

Weekly Technical Commentary

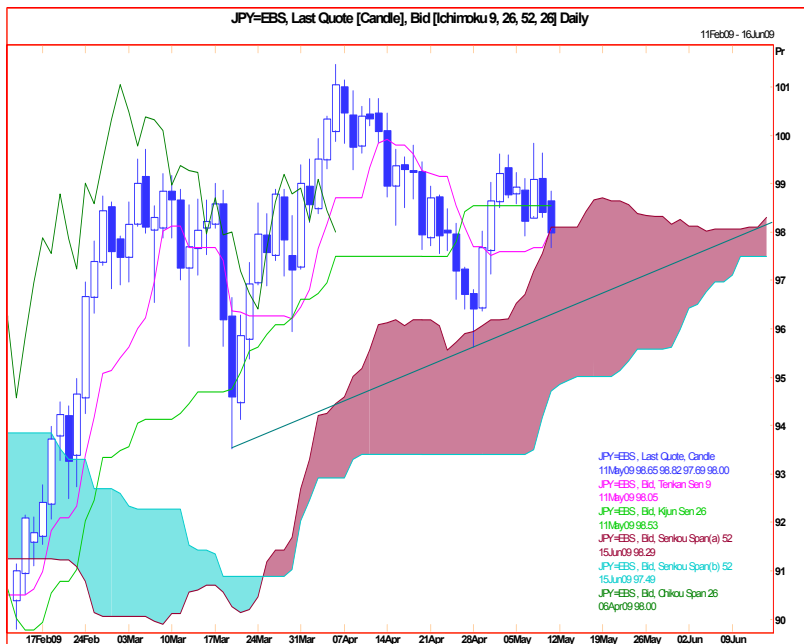
11 May 2009

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

Bloomberg Page: MIZH

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USD/JPY Chart Levels: Support 97.50..96.50..95.65..93.55. Resistance 99.00..99.80..100.75..101.45

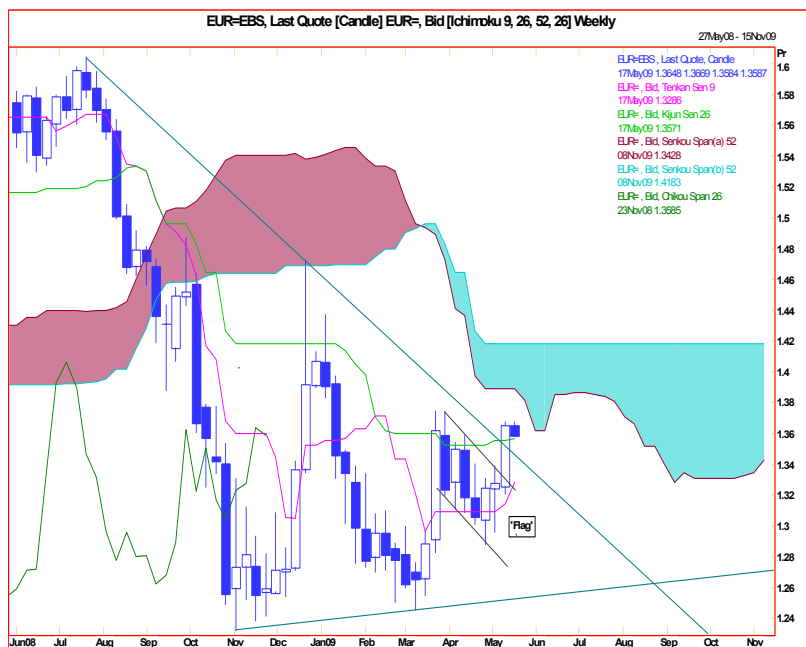


This week

This month

Retreating again from March's high at 99.69 in what is a potential, irregular, oversized 'head-and-shoulders' top. Prices should now turn their focus to cautious downside probing, starting with this morning's test of the top of the daily Ichimoku 'cloud'. In what is expected to be generalised US dollar selling, this month the Yen may well outperform other major currencies dragging Yen crosses lower. Moving averages are already suggesting a short position in dollar/Yen and Pacific rim currencies are leading the way as they strengthen to some of the best levels of the last six months. A daily close below 97.00 will probably turn momentum bearish and note that the greenback is certainly not oversold here.

EUR/USD Chart Levels: Support 1.3550..1.3400..1.3200..1.2965. Resistance 1.3670..1.3740..1.3965..1.4200.



This week

This month

The FX market, having wasted an awful lot of time so far this year, looks set to wake from its slumber. The Euro's 'flag' formation has pushed it on to a weekly close above long term trendline resistance. Moving averages are still a way off crossing to a long position and many may be clutching to the fact we are still below March's high at 1.3740. Vain hopes, we feel, as generalised US dollar weakness should be the dominant feature this month and maybe for the next six months. One-month at-the-money implied volatility appears to have based against the 13.30% area and should now rally (as should JPY volatility). On the ECB's Effective Exchange rate it is well below last year's December peak.

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