

# ASIA DAILY FOREX OUTLOOK - Majors

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

	Immediate Range	Larger Range
USD/JPY	88.26-88.76	87.95-88.93
EUR/USD	1.2164-1.2304	1.2149-1.2397
AUD/USD	0.8381-0.8487	0.8265-0.8566
NZD/USD	0.6799-0.6910	0.6691-0.6954
GBP/USD	1.4931-1.5001	1.4854-1.5073
USD/CHF	1.0740-1.0832	1.0697-1.0854
USD/CAD	1.0576-1.0647	1.0461-1.0678
EUR/JPY	107.68-108.96	107.30-109.13
EUR/GBP	0.8127-0.8227	0.8065-0.8237

(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 bearish bias. Pair undermined by unwinding of JPY-funded carry trades amid elevated risk aversion (VIX fear up 1.2% at 34.54) as Wall Street took late dive (DJIA down 0.98%, Nasdaq off 1.21%) after barely budging throughout much of session as better-than-expected ISM-Chicago Business Barometer (slipped to 59.1 in June from 59.7, but above 58.5 forecast) plus encouraging ECB 3-month funds auction offset disappointing U.S. ADP national employment report ADP showing just 13,000 new private-sector jobs created in June (vs +60,000 expected). USD/JPY also undermined by Japan exporter sales, lower U.S. Treasury yields; persistent worries about euro zone's debt and banking sector health. But USD/JPY losses tempered by USD demand for import settlements. Data focus: 2350 GMT Japan 2Q Tankan survey, 1230 GMT U.S. weekly jobless claims, 1400 GMT U.S. May construction spending, June ISM Manufacturing report on business, July pending home sales index. USD/JPY daily chart negative-biased as MACD bearish, while stochastics stay suppressed at oversold, though inside-day-range pattern completed yesterday. Support at 88.33-88.26 (yesterday's low-Tuesday's low), then at 87.95 (May 6 low); breach would expose downside to 87.33 (Dec. 9, 2009 reaction low), then psychological round numbers from 87.00 down to 85.00, then 84.81 (Nov. 27 bottom). Resistance at 88.76 (yesterday's high), then at 88.93 (hourly chart); breach would expose upside to 89.42-89.47 band (Tuesday's high-Monday's high), then 89.77 (Friday's high), 89.98 (June 24 high) and 90.58 (June 23 high).

EUR/USD - to consolidate with risks skewed lower. Pair undermined by negative risk sentiment, Moody's announcement yesterday it would review Spain's AAA credit rating for possible downgrade (following lead of S&P, Fitch); concerns about liquidity shortfall after today's expiry of more than EUR440 billion in ECB 12-month tenders; weaker-than-expected euro-zone June flash CPI (up 1.4% on year vs forecast for 1.5% rise), smaller-than-expected 21,000 decline in German June jobless (vs forecast for 25,000 drop). But EUR sentiment soothed by lower-than-expected EUR131.9 billion take-up of ECB's 91-day refinancing tender yesterday (vs anticipated demand as high as EUR250 billion), news Ireland had officially exited recession in 1Q; German presidential vote win by Chancellor Merkel's candidate Christian Wulff providing relief German support for recent Greek debt bailout would continue. Data focus: 0600 GMT German May retail sales, 0755 GMT German June manufacturing PMI, 0800 GMT euro-zone June manufacturing PMI. EUR/USD daily chart negative-biased as stochastics falling from overbought, positive MACD histogram bars contracting. Support at 1.2164 (yesterday's low), then at 1.2149 (Tuesday's low); breach would expose downside to 1.2043 (June 11 low), then 1.1954 (June 10 low) and 1.1875 (4-year low set June 7). Resistance at 1.2304 (yesterday's high); breach would expose upside to 1.2397 (Monday's high), then 1.2490 (June 21 high), 1.2560 (55-day moving average) and 1.2672 (May 21 reaction high).

AUD/USD - to trade with bearish bias. Pair undermined by unwinding of long-AUD carry trades on heightened risk aversion, lingering concerns about Europe's debt/fiscal & banking sector troubles, worries about slowdown in China's economic growth. But AUD/USD losses tempered by Aussie-U.S. yield gap, firmer commodity prices (CRB spot index ended up 2.25 at 258.52 yesterday). Data focus: 0130 GMT Australia May retail sales, May building approvals, 0630 GMT Australia June commodity price index. AUD/USD daily chart negative-biased as stochastics bearish, 5-day moving average staged bearish crossover against 15-day. Support at 0.8381 (61.8% Fibonacci correction of advance from June 8 low of 0.8086 to June 21 high of 0.8859); breach would expose downside to 0.8265 (June 10 low), then 0.8193 (June 9 low) and 0.8086 (June 8 reaction low). Resistance at 0.8487 (hourly chart); breach would expose upside to 0.8566 (yesterday's high), then 0.8593 (previous base set Friday), 0.8721 (Tuesday's high) and 0.8776-0.8780 band (Monday's high-June 23 high).

