

A Traders Academy International Publication

UK Loses AAA Rating

EUR-USD hit a 6-week low on Friday after the European Central Bank said banks will repay less than half the expected amount of loans, while a downgrade of Britain's government bond rating pressured the British Pound. .

Banks will repay €61.1 billion (\$80.8 billion) of the second round of the ECB's three-year loans next week, far below the €130 billion in repayments expected by the market. The smaller amount suggested many banks are still dependent on the ECB. The smaller than expected payback of loans means the ECB's balance sheet will shrink at a slower than expected pace. It is seen as further undermined confidence in the state of recovery in the 17-member bloc.

EUR-USD fell as low as 1.31440, its lowest since January. 10, retreating from a session high of 1.32445 after the German Ifo survey showed a big jump in business morale in Germany, suggesting a brighter outlook for the Euro zone's largest economy. It settled up slightly at 1.31932 with reported bids around 1.31500-600.

Italian banks may have held off repaying the loan due to the uncertainty about the result of the Italian election this weekend. Analysts are divided over whether centre-left leader Pier Luigi Bersani will be able to form a stable majority capable of pursuing the economic reforms that an uncompetitive Italy needs to exit recession.

Traders were wary about the risk of a fragmented Italian parliament or resurgence by former Prime Minister Silvio Berlusconi, which could hinder the Euro zone's third largest economy from fighting its longest recession in 20 years.

A report from the European Commission on Friday that forecast the Euro zone economy will contract again in 2013 also weighed on the Euro, which fell for a third straight session. On the week, EUR-USD fell 1.3 percent, declining for the third straight week.

Moody's Investors Service late Friday cut the United Kingdom's credit rating to Aa1 from Aaa, citing weakness in the nation's medium-term growth outlook that it now expects to extend for a number of years. The outlook on the credit is stable.

GBP-USD fell from 1.53197 to 1.51613 after Moody's downgrade before settling at 1.51626, down from the previous day's close of 1.52521. We should see some more aggressive selling when the markets open on Monday morning. This is because traders were focused on the Japanese Yen and the Euro that not everyone was already short Sterling. So this could compound the pain.

USD-JPY and EUR-JPY rose, with many traders forecasting further weakness as the Bank of Japan looked set to ease monetary policy further to fight deflation.

EUR-JPY rose 0.38 percent to 123.240. USD-JPY rose 0.16 percent to 93.402, not far from a 33-month high of 94.447 hit last week, but registered a weekly loss of 0.3 percent.

The fact U.S. policymakers had not particularly objected to the Japanese Yen weakness, which makes Japan's exports more competitive relative to those of other countries, meant the downtrend could continue. It could be that they are quite willing to let the Yen get to this level.

AUD-USD regained ground after hitting a 4-month low of 1.02193 on Thursday. It settled up 0.72 percent at 1.03176.

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EURUSD,Monthly 1.35770 1.37101 1.31440 1.31932

1 Aug 1991 1 Dec 1992 1 Apr 1994 1 Aug 1995 1 Dec 1996 1 Apr 1998 1 Aug 1999 1 Dec 2000 1 Apr 2002 1 Aug 2003 1 Dec 2004 1 Apr 2006 1 Aug 2007 1 Dec 2008 1 Apr 2010 1 Aug 2011 1 Dec 2012

1.64850
1.59900
1.54950
1.49850
1.44900
1.39950
1.35000
1.30050
1.25100
1.20150
1.15200
1.10100
1.05150
1.00200
0.95250
0.90300
0.85350
0.80400
0.75450

