

Weekly Technical Commentary

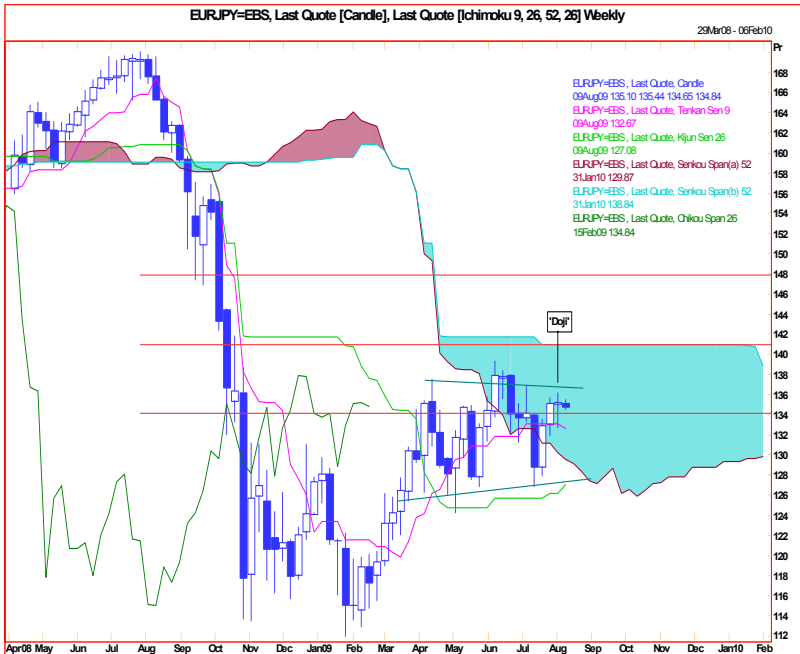
03 August 2009

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

Bloomberg Page: MIZH

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EUR/JPY Chart Levels: Support 132.00..131.40..130.00..128.00. Resistance 136.90..137.50..138.35..139.26

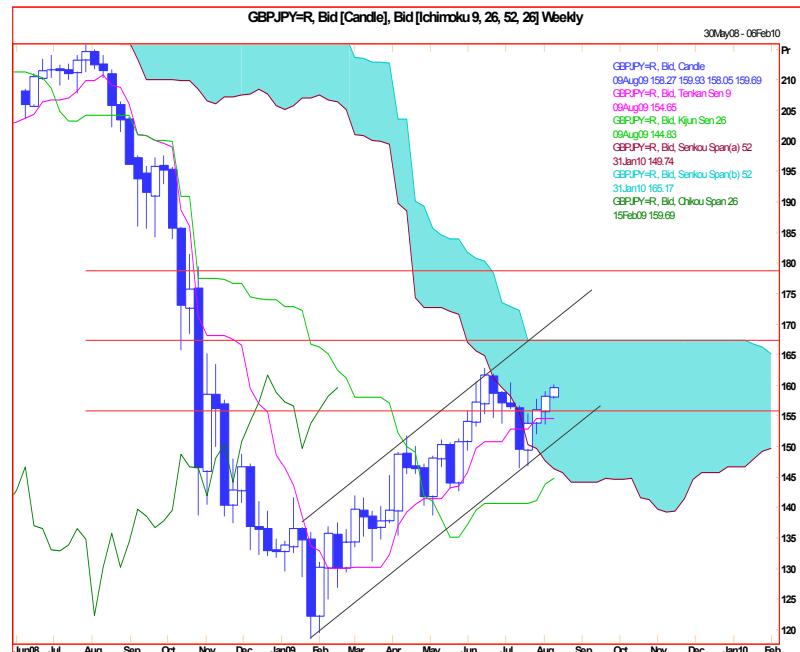


This week
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This month
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Yen crosses are trading at the upper edge of this year's very broad trading band. Hopefully the massive weekly Ichimoku 'clouds', here and in all other Yen crosses, will eventually exert downward pressure leading to a re-test of increasingly pivotal support around 128.00. However, moving averages do not support this view and have been suggesting a long position since mid-April. One-month at-the-money implied volatility is trying to base against 14.00% and should eventually manage a sustained move through 18.00%. Note that longer term prices are expected to hold within this year's ranges, trading in broad bands for another six months; picking interim highs and lows is unlikely to get any easier.

GBP/JPY Chart Levels: Support 155.35..153.85..152.25..150.75. Resistance 160.50..161.75..162.60..163.35.



This week
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Recent Cable strength appears to have taken many by surprise, pushing Sterling/Yen towards this year's high at 162.60. While we expect the latest rally to stall this might be a slow process that continues through until the end of August. During this time prices will probably hold between 154.00 and 162.00 most but not all of the time. Later expect a drop to 150.75/150.00 where some consolidation is likely, followed by a slower leg down to 143.00. At the moment moving averages do not support this view. One-month at-the-money implied volatility is still trying to base against 16.40%, one standard deviation from the mean at 11.50% since January 1995, and should eventually increase towards 21.00%.

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