

Weekly Technical Commentary

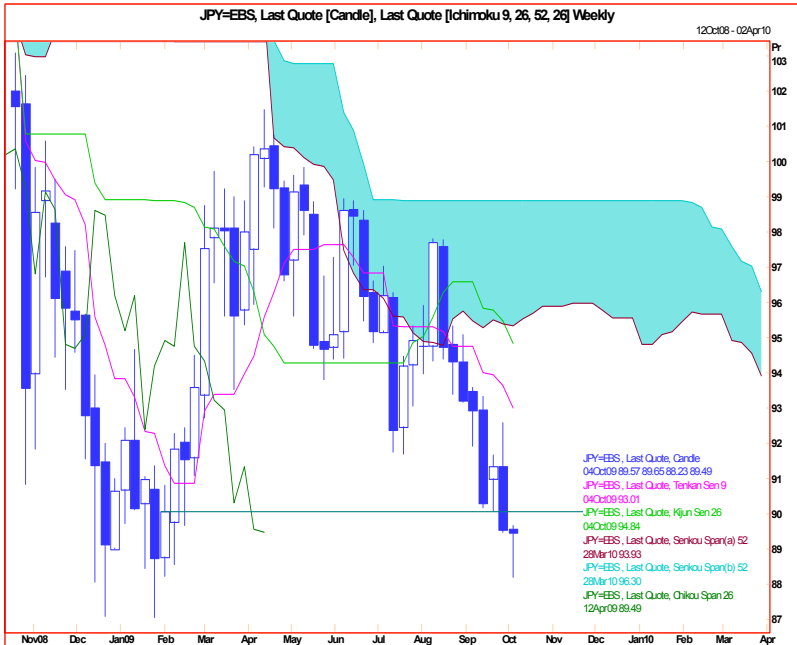
28 September 2009

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

Bloomberg Page: MIZH

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USD/JPY Chart Levels: Support 88.60..88.00..87.00..86.65. Resistance 89.75..90.00..91.35..92.55

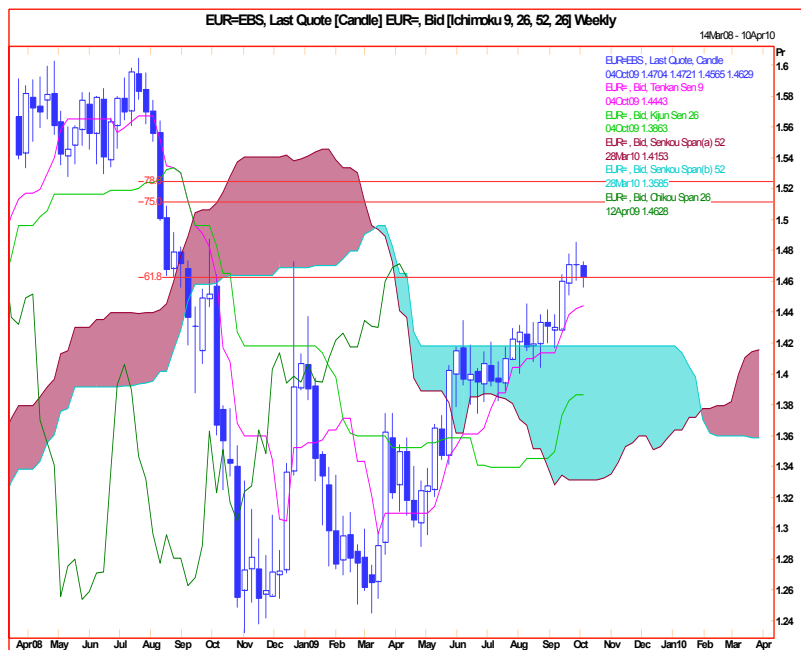


This week

This month

One of the lowest weekly closes this year sent the dollar tumbling against the Yen in Asia this morning. This month we expect a test of the 87.00 area, a level that held miraculously in December and again in January. The bounce from today's low at 88.23 is impressive, but unlikely to stem the flow for more than a week (and maybe not even for the rest of the day). Over the coming month 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). A baptism by fire for the incoming regime and an unwelcome headache to add to a long list of woes. Note this is a Yen move as crosses also look set for a drop.

EUR/USD Chart Levels: Support 1.4550..1.4500..1.4400..1.4290. Resistance 1.4700..1.4768..1.4845..1.4900.



This week

This month

Last week's 'doji' suggests some instability at current levels and the need for consolidation. Therefore allow for corrective work under 1.4845, possibly down to the nine-week moving average at 1.4443, this week and maybe the following one also. One-month at-the-money implied volatility is still trying to base against the 10.00% level, and should eventually pick up towards 16.00% over the coming month or two. A weekly close clearly above 1.4700 is needed to increase upside pressure resulting in another round of generalised US dollar weakness. Note that the weekly Ichimoku 'cloud' has a flat top until the end of this year so will not help the Euro higher. However, the nine-week moving average has nudged it up since May.

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