

2010-04-09_ASIA DAILY FOREX OUTLOOK - Majors

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

	Immediate Range	Larger Range
USD/JPY	92.81-93.48	92.26-93.83
EUR/USD	1.3290-1.3366	1.3278-1.3408
AUD/USD	0.9221-0.9297	0.9163-0.9330
NZD/USD	0.7003-0.7078	0.6961-0.7094
GBP/USD	1.5167-1.5286	1.5126-1.5306
USD/CHF	1.0712-1.0794	1.0677-1.0809
USD/CAD	0.9991-1.0104	0.9972-1.0129
EUR/JPY	124.13-125.39	123.41-126.15
EUR/GBP	0.8735-0.8784	0.8656-0.8819

(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 higher, underpinned by buying of yen crosses amid improved risk sentiment (VIX fear gauge fell 0.84% to 16.48) as worries eased slightly over Greece's debt problems, while U.S. stocks ended with modest gains overnight (DJIA up 0.27%) on stronger-than-expected March retailers' same-store sales. USD/JPY also supported by USD demand for import settlements, higher U.S. Treasury yields. But USD/JPY gains tempered by Japan exporter sales, positions adjustment before weekend; surprise 18,000 jump in U.S. jobless claims last week (against forecast for 1,000 drop). Data focus: 0030 GMT Fed Chairman Bernanke speaks, 1400 GMT U.S. February wholesale trade. USD/JPY daily chart mixed as stochastics bearish but MACD still in bullish mode. Resistance at 93.48 (yesterday's high), then at 93.83 (hourly chart); breach would target 94.26 (Wednesday's high), then 94.37 (Tuesday's high), 94.78 (Monday's high) and 95.00-95.06 band (psychological level - Aug. 24 reaction high, roughly matching 61.8% Fibonacci retracement of decline from April 6, 2009 high of 101.45 to Nov. 27, 2009 low of 84.81). Support at 92.81 (yesterday's low); breach would expose downside to 92.26 (50% Fibonacci correction of 89.74-94.78 March 18-April 5 advance), then 92.10 (March 30 low), 91.74 (March 25 low) and 91.66 (61.8% correction).

EUR/USD - to consolidate with risks skewed higher. ECB yesterday left rates unchanged at 1%, confirmed it will extend period accepting lower-rated collateral from euro-zone banks, effectively allowing it to continue accepting higher-risk paper from Greek banks. EUR/USD supported by EUR demand for long-EUR carry trades on improved market risk appetite, ECB President Trichet's comments "default is not an issue for Greece", rescue scheme is "workable", while Greek Finance Ministry said country's 1Q10 budget deficit narrowed to EUR4.3 billion from EUR7.1 billion in 1Q09. But EUR sentiment dented by disappointing German February industrial production figures (flat vs forecast for 1.0% rise), weak euro-zone February retail sales (fell 0.6% on month for largest decline since December 2008, vs flat forecast). Data focus: 0600 GMT German February manufacturing turnover, 1530 GMT ECB's Trichet speaks. EUR/USD daily chart mixed as MACD & stochastics in bearish mode but bullish hammer candlestick pattern completed yesterday. Resistance at 1.3366 (yesterday's high), then at 1.3408 (Wednesday's high); breach would expose upside to 1.3496 (Tuesday's high), then 1.3538 (Monday's high), 1.3591 (April 2 reaction high) and 1.3634 (55-day moving average). Support at 1.3290 (hourly chart), then at 1.3278 (yesterday's low) and 1.3265 (10-month low hit March 25); breach would expose downside to psychological 1.3200, 1.3100 levels, then 1.3090 (76.4% Fibonacci retracement level of advance from March 4, 2009 low of 1.2455 to Nov. 25, 2009 high of 1.5144).

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AUD/USD - to consolidate with bullish bias. Pair underpinned by AUD demand for long-AUD carry trades on better investor risk appetite, divergent Fed-RBA monetary policies; but gains tempered by softer commodity prices (CRB spot index closed down 2.34 yesterday at 275.25), positions adjustment before weekend. Data focus: 0630 GMT Australia March official reserve assets. AUD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher AUD/USD trading near-term. Resistance at 0.9297 (Wednesday's high); breach would target 0.9330 (Jan. 14 reaction high), then 0.9405 (Nov. 16 top) and psychological 0.9500 level. Support at 0.9221 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 0.9163 (Tuesday's low), then 0.9149 (April 1 low), 0.9130 (March 31 low) and 0.9030 (March 29 low).

NZD/USD - to range-trade. Pair underpinned by NZD demand for long-NZD carry trades on higher risk appetite; but gains tempered by softer commodity prices. NZD/USD daily chart mixed as stochastics in bullish mode, but MACD bearish, while 5- & 15-day moving averages meandering sideways. Resistance at 0.7078 (yesterday's high), then at 0.7094 (Wednesday's high); breach would target 0.7111-0.7115 band (April 1-March 31 highs, matching 100-day moving average), then 0.7132 (March 30 high), 0.7158 (March 19 high) and 0.7174-0.7178 band (March 18-March 17 highs). Support at 0.7003 (yesterday's low); breach would target 0.6967-0.6961 band (Tuesday's low-March 11 reaction low), then 0.6847 (March 4 reaction low).

