

2010-11-11_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	81.92-82.88	81.55-83.99
EUR/USD	1.3669-1.3826	1.3635-1.3973
AUD/USD	0.9973-1.0077	0.9892-1.0183
NZD/USD	0.7734-0.7850	0.7700-0.7915
GBP/USD	1.6015-1.6136	1.5950-1.6183
USD/CHF	0.9667-0.9765	0.9581-0.9823
USD/CAD	0.9990-1.0093	0.9973-1.0119
EUR/JPY	112.20-113.79	112.00-114.28
EUR/GBP	0.8523-0.8592	0.8464-0.8646

(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 after hitting 1-month high of 82.80 yesterday. Pair underpinned by JPY-funded carry trades amid positive global risk sentiment (VIX fear gauge eased 3.2% to 18.47) as Wall Street posted modest gains overnight (DJIA up 0.09%, Nasdaq up 0.62%), helped by bigger-than-expected 24,000 decline in latest U.S. jobless claims (vs forecast for 7,000 drop), narrower-than-expected U.S. September trade deficit of \$44 billion (vs \$45 billion forecast). USD/JPY also supported by USD demand for import settlements; but gains tempered by Japan exporter sales, lower U.S. Treasury yields, weaker USD sentiment (ICE spot dollar index last 77.72 vs 77.78 early Wednesday) after U.S. Federal Reserve said it would buy \$105 billion in U.S. bonds over next month on almost every market day; trimming of long-USD positions as G20 summit opens in South Korea. Yen-crosses also vulnerable to any surprises from China data due 0200 GMT today: October industrial output, fixed assets investment, CPI, PPI, retail sales. China CPI likely rose 4.0% on year in October, up from September's 3.6% rise, according to Dow Jones Newswires poll of 12 economists. Data focus: 2350 GMT Japan October corporate goods price index, 2350 GMT Japan September machinery orders. USD/JPY daily chart still positive-biased as MACD & stochastics bullish. Support at 81.92 (hourly chart); breach would expose downside to 81.55 (yesterday's low), then 80.50-80.45 band (Tuesday's low-Nov. 2 low), 80.21 (15-year low set Nov. 1), psychological 80.00 and 79.75 (record low set April 19, 1995). Resistance at to 82.80-82.88 band (yesterday's high-previous base set Sept. 15 & 55-day moving average); breach would expose upside to 83.99 (Oct. 5 high), then 84.64 (100-day moving average) and 85.38 (Sept. 24 high).

EUR/USD - to consolidate. Pair underpinned by weaker USD sentiment, improved investor risk appetite, EUR demand from sovereign central banks, relatively well-received Portuguese auction of 4.20% October 2016 & 4.80% June 2020 bonds. But EUR/USD gains tempered by lingering concerns of sovereign debt issues at periphery of euro zone: Irish-German 10-year yield spread hit widest-ever yesterday, adding to worries about possible Irish debt default. EUR/USD daily chart still negative-biased as MACD & stochastics bearish, but latter near oversold. Resistance at 1.3826 (yesterday's high); breach would expose upside to 1.3973 (Tuesday's high), then 1.4084 (Monday's high), 1.4247 (Friday's high) and 1.4283 (Nov. 4 9-month high). Support at 1.3669 (yesterday's low); breach would

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target 1.3635 (Oct. 5 low), then 1.3519 (55-day moving average) and 1.3333 (previous cap set Aug. 6).

AUD/USD - to consolidate. Pair underpinned by AUD demand for long-AUD carry trades on increased investor risk appetite, divergent RBA-U.S. Fed monetary policy stances. But AUD/USD gains tempered by softer commodity prices (CRB spot index ended down 2.0 yesterday at 317.11). AUD/USD also vulnerable to any surprise from slew of Chinese October economic data due 0200 GMT today. Data focus: 0000 GMT Australia November consumer inflationary expectations survey, 0030 GMT Australia October labour force. AUD/USD daily chart still negative-biased as stochastics bearish, positive MACD histogram bars contracting. Support at 0.9973 (yesterday's low); breach would expose downside to 0.9892 (Nov. 3 low), then 0.9857 (Nov. 2 low, near uptrend support line from Aug. 25 low of 0.8769) and 0.9823 (Nov. 1 low). Resistance at 1.0073-1.0077 band (yesterday's high-previous base set Monday); breach would expose upside to 1.0176-1.0183 band (Tuesday's high-Friday's post-float high), then psychological 1.0200 and 1.0227 (ascending resistance trendline from Oct. 14 high of 0.9993).

NZD/USD - to consolidate. Pair underpinned by NZD demand for long-Kiwi carry trades on improved investor risk appetite, weaker USD sentiment. But NZD/USD gains tempered by softer commodity prices. NZD/USD daily chart still negative-biased as stochastics falling from overbought; positive MACD histogram bars contracting. Support at 0.7734 (yesterday's low), then at 0.7700 (Nov. 3 low); breach would expose downside to 0.7631 (Nov. 2 low), then 0.7517 (uptrend support line from Aug. 31 low of 0.6962). Resistance at 0.7850 (yesterday's high); breach would expose upside to 0.7915 (Tuesday's high), then 0.7941 (Monday's high) and 0.7976 (Nov. 4 30-month high).

