

ASIA DAILY FOREX OUTLOOK - Majors

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

	Immediate Range	Larger Range
USD/JPY	88.00-88.87	87.64-89.15
EUR/USD	1.2613-1.2739	1.2520-1.2927
AUD/USD	0.8787-0.8841	0.8680-0.8859
NZD/USD	0.7145-0.7207	0.7073-0.7295
GBP/USD	1.5086-1.5192	1.4962-1.5204
USD/CHF	1.0511-1.0582	1.0478-1.0645
USD/CAD	1.0269-1.0366	1.0178-1.0385
EUR/JPY	112.20-113.07	110.68-113.41
EUR/GBP	0.8307-0.8392	0.8288-0.8405

(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 JPY-funded carry trades on healthy investor risk appetite and strong U.S. stocks gains overnight (DJIA up 1.44%, Nasdaq up 1.99%) as yesterday's better-than-forecast earnings from Alcoa, railroad operator CSX started 2Q earnings season on positive note, while Intel posted higher-than-expected profits, bold 3Q outlook in after-hours trading; still, CBOE volatility index VIX edged up 0.53% to 24.56 reflecting bigger price moves. Strong earnings reports "gave people a little bit of confidence that the economy's not falling off a cliff," said Charlie Smith, chief investment officer at Pittsburgh-based Fort Pitt Capital Group. USD/JPY also supported by higher U.S. Treasury yields, USD demand for import settlements. But USD/JPY gains tempered by Japan exporter sales, wider-than-expected U.S. May trade deficit of \$42.27 billion (vs \$38.98 billion consensus), broadly weaker USD sentiment (ICE spot dollar index last 83.558 vs Monday's 84.203 settlement). Data focus: 0430 GMT Japan May revised retail sales, 1230 GMT U.S. June retail & food sales. 1230 GMT U.S. June import & export price indexes, 1800 GMT FOMC minutes. USD/JPY daily chart positive-biased as MACD bullish, stochastics rising from oversold; 5-day moving average staging bullish crossover against 15-day. Resistance at 88.87 (yesterday's high), then at 89.15 (Monday's high); breach would target 89.42-89.47 band (June 29 high-June 28 high), then 89.77 (June 25 high), psychological 90.00 and 90.75 (200-day moving average). Support at 88.00 (yesterday's low, matching previous cap set July 5); breach would expose downside to 87.64 (Thursday's low), then 87.00-86.96 band (July 7 low-July 1 low).

EUR/USD - to consolidate with bullish bias after hitting 1-month high 1.2739 on EBS yesterday. Underpinned by EUR demand for long-EUR carry trades on increased investor risk appetite, successful auction of Greek EUR1.625 billion 26-week bills soothing investor concerns over euro zone's sovereign debt problems. But EUR sentiment dented by disappointing July German ZEW business survey with its economic sentiment index falling to 15-month low of 21.2 from June's 28.7 (vs 26.0 expected), Moody's downgrade of Portugal's credit rating by two notches to A1. Data focus: 0900 GMT euro zone May industrial production, euro zone June harmonized CPI. EUR/USD daily chart positive-biased as MACD bullish, stochastics stays elevated at overbought, suggesting sideways or higher EUR/USD trading near term. Resistance at 1.2739 (yesterday's high); breach would expose upside to 1.2927 (100-day moving average), then psychological 1.3000 and 1.3093 (May 10 high). Support at 1.2613 (hourly chart), then at 1.2520 (yesterday's low); breach would expose downside to 1.2478 (July 2 & July 6 lows), then 1.2397 (previous cap set June 28) and 1.2192 (July 1 low).

AUD/USD - to consolidate with bullish bias. Underpinned by AUD demand for long-AUD carry trades on improved investor risk appetite, firmer commodity prices (CRB spot index closed up 3.51 yesterday at 261.91). But AUD/

USD gains tempered by worries over slowing economic growth in China, further Chinese monetary tightening which would crimp demand for Aussie exports. Data focus: 0030 GMT Australia July Westpac-Melbourne Institute consumer sentiment survey, 0100 GMT July skilled vacancies index. 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 0.8841 (yesterday's high); breach would target 0.8859 (June 21 reaction high), then 0.8877 (100-day moving average), 0.8974 (200-day moving average) and psychological 0.9000. Support at 0.8787 (hourly chart); breach would expose downside to 0.8680 (yesterday's low), then 0.8632 (55-day moving average), 0.8619 (Thursday's low) and 0.8510 (previous cap set July 2).