1.60373
1.49393
1.21932
1.18757
0.82250
61.608112093
FE 100.001.07777
FE 61.6081.67037

EURUSD, Weekly 1.33477 1.34331 1.31440 1.31932

1.49393

1.42467

1.31449

1.34857

1.31710

1.26601

1.37101

1.33090

1.31932

1.20414

FE 161.8 @ 1.44879

78.6 @ 1.43191

FE 127.0 @ 1.40947

61.8 @ 1.38771

FE 127.0 @ 1.39978

1.49880

1.48180

1.46480

1.44730

1.43030

1.41330

1.39630

1.37930

1.36230

1.34530

1.32830

1.31080

1.29380

1.27680

1.25980

1.24280

1.22580

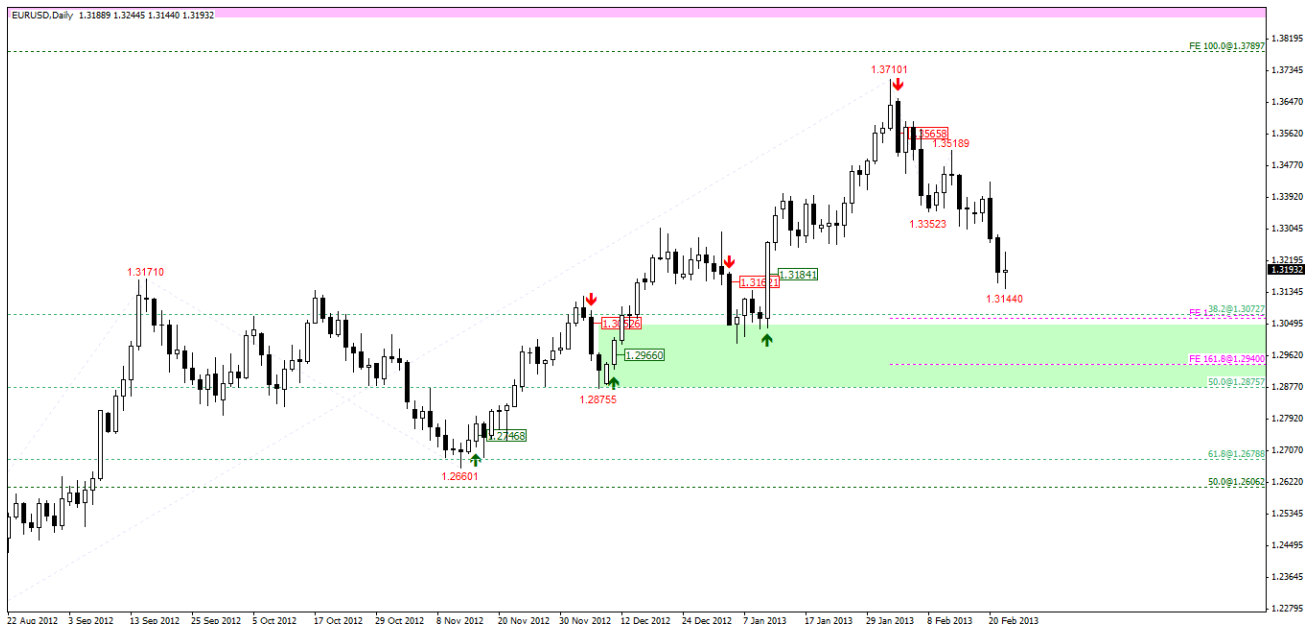
1.20880

1.19180

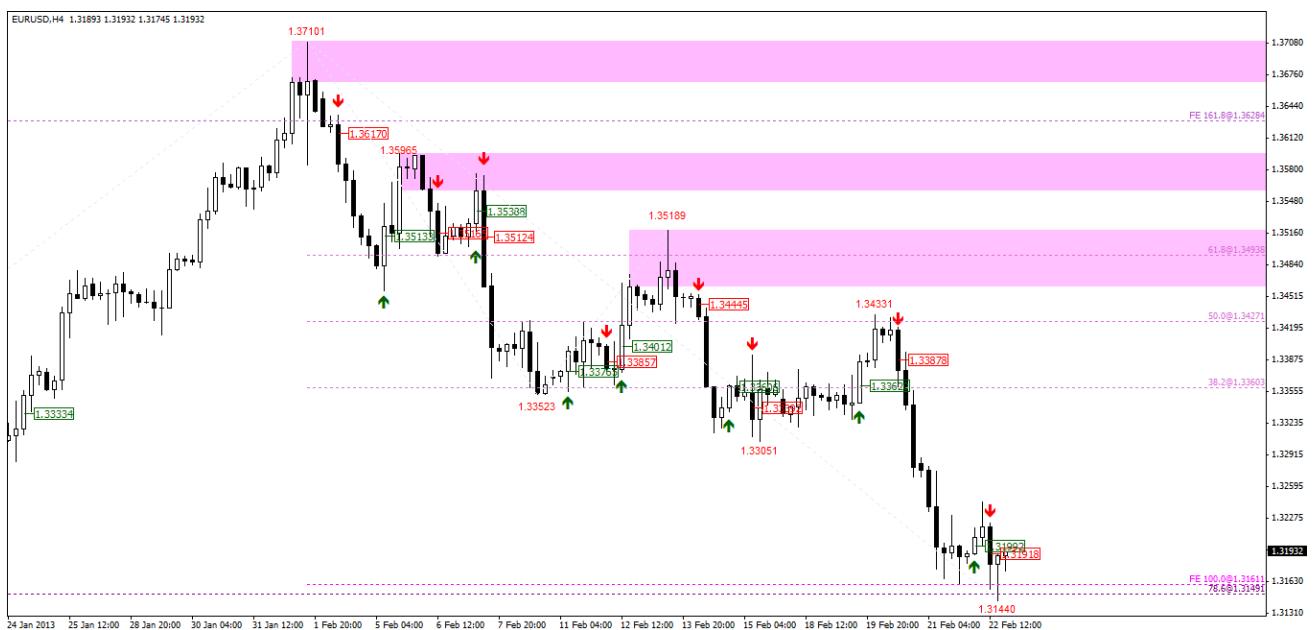
22 Aug 2008 17 Oct 2009 12 Dec 2009 6 Feb 2010 3 Apr 2011 29 May 2011 24 Jul 2011 18 Sep 2011 13 Nov 2011 8 Jan 2012 4 Mar 2012 29 Apr 2012 24 Jun 2012 19 Aug 2012 14 Oct 2012 9 Dec 2012 3 Feb 2013

