

Weekly Technical Commentary

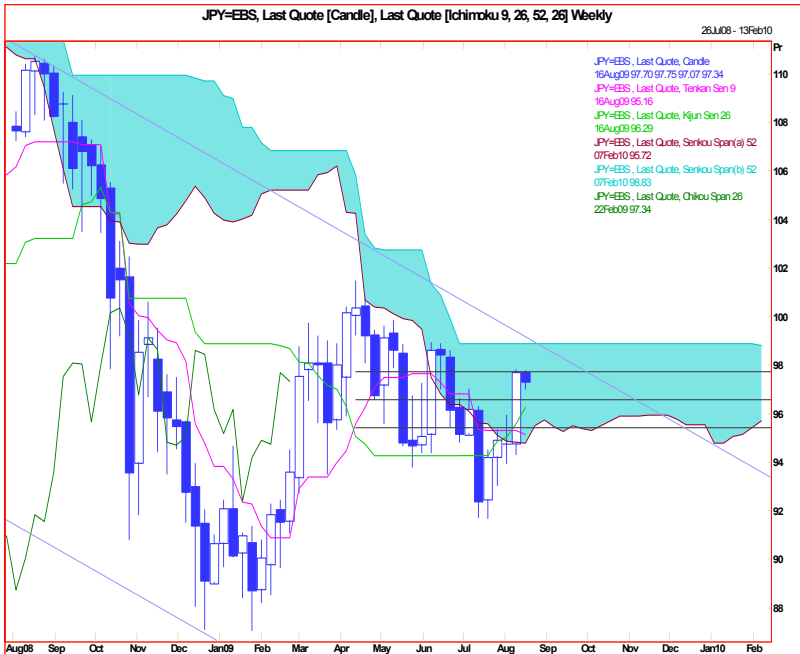
10 August 2009

Links: <http://www.mizuho-sc.com/>

Bloomberg Page: MIZH

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

USD/JPY Chart Levels: Support 96.60..95.60..94.00..93.55. Resistance 97.80..99.00..99.80..100.00

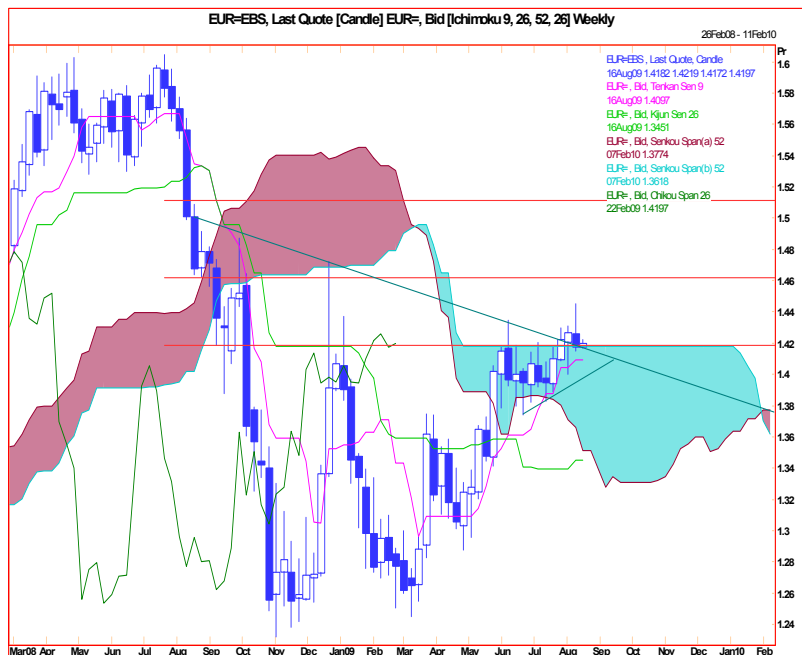


This week
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This month
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Not going according to plan as the Yen bursts higher on buy stops in thin market conditions, keeping to the upper half of this year's broad trading band. Hopefully the good-sized flat-topped weekly Ichimoku 'cloud' (99.00) and retracement resistance at 97.80 will exert downward pressure and will eventually grind prices lower, here and in a series of Yen crosses. We shall allow for plenty more work between 93.50 and 99.00 over the next month or two. One-month at-the-money implied volatility has based against the 12.00% area and should rally by month-end. Open interest has dropped significantly over the last three weeks and is roughly a quarter of 2007's peak - 'carry trades' out of fashion.

EUR/USD Chart Levels: Support 1.4150..1.4100..1.4000..1.3900. Resistance 1.4339..1.4448..1.4545..1.4635.



This week
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This month
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Stalling at this year's new high of 1.4448 above a large, flat-topped Ichimoku 'cloud' and 50% retracement of last year's losses, much to the delight of the majority where consensus opinion is very much that the Euro should drop against the US dollar over the coming 12 months. Last week's 'evening star' candle suggests we will consolidate under here for another week or two. Several other currencies are doing something similar so the rally we still expect for the Euro is caused by generalised US dollar weakness rather than anything Euro-specific. One-month at-the-money implied volatility should base this week against the 11.00% level, and pick up significantly in thin markets, towards 16.00%.

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