

******Note of caution******

As you are no doubt aware GBP/JPY is a notoriously volatile pair with the potential to break the bank without very tight money management and stop loss placement.

Furthermore this weekend has seen the end of a 50 year reign in Japanese politics with the incoming party speaking strongly leading into the election about increasing spending to try to spurn domestic demand. This is quite a strong reversal in political direction and has analysts speculating that this could lead to gains in stocks and the yen as domestic consumption focused policy does not necessarily mean a continued preference for a weakened Yen to support exporters. For this reason, be VERY careful everyone in trading this pair tomorrow and indeed for the rest of the week whilst the market digests the possible pros and cons of what has been a truly historic political change with as yet unknown consequences.

GBP/JPY Review – Week commencing 30 August 2009 (9pm GMT)

Analysis:

-1hr **Currently range bound within the cloud. Awaiting Kumo clearance**

Chikou reversal prior to crossing kijun implies further neutral bias. Tested upper kumo range with overrun of chikou line on most recent bearish candle implies some retracement or range continuation may occur in the immediate term. Kumo is narrowing increasing potential volatility however flat tenken gives no indication as to future direction. Finally the pair closed above the previous daily open level which seems to have a strong correlation with future direction in this pair.

-4hrs **Downward bias awaiting retracement to provide entry**

Price remains below tenken and strongly in buy region. Strength would increase with if tenken turns downwards. Recent bearish candles overran chikou line so another small retracement perhaps back to kijun or lower kumo could be expected. Flat top kumo that is thinning in projection lends further support to minor retracement before resumption of downward trend.

DAILY AND WEEKLY ON NEXT PAGE

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-Daily Neutral to weak downward bias with strong caution.

Most recent downward candle blew a long way past the chikou line indicating that this move may have got ahead of itself. Tenken still in cloud limiting conviction of downward move. Kumo projection also indicates reversal with some depth to cloud. Pullback to kumo and tenken drop out of cloud required before real sell support provided. Chikou is through both kijun and lower kumo edge so provides extra support to a downward bias.

-Weekly Neutral within cloud awaiting breakout

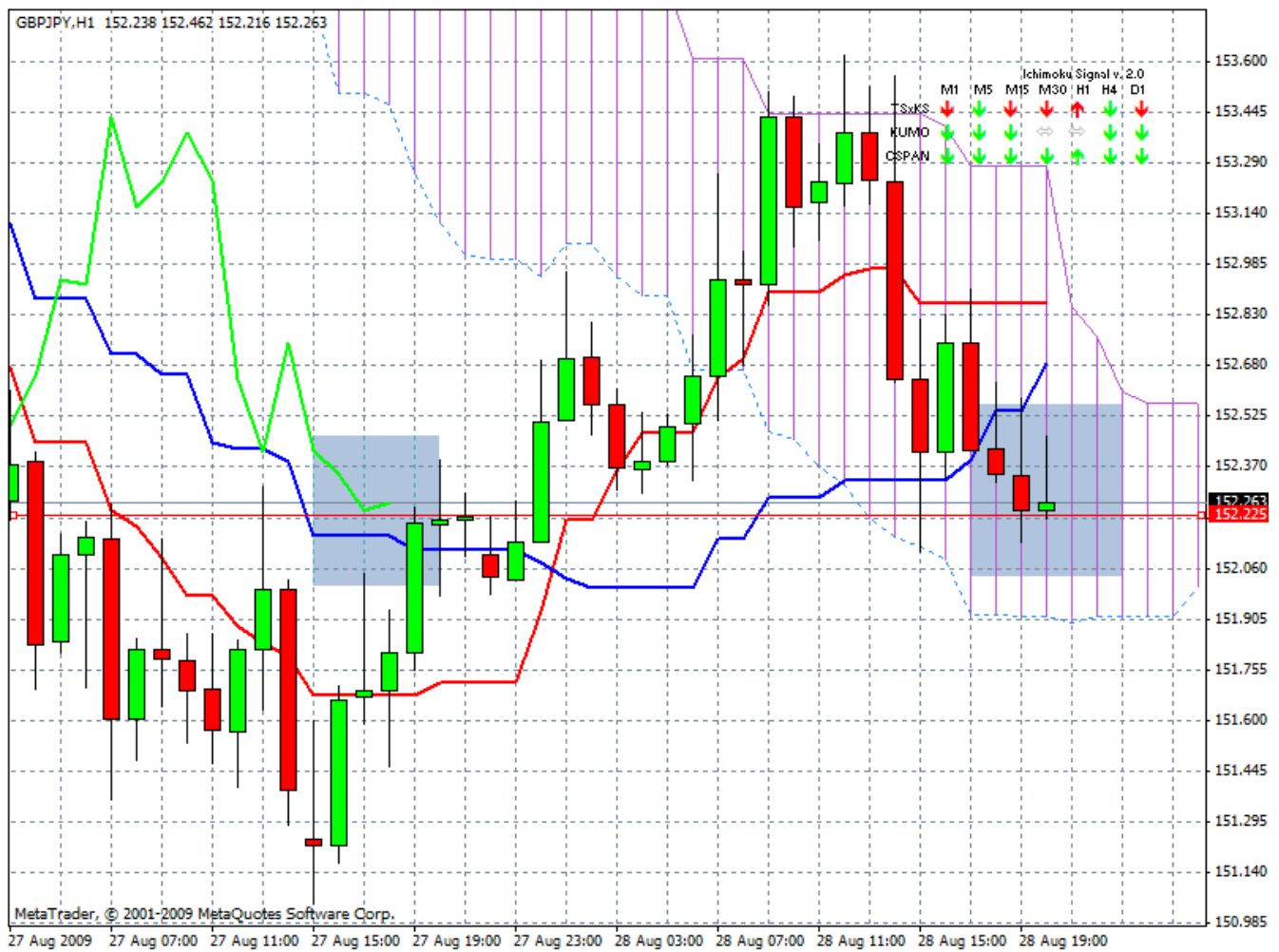
Price has managed to break Tenken line and appears headed towards kijun and lower kumo edge. Second test of 163.00 resistance and overrun of chikou line with last green candle supports further downward bias. Flat kumo top likely cause of most recent pullback however kumo width still implies strength to downward move.