NZD/USD - to trade with risks skewed higher after hitting 1-month high 0.7207 yesterday. Supported by NZD demand for long-NZD carry trades on higher risk appetite, firmer commodity prices. But NZD sentiment dented by surprise 0.2% on-month drop in NZ May core retail sales (against forecast for 0.7% increase) which dent expectations that RBNZ will hike its policy rate 25 bps at its July review. NZD/USD daily chart positive-biased as MACD & stochastics bullish, although latter at overbought, suggesting sideways or higher NZD/USD trading near term. Resistance at 0.7207 (yesterday's high); breach would expose upside to 0.7295 (May 10 reaction high), then 0.7325 (April 30 top). Support at 0.7145 (hourly chart); breach would expose downside to 0.7073 (yesterday's low), then 0.7053 (Monday's low), 0.7019 (Thursday's low, near 100-day moving average) and 0.6974 (previous cap set July 6, near 55-day moving average).

GBP/USD - to consolidate with risks skewed higher. Supported by positive market risk sentiment; hawkish UK June inflation data showing core inflation rise to 3.1% from 2.9% in May, while June retail price index remained high at 5%; comment from BOE hawk Sentance yesterday that "gradual" interest rates hikes needed to keep UK economy on low inflation path. But GBP/USD topside limited by lingering concerns over negative impact of fiscal tightening on UK economy; drop in UK June Nationwide consumer confidence index to 63 from 66 in May for second-straight monthly decline. Data focus: 0830 GMT UK June unemployment. GBP/USD daily chart mixed as MACD neutral, stochastics turning bullish. Resistance at 1.5192 (yesterday's high), then at 1.5204 (Friday's high); breach would expose upside to 1.5241 (Thursday's high), then 1.5390 (April 30 reaction high) and 1.5498 (April 26 reaction high). Support at 1.5086 (hourly chart); breach would expose downside to 1.4962 (yesterday's low), then 1.4946 (Monday's low), 1.4871 (July 1 low) and 1.4854 (June 25 low).

USD/CHF - to consolidate. Supported by short-CHF carry trades on higher risk appetite, bigger-than-expected 0.4% on-month drop in Swiss June producer & import prices (vs forecast for 0.2% decline). But USD/CHF topside limited by broadly weaker USD undertone. Daily chart mixed as MACD bearish, but stochastics bullish at oversold. Support at 1.0511 (yesterday's low); breach would expose downside to 1.0478 (Thursday's low), then 1.0431 (April 1 reaction low) and 1.0127 (Jan. 11 reaction low). Resistance at 1.0582 (hourly chart); breach would expose upside to 1.0645 (yesterday's high), then 1.0675 (July 5 & Monday's highs), 1.0697 (July 2 high) and 1.0788 (July 1 high).

USD/CAD - to consolidate with bearish bias. Undermined by firmer commodity & oil prices (Nymex crude settled up \$2.20 yesterday at \$77.15/bbl), weaker global USD, expectations that BOC will raise its key interest rate 25 bps to 0.75% next week. But CAD sentiment dented by surprise Canada May deficit of C\$503 million (vs consensus for trade to balance out in May). USD/CAD daily chart negative-biased as MACD & stochastics bearish, although latter near oversold, suggesting sideways or lower USD/CAD trading near term. Support at 1.0273-1.0269 band (yesterday's low-June 23 low); breach would expose downside to 1.0178 (June 22 low), then 1.0133 (June 21 reaction low) and 1.0105 (May 13 reaction low). Resistance at 1.0366 (hourly chart), then at 1.0385 (yesterday's high, matching Monday's high); breach would expose upside to 1.0454 (Friday's high), then 1.0484 (Thursday's high), 1.0552 (previous base set July 5) and 1.0606 (July 7 high).

EUR/JPY - to trade with bullish bias. Cross supported by carry trades amid diminished investor risk aversion. Daily chart positive-biased as MACD & stochastics in bullish mode, although latter at overbought. Resistance at

113.07 (55-day moving average); breach would expose upside to 113.41 (June 21 reaction high), then 114.16 (June 3 reaction high), 114.40 (May 21 reaction high) and 115.49 May 18 reaction high. Support at 112.20 (hourly chart); breach would expose downside to 110.68 (yesterday's low), then 109.29 (July 7 low), 109.12 (July 6 low) and 107.47 (July 1 low).

EUR/GBP - to consolidate. Daily chart mixed as MACD bullish, but stochastics bearish at overbought. Resistance at 0.8392 (yesterday's high); then at 0.8405 (55-day moving average) and 0.8419 (Monday's high, near previous base set May 6); breach would expose upside to psychological 0.8500, then 0.8547 (May 28 high). Support at 0.8312-0.8307 band (yesterday's low-Thursday's low); breach would expose downside to 0.8288 (July 7 low), then 0.8262 (July 6 low) and 0.8249 (July 5 low).

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