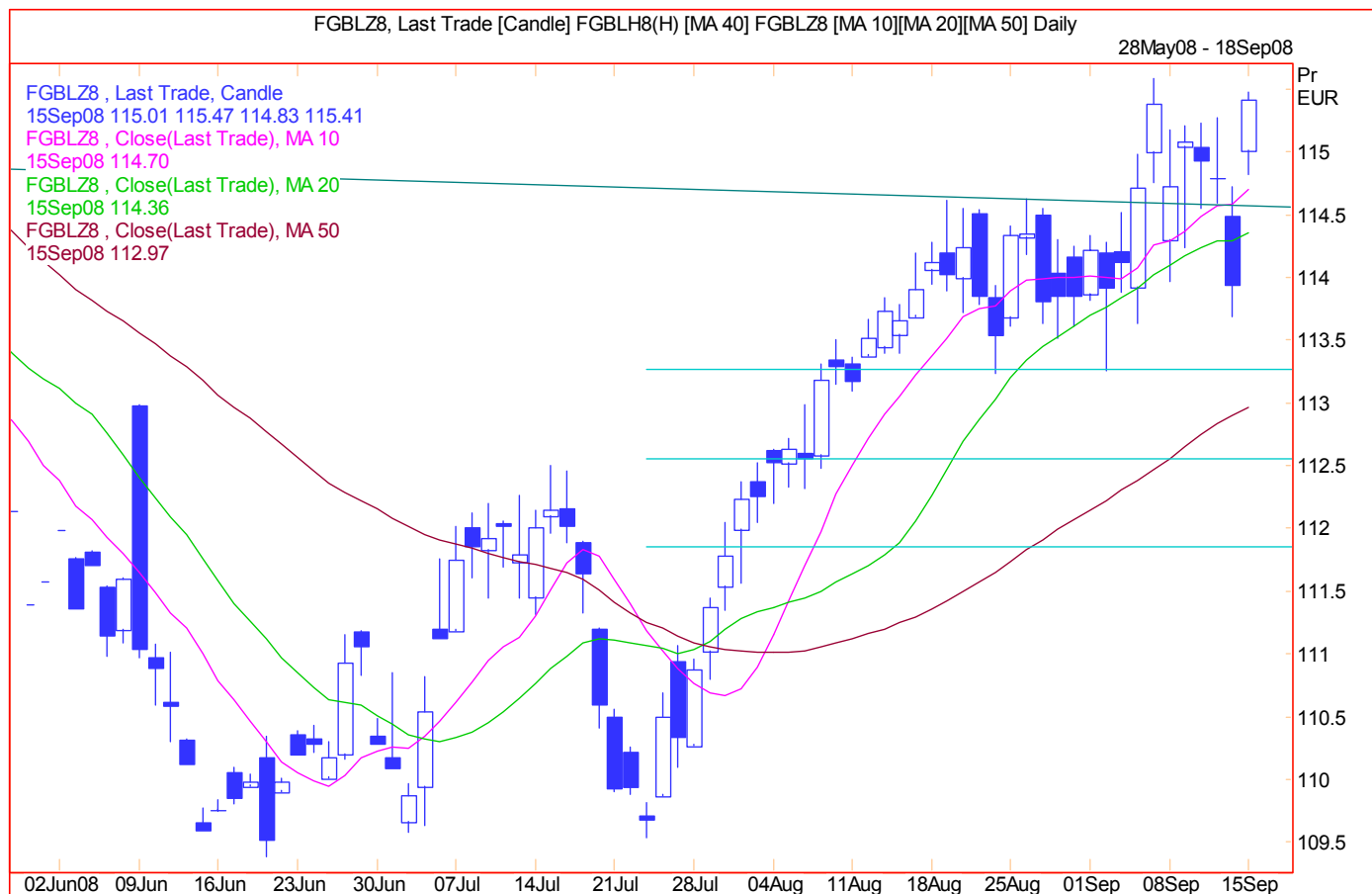


Technical Analysis

<http://www.mizuho-cb.co.uk/>

15 September 2008 Euro-Bund future – Dec 2008



Comment: The rush into TBills and two-year TNotes is understandable, and we continue to feel Libor’s spread over these should be a lot wider. Perhaps it is a question of ‘shadenfreude’ but the way Bund yields are lagging so badly behind US ones is quite alarming. We feel German ten-year Bund yields should drop quickly to 3.75%, maybe 3.50%, where some consolidation is due. Then a lot lower still. This month Bund futures should rally, our medium term measured target at 117.70/118.00, one standard deviation from the mean of the last decade.

Strategy: Buy at 115.40, adding to 114.00; stop below 113.20. Add to longs on a daily close above 115.50 for 116.00/116.45, eventually 117.70/118.00 and 122.00 very long term.

Chart Levels:

Support	Resistance	Direction of Trade
114.83	115.57*	Futures price
114.56	115.85*	
113.70*	116.15	
113.50*	117.70	
113.24**	118.00	

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Charts provided by Reuters.