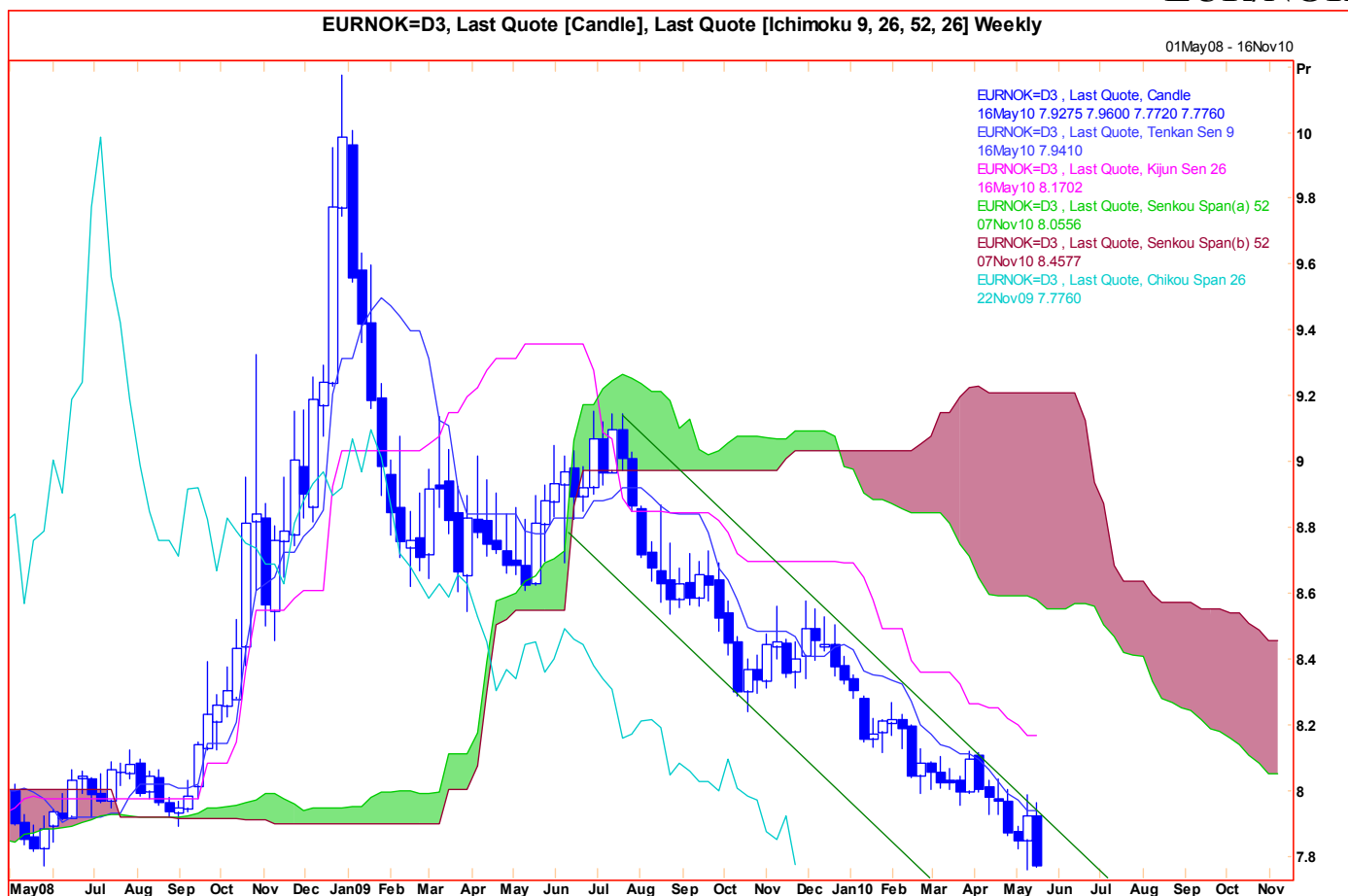


Technical Analysis

**12 May 2010
EUR/NOK**



Comment: There are many lessons to be learnt from this currency pair over the last two years, not least that fire exits in small markets become very overcrowded on the stampede out. The other is that knee-jerk reactions can throw the baby out with the bathwater – the ‘good’ thrown lumped together with the ‘bad’ and the ‘ugly’. The relentless ‘channel’ lower of the last eleven months took us below the very long term calculated mean at 8.0000 as forecast, so we are now at pre-crisis levels is testament to the latter. Likewise one-month at-the-money implied volatility which is back at its long term mean of 7.00%. At 7.7600 it is trading very close to one standard deviation below the mean of the last twenty years (again calculated via the Deutschemark) and in theory ought to stop here. However, because bearish momentum is among the strongest in a decade, we still feel an overshoot is likely. We continue to target the 2007 low at 7.6250, possibly the 7.4000 region, prior to moving broadly sideways in a band.

A weekly close above 8.0000 would postpone all of the above while a monthly one above 8.2000 forces us to review.

Chart Levels:

Support	Resistance	Direction of Trade
7.7600*	7.9600	
7.7100*	7.9850/8.0000*	
7.6250*	8.1200	
7.5000	8.1750	
7.4000* 7.2170***	8.2950* 8.4000*	

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.