NZD/USD - to trade with bearish bias. Pair undermined by unwinding of long-NZD carry trades on elevated risk aversion, lingering concerns about Europe's debt/fiscal & banking sector troubles, China economic growth slowdown. But NZD/USD losses tempered by Kiwi-U.S. yield advantage, expectations RBNZ will hike rates by 25 bps at its review later this month, firmer commodity prices. NZD/USD daily chart negative-biased as stochastics bearish, MACD staged bearish crossover against its exponential moving average. Support at 0.6799 (June 11 low, roughly matching 61.8% Fibonacci correction of 0.6569-0.7162 June 8-June 23 advance); breach would expose downside to 0.6691 (June 10 low), then 0.6608 (June 9 low) and 0.6569 (June 8 reaction low). Resistance at 0.6910 (hourly chart); breach would expose upside to 0.6954 (yesterday's high), then 0.6990 (previous base set Friday), 0.7085 (Tuesday's high) and 0.7148 (Monday's high).

GBP/USD - to consolidate with risks skewed lower. Pair undermined by heightened investor risk aversion, concerns over negative impact of fiscal tightening on UK economic growth, BOE MPC members Fisher and Posen yesterday disagreeing with Sentance on need for imminent UK interest rate rise; weaker-than-expected UK Nationwide June house prices (+0.1% on month vs +0.2% forecast). Data focus: 0830 GMT UK June CIPS manufacturing PMI, 2Q BOE credit conditions survey. GBP/USD daily chart negative-biased as stochastics bearish at overbought, positive MACD histogram bars contracting. Support at 1.4931 (yesterday's low); breach would expose downside to 1.4854 (Friday's low, near 55-day moving average), then 1.4800 (June 23 low), 1.4686 (June 22 low) and 1.4643 (June 17 low). Resistance at 1.5001 (hourly chart); breach would expose upside to 1.5073 (yesterday's high), then 1.5119-1.5128 band (Tuesday's high-Monday's high, roughly matching previous base set April 28), 1.5390 (April 30 reaction high) and 1.5498 (April 26 reaction high).

USD/CHF - to consolidate with bearish bias. Pair undermined by unwinding of short-CHF carry trades on higher investor risk aversion, CHF demand on weak EUR/CHF cross (last 1.3180, just above record low of 1.3165 hit Tuesday); surge in Swiss KOF economic barometer to 4-year high of 2.25 in June from 2.16 in May (vs 2.17 expected). But USD/CHF losses tempered by broadly stronger USD undertone. Data focus: 0730 GMT Swiss June SVME PMI. Daily chart negative-biased as MACD bearish, while stochastics stay suppressed at oversold, suggesting sideways or lower USD/CHF trading near-term. Support at 1.0749-1.0740 band (yesterday's low-May 3 reaction low); breach would expose downside to 1.0697 (April 27 low), then 1.0616 (200-day moving average) and 1.0499 (April 14 reaction low). Resistance at 1.0832 (hourly chart), then at 1.0854 (yesterday's high); breach would expose upside to 1.0903 (Tuesday's high), then 1.0941 (Monday's high, near 100-day moving average), 1.1046 (Friday's high) and 1.1068 (June 24 high).

USD/CAD - to consolidate with bullish bias. Pair underpinned by increased investor risk aversion, stronger global USD, weaker oil prices (Nymex crude settled down 31 cents yesterday at \$75.63/barrel), below-forecast Canadian April GDP growth (flat vs +0.2% expected) which dented expectations BOC will raise rates at its July 20 meeting; continuing concerns about Europe's debt/fiscal woes. USD/CAD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought. Resistance at 1.0647 (yesterday's high); breach would target 1.0678 (June 7 reaction high), then 1.0746 (May 26 high) and 1.0851 (May 25 reaction high). Support at 1.0576 (hourly chart); breach would expose downside to 1.0461 (yesterday's low), then 1.0338 (Tuesday's low, near 55-day moving average), 1.0315 (Monday's low) and 1.0298 (100-day moving average).

EUR/JPY - to consolidate with bearish bias. Cross undermined by unwinding of carry trades amid increased risk aversion, persistent euro zone debt/fiscal worries. Daily chart negative-biased as MACD & stochastics bearish, although latter at oversold & inside-day-range pattern completed yesterday. Support at 107.68 (yesterday's low), then at 107.30 (Tuesday's 9-year low); breach would expose downside to 106.76 (Nov. 8, 2001 reaction low), then 105.45 (Sept. 4, 2001 reaction low) and psychological 100.00. Resistance at 108.96 (hourly chart), then at 109.13 (yesterday's high); breach would expose upside to 109.86 (Tuesday's high), then 110.81-110.88 band (Monday's high-Friday's high), 111.01 (June 24 high) and 111.36 (June 23 high).

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