

Weekly Technical Commentary

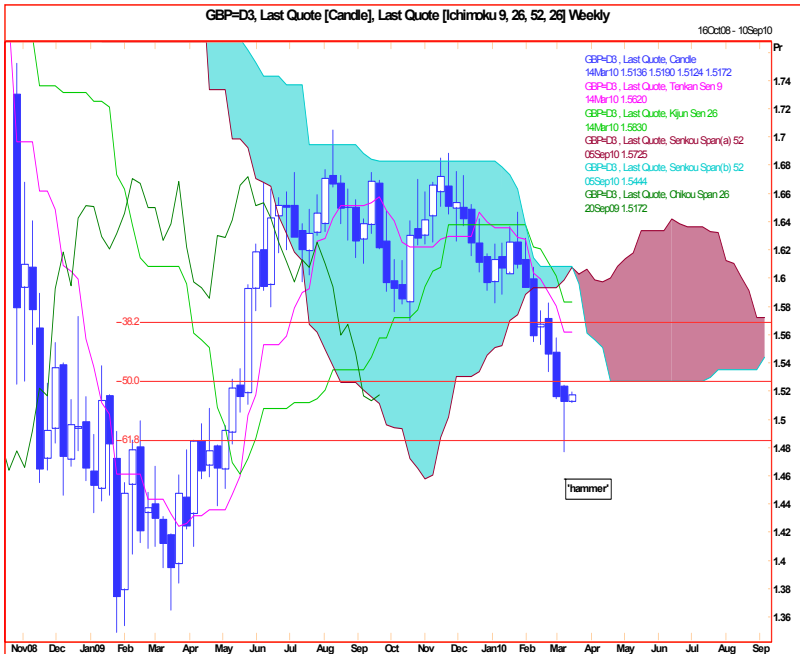
08 March 2010

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

Bloomberg Page: MIZH

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

GBP/USD chart Levels: Support 1.5100..1.5000..1.4781..1.4700. Resistance 1.5240..1.5375..1.5575..1.5620.

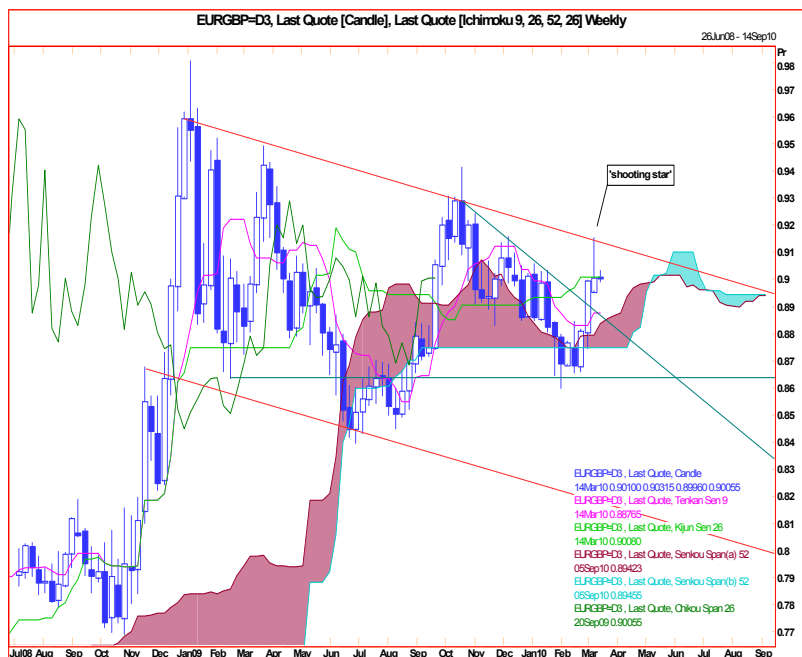


This week
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This month
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Nail-biting as Cable dips below 61% Fibonacci retracement support as all and sundry write it off as a lost cause, then completes a strong 'hammer' on the weekly candle. This combination suggests that at last an interim low to the correction that started in August last year is over. Note also the very thin weekly Ichimoku 'cloud' mid-March which hints at a possible break above 1.6000 then. Open interest soared over the last month, on almost record volume, suggesting many have piled in recently; short-covering ought to get it back up to the 9-week moving average at 1.5620 sooner than many might think possible. Being terribly oversold, and bearish momentum stalling, are other factors that back up our view.

EUR/GBP chart Levels: Support 0.8955..0.8875..0.8750..0.8635. Resistance 0.9055..0.9155..0.9240..0.9300.



This week
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This month
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Another interesting, and almost unbelievably all too perfect-looking chart involving the pound. Last week's powerful 'shooting star' against 'channel' resistance should mark another interim top maintaining the series of lower highs established since the beginning of last year. Over the coming week expect a drop to the 9-week average and 'trendline' at 0.8875. Because momentum is fairly neutral allow for a struggle above the top of the weekly Ichimoku 'cloud' until month-end prior to a re-test of the flat-bottomed 'cloud'. Either very late this month or some time in April we favour another test of increasingly important support at 0.8635. On the Bank of England's basis sterling should strengthen to 83.00.

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

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