

2010-06-03_ASIA DAILY FOREX OUTLOOK - Majors

ASIA DAILY FOREX OUTLOOK - Majors

3 Jun 2010, 01:27

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

	Immediate Range	Larger Range
USD/JPY	91.76-92.36	90.89-92.50
EUR/USD	1.2172-1.2275	1.2109-1.2353
AUD/USD	0.8273-0.8436	0.8200-0.8476
NZD/USD	0.6715-0.6846	0.6699-0.6861
GBP/USD	1.4552-1.4769	1.4437-1.4916
USD/CHF	1.1524-1.1602	1.1467-1.1730
USD/CAD	1.0367-1.0429	1.0332-1.0573
EUR/JPY	111.73-113.67	110.99-114.05
EUR/GBP	0.8315-0.8384	0.8278-0.8419

(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 positive bias after hitting 2-week high of 92.36 yesterday, amid broad-based JPY weakness as market participants speculate Japan Finance Minister Kan, a yen bear, may replace Hatoyama as Prime Minister. USD/JPY underpinned by JPY-funded carry trades on diminished investor risk aversion (VIX fear gauge eased 15.11% to 30.17), large U.S. stocks gains overnight (DJIA up 2.25%) as U.S. April pending home sales surged 6% (vs +5% expected), while Detroit automobile makers reported big gains in U.S. May sales. USD/JPY also supported by higher U.S. Treasury yields, USD demand for import settlements, expectations for healthy May U.S. non-farm payrolls report tomorrow (jobs likely up 563,000 vs 290,000 growth in April). But USD/JPY gains tempered by Japan exporter sales, lingering worries over euro-zone debt crisis. Data focus: 1130 GMT Fed's Lockhart speaks, 1215 GMT U.S. May ADP national employment report, 1230 GMT 1Q revised non-farm productivity, unit labor costs, 1230 GMT U.S. May 29 weekly jobless claims, 1400 GMT May ISM non-manufacturing composite index, April Factory Orders, 1515 GMT Fed Chairman Bernanke speaks, 1715 GMT Fed's Hoenig speaks. USD/JPY daily chart positive-biased as MACD & stochastics bullish mode. Resistance at 92.36 (yesterday's high), then at 92.50 (55-day moving average); breach would expose upside to 92.96 (May 18 high), then 93.64 (May 13 reaction high) and psychological 94.00. Support at 91.76 (hourly chart); breach would expose downside to 90.89 (yesterday's low), then 90.52 (Tuesday's low), 89.79 (May 26 low) and 89.24 (May 25 low).

EUR/USD - to range-trade. Pair supported by improved investor risk sentiment, higher-than-expected euro-zone April PPI (up 0.9% vs +0.7% forecast). But EUR/USD topside limited by EUR diversification concerns after Iranian news agency reported Iran would convert EUR45 billion from its reserves into USD & gold, sparking fears other sovereigns may trim EUR holdings in their reserves; lingering fears of euro zone's sovereign-debt crisis infecting region's financial sector; contrasting eurozone/U.S. economic picture. Data focus: 0755 GMT German May services PMI, 0800 GMT euro-zone May services PMI, 0900 GMT euro-zone April retail trade. EUR/USD daily chart mixed as MACD bullish, but stochastics staying suppressed at oversold; inside-day-range pattern completed yesterday. Resistance at 1.2275 (yesterday's high); breach would expose upside to 1.2353 (Tuesday's high), then 1.2452 (Friday's high), 1.2559 (May 24 high) and 1.2672 (May 21 high). Support at 1.2172 (yesterday's low); breach would expose downside to 1.2109 (Tuesday's 4-year low), then psychological 1.2000, 1.1823 (Feb. 27, 2006 reaction low) and 1.1775 (Dec. 30, 2005 reaction low).

AUD/USD - to trade with risks skewed higher. Pair underpinned by Aussie demand for long-AUD carry trades on better investor risk appetite, firmer commodity

2010-06-03_ASIA DAILY FOREX OUTLOOK - Majors

prices (CRB spot index ended up 0.55 at 252.94 yesterday); but gains tempered by lingering worries over Chinese economic slowdown which would crimp demand for Aussie exports. Data focus: 0130 GMT Australia April international trade in goods & services, 0200 GMT May VFACTS vehicle sales. AUD/USD daily chart mixed as MACD turning bullish, stochastics neutral. Resistance at 0.8436 (hourly chart), then at 0.8476 (Tuesday's high) and 0.8515 (Monday's high); breach would expose upside to 0.8551 (Friday's high), then 0.8576 (previous base set Feb. 5), 0.8637 (May 19 high) and 0.8714 (previous base set May 6). Support at 0.8273 (yesterday's low); breach would expose downside to 0.8200 (hourly chart), then 0.8188 (May 26 low), 0.8065 (10-month low set May 25) and psychological 0.8000.

