



**FINANCE
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FBS Holdings Inc.

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EUR/USD

	Level	Date	Volatility, p.p.	Weekly change, %
Open	1,3973	25.10.10	347	-0,40%
High	1,4080	25.10.10		
Low	1,3733	27.10.10		
Close	1,3917	29.10.10		

USD/JPY

	Level	Date	Volatility, p.p.	Weekly change, %
Open	81,30	25.10.10	156	-1,02%
High	82,00	27.10.10		
Low	80,44	29.10.10		
Close	80,47	29.10.10		

GBP/USD

	Level	Date	Volatility, p.p.	Weekly change, %
Open	1,5677	25.10.10	374	2,20%
High	1,6037	29.10.10		
Low	1,5663	25.10.10		
Close	1,6022	29.10.10		

USD/CHF

	Level	Date	Volatility, p.p.	Weekly change, %
Open	0,9746	25.10.10	265	0,96%
High	0,9928	27.10.10		
Low	0,9663	25.10.10		
Close	0,9840	29.10.10		

Major pairs charts

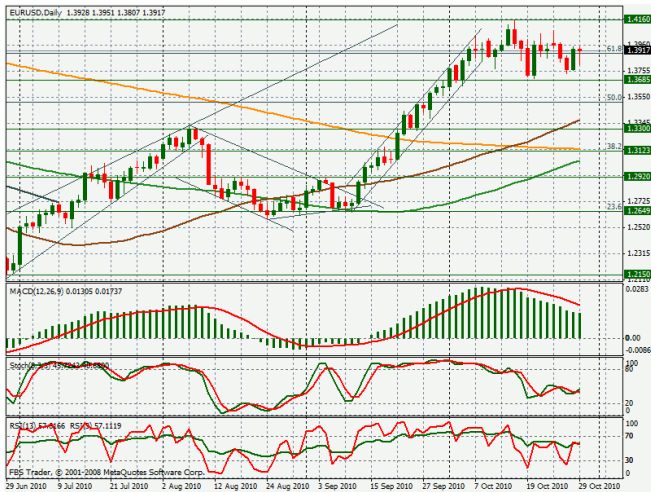


Chart 1. Daily EUR/USD

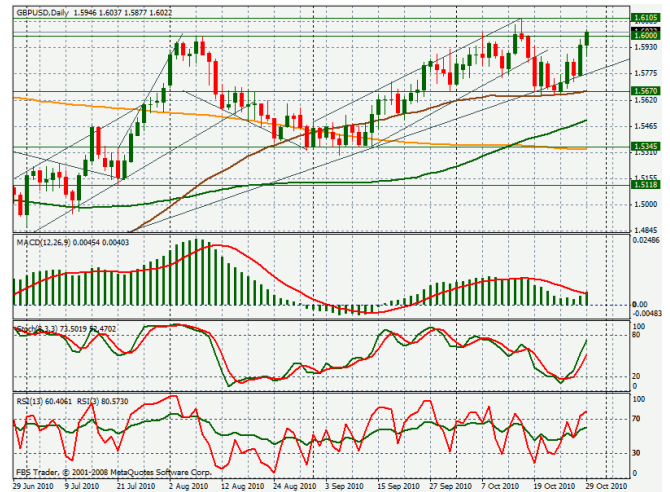


Chart 3. Daily GBP/USD



Chart 2. Daily USD/JPY

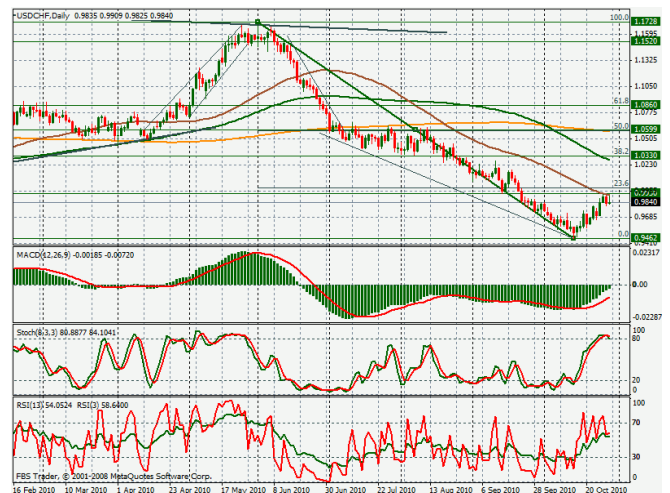


Chart 4. Daily USD/CHF

Ichimoku. Weekly forecast

GBP/USD. Weekly review

Weekly GBP/USD

Last week pound regained everything it lost the week before and the rate returned again to the recent local maximums. This time the prices were supported by the weekly Turning line (3) and went above the Ichimoku Cloud.

