



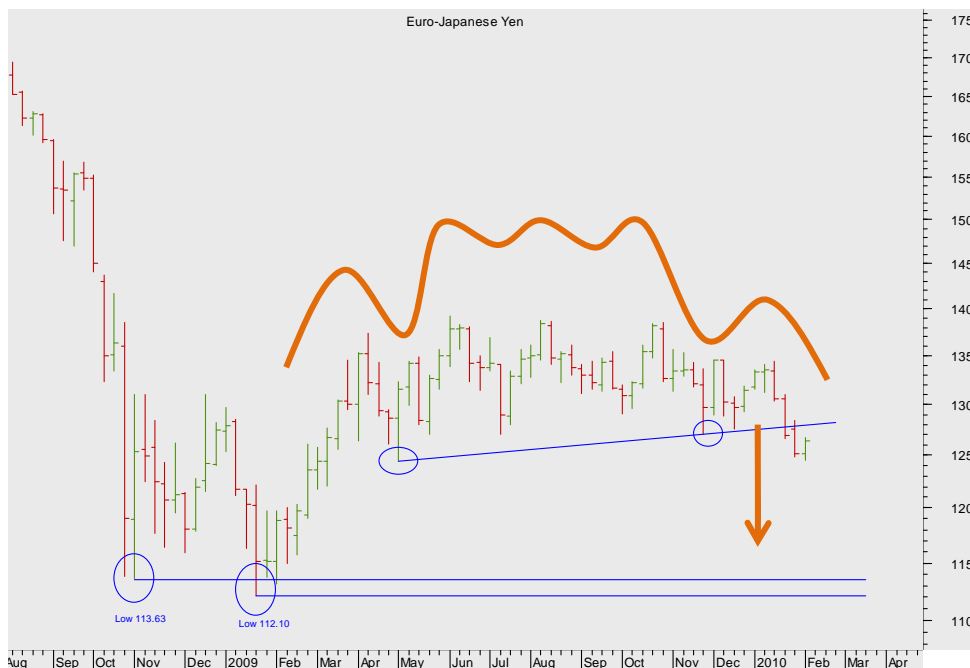
# Key Trades round-up for this week: 2nd February 2010

## Open Positions

### 1. EuroYen

26<sup>th</sup> January 2010. Short Euro/Long Yen @ 125.8. Stop @129. Currently 126.17. Unrealised loss 37bp.

#### *The Technical Trader's View:*



#### **Weekly Bar chart**

The market has completed a complex but clear Head and Shoulders Reversal.

The minimum move implied looks to be 119.20 or so.



### Daily Bar chart

The daily price action beneath the Neckline has tested the resistance there, but is looking to consolidate before the anticipated breakdown.

The horizontal resistance from the prior Low is 127.05; the Neckline now lies at 128 or so.

### The Macro Trader's view:

Recently we have said we are Bearish of the Euro due to the fiscal tensions within the Euro zone, resulting from problems with the Greek budget deficit and debt build up. Greece has been downgraded, and promised an austerity budget, but problems persist and other peripheral economies are in equally bad shape too notably Spain.

Although the Bond market is the rout traders are taking to deal with these concerns, internationally the Euro is weakened. Add in the Dollar's ongoing rally on yet another spike in risk aversion last week and the Euro performed poorly.

All this still holds true this week, and even though the EU authorities tried to inject some calm and confidence into the market by offering to act as a guarantor of last resort, it hasn't worked. In fact it seems to have highlighted the problems within other peripheral Euro zone economies.

The Yen on the other hand looks strong due to its safe haven status and China proxy trade qualities and although the Euro has staged a limited recovery, we see the move as nothing exceptional and advise holding the trade.

Mark Sturdy

John Lewis

Seven Days Ahead