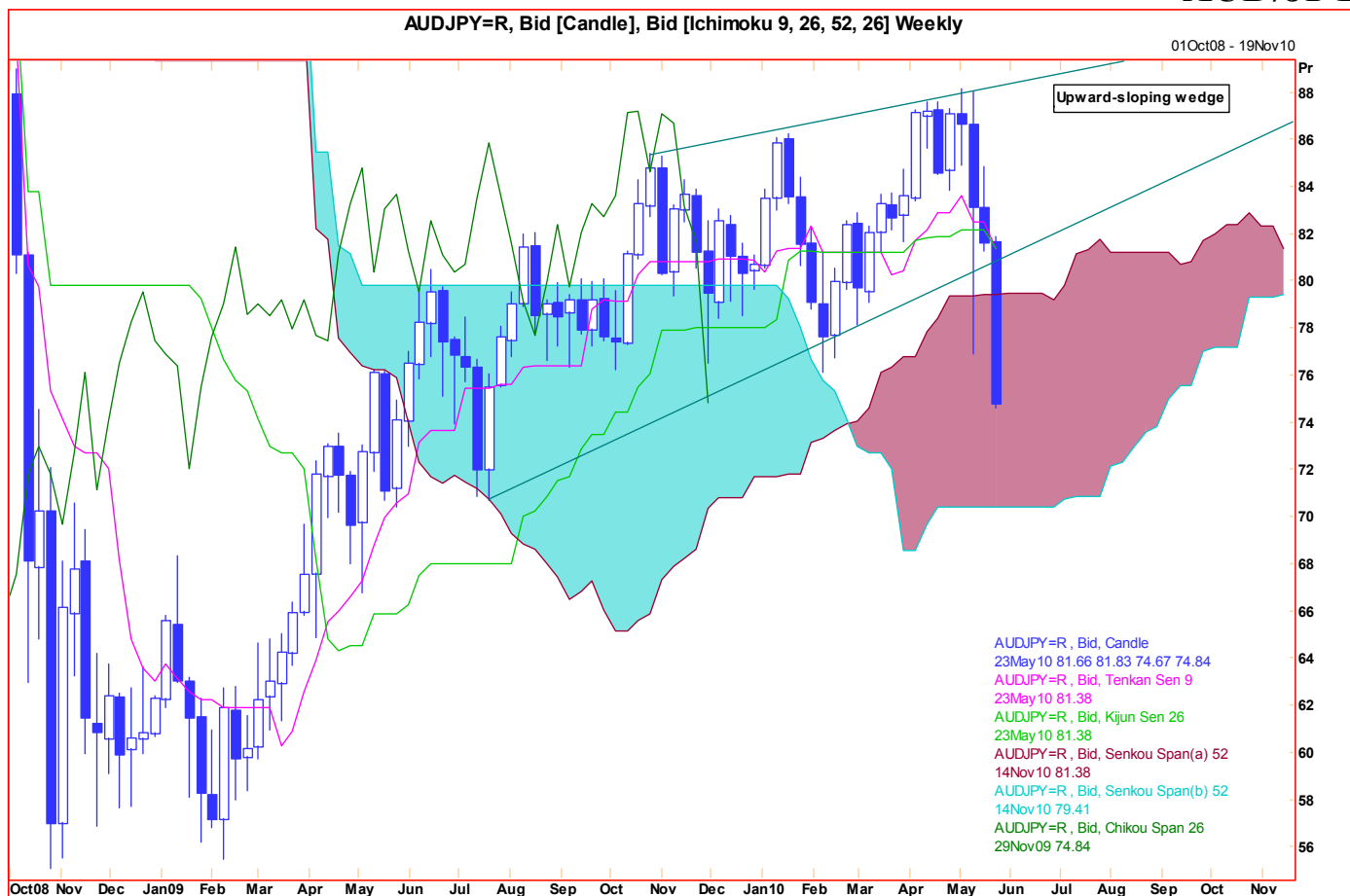


Technical Analysis

20 May 2010
AUD/JPY



Comment: Three months later than we had thought, and two yen higher than allowed for, the nasty 'wedge' pattern that dominated this chart has unravelled. Like the equity indices that look so much like it, the 'rally' this year was based on cheap cash from stimulus packages, switched into 'carry' and combined with leverage. This May's collapse started from 61% Fibonacci retracement of 2008's collapse and is almost as big as the 15 yen decline of November 2007. The Australian dollar is not oversold (yet) and momentum is decidedly bearish. Our first downside target remains at 74.00 and then the bottom of the weekly 'cloud' at 70.00 where it should try and stabilize. As always though, when the time for a clear-out in these two arrives, moves take no prisoners so allow for an overshoot to 67.00 noting that a re-test of the all-time low at 55.00 of October 2008 cannot be ruled out.

A weekly close above 80.00 forces us to adjust.

Chart Levels:

Support	Resistance	Direction of Trade
74.00	78.00	
71.75*	80.00/80.40*	
71.00	81.85*	
70.50/70.00**	83.00	
68.00*	84.75	

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