

2010-09-21_ASIA DAILY FOREX OUTLOOK - Maj ors

ASIA DAILY FOREX OUTLOOK - Maj ors

21 Sep 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	85.48-85.93	85.20-86.39
EUR/USD	1.3016-1.3120	1.2974-1.3160
AUD/USD	0.9426-0.9500	0.9347-0.9600
NZD/USD	0.7247-0.7321	0.7234-0.7332
GBP/USD	1.5535-1.5624	1.5446-1.5685
USD/CHF	1.0026-1.0121	0.9995-1.0183
USD/CAD	1.0257-1.0350	1.0208-1.0374
EUR/JPY	111.57-112.35	110.63-112.98
EUR/GBP	0.8369-0.8411	0.8328-0.8466

(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 negative USD sentiment as possible hints from U.S. Federal Reserve about future quantitative-easing measures at FOMC monetary policy announcement (due 1815 GMT) weighs on dollar, though Fed not expected to announce any new bond-buying programs today. USD/JPY also undermined by Japan exporter sales, lower U.S. Treasury yields; weaker-than-expected U.S. September NAHB housing market index (stayed at 13 vs forecast for rise to 14). But USD/JPY downside limited by fear of further Japan MOF JPY-selling intervention, USD demand for import settlements, JPY-funded carry trades amid lower risk aversion (VIX fear gauge eased 2.32% to 21.5) as Wall Street posted strong gains overnight (DJIA up 1.37%, Nasdaq up 1.74%) on encouraging financial & home-builder earnings. Other data focus: 0500 GMT Japan July revised indexes of business conditions, 1230 GMT U.S. August housing starts, August building permits. USD/JPY daily chart still positive-biased as MACD & stochastics bullish, although latter at overbought. Resistance at 85.93 (high of Thursday & Friday); breach would expose upside to 86.39 (Aug. 13 high), then 86.49 (Aug. 5 high), 86.88 (Aug. 2 high) and 88.11 (July 28 reaction high). Support at 85.48 (yesterday's low); breach would target 85.20 (Thursday's low), then 84.43 (previous cap set Sept. 10) and 82.87 (Wednesday's 15-year low).

EUR/USD - to range-trade before US FOMC announcement. Pair underpinned by weak USD sentiment, EUR demand for long-EUR carry trades on decreased risk aversion. But EUR/USD gains tempered by lingering concerns over Ireland and Portugal sovereign debt, warnings from Irish central bank yesterday Ireland's 2014 budget goals could be at risk. Focus on outcome of Irish debt auction today of EUR1-EUR1.5 billion 4% January 2014 and 4.5% October 2018 bonds. EUR/USD daily chart mixed as MACD bullish, but stochastics bearish at overbought; inside-day-range pattern completed yesterday. Support at 1.3025-1.3016 band (yesterday's low-Friday's low); then at 1.2974 (Thursday's low); breach would target 1.2953 (Wednesday's low), then 1.2918 (previous cap set Sept. 6), 1.2879 (55-day moving average) and 1.2826 (Sept. 14 low). Resistance at 1.3120 (yesterday's high), then at 1.3160 (Friday's high); breach would reinstate near-term positive bias, exposing upside to 1.3217 (200-day moving average), then 1.3333 (Aug. 6 reaction high).

AUD/USD - to consolidate after hitting 2-year high of 0.9494 yesterday, just below psychological 0.9500 where senior trader at U.S. bank says strong option-related offers stand. Pair underpinned by weak USD sentiment, AUD demand for long-AUD carry trades on diminished risk aversion, lingering effect from RBA Gov. Stevens' hawkish comments yesterday on Australian economy. But AUD/USD gains tempered by lingering European sovereign debt concerns, caution before US FOMC announcement. Data focus: 0130 GMT September RBA monetary policy meeting minutes. AUD/USD daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher AUD/USD trading near-term. Resistance at 0.9494-0.9500 (yesterday's high-psychological level); breach would expose upside to psychological round-numbered levels from 0.9600 up to 0.9800, then 0.9849 (July 15, 2008 post-float high). Support at 0.9426 (hourly chart); breach would expose downside to 0.9347 (Friday's low), then 0.9328 (Thursday's low), 0.9311 (Sept. 14 low), 0.9286 (Sept. 13 low) and 0.9202 (Sept. 10 low).

NZD/USD - to range-trade. Pair underpinned by weak USD sentiment, NZD demand for long-NZD carry trades on subdued risk aversion. But NZD/USD gains tempered by lingering European sovereign debt concerns, caution before US FOMC announcement. Data focus: 0300 GMT NZ August credit card statistics. NZD/USD daily chart mixed as MACD bullish, but stochastics falling from overbought; inside-day-range pattern completed yesterday. Support at 0.7247 (yesterday's low), then at 0.7234 (Friday's low) and 0.7211 (Thursday's low); breach would target 0.7196 (Sept. 9 low), then 0.7155 (Sept. 8 low), 0.7126 (Sept. 3 low) and 0.7085 (200-day moving average). Resistance at 0.7321 (yesterday's high), then at 0.7332 (Friday's high); breach would target 0.7356 (Wednesday's high), then 0.7395 (Sept. 14 high), 0.7441 (Jan. 14 reaction high) and 0.7521 (Nov. 16, 2009 reaction high).

