

**Weekly Technical Commentary**

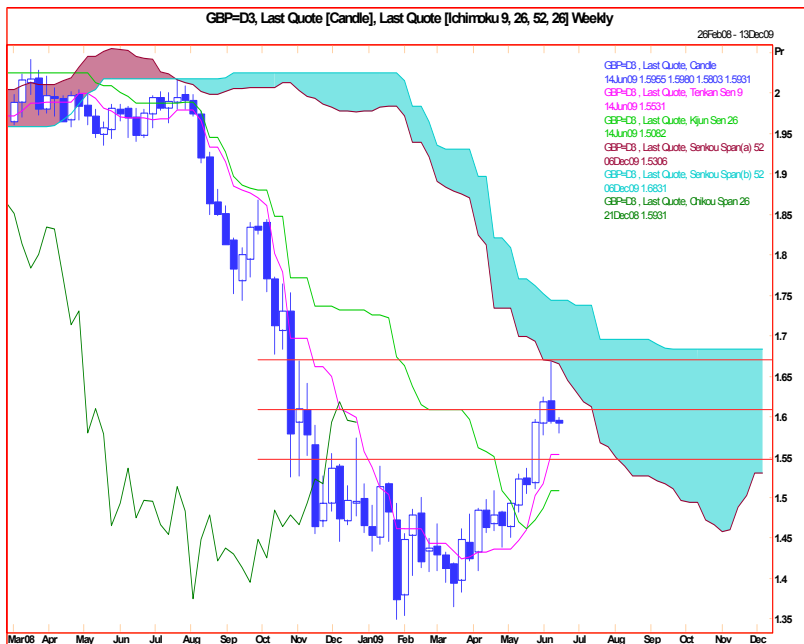
**08 June 2009**

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

Bloomberg Page: MIZH

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**GBP/USD Chart Levels: Support 1.5800..1.5600..1.5450..1.4350. Resistance 1.6100..1.6235..1.6664..1.6800.**

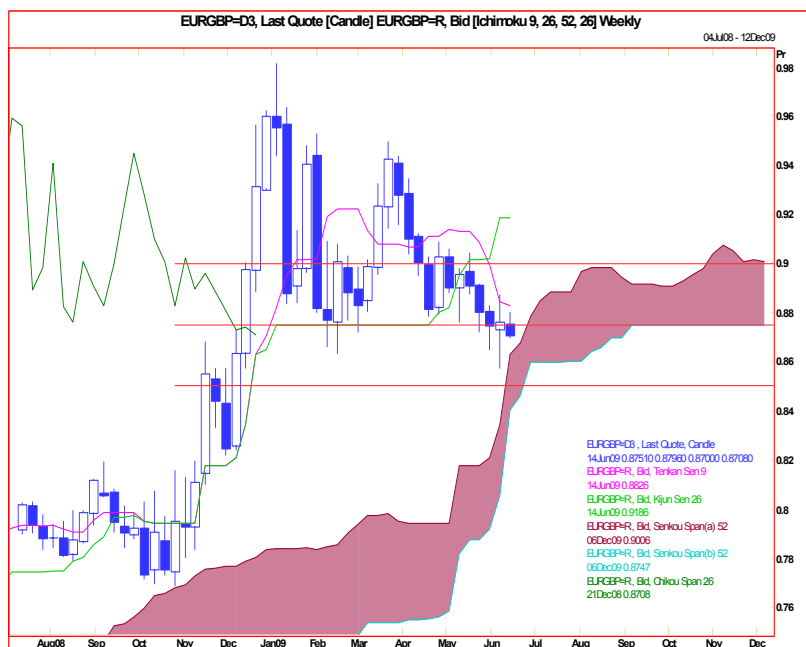


**This week**  
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**This month**  
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Dropping from a high at 1.6664 last week, in part because many look on in disbelief at cabinet resignations. Technically it was stopped dead in its tracks by retracement and weekly Ichimoku 'cloud' resistance. The dramatic-looking 'shooting star' candle looks impressive and might just limit the upside until the end of this month, but we remind that on the 21<sup>st</sup> May Cable managed to drop and recover 4 cents within a day. Open interest in the futures contract is still roughly half that of the peaks in 2007 and 2008. One-month at the money implied volatility is moving smartly towards our target at 18.00% (with the possibility of a massive overshoot to 22.00%). The long term trend to a higher Cable is bruised but intact.

**EUR/GBP Chart Levels: Support 0.8700..0.8635..0.8576..0.8500. Resistance 0.88000..0.8870..0.8925..0.9050.**



**This week**  
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**This month**  
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Dipping briefly to a new low for the year at 0.8576, then bouncing ahead of a widening Ichimoku 'cloud' and retracement support, to end the week as a 'doji' candle. This suggests prices will hold above here again this week, maybe longer, with slow cautious sideways moves dominating. A sustained break below 0.8600 very late in Q2 2009 should see the pair move slowly lower towards 0.8250, a move currently suggested by 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 has based and should move back up to 16.00%.

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

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