In the longer-term, the fall from 1.49393 is treated as the falling leg inside the consolidation pattern which started from the 2008 high of 1.60373. This fall may have terminated at 1.20414 on July 24 2012. What followed was 6 months of consecutive back-to-back gains that have extended above the 2012 high of **1.34857**. This run has now run its course. The idea that this rally may extend toward the Fibonacci cluster of the 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897** and the 61.8% retracement of 1.49393 to 1.20414 at **1.38323** may not happen after all. Sentiments have soured after the largest single week loss since July 2012 a fortnight ago. With a close below **1.33090** in the W1 chart this week, the rally is truly over. Should **1.26601** fails to hold the line, focus would shift to the demand zone at **1.16390-1.21554** where the 61.8% projection of 1.49393 to 1.20414 from 1.37101 at **1.19192** is located.

EUR-USD DAILY



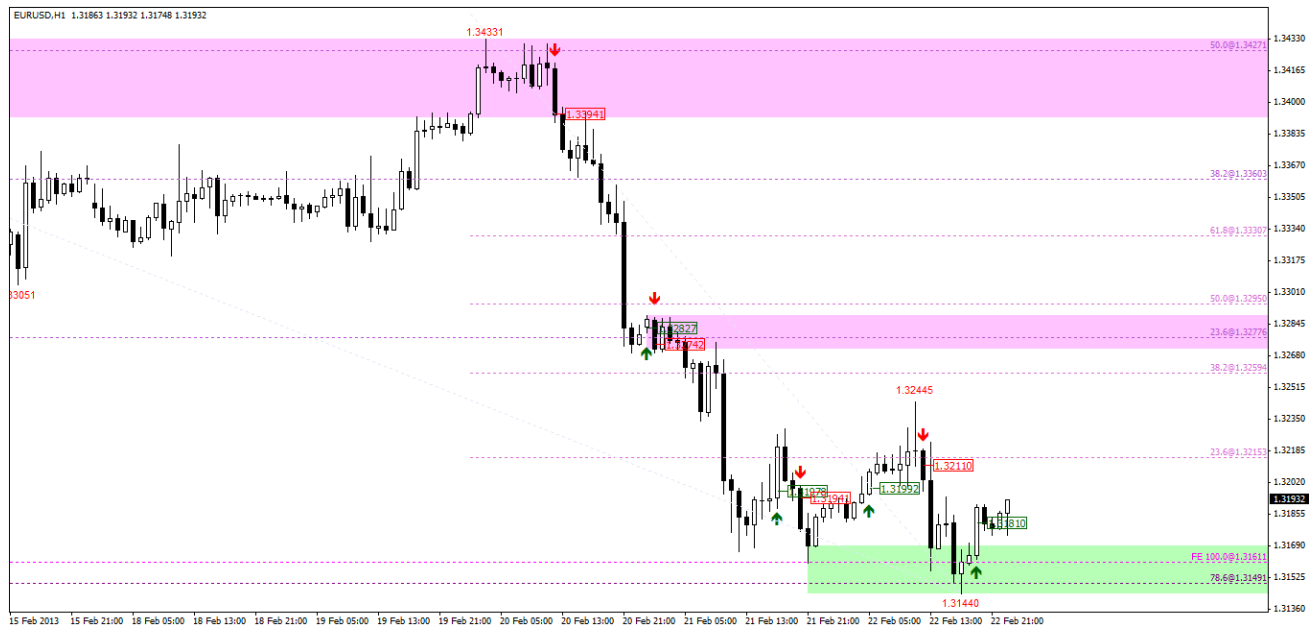
EUR-USD 4-HOURLY



EUR-USD Short Term Outlook

The inability of the Euro to rally on better than expected ZEW index on Tuesday set the tone for the rest of this week. Price action extended its loss from 1.37101 to a 6-week low at 1.31440 on Friday – briefly overshoot the Fibonacci cluster of the 100.0% projection of 1.37101 to 1.33523 from 1.35189 at **1.31611** and the 78.6% retracement of 1.29963 to 1.37101 at **1.31491** before rebounding somewhat on profit-takings. It remains to be seen if this Fibonacci cluster can arrest this fall. Principally, the downward momentum has the potential to test the immediate demand pocket at **1.29963-1.30439** or even **1.28755-1.29041**. With a close below **1.33090** in the W1, the 3-wave corrective rebound from 1.20414 is truly over. Aggressive traders may consider anchoring short positions within the supply pocket at **1.32715-1.32891**; where the 23.6% retracement of 1.37101 to 1.31440 at **1.32776** is located. In the meantime, speculative counter-trend long positions may be attempted should this market dips back into a very minor demand pocket at **1.31745-1.31800** or **1.31440-1.31694**.

