

2010-08-26_ASIA DAILY FOREX OUTLOOK - Majors

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26 Aug 2010, 01:34

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

	Immediate Range	Larger Range
USD/JPY	84.47-84.83	84.04-85.20
EUR/USD	1.2603-1.2731	1.2584-1.2832
AUD/USD	0.8769-0.8895	0.8735-0.8908
NZD/USD	0.6944-0.7063	0.6882-0.7078
GBP/USD	1.5387-1.5478	1.5370-1.5513
USD/CHF	1.0245-1.0328	1.0227-1.0338
USD/CAD	1.0569-1.0667	1.0512-1.0677
EUR/JPY	106.35-107.65	105.90-107.81
EUR/GBP	0.8176-0.8236	0.8139-0.8248

(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 down 2.77% to 26.7) as Wall Street pared earlier losses to close higher overnight (DJIA up 0.2%, Nasdaq up 0.84%) despite 12.4% drop in U.S. July new-home sales to record low of 276,000 (vs forecast for 0.9% rise), smaller-than-expected 0.3% rise in U.S. July durable goods orders (vs +2.8% forecast). U.S. stocks rebounded on bargaining hunting as well as speculation U.S. housing market may have hit bottom. USD/JPY also supported by USD demand for import settlements, higher U.S. Treasury yields, increased chances of Japanese FX intervention for first time in more than 6 years, BOJ monetary easing to stem yen strength. But USD/JPY gains tempered by Japan exporter sales, ultra-loose U.S. monetary policy. Data focus: 0600 GMT Japan June revised machine tool orders, 1230 GMT U.S. Aug 21 weekly jobless claims, 1500 GMT August Federal Reserve Bank of Kansas City survey, 1600 GMT U.S. July Chicago Fed midwest manufacturing index; Jackson Hole economic policy symposium commences (Fed Chairman Bernanke scheduled to speak tomorrow, investors will pay close attention to his speech for news about further stimulus or quantitative easing). USD/JPY daily chart mixed as MACD in bearish mode, 5-day moving average below 15-day and falling; but stochastics turning bullish near oversold; inside-day-range pattern completed yesterday. Resistance at 84.83 (yesterday's high); breach would expose upside to 85.20 (Tuesday's high), then 85.68 (Monday's high), 85.85-85.91 band (Friday's high-Aug. 19 high), 86.28 (Aug. 16 high) and 86.39 (Aug. 13 high). Support at 84.47 (hourly chart); breach would expose downside to 84.04 (yesterday's low), then 83.58 (Tuesday's 15-year low), psychological round-numbered levels from 83.00 down to 80.00, and 79.70 (record low set April 19, 1995).

EUR/USD - to consolidate with risks skewed higher. Pair supported by improved investor risk sentiment, surprise rise in German Ifo business climate index to 106.7 in August from July's 106.2 (vs forecast for drop to 106.0), successful Portuguese EUR1.3 billion bond sale. But EUR/USD gains tempered by worries over negative effects of austerity measures on economies of some euro-zone nations; potential threat to Hungary's financial system as forint hit all-time low against CHF, increasing loan repayment costs for many Hungarian borrowers since 70% of Hungarian households and half of businesses have CHF-denominated loans. Data focus: 0610 GMT German September GfK consumer climate survey, 0800 GMT July monetary developments in euro area (M3). EUR/USD daily chart mixed as MACD bearish, but stochastics turning bullish at oversold. Resistance at

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1.2725-1.2731 band (yesterday's high-Monday's high); breach would expose upside to 1.2832 (Friday's high), then 1.2902 (Aug. 19 high), 1.2923 (Aug. 18 high) and psychological 1.3000. Support at 1.2603 (yesterday's low), then at 1.2584 (Tuesday's low); breach would expose downside to 1.2520 (July 13 reaction low), then 1.2478 (July 6 low) and 1.2432 (61.8% Fibonacci correction of advance from June 7 low of 1.1875 to Aug. 6 high of 1.3333).

AUD/USD - to consolidate with risks skewed higher. Pair underpinned by AUD demand for long-AUD carry trades on increased investor risk appetite; but gains tempered by softer commodity prices (CRB spot index settled down 0.66 yesterday at 261.8), political uncertainty in Australia. Data focus: 0130 GMT Australia 2Q private new capital expenditure & expected expenditure. AUD/USD daily chart mixed as MACD & stochastics still in bearish mode, but latter at oversold, spinning-top candlestick pattern completed yesterday. Resistance at 0.8895 (yesterday's high), then at 0.8908 (Tuesday's high); breach would expose upside to 0.8982 (Monday's high), then 0.9018 (Aug. 19 high), 0.9058 (Aug. 18 high) and 0.9082 (Aug. 17 high). Support at 0.8769 (Tuesday's low); breach would target 0.8735 (July 22 low), then 0.8643 (50% Fibonacci retracement of advance from May 25 low of 0.8065 to Aug. 6 high of 0.9221) and 0.8631 (July 19 reaction low).