Pref positions: Over arching trend on longest time frames is more than likely downward however we are waiting for a true breakout to confirm the immediate trend direction.

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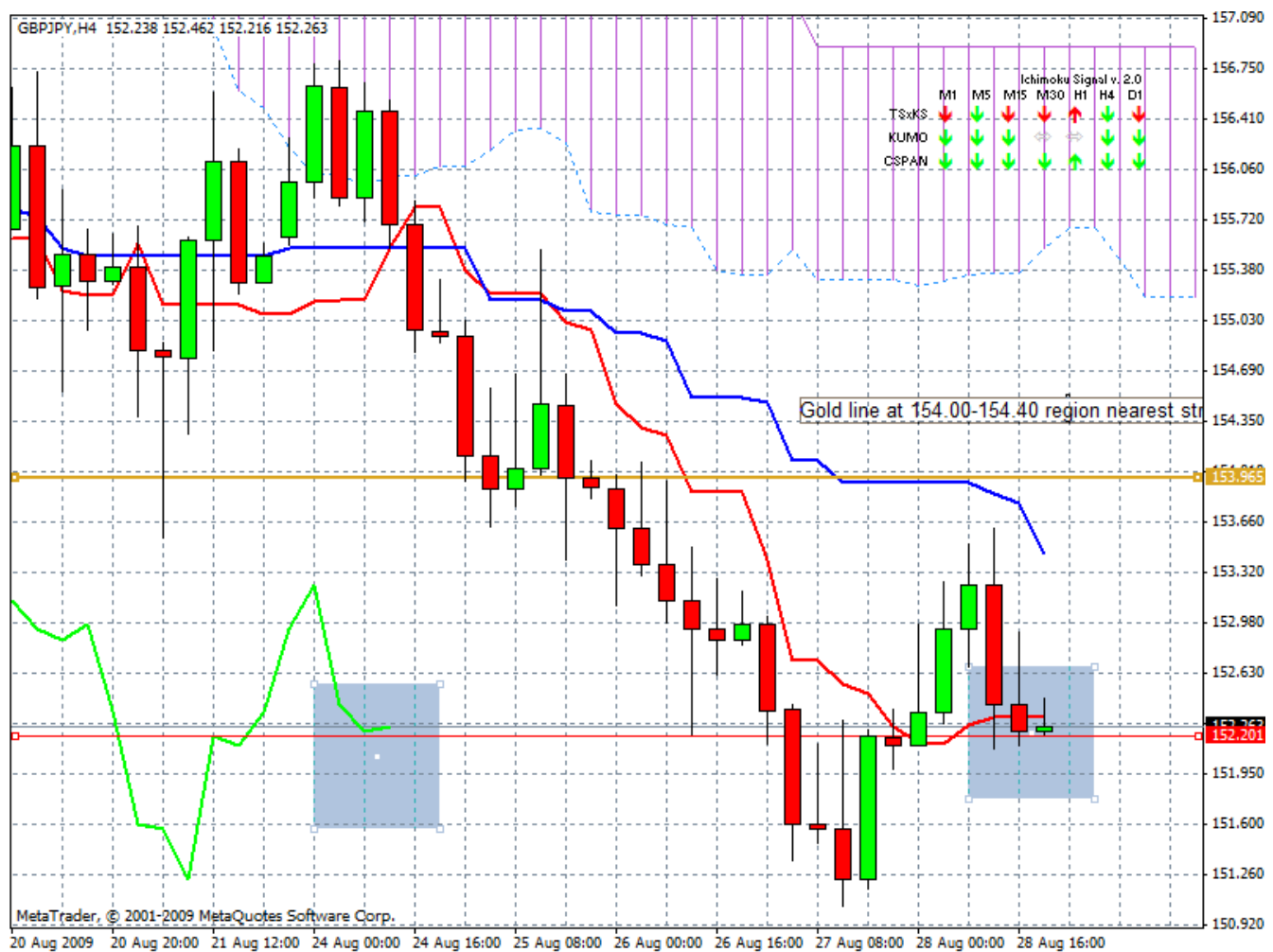
GBP USD

