

# 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	86.58-87.22	86.25-87.58
EUR/USD	1.2806-1.2929	1.2730-1.3028
AUD/USD	0.8870-0.8953	0.8735-0.8964
NZD/USD	0.7204-0.7272	0.7092-0.7301
GBP/USD	1.5232-1.5296	1.5147-1.5334
USD/CHF	1.0391-1.0462	1.0363-1.0543
USD/CAD	1.0346-1.0466	1.0273-1.0503
EUR/JPY	111.28-112.73	110.02-112.83
EUR/GBP	0.8386-0.8466	0.8372-0.8478

(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 higher. Pair underpinned by JPY-funded carry trades amid positive risk sentiment (VIX fear gauge eased 3.94% to 24.63), big Wall Street gains overnight (DJIA up 1.99%, Nasdaq up 2.68%) on strong 2Q earnings from bellwether companies Caterpillar, 3M and UPS; encouraging economic data from euro zone; smaller-than-expected 5.1% drop in U.S. June existing home sales (vs forecast for 8.1% fall), 0.2% decline in Conference Board's June index of leading economic indicators (beating forecast for 0.3% decline). USD/JPY also supported by USD demand for import settlements, higher U.S. Treasury yields, fear of Japan official jawboning against further JPY strength. But USD/JPY gains tempered by Japan exporter sales, positions adjustment before weekend; bigger-than-expected 37,000 rise in latest U.S. weekly jobless claims (vs +21,000 forecast); expectations U.S. Federal Reserve will keep interest rates at record low near zero well into 2011 - bolstered by Fed chief Bernanke's reiteration in his second day of congressional testimony yesterday he's prepared to take further action to support economy if outlook deteriorates, but indicated Fed's reluctance to do so given limited options & questions about effectiveness of any new measures. USD/JPY daily chart mixed as stochastics bullish near oversold, but MACD flat. Resistance at 87.32 (yesterday's high), then at 87.58 (Tuesday's high); breach would expose upside to 88.00 (previous base set July 13), then 88.43 (July 15 high), 89.11-89.15 band (July 14 high-July 12 high) and 89.42-89.47 band (June 29 high-June 28 high). Support at 86.58 (hourly chart), then at 86.32-86.25 band (yesterday's low-July 16 low); breach would target psychological round-numbered levels of 86.00, 85.00, then 84.81 (Nov. 27 bottom).

EUR/USD - to consolidate with risks skewed higher. Pair underpinned by improved investor risk sentiment; surprise rise in euro zone composite PMI to 56.7 in July from June's 56.0 (against forecast for drop to 55.2); improvement in euro-zone consumer confidence in July to minus 14.1 from minus 17.3 in June (vs forecast for no change); 3.8% rise in euro zone May new industrial orders (vs forecast for no change). But EUR/USD gains tempered by caution before results of European bank stress tests (due for release today after European markets close, starting at 6 p.m. Frankfurt time) - could drive EUR lower if tests seen as not stringent enough or if results are particularly bad; positions adjustment before weekend. Data focus: 0800 GMT German July Ifo business climate index, 1000 GMT ECB's Tumpel-Gugerell speaks. EUR/USD daily chart mixed as MACD bullish, but stochastics falling from overbought. Resistance at 1.2929 (yesterday's high); breach would expose upside to 1.3028 (Tuesday's high), then 1.3093 (May 10 high), 1.3124 (38.2% Fibonacci correction of 1.5144-1.1875 Nov. 25-June 7 decline) and 1.3342 (April 30 reaction high). Support at 1.2806 (hourly chart); breach would expose downside to 1.2730 (Wednesday's low), then 1.2707 (July 15 low), 1.2680 (July 14 low) and 1.2520 (July 13 low).

AUD/USD - to consolidate with upward bias. Pair underpinned by AUD demand for long-AUD carry trades on increased investor risk appetite; rising expectations RBA will hike rates next month; stronger commodity prices (CRB spot index closed up 5.33 yesterday at 266.86). But AUD/USD gains tempered by caution before release of results of European bank stress tests later today, positions adjustment before weekend. Data focus: 0130 GMT Australia 2Q international trade prices. AUD/USD daily chart positive-biased as MACD & stochastics in bullish mode, although latter at overbought. Resistance at 0.8953 (yesterday's high), then at 0.8964 (200-day moving average); breach would expose upside to psychological 0.9000, then 0.9026 (May 13 high) and 0.9078 (May 10 reaction high). Support at 0.8870 (hourly chart); breach would expose downside to 0.8735 (yesterday's low), then 0.8665 (Tuesday's low), 0.8631 (Monday's reaction low) and 0.8597 (55-day moving average).

