

Weekly Technical Commentary

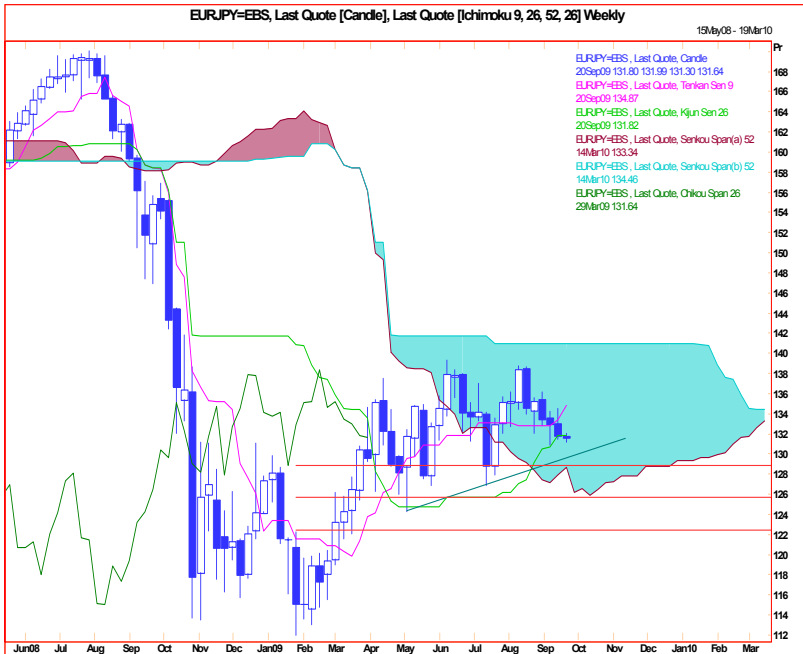
14 September 2009

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

Bloomberg Page: MIZH

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EUR/JPY Chart Levels: Support 131.00..129.00..128.00..127.00. Resistance 132.50..134.50..136.00..137.40

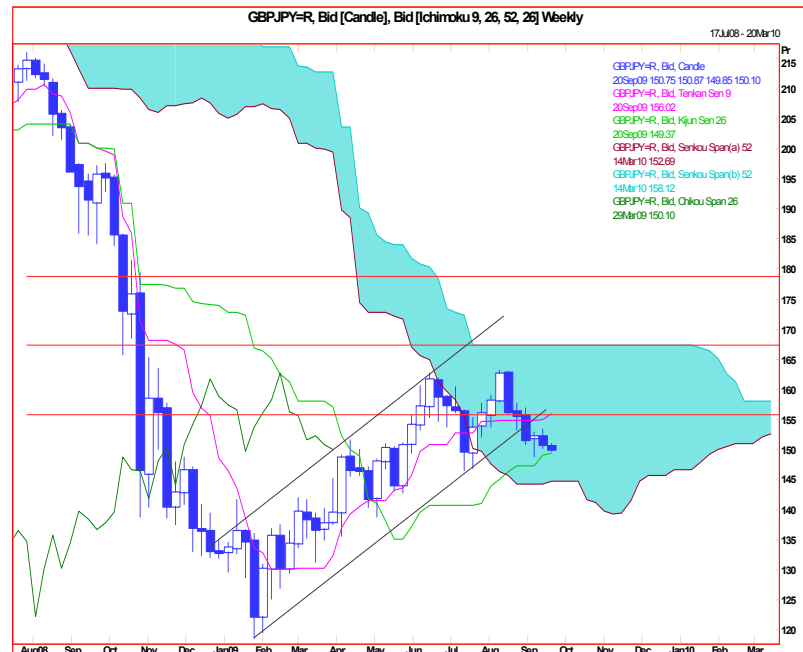


This week

This month

The lowest weekly close since mid-July might add a little more bearish pressure for a re-test of fairly pivotal support around 128.00. This marks the mid-point of the very broad band that has dominated trading so far this year. Though weekly moving averages still suggest a long, they have narrowed considerably and will probably turn to a sell on a break below 128.00. Surprisingly one-month at-the-money implied volatility is still trying to base against 14.00% and should eventually manage a sustained move through 18.00%. Note that longer term prices are expected to trade broadly sideways for another six months, picking interim highs and lows a tough, thankless task. All Yen crosses look similar, suggesting a Yen move the cause.

GBP/JPY Chart Levels: Support 149.00..146.70..143.00..139.00. Resistance 153.25..155.85..156.00..157.50.



This week

This month

The 'double top' against the 162.50 should lead to a re-test of June's low at 146.70, with a sustained break below here setting off a (probably sharp) drop to a measured target at 130.00. This would of course involve a break below the bottom of the very large Ichimoku 'cloud' (144.65) which should then turn moving averages bearish. One-month at-the-money implied volatility is still trying to base against 16.40%, one standard deviation from the mean since January 1995, and should eventually increase towards 21.00%. Note that so far this month the Yen has gained against all major currencies, a move which we feel will gather momentum over the next six weeks or so, Asian ones the weakest.

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