

Weekly Technical Commentary

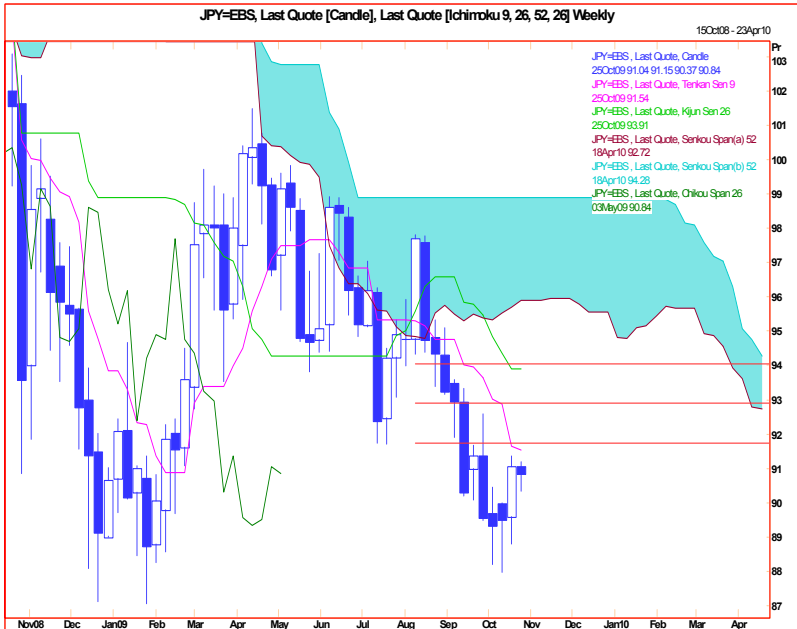
19 October 2009

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

Bloomberg Page: MIZH

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

USD/JPY Chart Levels: Support 90.20..89.50..88.80..88.00. Resistance 91.33..91.75..92.55..93.00

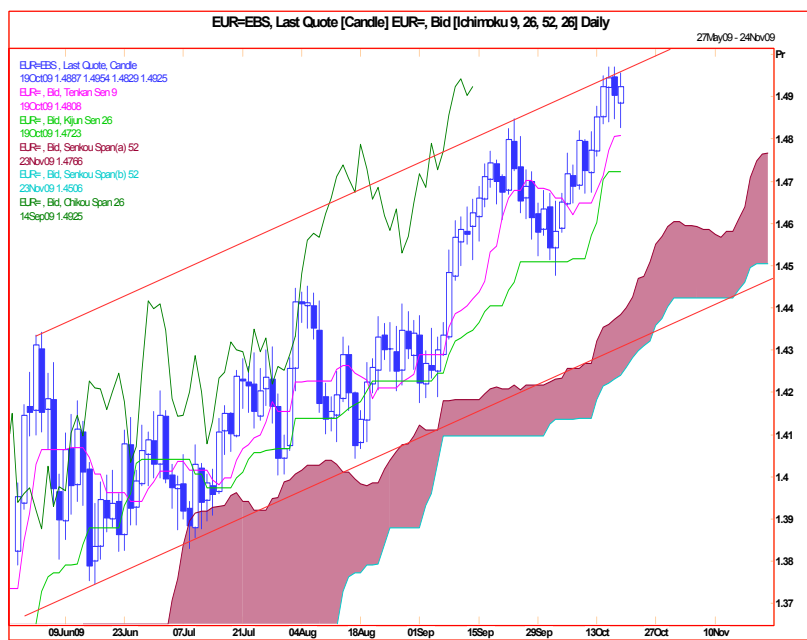


This week
→

This month
→

Rallying from 88.00 towards the 9-week moving average and first Fibonacci resistance, taking a few Yen crosses to new highs for this year (AUD/JPY, NOK/JPY and NZD/JPY). We still feel this latest bounce will probably be capped around 91.50, and while below 92.55 we continue to favour a series of cautious downside tests of key support between 87.00 and 1995's 85.00 (below which it spiked to a low 79.75 over a three month period). This in the context of generalised US dollar weakness which we expect through to year-end and probably a lot longer. The slower the move, the longer it should last. Note that from almost oversold against the Yen, the US dollar is now almost overbought.

EUR/USD Chart Levels: Support 1.4820..1.4700..1.4580..1.4480. Resistance 1.4968..1.5085..1.5240..1.5300.



This week
→

This month
→

Rallying to a new high for this year at 1.4968, a level that capped for many weeks from November 2007. It is possible that the Euro might struggle under here for a few weeks still, but we feel that the weekly close above 1.4800 will counter this allowing it to trade higher through to the end of this month. This marks another bout of generalised US dollar weakness, a feature that is likely to be repeated again and again over many months. The Euro is slightly overbought but then bullish momentum has increased significantly, and now even US stockbrokers are talking of the currency effect on share prices and economic conditions. Futures volume remains at the 2-year average.

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

The information contained in this paper is based on or derived from information generally available to the public from sources believed to be reliable. No representation or warranty is made or implied that it is accurate or complete. Any opinions expressed in this paper are subject to change without notice. This paper has been prepared solely for information purposes and if so decided, for private circulation and does not constitute any solicitation to buy or sell any instrument, or to engage in any trading strategy.