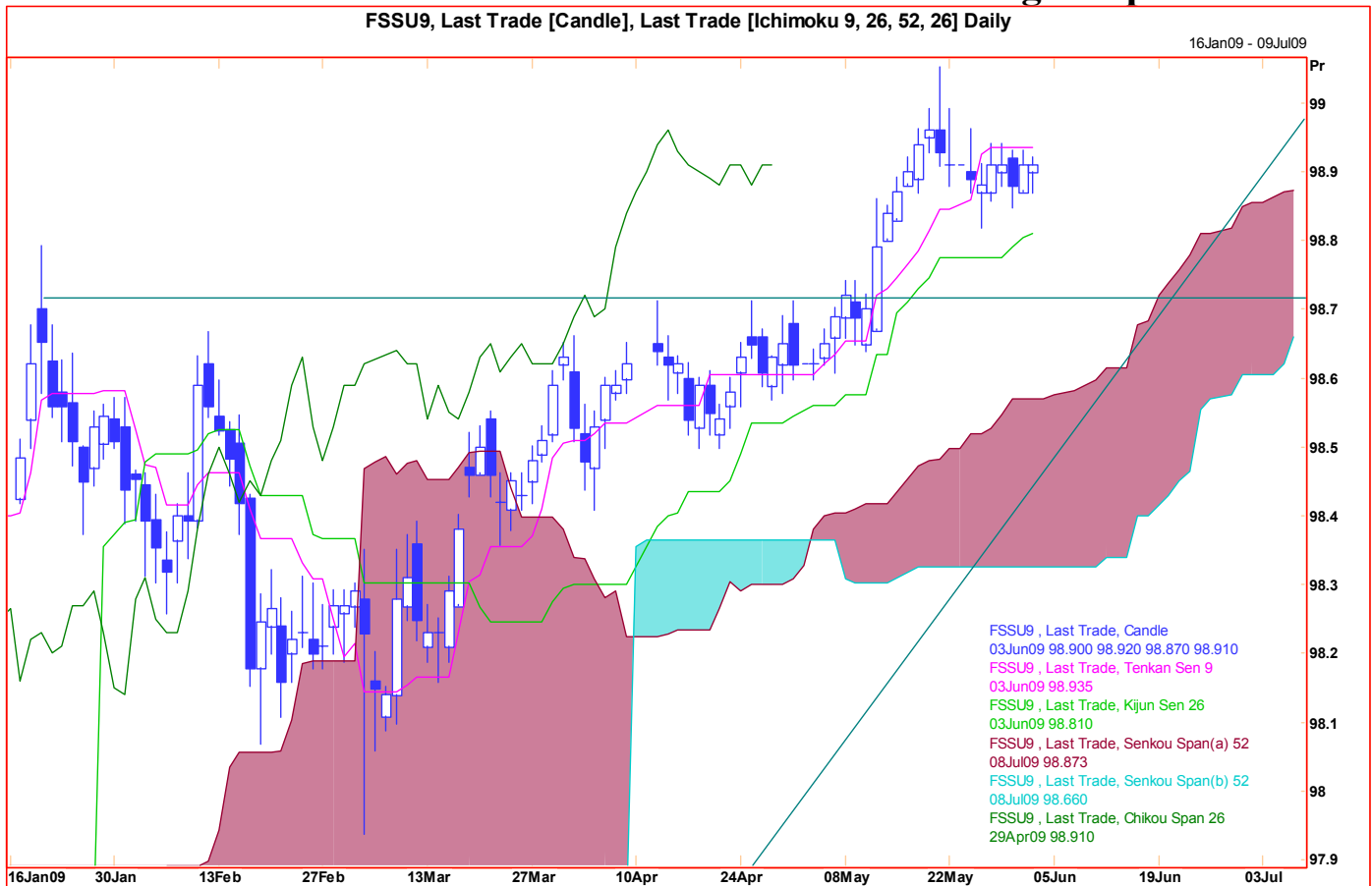


Technical Analysis

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

03 June 2009

Short Sterling – September 2009



Comment: The UK yield curve is steeper than it's been in at least twenty years, benchmark short-dated Gilts 'firmly anchored' around the 1.00% mark while fives and tens swing violently, thirty's and fifty's a bit better behaved. This is expected to be a feature of interest rate structures in the US and Eurozone too, as well as Japan, for a very long time yet. Three-month Libor remains stuck at 1.26%, two-week money considerably lower at 0.61%, so no wonder futures contracts are marching sideways; allow for more of the same this week. We feel the front December has a little more room for manoeuvre so that the Z9/Z0 spread should widen to 160/175 basis points.

Strategy: Possibly attempt tiny longs at 98.900, adding to 98.840; stop below 98.700. Cover longs around 99.000 even though a brief squeeze to a new record high is possible.

Chart Levels:

Support	Resistance	Direction of Trade
98.840	98.940	
98.785	98.990*	
98.710*	99.050**	
98.640	99.125	
98.570*	99.250*	

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Charts provided by Reuters.