

ASIA DAILY FOREX OUTLOOK - Majors

8 Dec 2010, 00:33

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

	Immediate Range	Larger Range
USD/JPY	83.00-83.89	82.31-84.41
EUR/USD	1.3242-1.3316	1.3191-1.3400
AUD/USD	0.9737-0.9890	0.9625-0.9965
NZD/USD	0.7540-0.7620	0.7451-0.7672
GBP/USD	1.5700-1.5821	1.5654-1.5835
USD/CHF	0.9752-0.9950	0.9721-1.0000
USD/CAD	1.0083-1.0158	1.0000-1.0189
EUR/JPY	110.27-111.10	109.55-111.20
EUR/GBP	0.8388-0.8439	0.8330-0.8481

(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 after gaining Y1 overnight on positive USD sentiment (ICE spot dollar index last 79.93 vs 79.65 early Tuesday) from U.S. tax deal, safe-haven bid as euro-zone worries persist. Obama, congressional Republicans agree to extend Bush tax cuts for 2 years, booting growth outlook; Treasury yields spike. USD/JPY also supported by USD demand for import settlements, but gains tempered by Japan exporter sales, expectations of Chinese rate hike, perhaps this weekend. No strong cue for JPY-funded carry trades as Wall Street closed narrowly mixed (DJIA down 0.03%, Nasdaq up 0.14%). Data focus: 2350 GMT Japan October machinery orders, November money stock & bank lending, October balance of payments, November international transactions in securities, November provisional trade statistics for 1st 20 days, 3Q quarterly external debt & international investment position, 0500 GMT Japan November economy watchers survey. USD/JPY daily chart mixed as MACD bearish, but stochastics turning bullish near oversold. Resistance at 83.89 (Friday's high); breach would expose upside to 84.41 (Nov. 29 reaction high), then psychological 85.00 and 85.38 (Sept. 24 high). Support at 83.00 (hourly chart); breach would expose downside to 82.31 (yesterday's low), then 81.63 (Nov. 12 low) and 80.50 (Nov. 9 low).

EUR/USD - to trade with risks skewed lower. Undermined by positive USD sentiment, sustained worries over euro-zone debt crisis even as Ireland passes 2011 austerity budget. But EUR sentiment soothed by 1.6% rebound in German October manufacturing orders. Data focus: 1100 GMT German October industrial production. EUR/USD daily chart negative-biased as MACD in bearish mode, stochastics turning bearish. Support at 1.3242 (Monday's low); breach would expose downside to 1.3191 (Friday's low), then 1.3056 (Thursday's low), 1.2964 (Nov. 30 low) and 1.2642 (Sept. 10 reaction low). Resistance at 1.3316 (hourly chart); breach would expose upside to 1.3400 (yesterday's high), then 1.3452 (Monday's high), 1.3633 (Nov. 23 high) and 1.3685 (55-day moving average).

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AUD/USD - to trade with risks skewed lower. Undermined by bullish USD sentiment, softer commodity prices (CRB spot index down 1.67 yesterday at 315.62), expectations of Chinese monetary tightening. But AUD/USD losses tempered by wide Aussie-U.S. yield gap. Data focus: 0030 GMT Australia October housing finance approvals, December DEEW monthly leading indicator of employment. AUD/USD daily chart mixed as MACD bullish, but stochastics turning bearish near overbought; bearish key-reversal-day pattern completed yesterday. Support at 0.9737 (Friday's low); breach would expose downside to 0.9625 (Thursday's low), then 0.9535 (Dec. 1 reaction low) and 0.9500 (100-day moving average). Resistance at 0.9890 (hourly chart); breach would expose upside to 0.9965 (yesterday's high), then psychological 1.0000 and 1.0086 (Nov. 11 high).

