

Weekly Technical Commentary

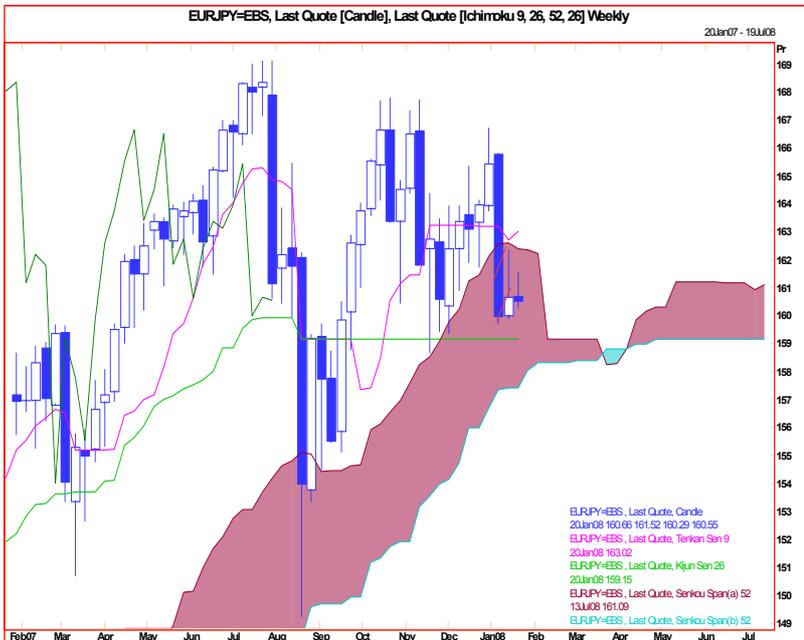
14 January 2008

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

Bloomberg Page: MIZH

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

EUR/JPY Chart Levels: Support 159.75..159.00..158.00..155.00. Resistance 162.30..164.30..165.75..166.65.

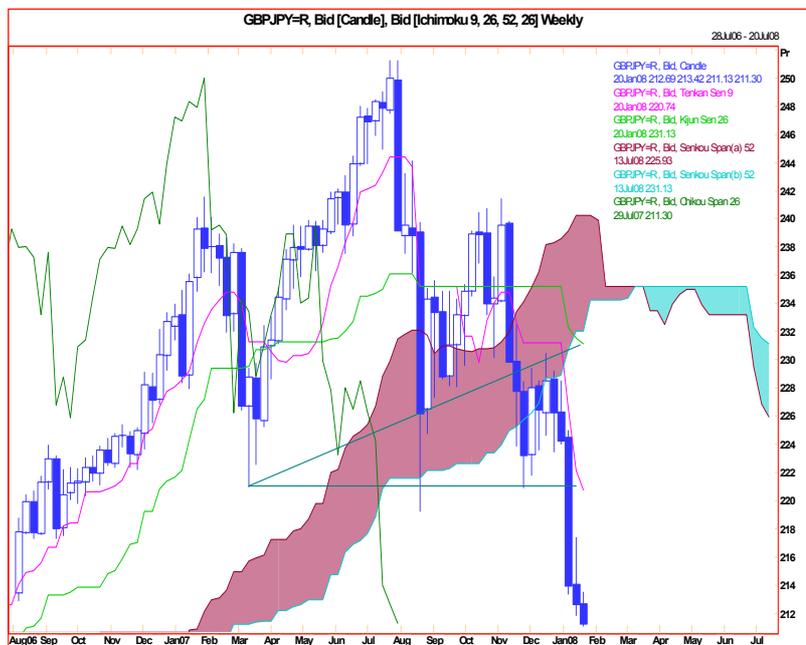


This week

This month

We continue to feel that this currency pair is forming a massive topping pattern, a sort of 'double top' or irregular 'head-and-shoulders'. We are now consolidating inside the Ichimoku 'cloud' and note that it narrows sharply early February. A weekly close below 159.00 should add to bearish momentum and one below 154.00 completes the formation. Until then allow for a series of random moves roughly between 159.00 and 165.00. Rallies are seen a good medium and long term selling opportunities. At-the-money implied volatility has drifted from near record highs and is expected to swing between 10.50% and 16.50% for the next month or two. It could hit 19.00% if drops are as sharp as we fear.

GBP/JPY Chart Levels: Support 211.00..209.50..205.00..201.50. Resistance 217.30..232.00..225.00..230.35.



This week

This month

Leading the way down from a fabulously neat, massive topping pattern. We feel we have completed a long term, very important 'head-and-shoulders' top and that this pair is indicating where a whole raft of other charts will go. Not just Yen crosses, but many stock indices have similar formations as does EUR/CHF. The collapse of the last two weeks is typical of the Yen, 'catching up' after dithering for so long. Our target remains at 200.00 medium term. Below 190.00 on a first attempt is considered unlikely. Something similar happened in September 1998 when GBP/JPY dropped from 232.00 to 193.00 within a month. This suggests that pressure on sterling crosses may ease at that point.

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