

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	85.16-85.92	85.00-86.24
EUR/USD	1.3100-1.3234	1.3071-1.3307
AUD/USD	0.9078-0.9166	0.9056-0.9205
NZD/USD	0.7183-0.7291	0.7162-0.7343
GBP/USD	1.5773-1.5910	1.5707-1.6002
USD/CHF	1.0458-1.0563	1.0356-1.0618
USD/CAD	1.0294-1.0373	1.0252-1.0395
EUR/JPY	112.26-113.22	111.99-113.93
EUR/GBP	0.8289-0.8364	0.8268-0.8379

(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 with risks skewed lower amid weaker USD sentiment (ICE dollar index tumbled from 81.34 to 80.64, last 80.867) as U.S. Federal Reserve acknowledged that pace of U.S. economic recovery had slowed in recent months, said it would reinvest proceeds from its holdings of expiring agency debt and mortgage-backed securities into longer-term Treasury securities. "This essentially means that the Fed will not allow a gradual retightening of policy which would have occurred had maturing securities not been rolled over," says James Shugg, senior economist at Westpac, "although in the very short term, it doesn't make much difference as there is not much agency paper maturing in the next few months (just \$10 billion or so - and no MBS at all)." USD/JPY also undermined by lower U.S. Treasury yields, Japan exporter sales, unwinding of JPY-funded carry trades on higher investor risk aversion (CBOE volatility index VIX rose 1.04% to 22.37), Wall Street's losses (DJIA off 0.51%, Nasdaq off 1.24% overnight); surprise 0.9% drop in U.S. 2Q non-farm business productivity (vs forecast for 0.3% rise), while unit labor costs rose just 0.2% vs +0.5% expected. But USD/JPY downside limited by USD demand for import settlements, fears of Japan FX intervention (though BOJ Gov. Shirakawa yesterday indicated central bank has no plans yet to alter course on monetary policy to stem JPY gains). Yen crosses vulnerable to any surprises from 0200 GMT China data: July CPI, PPI, industrial output, fixed assets investment, retail sales. Other data focus: 2350 GMT Japan June orders received for machinery, July corporate goods price index, 0500 GMT August BOJ monthly report, 1230 GMT U.S. June trade balance. USD/JPY daily chart negative-biased as MACD bearish, while stochastics stay suppressed at oversold, suggesting sideways or lower USD/JPY trading near-term. Support at 85.16 (yesterday's low), then at 85.00 (Friday's low); breach would target 84.81 (Nov. 27 bottom), then psychological 84.00. Resistance at 85.92 (hourly chart), then at 86.24 (yesterday's high); breach would temper near-term negative outlook, targeting 86.49 (Thursday's high), then 86.66 (Aug. 3 high), 86.88-86.93 band (Aug. 2 high-July 30 high) and 87.51 (July 29 high).

EUR/USD - to trade with risks skewed lower. EUR/USD weighed by higher investor risk aversion, lingering effect from weak China July import data yesterday. But EUR/USD downside limited by weak USD sentiment. Data focus: 1000 GMT 3Q Ifo economic climate for euro area. EUR/USD daily chart negative-biased as spot fell below uptrend line from June 30 low of 1.2164 (now at 1.3242), stochastics bearish at overbought; MACD staging bearish crossover against its exponential moving average. Support at 1.3100 (hourly chart), then at 1.3071 (yesterday's low) and 1.3051 (Aug. 2 low); breach would expose downside to 1.2978 (July 30 low), then 1.2949 (July 27 low) and 1.2814 (100-day moving average). Resistance at 1.3234 (yesterday's high); breach would expose upside to 1.3307 (Monday's high), then 1.3333-1.3342 band (Friday's high-April 30 reaction high), 1.3510 (50% Fibonacci correction of 1.5144-1.1875 Nov. 25-June 7 decline) and 1.3520 (200-day moving average).

AUD/USD - to trade with risks skewed lower. Pair undermined by heightened risk aversion, softer commodity prices (CRB spot index closed down 2.31 yesterday at 272.28), lingering effect from NAB monthly report released yesterday indicating business confidence fell broadly in July and yesterday's disappointing China July imports. But AUD/USD losses tempered by Aussie-U.S. yield gap, weak USD sentiment. Slew of Chinese July economic data due at 0200 GMT may impact spot AUD/USD. Data focus: 0030 GMT Australia August Westpac-Melbourne Institute consumer sentiment survey, 0130 GMT June lending finance, 0400 GMT August DEEWR leading indicator of employment. AUD/USD daily chart negative-biased as stochastics bearish at overbought; positive MACD histogram bars contracting, bearish parabolic stop-and-reverse signal hit at 0.9095 yesterday. Support at 0.9078 (hourly chart), then at 0.9056 (yesterday's low); breach would expose downside to 0.8963 (July 30 low, matching 200-day moving average), then 0.8902 (July 28 reaction low) and 0.8856 (100-day moving average). Resistance at 0.9166 (yesterday's high); breach would expose upside to 0.9205 (Monday's high), then 0.9221 (Friday's high), 0.9280 (ascending resistance trendline from July 8 high of 0.8791) and 0.9324 (April 30 reaction high) and 0.9382 (April 12 top).