NZD/USD - to trade with risks skewed lower, vulnerable to 2000 GMT RBNZ rate decision; central bank expected to hold its policy rate at 3%. NZD/USD undermined by bullish USD sentiment, softer commodity prices, expectations China will tighten. But NZD/USD losses tempered by Kiwi-U.S. yield differential. NZD/USD daily chart negative-biased as MACD in bearish mode, stochastics turning bearish. Support at 0.7540 (Friday's low); breach would expose downside to 0.7451 (Thursday's low), then 0.7426 (uptrend support line from June 8 low of 0.6569), 0.7411 (100-day moving average) and 0.7394 (Nov. 30 reaction low). Resistance at 0.7620 (hourly chart), then at 0.7666-0.7672 band (yesterday's high-Friday's high); breach would expose upside to 0.7730 (Nov. 30 high), then 0.7754 (61.8% Fibonacci correction of decline from Nov. 4 high of 0.7976 to Nov. 30 low of 0.7394) and 0.7835 (Nov. 22 reaction high).

GBP/USD - to consolidate with risks skewed lower. Undermined by positive USD sentiment, euro-zone debt crisis, concerns over negative impact of fiscal austerity measures on UK growth. But GBP/USD losses tempered by GBP demand on soft EUR/GBP cross. Data focus: 1100 GMT UK December CBI industrial trends. GBP/USD daily chart mixed as stochastics bullish; but MACD in bearish mode. Support at 1.5700 (yesterday's low), then at 1.5654 (Monday's low); breach would expose downside to 1.5579 (Friday's low), then 1.5510 (Thursday's low), 1.5483 (Nov. 30 reaction low) and 1.5362 (200-day moving average). Resistance at 1.5821 (yesterday's high); breach would target 1.5835 (Nov. 24 high), then 1.5869 (55-day moving average) and psychological 1.6000.

USD/CHF - to trade with risks skewed higher, buoyed by improved USD sentiment. Daily chart mixed as MACD bearish, but stochastics turning bullish at oversold. Resistance at 0.9950 (Friday's high); breach would expose upside to psychological 1.0000, then 1.0055 (Thursday's high), 1.0066 (Dec. 1 reaction high) and 1.0183 (Sept. 17 reaction high). Support at 0.9752 (yesterday's low), then at 0.9721 (Monday's low); breach would expose downside to 0.9665 (Nov. 11 low), then 0.9581 (Nov. 9 low) and 0.9543 (Nov. 5 reaction low).

USD/CAD - to trade with risks skewed higher, underpinned by positive USD sentiment, softer commodity & oil prices (Nymex crude settled down 69 cents at \$88.69/bbl after pulling back from 26-month high of \$90.76). Data focus: 1315 GMT Canada November housing starts. USD/CAD daily chart mixed as MACD bearish, but stochastics turned bullish at oversold. Resistance at 1.0158 (55-day moving average); breach would target 1.0189 (Thursday's high), then 1.0270 (Dec. 1 high, near 200-day moving average) and 1.0286 (Nov. 30 reaction high). Support at 1.0083 (previous cap set Monday); breach would expose downside to psychological 1.0000, then 0.9971 (Nov. 11 low), 0.9926 (April 21 low) and 0.9816 (May 21, 2008 reaction low).

EUR/JPY - to consolidate. Supported by Japan importer demand, buoyant USD/JPY; but topside limited by euro-zone debt worries, Japan exporter sales. Daily chart mixed as MACD bearish, but stochastics neutral. Resistance at 111.10 (yesterday's high, matching Friday's high), then at 111.20 (Thursday's high); breach would expose upside to 111.71 (100-day moving average), then 111.90 (Nov. 29 high) and 112.23 (previous base set Nov. 16). Support at 110.27 (hourly chart), then at 109.55 (yesterday's low); breach would expose downside to psychological 109, then 108.33 (Nov. 30 reaction low).

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EUR/GBP - to trade with risks skewed lower. Daily chart mixed as MACD bullish, but stochastics turned bearish. Support at 0.8388 (Thursday's low); breach would expose downside to 0.8330 (Dec. 1 low), then 0.8307 (Sept. 16 reaction low) and 0.8200 (Sept. 8 reaction low). Resistance at 0.8439 (hourly chart), then at 0.8481 (yesterday's high); breach would expose upside to 0.8511 (Monday's high), then 0.8525 (Friday's high), 0.8542 (Nov. 23 high, near 200-day moving average) and 0.8595 (Nov. 22 reaction high).

December 07, 2010 18:33 ET (23:33 GMT)