

## ASIA DAILY FOREX OUTLOOK - Majors

21 Dec 2010, 00:36

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

	Immediate Range	Larger Range
USD/JPY	83.60-84.11	83.17-84.21
EUR/USD	1.3092-1.3188	1.3056-1.3256
AUD/USD	0.9858-0.9949	0.9823-1.0027
NZD/USD	0.7329-0.7436	0.7301-0.7575
GBP/USD	1.5474-1.5576	1.5453-1.5646
USD/CHF	0.9628-0.9720	0.9554-0.9733
USD/CAD	1.0138-1.0208	1.0095-1.0237
EUR/JPY	109.57-110.53	109.00-110.72
EUR/GBP	0.8444-0.8511	0.8430-0.8552

(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 illiquid market conditions, trading volume likely to dwindle further heading into Christmas holiday period. Spotlight on BOJ interest rate decision: central bank expected to stand pat on monetary policy, but JGB market participants will watch closely for any comments on recent yield rises in domestic bond market from BOJ Gov. Shirakawa at press conference from 0630 GMT. USD/JPY supported by USD demand for import settlements; but upside limited by Japan exporter sales, lingering concerns over further Chinese policy tightening. No strong cue for JPY-funded carry trades from Wall Street as U.S. stocks closed narrowly mixed (DJIA off 0.12%, S&P up 0.25%) as lingering effect from recent positive U.S. economic data offset ongoing concerns over European sovereign debt crisis, though CBOE volatility index VIX rose 1.86% to 16.41. Data focus: 0430 GMT Japan October all industry activity index. USD/JPY daily chart mixed as stochastics turned bearish near overbought, MACD flat. Support at 83.60 (yesterday's low), then at 83.17 (hourly chart); breach would expose downside to 82.82 (Dec. 14 low), then 82.53 (55-day moving average), 82.31 (Dec. 7 low) and 81.63 (Nov. 12 low). Resistance at 84.11 (yesterday's high), then at 84.21 (Friday's high) and 84.44-84.51 band (Thursday's high-Wednesday's high); breach would expose upside to psychological 85.00, then 85.38 (Sept. 24 high) and 85.94 (Sept. 16 reaction high).

EUR/USD - to consolidate with bearish bias. Pair weighed by persistent worries over euro-zone sovereign debt crisis; data from ECB showing central bank bought much smaller amount (EUR603 million) of euro-zone sovereign bonds last week vs EUR2.67 billion week before, suggesting loss in momentum in bank's efforts to restore investor confidence; surprise drop in European Commission preliminary consumer confidence indicator for euro zone to minus 11.0 in December from minus 9.4 in November for first decline in 6 months (vs forecast for rise to minus 9.0). Data focus: 0710 GMT German January GfK consumer climate survey. EUR/USD daily chart negative-biased as stochastics in bearish mode; 5-day moving average staged bearish crossover against 15-day. Support at 1.3092 (yesterday's low); breach would expose downside to 1.3056 (Dec. 2 low), then 1.2964 (Nov. 30

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reaction low) and 1.2642 (Sept. 10 reaction low). Resistance at 1.3188 (yesterday's high); breach would expose upside to 1.3256 (hourly chart), then 1.3358 (Friday's high), 1.3382 (Wednesday's high), 1.3500 (Dec. 14 high) and 1.3625 (55-day moving average).

AUD/USD - to consolidate, vulnerable to 0030 GMT Australia December RBA monetary policy meeting minutes. Pair buoyed by firmer commodity prices (CRB spot index up 3.65 yesterday at 324.27), AUD-USD interest differential. But AUD/USD gains tempered by lingering fears over further Chinese monetary policy tightening, contagion from weak euro. AUD/USD daily chart mixed as MACD bullish, stochastics revert to bullish mode near overbought; but 5- & 15-day moving averages still meandering sideways. Resistance at 0.9949 (yesterday's high); breach would expose upside to 1.0027 (Dec. 14 high), then 1.0086 (Nov. 11 high) and 1.0183 (post-float high set Nov. 5). Support at 0.9858 (yesterday's low), then at 0.9836-0.9823 band (Friday's low-Dec. 13 low); breach would expose downside to 0.9773 (Dec. 9 low), then 0.9737 (Dec. 3 low), 0.9625 (Dec. 2 low) and 0.9571 (100-day moving average).

