

ASIA DAILY FOREX OUTLOOK - Majors

11 Jan 2011, 01:21

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

	Immediate Range	Larger Range
USD/JPY	82.64-83.28	81.88-83.70
EUR/USD	1.2871-1.2964	1.2642-1.3020
AUD/USD	0.9880-0.9982	0.9828-0.9994
NZD/USD	0.7568-0.7647	0.7536-0.7680
GBP/USD	1.5474-1.5602	1.5407-1.5627
USD/CHF	0.9628-0.9733	0.9601-0.9810
USD/CAD	0.9908-0.9983	0.9895-1.0003
EUR/JPY	106.83-107.68	106.71-108.54
EUR/GBP	0.8283-0.8339	0.8200-0.8425

(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 lower, undermined by unwinding of JPY-funded carry trades amid negative global risk sentiment (VIX fear gauge rose 2.33% to 17.54 overnight) as euro-zone debt troubles fester. USD/JPY also weighed by lower U.S. Treasury yields (10-year fell 4 bps overnight), Japan exporter sales; but losses tempered by USD demand for import settlements, fear of Japan MOF JPY-selling intervention. Data focus: 0500 GMT Japan November indexes of business conditions (preliminary), 1230 GMT U.S. December NFIB index of small business optimism, 1330 GMT Fed's Plosser speech, 1500 GMT U.S. November wholesale trade, 1500 GMT U.S. January IBD/TIPP economic optimism index, 1900 GMT Fed's Kocherlakota speaks. USD/JPY daily chart mixed as MACD bullish, but stochastics turning bearish. Support at 82.64 (yesterday's low); breach would expose downside to 81.88 (Wednesday's low), then 81.61 (Jan. 4 low), 80.93 (Jan. 3 low) and 80.50 (Nov. 9 low). Resistance at 83.28 (yesterday's high); breach would expose upside to 83.70 (Thursday's high), then 83.90 (Dec. 21 high), 84.21 (Dec. 17 high) and 84.51 (Dec. 15 reaction high).

EUR/USD - to consolidate with risks skewed lower. Pair undermined by worries Portugal's debt sale tomorrow might not go well as investors nervous about country's economic prospects; mounting speculation Portugal will seek EU/IMF loan bailout as its borrowing costs increase; fear of debt contagion spreading to Spain. "Greece, Ireland, and Portugal are likely to be insolvent," says BlueGold Capital Management's Stephen Jen; adds further escalation in European debt crisis likely and sees substantially weaker euro ahead, with AAA-ratings of some EMU countries under threat as they face pressure to finance more bailouts. But EUR sentiment soothed by news of ECB's purchases of bonds issued by highly indebted euro-zone countries, Germany's denial it was forcing 'anybody' to accept bailout. 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 1.2871 (yesterday's low); breach would expose downside to 1.2642 (Sept. 10 reaction low), then 1.2584 (Aug. 24 trough). Resistance at 1.2964 (yesterday's high); then at 1.3020 (Friday's high); breach would expose upside to 1.3170 (Thursday's high), then 1.3325 (Wednesday's high), 1.3392 (100-day moving average), 1.3409 (55-day moving average) and 1.3433 (Jan. 4 high, near).

AUD/USD - to consolidate with bearish bias. Pair undermined by weaker global risk sentiment, expectations of reduced near-term tightening bias from RBA; worries over euro-zone sovereign debt problems and concerns China's economic growth may slow down as Beijing tightens policy to combat inflation and weaker-than-expected Chinese December export data. But AUD/USD losses tempered by firmer commodity prices (CRB spot index ended up 2.91 yesterday at 326.85), AUD-USD interest rate differential. Data focus: 0030 GMT Australia November international trade in goods & services. AUD/USD daily chart negative-biased as MACD & stochastics bearish; 5-day moving average below 15-day and falling. Support at 0.9880 (yesterday's low, matching uptrend line from June 8 low of 0.8086); breach would expose downside to 0.9828 (Dec. 16 reaction low), then 0.9747 (Dec. 8 reaction low) and 0.9735 (100-day moving average). Resistance at 0.9982 (yesterday's high), then at 0.9994 (Friday's high); breach would target 1.0014 (Thursday's high), then 1.0075 (Wednesday's high), 1.0171 (Jan. 4 high) and 1.0223 (Jan. 3 high).