EUR-USD 1-HOURLY



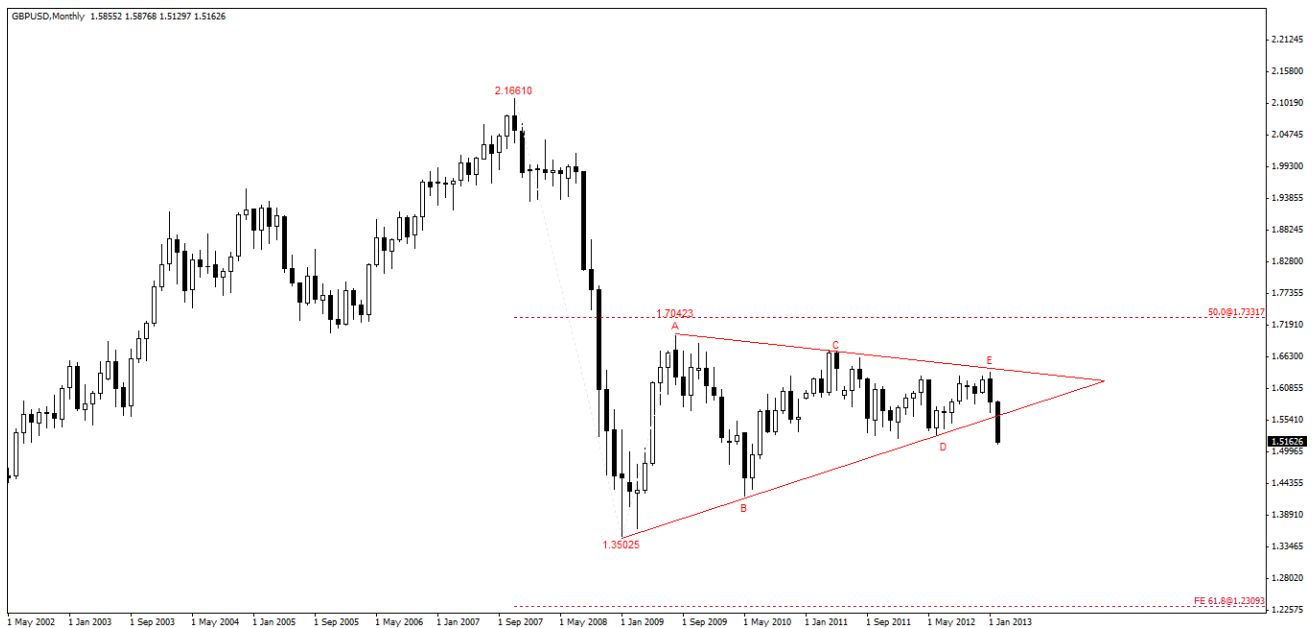
TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on buy signals between 1.31745-1.31800		1.31340	1.32715	-	3	0.03m

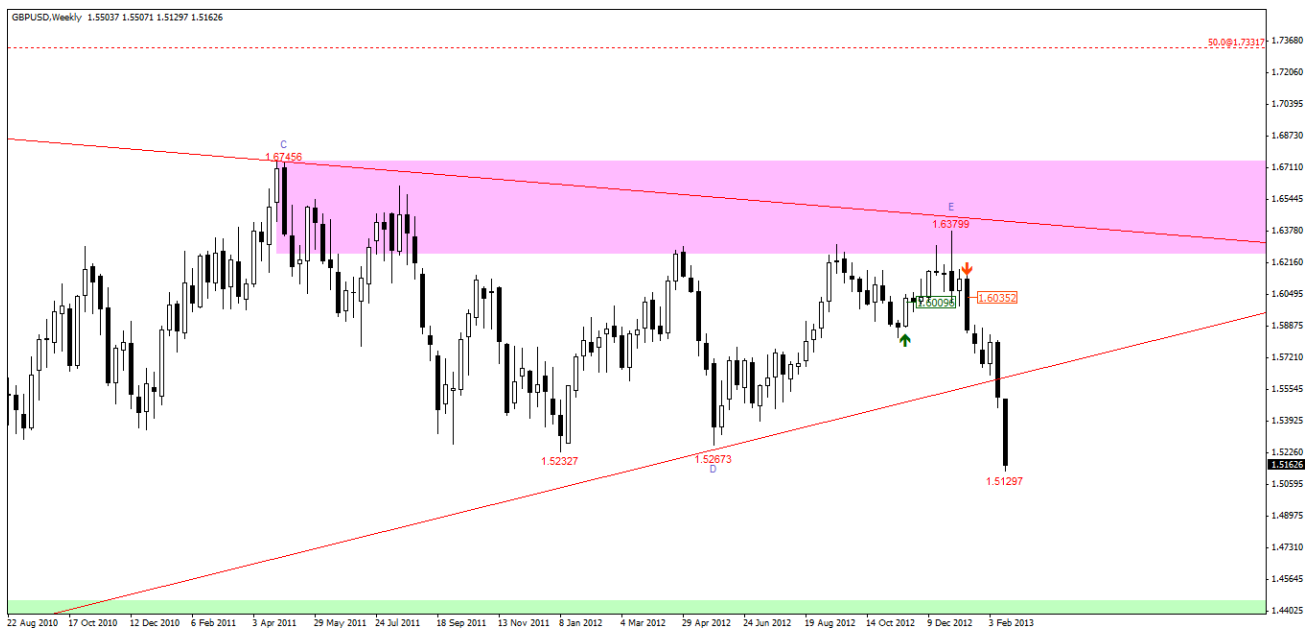
TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.15										5.35	10,534.90
2013.02.20 23:01	0.03	1.32754	2013.02.21 07:56	0.03	1.32352			-120.6	-120.60	4.14	10,414.30

