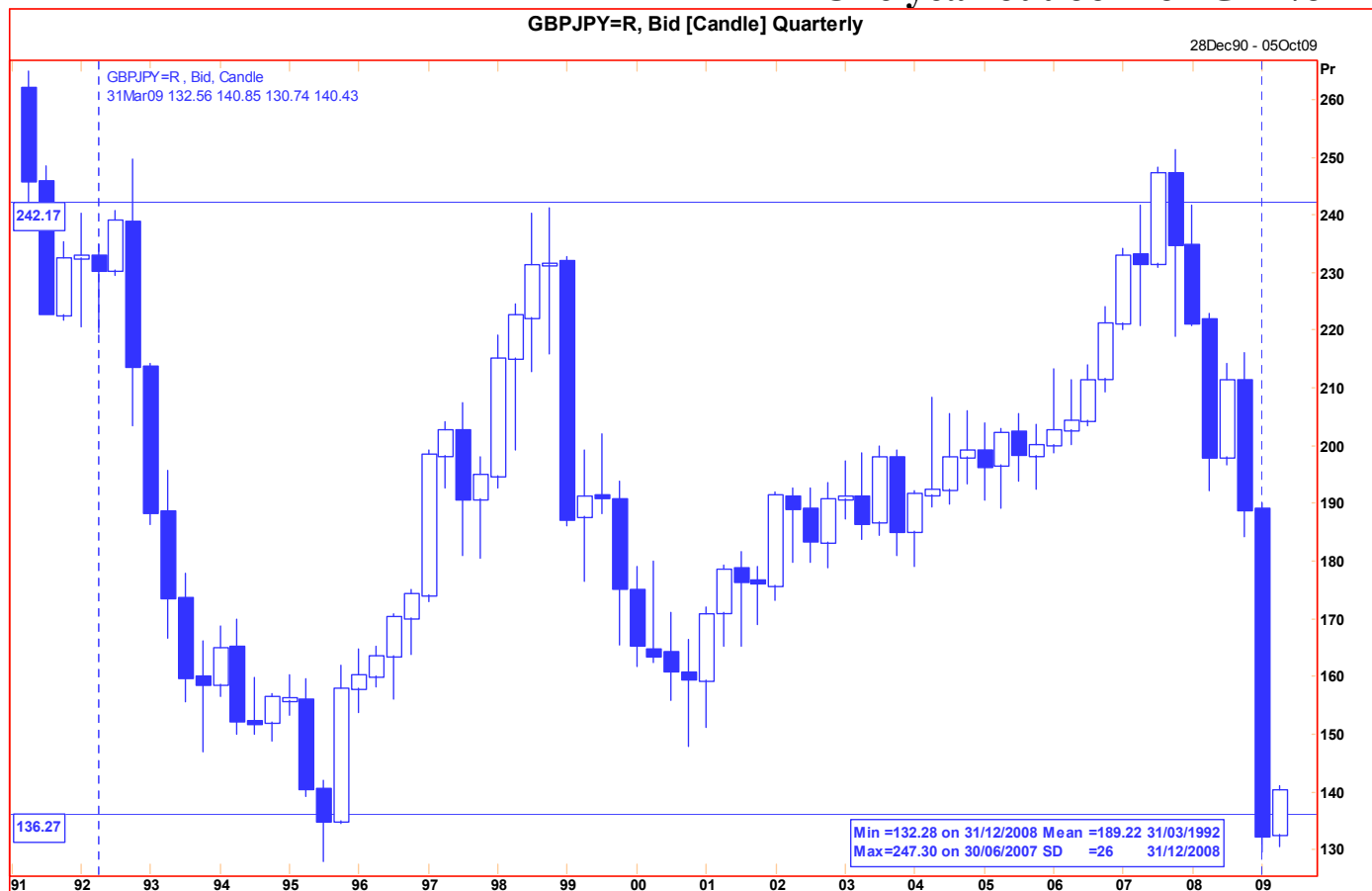


Technical Analysis

08 January 2009

One year outlook for GBP/JPY



Comment: We are going to stick our neck out on this one and say 'enough is enough'. Following its biggest ever percentage quarterly fall, and in Yen terms the biggest since 1982 when it started off at 450.00, prices are unlikely to extend beyond the all-time low at 128.20 of April 1995. However, rather than reversing the catastrophic losses, the cross should trade broadly sideways in a very wide band. Moves might be so large that to many these will feel like a series of alternating trends. An initial rally to 150.00, possibly as high as 160.00, is likely in the first half of the year. In the second half we favour many random swings roughly between 140.00 and 170.00.

A sustained break below 125.00 forces us to review.

Chart Levels:

Support	Resistance	Direction of Trade
137.50	141.00	
133.00	148.50*	
130.00*	150.00	
128.20***	160.00	
125.00*	165.00*	

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

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Charts provided by Reuters.