

Weekly Technical Commentary

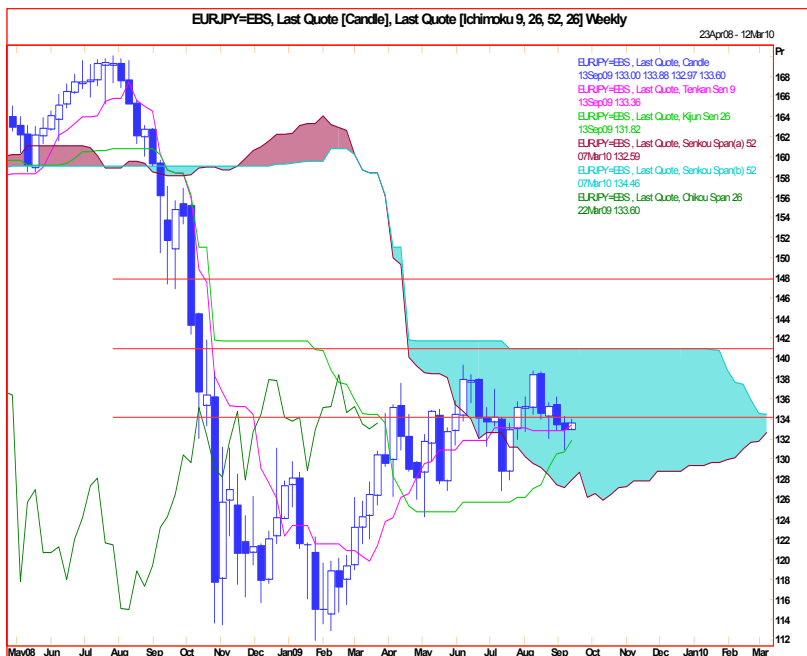
07 September 2009

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

Bloomberg Page: MIZH

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

EUR/JPY Chart Levels: Support 132.00..131.00..128.00..127.00. Resistance 134.15..135.30..136.00..137.40

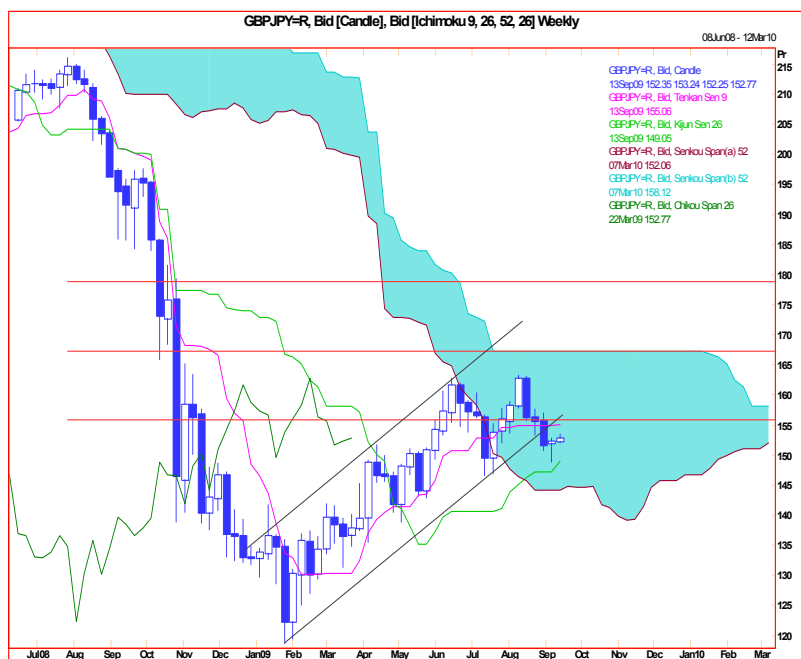


This week
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This month
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During August this cross formed another interim high at 138.72, the third in a series of highs very roughly in this area that started early April. We continue to favour a re-test 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. 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 151.00..150.00..149.00..146.70. Resistance 153.65..155.85..156.00..157.50.



This week
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This month
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A 'double top' against the 162.50 area formed last month and we now favour a re-test of June's low at 146.70 some time within the next month or two. Downside pressure should increase if we hold below 155.85 (Fibonacci retracement resistance), with a break below the bottom of the very large Ichimoku 'cloud' (144.65) completing the double top formation and turning moving averages bearish. Note that the bounce from last week's low at 149.00 has eased the oversold condition very considerably while postponing the break lower we continue to favour. 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%.

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