

# Fullermoney Plus Issue 190 14 Oct 2002

Global Strategy and Investment Trends by David Fuller

<http://www.fullermoney.com>

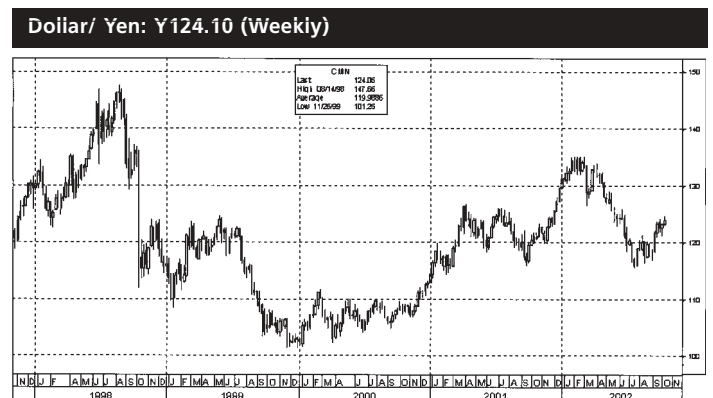
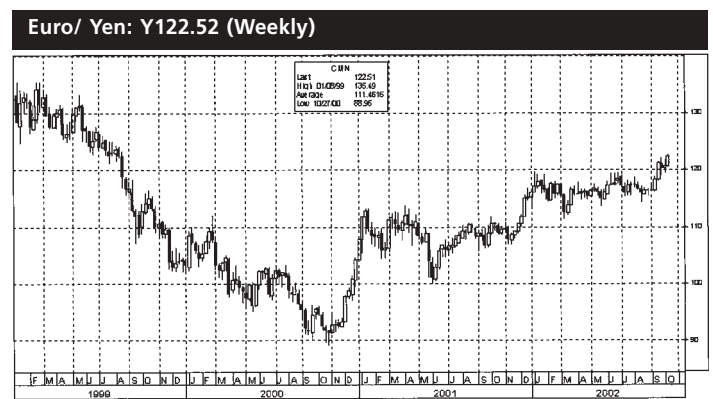
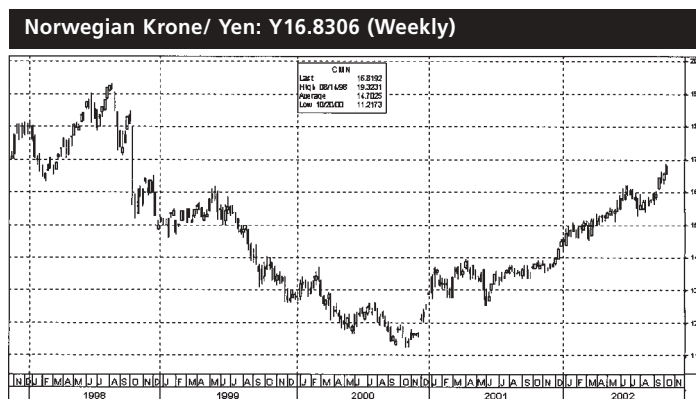
## European currencies lead the way against a devaluing yen.

The enormity of Japan's economic problems, and the paucity of viable solutions from the politicians and bureaucrats, is increasingly recognized by the markets. No country, to my knowledge, has ever broken out of a destructive deflationary cycle (falling output, prices and profits) without a massive devaluation. Japan will be no exception, judging from the charts. Ironically, it was BoJ Governor Hayami - so long an advocate of yen strength and so wrong on Japan's economic recovery prospects, who signalled that Japan's deflationary cycle was becoming a full-blown crisis, by surprising everyone and announcing last month that the BoJ would purchase equities from beleaguered commercial banks, which are technically bust. Of course this only buys a little breathing space for banks, which have

long seen their non-performing loans increase faster than they can be written off. Currency markets are beginning to anticipate the mother of all monetary reflations from Japan.

**As chart breakouts are extended, trailing stops are the tactic.** The high-yielding Norwegian Krone is leading advances against the yen. The euro, Swiss franc and sterling appear to have completed small, post-breakout consolidations above this year's earlier trading ranges. My minimum 3-month target for euro/yen is ¥130 and dollar/yen should retest the high near ¥135. I continue to expect much higher levels over the longer term. Since there are inevitably many unknowns concerning the precise sequence of this devaluation, my preferred tactic, based on the chart action, is to protect longs against the yen with loose trailing stops.

Best regards - David Fuller



Charts by Bloomberg

Fullermoney a division of Stockcube Research Limited Suite 1.21 Plaza 535 Kings Road London SW10 0SZ UK

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

**You are strongly advised to read the following:** This report has been produced and compiled by Stockcube Research Limited ("Stockcube") which is regulated by the Securities and Futures Authority Ltd, according to the requirements of the Financial Services Markets Act 2000. It is distributed by Stockcube and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time Stockcube and any of its officers or employees may, to the extent permitted by law, have a position or otherwise be interested in any transactions, or investments (including derivatives) directly or indirectly the subject of this report. Also Stockcube may from time to time perform other services (including acting as adviser or manager) for any company mentioned in this report. The value of securities can go down as well as up, and you may not get back the full amount you originally invested. Derivatives in particular are high risk, high reward investment instruments and an investor may lose some or all of his/her original investment. If you make an investment in securities that are denominated in a currency other than that of GB Pounds you are warned that changes in rates of foreign exchange may have an adverse effect on the value, price or income of the investment. The investments referred to herein may not be suitable investments for all persons accessing these pages. You should carefully consider whether all or any of these are suitable investments for you and if in any doubt consult an independent adviser. This report is prepared solely for the information of clients of Stockcube who are expected to make their own investment decisions without reliance on this report. Neither Stockcube nor any officer of Stockcube accepts any liability whatsoever for any direct and consequential loss arising from use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Stockcube.