

Weekly Technical Commentary

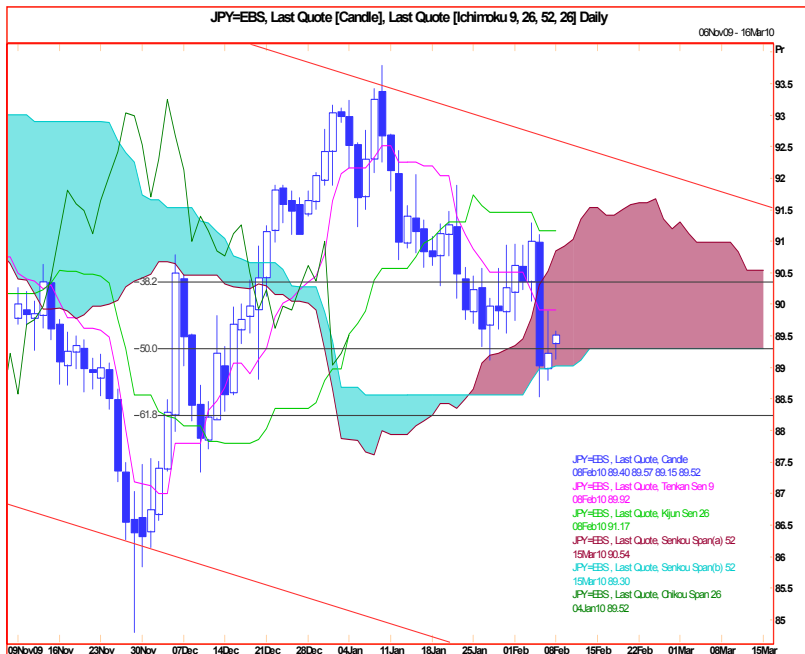
08 February 2010

Links: <http://www.mizuho-sc.com/>

Bloomberg Page: MIZH

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USD/JPY chart Levels: Support 89.00..88.55..88.25..87.75. Resistance 90.00..90.50..91.28..91.88.



This week

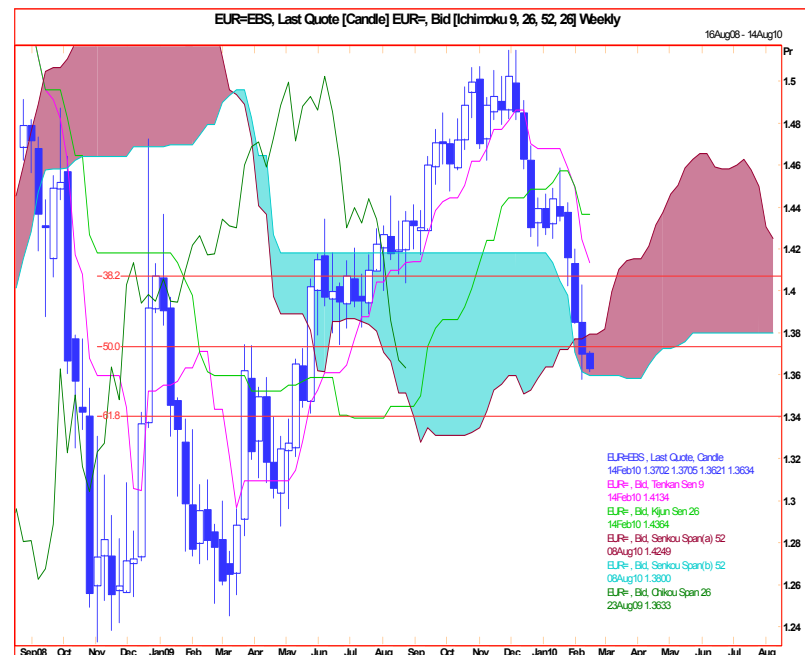
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This month

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Slow work, but perhaps understandable as we hover not that far above key ultra-long term support between 87.00 and 85.00. We have retraced half of the year-end rally and are hovering at the bottom edge of a decent-sized flat-bottomed daily Ichimoku 'cloud'. Fibonacci retracement support at the 61% level will probably limit the downside this week with prices probably holding in a fairly narrow range around 89.25. Apart from the 'cloud' all other elements of this chart suggest a short position, so later this month we favour a decisive break below 88.00. Note that the US dollar is not in the least bit oversold and that momentum is only just bearish. Other yen crosses are some way behind this one and are unstable.

EUR/USD Chart Levels: Support 1.3620..1.3585..1.3450..1.3250. Resistance 1.3800..1.3850..1.3965..1.4025.



This week

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Dropping even further than feared as the Euro plunges into the chasm formed by the weekly Ichimoku 'cloud', dipping below its bottom and the 50% Fibonacci retracement support, because bearish momentum is stronger than it has been since September 2008. Moves this strong are obviously unsustainable and rarely mark the start of a major move. Note how the 'cloud' rises and broadens quickly from the end of next week until late May. Market opinion is very much against the Euro at the moment, many saying it will continue to be dragged down by the weaker EU members. It is close to some of the most extreme oversold levels ever and close to record oversold of October 2008. Watch for a clear weekly reversal candle.

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