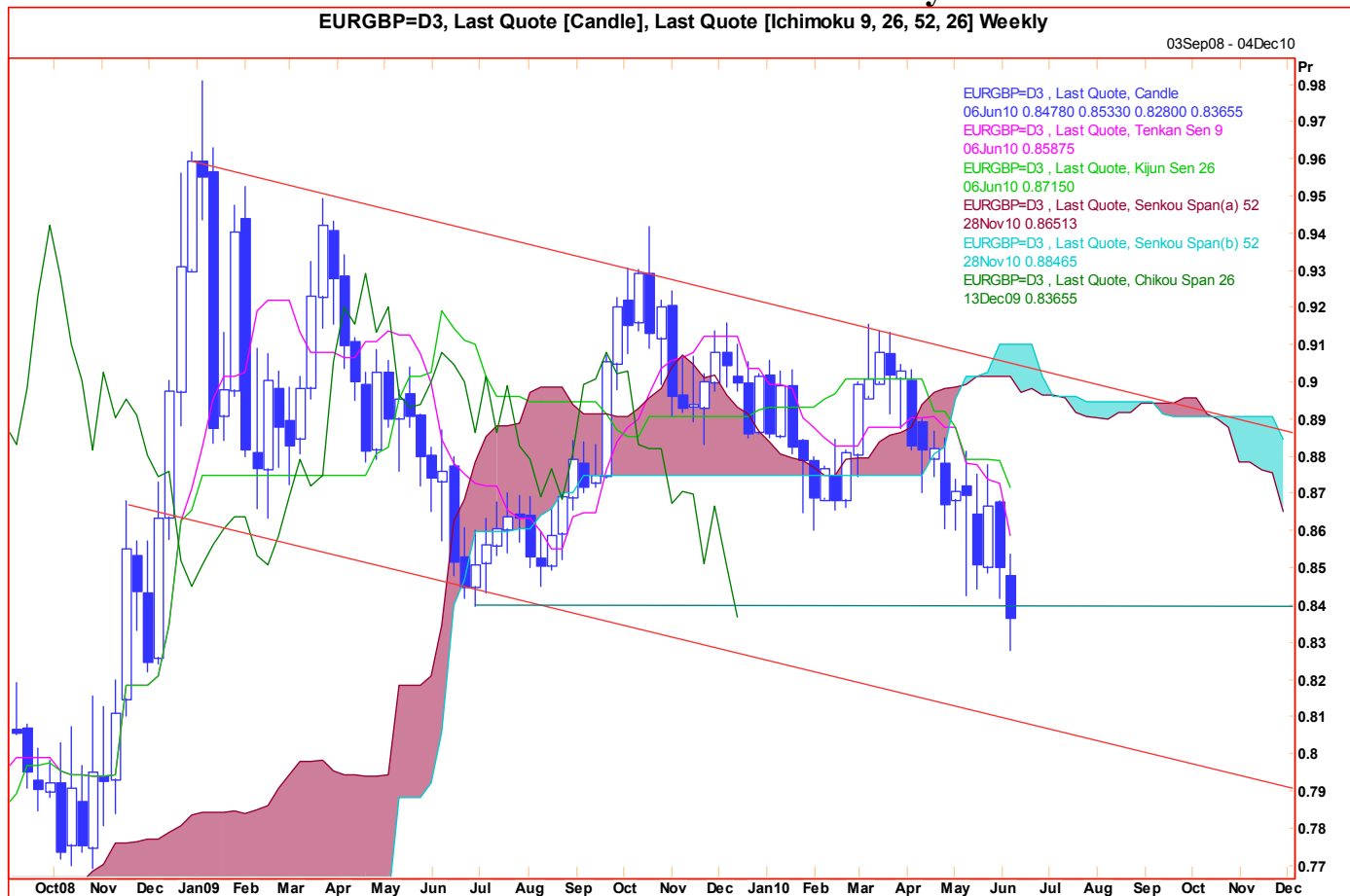


Technical Analysis

03 June 2010

Monthly Outlook for EUR/GBP



Comment: All aspects of this chart suggest a short position as the cross tests key support around 0.8400 – slightly sooner than we had hoped. This level lies two standard deviations above the very long term mean (based on the Deutschmark equivalent) at 0.7150 so even at these levels sterling remains ‘cheap’, here and against last year’s best performing currencies. To confirm an important break lower weekly and monthly closes below 0.8400 are needed. This should then send the Euro down to 0.8000, maybe 0.7800, where consolidation is likely.

A weekly close above 0.8800 would force us to review, suggesting we are witnessing a ‘false break’ lower.

Chart Levels:

Support	Resistance	Direction of Trade
0.8350	0.8585	
0.8280	0.8715	
0.8225*	0.8800*	
0.8150	0.8900	
0.8000*	0.9000	

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

The information contained in this paper is based on or derived from information generally available to the public from sources believed to be reliable. No representation or warranty is made or implied that it is accurate or complete. Any opinions expressed in this paper are subject to change without notice. This paper has been prepared solely for information purposes and if so decided, for private circulation and does not constitute any solicitation to buy or sell any instrument, or to engage in any trading strategy.

Charts provided by Reuters.