NZD/USD - to consolidate. Pair supported by firmer commodity prices, NZD-USD yield advantage; but gains tempered by lingering fears China may tighten monetary policy further, contagion from weak euro. Data focus: 0200 GMT NZ November credit card statistics. NZD/USD daily chart mixed as MACD bearish, but stochastics turning bullish at oversold. Support at 0.7329 (Thursday's low); breach would target 0.7301 (Sept. 28 low), then 0.7259 (Sept. 23 low), 0.7235 (200-day moving average) and 0.7211 (Sept. 16 low). Resistance at 0.7436 (yesterday's high); breach would expose upside to 0.7575 (Dec. 14 high), then 0.7590 (55-day moving average) and 0.7672 (Dec. 3 high).

GBP/USD - to consolidate with risks skewed lower. Pair undermined by concerns about UK banks' exposure to Irish debt, lingering worries over negative impact of UK government austerity measures on UK economy; CML reporting UK gross mortgage lending grew GBP11.1 billion in November for lowest pace of lending growth for that month in 10 years. But GBP sentiment soothed by CBI's prediction BOE would start rate hikes in 2011. Data focus: 0001 GMT UK December consumer confidence survey, 0930 GMT UK November public sector finances. GBP/USD daily chart negative-biased as MACD & stochastics in bearish mode, though inside-day-range pattern completed yesterday. Support at 1.5474 (yesterday's low), then at 1.5453 (Friday's low); breach would target 1.5389 (200-day moving average), then 1.5345 (Sept. 14 low) and 1.5294 (Sept. 7 reaction low). Resistance at 1.5576 (yesterday's high); breach would expose upside to 1.5646 (Friday's high), then 1.5742 (100-day moving average), 1.5848 (55-day moving average) and 1.5910 (Dec. 14 reaction high).

USD/CHF - to consolidate. Pair undermined by CHF demand on soft EUR/CHF cross which hit record low of 1.2636 on EBS yesterday. Data focus: 0715 GMT Swiss November trade balance. Daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support at 0.9628 (yesterday's low); breach would expose downside to 0.9554 (Friday's low), then 0.9543 (Nov. 5 reaction low), 0.9481 (Oct. 15 low) and 0.9463 (record low set Oct. 14). Resistance at 0.9720 (yesterday's high), then at 0.9733 (Thursday's high); breach would expose upside to 0.9770 (55-day moving average), then 0.9855 (Dec. 13 high) and 0.9895 (Dec. 9 high).

USD/CAD - to consolidate with risks skewed higher. Pair supported by CAD sales on weak CAD crosses; but gains tempered by firmer commodity & oil prices (expiring January Nymex crude settled up 79 cents yesterday at \$88.81/bbl, February crude up 77 cents at \$89.37/bbl amid cold weather across northern hemisphere). Data focus: 1200 GMT Canada November CPI, 1330 GMT October retail sales. USD/CAD daily chart positive-biased as MACD & stochastics in bullish mode; bullish parabolic stop-and-reverse signal hit at 1.0178 yesterday; 5-day moving average staging bullish crossover against 15-day. Resistance at 1.0208 (yesterday's high); breach would target 1.0237 (100-day moving average), then 1.0271 (200-day moving average), 1.0286 (Nov. 30 reaction high) and 1.0339 (Oct.

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27 reaction high). Support at 1.0138 (hourly chart); breach would target 1.0095 (yesterday's low), then 1.0035-1.0026 band (Friday's low-Thursday's low), 0.9997 (Wednesday's low) and 0.9971 (Nov. 11 low).

EUR/JPY - to consolidate with risks skewed lower. Cross undermined by persistent euro-zone sovereign debt concerns, Japan exporter sales. But EUR/JPY losses tempered by Japan importer demand. EUR/JPY daily negative-biased as stochastics falling from overbought, MACD turning bearish; 5-day moving average staging bearish crossover against 15-day. Support at 109.57 (yesterday's low, matching Dec. 7 low); breach would expose downside to psychological 109.00, then 108.33 (Nov. 30 reaction low) and psychological 108.00. Resistance at 110.53 (hourly chart), then at 110.72 (yesterday's high); breach would expose upside to 111.94 (Friday's high), then 112.09 (Wednesday's high), 112.20 (Dec. 14 high) and 112.42 (55-day moving average).

EUR/GBP - to range-trade. Daily chart mixed as MACD bullish, but stochastics in bearish mode. Support at 0.8444 (yesterday's low), then at 0.8430 (Dec. 14 low); breach would expose downside to 0.8343 (Dec. 13 low), then 0.8330 (Dec. 1 reaction low), 0.8307 (Sept. 16 reaction low) and 0.8200 (Sept. 8 reaction low). Resistance at 0.8511 (hourly chart), then at 0.8552 (Friday's high); breach would expose upside to 0.8595 (Nov. 22 reaction high, matching 55-day moving average), then 0.8649 (previous base set Nov. 1).

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