

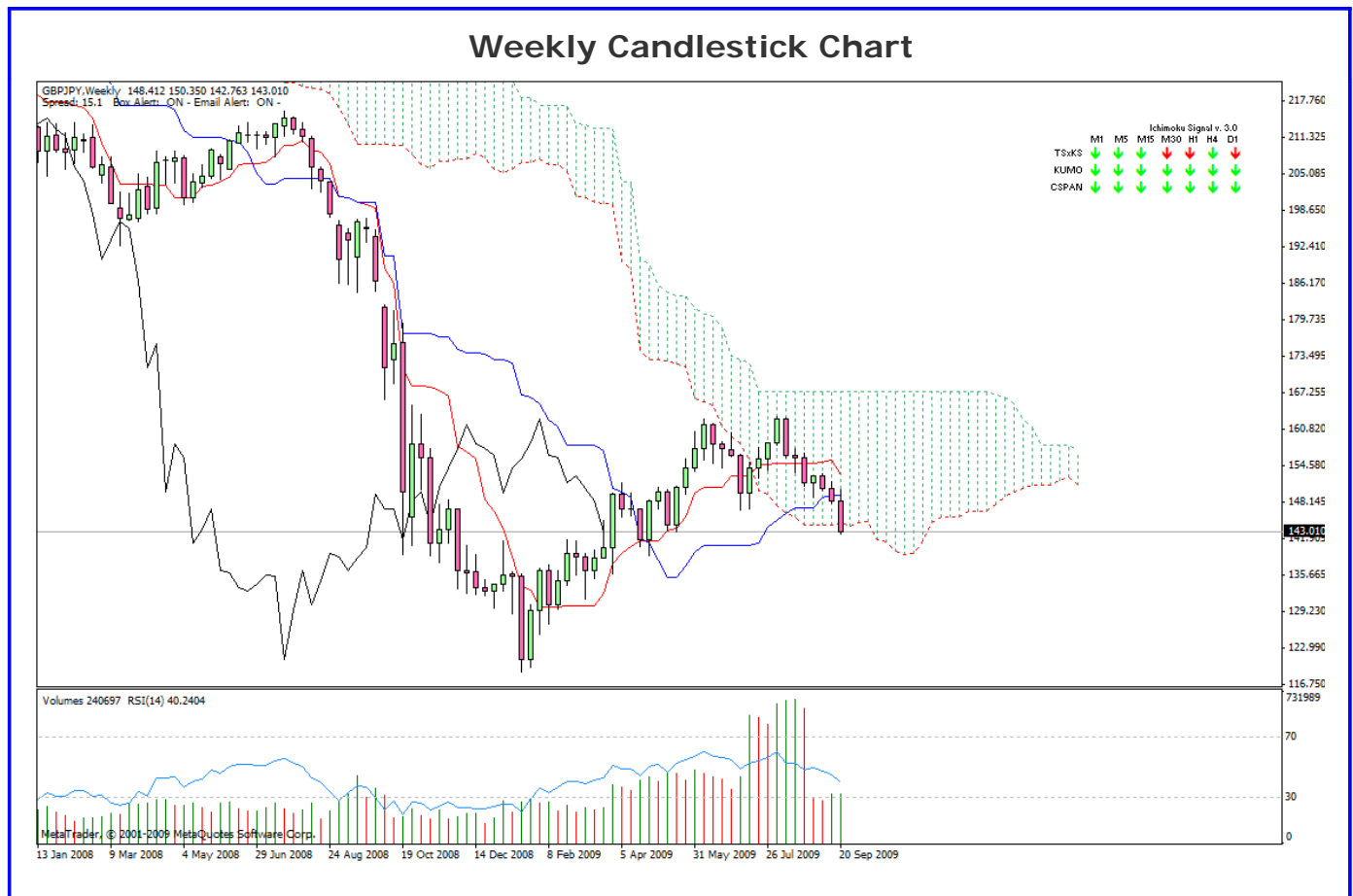
Weekly Market Commentary

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Kumo Warriors

Technical Analysis

27. September 2009
GBP/JPY



TS/KS cross is weakly bullish however the TS is now trending down supporting the current price direction and helping to reduce some of the gravitational effect provided by the flat kumo top.

Chikou is in the price action and when it clears will add further weight to the most recent downward direction.

Flat top kumo appears to have had some effect over the past couple of months however having now broken the kumo base and with the kumo projection falling it could suggest that its gravitational pull on the price action has been reduced.

Nearest resistance in kumo base at 143.00 and KS at 149.40.