GBP-USD MONTHLY



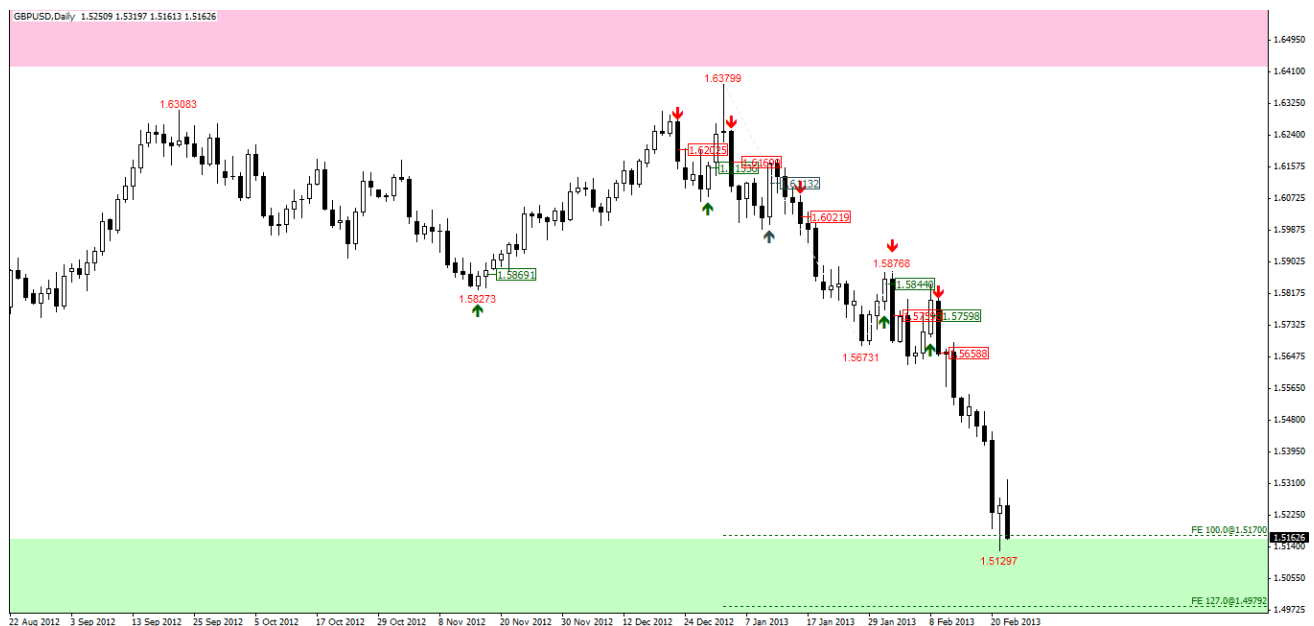
GBP-USD WEEKLY



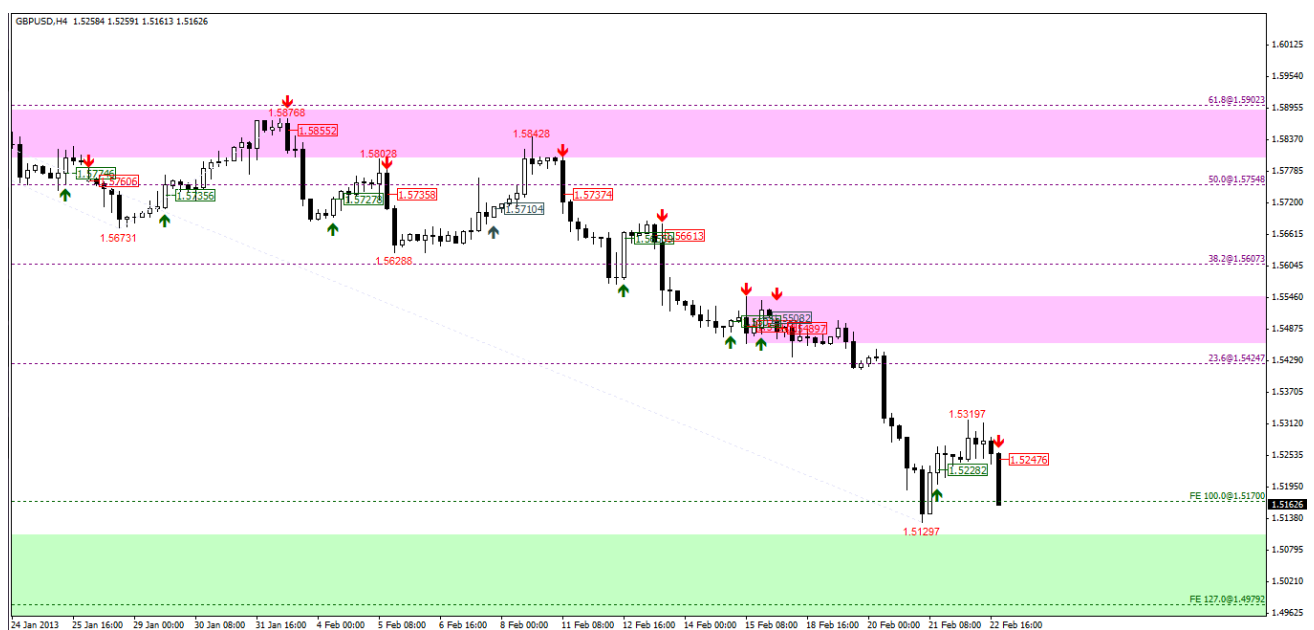
GBP-USD Long Term Outlook

In the longer-term, price actions from the 2009 low of 1.35025 are treated as consolidations to the longer-term downtrend from 2.11610. This view remains unchanged. The spike to 1.63799 is confirmed to be the final E leg of the triangle formation and with the ascending support-line of this triangle now broken, the stage is set for a precipitous multi-year fall. In term of price target, this violent selloff may only find relief at the 61.8% projection of 2.11610 to 1.35025 from 1.70423 at **1.23093** which is roughly equidistant to the widest part of the triangle formation. An intermediate rest point is the demand zone at **1.42282-1.44575** (see W1 chart).

GBP-USD DAILY



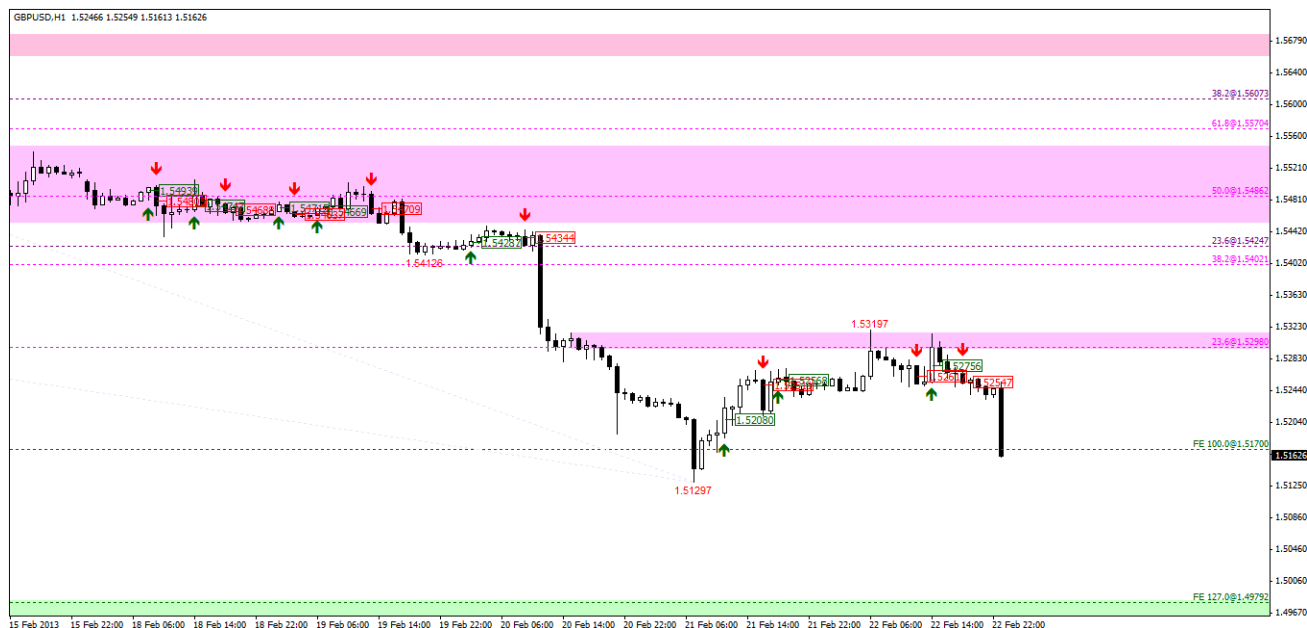
GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

The overnight rebound after the extended fall from 1.63799 hit a fresh 32-month low at 1.51297 on Thursday was a godsend. As noted, there is a sea change in sentiment. At the beginning of 2013, this market was riding high – having registered a 3-year in January. But by the end of trading on Friday, this market is at a 31-month low! Followers of this report have been warned of such an eventuality for a very long time. As late as the end December 2012, it was speculated that the final E leg of the triangle formation may be in place and what may follow is a precipitous drop of some 3,000 pips over the course of a multi-year fall. The bottom finally fell off this market when the first time in 4 years this market closed below the triangle formation. Friday's update suggested that any rebound to the 23.6% retracement of 1.58428 to 1.51297 at **1.52980** which a minor supply pocket at **1.52955-1.53161** resides is worth a shot to re-position shorts. As we have it, prices did indeed rebound into this price bracket and promptly unraveled on news that Moody's has downgraded UK credit rating in late NY trading. Monday may see a bloodbath in this market when Asian traders react to this news. Immediate target is the 127.0% projection of 1.63799 to 1.56731 from 1.58768 at **1.49792** where the demand pockets at **1.48730-1.49830** is located. A secondary medium-term target is the demand pocket at **1.42300-1.43422**.

