

Weekly Technical Commentary

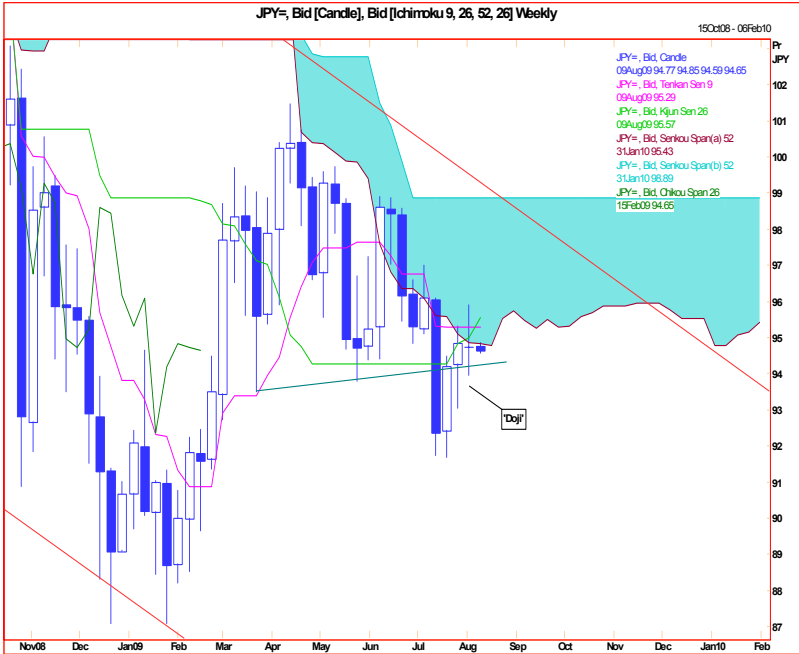
03 August 2009

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

Bloomberg Page: MIZH

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USD/JPY Chart Levels: Support 94.00..93.00..92.35..91.73. Resistance 95.88..96.25..97.00..99.00

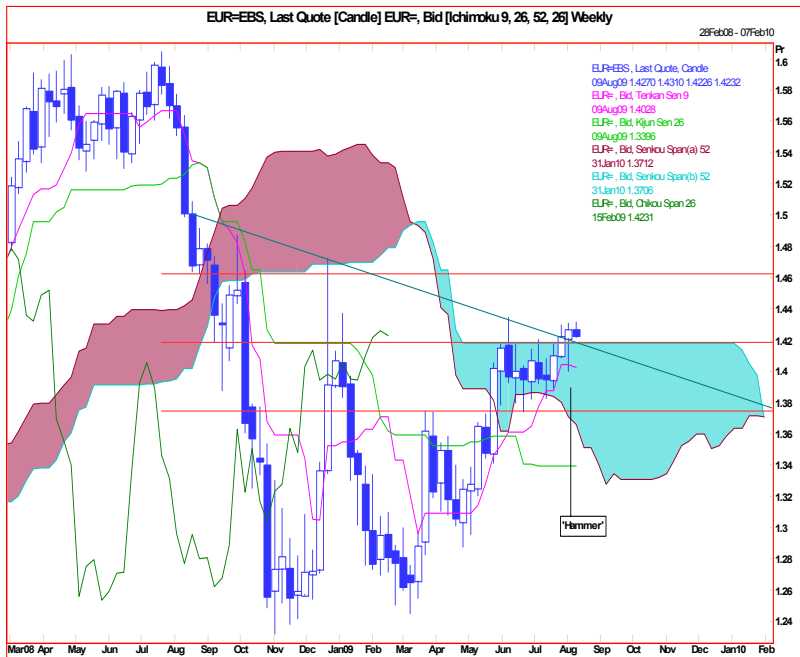


This week
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This month
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Little to add as prices continue to thrash around the 'neckline' of a potential 'head-and-shoulders' interim top where the 'head' marks the upper edge of this year's broad trading band. Last week's 'doji' candle denotes indecision and a market looking for direction. Hopefully the good-sized flat-topped weekly Ichimoku 'cloud' will grind prices lower for another weekly close below the pivotal 94.00 area, Fibonacci retracement support and this year's mid-point. Downside pressure should increase for a rush towards critical support between 87.00 and 85.00. One-month at-the-money implied volatility has based and will rally strongly then. Open interest is roughly one quarter of 2007's peak, 'carry trades' out of fashion.

EUR/USD Chart Levels: Support 1.4200..1.4040..1.4000..1.3900. Resistance 1.4339..1.4363..1.4430..1.4545.



This week
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This month
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Another weekly close above important resistance in the 1.4200 area, a 50% retracement of last year's losses which coincides with a large, flat-topped Ichimoku 'cloud'. It also managed a close just above trendline resistance, admittedly because of the line's downward slope. Several other currencies are doing something similar so that the rally we expect for the Euro is caused by generalised US dollar weakness rather than anything Euro-specific; (much to our surprise the Swedish krona is currently leading the pack). One-month at-the-money implied volatility should base this week against the 11.00% level, and pick up significantly in thin markets, towards 18.00%.

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