NZD/USD - to trade lower. Pair undermined by stronger risk aversion, softer commodity prices; but losses tempered by weak USD sentiment, Kiwi-U.S. yield advantage. NZD/USD daily chart negative-biased as MACD & stochastics bearish. Support at 0.7183 (hourly chart), then at 0.7162 (yesterday's low); breach would expose downside to 0.7103 (200-day moving average), then 0.7092 (July 22 low) and 0.7027 (July 19 reaction low). Resistance at 0.7291 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 0.7343 (Monday's high), then 0.7356 (Aug. 4 high), 0.7395 (6-month high set July 27) and 0.7441 (Jan. 14 reaction high).

GBP/USD - to trade with risks skewed lower. GBP/USD undermined by negative investor risk sentiment, fall in UK July RICS house price balance to minus 8 (much weaker than +5 expected) from +8 in June, fall in Nationwide July UK consumer confidence index to 56 from 63 in June for third straight month of decline, lingering concerns over negative impact of fiscal tightening on UK GDP growth. But GBP/USD losses tempered by negative USD sentiment, narrower-than-expected UK June global trade deficit of GBP7.4 billion in June (vs GBP7.8 billion forecast), while May deficit revised down to GBP8.0 billion. Data focus: 0830 GMT UK July unemployment, June CML regulated mortgage survey, 0930 GMT BOE UK inflation report. GBP/USD daily chart negative-biased as stochastics bearish at overbought; positive MACD histogram bars contracting, bearish parabolic stop-and-reverse signal hit at 1.5832 yesterday. Support at 1.5773 (hourly chart), then at 1.5707 (yesterday's low) and 1.5694 (Aug. 2 low); breach would expose downside to 1.5549 (July 30 low), then 1.5519 (200-day moving average). Resistance at 1.5910 (yesterday's high); breach would expose upside to 1.6002 (Friday's high), then 1.6069 (Feb. 3 reaction high) and 1.6276 (Jan. 28 high).

USD/CHF - to range-trade. Pair undermined by broadly weak USD undertone, unwinding of short-CHF carry trades on higher risk aversion. But CHF sentiment dented by below-forecast July poll of Swiss quarterly consumer sentiment index of 14 (vs 19 expected), bolstering expectations SNB unlikely to raise interest rates anytime soon, although many anticipate hike before year-end. Daily chart still positive-biased as stochastics rising from oversold, MACD in bullish mode. Support at 1.0458 (yesterday's low); breach would expose downside to 1.0356 (Monday's low), then 1.0328 (Friday's low), 1.0127 (Jan. 11 reaction low) and parity. Resistance at 1.0563 (hourly chart), then at 1.0618 (yesterday's high); breach would target 1.0640 (July 27 reaction high), then 1.0675 (July 12 high) and 1.0866 (55-day moving average).

USD/CAD - to consolidate. Pair underpinned by decreased investor risk appetite, softer commodity & oil prices (Nymex crude settled down \$1.23 yesterday at \$80.25/bbl); but topside limited by weaker global USD, widening CAD-USD interest differential as BOC expected to continue raising interest rates in near term while Fed looks set to leave rates ultra-low for longer than had been expected. Data focus: 1230 GMT Canada June international merchandise trade. USD/CAD daily chart mixed as MACD bearish, but stochastics rising from oversold. Support at 1.0294 (hourly chart), then at 1.0252 (Monday's low); breach would expose downside to 1.0141 (Friday's low), then 1.0102 (Thursday's low), 1.0010 (April 29 low) and 0.9926 (April 21 reaction low). Resistance at 1.0373 (hourly chart), then at 1.0388-1.0395 band (yesterday's high-July 27 high, near 200-day moving

average); breach would expose upside to 1.0503 (July 22 high), then 1.0586 (July 20 reaction high).

EUR/JPY - to consolidate with risks skewed lower, weighed by weaker investor risk appetite. Cross vulnerable to any surprises from slew of Chinese July economic data due at 0200 GMT. Daily chart negative-biased as MACD & stochastics turned bearish. Support at 112.26 (yesterday's low); breach would expose downside to 111.99 (July 30 low), then 111.55 (July 23 low) and 110.02 (July 22 low). Resistance at 113.22 (hourly chart); breach would expose upside to 113.93 (Monday's high), then 114.13-114.22 band (Aug. 3 high-July 29 high), 114.73 (July 28 high) and 115.49 (May 18 high).