NZD/USD - to consolidate with bullish bias. Pair underpinned by NZD demand for long-NZD carry trades on stronger investor risk appetite, firmer commodity prices. Buy NZD/USD gains tempered by caution before release of results of European bank stress tests later today; positions adjustment before weekend. NZD/USD daily chart positive-biased as MACD & stochastics bullish. Resistance at 0.7272 (yesterday's high); breach would expose upside to 0.7301 (July 15 high), then 0.7325 (April 30 reaction high) and 0.7441 (Jan. 14 reaction high). Support at 0.7204 (hourly chart); breach would expose downside to 0.7092 (yesterday's low), then 0.7041 (Tuesday's low), 0.7027 (Monday's low, matching 100-day moving average) and 0.6964 (55-day moving average).

GBP/USD - to consolidate; spotlight on 0830 GMT UK 2Q preliminary GDP (expected +0.6% on quarter, +1.1% on year vs 1Q's +0.3% on quarter, minus 0.2% on year). GBP/USD supported by positive investor risk sentiment; stronger-than-expected 0.7% rise in UK June retail sales (vs forecast for 0.4% increase). But GBP/USD gains tempered by lingering worries about UK's fiscal outlook, concerns over negative impact of fiscal consolidation on UK economy, positions adjustment before weekend. GBP/USD daily chart still negative-biased as MACD & stochastics in bearish mode, although inside-day-range pattern completed yesterday. Resistance at 1.5296 (yesterday's high); breach would expose upside to 1.5334 (Wednesday's high), then 1.5350 (Monday's high), 1.5471 (July 15 high) and 1.5498 (April 26 reaction high). Support at 1.5232 (hourly chart); breach would expose downside to 1.5147 (yesterday's low), then 1.5123 (Wednesday's low), 1.4991 (100-day moving average), 1.4946 (July 12 reaction low) and 1.4871 (July 1 reaction low).

USD/CHF - to range-trade. Pair undermined by broadly weaker USD undertone. But USD/CHF downside limited by short-CHF carry trades on improved investor risk appetite; CHF sales on recovering EUR/CHF cross; positions adjustment before weekend. Daily chart mixed as MACD bullish but stochastics revert to bearish mode near oversold. Support at 1.0391 (yesterday's low); breach would expose downside to 1.0363 (Jan. 25 reaction low), then 1.0127 (Jan. 11 reaction low) and parity. Resistance at 1.0462 (hourly chart); breach would expose upside to 1.0543 (Wednesday's high), then 1.0556-1.0560 band (Tuesday's high-Monday's high), 1.0617 (July 14 high), 1.0645 (July 13 high) and 1.0675 (July 12 reaction high).

USD/CAD - to trade lower. Pair undermined by increased investor risk appetite, weak global USD, firmer commodity & oil prices (Nymex crude settled up \$2.74 yesterday at \$79.30/bbl); BOC quarterly monetary policy report reinforcing expectations of continued, albeit cautious, monetary tightening. But USD/CAD losses tempered by surprise 0.2% drop in Canada May retail sales (against forecast for 0.4% increase); positions adjustment before weekend. Data focus: 1100 GMT Canada June CPI. USD/CAD daily chart negative-biased as MACD & stochastics bearish. Support at 1.0351-1.0346 band (yesterday's low-Wednesday's low); breach would expose downside to 1.0278-1.0273 band (July 15 low-July 13 low), then 1.0178 (June 22 low), 1.0133 (June 21 reaction low) and 1.0105 (May 13 reaction low). Resistance at 1.0466 (hourly chart), then at 1.0503 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 1.0586 (Tuesday's high), then 1.0606 (July 7 high), 1.0677 (July 6 reaction high) and 1.0851 (May 25 reaction high).

EUR/JPY - to consolidate with risks skewed higher. Cross supported by stronger investor risk appetite; but gains tempered by caution before release of results of European bank stress tests later today; positions adjustment before weekend. Daily chart mixed as MACD bullish, but stochastics in bearish mode. Resistance at 112.73 (yesterday's high), then at 112.83 (Wednesday's high); breach would expose upside to 113.37-113.40 band (Tuesday's high-July 15 high), then 114.16 (June 3 reaction high), 114.40 (May 21 reaction high) and 115.49 (May 18 high). Support at 111.28 (hourly chart); breach would expose downside to 110.02 (yesterday's low), then 109.29 (July 7 low), 109.12 (July 6 low) and 107.47 (July 1 low).

EUR/GBP - to range-trade. Daily chart mixed as MACD bullish, but stochastics falling from overbought, inside-day-range pattern completed yesterday. Resistance at 0.8466 (yesterday's high), then at 0.8478 (Wednesday's high); breach would expose upside to 0.8531 (high hit on both Monday & Tuesday), then 0.8547 (May 28 high), 0.8586 (100-day moving average) and 0.8751 (200-day moving average). Support at 0.8386 (yesterday's low), then at 0.8372 (Wednesday's low) and 0.8361 (July 16 low); breach would target 0.8323 (July 15 low), then 0.8317-0.8312 band (July 14 low-July 13 low) and 0.8288 (July 7 low).

-By Jerry Tan, Dow Jones Newswires; (65) 6415-4046; [Jerry.tan@dowjones.com](mailto:Jerry.tan@dowjones.com)

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