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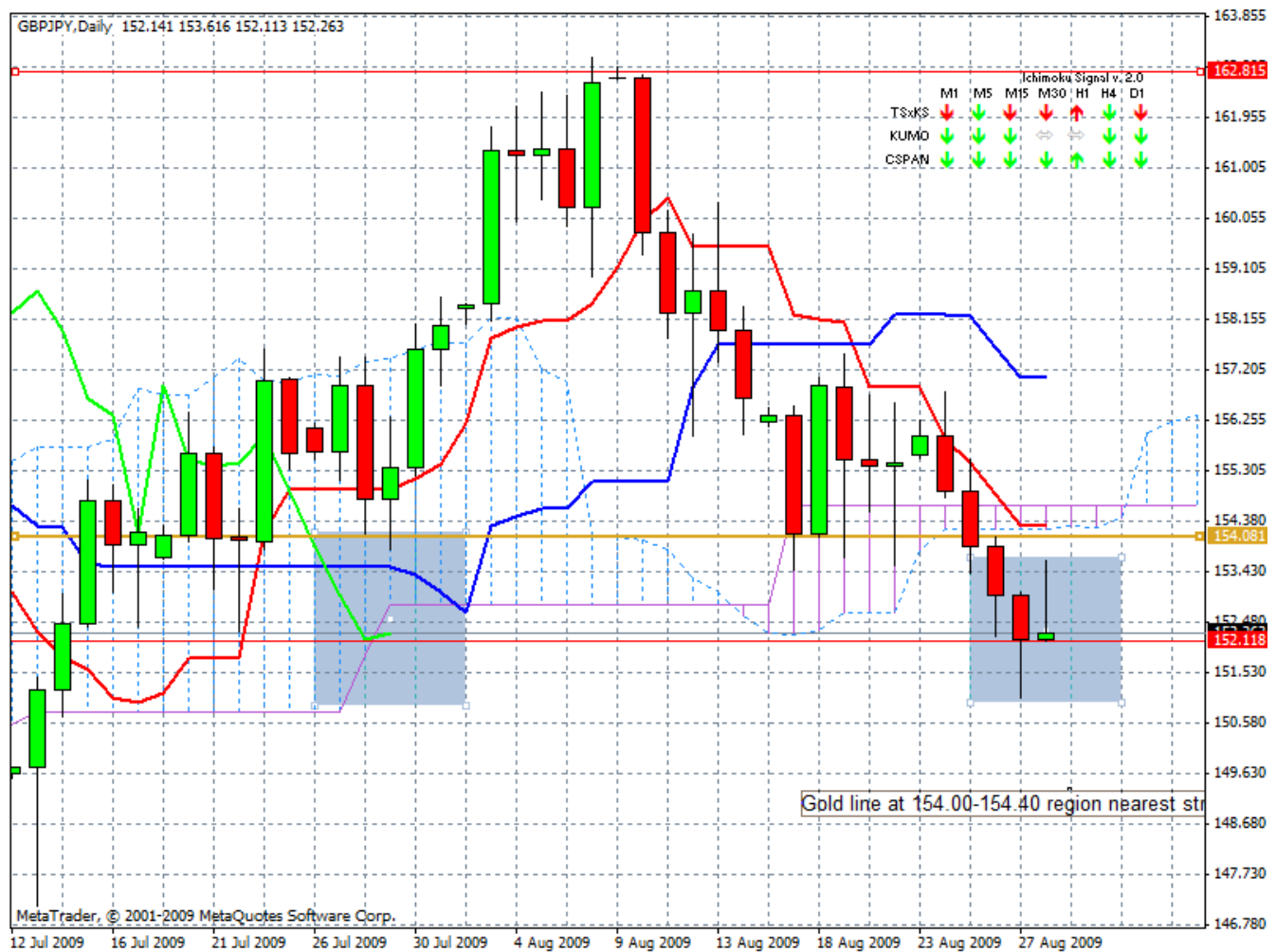
1HR chart at a glance

