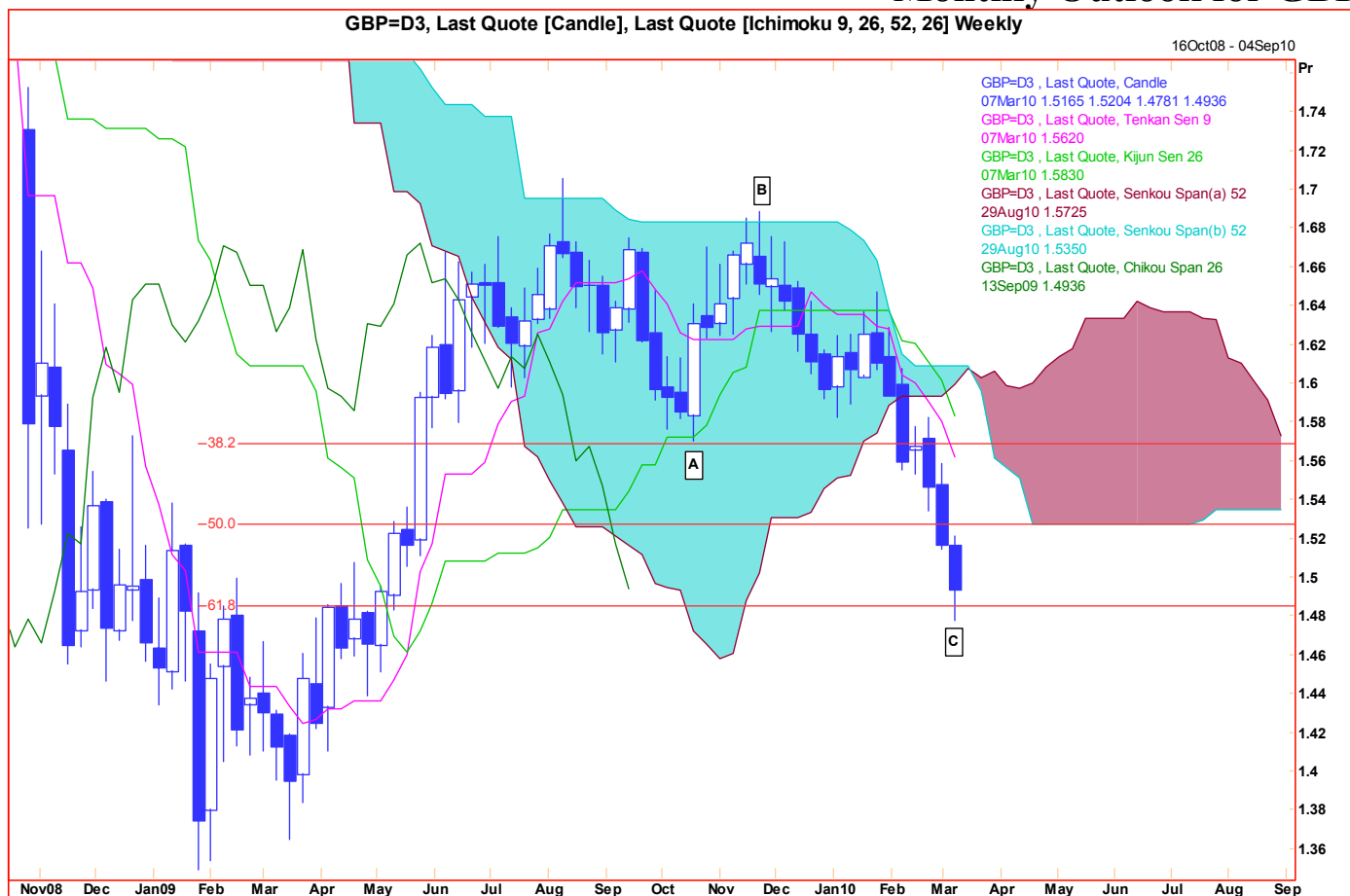


**Technical Analysis**

**01 March 2010**

**Monthly Outlook for GBP**



**Comment:** After trading roughly between 1.5800 and 1.6800 for eight consecutive months, February's implosion has come as a big surprise to many. It has now corrected 61% of 2009's rally, the very spot where the Euro has been trading for the last two weeks, in an A, B, C-type move where C is 1.6 times A. One-month at-the-money has leapt to 14.00%, two standard deviations above the very long term mean, a level which ought to cap and push volatility back down to 10.00%, and eventually the mean at 8.70%. It is more oversold than it has been since November 2008 though bearish momentum has strengthened. Watch for signs of forming another interim base this month, hopefully something dramatic involving a massive 'spike low' prior to a rally back up to 1.5800 hopefully within eight weeks.

A monthly below 1.5000 would force us to review.

**Chart Levels:**

Support	Resistance	Direction of Trade
<b>1.4850</b>	<b>1.5000</b>	
<b>1.4781*</b>	<b>1.5200</b>	
<b>1.4600</b>	<b>1.5375*</b>	
<b>1.4560</b>	<b>1.5600*</b>	
<b>1.4400/1.4350**</b>	<b>1.5800**</b>	

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Charts provided by Reuters.