

# 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	85.95-86.93	85.00-87.51
EUR/USD	1.2978-1.3093	1.2964-1.3106
AUD/USD	0.9019-0.9068	0.8963-0.9078
NZD/USD	0.7227-0.7286	0.7186-0.7338
GBP/USD	1.5619-1.5733	1.5543-1.5816
USD/CHF	1.0358-1.0465	1.0127-1.0579
USD/CAD	1.0260-1.0375	1.0249-1.0395
EUR/JPY	111.99-113.28	111.55-114.22
EUR/GBP	0.8300-0.8379	0.8288-0.8395

(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 broad-based USD weakness (ICE spot dollar index settled down 0.119% Friday at 81.539) as speculation of resumption of quantitative easing by U.S. Federal Reserve Aug. 10 increases after below-forecast 2.4% U.S. 2Q GDP growth (vs +2.5% expected) & dovish comments from Fed's Bullard again Friday supporting revival of central bank's security-purchase program to avoid Japan-like deflationary trap. USD/JPY also undermined by Japan exporter sales, lower U.S. Treasury yields. But USD/JPY downside limited by USD demand for import settlements, fear of Japan official jawboning against further JPY strength, surprise jump in ISM-Chicago business barometer to 62.3 in July from 59.1 in June (vs forecast for fall to 56.0), better-than-expected University of Michigan July confidence index of 67.8 (vs 67.2 forecast). No strong cue for yen carry trades from Wall Street Friday after U.S. stocks closed mixed (DJIA down 0.01%, Nasdaq up 0.13%); still, investor fear gauge VIX eased 2.61% to 23.5. China's PMI data released Sunday shows manufacturing index fell to 51.2 in July from 52.1 in June, but still in expansionary territory & wasn't as bad as some had feared. Data focus: 1400 GMT U.S. July ISM manufacturing PMI, June construction spending, 1415 GMT Fed Chairman Bernanke speaks. USD/JPY daily chart mixed as stochastics bearish, MACD still in bullish mode. Support at 85.95 (8-month low set Friday); breach would expose downside to psychological 85.00, then 84.81 (Nov. 27 bottom). Resistance at 86.93 (Friday's high); breach would expose upside to 87.51 (Thursday's high), then 88.11 (Wednesday's high), 88.43 (July 15 high) and 89.11-89.15 band (July 14 high-July 12 high).

**EUR/USD** - to consolidate. Pair supported by negative USD sentiment, easing concerns over euro-zone's sovereign-debt crisis & region's banking sector. But EUR sentiment dented by weak German June retail sales (fell 0.9% on month vs 0.3% decline expected). Data focus: 0755 GMT German July manufacturing PMI, 0800 GMT euro-zone July manufacturing PMI. EUR/USD daily chart mixed as MACD bullish, but stochastics turning bearish at overbought. Support at 1.2978 (Friday's low, matching Thursday's low); breach would target 1.2964 (Wednesday's low), then 1.2949 (Tuesday's low), 1.2874 (July 26 low) and 1.2791 (July 23 low). Resistance at 1.3093 (Friday's high), then at 1.3106 (Thursday's high); breach would expose upside to 1.3124 (38.2% Fibonacci correction of 1.5144-1.1875 Nov. 25-June 7 decline), then 1.3342 (April 30 reaction high).

**AUD/USD** - to consolidate with bullish bias. Pair supported by negative USD sentiment, Aussie-USD yield gap, stronger commodity prices (CRB spot index settled up 4.15 Friday at 274.35). But AUD/USD topside limited by caution before tomorrow's RBA rate decision (central bank expected to hold its official cash rate steady at 4.50%). Data focus: 2330 GMT Australia July PMI, 0100 GMT Australia July TD Securities monthly inflation gauge. AUD/USD daily chart positive-biased as MACD bullish, stochastics revert to bullish mode at overbought.

Resistance at 0.9068 (Tuesday's 11-week high), then at 0.9078 (May 10 reaction high); breach would expose upside to 0.9324 (April 30 reaction high). Support at 0.9019 (hourly chart); breach would expose downside to 0.8963 (Friday's low), then 0.8902-0.8894 band (Wednesday's low-July 23 low), 0.8871 (previous cap set July 14) and 0.8857 (100-day moving average).

