

ASIA DAILY FOREX OUTLOOK - Majors

27 Dec 2010, 00:25

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

	Immediate Range	Larger Range
USD/JPY	82.58-83.15	82.31-83.57
EUR/USD	1.3092-1.3153	1.3053-1.3181
AUD/USD	0.9970-1.0066	0.9948-1.0086
NZD/USD	0.7448-0.7500	0.7380-0.7511
GBP/USD	1.5415-1.5475	1.5371-1.5493
USD/CHF	0.9547-0.9662	0.9493-0.9720
USD/CAD	1.0046-1.0115	1.0026-1.0165
EUR/JPY	108.42-109.05	108.33-109.60
EUR/GBP	0.8474-0.8514	0.8458-0.8525

(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, undermined by unwinding of JPY-funded carry trades amid negative global risk sentiment after China's central bank Saturday raise rates by 25 bps for second time after its first hike in 3 years on Oct. 19. Trading conditions thin as markets in several countries closed for post-Christmas holiday. USD/JPY also weighed by Japan exporter sales, ongoing eurozone's sovereign-debt crisis. But USD/JPY losses tempered by USD demand for import settlements. Data focus: 2350 GMT October BOJ monetary policy meeting minutes, Japan November corporate service price index, December provisional trade statistics for 1st 10 days, 0500 GMT Japan November construction orders & housing starts, 1530 GMT U.S. December Texas manufacturing outlook survey, 1700 GMT November Chicago Fed Midwest manufacturing index. USD/JPY daily chart negative-biased as MACD & stochastics in bearish mode; 5-day moving average staged bearish crossover against 15-day. Support at 82.58 (55-day moving average); breach would expose downside to 82.31 (Dec. 7 low), then 81.63 (Nov. 12 low) and 80.50 (Nov. 9 low). Resistance at 83.15 (Friday's high), then at 83.57 (Thursday's high); breach would expose upside to 83.85-83.90 band (Wednesday's high-Tuesday's high), then 84.11 (Dec. 20 high), 84.21 (Dec. 17 high) and 84.44-84.51 band (Dec. 16 high-Dec. 15 high).

EUR/USD - to trade with risks skewed lower. Pair weighed by negative global risk sentiment, continued worries over eurozone sovereign debt crisis; report in official Shanghai Securities News that Chinese Commerce Minister Chen Deming warned euro-zone crisis may worsen in next 2 months, adding Europe's rescue fund plus sale of more European government debt will "just turn an acute disease into a chronic one, and it's really hard to say whether these countries that are in deep trouble over the debt crisis can recover in the coming three or five years." EUR/USD daily chart negative-biased as stochastics bearish; 5-day moving average below 15-day and falling. Support at 1.3092 (Friday's low), then at 1.3053 (Thursday's low); breach would expose downside to 1.2964 (Nov. 30 reaction low); below which there is no significant support until 1.2642 (Sept. 10 reaction low). Resistance at 1.3148-1.3153 band (Friday's high-Thursday's high), then at 1.3181 (Wednesday's high) and 1.3202 (Tuesday's high); breach would expose upside to 1.3358 (Dec. 17 high), then 1.3382 (Dec. 15 high), 1.3500 (Dec. 14 reaction high) and 1.3566 (55-day moving average).

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AUD/USD - to trade with risks skewed lower; trading volumes thin as Australian markets closed for holiday. AUD/USD undermined by China's weekend rate hike, contagion from weak euro; but losses tempered by AUD-USD interest differential. AUD/USD daily chart mixed as MACD bullish, but stochastics turning bearish at overbought. Support at 0.9970 (Thursday's low); breach would expose downside to 0.9948 (Wednesday's low), then 0.9914 (Tuesday's low), 0.9858 (Dec. 20 low) and 0.9836-0.9823 band (Dec. 17 low-Dec. 13 low). Resistance at 1.0066 (Thursday's high); breach would target 1.0086 (Nov. 11 high), then 1.0183 (post-float high set Nov. 5).