Nearest support are Monthly TS at 140.75 with further support at 140.23, 138.90 and 137.30.

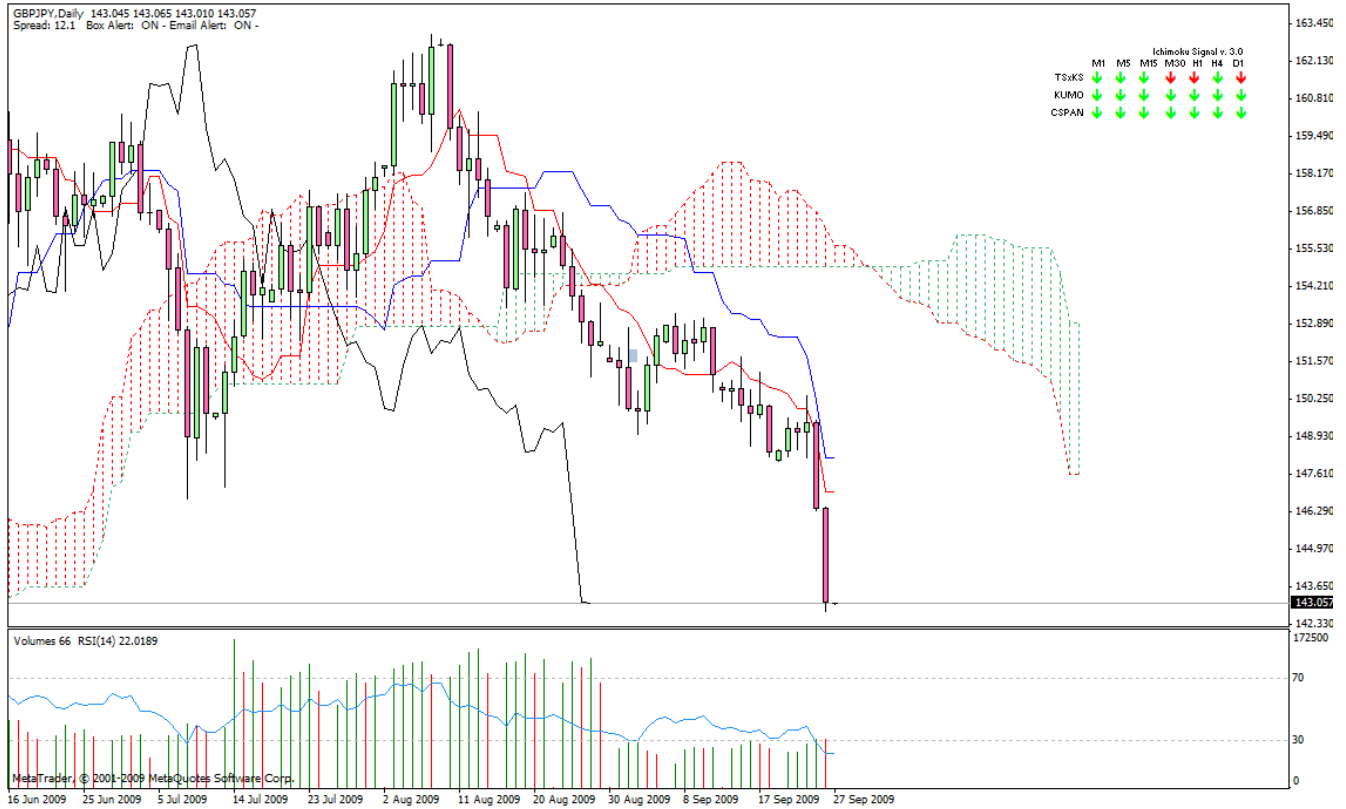
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Daily Candlestick Chart



TS/KS cross is weakly bearish with the TS and KS flattening implying that we may see a little retracement towards at least the TS level around 147.00

The sell off in the GBP has been very strong in the past week due to numerous negative factors however, it is reasonable to expect the relatively positive outcomes from this weekend's G20 summit in conjunction with the added stability taken from the popular re-election of the German Chancellor Angela Merkel to buoy the risk appetite of the market which may see the GBP take a rest before continuing its decline.

The GBP has indeed broken a 6 month trend in the past week with the med term outlook growing more bearish by the week and breaks for the 140 and 135 handles not unrealistic.

Kumo projection has crossed bearishly and fallen sharply implying further losses ahead.

Chikou is well beyond the price action which adds strength to this bearish sentiment.