All lines of the Indicator are directed sideways (1, 2, 3 and 4) that confirms the market is within sideways trend.

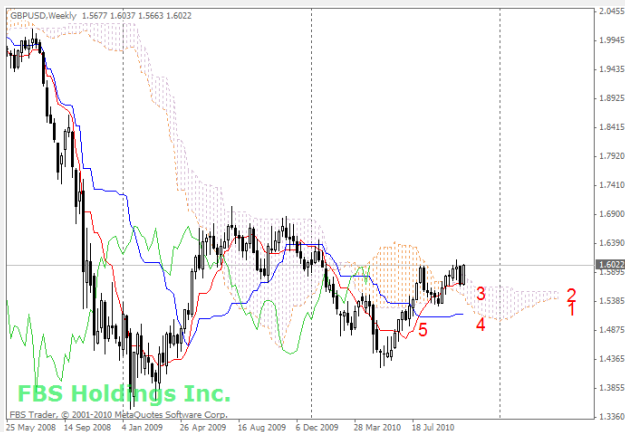


Chart. Weekly GBP/USD

Daily GBP/USD

On the daily chart the upper border of the Cloud remained untested. Instead of continuing downward correction the market was rebounding since Monday.

However, Tenkan and Kijun have already managed during this time to form the "dead cross" (5) that is likely to be false as the bullish sentiment returned to the market and Senkou Span A (1) reversed upwards.

As a result, we may assume that the bulls will continue their attacks aiming to renew local maximums.

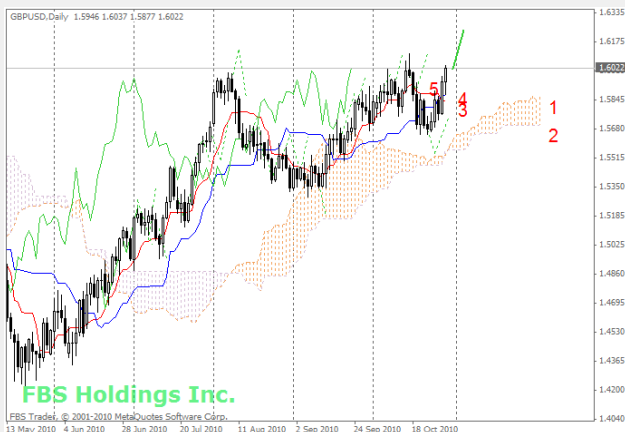


Chart. Daily GBP/USD

USD/JPY. Weekly review

Weekly USD/JPY

Even though weekly Chinkou Span is in the area of maximal deviation from the price chart, the pair USD/JPY keeps its rapid decline.

During last week the prices hit the 80.50 level and this doesn't seem to be the limit of the slump. All lines of the Indicator are moving downwards (1, 2, 3 and 4).

So, bearish trend is expected to continue this week.



Chart. Weekly USD/JPY

Daily USD/JPY

The rebound of the middle of last week didn't continue and just as the prices broke up through the Turning line they weren't able to hold in the channel and again got to the negative zone forming the signal for further selling.

In other words, the Ichimoku Cloud became descending, while Tenkan-sen and Kijun-sen (3, 4) keep the "dead cross" actual.

It's possible that Tenkan-sen will (3) in the near term lose its balance and follow the prices downwards strengthening the positions of the bears.



Chart. Weekly USD/JPY

USD/CHF. Weekly review

Weekly USD/CHF

Correction that began at franc's market resumed last week. The trade ended in favor of the bulls but the prices came across the resistance of Tenkan-sen (3) that remained sloping down.

