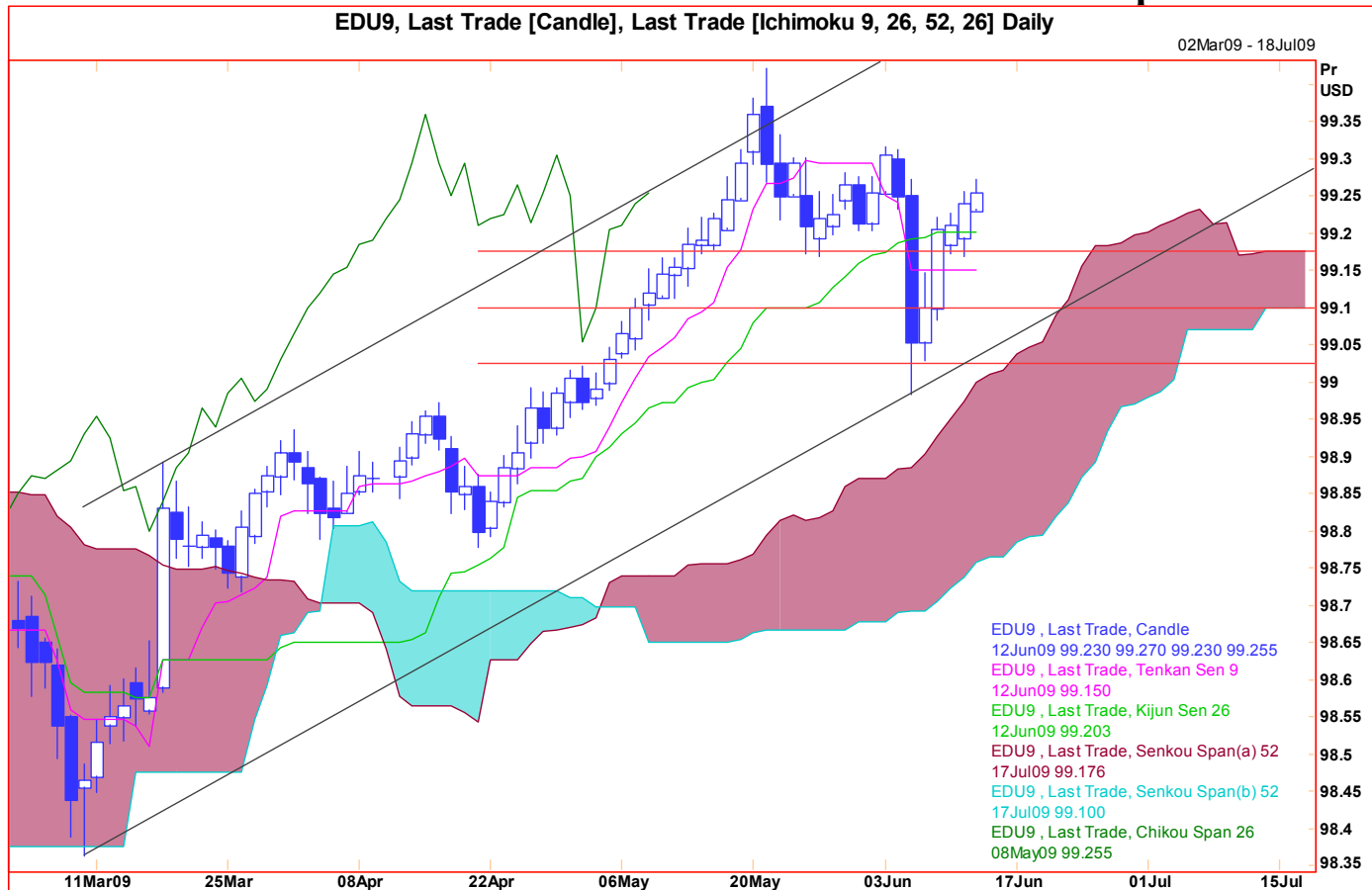


Technical Analysis

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

12 June 2009

Eurodollar Future – September 2009



Comment: The US Treasury yield curve is expected to flatten from what is now close to its steepest ever, where yields are no longer historically low but closer to their average of the last decade. Ten large US banks have been allowed to throw off the coils associated with TARP but the interbank market for US dollars remains exceedingly tight, a move which may result in bigger differentiation between the haves and have-nots. Last Friday's huge clear-out in futures contracts is a reminder of what can happen when a whiff of a problem hits sky-high prices, record volume suggesting many were forced out, and the dip below 99.000 an 'extension'. It is nevertheless very much a correction with front month contracts better behaved than red ones. Prices have already bounced back to a sort of 'equilibrium' and we continue to favour a broadly sideways move over the coming month, with very small upside biases as the authorities throw even more money at the problem.

Strategy: Possibly attempt tiny longs at 99.250, adding to 99.170; stop below 99.025. Cover ahead of 99.450, then watch for signs of instability.

Chart Levels:

Support	Resistance	Direction of Trade
99.205	99.280	→
99.170/99.150*	99.315/99.330*	
99.100	99.420/99.450*	
99.025*	99.500	
98.985	99.565	

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Charts provided by Reuters.