

ASIA DAILY FOREX OUTLOOK - Majors

10 Jan 2011, 00:38

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

	Immediate Range	Larger Range
USD/JPY	82.76-83.70	82.62-83.90
EUR/USD	1.2860-1.2944	1.2642-1.3020
AUD/USD	0.9903-0.9994	0.9868-1.0014
NZD/USD	0.7536-0.7637	0.7485-0.7680
GBP/USD	1.5407-1.5578	1.5365-1.5627
USD/CHF	0.9601-0.9707	0.9466-0.9720
USD/CAD	0.9895-1.0003	0.9884-1.0022
EUR/JPY	106.94-108.54	106.71-109.75
EUR/GBP	0.8200-0.8425	0.8152-0.8488

(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 broadly firmer USD undertone (ICE spot dollar index settled up 0.27% Friday at 81.012, last 81.17) as persistent worries over euro-zone debt crisis, weaker global risk sentiment on Friday's disappointing U.S. December jobs report (non-farm payrolls up just 103,000 vs +150,000 expected) encouraged flows to safe-haven USD. Liquidity thin in Asia as markets in Japan closed for holiday. USD/JPY undermined by lower U.S. Treasury yields (10-year fell 7 bps Friday), buy-yen orders from Japan exporters, unwinding of JPY-funded carry trades as investor risk appetite falls. But USD/JPY downside limited by sell-yen orders from Japan importers, fear of Japan MOF JPY-selling intervention. Data focus: 1500 GMT U.S. December employment trends index, 1740 GMT Fed's Lockhart speaks. USD/JPY daily chart mixed as MACD & stochastics bullish; but bearish key-reversal-day pattern completed Friday. Resistance at 83.70 (Thursday's high); breach would target 83.90 (Dec. 21 high), then 84.21 (Dec. 17 high), 84.51 (Dec. 15 reaction high) and 85.38 (Sept. 24 high). Support at 82.85-82.76 band (Friday's low - 55-day moving average), then at 82.62 (hourly chart); breach would expose downside to 81.88 (Wednesday's low), then 81.61 (Tuesday's low), 80.93 (Jan. 3 low) and 80.50 (Nov. 9 low).

EUR/USD - to consolidate with risks skewed lower. Pair undermined by negative global risk sentiment; speculation that rising Portuguese government bond yields and borrowing costs could force country to seek EU/IMF loan bailout; last week's European Commission report proposing bondholders should share burden in paying for future bailouts; reduced eurozone 3Q GDP growth of +0.3% (vs +0.4% estimate); larger-than-expected 0.7% on-month drop in German November industrial production (vs forecast for 0.2% decline). But EUR sentiment soothed by ECB's purchase of Portuguese bonds Friday to prevent steeper sell-off. Data focus: 0700 GMT German November manufacturing turnover. EUR/USD daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, suggesting sideways or lower EUR/USD trading near-term. Support at 1.2860 (hourly chart); breach would expose downside to 1.2642 (Sept. 10 reaction low), then 1.2584 (Aug. 24 trough). Resistance at 1.2944 (hourly chart); then at 1.3020 (Friday's high); breach would temper near-term negative outlook, exposing upside to 1.3170 (Thursday's high), then 1.3325 (Wednesday's high), 1.3433 (Tuesday's high, near 55-day moving average) and 1.3500 (Dec. 14 reaction high).

AUD/USD - to consolidate with bearish bias. Pair undermined by weaker global risk sentiment, concerns over adverse economic impact from month-long floods in Queensland and expectations of reduced near-term tightening bias from RBA; softer commodity prices (CRB spot index ended down 1.13 Friday at 323.94), worries over euro-zone sovereign debt problems and concerns China economic growth may slow down as Beijing tightens policy to combat inflation. But AUD/USD losses tempered by AUD-USD interest rate differential. Data focus: 0030 GMT Australia December ANZ job ads, November retail sales, 0530 GMT Australia December official reserve assets. AUD/USD daily chart negative-biased as MACD & stochastics bearish; 5-day moving average below 15-day and falling. Support at 0.9903 (Friday's low); breach would expose downside to 0.9868 (uptrend line from June 8 low of 0.8086), then 0.9828 (Dec. 16 reaction low), 0.9747 (Dec. 8 reaction low) and 0.9724 (100-day moving average). Resistance at 0.9994 (Friday's high); breach would temper near-term negative outlook, targeting 1.0014 (Thursday's high), then 1.0075 (Wednesday's high), 1.0171 (Tuesday's high) and 1.0223 (Jan. 3 high).

NZD/USD - to range-trade. Pair undermined by weaker global risk sentiment, softer commodity prices, worries over weaker China economic growth and euro-zone sovereign debt crisis; wider-than-expected NZ November trade deficit of NZ\$186 million (vs NZ\$150 million deficit forecast). But NZD/USD losses tempered by NZD-USD yield gap; Kiwi demand on soft AUD/NZD cross. NZD/USD daily chart mixed as stochastics bearish, but MACD still in bullish mode, bullish key-reversal-day pattern completed Friday. Support at 0.7546-0.7536 band (Friday's low-Dec. 29 low); breach would expose downside to 0.7485 (100-day moving average), then 0.7448 (Dec. 24 low), 0.7380 (Dec. 23 low) and 0.7329 (Dec. 16 reaction low). Resistance at 0.7637 (Friday's high); breach would expose upside to 0.7680 (Wednesday's high), then 0.7741 (Tuesday's high), 0.7784 (Jan. 3 high) and 0.7813 (Dec. 30 high).

