

2010-04-15_ASIA DAILY FOREX OUTLOOK - Majors

ASIA DAILY FOREX OUTLOOK - Majors

15 Apr 2010, 01:33

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

	Immediate Range	Larger Range
USD/JPY	92.81-93.78	92.55-94.26
EUR/USD	1.3594-1.3678	1.3544-1.3691
AUD/USD	0.9302-0.9360	0.9271-0.9389
NZD/USD	0.7089-0.7153	0.7062-0.7194
GBP/USD	1.5375-1.5490	1.5334-1.5575
USD/CHF	1.0499-1.0560	1.0462-1.0602
USD/CAD	0.9950-1.0020	0.9900-1.0065
EUR/JPY	126.75-127.68	125.68-127.91
EUR/GBP	0.8796-0.8864	0.8741-0.8874

(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 broadly weak USD undertone (ICE spot dollar index down 0.39% last at 80.19) as positive risk sentiment (VIX fear gauge eases 3.77% to 15.59), strong Wall Street's gains (DJIA up 0.94%, S&P gained 1.12% to close above 1200 for first time in nearly 19 months) spur flows away from safe-haven USD. U.S. stocks helped by good earning results from Intel & JP Morgan, strong U.S. March retail sales (up 1.6% vs +1.3% expected) as well as steady U.S. March core CPI (unchanged vs +0.1% expected), while Fed Chairman Bernanke offered optimistic remarks on U.S. economic recovery before Joint Economic Committee of Congress yesterday, yet reiterated low interest rates will be needed "for an extended period" of time to aid rebound, and Fed's beige book had more upbeat tone overall on U.S. economy. USD/JPY also undermined by Japan exporter sales. But USD/JPY downside limited by USD demand for import settlements (may see stronger USD demand at 0100 GMT Tokyo fixing today), JPY-funded carry trades amid lower risk aversion, higher U.S. Treasury yields. Any big surprise from slew of China data at 0200 GMT today (China 1Q GDP, March PPI, CPI, retail sales, fixed assets investment and industrial output) may have FX impact on yen crosses. Other data focus: 0430 GMT Japan February revised industrial production, 0600 GMT Japan March revised machine tool orders, 1230 GMT April NY Fed Empire State survey, 1230 GMT U.S. April 10 weekly jobless claims, 1300 GMT U.S. February Treasury international capital flows, 1315 GMT U.S. March industrial production & capacity utilization, 1315 GMT Fed's Fisher speaks, 1400 GMT April Philadelphia Fed manufacturing index, 1430 GMT Fed's Lacker speaks, 1600 GMT Fed's Bullard speaks, 1700 GMT U.S. April NAHB housing index, 1740 GMT Fed's Lockhart speaks. USD/JPY daily chart still negative-biased as MACD & stochastics in bearish mode; 5-day moving average staging bearish crossover against 15-day. Support at 92.81 (yesterday's low), then at 92.55 (Tuesday's low); breach would expose downside to 92.26 (50% Fibonacci correction of 89.74-94.78 March 18-April 5 advance), then 92.10 (March 30 low), 91.74 (March 25 low) and 91.66 (61.8% correction). Resistance at 93.71-93.78 band (yesterday's high-Friday's high); breach would expose upside to 94.26 (April 7 high), then 94.37 (April 6 high), 94.78 (April 5 high) and 95.00-95.06 band (psychological level-Aug. 24 reaction high, roughly matching 61.8% Fibonacci retracement of decline from April 6, 2009 high of 101.45 to Nov. 27, 2009 low of 84.81).

2010-04-15_ASIA DAILY FOREX OUTLOOK - Majors

EUR/USD - to trade with positive bias. Pair underpinned by broadly weak USD undertone, EUR demand for long-EUR carry trades on improved investor risk appetite, strong 0.9% on-month gain in euro-zone February industrial production for fastest pace in almost 2 years (vs +0.2% expected). But EUR/USD gains tempered by upbeat U.S. economic data, persistent worries over euro-zone sovereign debt: Moody's said yesterday there's 50% chance of Greek rating downgrade in next 12-18 months, markets worried of possible delay in any aid package as some countries need parliamentary approval before lending money to Greece, while attention intensified on Portugal's fiscal situation after European Commission said yesterday country might need to take further steps to cut its budget deficit. EUR/USD daily chart positive-biased as MACD & stochastics in bullish mode. Resistance at 1.3678 (yesterday's high); breach would target 1.3691 (Monday's high), then 1.3817 (March 17 reaction high), 1.3839 Feb. 9 reaction high) and 1.3983 (38.2% Fibonacci correction of 1.5144-1.3265 Nov. 25-March 25 decline). Support at 1.3594 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.3544 (Tuesday's low), then 1.3440 (hourly chart), 1.3338 (Friday's low), 1.3278 (April 8 low) and 1.3265 (10-month low hit March 25).

AUD/USD - to consolidate with risks skewed higher. Pair underpinned by broadly weak USD undertone, AUD demand for long-AUD carry trades on stronger investor risk appetite, firmer commodity prices (CRB spot index closed up 2.61 yesterday at 279.96), divergent Fed-RBA monetary policies. But AUD/USD gains tempered by worries over further monetary policy tightening in China as MAS revaluation of SGD yesterday stoked speculation of tightening elsewhere in Asia. Data focus: 0100 GMT Australia April consumer inflationary expectations survey. AUD/USD daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher AUD/USD trading near-term. Resistance at 0.9360 (yesterday's high); breach would expose upside to 0.9389 (Monday's high), then 0.9405 (Nov. 16 top) and psychological 0.9500 level. Support at 0.9302 (hourly chart), then at 0.9271 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 0.9222 (Tuesday's & April 8 lows), then 0.9130 (March 31 low) and 0.9060 (confluence of 55-day & 100-day moving averages).

