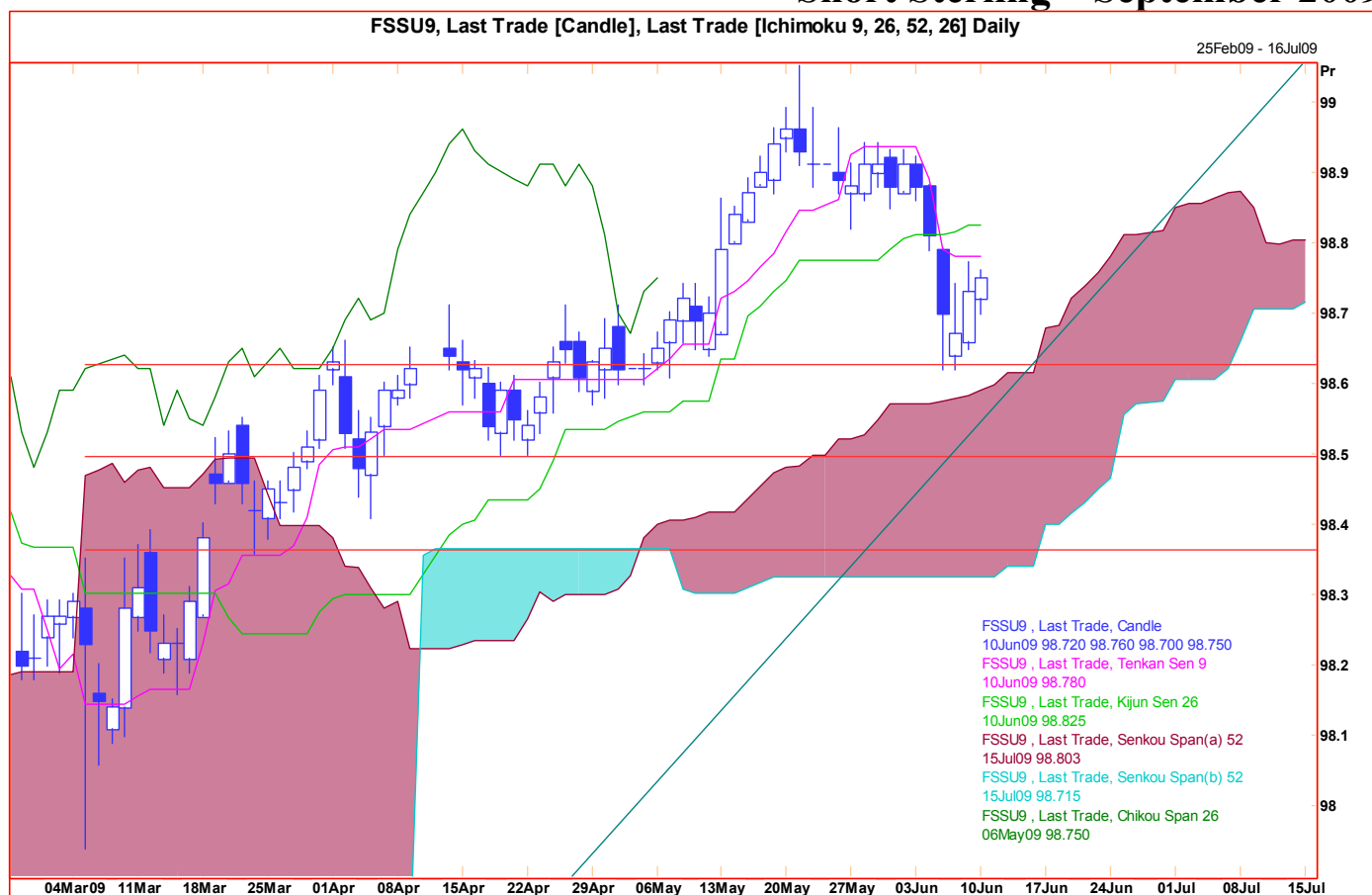


Technical Analysis

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

10 June 2009

Short Sterling – September 2009



Comment: Many have belatedly woken up to the fact that when trading close to record highs the slightest whiff of trouble means prices collapse faster than a pack of cards. Red months have dropped anything up to 80 basis points in six working days, needless to say correcting the overbought situation. The thought of central banks raising rates this autumn does not merit discussion: price declines are due to potential renewed pressure in the interbank market. Bids for three-month money vary by 60 basis points, below the official Libor at 1.25%, depending on the name – something that could happen to TARP and non-TARP banks in the US. Zombie banks they used to be called.

Strategy: Buy at 98.750; stop below 98.600. Cover longs between 98.900 and 99.000 even though a brief squeeze to a new record high is possible.

Chart Levels:

Support	Resistance	Direction of Trade
98.700	98.780	
98.650	98.880	
98.620*	98.940*	
98.570	99.050**	
98.500*	99.250*	

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Charts provided by Reuters.