains. But USD/JPY topside limited by Japan exporter sales; bigger-than-forecast fall in U.S. NAHB housing market index to 14 in July (its lowest level since April 2009, vs 16 expected) from 17 in June; expectations Fed will keep interest rates at record lows near zero well into 2011; caution ahead of Fed Chairman Bernanke's semiannual policy report to Congress due tomorrow & Thursday - many expect him to further tone down economic growth outlook. Data focus: 0500 GMT Japan May revised indexes of business conditions, 1230 GMT U.S. June housing starts & building permits. USD/JPY daily chart still negative-biased as MACD & stochastics bearish, but latter at oversold. Resistance at 87.21 (yesterday's high); breach would expose upside to 88.00 (previous base set July 13), then 88.43 (Thursday's high), 89.11-89.15 band (Wednesday's high-July 12 high) and 89.42-89.47 band (June 29 high-June 28 high). Support at 86.46 (yesterday's low), then at 86.25 (Friday's low); breach would target psychological round-numbered levels of 86.00, 85.00, then 84.81 (Nov. 27 bottom).

EUR/USD - to range-trade. Pair weighed by improved USD sentiment; Moody's cut of Ireland's rating to Aa2 from Aa1; Hungary's failure to reach agreement with IMF & EU in funding talks. But EUR/USD downside limited by expectations results due Friday from stress tests of European banks will show region's financial system is sound; EUR demand for long-EUR carry trades on improved risk appetite. Data focus: 0600 GMT German June PPI. EUR/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 1.2928 (hourly chart); breach would expose downside to 1.2868 (yesterday's low), then 1.2707 (Thursday's low), 1.2680 (Wednesday's low) and 1.2520 (July 13 low). Resistance at 1.2991 (yesterday's high), then at 1.3007 (Friday's 10-week high); breach would expose upside to 1.3093 (May 10 high), then 1.3124 (38.2% Fibonacci correction of decline from Nov. 25 high of 1.5144 to June 7 low of 1.1875) and 1.3342 (April 30 reaction high).

AUD/USD - to consolidate; spotlight on 0305 GMT RBA Gov. Stevens speech. Pair undermined by improved USD sentiment; softer commodity prices (CRB spot index closed down 1.02 yesterday at 261.2); lingering worries over slowing economic growth in China & further Chinese monetary tightening which would crimp demand for Aussie exports. But AUD/USD losses tempered by AUD demand for long-AUD carry trades on increased risk

appetite. Other data focus: 0130 GMT Australia RBA July monetary policy meeting minutes. AUD/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 0.8631 (yesterday's low), then at 0.8619 (July 8 low); breach would target 0.8597 (55-day moving average), then 0.8510 (previous cap set July 2) and 0.8447 (July 7 low). Resistance at 0.8719 (yesterday's high); breach would expose upside to 0.8779 (hourly chart), then 0.8848 (Thursday's high), 0.8871 (Wednesday's 2-month high, matching 100-day moving average) and 0.8968 (200-day moving average).

NZD/USD - to range-trade. Pair undermined by improved USD sentiment; softer commodity prices; reduced odds RBNZ will hike its policy rate by 25 bps at this month's review after last week's weaker-than-expected NZ 2Q CPI data. But NZD/USD downside limited by NZD demand for long-NZD carry trades on higher risk appetite. NZD/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 0.7027-0.7019 band (yesterday's low-July 8 low, near 100-day moving average); breach would expose downside to 0.6974 (previous cap set July 6), then 0.6958 (55-day moving average) and 0.6882 (July 7 low). Resistance at 0.7112 (yesterday's high); breach would expose upside to 0.7196 (hourly chart), then 0.7301 (Thursday's high), 0.7325 (April 30 reaction high) and 0.7441 (Jan. 14 reaction high).

GBP/USD - to consolidate with risks skewed lower. Pair undermined by better USD sentiment; 0.6% on-month drop in UK Rightmove mid-July house price index (vs June's 0.3% increase); concerns over negative impact of fiscal tightening on UK economy. But NZD/USD downside limited by improved investor risk appetite. Data focus: 0830 GMT UK June CML mortgage lending figures, July BOE trends in lending report, June public sector finances, 1000 GMT July CBI quarterly industrial trends survey. GBP/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 1.5200 (yesterday's low); breach would expose downside to 1.5086 (previous cap set July 12), then 1.4946 (July 12 low), 1.4871 (July 1 reaction low) and 1.4854 (June 25 low). Resistance at 1.5350 (yesterday's high); breach would expose upside to 1.5449 (Friday's high), then 1.5471 (Thursday's high), 1.5498 (April 26 reaction high) and 1.5523 (April 15 reaction high).

USD/CHF - to trade higher. Pair underpinned by improved USD sentiment, short-CHF carry trades on lower risk aversion. Data focus: 0615 GMT Swiss June trade balance. Daily chart positive-biased as stochastics bullish at oversold; MACD staged bullish crossover against its exponential moving average. Resistance at 1.0560 (yesterday's high); breach would expose upside to 1.0617 (Wednesday's high), then 1.0645 (July 13 high), 1.0675 (July 12 reaction high) and 1.0697 (July 2 high). Support at 1.0498 (hourly chart), then at 1.0446 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.0396 (low on both Thursday & Friday), then 1.0363 (Jan. 25 reaction low), 1.0127 (Jan. 11 reaction low) and parity.

USD/CAD - to consolidate before 1300 GMT BOC interest rate decision. USD/CAD undermined by anticipation central bank will raise its key interest rate by 25 bps to 0.75%, though its statement expected to be relatively cautious, signaling gradual approach to continued monetary tightening in light of unsettled global environment; firmer oil prices (Nymex crude settled up 53 cents yesterday at \$76.54/bbl). But USD/CAD downside limited by improved USD sentiment. USD/CAD daily chart positive-biased as stochastics bullish, MACD staged bullish crossover against its exponential moving average. Resistance at 1.0581 (Friday's high); breach would target 1.0606 (July 7 high), then 1.0677 (July 6 reaction high) and 1.0851 (May 25 reaction high). Support at 1.0494 (yesterday's low), then at 1.0442 (previous cap set Thursday); breach would expose downside to 1.0376 (Friday's low), then 1.0278-1.0273 band (Thursday's low-July 13 low), 1.0178 (June 22 low) and 1.0133 (June 21 reaction low).

EUR/JPY - to consolidate. Cross underpinned by increased investor risk appetite, easing investor concerns over troubled euro zone financial system; but gains tempered by caution ahead of Fed Chairman Bernanke's semiannual policy report to Congress due tomorrow & Thursday. Daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 111.41 (yesterday's low); breach would expose downside to 110.68 (July 13 low), then 109.29 (July 7 low), 109.12 (July 6 low) and 107.47 (July 1 low). Resistance at

113.07 (yesterday's high); breach would expose upside to 113.36-113.40 band (Friday's high-Thursday's high), then 114.16 (June 3 reaction high), 114.40 (May 21 reaction high) and 115.49 (May 18 reaction high).

EUR/GBP - to consolidate with bullish bias. Cross supported by easing investor concerns over troubled euro zone financial system. Daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher EUR/GBP trading near-term. Resistance at 0.8532 (yesterday's high); breach would target 0.8547 (May 28 high), then 0.8604 (100-day moving average), 0.8763 (200-day moving average) and 0.8773 (May 21 reaction high). Support at 0.8421 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 0.8361 (Friday's low), then 0.8323 (Thursday's low), 0.8317-0.8312 band (Wednesday's low-July 13 low) and 0.8288 (July 7 low).

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