

## 2010-06-21\_ASIA DAILY FOREX OUTLOOK - Maj ors

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

USD/JPY	90.00-90.85	89.79-91.05
EUR/USD	1.2351-1.2490	1.2241-1.2597
AUD/USD	0.8730-0.8830	0.8649-0.8916
NZD/USD	0.7039-0.7139	0.7014-0.7199
GBP/USD	1.4768-1.4886	1.4643-1.4916
USD/CHF	1.0995-1.1132	1.0920-1.1246
USD/CAD	1.0170-1.0257	1.0105-1.0312
EUR/JPY	111.88-112.85	111.62-113.19
EUR/GBP	0.8323-0.8382	0.8283-0.8419

(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 bearish bias, weighed by China's announcement Saturday allowing more CNY flexibility. But "any JPY gains should be fleeting as they were in 2005 when the formal peg was broken", says Westpac; adds China's decision "will go a long way to defusing what was starting to look like a trade war. It is also positive in that China expressed confidence in its recovery and the world's". USD/JPY also undermined by broad-based USD weakness (ICE spot dollar index last 85.38 vs Friday's 85.699 settlement) after recent soft U.S. economic data, Japan exporter sales; but downside limited by higher U.S. Treasury yields, USD demand for import settlements, JPY-funded carry trades as risk sentiment improves on China's CNY move, modest U.S. stocks gains Friday (DJIA up 0.16%), easing concerns about euro-zone fiscal & debt problems. Data focus: 0430 GMT Japan April all industry activity index. USD/JPY daily chart negative-biased as stochastics bearish, MACD stages bearish crossover against its exponential moving average. Support at psychological 90.00; breach would target 89.79 (May 26 low), then 89.24 (May 25 low), 88.98 (May 20 reaction low) and 87.95 (May 6 low). Resistance at 90.85 (hourly chart), then at 91.05 (previous base set Tuesday); breach would expose upside to 91.82 (Wednesday's high), then 92.11 (June 14 high), 92.32 (55-day moving average) and 92.89-92.96 band (June 4 high-May 18 high).

EUR/USD - to consolidate with bullish bias. Pair underpinned by China's announcement allowing more CNY flexibility, weak USD sentiment, EUR demand for long-EUR carry trades on better risk appetite, easing concerns that euro-zone sovereign debt crisis would infect region's financial system after plans by EU to publish bank stress tests by late July; higher-than-expected German May producer prices (up 0.3% on month vs +0.1% forecast). But EUR/USD gains tempered by EUR sales on falling EUR/CHF cross. EUR/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought. Resistance at 1.2490 (this morning's high); breach would expose upside to 1.2597 (hourly chart), then 1.2672 (May 21 reaction high) and 1.2740 (55-day moving average). Support at 1.2351 (Friday's low); breach would expose downside to 1.2241 (Thursday's low), then 1.2163 (Tuesday's low), 1.2043 (June 11 low) and 1.1954 (June 10 low).

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AUD/USD - to consolidate with positive bias. Pair underpinned by weak USD sentiment, AUD demand for long-AUD carry trades on increased risk appetite; China's announcement allowing more CNY flexibility. China's flexibility on CNY should be mildly positive for AUD on trade-weighted basis, says UBS economist Scott Haslem; adds, "Falls in the USD are typically positive for commodity prices and Chinese purchasing power should improve, auguring well for the AUD overall, while mining stocks historically have outperformed in rising (CNY) periods. We would expect some marginal outperformance of the AUD against the JPY, EUR and GBP." Data focus: 0130 GMT Australia May new motor vehicles sales, May international merchandise imports. AUD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought. Resistance at 0.8830 (this morning's high, matching 55-day moving average); breach would expose upside to 0.8916 (100-day moving average), then 0.8982 (200-day moving average), psychological 90.00 and 90.26 (May 13 high). Support at 0.8730 (hourly chart); breach would expose downside to 0.8649 (Friday's low), then 0.8580 (Wednesday-Thursday lows), 0.8503 (Tuesday's low) and 0.8422 (June 11 low).

NZD/USD - to consolidate with bullish bias. Pair underpinned by weak USD sentiment, NZD demand for long-NZD carry trades on higher risk appetite, China's announcement allowing more CNY flexibility. "Some may view this as initially negative for the NZD but they need to appreciate that it will help to counter some Chinese inflation pressures which is positive in the long run," says ANZ Bank. NZD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought. Resistance at 0.7139 (this morning's high); breach would expose upside to 0.7199 (May 12 high), then 0.7295 (May 10 reaction high). Support at 0.7039 (hourly chart), then at 0.7014 (Friday's low); breach would expose downside to 0.6943 (Thursday's low), then 0.6926 (Wednesday's low), 0.6883 (Tuesday's low) and 0.6799 (June 11 low).

