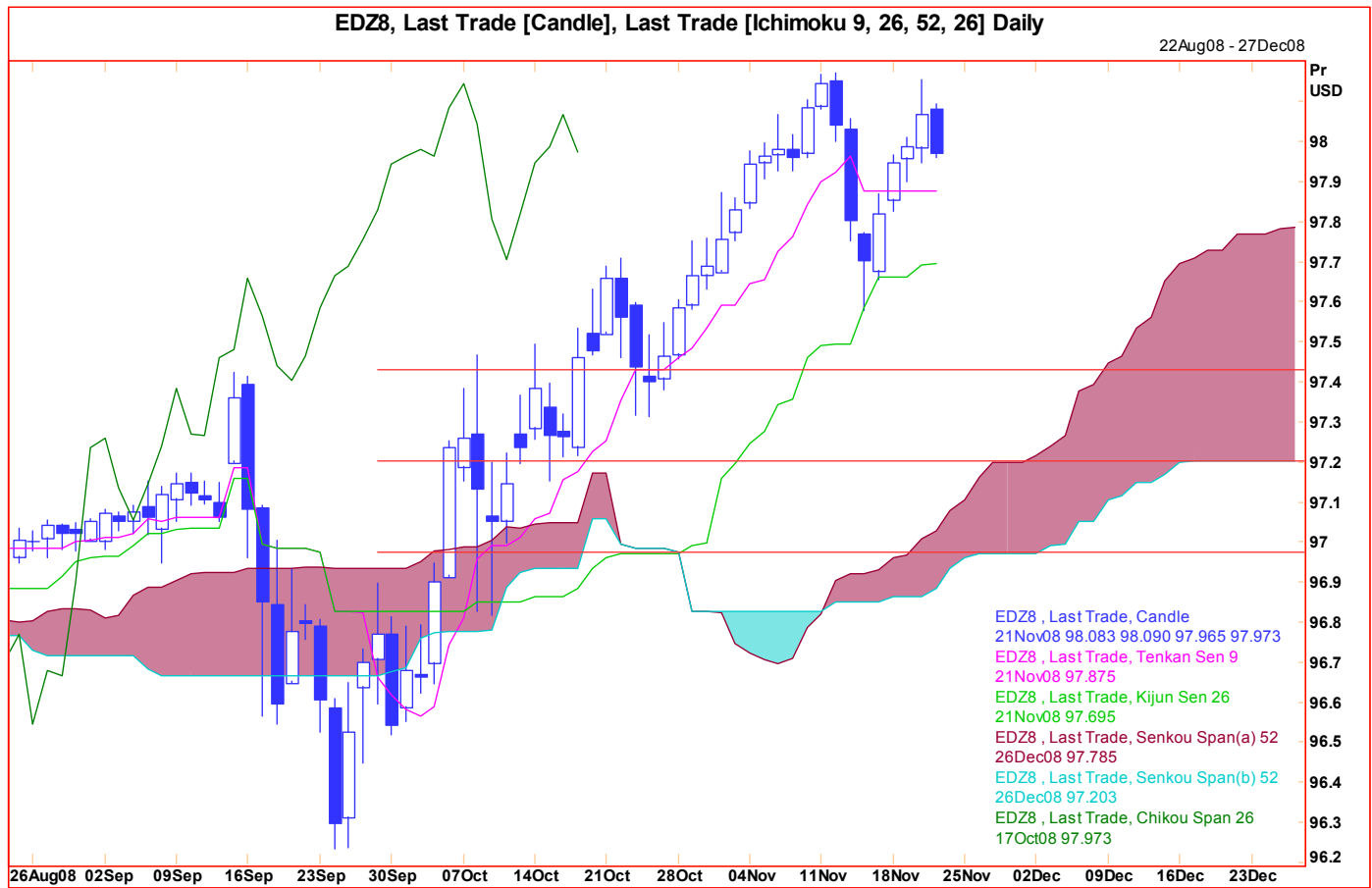


Technical Analysis

<http://www.mizuho-cb.co.uk>

21 November 2008

Eurodollar Future – Dec 2008



Comment: The message is sinking in and investors are moving out along the Treasury yield curve, benchmark thirty-year yields collapsing by 82 basis points in just 4 days and ten-year TNotes yielding just 175 basis points more than JGB's, the narrowest since 1993. Three-month TBills yield 2 basis points and one wonders whether they could go to negative as they did in Switzerland years ago. Three-month Libor is 2.13% today and many now seem to be happy with a variety of currencies and maturities yielding around the 2.00% mark. This is reflected in Eurodollar futures contracts, priced around 98.00 until March 2010. This front Dec08 has massive option volatility because Libor could be anywhere as year-end pressures mount. The price could be 98.000 or even 96.000 (this year's trading band), even if the Fed cuts rates again as implied by the Fed Funds future, but just might be a lot lower. A potential 'double top' around 98.150 suggests another drop to 97.700/97.600 area, maybe more over the next three weeks.

Strategy: Sell 97.970; stop above 98.265. Add to shorts on a weekly close below 97.650 for 97.200/97.000.

Chart Levels:

Support	Resistance	Direction of Trade
97.965	98.090	
97.900	98.150/98.170**	
97.755	98.265*	
97.660	98.350	
97.580*	98.500*	

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Charts provided by Reuters.