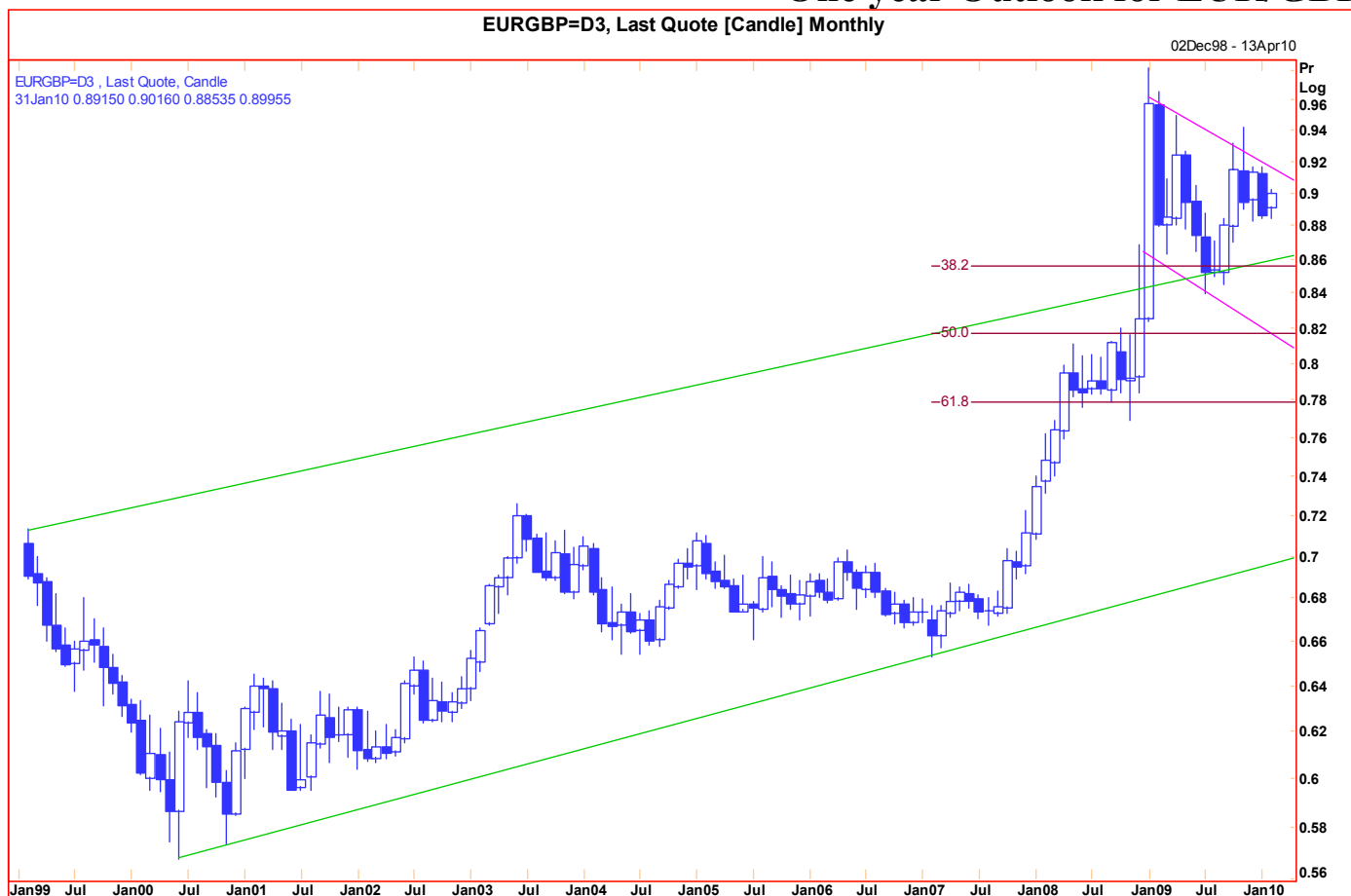


Technical Analysis

07 January 2010

One year Outlook for EUR/GBP



Comment: Price action last year can be seen either as a massive 'flag' or a potential (crooked) 'double top'. We favour the latter, mainly because monthly price swings are as large as those in 2000 (on this Log scale), price action more likely at tops than mid-range. Note that though the press may suggest we are headed for parity to the Euro, January's Reuters FX poll has only one of sixty professionals polled forecasting this (in 12 months time). However, while above the pivotal 0.8400 level this possibility cannot be ruled out. Prices are likely to hold above here this quarter, and maybe during Q2 too. A sustained break below here should send prices down steadily in Q3 and Q4 to 0.7800.

A weekly close above 0.9500 would force us to review.

Chart Levels:

| Support | Resistance | Direction of Trade |
|----------|------------|--------------------|
| 0.8800* | 0.9200 | |
| 0.8635 | 0.9400* | |
| 0.8400** | 0.9500 | |
| 0.8200* | 0.9600** | |
| 0.8000 | 0.9805* | |

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Charts provided by Reuters.