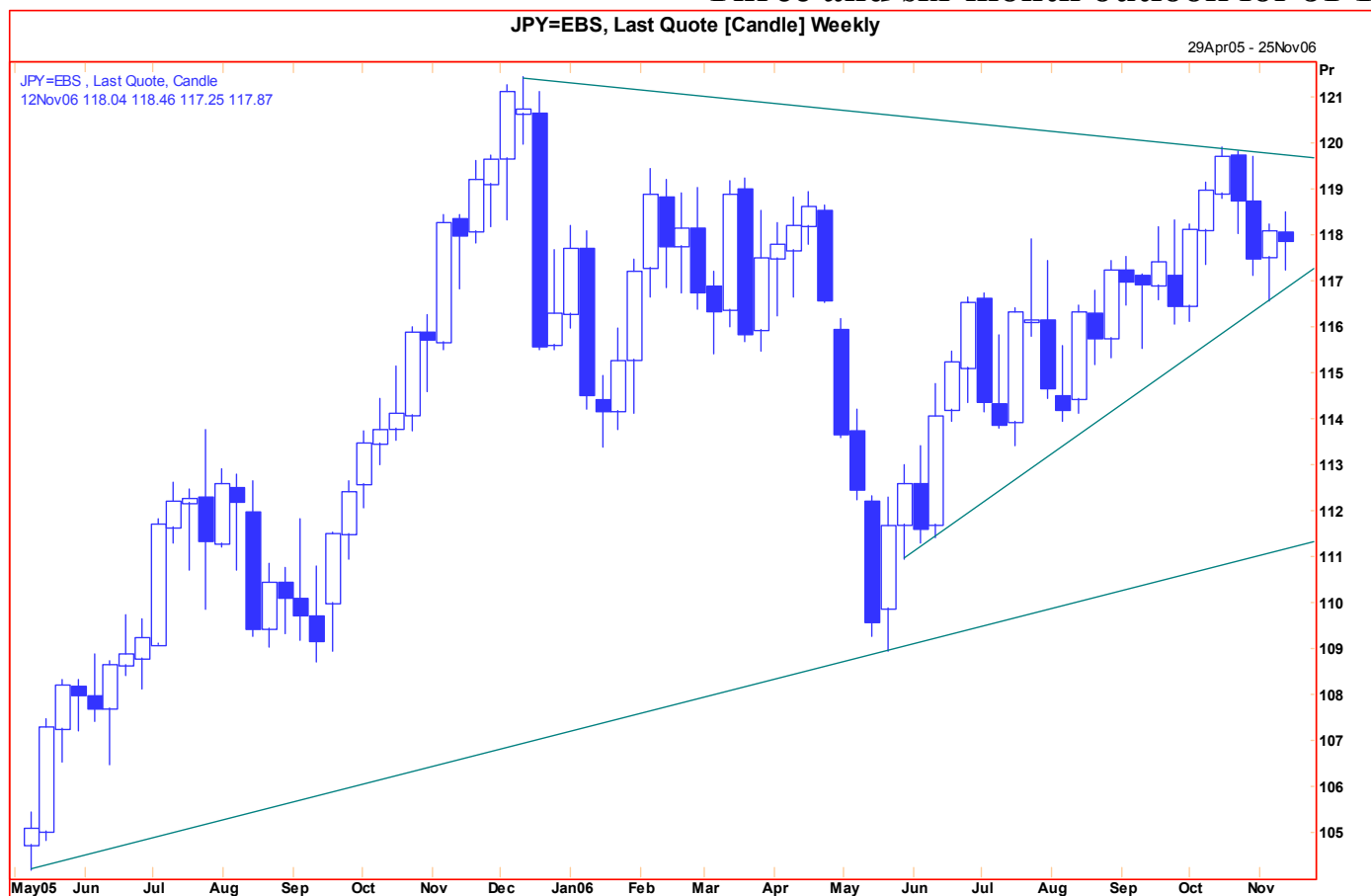


Technical Analysis

09 November 2006

Three and six-month outlook for JPY



Comment: Relatively quiet FX markets over the last six months have postponed but not altered our outlook for generalised US dollar weakness. The Yen is likely to continue to lag moves in other currencies, at least for Q1 2007. Dollar/Yen completed a 'spike high' in October (119.88) marking an interim top for this pair, and we now expect a fairly sharp decline to 114.00 within the next six weeks. Allow for consolidation here until the end of this year, but remember that thin market conditions at year-end may mean moves are faster or extend beyond what we have pencilled in. Then another drop to the 109.00 area followed by a little more consolidation in Q1 2007, then down again to 107.00/105.00 by the end of March 2007.

A weekly close above 121.50 would force us to review review.

Chart Levels:

Support	Resistance	Direction of Trade
115.50	119.00*	
114.00*	120.00*	
112.50	121.40**	
109.00*	122.50	
105.00*	123.50	

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Charts provided by Reuters.