

Weekly Technical Commentary

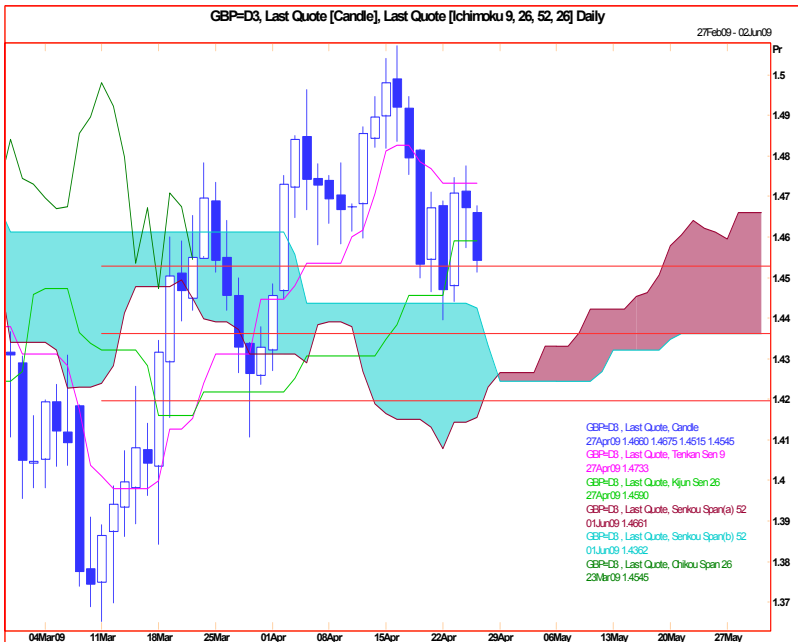
27 April 2009

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

Bloomberg Page: MIZH

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GBP/USD chart Levels: Support 1.4500..1.4435..1.4395..1.4200. Resistance 1.4700..1.4780..1.4960..1.5070.



This week

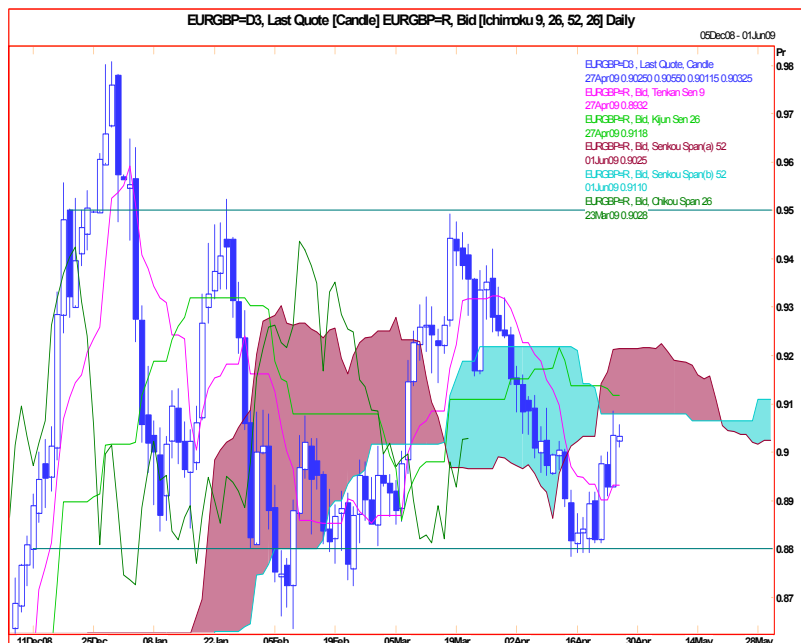
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This month

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Consolidating fairly neatly around 1.4600, despite some sharp intra-day moves, and above the top of the Ichimoku 'cloud'. Expect more of the same this week noting that Sterling is no longer overbought and momentum remains bullish so that longer term we continue to feel Cable should trade higher. What it needs is a little help from rallies in other major currencies and a weekly close above 1.5000. This should send many off to re-think this currency pair in particular (and the value of the US dollar) and UK plc generally. On the Bank of England's Trade Weighted basis the pound is still very close to its cheapest ever levels; even against a laggard like the Canadian dollar it is almost as low as it has ever been.

EUR/GBP chart Levels: Support 0.8900..0.8800..0.8725..0.8635. Resistance 0.9050..0.9100..0.9200..0.9320.



This week

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This month

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Bouncing slowly from the lower edge of the broad trading band that has dominated since December. For the next week or two we shall allow for a series of random messy moves roughly between 0.8750 and 0.9100. Over the next six weeks expect a re-test of February's low at 0.8635. A sustained break below 0.8600 very late in Q2 2009 should see the pair move slowly lower towards 0.8250. This would only take it back to levels last seen in Q4 2008, in turn the weakest that sterling had ever been against the Euro up until that time. One-month at-the-money implied volatility, which collapsed from 21.00% to 12.00% over the last two months, should form an interim base.

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