

**Technical Analysis**

**17 June 2008**

**One year Outlook for GBP**



**Comment:** Very frustrating as almost six months have gone by and we find ourselves in exactly the same position as we were in January. The sell-off from last year's high at 2.1160 has taken Cable back to the pivotal 1.9400 area in a possible A, B, C-type corrective move. While we will not completely rule out brief, small 'extensions' below 1.9200, we see these as good buying opportunities for a rally later this year. Expect sharp swings either side of 2.0000 in Q3, moving back up to 2.1000 around year-end. Q1 2009 should be dominated by correction and consolidation, roughly between 2.0200 and 2.1200 with a squeeze to 2.1500 next summer.

A monthly close well below 1.9000 would force us to review, suggesting a major top is probably already in place.

**Chart Levels:**

| Support                 | Resistance      | Direction of Trade |
|-------------------------|-----------------|--------------------|
| <b>1.9400*</b>          | <b>2.0000</b>   |                    |
| <b>1.9360/1.93365**</b> | <b>2.0400</b>   |                    |
| <b>1.9200*</b>          | <b>2.0655*</b>  |                    |
| <b>1.9000</b>           | <b>2.0925</b>   |                    |
| <b>1.8600*</b>          | <b>2.1162**</b> |                    |

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Charts provided by Reuters.