

Weekly Technical Commentary

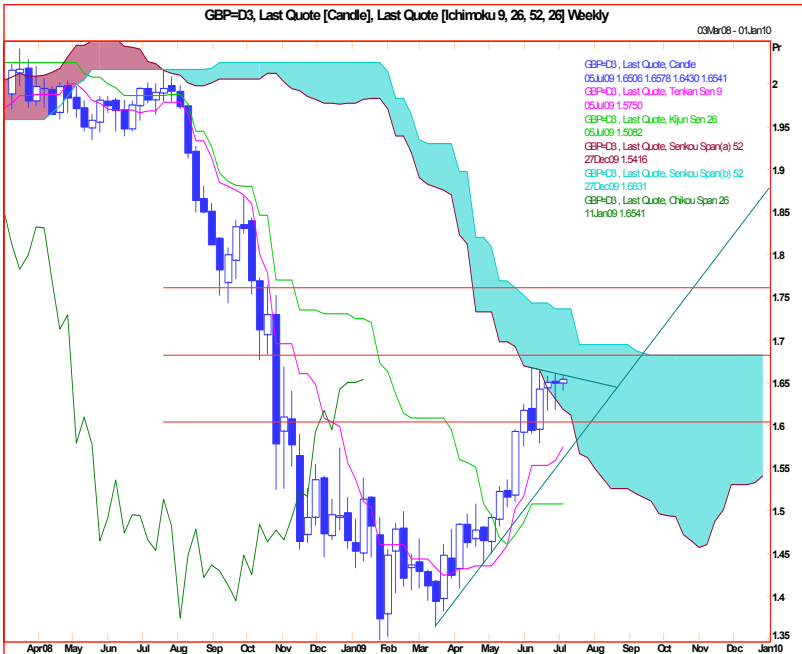
29 June 2009

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

Bloomberg Page: MIZH

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

GBP/USD chart Levels: Support 1.6185..1.6000..1.5800..1.5750. Resistance 1.6664..1.6825..1.6950..1.7000.

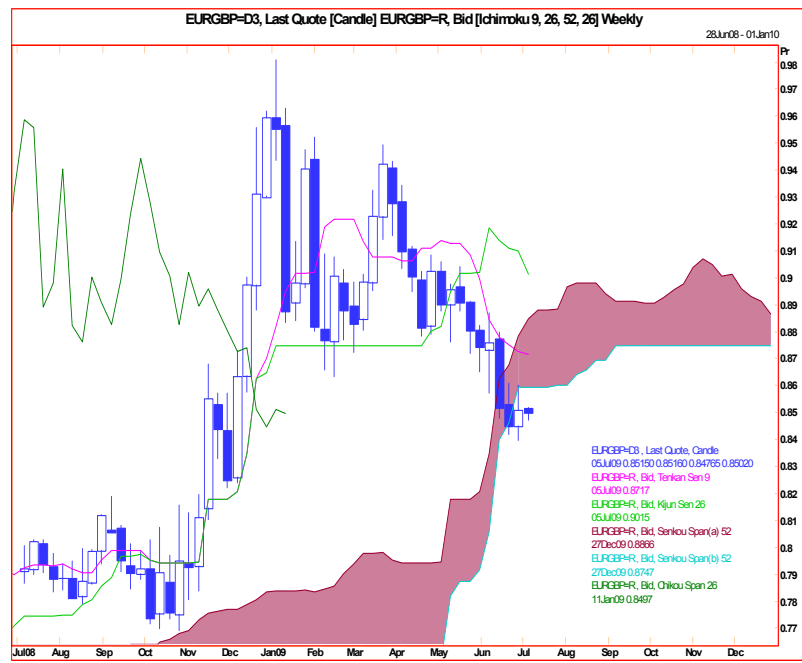


This week
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This month
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Little to add as for a fourth consecutive week we consolidate just under June's high at 1.6664, below a 50% Fibonacci retracement, in a 'right-angled triangle' or 'pennant' formation. The pound is no longer overbought and a lot more are coming round to the idea that it is 'cheap', especially against other European currencies. Moving averages are clearly pointing to a bullish trend and the Lagging Span has very little overhead resistance. A weekly close above 1.6600 might kick-start the next step higher, but because of the very large weekly Ichimoku 'cloud' perhaps only a decisive break above 1.7000 will really force many into hitting the panic button. One-month at-the-money implied volatility is expected to base against 14.00%.

EUR/GBP Chart Levels: Support 0.8475..0.8400..0.8250..0.8200. Resistance 0.8600..0.8650..0.8800..0.8935.



This week
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This month
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Hovering above the 0.8400/0.8475 area which is two standard deviations above the equivalent mean since 1986. This is seen as necessary consolidation in the longer term trend to a lower Euro against the pound. The Euro is still oversold but downside momentum in this currency pair is stronger than anything seen in the last two decades. The Ichimoku 'cloud' is very thin and the Lagging Span has candle resistance. We continue to target a drop towards 0.8250, a move currently suggested by the moving averages. This would only take it back to levels last seen in Q4 2008, in turn the weakest that sterling had ever been against the Euro up until that time. One-month at-the-money implied volatility is expected to base in the 10.00% area again.

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