

**Weekly Technical Commentary**

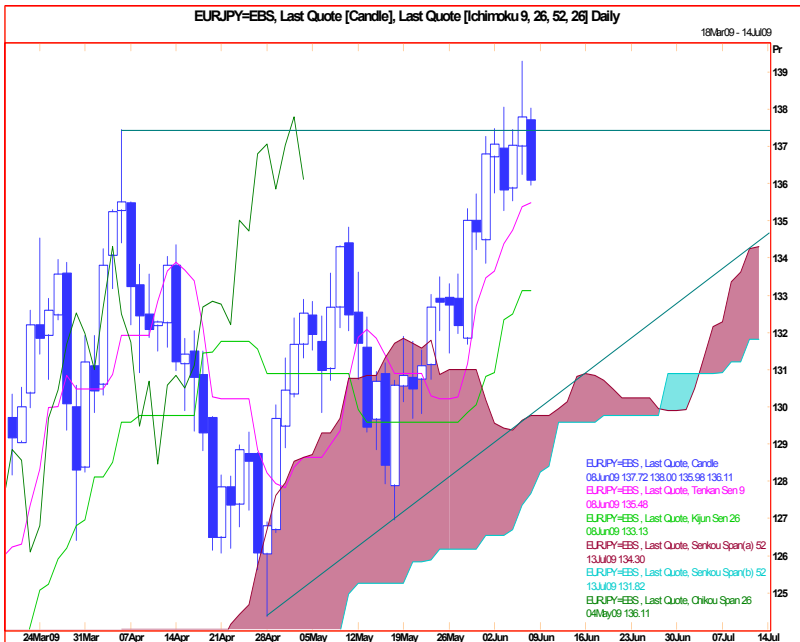
**08 June 2009**

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**EUR/JPY Chart Levels: Support 135.30..134.25..133.85..133.00. Resistance 137.50..138.00..139.26..140.00**

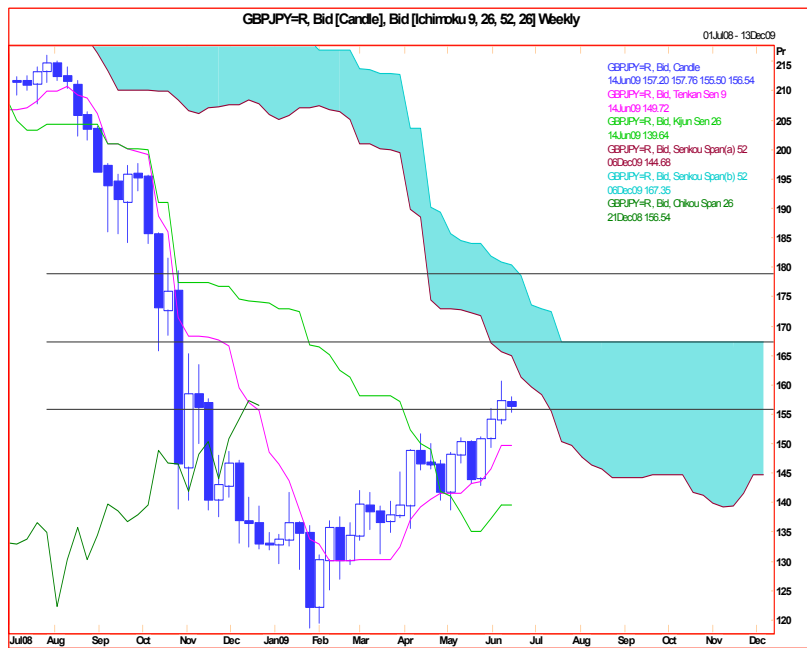


**This week**  
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**This month**  
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Because our outlook for dollar/Yen has changed somewhat, so has our medium term view on Yen crosses. We feel these will continue to trade broadly sideways and at the higher half of the ranges so far this year. Note that over the next nine months or more we favour EUR/JPY, and other Yen crosses, to move broadly sideways in very wide ranges, picking interim tops and bottoms very difficult indeed. Friday's sudden squeeze to a high at 139.26 looks, for now, like a small 'extension' and prices should hold below 138.00 for much of the coming week. If the range since March has been roughly 126.00 to 138.00, then its mid-point is 132.00 and prices should hold above here, possibly until the end of the month.

**GBP/JPY Chart Levels: Support 155.50..153.45..149.50..143.00. Resistance 157.75..160.50..163.35..165.00.**



**This week**  
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**This month**  
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With the pound fairly well supported despite its politicians, GBP/JPY rallied to a new high for the year at 160.50. We remind that moves so far this year have been subdued relative to last year's carnage and that the Yen is still trading not far off its strongest ever levels against several currencies. Because it is not overbought this week it should continue to trade either side of 155.50, probably between 153.00 and 160.00. Interestingly one-month at-the-money implied volatility appears to be trying to base against the 16.00% area. From 1995 to 2007 this traded between 6.00% and 16.00% most of the time suggesting we will form a new higher price for vol between 16.00% and 26.00%.

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