GBP/USD - to range-trade. Pair undermined by weaker global risk sentiment; worries over adverse impact of UK government's fiscal-tightening program on economy; concerns that worsening inflation may restrain BOE from using monetary easing measures to address any slowdown in UK economy; persistent worries over euro-zone sovereign debt crisis. But GBP/USD losses tempered by GBP demand on soft EUR/GBP cross. GBP/USD daily chart mixed as MACD bullish, stochastics neutral; bullish-engulfing candlestick pattern completed Friday. Support at 1.5407 (Friday's low, near 200-day moving average); breach would target 1.5365 (Dec. 30 low), then 1.5344 (Dec. 28 reaction low), 1.5294 (Sept. 7 reaction low) and 1.5123 (July 21 reaction low). Resistance at 1.5578 (Friday's high); breach would expose upside to 1.5627 (Wednesday's high), then 1.5645 (Tuesday's high), 1.5664 (Dec. 31 high) and 1.5711 (100-day moving average).

USD/CHF - to consolidate with bullish bias. Pair underpinned by broadly firmer USD undertone; fears of SNB's CHF-selling intervention. But USD/CHF gains tempered by CHF demand on soft EUR/CHF cross as worries persist over euro-zone sovereign debt crisis. Data focus: 0815 GMT Swiss November retail sales. Daily chart positive-biased as MACD & stochastics bullish, although latter at overbought; 5-day moving average above 15-day and rising. Resistance at 0.9707 (Thursday's high); breach would target 0.9720 (Dec. 20 high), then 0.9733 (Dec. 16 reaction high), 0.9744 (55-day moving average), 0.9816 (100-day moving average) and 0.9915 (Dec. 8 reaction high). Support at 0.9601 (Friday's low); breach would temper near-term positive outlook, exposing downside to 0.9466 (Wednesday's low), then 0.9316 (Jan. 3 low) and 0.9301 (Dec. 31 record low).

USD/CAD - to consolidate. Pair underpinned by weaker investor risk appetite, softer commodity & oil prices (Nymex crude settled down 35 cents Friday at \$88.03/bbl); worries over euro-zone sovereign debt problems. But USD/CAD gains tempered by CAD demand on bullish CAD crosses; stronger-than-expected Canada December labor force survey (economy added 22,000 new jobs last month vs +20,000 forecast, jobless rate unchanged at 7.6% vs 7.7% forecast). Data focus: 1330 GMT Canada November building permits; 1530 GMT Bank of Canada Business Outlook

2011-01-10_00h38_ASIA DAILY FOREX OUTLOOK - Majors + Survey. USD/CAD daily chart negative-biased as MACD bearish, stochastics reverting to bearish mode at oversold. Support at 0.9895 (Friday's low); breach would target 0.9884 (Jan. 3 low), then 0.9816 (May 21, 2008 reaction low) and 0.9708 (Feb. 28, 2008 reaction low). Resistance at 1.0003 (Friday's high); breach would target 1.0022 (Wednesday's high), then 1.0033 (Tuesday's reaction high), 1.0054 (Dec. 29 high), 1.0093 (55-day moving average) and 1.0115 (Dec. 24 high).

EUR/JPY - to trade with risks skewed lower. Cross undermined by reduced investor risk appetite as worries persist over European sovereign debt. EUR/JPY daily chart negative-biased as MACD & stochastics in bearish mode; bearish parabolic stop-and-reverse signal hit at 107.74 Friday. Support at 106.94 (Friday's low); breach would target 106.71 (Sept. 14 low), then psychological 106.00, 105.80 (Sept. 8 low) and 105.44 (Aug. 24 trough). Resistance at 108.54 (Friday's high); breach would temper near-term negative outlook, exposing upside to 109.65-109.75 band (Thursday's high-Wednesday's high), then 110.24 (Tuesday's high), 110.49 (Dec. 21 high) and 110.72 (Dec. 20 high).

EUR/GBP - to trade with risks skewed lower. Daily chart negative-biased as MACD & stochastics bearish, although latter at oversold, 5-day moving average below 15-day and falling. Support at 0.8200 (Sept. 8 reaction low); breach would target 0.8159-0.8152 band (Aug. 30 low-Aug. 26 low), then 0.8139 (Aug. 23 reaction low) and 0.8065 (June 29 trough). Resistance at 0.8425 (Friday's high); breach would temper near-term negative outlook, exposing upside to 0.8488 (Thursday's high), then 0.8542 (Wednesday's high), 0.8636 (Tuesday's high) and 0.8648 (Dec. 31 high, matching previous base set Nov. 1).

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