

## ASIA DAILY FOREX OUTLOOK - Majors

31 Jan 2011, 00:33

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

	Immediate Range	Larger Range
USD/JPY	81.61-82.46	80.93-82.93
EUR/USD	1.3570-1.3680	1.3536-1.3746
AUD/USD	0.9873-0.9944	0.9857-0.9985
NZD/USD	0.7668-0.7739	0.7641-0.7793
GBP/USD	1.5823-1.5873	1.5779-1.5966
USD/CHF	0.9383-0.9470	0.9316-0.9481
USD/CAD	0.9964-1.0033	0.9922-1.0046
EUR/JPY	111.00-111.92	110.57-112.95
EUR/GBP	0.8552-0.8635	0.8524-0.8653

(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 global risk sentiment (VIX fear gauge shot up 24.09% Friday to 20.04) as political turmoil in Egypt threatened to spread across North Africa, triggering capital flows to safe-haven yen, Swiss franc and dollar. USD/JPY supported by improved USD sentiment (ICE spot dollar index settled up 0.52% Friday at 78.133, last 78.26) as U.S. 4Q GDP growth came in at decent 3.2% (though below +3.5% forecast), better-than-expected University of Michigan January final consumer confidence index of 74.2 (vs 73.5 forecast); USD demand for import settlements; fear of Japan MOF JPY-selling intervention. But USD/JPY gains tempered by selling of yen-crosses amid decreased investor risk appetite, likely falls on Asian equity markets following Wall Street's plunge Friday (DJIA down 1.39%, Nasdaq down 2.48%), Japan exporter sales, lower U.S. Treasury yields (10-year down 6 bps), concerns over further Chinese monetary policy tightening - China's central bank chief Zhou Xiaochuan indicated in interview with Dow Jones Newswires Sunday that PBOC remains primed to raise interest rates and take other action to curb inflation. Data focus: 2350 GMT Japan December preliminary industrial production, Japan provisional trade statistics for first 10 days of January, 0500 GMT Japan December housing starts & construction orders, 1330 GMT U.S. January ISM-NY business index, U.S. December personal income & spending, 1445 GMT U.S. January ISM-Chicago PMI, 1530 GMT January Texas manufacturing outlook survey. USD/JPY daily chart mixed as MACD flat, stochastics neutral; 5- & 15-day moving averages meandering sideways. Support at 81.61 (Jan. 4 low); breach would expose downside to 80.93 (Jan. 3 low), then 80.50 (Nov. 9 low), 80.21 (15-year low set Nov. 1) and 79.75 (record low set on Apr. 19, 1995). Resistance at 82.46 (hourly chart); breach would expose upside to 82.93 (Friday's high), then 83.20 (Thursday's high), 83.50 (Jan. 11 high) and 83.70 (Jan. 7 reaction high).

EUR/USD - to trade with risks skewed lower. Pair undermined by unwinding of long-EUR carry trades on increased risk aversion as political unrest in Egypt threatens to spread to neighboring Arab countries; rise in Spain's unemployment rate to 20.3% in 4Q10 from 19.8% in 3Q10. But EUR/USD losses tempered by diminished investor concerns over eurozone sovereign crisis; rise in eurozone retail PMI to 55.8 in January from 52.9 last month; expectations ECB could tighten monetary policy to combat rising inflation after recent hawkish rhetoric from central bank chief Trichet. Data focus: 0700 GMT German December retail sales, 1000 GMT January flash estimate euro area inflation. EUR/USD daily chart mixed as MACD bullish, but stochastics have turned bearish at overbought. Support at 1.3570 (Tuesday's low); breach would target 1.3536 (Jan. 24 low), then 1.3498 (100-day moving average), 1.3445 (Jan. 21 low) and 1.3393 (Jan. 20 low). Resistance at 1.3680 (hourly chart); breach would expose upside to 1.3746 (Friday's high), then 1.3759 (Thursday's high), 1.3786 (Nov. 22 reaction high) and 1.3950 (76.4% Fibonacci retracement of 1.4283-1.2871 Nov. 4-Jan. 10 decline).

AUD/USD - to trade with risks skewed lower. Pair undermined by unwinding of long-Aussie carry trades amid increased investor risk aversion; concerns over further Chinese monetary policy tightening; expectations for fewer RBA interest-rate hikes this year. But AUD/USD losses tempered by Aussie-USD yield gap; firmer commodity prices (CRB spot index closed up 4.05 Friday at 335.44). Data focus: 0000 GMT Australia January TD Securities monthly inflation gauge, 0030 GMT December financial aggregates (including private sector credit), 0530 GMT Australia December international reserves. AUD/USD daily chart negative-biased as MACD & stochastics in bearish mode. Support at 0.9873 (Thursday's low); breach would target 0.9857 (Jan. 24 low, near 100-day moving average), then 0.9828 (Jan. 20 reaction low), 0.9801 (Jan. 12 reaction low) and 0.9747 (Dec. 8 reaction low). Resistance at 0.9944 (hourly chart), then at 0.9985 (Friday's high); breach would temper near-term negative outlook, targeting 1.0001 (Thursday's high), then 1.0022 (Jan. 24 high), 1.0076 (Jan. 19 high) and 1.0171 (Jan. 4 high).

