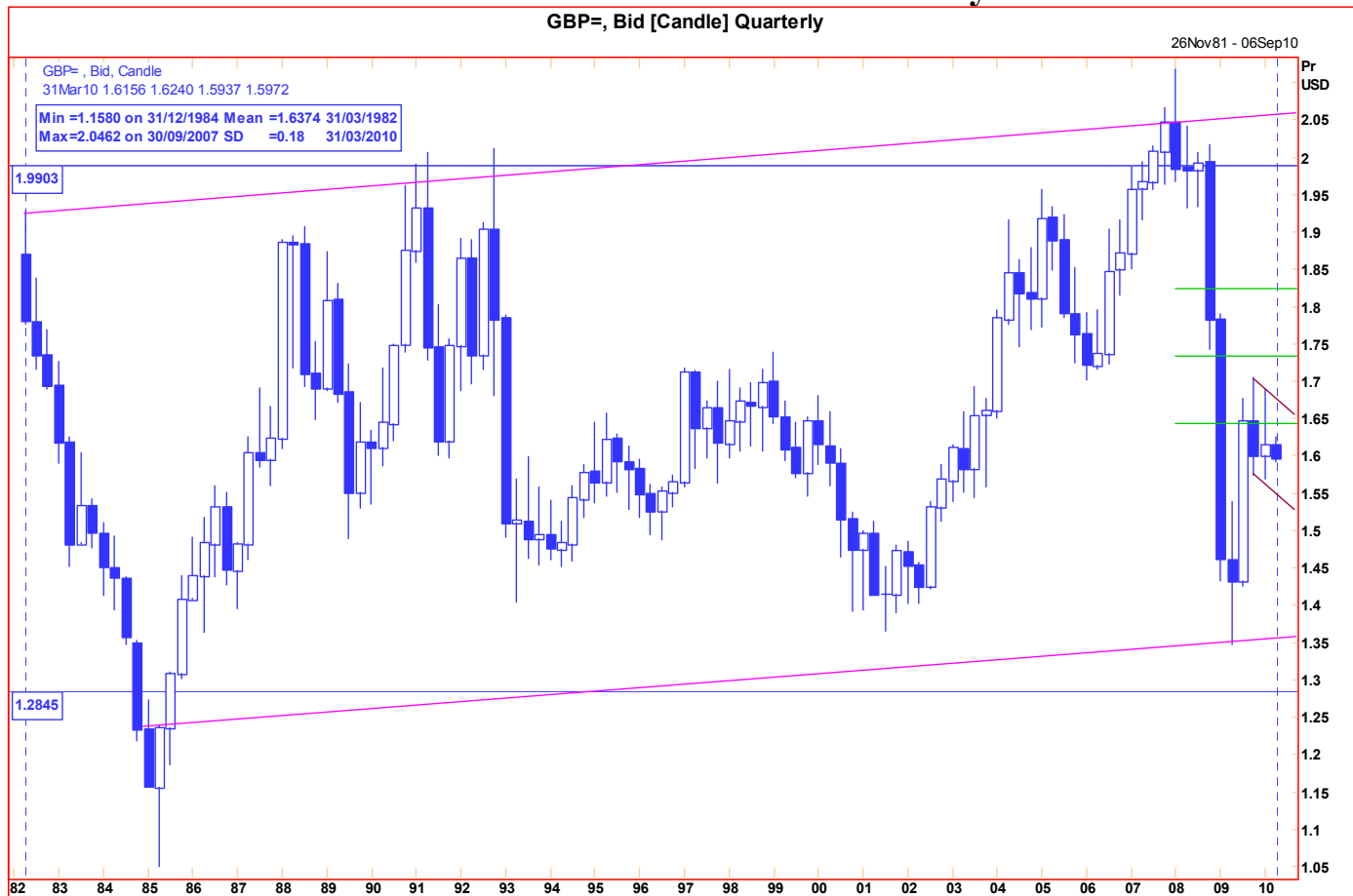


Technical Analysis

**07 January 2010
One year Outlook for GBP**



Comment: Last year's bounce from critical support at 1.3500 can be seen as a 'flag' formation which brings with it the possibility of another burst higher this year (compare with price action in 1985-1986). Unfortunately fairly pivotal resistance around 1.7000 will probably put paid to this possibility and what we will get this year is a slow grind higher. During Q1 Cable ought to be capped at 1.7000, the downside somewhere between 1.5700 and 1.5275. It should rally slowly from here through the rest of this year to 1.8500/1.8700 at year-end.

A monthly close below 1.5200 would force us to review.

Chart Levels:

Support	Resistance	Direction of Trade
1.5900	1.6500	
1.5700*	1.6750*	
1.5275*	1.7045*	
1.5000	1.7390	
1.4850*	1.8250	

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.