

Weekly Technical Commentary

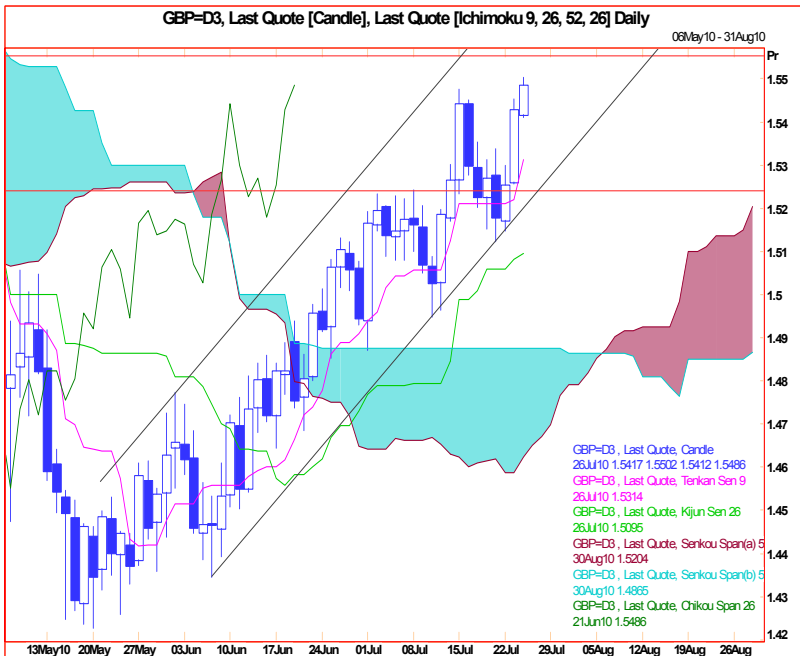
26 July 2010

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

Bloomberg Page: MIZH

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

GBP/USD Chart Levels: Support 1.5400..1.5250..1.5125..1.5050. Resistance 1.5525..1.5575..1.5725..1.5815.

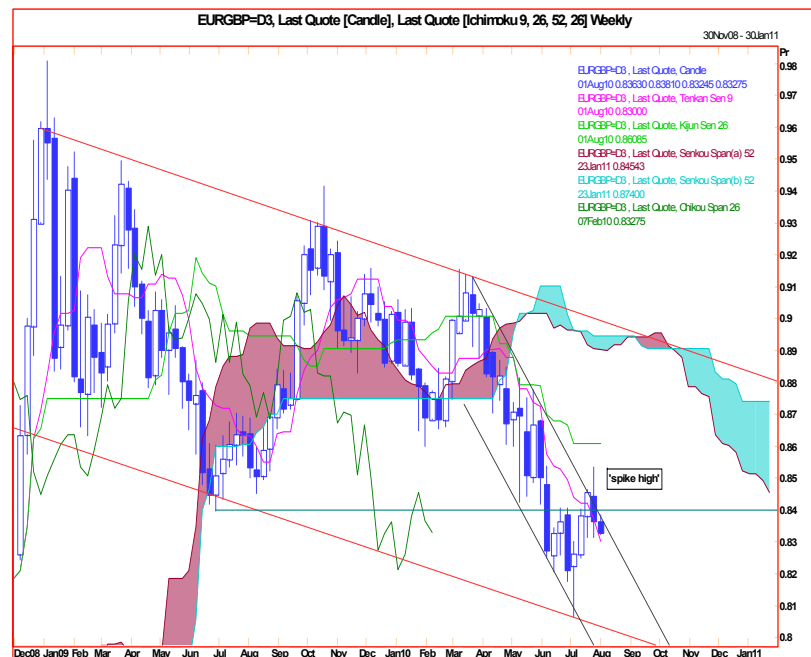


This week
→

This month
→

Trading up to 1.5500, Cable's highest since April, holding neatly inside a 'channel' and nudged higher by the 9-day moving average. No need to get overly optimistic just yet as it faces a series of resistance levels up to 1.5575. However, as is so often the case during July, thin markets can mean that expected September moves are brought forward into mid-August. Though not our favourite view (we would prefer consolidation between 1.4800 and 1.5600 for another five weeks) investors must factor in a break above 1.5600 at any time over the summer with increased volatility and a greater sense of surprise sending this pair up to our next upside target at 1.6500. Cable is not overbought.

EUR/GBP Chart Levels: Support 0.8315..0.8250..0.8200..0.8100. Resistance 0.8400..0.8465..0.8535..0.8600.



This week
→

This month
→

Last week's 'spike high' above the pivotal 0.8400 area goes some way to balancing out the 'hammer' with a low at 0.8067 three weeks ago. It has brought prices back inside the narrow 'channel' although we continue to feel that this rate of decline is unlikely to be sustained for much longer. Weekly moving averages still point to a short position so over the next week and maybe the coming month we favour consolidation between 0.8070 and 0.8600. Then the gentle downtrend ought to resume taking the Euro down to 0.8000 and probably 0.7800 some time in the autumn. Note the lower edge of the weekly 'cloud' drops mid-November. A weekly close above 0.8700 would be very worrying.

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.