GBP-USD 1-HOURLY



GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.52999	Break-even	1.49792	1.43422	3	0.03m

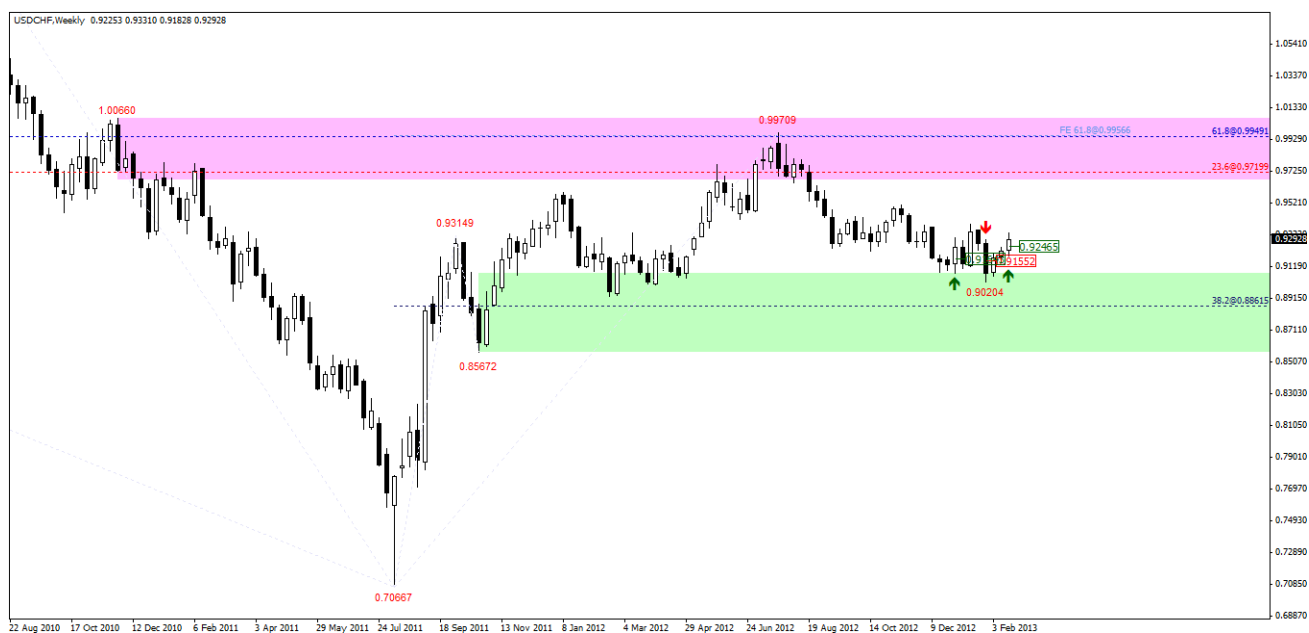
GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.15										-3.41	9,659.50
2013.02.01 09:39	0.02m	1.58750	2013.02.20 11:36	0.02m	1.53475			1,680.6	1,680.60	13.4	11,340.10
2013.02.22 06:23	0.03m	1.52999	2013.02.22 23:59	0.03m	1.51626	411.9	411.90				

