

Weekly Technical Commentary

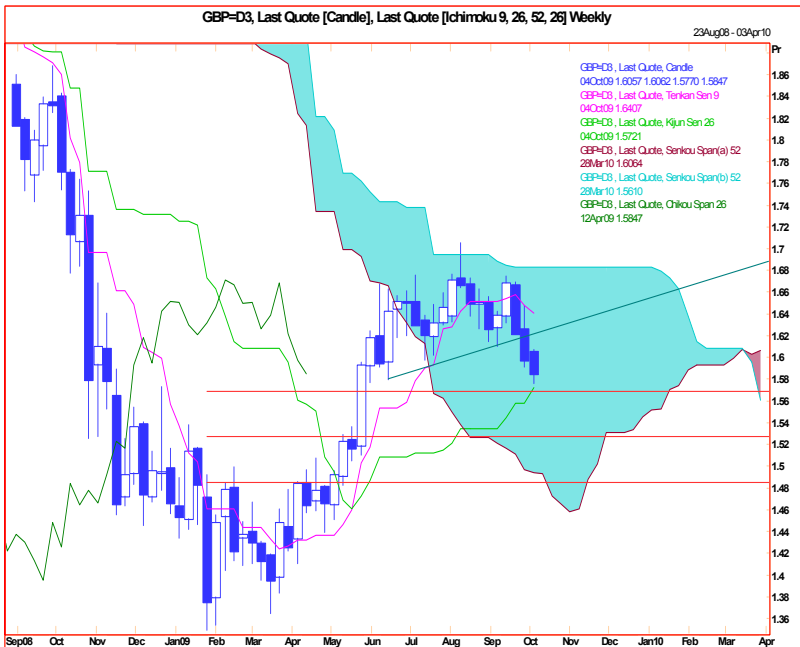
28 September 2009

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

Bloomberg Page: MIZH

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

GBP/USD chart Levels: Support 1.5770..1.5685..1.5500..1.5260. Resistance 1.6000..1.6235..1.6400..1.6500.



This week

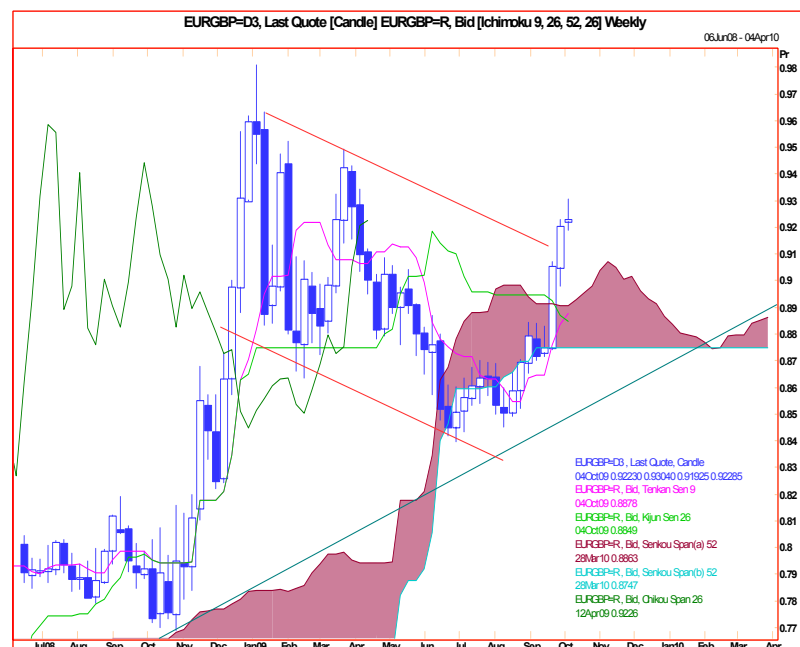
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This month

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Breaking below the 'neckline' of an irregular 'head-and-shoulders' top, dropping towards the 26-week moving average and 38% Fibonacci support. We shall continue to allow for a sudden sharp drop to the 1.5575 area, and no lower than 1.5275. The drop should end suddenly, probably with a 'spike low'. Note that this corrective move lower should will be difficult to trade and will eventually see a resumption of what we feel is the long term trend to a higher Cable. Because the weekly Ichimoku 'cloud' is so very large we could easily hold inside here until year-end. One-month at-the-money implied volatility rallied from 10.65% and should move on up to 14.50%. Good futures volume Thursday and Friday suggest much speculating.

EUR/GBP chart Levels: Support 0.9190..0.9040..0.8955..0.8880. Resistance 0.9304..0.9340..0.9430..0.9500.



This week

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This month

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Higher again, trading above the top of a good-sized weekly Ichimoku 'cloud' as moving averages cross to bullish. The highest close since March 2009 and above a potential enormous 'flag' – which is usually a continuation pattern. The implications are too awful to contemplate as conservative measured targets from this pattern would be 1.0300 and a squeeze to 1.1000 a possibility. Hard to swallow, yes, but when the central bank governor starts talking down his currency who knows what might happen next. The only ray of hope for those holding pounds is that the weekly Ichimoku 'cloud' drops from mid-November and becomes nothing early February 2010. Cold comfort, indeed.

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