

ASIA DAILY FOREX OUTLOOK - Majors

22 Dec 2010, 00:28

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

	Immediate Range	Larger Range
USD/JPY	83.48-83.90	83.17-84.11
EUR/USD	1.3071-1.3202	1.3056-1.3358
AUD/USD	0.9914-0.9995	0.9858-1.0027
NZD/USD	0.7388-0.7465	0.7329-0.7484
GBP/USD	1.5434-1.5518	1.5389-1.5576
USD/CHF	0.9554-0.9657	0.9543-0.9720
USD/CAD	1.0144-1.0208	1.0095-1.0237
EUR/JPY	109.57-110.18	109.00-110.49
EUR/GBP	0.8444-0.8496	0.8430-0.8518

(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 thin trading conditions heading into Christmas break. USD/JPY supported by USD demand for import settlements; JPY-funded carry trades vs AUD, NZD as higher U.S. stocks (DJIA up 0.48% at 2-year closing high) boost risk appetite. But USD/JPY topside limited by Japan exporter sales, lingering concerns over further Chinese policy tightening, JPY demand on soft EUR/JPY cross as concerns persist over European sovereign debt crisis. Data focus: 2350 GMT Japan November provisional trade statistics, 0500 GMT December BOJ monthly report, 1330 GMT U.S. 3Q GDP (3rd estimate), 1500 GMT U.S. November existing home sales. USD/JPY daily chart mixed as stochastics bearish near overbought, MACD flat; 5- & 15-day moving averages meandering sideways. Support at 83.48 (yesterday's low), then at 83.17 (hourly chart); breach would expose downside to 82.82 (Dec. 14 low), then 82.54 (55-day moving average), 82.31 (Dec. 7 low) and 81.63 (Nov. 12 low). Resistance at 83.90 (yesterday's high), then at 84.11 (Monday's high), 84.21 (Friday's high) and 84.44-84.51 band (Thursday's high-Dec. 15 high); breach would expose upside to psychological 85.00, then 85.38 (Sept. 24 high) and 85.94 (Sept. 16 reaction high).

EUR/USD - to trade with bearish bias. Pair weighed down by persistent worries over euro-zone sovereign debt crisis; Moody's placing Portugal's ratings on review for possible downgrade, Fitch Ratings becoming third major credit rating agency this month to put Greece's ratings on review for possible downgrade; surprise drop in German GfK's forward-looking consumer climate index for January to 5.4 from 5.5 in December (vs forecast for rise to 5.7). But EUR sentiment soothed by U.S. Federal Reserve's extension of swap arrangements with ECB (as well as with BOE, BOC, SNB & BOJ) through Aug. 1 to provide USD liquidity which would help ease strains in Europe. EUR/USD daily chart negative-biased as MACD & stochastics; 5-day moving average below 15-day and falling. Support at 1.3071 (yesterday's low); breach would target 1.3056 (Dec. 2 low), then 1.2964 (Nov. 30 reaction low); below which would open way down to 1.2642 (Sept. 10 reaction low). Resistance at 1.3202 (yesterday's high); breach would expose upside to 1.3358 (Friday's high), then 1.3382 (Dec. 15 high), 1.3500 (Dec. 14 high) and 1.3609 (55-day moving average).

AUD/USD - to consolidate. Pair buoyed by firmer commodity prices (CRB spot index up 2.53 yesterday at 326.8), AUD-USD interest differential. But AUD/USD gains tempered by lingering fears over further Chinese monetary policy tightening, contagion from weak euro. Data focus: 2330 GMT Australia October Westpac-Melbourne Institute's indexes of economic activity. AUD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought; meanwhile, 5- & 15-day moving averages rising. Resistance at 0.9995 (yesterday's high); breach would expose upside to 1.0027 (Dec. 14 high), then 1.0086 (Nov. 11 high) and 1.0183 (post-float high set Nov. 5). Support at 0.9914 (yesterday's low), then at 0.9858 (Monday's low) and 0.9836-0.9823 band (Friday's low-Dec. 13 low); breach would expose downside to 0.9773 (Dec. 9 low), then 0.9737 (Dec. 3 low), 0.9625 (Dec. 2 low) and 0.9588 (100-day moving average).

NZD/USD - to consolidate. Pair supported by firmer commodity prices, NZD-USD yield advantage, narrower-than-expected NZ 3Q current account deficit of NZ\$1.77 billion (vs NZ\$2.1 billion deficit forecast). But NZD/USD gains tempered by lingering fears China may tighten monetary policy further, contagion from weak euro. NZD/USD daily chart mixed as MACD bearish, but stochastics bullish at oversold. Resistance at 0.7465 (downtrend line from Dec. 7 high of 0.7666), then at 0.7484 (yesterday's high) and 0.7491 (previous uptrend support line from June 8 low of 0.6569); breach would expose upside to 0.7575 (Dec. 14 high), then 0.7589 (55-day moving average) and 0.7672 (Dec. 3 high). Support at 0.7388 (yesterday's low); breach would target 0.7329 (Thursday's low), then 0.7301 (Sept. 28 low), 0.7259 (Sept. 23 low) and 0.7237 (200-day moving average).

