

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).

January 09, 2011 18:38 ET (23:38 GMT)