NZD/USD - to consolidate with risks skewed lower; markets in NZ closed for holiday. NZD/USD undermined by unexpected widening of NZ December goods trade deficit to NZ\$250 million (vs forecast that trade figures would be in balance); unwinding of long-Kiwi carry trades on higher risk aversion; worries China may tighten monetary policy further. But NZD/USD losses tempered by Kiwi-U.S. yield advantage, firmer commodity prices. NZD/USD daily chart mixed as MACD bullish, but stochastics turning bearish; bearish shooting-star candlestick pattern completed Friday. Support at 0.7668 (Thursday's low); breach would target 0.7641 (Wednesday's low), then 0.7618 (Tuesday's low), 0.7558 (Jan. 24 low), 0.7521 (Jan. 21 low) and 0.7448 (Dec. 24 low). Resistance at 0.7739 (hourly chart), then at 0.7793 (Friday's high); breach would target 0.7813 (Dec. 31 reaction high), then 0.7835 (Nov. 22 reaction high) and 0.7872 (Nov. 11 high).

GBP/USD - to consolidate with bearish bias. Pair undermined by higher investor risk aversion, GfK NOP poll showing its headline measure of UK consumer confidence fell to 22-month low of minus 29 in January from minus 21 last month; concerns UK government's fiscal tightening measures will crimp already-weak UK economic growth even further. But GBP/USD losses tempered by lingering effect from last week's more-hawkish-than-expected BOE MPC minutes. Data focus: 1100 GMT UK December Land Registry house price index. GBP/USD daily chart negative-biased as stochastics bearish; positive MACD histogram bars contracting; 5-day moving average staging bearish crossover against 15-day MA. Support at 1.5823 (Friday's low); breach would expose downside to 1.5779 (100-day moving average), then 1.5768 (Wednesday's low), 1.5750 (Tuesday's low), 1.5707 (55-day moving average), 1.5617 (61.8% Fibonacci retracement of 1.5344-1.6059 Dec. 28-Jan. 18 advance) and 1.5579 (Jan. 12 low). Resistance at 1.5873 (hourly chart); breach would expose upside to 1.5966 (Friday's high), then 1.5990 (Thursday's high), 1.6017 (Tuesday's high), 1.6037 (Jan. 19 high) and 1.6059 (Jan. 18 reaction high).

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USD/CHF - to consolidate with bearish bias. Pair undermined by safe-haven capital flows to CHF as unrest in Egypt continues, CHF demand on falling EUR/CHF cross, better-than-expected Swiss January KOF economic barometer of 2.10 (vs 2.05 forecast). But USD/CHF losses tempered by broadly stronger USD undertone; fear of SNB's CHF-selling intervention. Daily chart negative-biased as MACD bearish, while stochastics stay suppressed at oversold, suggesting sideways or lower USD/CHF trading near-term. Support at 0.9383 (Friday's low); breach would expose downside to 0.9316 (Jan. 3 low), then 0.9301 (Dec. 31 record low) and psychological 0.9200. Resistance at 0.9470 (Friday's high), then at 0.9481 (Thursday's high); breach would expose upside to 0.9523 (Tuesday's high), then 0.9632 (Jan. 24 high), 0.9690 (Jan. 21 high, matching 55-day moving average) and 0.9723 (100-day moving average).

USD/CAD - to trade with bullish bias. Pair underpinned by increased global risk aversion, improved USD sentiment; but gains tempered by firmer commodity & oil prices (Nymex crude settled up \$3.70 Friday at \$89.34/bbl as Middle East turmoil sparked fears oil shipments through Suez Canal could be disrupted). Data focus: 1330 GMT Canada November GDP, December industrial product & raw materials price indexes. USD/CAD daily chart positive-biased as MACD & stochastics bullish; 5-day moving average above 15-day MA and rising. Resistance at 1.0030-1.0033 band (Jan. 20 high-Jan. 4 reaction high); breach would target 1.0046 (55-day moving average), then 1.0115 (Dec. 24 high, near 100-day moving average) and 1.0165 (Dec. 23 high). Support at 0.9964 (hourly chart), then at 0.9922 (Thursday's low); breach would temper near-term positive outlook, targeting 0.9905 (Tuesday's low), then 0.9884 (Jan. 19 low), 0.9827 (Jan. 18 low) and 0.9816 (May 21, 2008 reaction low).

EUR/JPY - to trade with risks skewed lower. Cross undermined by unwinding of carry trades on higher risk aversion as riots in Egypt continue, worries over further Chinese monetary tightening, Japan exporter sales. But EUR/JPY losses tempered by Japan importer demand. EUR/JPY daily chart mixed as MACD bullish, but stochastics have turned bearish at overbought. Support at psychological 111.00 (roughly matching previous cap set Jan. 14); breach would target 110.57 (55-day moving average), then 110.30 (Jan. 20 low), psychological 110.00 and 109.54 (Jan. 17 low). Resistance at 111.92 (200-day moving average); breach would expose upside to 112.95 (hourly chart), then 114.00 (Thursday's high), 114.95 (Nov. 22 reaction high), and 115.42 (Nov. 4 reaction high).

EUR/GBP - to consolidate. Daily chart mixed as MACD bullish, but stochastics bearish at overbought. Support at 0.8552 (100-day moving average); breach would expose downside to 0.8524 (Tuesday's low), then 0.8489 (Jan. 24 low), 0.8458 (Jan. 21 low) and 0.8410 (Jan. 20 low). Resistance at 0.8635 (hourly chart), then at 0.8653 (Friday's high); breach would target 0.8672 (Wednesday's high), then 0.8817 (Nov. 4 reaction high) and 0.8941 (Oct. 25 top).

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