GBP/USD - to trade with risks skewed lower. Pair undermined by record monthly UK public sector borrowing of GBP23.3 billion in November (vs GBP16.8 billion forecast); concerns about UK banks' exposure to Irish debt; lingering worries over negative impact of UK government's austerity measures on UK economy. Data focus: 0930 GMT UK 3Q GDP, 0930 GMT UK 3Q balance of payments, 0930 GMT UK December BOE MPC meeting minutes. GBP/USD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold; 5-day moving average below 15-day and falling. Support at 1.5434 (yesterday's low); breach would target 1.5389 (200-day moving average), then 1.5345 (Sept. 14 low), 1.5294 (Sept. 7 reaction low) and 1.5123 (July 21 reaction low). Resistance at 1.5518 (hourly chart), then at 1.5567-1.5576 band (yesterday's high-Monday's high); breach would expose upside to 1.5646 (Friday's high), then 1.5737 (100-day moving average), 1.5840 (55-day moving average) and 1.5910 (Dec. 14 reaction high).

USD/CHF - to consolidate with risks skewed lower. Pair undermined by CHF demand on soft EUR/CHF cross which hit record low of 1.2547 on EBS yesterday. Daily chart negative-biased as MACD bearish, stochastics revert to bearish mode at oversold; 5- & 15-day moving averages falling. Support at 0.9554 (Friday's low), then 0.9543 (Nov. 5 reaction low); breach would expose downside to 0.9481 (Oct. 15 low), then 0.9463 (record low set Oct. 14) and psychological 0.9400. Resistance at 0.9657 (yesterday's high); breach would expose upside to 0.9720 (Monday's high), then 0.9733 (Thursday's high), 0.9769 (55-day moving average), and 0.9855 (Dec. 13 high).

USD/CAD - to consolidate with risks skewed higher. Pair supported by lower-than-expected Canada November core CPI of +1.4% on year (vs +1.6% forecast); but gains tempered by firmer commodity & oil prices (Nymex crude settled up 45 cents yesterday at \$89.82/bbl); stronger-than-expected 0.8% rise in Canada October retail sales (vs +0.5% forecast). USD/CAD daily chart positive-biased as MACD & stochastics bullish; 5-day moving average staged bullish crossover against 15-day. Resistance at 1.0208 (Monday's high); breach would target 1.0237 (100-day moving average), then 1.0271 (200-day moving average), 1.0286 (Nov. 30 reaction high) and 1.0339 (Oct. 27 reaction high). Support at 1.0144 (yesterday's low); breach would temper near-term positive outlook, targeting 1.0095 (Monday's low), then 1.0035-1.0026 band (Friday's low-Thursday's low), 0.9997 (Dec. 15 low) and 0.9971 (Nov. 11 low).

2010-12-22_00h28_ASIA DAILY FOREX OUTLOOK - Majors

EUR/JPY - to trade with risks skewed lower. Cross undermined by persistent euro-zone sovereign debt concerns, Japan exporter sales. But EUR/JPY losses tempered by Japan importer demand. EUR/JPY daily chart negative-biased as MACD & stochastics bearish; 5-day moving average staged bearish crossover against 15-day. Support at 109.57 (Monday's low); breach would expose downside to psychological 109.00, then 108.33 (Nov. 30 reaction low) and psychological 108.00. Resistance at 110.18 (hourly chart), then at 110.49 (yesterday's high); breach would temper near-term positive outlook, targeting 110.72 (Monday's high), then 111.94 (Friday's high), 112.09 (Dec. 15 high) and 112.20 (Dec. 14 high).

EUR/GBP - to range-trade. Daily chart mixed as MACD bullish, but stochastics in bearish mode. Support at 0.8444 (Monday's low), then at 0.8430 (Dec. 14 low); breach would expose downside to 0.8343 (Dec. 13 low), then 0.8330 (Dec. 1 reaction low), 0.8307 (Sept. 16 reaction low) and 0.8200 (Sept. 8 reaction low). Resistance at 0.8496 (hourly chart), then at 0.8518 (yesterday's high); breach would expose upside to 0.8552 (Friday's high), then 0.8595 (Nov. 22 reaction high, near 55-day moving average) and 0.8649 (previous base set Nov. 1).

December 21, 2010 18:28 ET (23:28 GMT)