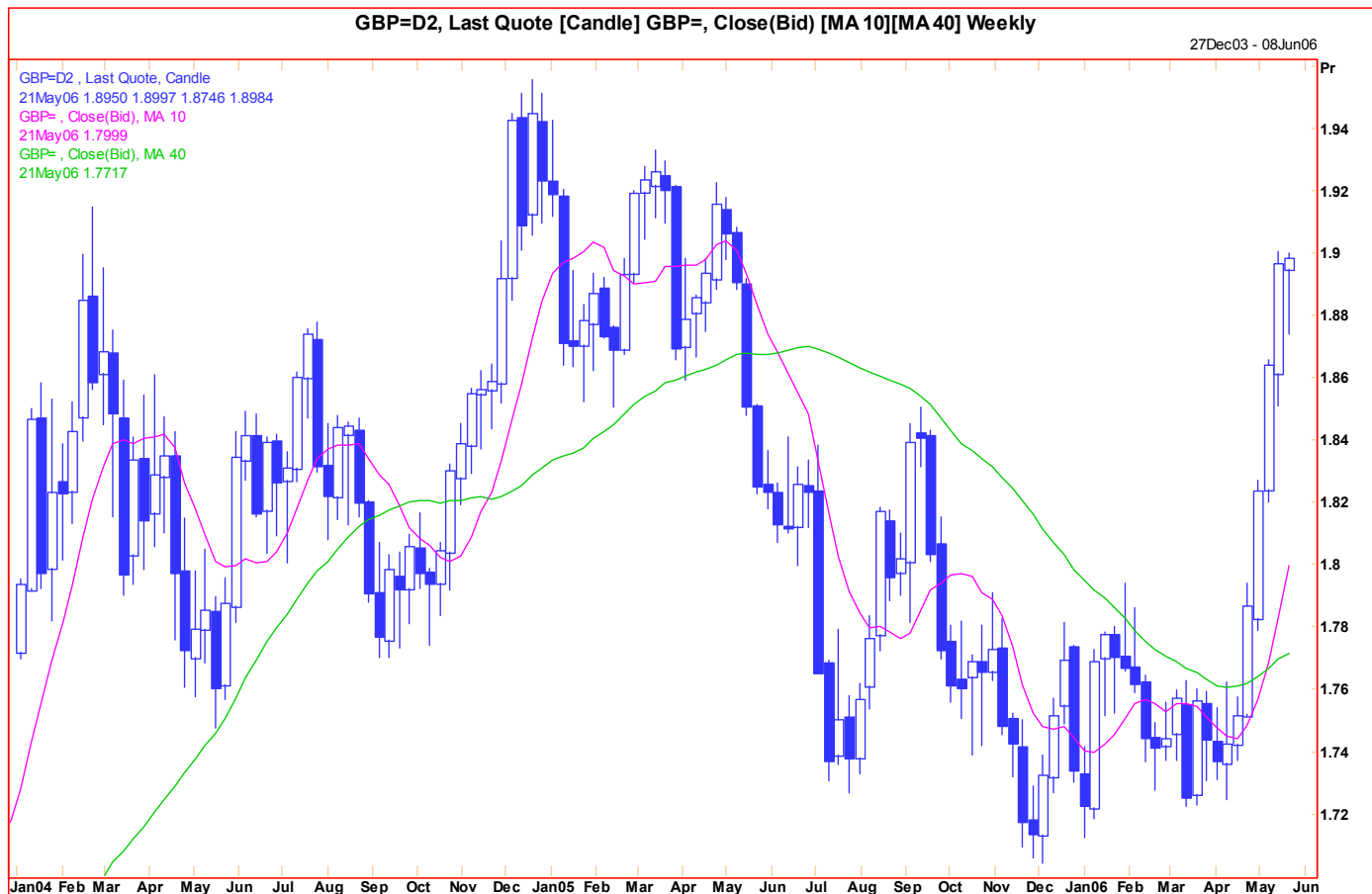


Technical Analysis

17 May 2006

Six Month Outlook for GBP



Comment: Having wasted so much time over the last twelve months trading randomly around \$1.7600, Cable played 'catch-up' putting in a stellar performance these last four weeks. The move looks slightly overdone so we feel it will now move into a period of consolidation around \$1.9000. This should last at least a week, maybe up to three months. At the moment we favour a series of fairly big swings between \$1.8400 and \$1.9400, roughly similar to price action from January to May 2005. Very late this year or maybe in 2007 we expect it to squeeze to \$2.0000.

A weekly close below 1.8200 seriously postpones all of the above.

Chart Levels:

Support	Resistance	Direction of Trade
1.8750	1.9000*	
1.8600	1.9150	
1.8500*	1.9220	
1.8400	1.9325	
1.8200*	1.9555**	

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Charts provided by Reuters.