GBP/USD - to consolidate. Pair underpinned by weaker USD sentiment, higher investor risk appetite, hawkish BOE inflation report warding off fears of new round of UK quantitative easing. But GBP/USD topside limited by lingering concerns over negative impact of fiscal tightening on UK economy. Data focus: 0930 GMT UK September CML regulated mortgage survey. GBP/USD daily chart still negative-biased as stochastics falling from overbought, positive MACD histogram bars contracting, though inside-day-range pattern completed yesterday. Resistance at 1.6136 (yesterday's high); breach would expose upside to 1.6183 (Tuesday's high), then 1.6211 (Monday's high), 1.6290-1.6300 band (Friday's high-Nov. 4 10-month high) and 1.6457 (Jan. 19 reaction high). Support at 1.6015 (hourly chart), then at 1.5958-1.5950 band (yesterday's low-Tuesday's low); breach would expose downside to 1.5876 (Oct. 29 low), then 1.5803 (uptrend support line from Sept. 7 low of 1.5294), 1.5761 (55-day moving average) and 1.5652 (Oct. 20 reaction low).

USD/CHF - to trade with risks skewed lower. Pair undermined by negative USD sentiment. But USD/CHF downside limited by short-CHF carry trades on positive risk sentiment, lingering fear of SNB's CHF-selling intervention, CHF sales on rebounding EUR/CHF cross. Daily chart mixed as MACD flat, but stochastics bullish near oversold. Support at 0.9667 (yesterday's low); breach would expose downside to 0.9581 (Tuesday's low), then 0.9568 (Monday's low), 0.9543-0.9538 band (Friday's low-Oct. 18 low), 0.9481 (Oct. 15 low) and 0.9463 (record low set Oct. 14). Resistance at 0.9765 (yesterday's high); breach would expose upside to 0.9823 (Nov. 3 high), then 0.9846 (55-day moving average), 0.9932 (Nov. 2 high) and 0.9973 (Nov. 1 reaction high).

USD/CAD - to consolidate. Pair undermined by healthier investor risk appetite, negative USD sentiment, strong oil prices (Nymex crude settled up \$1.09 yesterday at \$87.81/bbl). But CAD sentiment dented by wider-than-expected Canada September trade deficit of C\$2.49 billion (far exceeding C\$1.6 billion forecast). USD/CAD daily chart mixed as stochastics bullish at oversold, but MACD still in bearish mode, inside-day-range pattern completed yesterday. Resistance at 1.0093 (Tuesday's high); breach would expose upside to 1.0119 (Nov. 4 high), then 1.0153 (Nov. 3 high), 1.0202 (Nov. 1 high), 1.0247 (Oct. 29 high, near 55-day moving average) and 1.0274 (downtrend line from Oct. 19 high

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of 1.0372. Support at 0.9990 (yesterday's low), then at 0.9973 (Tuesday's low); breach would expose downside to 0.9926 (April 21 low), then 0.9816 (May 21, 2008 reaction low) and 0.9708 (Feb. 28, 2008 reaction low).

EUR/JPY - to consolidate. Cross supported by positive global risk sentiment, Japan importer demand. But EUR/JPY gains tempered by Japan exporter sales, lingering investor worries over peripheral euro-zone sovereign debt default. Daily chart mixed as stochastics neutral; 5- & 15-day moving averages meandering sideways. Support at 112.20 (yesterday's low), then at 112.00 (55-day moving average) and 111.72 (Tuesday's low); breach would expose downside to 111.49 (Oct. 29 low, near 100-day moving average), then 110.63 (Sept. 16 low) and 109.55 (previous cap set Aug. 30). Resistance at 113.79 (yesterday's high); breach would expose upside to 114.28 (Monday's high), then 115.03 (Friday's high), 115.42 (Nov. 4 high), 115.68 (Oct. 7 reaction high, matching 200-day moving average).

EUR/GBP - to consolidate after hitting 6-week low of 0.8523 yesterday. Cross weighed by hawkish BOE inflation report, investor worries over debt default by peripheral euro-zone nations. Daily chart still negative-biased as MACD & stochastics bearish, but latter at oversold. Support at 0.8523 (yesterday's low); breach would expose downside to 0.8464 (Sept. 28 reaction low) and 0.8447 (100-day moving average, roughly matching 61.8% Fibonacci correction of 0.8139-0.8941 Aug. 23-Oct. 25 advance). Resistance at 0.8592 (hourly chart), then at 0.8638-0.8646 band (yesterday's high-Tuesday's high); breach would expose upside to 0.8692 (Monday's high), then 0.8776 (Friday's high), 0.8817 (Nov. 4 high), 0.8879 (Oct. 26 high) and 0.8941 (7-month high set Oct. 25).

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