Senkou Span A (1) is still declining widening downwards the Cloud's range and enforcing the bearish sentiment at the market. Never the less, the market may keep rebounding the next week.



Chart. Weekly USD/CHF

Daily USD/CHF

On the daily chart the short-term trend switched upwards: Tenkan-sen and Kijun-sen have already formed the “golden cross” (5). As a result, Senkou Span A (1) and Senkou Span B (2) keep narrowing the range of the Ichimoku Cloud. There are some signs that the global trend is likely to change.

However, firstly the bulls will have to overcome the resistance of the Cloud’s bottom and this week they may start attacking the level. Before that the rate may decline to the Turning line (3) and then bounce off.



Chart. Daily USD/CHF

Main forex ideas

UBS: G20 meeting results

Strategists at UBS AG note that the weekend meeting of G-20 finance ministers and central bankers devoted primarily to the problems of competitive currencies’ devaluation didn’t result in some firm obligations taken by the countries, but brought only vague general agreement on the fact that the nations shouldn’t lower their currencies to promote exports and growth and on the necessity to diminish trade imbalances without any surplus/deficit targets as it was wished by the United States.

As a result, the specialists believe that the meeting won’t have strong impact on the forex market. UBS notes, however, that the risk of currency war has declined making investors’ sentiment improve that may drive up Australian and Canadian dollars, the Nordics, and the emerging markets’ currencies.

Never the less, the analysts warn that in the longer term there will be still currency tensions and trade imbalances. The second-biggest currency trader expects yuan’s rate to advance a bit rising to 6.55 yuan per dollar by the end of 2010. The market’s attention will be focused on the Fed’s

quantitative easing decision.

Trading strategy from Barclays

Analysts at Barclays Plc. advised investors to stop selling US dollar versus the basket of Turkish lira, Norwegian krona and New Zealand's dollar. According to their estimates, such trade has brought 3.2% since September 23.

The specialists still regard these currencies as the ones with high yield, but they don't think that the greenback should be used as a funding currency. Barclays recommends letting Swiss franc play this role instead.

As a result the strategists suggest creating basket of 50% of the lira and 25% each of New Zealand dollar and Norwegian krona selling francs. In order to make a partial hedge against the position it's necessary to buy an option to buy the dollar against the South African rand.

UBS: forex turnover will rise to \$10 trillion

Analysts at UBS AG predict that foreign-exchange trading will double to \$10 trillion a day on average in 10 years from now and neither financial market shocks nor the disruption to international trade will be able to stop such expansion. According to the Bank for International Settlements (BIS) data published in September, currency market volume rose to \$4 trillion a day.

As a result, it would be more difficult for the central banks to influence exchange rates. In addition, investors will focus mainly on managing large-scale portfolios and be more as currency markets are likely to be extremely volatile. UBS estimated that the daily turnover in currency markets related to hedge funds, pension funds, mutual funds, insurance companies and central banks added 42% rising from \$1.3 trillion in 2007 to \$1.9 trillion in 2010. It's necessary to underline that daily trading turnover associated with goods and services transactions was only about \$50 billion a day last year.

IMF: euro, dollar, yen and pound reflect fundamentals

According to the International Monetary Fund's report released yesterday, the greenback is rather strong on the basis of US economic data in the medium-term. The same was stated about the single currency, yen and pound.

As for emerging economies that have current-account surpluses, they need to begin allowing their currencies appreciate playing their role in rebalancing global demand.

EUR/USD

Nomura: US dollar will surprise investors

Analysts at Nomura Holdings Inc. believe that the greenback will surprise investors rebounding from almost 8-month minimum versus the single currency and 15-year minimum against Japanese yen. According to the specialists, this may happen ahead of the Federal Open Market Committee's meeting scheduled on November 2-3.

US dollar has propped versus all of its major counterparts since September 21, when the Federal Reserve announced that it's getting ready to expand purchases of government debt known as quantitative easing in order to support the country's economic recovery.

Data from the Commodity Futures Trading Commission showed on October 22 that futures traders cut bets that US dollar will fall against yen, Swiss franc and Australian dollar. Nomura strategists advise buying the greenback versus the Aussie.

