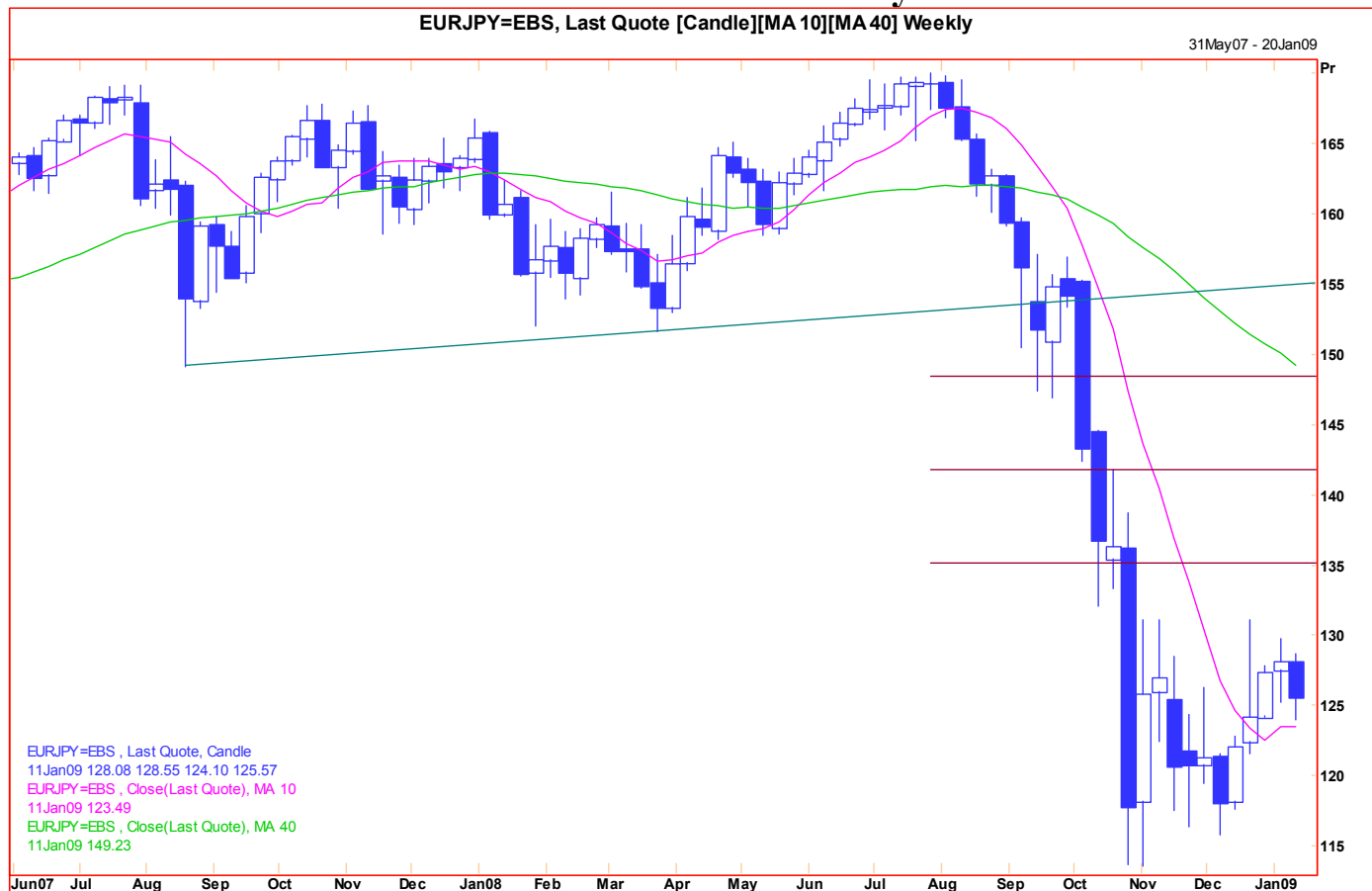


Technical Analysis

08 January 2009

One year Outlook for EUR/JPY



Comment: The collapse in H2 2008 was so fast because it had to make up for time wasted in the preceding twelve months. Having comfortably met our downside target we have come to a juddering halt so that the extension to 107.00 we had expected now looks less likely. Rather, over the next three months, maybe six, we favour a series of very messy and random price swings roughly between 120.00 and 135.00. The longer we hold above 115.00, the more likely a very slow short squeeze up towards 140.00 at the very end of the year. Note that we cannot completely rule out a final downside probe to 110.00/107.00 though a sustained drop below 105.00 is considered unlikely. Were this to be the case, expect a re-test of the all-time low at 89.00 of October 2000.

Weekly closes either above 135.00 or below 115.00 force us to adjust.

Chart Levels:

Support	Resistance	Direction of Trade
124.40	131.00*	
120.00*	133.50	
117.70*	135.00*	
115.00	138.50	
113.62**	141.50**	

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Charts provided by Reuters.