GBP/USD - to consolidate with risks skewed higher. Pair underpinned by China's announcement allowing more CNY flexibility, broadly weaker USD undertone, improved market risk sentiment, lower-than-expected UK public sector borrowing of GBP16 billion in May (vs GBP19.5 billion expected). But GBP/USD gains tempered by caution before tomorrow's coalition government's emergency budget. 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 1.4886 (Friday's high, near 55-day moving average), then at 1.4916 (May 13 high); breach would expose upside to 1.5044-1.5053 band (May 12 high-May 10 high), then 1.5077 (100-day moving average) and 1.5125 (previous base set April 28). Support at 1.4768 (Friday's low); breach would expose downside to 1.4643 (Thursday's low), then 1.4502 (June 11 low), 1.4393 (June 9 low) and 1.4344 (June 8 reaction low).

USD/CHF - to consolidate with risks skewed lower. Pair undermined by broadly weak USD undertone, CHF purchases on weak EUR/CHF (cross hit record low of 1.3691 this morning) in wake of Thursday's change of intervention tack by SNB. But USD/CHF losses tempered by short-CHF carry trades on positive risk sentiment. Daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower USD/CHF trading near-term. Support at 1.0995 (this morning's low); breach would expose downside 1.0920 (May 10 reaction low, near 100-day moving average and 61.8% Fibonacci correction of 1.0431-1.1730 April 1-June 1 advance), then 1.0898 (previous cap set Feb. 19) and 1.0740 (May 3 reaction low). Resistance at 1.1132 (Friday's high, roughly matching 55-day moving average); breach would expose upside to 1.1246 (previous base set Wednesday), then 1.1329-1.1339 band (Thursday's high-Wednesday's high), 1.1481-1.1488 band (Tuesday's high-June 14 high) and 1.1546-1.1555 band (June 11 high-June 9 high)).

USD/CAD - to consolidate with risks skewed lower. Pair undermined by positive investor risk sentiment, weak global USD, firmer oil prices (Nymex crude settled up 39 cents Friday at \$77.18/bbl, last \$77.92/bbl on Globex), China's announcement allowing more CNY flexibility. USD/CAD daily chart negative-biased as MACD bearish, while stochastics stay suppressed at oversold, suggesting

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sideways or lower USD/CAD trading near-term. Support at 1.0170 (this morning's low); breach would expose downside to 1.0105 (May 13 reaction low), then 1.0098 (May 3 low), 1.0010 (April 29 reaction low) and 0.9963 (April 26 low). Resistance at 1.0257 (hourly chart); breach would expose upside to 1.0312 (Friday's high), then 1.0337 (Thursday's high), 1.0360 (Tuesday's high), 1.0390 (June 11 high) and 1.0451 (June 10 high).

EUR/JPY - to consolidate with risks skew higher. Cross supported by carry trades amid positive risk sentiment, diminished euro-zone debt worries; but gains tempered by softer USD/JPY tone after China's announcement allowing more CNY flexibility. Daily chart mixed as MACD bullish, but stochastics turning bearish at overbought. Resistance at 112.85 (this morning's high), then at 113.19 (Thursday's high) and 113.31-113.38 band (Wednesday's high-June 4 high); breach would expose upside to 114.16 (June 3 reaction high), then 114.40 (May 21 high), 115.49 (May 18 high) and 117.00 (May 14 high). Support at 111.88 (Friday's low), then at 111.62 (Thursday's low); breach would expose downside to 110.87 (Tuesday's low), then 110.26 (June 11 low), 108.94-108.84 band (June 10 low-June 9 low) and 108.32 (June 8 low).

EUR/GBP - to trade with risks skewed higher. Daily chart positive-biased as MACD & stochastics bullish; 5-day moving average above 15-day and rising. Resistance at 0.8373-0.8382 band (Friday's high-Thursday's high); breach would expose upside to 0.8419 (previous base set May 27), then 0.8547 (May 28 high) and 0.8549 (55-day moving average). Support at 0.8323 (Friday's low); breach would expose downside to 0.8283 (Wednesday's low), then 0.8259 (Tuesday's low), 0.8206 (19-month low set June 11) and 0.8195 (previous cap set Oct. 24, 2008).

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