

Weekly Technical Commentary

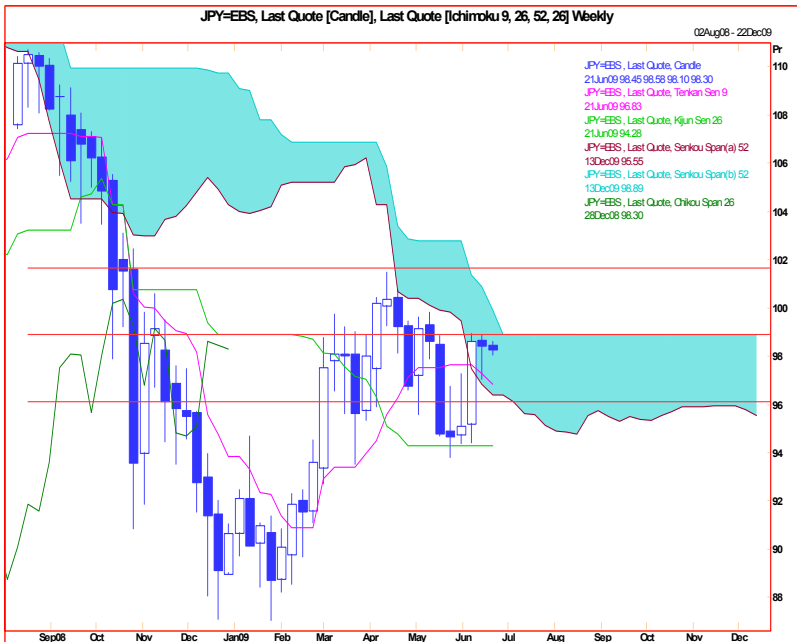
15 June 2009

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

Bloomberg Page: MIZH

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USD/JPY Chart Levels: Support 97.00..95.50..94.30..93.55. Resistance 99.00..99.80..100.75..101.45

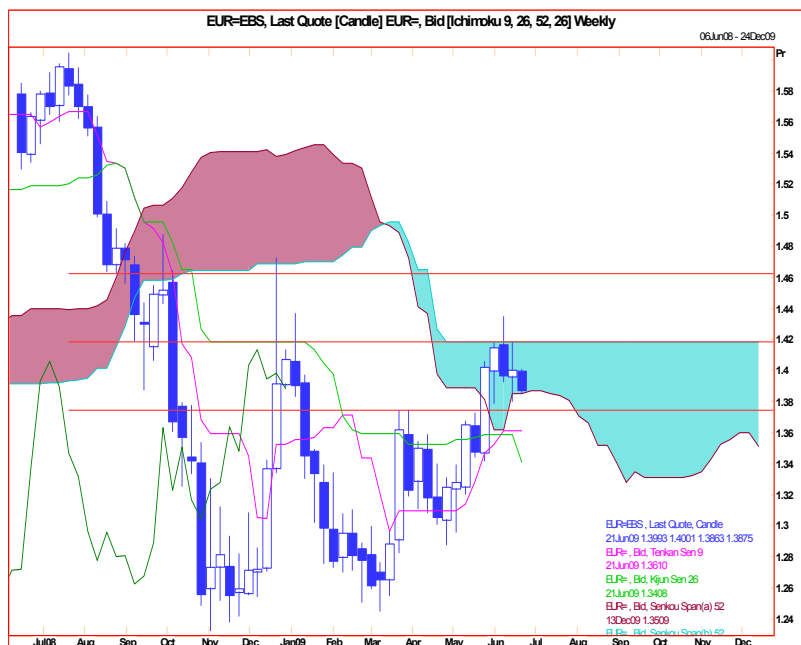


This week
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This month
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Despite trading both up and down, admittedly in a very narrow trading range, implied volatility has not picked up as much as we had hoped. Prices have held roughly between 94.00 and 100.00 for the last three months and we can probably 'look forward' to more of the same at least until month-end. Picking intermediate tops and bottoms will not get any easier as the risk of 'extensions' increases the longer we hold in the broad band established in March. Early this week we favour a cautious initial upside test, followed by a slow drift back down again. Then down first, up later, next week. Futures volume and open interest remain very subdued indeed, the latter less than half 2007's peak, a sign the 'carry trade' is dead.

EUR/USD Chart Levels: Support 1.3800..1.3750..1.3600..1.3425. Resistance 1.4000..1.4200..1.4339..1.4363.



This week
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This month
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The Euro is consolidating under this month's high at 1.4339, in turn its best level since January's high. We see this as an A, B, C-type correction but bears will be pointing to a potential 'head-and-shoulders' on the daily chart. The 1.4200 area is a 50% retracement of last year's losses and coincides with a large, flat-topped Ichimoku 'cloud' so we feel prices will thrash excitedly either side of here for another week, maybe until month-end. We feel the Euro should form another new interim base between 1.3800 and 1.3600, setting up for another strong rally in thin summer conditions. Note that futures volume has been very good, hinting that there is a genuine worry as to the staying power of the US dollar – and the Euro!

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