NZD/USD - to range-trade. Pair undermined by weaker global risk sentiment, worries over weaker China economic growth and euro-zone sovereign debt crisis. But NZD/USD losses tempered by firmer commodity prices, NZD-USD yield gap, Kiwi demand on soft AUD/NZD cross. NZD/USD daily chart mixed as stochastics neutral, MACD in bullish mode. Support at 0.7568 (yesterday's low), then at 0.7546-0.7536 band (Friday's low-Dec. 29 low); breach would expose downside to 0.7491 (100-day moving average), then 0.7448 (Dec. 24 low), 0.7380 (Dec. 23 low) and 0.7329 (Dec. 16 reaction low). Resistance at 0.7647 (yesterday's high); breach would expose upside to 0.7680 (Wednesday's high), then 0.7741 (Jan. 4 high), 0.7784 (Jan. 3 high) and 0.7813 (Dec. 30 high).

GBP/USD - to range-trade. Pair undermined by weaker global risk sentiment; larger-than-expected 1.3% drop in Halifax house price index last month (vs forecast for 0.5% decline), worries over adverse impact of UK government's fiscal-tightening program on economy and euro-zone sovereign debt crisis. But GBP/USD supported by PM Cameron's weekend comments on high inflation and some market participants bringing forward their BOE rate hike expectations; GBP demand on soft EUR/GBP cross. GBP/USD daily chart positive-biased as MACD & stochastics bullish. Resistance at 1.5602 (yesterday's high); breach would target 1.5627 (Wednesday's high), then 1.5645 (Jan. 4 high), 1.5664 (Dec. 31 high), 1.5713 (100-day moving average) and 1.5749 (55-day moving average). Support at 1.5474 (yesterday's low), then 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).

USD/CHF - to consolidate with bullish bias. Pair underpinned by fears of more decisive action by SNB to curb CHF strength as government announced plans to hold roundtable talk with key representatives of Switzerland's banking, machinery and tourism industry Friday to discuss rising CHF. But USD/CHF gains tempered by CHF demand on soft EUR/CHF cross as worries persist over euro-zone sovereign debt crisis. Daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher USD/CHF trading near-term. Resistance at 0.9726-0.9733 band (yesterday's high-Dec. 16 reaction high, near 55-day moving average); breach would expose upside to 0.9810 (100-day moving average), then 0.9915 (Dec. 8 reaction high). Support at 0.9628 (yesterday's low), then at 0.9601 (Friday's low); breach would expose 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, worries over euro-zone sovereign debt problems. But USD/CAD gains tempered by firmer commodity & oil prices (Nymex crude settled up \$1.22 yesterday at \$89.25/bbl on closure of Trans-Alaska Pipeline). Data focus: 1315 GMT Canada December housing starts. USD/CAD daily chart still negative-biased as MACD & stochastics bearish, although latter at oversold; inside-day-range pattern completed yesterday. Support at 0.9908 (yesterday's low), then at 0.9895

2011-01-11\_01h21\_ASIA DAILY FOREX OUTLOOK - Majors +  
(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 0.9983 (yesterday's high), then at 1.0003 (Friday's high); breach would target 1.0022 (Wednesday's high), then 1.0033 (Jan. 4 reaction high), 1.0054 (Dec. 29 high), 1.0087 (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; Japan exporter sales. But EUR/JPY losses tempered by Japan importer demand. EUR/JPY daily chart negative-biased as MACD & stochastics in bearish mode; 5- & 15-day moving averages falling. Support at 106.83 (yesterday's low); breach would target 106.71 (Sept. 14 low), then psychological 106, 105.80 (Sept. 8 low) and 105.44 (Aug. 24 trough). Resistance at 107.68 (yesterday's high); breach would expose upside to 108.54 (Friday's high), then 109.65-109.75 band (Thursday's high-Wednesday's high), 110.24 (Jan. 4 high) and 110.49 (Dec. 21 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 0.8283 (yesterday's low); breach would expose downside to 0.8200 (Sept. 8 reaction low), then 0.8159-0.8152 band (Aug. 30 low-Aug. 26 low), 0.8139 (Aug. 23 reaction low) and 0.8065 (June 29 trough). Resistance at 0.8339 (yesterday's high); breach would expose upside to 0.8425 (Friday's high), then 0.8488 (Thursday's high), 0.8542 (Wednesday's high) and 0.8636 (Jan. 4 high).

January 10, 2011 19:21 ET (00:21 GMT)