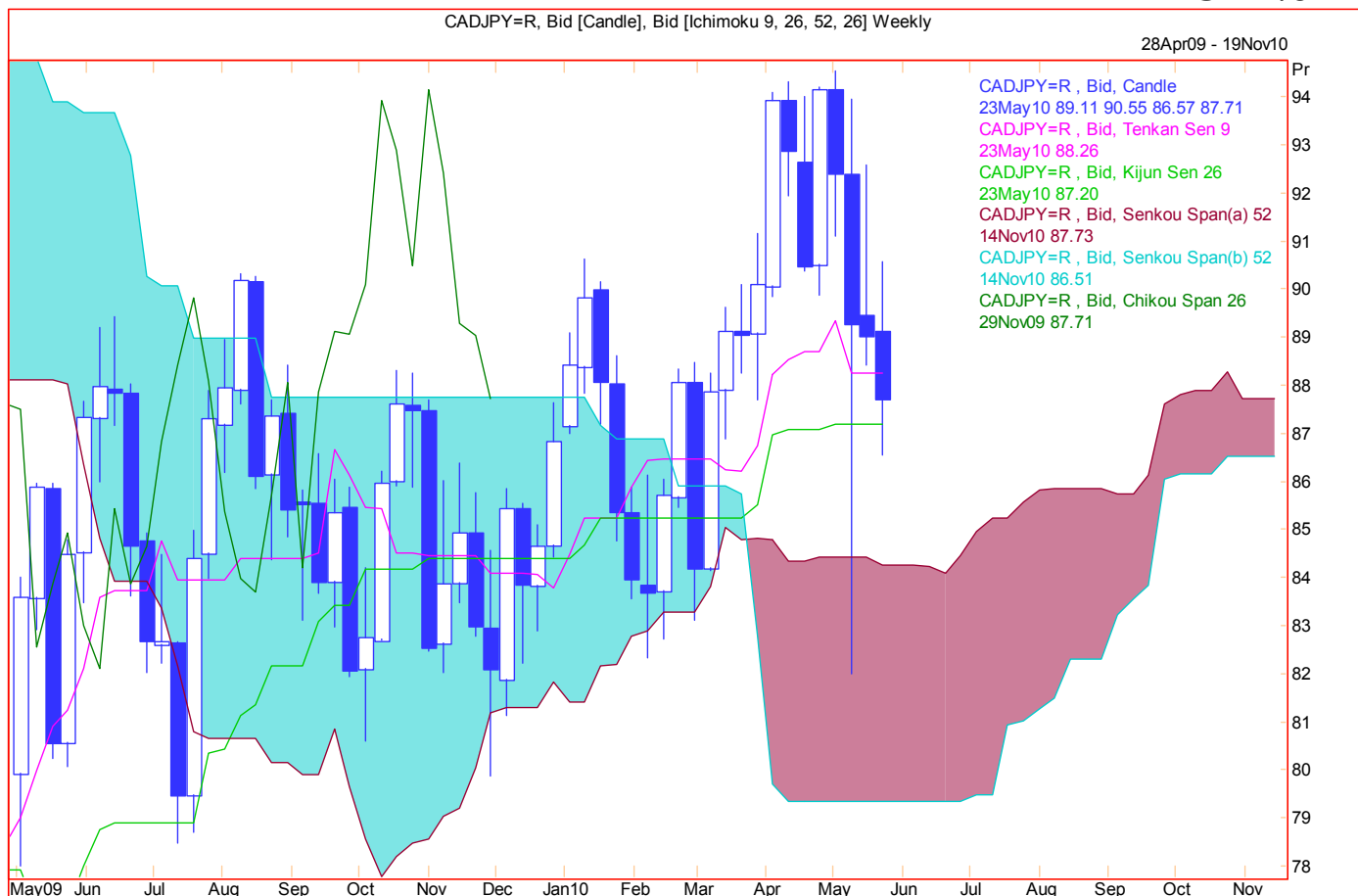


Technical Analysis

19 May 2010

CAD/JPY



Comment: This pair is back where it was in January and this month's range so far has been the biggest since November 2008's turmoil. Being two of this year's top performing currencies (along with the real and Aussie) has kept them at bay, just under 89.40 which is the mean of the last twenty years. The likelihood is that we can 'look forward' to yet more of the same, noting however the yen's superior safe-haven credentials over the very long term may have faded a little while the loonie's have buffed up well. An initial drop towards 80.00 should be followed by a slow basing procedure between here and 78.50.

Strategy: Sell at 87.70, adding to 90.00; stop above 90.70. Add to shorts on a weekly close below 87.00 for 85.00 short term, 82.50 medium term and maybe 78.50/80.00.

Chart Levels:

Support			Resistance		Direction of Trade
86.50			90.30/90.60*		
85.00			92.55		
82.00*			94.50**		
80.50			95.00		
79.90*	78.50**	70.70**	97.00**		

Produced by London Branch - Nicole Elliott +44-20-7786-2509

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Charts provided by Reuters.