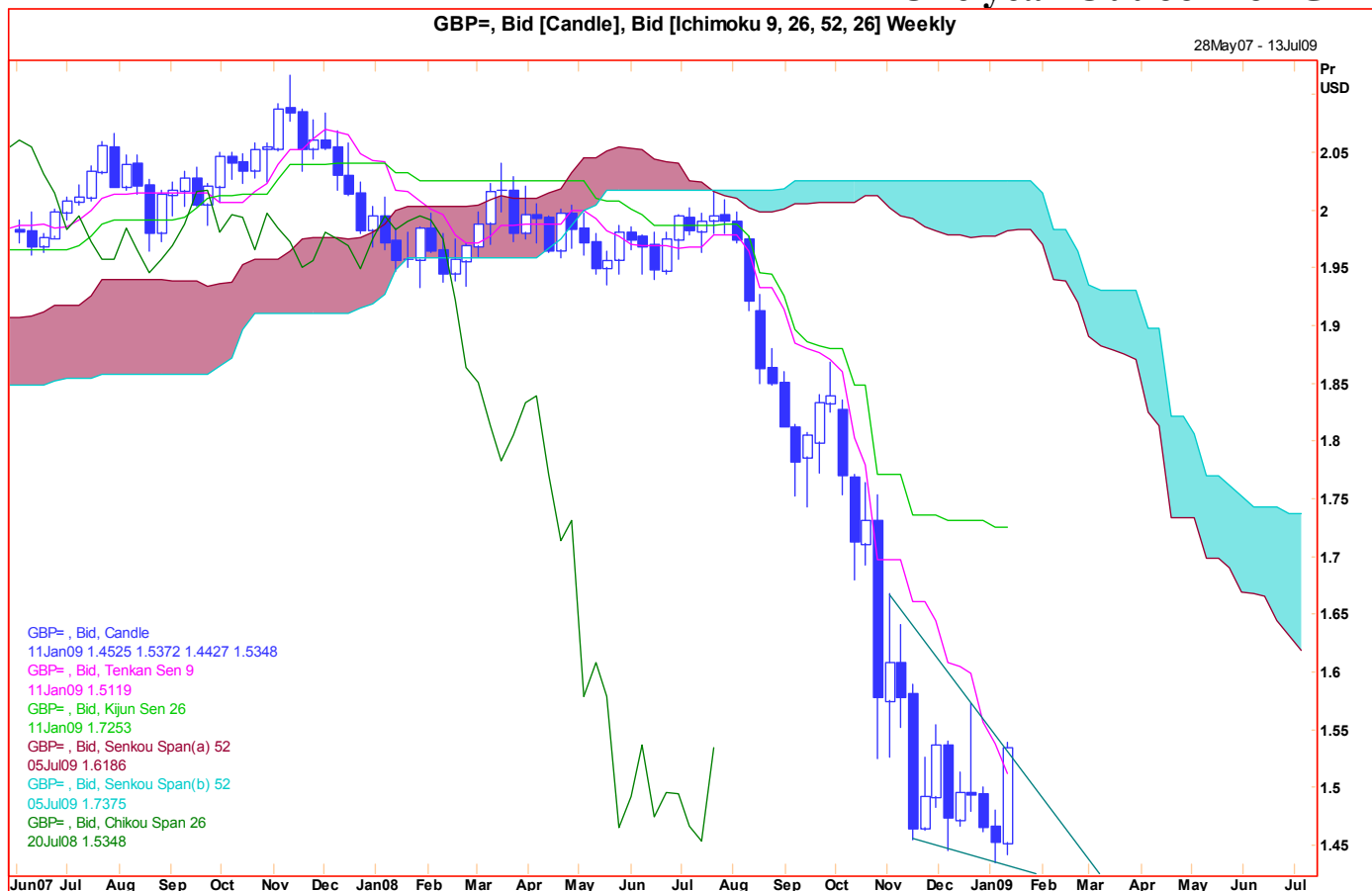


Technical Analysis

**08 January 2009
One year Outlook for GBP**



Comment: Having completely underestimated anti-sterling feeling in 2008, losing a personal fortune in the process, investors are unlikely to listen to our views this year. We feel the pound is oversold, here and against a raft of other currencies (a possible exception Scandinavia), and that it should recover a proportion of these over the next six months. In the second half of the year we expect generalised US dollar weakness to resume. Cable has spent the last two months painfully basing in a downward-sloping 'wedge' formation against the 1.4500 area. A sustained break above 1.6000 would complete an important interim base setting off a steady rally to 1.8000 by year-end.

A monthly close below 1.4000 would force us to review.

Chart Levels:

Support	Resistance	Direction of Trade
1.4650	1.5725	
1.4350**	1.6000*	
1.4200	1.6500	
1.4000*	1.7000*	
1.3680*	1.7750	

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Charts provided by Reuters.