NZD/USD - to consolidate with risks skewed higher. Pair underpinned by NZD demand for long-NZD carry trades on stronger investor risk appetite; but gains tempered by softer commodity prices. NZD/USD daily chart still negative-biased as MACD & stochastics bearish, but latter at oversold. Resistance at 0.7063 (yesterday's high), then at 0.7078 (Tuesday's high); breach would expose upside to 0.7124 (Monday's high), then 0.7156 (Aug. 19 high), 0.7192 (Aug. 18 high) and 0.7246 (Aug. 11 high). Support at 0.6944 (yesterday's low); breach would expose downside to 0.6882 (July 7 low), then 0.6821 (July 6 reaction low) and 0.6791 (July 1 reaction low).

GBP/USD - to consolidate with risks skewed higher. Pair supported by positive investor risk sentiment; but gains tempered by lingering concerns over negative impact of fiscal tightening on UK economic growth. Data focus: 0600 GMT UK August Nationwide housing review, 1000 GMT UK August CBI quarterly distributive trades survey. GBP/USD daily chart mixed as MACD bearish, but stochastics turning bullish at oversold; inside-day-range pattern completed yesterday. Resistance at 1.5478 (yesterday's high), then at 1.5513 (Tuesday's high); breach would expose upside to 1.5620 (Monday's high), then 1.5672 (Aug. 19 high), 1.5688 (Aug. 18 high) and 1.5707 (Aug. 16 high). Support at 1.5387 (yesterday's low), then at 1.5370 (Tuesday's low); breach would expose downside to 1.5325 (38.2% Fibonacci correction of advance from May 20 low of 1.4230 to Aug. 6 high of 1.6002; near 55-day moving average), then 1.5123 (July 21 reaction low, matching 100-day moving average and 50% correction).

USD/CHF - to consolidate with risks skewed higher. Pair supported by short-CHF carry trades on improved investor risk appetite; fears of SNB CHF-selling intervention as EUR/CHF cross stays weak, hitting record low of 1.2964 yesterday. Daily chart mixed as MACD & stochastics turning bearish; 5-day moving average below 15-day and falling; but bullish hammer candlestick pattern completed yesterday. Resistance at 1.0328 (yesterday's high), then at 1.0338 (hourly chart); breach would expose upside to 1.0452 (Tuesday's high), then 1.0465 (Aug. 19 high), 1.0534 (Aug. 16 high) and 1.0551 (Aug. 13 high). Support at 1.0245 (yesterday's low); breach would expose downside to 1.0127 (Jan. 11 reaction low), then parity, 0.9958 (Dec. 3, 2009 low) and 0.9914 (Nov. 26, 2009 trough).

USD/CAD - to consolidate with risks skewed lower. Pair undermined by increased investor risk appetite, firmer oil prices (Nymex crude settled up 89 cents yesterday at \$72.52); but losses tempered by concerns over impact of slowing U.S. GDP growth on Canadian economy, decreased expectations for BOC rate hike in September. Data focus: 1230 GMT Canada June payroll employment, earnings & hours. USD/CAD daily chart mixed as MACD bullish, but stochastics turning bearish at overbought; bearish shooting-star candlestick pattern completed yesterday. Support at 1.0569 (yesterday's low); breach would expose downside to 1.0512 (Tuesday's low), then 1.0441 (Monday's low), 1.0378 (Friday's low), 1.0241 (Aug. 19 low) and 1.0141 (Aug. 6 low). Resistance at 1.0667 (yesterday's high), then at 1.0677 (July 6 reaction high); breach would expose upside to 1.0851 (May 25 reaction high).

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EUR/JPY - to consolidate with risks skewed higher. Cross supported by stronger investor risk appetite, increased odds of Japanese FX intervention, BOJ monetary easing. Daily chart mixed as MACD bearish, but stochastics turning bullish at oversold. Resistance at 107.65 (yesterday's high), then at 107.81 (Tuesday's high); breach would expose upside to 108.87 (Monday's high), then 109.62 (Friday's high), 110.12 (Aug. 19 high) and 110.39-110.43 band (Aug. 18 high-Aug. 17 high). Support at 106.35 (hourly chart), then at 105.90 (yesterday's low) and 105.44 (Tuesday's 9-year low); breach would expose downside to psychological round-numbered levels from 105.00 down to 100.00, then 99.85 (June 1, 2001 reaction low).

EUR/GBP - to consolidate with risks skewed lower. Daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support at 0.8176 (yesterday's low), then at 0.8147-0.8139 band (Tuesday's low-Monday's low); breach would expose downside to 0.8065 (19-month low when hit June 29), then psychological 0.8000. Resistance at 0.8236 (yesterday's high); breach would target 0.8248 (Aug. 19 high), then 0.8282 (Aug. 18 high), 0.8296 (55-day moving average) and 0.8321 (Aug. 11 high).

August 25, 2010 19:34 ET (23:34 GMT)