NZD/USD - to trade with risks skewed higher. Pair underpinned by broadly weak USD undertone, NZD demand for long-NZD carry trades on higher risk appetite, firmer commodity prices. But NZD sentiment dented by Tuesday's weak NZ February retail sales data. NZD/USD daily chart positive-biased as MACD bullish, stochastics reverting to bullish mode near overbought. Resistance at 0.7153 (yesterday's high); breach would expose upside to 0.7194 (Monday's high, almost matching 61.8% Fibonacci retracement of 0.7441-0.6803 Jan. 14-Feb. 5 decline), then 0.7290 (76.4% retracement) and 0.7441 (Jan. 14 top). Support at 0.7089 (hourly chart), then at 0.7066-0.7062 band (yesterday's low-Friday's low); breach would target 0.7003 (April 8 low), then 0.6967-0.6961 band (April 6 low-March 11 reaction low) and 0.6847 (March 4 reaction low).

GBP/USD - to trade with positive bias. Pair underpinned by broad-based USD weakness, improved investor risk sentiment, latest YouGov opinion poll showing opposition Conservative Party's lead over Labour Party rose to 9 points from 8, tempering worries of hung UK parliament after May 6 general elections. But GBP/USD topside limited by continued concerns over weak UK fiscal situation; sharp drop in UK Nationwide consumer confidence index to 72 in March from 81 in February. GBP/USD daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher GBP/USD trading near-term. Resistance at 1.5490 (yesterday's high); breach would expose upside to 1.5575 (Feb. 23 reaction high), then 1.5727 (100-day moving average) and 1.5816 (Feb. 17 reaction high). Support at 1.5375 (hourly chart), then at 1.5334 (Tuesday's low); breach would expose downside to 1.5264 (Friday's low), then 1.5126 (April 6 reaction low), 1.5041 (March 31 low) and 1.4972 (March 30 low).

2010-04-15_ASIA DAILY FOREX OUTLOOK - Majors

USD/CHF - to trade with bearish bias. Pair undermined by weak USD sentiment. But USD/CHF downside limited by short-CHF carry trades on stronger investor risk tolerance, fears of more CHF-selling FX intervention by SNB. Daily chart negative-biased as MACD & stochastics in bearish mode, bearish parabolic stop-and-reverse signal hit at 1.0523 yesterday. Support at 1.0499 (yesterday's low, matching 100-day moving average); breach would target 1.0462 (200-day moving average), then 1.0431 (April 1 reaction low), 1.0422 (61.8% Fibonacci correction of advance from Jan. 11 low of 1.0127 to Feb. 19 high of 1.0898) and 1.0363 (Jan. 25 reaction low). Resistance at 1.0560 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 1.0602 (Tuesday's high), then 1.0616 (Monday's high), 1.0668 (55-day moving average) and 1.0765 (Friday's high).

USD/CAD - to consolidate with bearish bias after hitting 22-month low of 0.9950 yesterday. Pair undermined by positive investor risk sentiment, weak global USD, firmer commodity and oil prices (Nymex crude settled up \$1.79 yesterday at \$85.84/bbl), expectations BOC will raise interest rates ahead of Fed. USD/CAD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower USD/CAD trading near-term. Support at 0.9950 (yesterday's low); breach would expose downside to psychological 0.9900 level, then 0.9816 (May 21, 2008 reaction low). Resistance at 1.0020 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 1.0065 (Tuesday's high), then 1.0088 (Monday's high), 1.0104 (April 8 high), 1.0129 (April 2 high) and 1.0161 (April 1 high).

EUR/JPY - to consolidate with bullish bias. Cross supported by carry trades amid strong investor risk appetite. EUR/JPY daily chart positive-biased as MACD & stochastics bullish, although latter at overbought; bullish parabolic stop-and-reverse signal hit at 127.56 yesterday. Resistance at 127.68 (yesterday's high); breach would target 127.91 (April 2 reaction high), then 128.36 (Jan. 26 reaction high), 128.75 (61.8% Fibonacci correction of 134.39-119.63 Jan. 11-Feb. 25 decline) and psychological 130.00. Support at 126.75 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 125.68 (Tuesday's low), then 124.65 (Friday's low), 123.90 (55-day moving average) and 123.41 (April 8 reaction low).

EUR/GBP - to range-trade. Daily chart mixed as stochastics bullish, but MACD still in bearish mode. Resistance at 0.8864 (yesterday's high), then at 0.8874 (55-day moving average, matching 38.2% Fibonacci correction of 0.9148-0.8704 March 1-April 6 decline) and 0.8882 (200-day moving average); breach would target 0.8896 (100-day moving average), then 0.8926 (50% correction) and 0.8945 (March 31 high). Support at 0.8804-0.8796 band (yesterday's low-Monday's low); breach would temper near-term positive outlook, exposing downside to 0.8741 (hourly chart), then 0.8704 (Friday's low), 0.8661-0.8656 band (Feb. 18-Feb. 12 lows) and 0.8593 (Jan. 28 trough).

April 14, 2010 19:33 ET (23:33 GMT)
Copyright (c) 2010 Dow Jones & Company, Inc.