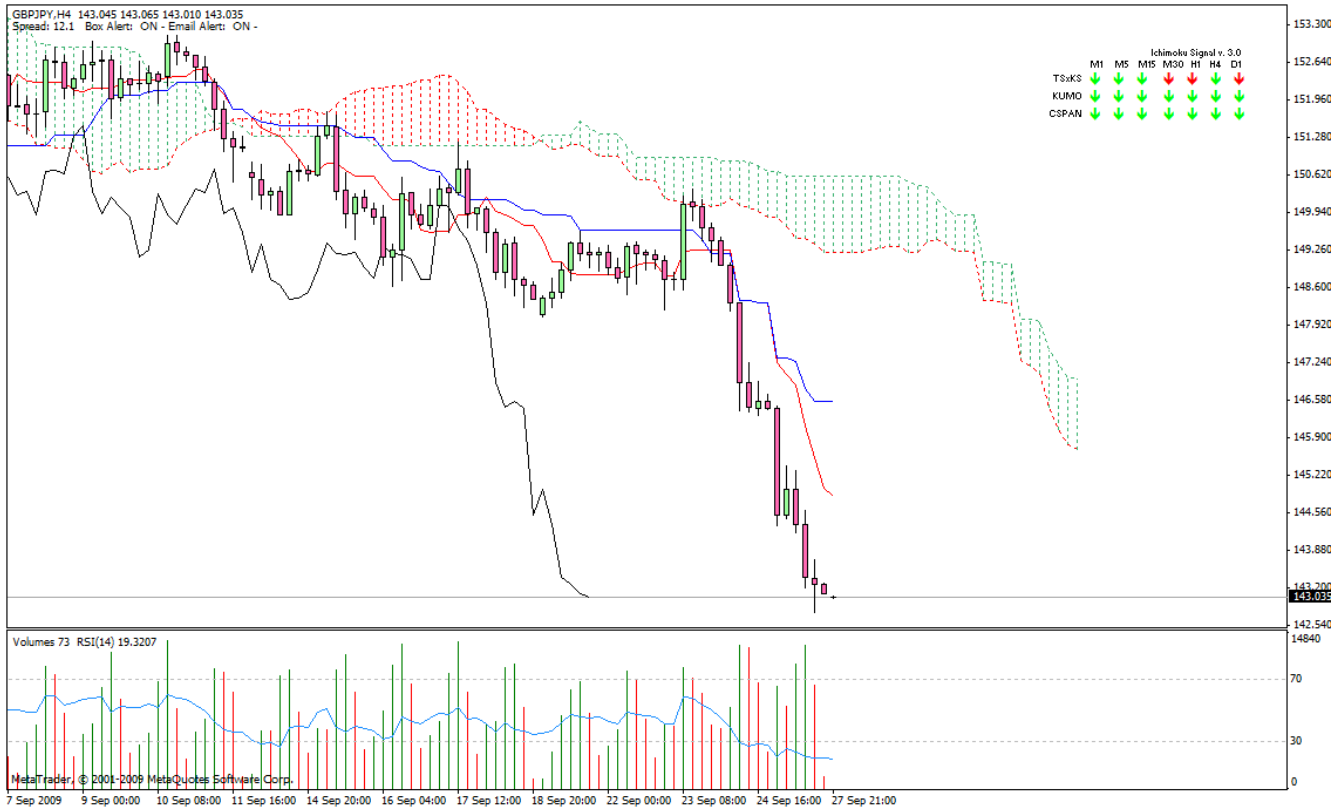
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4 Hour Candlestick Chart



TS/KS cross under kumo shows strong bearish bias.

Kumo is falling sharply supporting the current direction with chikou miles below the price action.

Nearest resistance is the TS around 144.80 however I would like to see a stronger retracement over this week back to the 147-147.50 levels which should coincide with the kumo base if this occurs in the next few days.

Trends	
Major Trend (W)	Weak Bearish
Median Trend (D)	Bearish
Minor Trend (4Hr)	Strong Bearish

Conclusion: The immediate trend appears to be strongly bearish.

We will wait for a nice retracement to rejoin the ride down on this pair however this may happen sooner than expected if we get any bad economic news this week.

Let's be honest with ourselves, the GBP has gone off a cliff in the past week which means we need to remain careful when trying to pick a new entry point in this downward trend to minimise our potential drawdown.

It has fallen over 1000pips in a short period so it is still possible to see a retrace at least 300-400 pips before falling further. A lot of big boys lost plenty on this so don't expect a free run to 130.00!

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