As I



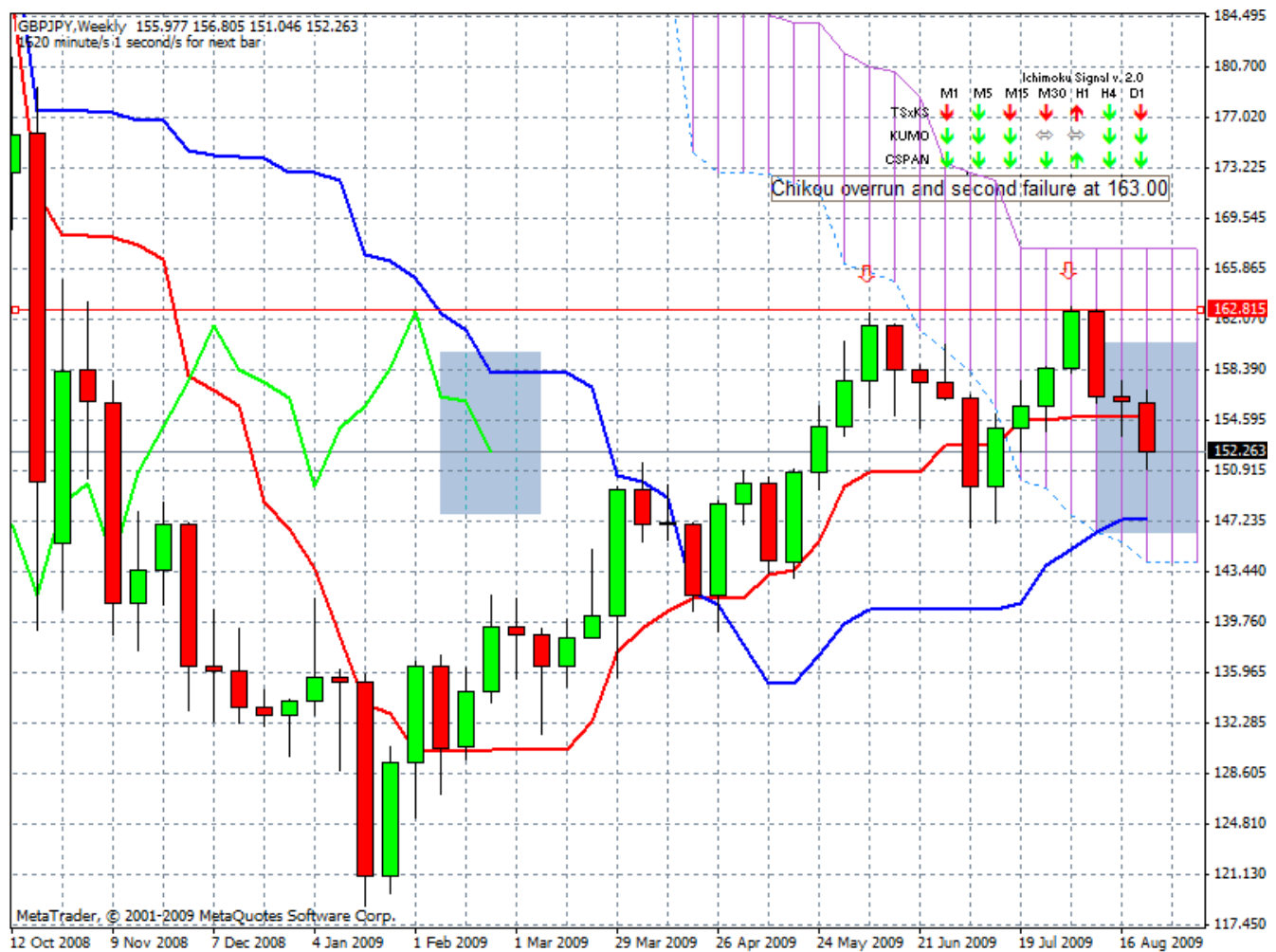
4 Hour chart at a glance

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Daily chart at a glance

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Weekly chart at a glance

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