NZD/USD - to trade with risks skewed higher. Pair underpinned by NZD demand for long-NZD carry trades on higher risk appetite, firmer commodity prices, expectations RBNZ will raise policy rate from 2.5% at its June 10 meeting. NZD/USD daily chart positive-biased as stochastics in bullish mode, MACD turning bullish, though inside-day-range pattern completed yesterday. Resistance at 0.6839-0.6846 band (Tuesday's high-Monday's high), then at 0.6861 (Friday's high) and 0.6876 (May 20 high); breach would expose upside to 0.6913 (previous base set May 17), then 0.7039 (May 18 high). Support at 0.6715 (yesterday's low), then at 0.6699 (Tuesday's low); breach would expose downside to 0.6623 (May 27 low), then 0.6602 (May 26 low) and 0.6559 (9-month low set May 25).

GBP/USD - to consolidate with risks skewed higher. Pair supported by improved sentiment from higher equities, M&A flows as UK insurer Prudential has abandoned its \$35.5 billion bid for AIG's Asian arm, BP eyed as possible takeover target due to its share slump on back of U.S. oil spill fiasco. But GBP/USD upside limited by concerns about long period of slow UK economic growth as government fiscal tightening measures weigh. Data focus: 0600 GMT UK May Nationwide housing review, 0830 GMT UK May services PMI. GBP/USD daily chart positive-biased as MACD & stochastics bullish. Resistance at 1.4769 (yesterday's high); breach would expose upside to 1.4916 (May 13 high), then 1.4980 (55-day moving average) and 1.5053 (May 10 reaction high). Support at 1.4552 (yesterday's low); breach would temper near-term positive outlook, exposing downside to 1.4437 (Tuesday's low), then 1.4372 (Monday's low), 1.4329 (May 26 low), 1.4257 (May 25 low) and 1.4230 (14-month low set May 20).

USD/CHF - to consolidate with risks skewed lower. Pair undermined by broadly weaker USD undertone; strong 1.3% on-year gain in Swiss April retail sales, bolstering expectations for SNB rate hike as early as September. But USD/CHF downside limited by fears of more CHF-selling intervention by SNB, short-CHF carry trades on lower risk aversion. Daily chart negative-biased as MACD bearish, stochastics falling from overbought, though inside-day-range pattern completed yesterday. Support at 1.1524 (yesterday's low); breach would expose downside to 1.1467 (Tuesday's low), then 1.1447 (May 21 low), 1.1420 (May 19 low) and 1.1267 (May 18 low). Resistance at 1.1602 (yesterday's high); breach would expose upside to 1.1730 (Tuesday's 13-month high), then 1.1740 (April 20, 2009 reaction high) and 1.1965 (March 12, 2009 reaction high).

USD/CAD - to consolidate with bearish bias. Pair undermined by improved investor risk appetite, weaker global USD, firmer commodity & oil prices (Nymex crude settled up 28 cents yesterday at \$72.86 /bbl). Data focus: 1215 GMT Canada May monetary reserves. USD/CAD daily chart negative-biased as MACD & stochastics bearish, 5-day moving average staging bearish crossover against 15-day. Support at 1.0367 (yesterday's low); breach would target 1.0332 (100-day moving average), then 1.0240 (May 18 low, near 55-day moving average) and 1.0105 (May 13 reaction low). Resistance at 1.0429 (hourly chart); breach would expose upside to 1.0573 (yesterday's high), then 1.0718 (May 27 high), 1.0746 (May 26 high) and 1.0851 (7-month high set May 25).

EUR/JPY - to trade higher. Cross underpinned by increased investor risk appetite, broad-based JPY weakness following Japan PM Hatoyama's resignation. But EUR/JPY gains tempered by lingering worries over euro-zone debt crisis. Daily chart positive-biased as MACD bullish, stochastics rising from oversold. Resistance at 113.67 (Friday's high); breach would target 114.05 (May 24 high), then 114.40 (May 21 high), 115.49 (May 18 high) and 117.00 (May 14 high). Support at 111.73 (hourly chart); breach would expose downside to 110.99 (yesterday's low), then 109.72 (Tuesday's low), 109.19 (May 27 low) and 108.83 (8.5-year low set May 25).

2010-06-03_ASIA DAILY FOREX OUTLOOK - Majors

EUR/GBP - to consolidate with bearish bias after hitting 1.5-year low of 0.8278 yesterday. Daily chart negative-biased as MACD & stochastics bearish, although latter at oversold. Support at 0.8315 (hourly chart), then at 0.8278 (yesterday's low); breach would expose downside to 0.8230 (Nov. 27, 2008 reaction low), then 0.8195 (previous cap set Oct. 24, 2008), psychological 0.8000 and 0.7807 (Oct. 21, 2008 reaction low). Resistance at 0.8384 (yesterday's high); breach would temper near-term negative outlook, exposing upside to 0.8419 (previous base set May 27), then 0.8474 (Tuesday's high), 0.8524 (Monday's high) and 0.8547 (Friday's high).

June 02, 2010 19:27 ET (23:27 GMT)

ENDE