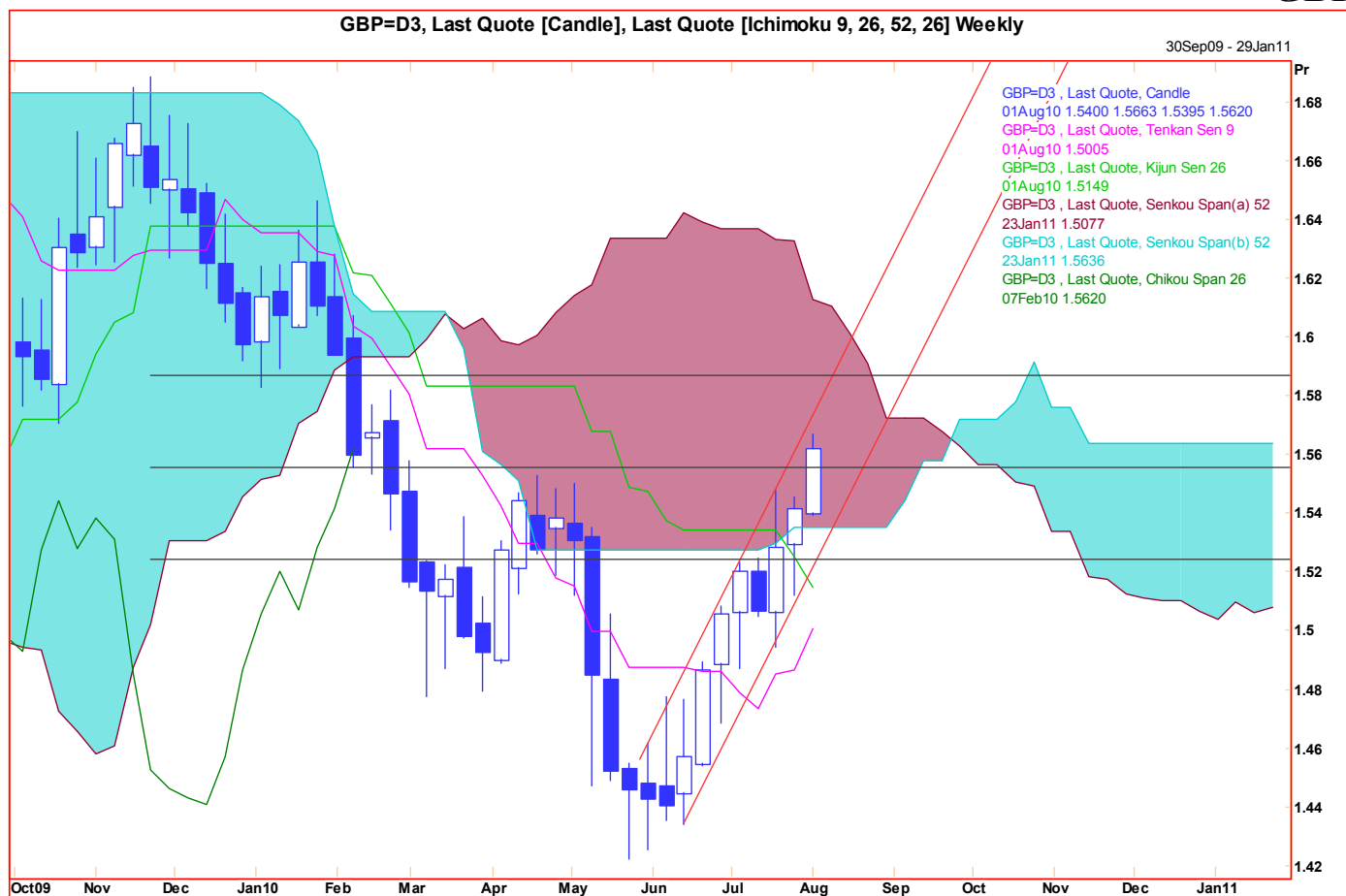


Technical Analysis

30 July 2010  
GBP



**Comment:** Cable has retraced over half of 2010's decline, weekly closes well above 9 and 26-week moving averages which have yet to cross. With consensus forecasts of 1.4800 in 12 months' time there is probably still a lot more short-covering to be done. Dwindling futures volumes, half those on the way down in price, suggest many are very reluctant to do so. A close above 1.5575 today should add to current strong bullish momentum and note that it is only marginally overbought.

**Strategy:** Attempt small longs at 1.5615 but only if prepared to add to 1.5485; stop below 1.5380. First target 1.5765, then 1.5800.

**Chart Levels:**

Support	Resistance	Direction of Trade
1.5580	1.5639	
1.5545	1.5663*	
1.5450*	1.5700	
1.5395	1.5765	
1.5250*	1.5815	

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Charts provided by Reuters.