

Weekly Technical Commentary

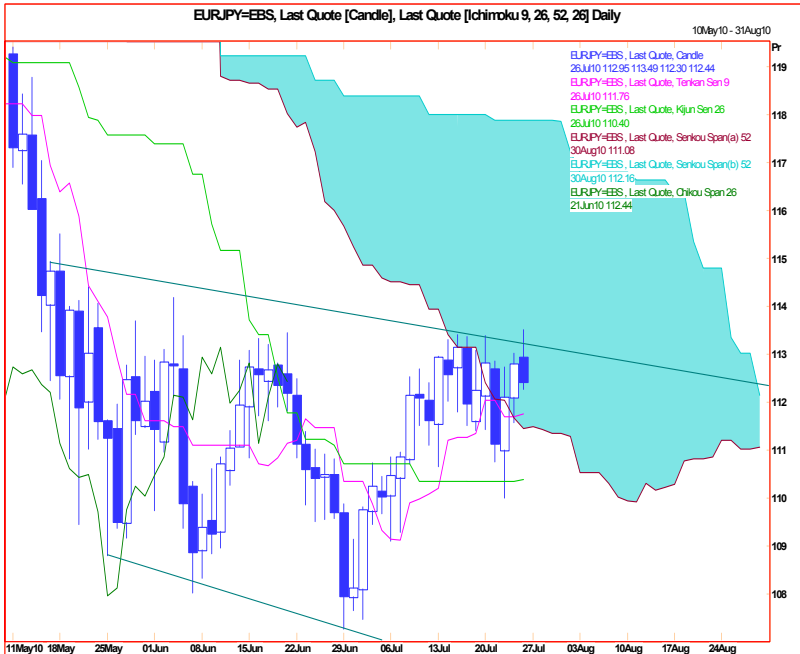
26 July 2010

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

Bloomberg Page: MIZH

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

EUR/JPY Chart Levels: Support 111.75..111.00..110.00..108.00. Resistance 113.50..114.40..115.00..115.50

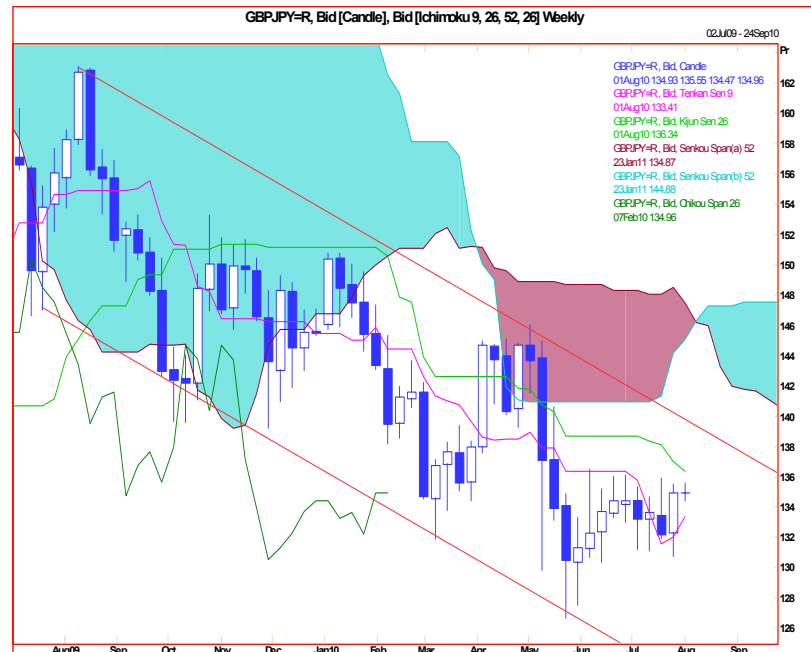


This week
→

This month
→

Tiny moves again in many yen crosses as we trade sideways, this one close to the May and June highs around 113.50. While below this area we shall continue to allow for another imminent if unspectacular downside probe. This is more likely to occur when and if dollar/yen probes below the key 85.00 level. As always the deeper the downside test the greater the risk of intervention and the bigger the corrective bounce that follows, making trading strategy very difficult. One-month at-the-money implied volatility should hold above its long term mean at 11.00%. Slightly worrying to our view though is that not only have daily moving averages crossed to a buy but prices are actually managing to edge into a very large 'cloud'.

GBP/JPY Chart Levels: Support 133.40..130.80..129.90..126.70. Resistance 135.50..136.50..138.70..141.00.



This week
→

This month
→

Interesting to see sterling hold its own against the yen and its 'safe-haven' status (and the Swiss franc), trading neatly sideways in a relatively small range for eight consecutive weeks. It also makes for rather boring price action keeping all elements of this weekly Ichimoku 'cloud' chart pointing to a short position. Note that momentum has been bearish throughout the whole of 2010 and we remind that the all-time low was 118.80 in January 2009. In 1995 Sterling/yen set a low at 128.20, underlining the pound's long term trend to weakness. Though above its long term mean, one-month at-the-money implied volatility remains relatively subdued.

Produced by London Branch - Nicole Elliott +44-20-7786-2509 (email: Nicole.Elliott@mhcb.co.uk)

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.