MF Global: US dollar may advance

Analysts at MF Global claim that there's still the significant risk of US dollar's surge. Such outcome is possible if the Republicans get the majority at November 2 elections in Congress as this party doesn't support stimulus policy as the Democrats do.

The specialists believe that the market will be looking at the size of a new stimulus package that's expected to be announced on November 2-3 and here some disappointment is possible because the majority of investors have already priced quantitative easing into dollar's rate.

Commerzbank: diamond pattern at EUR/USD chart

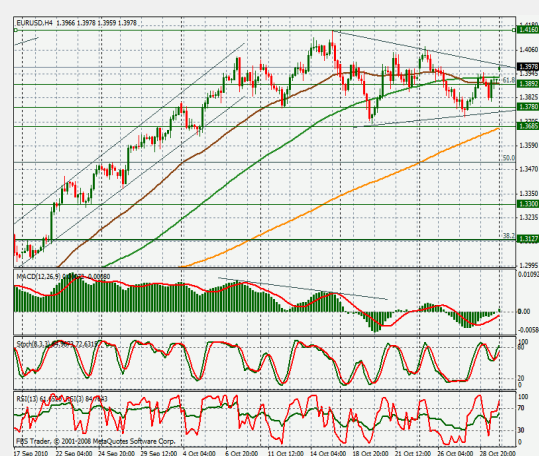


Chart. H4 EUR/USD

Technical analysts at Commerzbank AG note that the pair EUR/USD is still consolidating and the potential "diamond" pattern remains in place as long as the intraday rallies are capped by \$1.4057/80. "Diamond pattern" is formed after the long uptrend and signals potential reversal.

The specialists claim that the single currency will fall to \$1.3697/\$1.3622 (recent minimum, April maximum and 23.6% Fibonacci retracement of the advance from June) if it breaks down through the key support level at \$1.3805/\$1.3775.

Commerzbank: euro to start rising only above \$1.4040/80

The single currency was strengthening versus the greenback during American and Asian sessions compensating its losses made during the previous 3 days.

Technical analysts at Commerzbank note that as long as the pair EUR/USD remains below 1.4040/80 resistance area there's high risk of euro's decline.

If the European currency manages to overcome 1.4080, it will climb towards 1.4160 (October maximum) and 1.4217/64 (December and early January minimums).

Morgan Stanley: dollar forecast's cut

Analysts at Morgan Stanley suppose that the greenback may fall to the minimum since December 2009 at \$1.46 per euro. As for the trade versus Japanese yen, UD dollar will remain low in 81 yen area. Australian currency is expected to buy 98 US cents by year-end.

According to Morgan Stanley, dollar will be weak due to the Fed's quantitative easing conducted to stimulate growth. Strategists note that the market's very bearish on the greenback claiming that the US currency will enter 2011 strongly undervalued.

The previous forecast of the specialists was that the American currency would be at \$1.36 against the single currency and at 93 yen by the end of 2010. The next year dollar may rebound climbing to \$1.32 per euro, 85 cents per Aussie and 93 yen by the end of 2011, the bank predicted.

Schneider: euro's growth affects euro zone's periphery

Specialists at Schneider Foreign Exchange note that the strengthening of the single currency incites the European Central Bank to tighten monetary policy that will, in its turn, affect the peripheral nations that are struggling to reduce their budget shortfalls.

The specialists note that upward pressure on euro and the gap between the nations forming the currency union may be another opportunity to find



out how sustainable the euro area is and as what prospects do the European countries have as they remain bounded together.

Chart. H4 EUR/USD

JPMorgan: euro will stop rising in 2010-early 2011

Analysts at JPMorgan Asset Management in London think that the single currency won't advance much more. In their view, European currency is already over-valued and strong euro would emphasize again severe differences between the euro region's nations, particularly the gap in competitiveness between such countries as Germany and Portugal. That might, in its turn, put political pressure on the European Central Bank.

At the same time the specialists believe that if the Federal Reserve will decide to conduct quantitative easing and increase the amount of dollar liquidity as the market's anticipating, the greenback will remain weak.

The pair EUR/USD added 12% from 5-week minimum hit on August 24 rising to the maximal level since January 26 at \$1.4159 on October 15. The Dollar Index reflecting the dynamics of US currency versus a basket of currencies that consists of euro, yen, pound, Canadian dollar, Swedish krona and Swiss franc lost almost 9% during the same period.

