

# 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	86.29-86.93	85.95-87.51
EUR/USD	1.3106-1.3195	1.3051-1.3342
AUD/USD	0.9080-0.9147	0.9042-0.9324
NZD/USD	0.7269-0.7342	0.7258-0.7395
GBP/USD	1.5778-1.5908	1.5694-1.6000
USD/CHF	1.0344-1.0477	1.0127-1.0579
USD/CAD	1.0201-1.0249	1.0178-1.0298
EUR/JPY	113.00-114.22	112.69-114.73
EUR/GBP	0.8252-0.8325	0.8215-0.8379

(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 6.34% to 22.01 overnight), strong Wall Street gains (DJIA up 1.99% overnight) as better-than-expected earnings from HSBC, BNP Paribas and encouraging manufacturing-sector data from U.S., Europe renewed investors' faith in global economic recovery. USD/JPY also supported by USD demand for import settlements, higher U.S. Treasury yields, fear of Japan official jawboning against further JPY strength, above-forecast U.S. July ISM manufacturing PMI (slipped to 55.5 from 56.2 in June, vs 54.7 expected), surprise 0.1% rise in U.S. June construction spending (vs forecast for 0.7% drop). But USD/JPY topside limited by Japan exporter sales, broadly weaker USD undertone (ICE spot dollar index last 80.91, which just above its 200-day moving average of 80.70, vs Friday's 81.539 settlement) as expectations increase for resumption of quantitative easing by U.S. Federal Reserve at its Aug. 10 meeting. Data focus: 2350 GMT Japan July monetary base, 1230 GMT U.S. June personal income & outlays, 1400 GMT U.S. August pending home sales index. USD/JPY daily chart mixed as stochastics bearish, MACD in bullish mode; inside-day-range pattern completed yesterday. Support at 86.29 (yesterday's low), then at 85.95 (8-month low set Friday); breach would expose downside to psychological 85.00, then 84.81 (Nov. 27 bottom). Resistance at 86.88-86.93 band (yesterday's high-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 with positive bias amid improved investor risk appetite, easing concerns over euro-zone's sovereign-debt crisis & region's banking sector, weak USD sentiment; rise in euro zone's final July manufacturing PMI to 3-month high of 56.7 (vs 56.5 expected) from 55.6 in June. Data focus: 0900 GMT euro-zone June PPI. EUR/USD daily positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher EUR/USD trading near-term. Resistance at 1.3195 (yesterday's high); breach would expose upside to 1.3342 (April 30 reaction high), then 1.3510 (50% Fibonacci correction of 1.5144-1.1875 Nov. 25-June 7 decline) and 1.3567 (200-day moving average). Support at 1.3106 (hourly chart); then at 1.3051 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.2978 (Friday's low), then 1.2949 (July 27 low), 1.2874 (July 26 low) and 1.2791 (July 23 low).

AUD/USD - to consolidate with bullish bias after hitting 3-month high of 0.9147 yesterday. Spotlight on 0430 GMT RBA interest rate decision: central bank expected to hold its official cash rate steady at 4.50%. Pair underpinned by AUD demand for long-AUD carry trades on increased investor risk appetite, stronger commodity prices (CRB spot index settled up 2.5 yesterday at 276.85). Other data focus: 0130 GMT Australia June retail

trade, June building approvals, 0630 GMT Australia July commodity price index. AUD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher AUD/USD trading near-term. Resistance at 0.9147 (yesterday's high); breach would expose upside to 0.9324 (April 30 reaction high), then 0.9382 (April 12 top). Support at 0.9080 (hourly chart), then at 0.9042 (yesterday's low); breach would tilt near-term outlook negative, exposing 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 bullish bias. Pair underpinned by NZD demand for long-NZD carry trades on stronger investor risk appetite, firmer commodity prices. NZD/USD daily chart positive-biased as MACD & stochastics in bullish mode. Resistance at 0.7342 (yesterday's high); breach would expose upside to 0.7395 (6-month high set July 27), then 0.7441 (Jan. 14 reaction high) and 0.7521 (Nov. 16, 2009 reaction high). Support at 0.7269 (hourly chart), then at 0.7258 (yesterday's low); breach would expose downside to 0.7186 (Friday's low), then 0.7101 (200-day moving average), 0.7092 (July 22 low) and 0.7027 (July 19 reaction low).

