

Weekly Technical Commentary

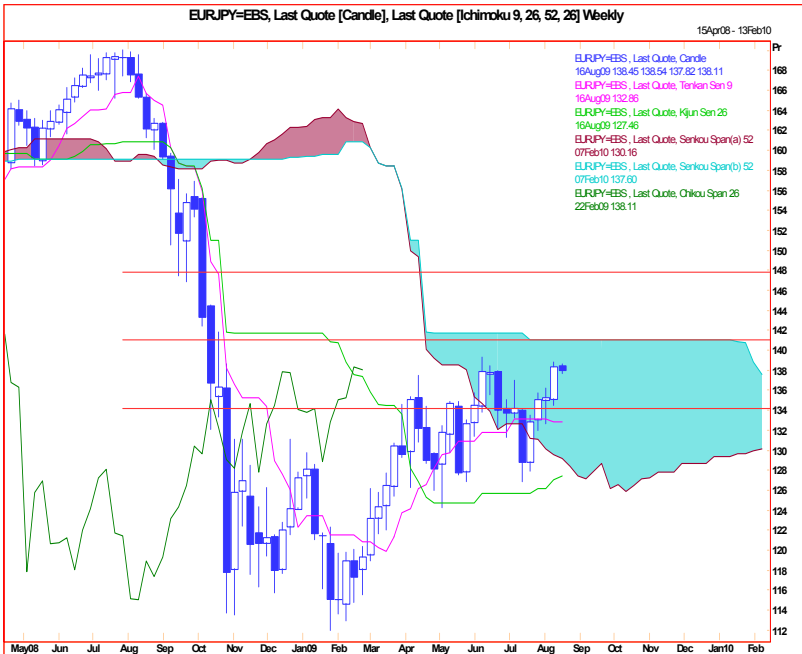
10 August 2009

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

Bloomberg Page: MIZH

Website: <http://www.mizuho-cb.co.uk/>

EUR/JPY Chart Levels: Support 136.50..135.75..134.00..132.80. Resistance 138.75..139.26..140.00..141.00

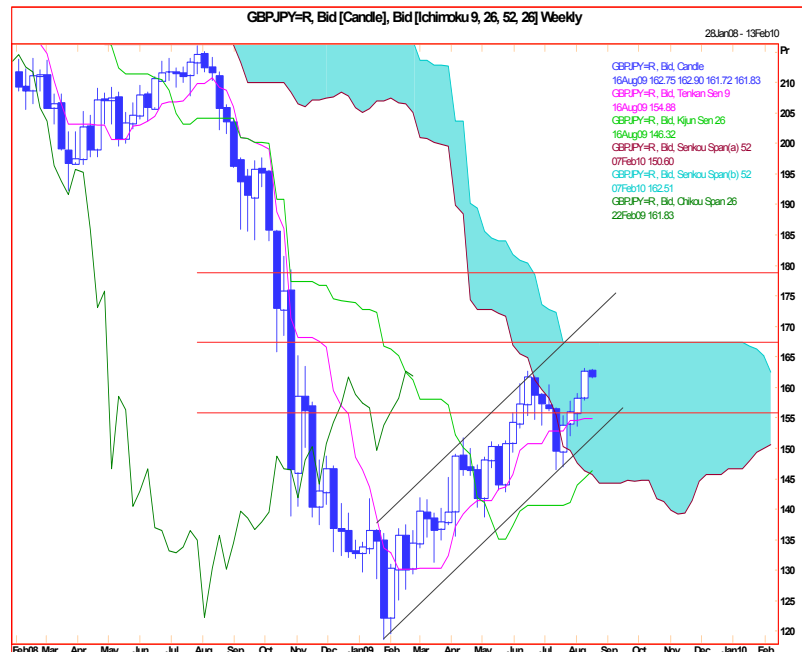


This week
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This month
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Hovering quite calmly at the upper edge of this year's very broad trading band, though some other Yen crosses have squeezed to new highs for the year. However, the Euro is as overbought as it was in March 2009. Hopefully the massive weekly Ichimoku 'cloud' and Fibonacci resistance, here and in all other Yen crosses, will eventually exert downward pressure leading to a re-test of increasingly pivotal support around 128.00. 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.

GBP/JPY Chart Levels: Support 159.00..156.40..154.50..152.25. Resistance 163.05..167.30..170.00..173.00.



This week
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This month
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Sneaking just above June's peak to a new high for the year at 163.05. However, we remain well below first Fibonacci resistance at 170.00 and below the top of a very large flat-topped Ichimoku 'cloud' at 167.30. While we expect the latest rally to stall this might be a slow process that continues through until the end of August, involving several cautious upside probes because the cross is currently not as overbought as some might imagine. During this time prices will probably hold between 154.00 and 162.00 most but not all of the time. 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%.

Produced by London Branch - Nicole Elliott +44-20-7786-2509 (email: Nicole.Elliott@mhcb.co.uk)

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