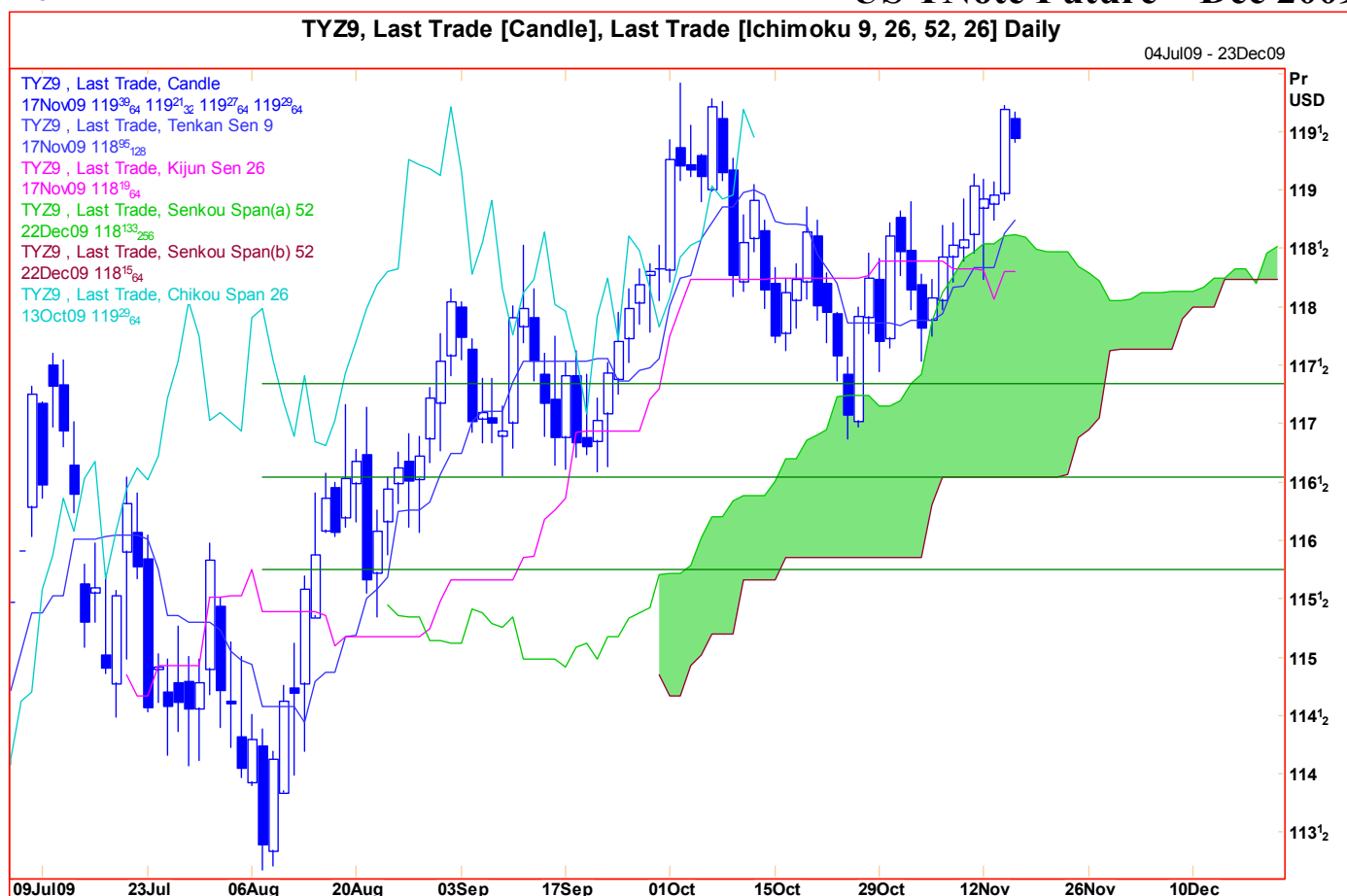


**Technical Analysis**

**17 November 2009**

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

**US TNote Future – Dec 2009**



**Comment:** At last the penny seems to be dropping for some investors: as yields on short-dated Treasuries approach zero, one is forced out along the curve. With 12-month TBills yielding 0.28%, 2-year TNotes 0.77%, and the Fed Funds target likely to stay where it is for a very long time, suddenly 10-year TNotes at 3.35% look attractive (to bankers and the Chinese if no one else). Technically the rising Ichimoku 'cloud' has allowed a re-test of contract high, just ahead of a cluster of pivotal resistance levels between 120.16 and 121.16 (benchmark yield 3.285%). Yesterday's close above 119.00 should increase bullish pressure and expect a bit of a scramble as we switch into the March 2010 contract.

**Strategy:** Buy at 119.15; stop below 118.00. Add to longs on a daily close above 119.29 for 120.20 short term, then 121.00/121.16 and eventually for even higher prices and lower yields through to year-end.

**Chart Levels:**

Support	Resistance	Direction of Trade
<b>119.00</b>	<b>119.23/119.29**</b>	<b>Futures Price</b> 
<b>118.29</b>	<b>120.16/120.24*</b>	
<b>118.20</b>	<b>121.05</b>	
<b>118.08/118.00*</b>	<b>121.16/121.26*</b>	
<b>117.16*</b>	<b>122.02</b>	

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Charts provided by Reuters.