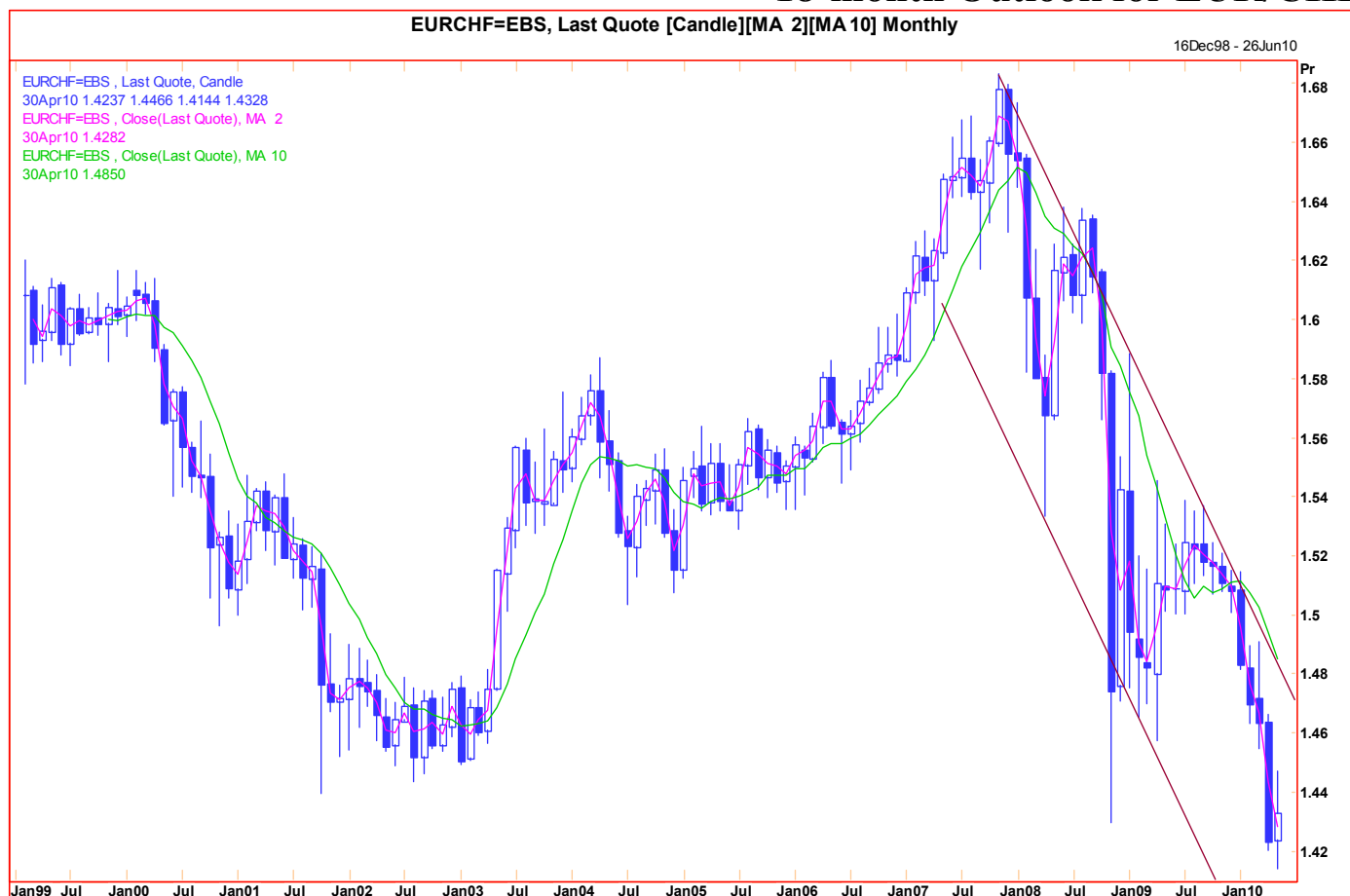


Technical Analysis

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

22 April 2010

18-month Outlook for EUR/CHF



Comment: Because of central bank intervention it is difficult (not to say suspect) to forecast exchange rates for this currency pair using Technical Analysis. The Swiss National Bank's reserves increased by CHF 12.5 billion to CHF 94.68 billion between Q3 and Q4 2009, almost double Q4 2008's level, underlining the massive amount of foreign currency bought over the period. What one **can** say definitively is that since exchange rates floated in the 1970's the Swiss franc has strengthened from 1.2500 per Deutschemark to 0.8000 (in 1980), and from 1.6200 per Euro in 1999, to 1.4400 (2001), a countertrend rally up to a record high at 1.6828 (October 2007), and now a record low at 1.4144. The ultra-long term trend is relentlessly lower, the only question being how fast we drop. Assuming the central bank is willing to smooth downside progress, we favour a drop to 1.4000 this summer followed by sideways work between here and 1.4600 in Q3 2010. Then in Q4 expect another drop to 1.3500, again followed by consolidation. During 2011 expect more of the same with a drop to 1.3000 in the summer and probably no lower than 1.2500 in Q3 2011 before a more concerted bounce begins.

A weekly close well above 1.4600 postpones all of the above suggesting a long bout of sideways trading centred at 1.5000 lasting roughly twelve months.

Chart Levels:

Support	Resistance	Direction of Trade
1.4300	1.4400/1.4465	
1.4200*	1.4600*	
1.4144*	1.4800	
1.4000/1.3950*	1.5000*	
1.3500/1.3475*	1.5400/1.5445**	

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Charts provided by Reuters.