NZD/USD - to trade with risks skewed lower; trading volumes thin as New Zealand markets closed for holiday. NZD/USD undermined by China's weekend rate hike, contagion from weak euro; but losses tempered by NZD-USD yield advantage. NZD/USD daily chart still positive-biased as MACD & stochastics in bullish mode, though inside-day-range pattern completed Friday. Support at 0.7448 (Friday's low); breach would expose downside to 0.7380 (Thursday's low), then 0.7329 (Dec. 16 low), 0.7301 (Sept. 28 low) and 0.7259 (Sept. 23 low). Resistance at 0.7500 (Thursday's high), then at 0.7511 (previous uptrend support line from June 8 low of 0.6569); breach would expose upside to 0.7575 (Dec. 14 high), then 0.7587 (55-day moving average) and 0.7672 (Dec. 3 high).

GBP/USD - to trade with risks skewed lower; trading volumes thin as UK markets closed for holiday. Pair undermined by negative global risk sentiment, lingering concerns about UK banks' exposure to Irish debt and negative impact of government fiscal tightening measures on UK economy. Data focus: 0001 GMT UK December Hometrack national house prices survey. GBP/USD daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support at 1.5415 (Friday's low), then at 1.5371 (Thursday's low) and 1.5354-1.5345 band (Wednesday's low-Sept. 14 low); breach would expose downside to 1.5294 (Sept. 7 reaction low), then 1.5123 (July 21 reaction low), psychological 1.5000 and 1.4946 (July 12 reaction low). Resistance at 1.5475 (Friday's high); breach would target 1.5493 (Wednesday's high), then 1.5567-1.5576 band (Tuesday's high-Dec. 20 high), 1.5646 (Dec. 17 high) and 1.5722 (100-day moving average).

USD/CHF - to trade with risks skewed higher. Pair supported by broadly firmer USD undertone, fears of SNB's CHF-selling intervention. But USD/CHF gains tempered by CHF demand on soft EUR/CHF cross as worries persist over eurozone sovereign debt crisis. Daily chart mixed as MACD bearish, but stochastics bullish at oversold. Resistance at 0.9662 (Thursday's high); breach would expose upside to 0.9720 (Dec. 20 high), then 0.9733 (Dec. 16 high), 0.9766 (55-day moving average) and 0.9855 (Dec. 13 high). Support at 0.9547 (hourly chart); breach would expose downside to 0.9493 (Thursday's low), then 0.9481 (Oct. 15 low), 0.9463 (record low set Oct. 14) and psychological 0.9400.

USD/CAD - to trade with risks skewed higher; trading volumes thin as Canada markets closed for holiday. Pair underpinned by negative global risk sentiment; but gains tempered by buoyant oil prices. USD/CAD daily chart mixed as MACD in bullish mode, but stochastics bearish. Resistance at 1.0115 (Friday's high); breach would target 1.0165 (Thursday's high), then 1.0178 (Wednesday's high), 1.0208 (Dec. 20 high) and 1.0231 (100-day moving average). Support at 1.0046 (Friday's low); breach would target 1.0035-1.0026 band (Dec. 17 low-Dec. 16 low), then 0.9997 (Dec. 15 low), 0.9971 (Nov. 11 low) and 0.9926 (April 21 low).

EUR/JPY - to trade with bearish bias, undermined by negative global risk sentiment, persistent euro-zone sovereign debt concerns. EUR/JPY daily chart negative-biased as MACD & stochastics bearish, although latter at oversold; meanwhile, 5-day moving average below 15-day and falling. Support at 108.42 (Thursday's low), then at 108.33 (Nov. 30 reaction low); breach would target psychological 108 and 107 levels, then 106.71 (Sept. 14 low). Resistance at 109.05 (Friday's high); breach would expose upside to 109.60 (Thursday's high), then 110.13 (Wednesday's high), 110.49 (Tuesday's high) and 110.72 (Dec. 20 high).

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EUR/GBP - to range-trade. Daily chart still positive-biased as MACD & stochastics in bullish mode; though inside-day-range pattern completed Friday. Resistance at 0.8514 (Friday's high), then at 0.8525 (Thursday's high); breach would expose upside to 0.8552 (Dec. 17 high), then 0.8576 (55-day moving average), 0.8595 (Nov. 22 reaction high) and 0.8649 (previous base set Nov. 1). Support at 0.8474 (Friday's low), then at 0.8464-0.8458 band (Thursday's low-Wednesday's low) and 0.8444 (Dec. 20 low); breach would target 0.8430 (Dec. 14 low), then 0.8343 (Dec. 13 low), 0.8330 (Dec. 1 reaction low) and 0.8307 (Sept. 16 reaction low).

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