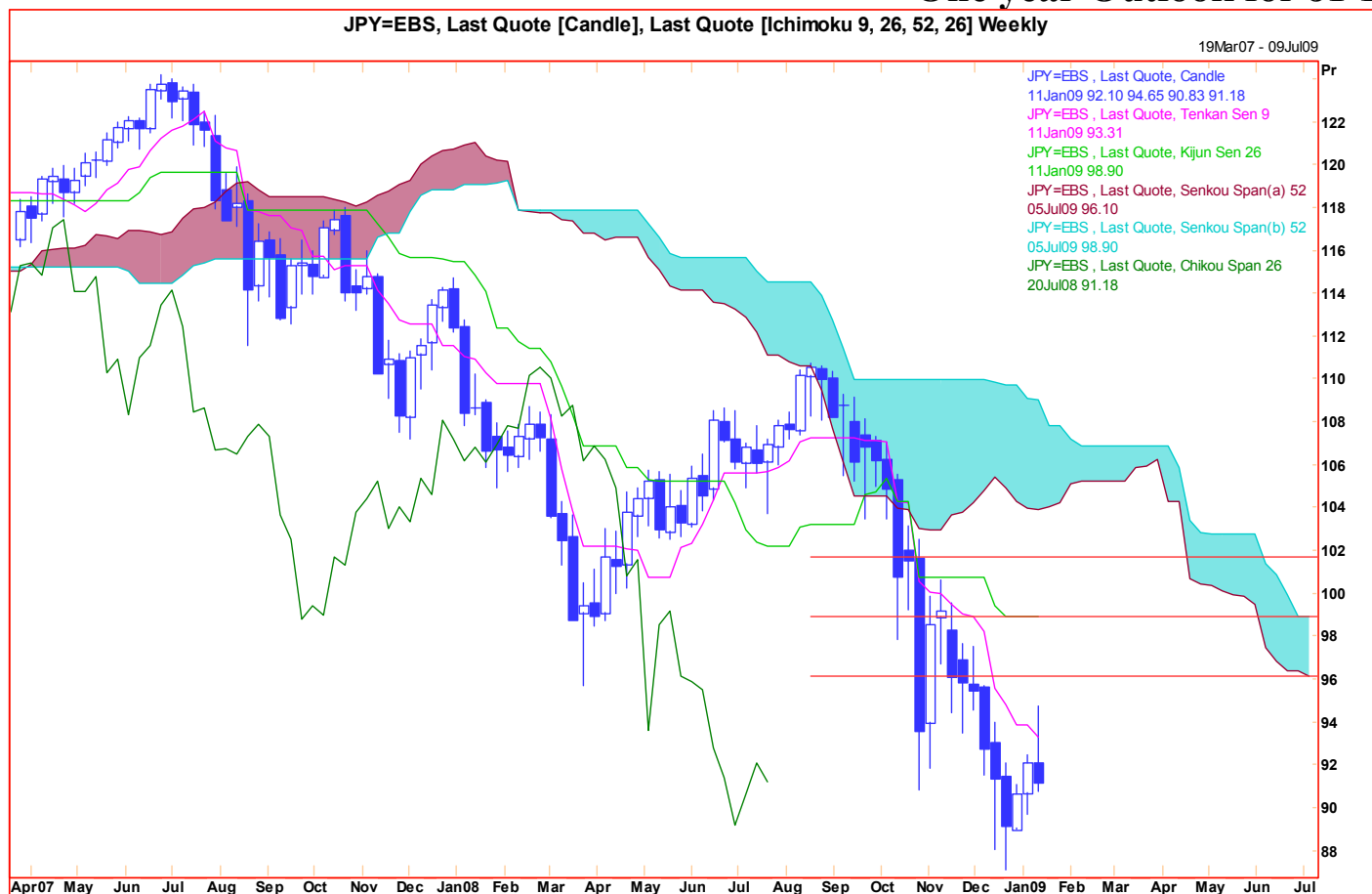


Technical Analysis

08 January 2009

One year Outlook for JPY



Comment: Dollar/Yen moves in the second half of last year were a bit bigger than we had expected as the 'carry trade' (in its many guises) unwound amid the biggest global financial mess. This year should prove equally tough, so at least we cannot blame the element of surprise. During Q1 2009 USD/JPY should hold above the pivotal 85.00 area, with rallies probably capped at 96.00 initially although a push towards 100.00/102.00 some time early in Q2 cannot be completely ruled out. Before the end Of Q2 the very long term trend towards generalised US dollar selling should resume, though this time the Yen is unlikely to outperform other major currencies. We expect a drop below 85.00 in Q3, to 82.00 and a re-test of the all-time low at 79.70 of April 1995. The last quarter of 2009 should be dominated by correction and consolidation around 85.00.

A week close above 102.00 forces us to adjust and review.

Chart Levels:

Support	Resistance	Direction of Trade
90.50*	94.65	
88.00	96.00*	
85.00**	99.00	
82.00	100.50*	
79.70*** 75.00*	102.00**	

Produced by London Branch - Nicole Elliott +44-20-7786-2509

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Charts provided by Reuters.