GBP/USD - to trade with risks skewed lower. Pair undermined by 1.1% fall in UK Rightmove September house price index for third straight month of decline; weak UK CML August mortgage lending (rose GBP11.4 billion for lowest increase in month of August since 2000); concerns over negative impact of fiscal tightening on UK economy. But GBP/USD losses tempered by weak USD sentiment, reduced investor risk aversion, caution before US FOMC announcement. Data focus: 0830 GMT UK August public sector finances. GBP/USD daily chart mixed as MACD bullish, but stochastics falling from overbought. Support at 1.5535 (yesterday's low, matching Thursday's low); breach would expose downside to 1.5446 (Wednesday's low), then 1.5345 (Sept. 14 low), 1.5294 (Sept. 7 low) and 1.5149 (100-day moving average). Resistance at 1.5624 (hourly chart), then at 1.5685 (yesterday's high) and 1.5728 (Friday's high); breach would reinstate near-term positive outlook, exposing upside to 1.5910 (Aug. 10 high), then 1.6002 (Aug. 6 top).

USD/CHF - to consolidate with risks skewed lower. Pair undermined by broadly weak USD sentiment, CHF demand on soft EUR/CHF cross as lingering European sovereign debt concerns weigh. But USD/CHF downside limited by fear of SNB's CHF-selling intervention, caution before US FOMC announcement. Data focus: 0615 GMT Swiss August trade balance. Daily chart mixed as stochastics turning bearish, MACD flat. Support at 1.0026 (yesterday's low); breach would target 0.9995 (Thursday's low), then 0.9945 (Wednesday's low), 0.9930 (10-month low set Sept. 14) and 0.9914 (Nov. 26, 2009 trough); below which would open way down to psychological round-numbered levels from 0.9900 down to 0.9600, then 0.9572 (record low set March 17, 2008). Resistance at 1.0121 (yesterday's high); breach would expose upside to 1.0183 (Friday's high), then 1.0205 (Sept. 13 high), 1.0277 (Sept. 10 reaction high), 1.0315 (Aug. 30 high) and 1.0328 (Aug. 25 high).

2010-09-21_ASIA DAILY FOREX OUTLOOK - Majors

USD/CAD - to consolidate. Pair undermined by improved risk appetite, weak USD sentiment, firmer oil prices (Nymex crude settled up \$1.20 yesterday at \$74.86/bbl). But USD/CAD losses tempered by surprise 0.1% drop in Canadian July wholesale sales (vs expectations for 0.1% rise), caution before US FOMC announcement. Data focus: 1100 GMT Canada August CPI. USD/CAD daily chart mixed as MACD bearish, but stochastics bullish at oversold; inside-day-range pattern completed yesterday. Support at 1.0257 (yesterday's low), then at 1.0208 (Friday's low); breach would reinstate near-term negative bias, exposing downside to 1.0102 (Aug. 5 reaction low), then 1.0010 (April 29 low). Resistance at 1.0346-1.0350 (yesterday's high-Friday's high); breach would target 1.0374 (Sept. 10 high, matching 200-day moving average), then 1.0394 (Sept. 9 high) and 1.0509 (Sept. 8 high).

EUR/JPY - to consolidate. Cross supported by moderating risk aversion, fear of further Japan JPY-selling intervention; but topside limited by lingering European sovereign debt concerns. Daily chart mixed as MACD bullish, but stochastics turning bearish at overbought; inside-day-range pattern completed yesterday. Support at 111.66-111.57 band (yesterday's low-Friday's low); breach would expose downside to 110.63 (Thursday's low, near 55-day moving average), then 109.55 (previous cap set Aug. 30), 107.70 (Wednesday's low) and 106.71 (Sept. 14 low). Resistance at 112.35 (yesterday's high), then at 112.98 (Friday's high); breach would expose upside to 113.93 (Aug. 9 high), then 114.17 (Aug. 2 high) and 114.73 (July 28 reaction high).

EUR/GBP - to trade with risks skewed higher. Daily chart positive-biased as MACD bullish, while stochastics stay elevated at overbought, suggesting sideways or higher EUR/GBP trading near-term. Resistance at 0.8411 (yesterday's high); breach would expose upside to 0.8466 (July 22 high), then 0.8478 (July 21 high) and 0.8532 (July 19 reaction high). Support at 0.8369 (hourly chart), then at 0.8328 (Friday's low); breach would temper near-term positive outlook, targeting 0.8307 (Thursday's low), then 0.8268 (Sept. 13 low), 0.8211 (Sept. 10 low) and 0.8200 (Sept. 8 low).

September 20, 2010 19:34 ET (23:34 GMT)