Brown Brothers Harriman: dollar may advance versus euro

Technical analysts at Brown Brothers Harriman & Co. claim that the greenback may advance versus the single currency in case the 5- and 20-day MAs intersect. The specialists note that during the past 6 months since the middle of April the pair EUR/USD reversed direction 4 times as the technical indicators crossed on April 21, June 16, August 12 and September 14.

In the view of Brown Brothers Harriman, the power of the euro bulls has almost reached its limit and the outlook for dollar may improve after the US Congress elections next week.

According to the October 22 data from Commodity Futures Trading Commission, bets on the rising EUR/USD approached the maximum since October 2009 that means that the European currency that gained 4.5% against its US counterpart since September 21 is likely to reverse downwards.

GBP/USD

John Taylor: pound will fall below \$1.40

Famous investor and the CEO of FX Concepts Inc., John Taylor claims that spending reduction performed by the British government in order to decrease the country's budget deficit is too big and expects the pound to fall below \$1.40 already this year.

British policymakers are going to cut spending by 81 billion pounds (\$128 billion) of austerity measures through 2015.

The pair GBP/USD hit 2010 minimum at \$1.4231 on May 20. Currently it's trading in 1.5740 area.



Chart. H4 GBP/USD

BNP Paribas: sell pounds versus US dollars

Analysts at BNP Paribas SA still expect British pound to decline versus the greenback, even though yesterday's data showed that the country's GDP added 0.8% in the third quarter that is twice more than it was anticipated. The specialists advise investors to use any rebounds of the pair GBP/USD to enter a short position.

According to BNP estimates, the Bank of England will extend bond purchases to support UK economic recovery already in February. The economists note that stronger figures of British economy's growth pace weren't unexpected for them as the country entered the third quarter with a lot of good momentum. At the same time the forward-looking indicators, especially those related to credit growth, seem to be rather weak.

The bank still forecasts that pound will drop to \$1.54 by the end of 2010.

HSBC: forex market outlook

Strategists at HSBC Holdings are sure that the Bank of England will conduct stimulus measures in order to support Britain's economic growth and prevent deflation and it's clear that such actions will put sterling under severe pressure. In the recent months, however, the market's attention will be firmly focused on the greenback hit by the speculation about the Fed's quantitative easing.

HSBC estimates the amount of QE by \$500 billion that is close to the market's estimate, while the eventual expansion of the bond purchase program may be as large as \$2 trillion that explains why the market was so focused on selling the dollar.

The specialists also spoke about their investments strategy in the current economic situation in the world. According to HSBC, so called "currency wars" will determine the forex market dynamics. The focus on dollar's weakness and the reaction of other countries to it will continue driving the markets – not just G10 ones, but also the emerging ones, Asian in particular.

The specialists claim that it's necessary to find out which countries seem to be comfortable with strong rates of their currencies and which policy authorities are most resistant against capital controls and invest there. HSBC regards Singapore dollar, Malasia ringgit and Philippine peso and in the short-term Indian rupee as the most preferable currencies.

USD/JPY

Commerzbank: USD/JPY will fall to 80.20 before recovering

The greenback managed to recover from 15-year minimum at 80.40 but its advance was blocked by the 20-day MA in the 82.00 zone, so the US currency went down again getting below 81.00.

Technical analysts at Commerzbank believe that the pair USD/JPY may renew its minimum lowering to 80.20, noting though that dollar is losing

downside momentum. The specialists draw investors' attention to the fact that not only has the daily RSI diverged, but right below the market there's the key support at 80.20/79.70 levels.

If the greenback's rate rebounds climbing above 81.76/82.00, resistance will be found in 81.75/00 and 83.44/54 areas. The latter represents a key resistance with the 55-day MA. Only a close above here would be enough to reverse the current downtrend.



Chart. H1 USD/JPY

Boft-Mitsubishi UFJ: dollar will recover to 82 yen

Technical analysts at Bank of Tokyo-Mitsubishi UFJ Ltd. claim that the greenback may recover to 82 yen as the as technical charts show that the currency is close to the bottom.

