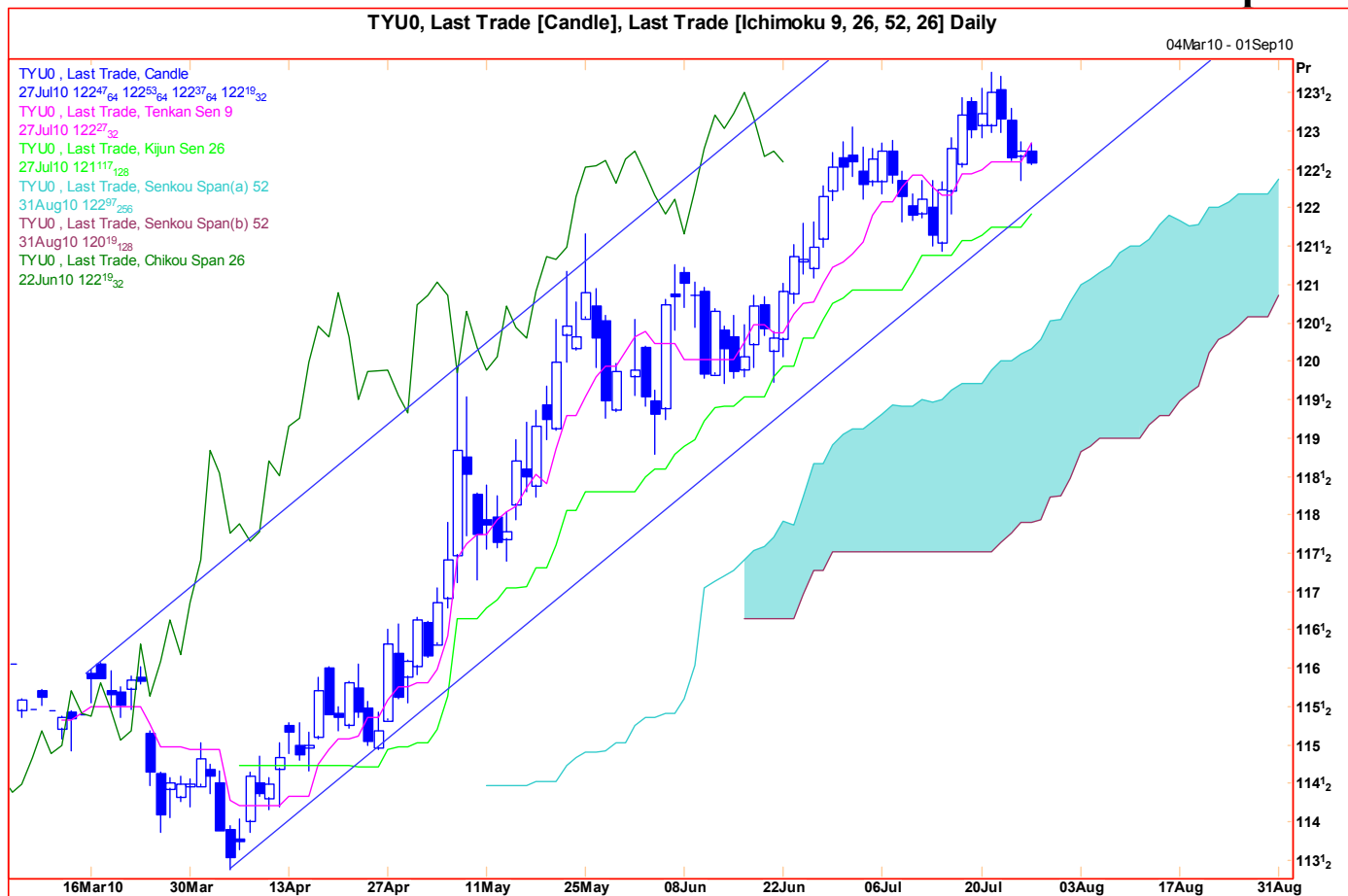


Technical Analysis

27 July 2010

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

US TNote Future – Sep 2010



Comment: Slower than we had hoped but perhaps understandable as investors struggle with benchmark ten-year yields at 3.00%. With US CPI +1.1% Y/Y, Core PCE +1.3% and PPI +2.8% all US Treasuries out to 3 years have negative real yields. Anecdotal evidence has Spaniards rushing out to buy domestic safes – just as the Japanese did in 2003. This TNote future is trying to hold above the 9-day moving average, yesterday’s tiny ‘hammer’ a positive sign though we shall have to allow for a pullback as far as the lower edge of the neat ‘channel’; the contract is no longer overbought but bullish momentum is very poor. We continue to expect benchmark ten-year yields to drop to 2.50% where consolidation is likely. Later on we also favour a drop to December 2008’s all-time low at 2.04%, and a flatter yield curve, as we price for extreme financial stress.

Strategy: Buy at 122.16; stop below 121.12. Add to longs on a weekly close above 123.16 and on a daily close above 123.24 or 124.16 and then 125.00.

Chart Levels:

Support	Resistance	Direction of Trade
122.12	123.00	<p>Futures Price</p>
122.00	123.24**	
121.25	124.16	
121.18/121.14*	124.30	
119.24**	125.08*	

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Charts provided by Reuters.