NZD/USD - to consolidate with risks skewed higher. Pair supported by negative USD sentiment, Kiwi-USD yield gap, firmer commodity prices. But NZD/USD topside limited by lingering effect from cautious RBNZ statement last week. NZD/USD daily chart positive-biased as MACD in bullish mode, stochastics turning bullish. Resistance at 0.7286 (Thursday's high); breach would expose upside to 0.7338 (Wednesday's high), then 0.7395 (Tuesday's 6-month high), 0.7441 (Jan. 14 reaction high) and 0.7521 (Nov. 16, 2009 reaction high). Support at 0.7227 (hourly chart), then at 0.7186 (Friday's low); breach would target 0.7164 (38.2% Fibonacci correction of 0.6791-0.7395 July 1-July 27 advance), then 0.7102 (200-day moving average), 0.7092 (July 22 low, matching 50% correction) and 0.7027 (July 19 reaction low, near 61.8% correction).

GBP/USD - to consolidate after hitting fresh 5-month high of 1.5733 this morning. Pair supported by weaker USD sentiment. But GBP/USD gains tempered by slump in UK GfK measure of consumer confidence to minus 22 in July (lowest since August 2009) from minus 19 in June (vs forecast for minus 20); lingering concerns over negative impact of fiscal consolidation on UK economy. Data focus: 0830 GMT UK July CIPS manufacturing PMI. GBP/USD daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher GBP/USD trading near-term. Support at 1.5619 (hourly chart), then at 1.5549-1.5543 band (Friday's low-Wednesday's low); breach would expose downside to 1.5440 (Tuesday's low), then 1.5407 (July 26 low), 1.5251 (July 23 low) and 1.5123 (July 21 reaction low). Resistance at 1.5733 (this morning's high); breach would expose upside to 1.5816 (Feb. 17 reaction high), then psychological 1.6000 and 1.6069 (Feb. 3 reaction high).

USD/CHF - to consolidate after hitting fresh 6-month low of 1.0358 Friday. Pair weighed by negative USD sentiment; but downside limited by Swiss July KOF economic barometer which came in at 2.23, unchanged from downwardly revised 2.23 in June & suggesting country's economic recovery may be running out of steam. Data focus: 0715 GMT Swiss June retail sales, 0730 GMT July PMI. Daily chart mixed as stochastics bearish, but MACD still in bullish mode. Resistance at 1.0465 (Friday's high); breach would expose upside to 1.0579 (Thursday's high), then 1.0622 (Wednesday's high), 1.0640 (Tuesday's high, near 200-day moving average) and 1.0675 (July 12 reaction high). Support at 1.0358 (Friday's low); breach would expose downside to 1.0127 (Jan. 11 reaction low), then parity.

USD/CAD - to range-trade; Canadian markets closed for holiday. Pair undermined by negative USD sentiment, firmer commodity & oil prices (Nymex crude settled up 59 cents Friday at \$78.95/bbl), market chatter Swiss National Bank buying CAD against EUR. But USD/CAD losses tempered by small 0.1% growth in Canada May GDP (vs +0.2% forecast). USD/CAD daily chart still negative-biased as MACD & stochastics in bearish mode. Support at 1.0260 (Friday's low), then at 1.0249 (Tuesday's low); breach would expose downside to 1.0178 (June 22 low), then 1.0133 (June 21 reaction low) and 1.0105 (May 13 reaction low). Resistance at 1.0375 (Friday's high), then at 1.0392-1.0395 band (Thursday's high-Tuesday's high); breach would expose upside to 1.0434 (July 23 high), then 1.0503 (July 22 high), 1.0586 (July 20 high) and 1.0606 (July 7 high).

EUR/JPY - to consolidate. Daily chart mixed as MACD bullish, but stochastics bearish at overbought. Resistance at 113.28 (hourly chart); breach would expose upside to 114.22 (Thursday's high), then 114.73 (Wednesday's high), 115.49 (May 18 high) and 116.79 (100-day moving average). Support at 111.99 (Friday's low); breach would target 111.55 (July 23 low), then 110.02 (July 22 low) and 109.12 (July 6 low).

EUR/GBP - to consolidate with downward bias. Daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower EUR/GBP trading near-term. Support at 0.8300 (Friday's low); breach would target 0.8288 (July 7 low), then 0.8262 (July 6 low), 0.8215 (July 2 low) and 0.8163 (July 1 low). Resistance at 0.8379 (Friday's high), then at 0.8395 (Thursday's high); breach would expose upside to 0.8415 (Tuesday's high), then 0.8466 (July 22 high), 0.8478 (July 21 high) and 0.8531 (July 19 high).

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