

Press release: Wednesday 13th January 2010



Technical View: Currency focus

Peter Beuttell, founder and MD, MTS Research

13 January (London): The Dollar is about half way through its bear market rally against the Euro and Yen, with targets in the 1.35-1.41 range and up to 101 respectively. Although Sterling should drift lower against the Dollar (1.5350-1.5750), its rallies against the Euro and Yen do not yet look complete, and we are expecting it to recover further this quarter.

Our forecast of a Dollar recovery in 2009 Q4 finally materialised, but the rally pattern suggests that it is no more than half complete. The current pause in the Dollar's uptrend will probably last a little longer, and should be followed by a second upward leg into a March high, probably about 3-5% higher, where there is heavy resistance in its BoE trade-weighted chart.

It is too early to tell whether the downtrend will resume thereafter, as a trading range could develop above the December low. Only if the Dollar is accelerating upwards as our target area is achieved would we consider a more bullish outcome. Sterling is looking reasonably resilient at the moment, and the currency we are beginning to worry about on the bear tack is the Yen.

To arrange an interview or to speak with Peter Beuttell, please see contact details below.

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Notes to editors

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About MTS Research

MTS Research is an independent research consultancy which since 1989 has been providing specialist technical analysis of stocks and other financial instruments to buy side institutional clients across the world's major financial markets.

MTS provides a range of reports – including its weekly Global Markets Review – alongside consultancy advice catering for a number of different investment approaches from absolute or relative returns to long-only and long/short. Research focuses on the UK, Europe, Japan, the Pacific and the US, with coverage of South America and Eastern Europe planned for 2010. As well as its regular reports, MTS offers tailored research in line with clients' individual portfolio needs.

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