Fullermoney Plus

Issue 170
07 Mar 2002

Global Strategy and Investment Trends by David Fuller http://www.fullermoney.com

Reserve currencies are oversold against the yen and near major support from their bases.

Japanese officials are now concerned about the yen's strength. The chief regret, I suspect, for many of us who are long-term yen bears, certainly my regret, is that I did not take more profits on the Baby Steps basis when the dollar, euro and sterling were testing their January highs. I also suspect many of us have had at least a portion of our overall yen shorts stopped out recently. I have, and have been buying back on today's additional weakness, for three reasons:

1. The yen is very overbought (dollar, euro and sterling very oversold against the yen) according to short-term indicators.

2. The euro has fallen back to major support from the upper side of its base formation. Sterling and the dollar are sufficiently close to their bases to also appear interesting.

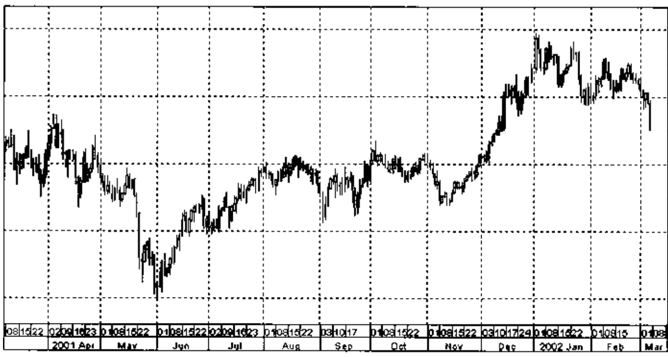
3. Today, various Japanese officials have expressed concern over the speed and extent of the yen's rally. It has generally paid to sell the yen when they have expressed concern over its strength.

I believe these three factors are much more important than fiscal yearend repatriation and a better performance by the Japanese stock market. We won't know that reserve currencies have bottomed against the yen until they rebound and re-enter overhead trading ranges. However, I remain a buyer of the euro, sterling and dollar against the yen on weakness, and suspect this technical correction is almost over.

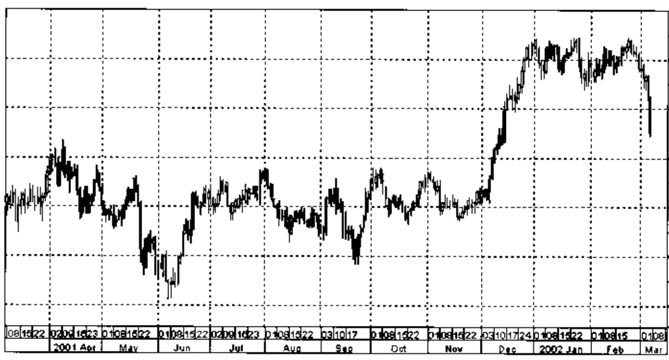
Best regards - David Fuller

Dollar/Yen: 128.18 (Daily)

Euro/ Yen: 112.52 (Daily)



Sterling/Yen: 182.45 (Daily)



Charts supplied by Bloomberg.

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Website: www.fullermoney.com ***Email:*** research@chartanalysts.com ***Tel:*** +44 (0) 20 7351 5751 ***Fax:*** +44 (0) 20 7352 3185 ***Single Issue Price*** £3