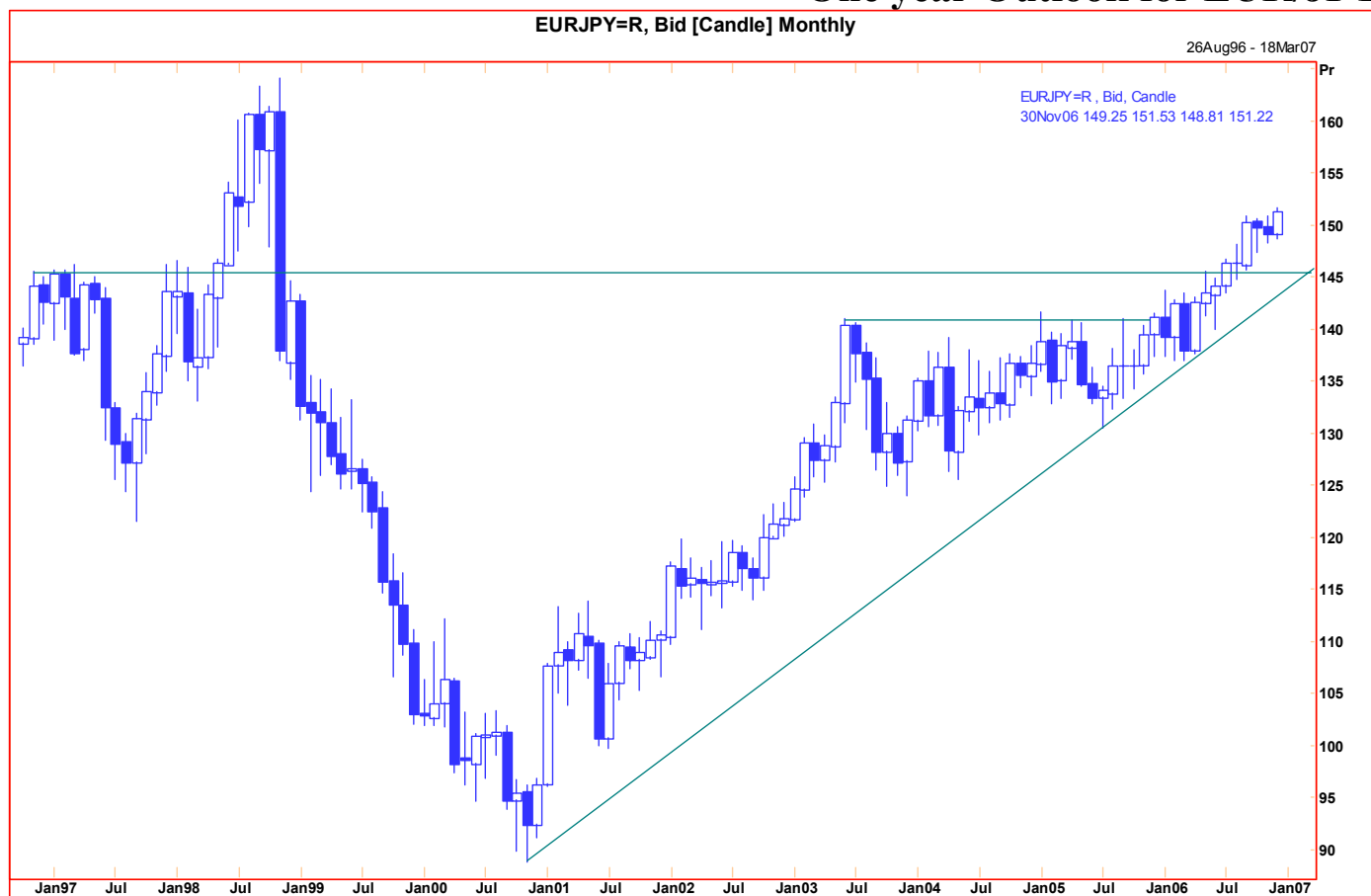


**Technical Analysis**

**17 November 2006**  
**One year Outlook for EUR/JPY**



**Comment:** While above 145.00 the long term trend to Yen weakness against the Euro is expected to continue. Around year-end we expect this pair to be trading close to 155.00, where another bout of consolidation is likely. Late in Q1 2007 there is a good chance of a sudden squeeze to 164.00, equivalent to where mark/yen reached in 1998 and in turn the highest rate since October 1992. Depending on how much momentum is created on the way up, there is a chance of an extension though here to 170.00. Q2 and Q3 2007 are likely to be dominated by some extremely large and violent swings roughly between 150.00 and 170.00. Q4 2007 just might see a sudden and very sharp collapse in this pair down to 145.00 and maybe 135.00. Note that the slower the move on the way up, the more likely a subsequent drop.

A monthly close below 145.00 forces a review and suggests a long term top is in place.

**Chart Levels:**

Support	Resistance	Direction of Trade
148.50	151.50*	
145.00**	155.00*	
141.00	160.00	
137.00	164.00**	
135.00*	171.00*	

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