GBP/USD - to consolidate with risks skewed higher. BOE yesterday left its policy rate unchanged at 0.5% as widely anticipated, kept its quantitative easing program at GBP200 billion. GBP/USD supported by improved market risk sentiment, UK Halifax March house prices jumped 5.2% on year (vs +4.7% forecast) for strongest gain since December 2007, strong UK February industrial production (rose 1.0% vs +0.5% expected), latest opinion poll showing Conservative Party lead has risen to 9 points over Labour which reduces odds of hung UK parliament after May 6 general elections. But GBP/USD gains tempered by continued concerns over weak UK fiscal situation. Data focus: 0830 GMT UK March producer prices. GBP/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher GBP/USD trading near-term. Resistance at 1.5286 (Wednesday's high), then at 1.5306 (Tuesday's high) and 1.5319 (Monday's high); breach would target 1.5380 (March 17 reaction high, just below 55-day moving average), then 1.5575 Feb. 23 reaction high) and 1.5816 (Feb. 17 reaction high). Support at 1.5167 (hourly chart), then at 1.5126 (Tuesday's low); breach would temper near-term positive outlook, exposing downside to 1.5041 (March 31 low), then 1.4972 (March 30 low) and 1.4890 (March 29 low).

USD/CHF - to consolidate with risks skewed lower. Pair undermined by broadly weaker USD undertone, drop in Swiss unemployment to 4.2% in March from February's 4.4%. But USD/CHF losses tempered by fears of more CHF-selling FX intervention by SNB, positions adjustment before weekend. Daily chart mixed as MACD & stochastics in bullish mode; but bearish shooting-star candlestick pattern completed yesterday. Support at 1.0712 (yesterday's low); breach would target 1.0677 (Wednesday's low), then 1.0609 (Tuesday's low), 1.0580 (Monday's low), 1.0532 (April 2 low) and 1.0484 (100-day moving average). Resistance at 1.0786-1.0794 band (yesterday's-March 10 highs), then at 1.0809 (March 5 high); breach would expose upside to 1.0889-1.0898 band (March 2-Feb. 19 highs), then 1.0934 (July 30 reaction high) and 1.1020 (June 24 reaction high).

USD/CAD - to consolidate as markets await 1100 GMT Canada March employment report (8.1% expected vs February's 8.2%; jobs likely rose 26,000 vs +20,900 in February). USD/CAD undermined by positive risk sentiment, weaker global USD, expectations BOC will raise interest rates ahead of Fed. But USD/CAD losses tempered by softer commodity and oil prices (Nymex crude settled down 49 cents yesterday at \$85.39/bbl), positions adjustment before weekend. USD/CAD daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support at

2010-04-09_ASIA DAILY FOREX OUTLOOK - Majors

0.9991 (hourly chart), then at 0.9972 (July 15, 2008 reaction low); breach would expose downside to 0.9816 (May 21, 2008 reaction low). Resistance at 1.0104 (yesterday's high, roughly matching 31.8% Fibonacci correction of 1.0302-0.9974 March 26-April 7 decline); breach would target 1.0129 (April 2 high), then 1.0138 (50% correction), 1.0161 (April 1 high), 1.0177 (61.8% correction) and 1.0200 (March 31 high).

EUR/JPY - to consolidate with risks skewed higher. Cross supported by carry trades amid positive risk sentiment, diminished worries over Greek debt woes, EUR short-covering before weekend. EUR/JPY daily chart mixed as stochastics bearish, but MACD still in bullish mode, bullish hammer candlestick pattern completed yesterday. Resistance at 125.39 (hourly chart); breach would expose upside to 126.15 (Wednesday's high), then 127.35 (Tuesday's high), 127.91 (April 2 high) and 128.36 (Jan. 26 reaction high). Support at 124.13 (hourly chart); breach would expose downside to 123.41 (yesterday's low), then 122.96 (March 26 low) and 122.24 (March 25 low, near uptrend line from March 2 low of 119.73).

EUR/GBP - to consolidate with bearish bias after hitting 7-week low of 0.8735 yesterday. Daily chart negative-biased as MACD & stochastics bearish, although latter near oversold, suggesting sideways or lower EUR/GBP trading near-term. Support at 0.8735 (yesterday's low); breach would expose downside to 0.8661-0.8656 band (Feb. 18-Feb. 12 lows), then 0.8593 (Jan. 28 trough). Resistance at 0.8784 (yesterday's high); breach would temper near-term negative outlook, targeting 0.8819 (Wednesday's high), then 0.8859 (Monday-Tuesday high, matching 55-day moving average), 0.8878 (200-day moving average) and 0.8895 (April 2 high).

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