

**Weekly Technical Commentary**

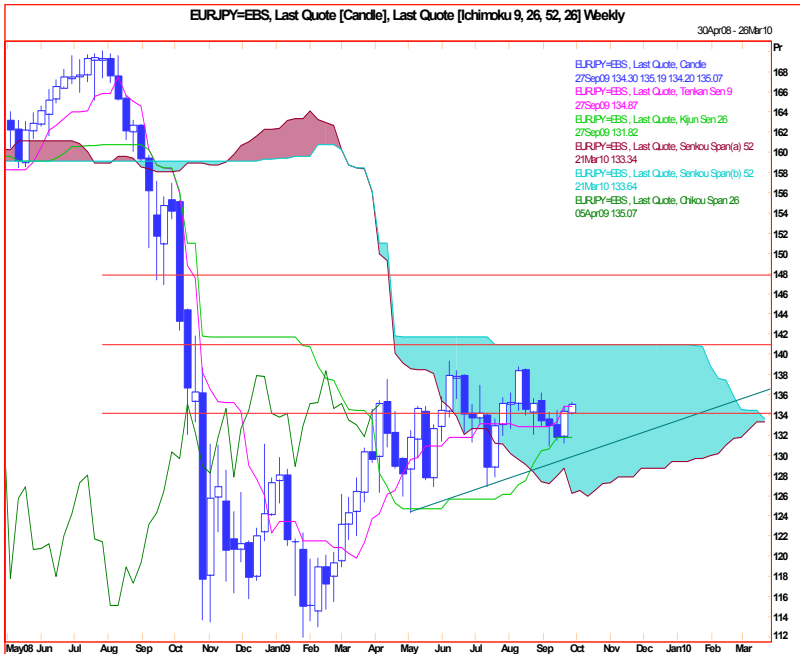
**21 September 2009**

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

Bloomberg Page: MIZH

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

**EUR/JPY Chart Levels: Support 132.00..131.00..129.00..128.00. Resistance 135.25..136.00..137.40..138.75**

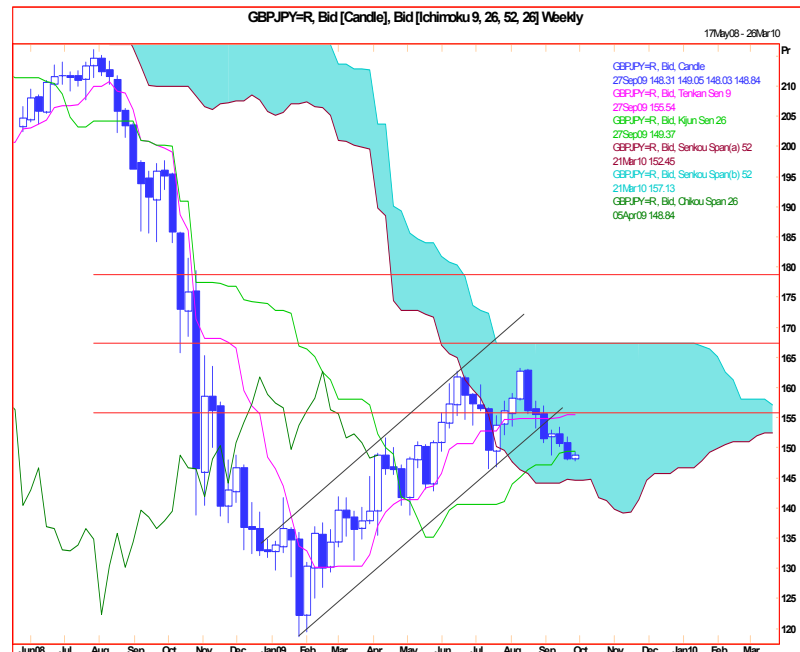


**This week**  
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**This month**  
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Yen crosses did not see the downside follow-through we had predicted for last week and instead bounced fairly strongly from recent lows. Hopefully the rallies will fizzle out imminently and late this month and in October we will resume the cautious downside testing we still favour, with the 128.00 area pivotal. Surprisingly one-month at-the-money implied volatility has dropped to 12.75% (considerably lower than September 2008) suggesting option sellers are at their most aggressive in a while. The low for volatility was 9.00% in August 2008 and 5.00% in November 2006. Note that longer term prices are expected to trade broadly sideways for another six months, picking interim highs and lows a thankless task.

**GBP/JPY Chart Levels: Support 148.00..146.70..143.00..139.00. Resistance 151.75..153.25..156.00..157.50.**



**This week**  
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**This month**  
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Dropping a little lower, unlike most Yen crosses, as the UK authorities giving sterling a pounding. Though weekly moving averages have been suggesting a long position since May, we view price action since June as a 'double top' which will be completed by a weekly close below July's low at 146.70. A break below the bottom of the very large Ichimoku 'cloud' (144.65) would add bearish momentum leading to a drop to our measured target at 130.00. Below 129.00 on a first attempt is considered highly unlikely, though note that moves below here are expected to be complex and very sharp. One-month at-the-money implied volatility is at its lowest in just over a year (14.25%), suggesting aggressive selling by market makers.

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