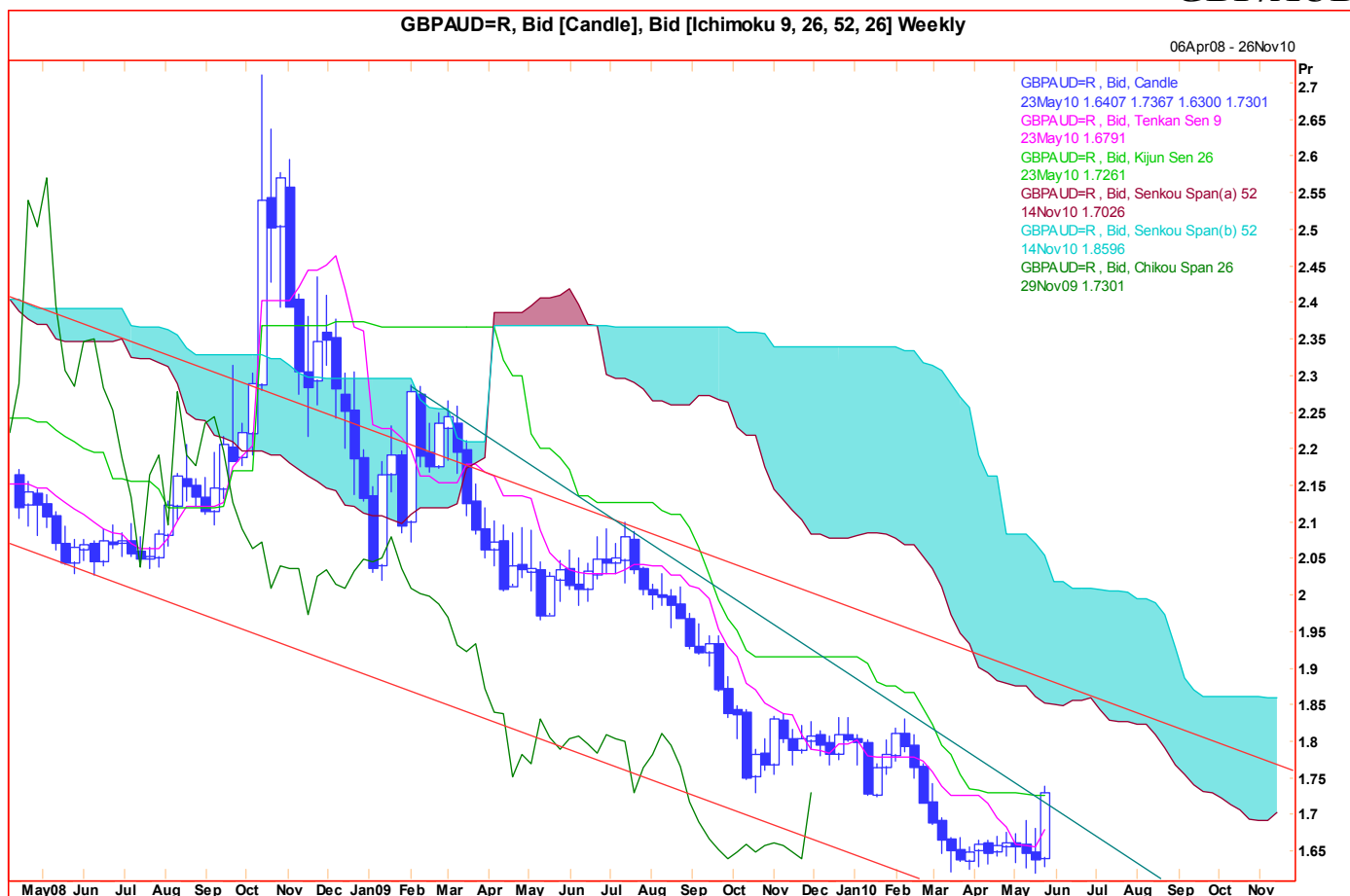


Technical Analysis

<http://www.mizuho-cb.co.uk/>

20 May 2010

GBP/AUD



**Comment:** Overshooting on the downside as this currency pair trades almost at its lowest ever since floating in 1983, under 1.7000 which is two standard deviations from the very long term mean at 2.3000; to describe this as trading at an 'extreme' is an understatement. The rally so far this week looks very different from price action over the last nine, bursting through the 9-week moving average to test the 26-week one and immediate trendline resistance. Coupled with support from the very long term 'channel' since 2001 and the fact that bearish momentum has almost disappeared completely, it suggests that if not a bottom at least we are due a correction.

**Strategy:** Attempt small longs at 1.7300; stop below 1.6700. Add to longs on a weekly close above 1.7300 for 1.8000/1.8300 and then 1.9500, maybe 2.0000.

**Chart Levels:**

Support		Resistance		Direction of Trade ↗
1.7200		1.7370		
1.6600		1.8000		
1.6200**		1.8365*		
1.5400		1.8775*		
1.4000*	1.3600***	1.9500*	2.0000*	

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Charts provided by Reuters.