GBP/USD - to consolidate with bullish bias after hitting 6-month high of 1.5908 yesterday. GBP/USD supported by positive investor risk sentiment, broad-based USD weakness, better-than-expected UK July manufacturing PMI of 57.3 (vs 56.7 forecast); but gains tempered by lingering concerns over negative impact of fiscal consolidation on UK economy. Data focus: 0830 GMT UK July CIPS construction 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. Resistance at 1.5908 (yesterday's high); breach would expose upside to psychological 1.6000, then 1.6069 (Feb. 3 reaction high) and 1.6276 (Jan. 28 high). Support at 1.5778 (hourly chart), then at 1.5694 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.5549-1.5543 band (Friday's low-Wednesday's low), then 1.5440 (July 27 low), 1.5407 (July 26 low), and 1.5251 (July 23 low).

USD/CHF - to range-trade. Pair undermined by broadly weak USD undertone, surprise rise in Swiss PMI to record high of 66.9 in July from 65.7 in June (vs forecast for decline to 64.7). But USD/CHF losses tempered by short-CHF carry trades on improved investor risk appetite. Data focus: 0715 GMT Swiss July CPI. Daily chart mixed as stochastics bearish, but MACD still in bullish mode. Support at 1.0344 (yesterday's low); breach would expose downside to 1.0127 (Jan. 11 reaction low), then parity. Resistance at 1.0477 (yesterday's high); breach would expose upside to 1.0579 (Thursday's high), then 1.0622 (Wednesday's high), 1.0640 (July 27 high, near 200-day moving average) and 1.0675 (July 12 reaction high).

USD/CAD - to trade with bearish bias. Pair undermined by increased investor risk appetite, weaker global USD, firmer commodity & oil prices (Nymex crude settled up \$2.39 yesterday at \$81.34/bbl). USD/CAD daily chart negative-biased as MACD & stochastics in bearish mode. Support at 1.0201 (yesterday's low); breach would target 1.0178 (June 22 low), then 1.0133 (June 21 reaction low), 1.0105 (May 13 reaction low) and 1.0010 (April 29 low). Resistance at 1.0249 (hourly chart), then at 1.0298 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 1.0375 (Friday's high), then 1.0392-1.0395 band (Thursday's high-July 27 high), 1.0434 (July 23 high) and 1.0503 (July 22 high).

EUR/JPY - to trade with risks skewed higher. Cross supported by stronger investor risk appetite. Daily chart positive-biased as MACD bullish, stochastics reverting to bullish mode at overbought. Resistance at 114.17-114.22 band (yesterday's high-Thursday's high); breach would expose upside to 114.73 (Wednesday's high), then 115.49 (May 18 high) and 116.70 (100-day moving average). Support at 113.00 (hourly chart), then at 112.69 (yesterday's low); breach would expose downside to 111.99 (Friday's low), then 111.55 (July 23 low), 110.02 (July 22 low) and 109.12 (July 6 low).

EUR/GBP - to consolidate. Daily chart still negative-biased as MACD & stochastics bearish, but latter at oversold. Support at 0.8252 (yesterday's low); breach would target 0.8215 (July 2 low), then 0.8163 (July 1 low) and 0.8065 (June 29 trough). Resistance at 0.8325 (yesterday's high); breach would expose upside to 0.8379 (Friday's high), then 0.8395 (Thursday's high), 0.8415 (July 27 high) and 0.8466 (July 22 high).

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