The specialists note that the pair USD/JPY fell yesterday below 5-day MA and an Ichimoku chart's conversion line at 81.20 yen area. As it may be seen on the weekly candlestick chart, US dollar is forming a "spinning top" pattern that means after the long decline that the market is likely to reverse.

As a result, the bank analysts expect the pair to rise, though not strongly. In the near term the greenback may get up to 82 yen, but then the resistance line formed by the 21-day MA now in 81.82 yen area will step in limiting the further growth of American currency.



Chart. Weekly USD/JPY

Mizuho: USD/JPY will further decline

Technical analysts at Mizuho Corporate Bank claim that in its trade versus Japanese yen the greenback is still capped by the 9-day MA that's pulling American currency down into the apex of a potential "wedge" formation.

The specialists expect that that the pair USD/JPY will decline more even though US dollar is already oversold like it was at the end of 2008.

According to Mizuho, support levels are found at 80.61, 80.41 and 80.25, while resistance ones are situated at 81.10 and 81.51.



Chart. Daily USD/JPY

BNP Paribas: Japanese companies reduced USD/JPY forecast

Economists at BNP Paribas note that Japanese corporations prepare for yen's appreciation versus the greenback. According to the bank, the main country's exporters reduced their USD/JPY forecast for the second half of the year from 90.00 to 80.00 yen, while the rate for future investment plans is set at 70.00 per dollar.

Barclays Capital: dollar will drop to 79.30 yen

Technical analysts at Barclays Capital believe that the pair USD/JPY will keep trading within the downtrend unless it rises above 82.00. The specialists forecast that the greenback will lower to the all-time low at 79.90 and then to the channel base at 79.30.

Barclays Capital: USD/JPY is limited by resistance at 82.00/40



Chart. H4 USD/JPY

Analysts at Barclays Capital claimed the greenback's attempt to rebound versus its Japanese counterpart was driven mainly by the advance in US yields.

The pair USD/JPY is trading currently in the 81.30 area. The bank specialists claim that the resistance in 82.00/40 zone will block upward movements of the dollar's rate.

According to Barclays Capital, US currency will be able to start climbing only if it gets above 82.80 plus if US 2-year yields advance from the current level of 38 basis points above 46 basis points.

MIG Bank: to gain US dollar should rise above 81.45 yen

The pair USD/JPY jumped recovering from 15-year minimum at 80.41. The greenback managed to break up through resistance in the 80.85 area and get above 81.00.

Technical analysts at MIG Bank, however, believe that in order to be able to show further advance US dollar has to overcome the 81.45 level. Such move would open American currency the way towards strong resistance at 82.88 and possibly to the recent maximum at 85.94. The specialists note that the 5-week decline of the pair seems to be overextended, so a good short-squeeze is quite possible.

If the greenback rebounds, resistance levels will be found at 81.50 (October 22 maximum) and 81.85 (October 21 maximum). Support levels are still at 80.40 (October 25 minimum), 80.00 (psychological level) and 79.75 (April 19 1995 minimum).

Chart. H1 USD/JPY



Forecasts and recommendations

Citigroup: CAD/CHF will rise to 99.80 centimes

Analysts at Citigroup Inc. advise investors to buy Canadian dollar versus Swiss franc. In their view, loonie will be strong in both cases: if the greenback appreciates Canada's currency will follow the positive dynamics of its American counterpart and if US dollar weakens loonie will be supported by higher oil prices.

The specialists expect that the pair CAD/CHF will climb at 99.80 centimes in two weeks. The stops should be set below 94.30 centimes. The last time the two currencies traded at parity was in August.

Faros Trading: euro will rise to 137.28 yen

Analysts at Faros Trading LLC believe that the single currency will advance versus Japanese yen during the next half of the year to the 137.28 yen level representing 50% Fibonacci retracement of euro's decline from June 2008 to August 24, 2010. The last time euro visited this area was in October 2009.

The specialists claim that it may happen as Japanese monetary authorities are quite worried about the strong yen and will act to depreciate it. The pair EUR/JPY has gained 0.8% since September 15 when Japan intervened to the currency market for the first time in 6 years selling the national currency to weaken its rate.



Chart. Daily EUR/JPY

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