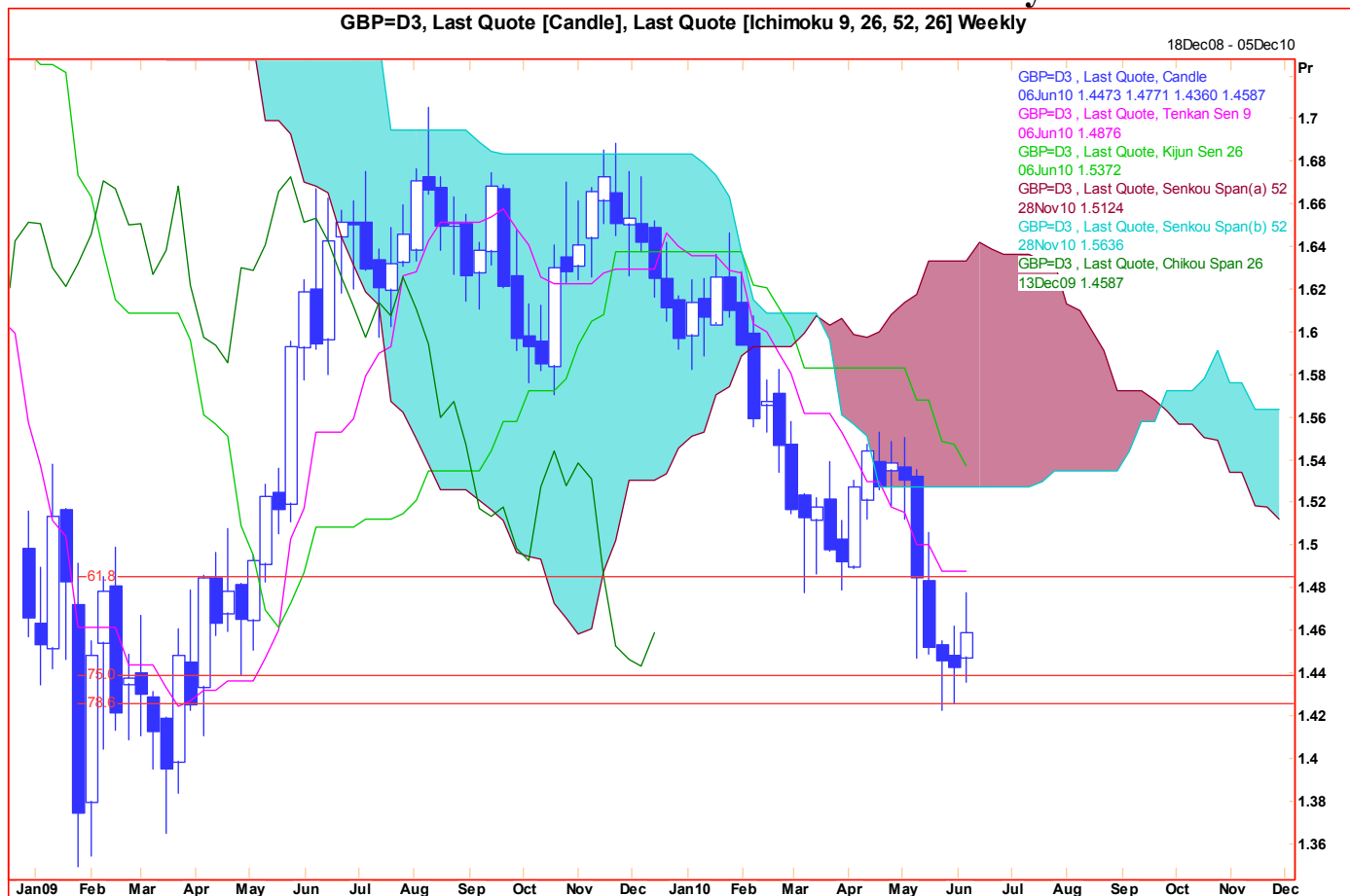


Technical Analysis

03 June 2010

Monthly Outlook for GBP



Comment: Cable continues to struggle under the bottom edge of a massive weekly Ichimoku 'cloud' which is almost flat out until the end of August. Basing activity continues to be poor and erratic, while holding just above 2009's low. One-month at-the-money implied volatility has picked up considerably and is likely to hold around 15.00% again this month. Futures volume in May was almost March's record, soaring open interest suggesting too much of a one-sided view. Expect yet more attempts at forming an interim base this month, with a weekly close above 1.5000 needed to curb bearish momentum.

A weekly close below 1.4000 would force us to adjust.

Chart Levels:

| Support | Resistance | Direction of Trade |
|-----------------------|----------------|--------------------|
| 1.4440 | 1.4800 | |
| 1.4260/1.4200* | 1.4900 | |
| 1.4100* | 1.5050* | |
| 1.3950 | 1.5150 | |
| 1.3655* | 1.5300* | |

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Charts provided by Reuters.