USD-CHF MONTHLY



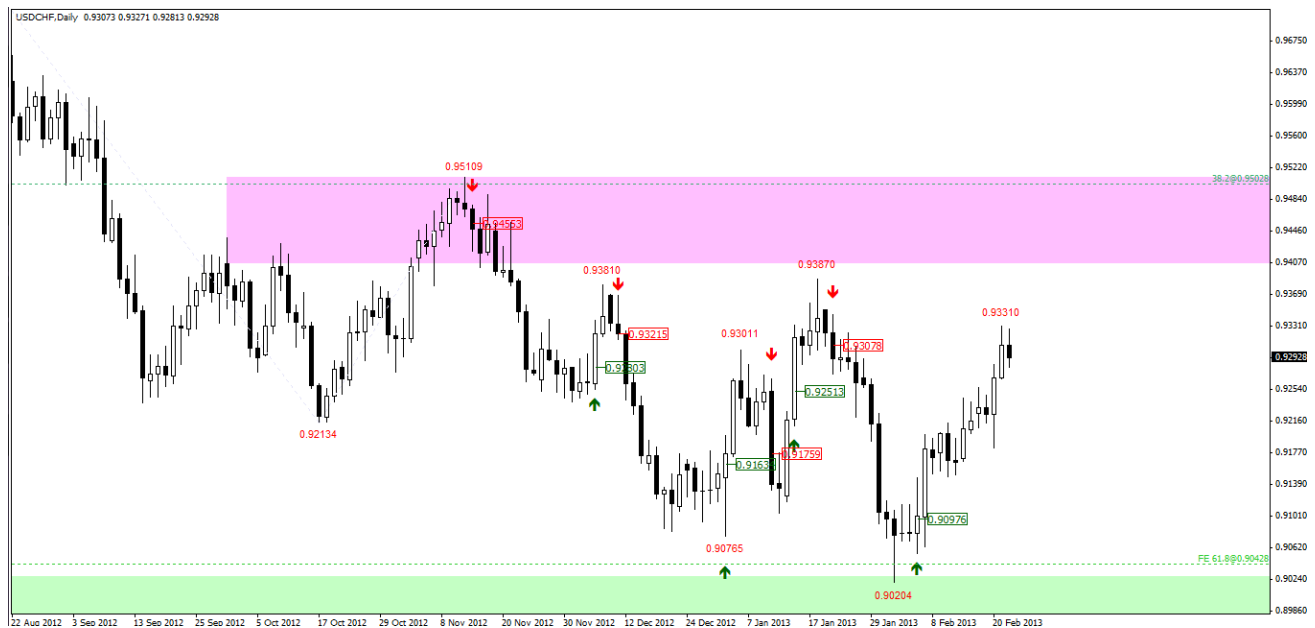
USD-CHF WEEKLY



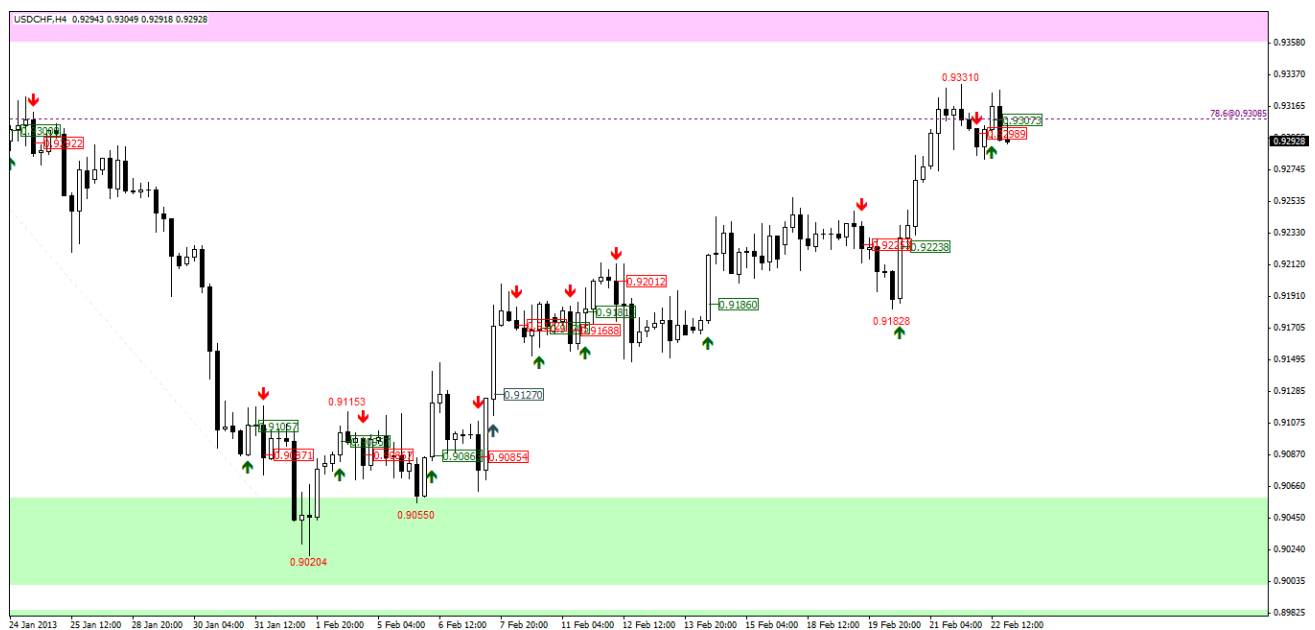
USD-CHF Long Term Outlook

In the longer-term, the rebound from the 2011 low of 0.70667 is viewed as a correction and the first leg may have been completed at 0.99709. This level is just above the confluence of the 61.8% retracement of 1.17307 to 0.70667 at 0.99491 and the 61.8% projection of 0.70667 to 0.93149 from 0.85672 at 0.99566. A rally above **0.99709** would, however, pave the way for the extension of the correction from 0.70667 to perhaps the 38.2% retracement of 1.83090 to 0.70667 at **1.13612** and beyond. In the long-term, the decline from 0.99709 is initially expected to target the 38.2% retracement of 0.70667 to 0.99709 at **0.88615**. This may not happen now. This month's low of 0.90204 is probably the low for this run especially now that the weekly chart has a buy signal with a close above **0.92465** by the end trading on Friday. Immediate barrier to higher prices is the price bracket between **0.94058-0.95109** (see D1 chart).

USD-CHF DAILY



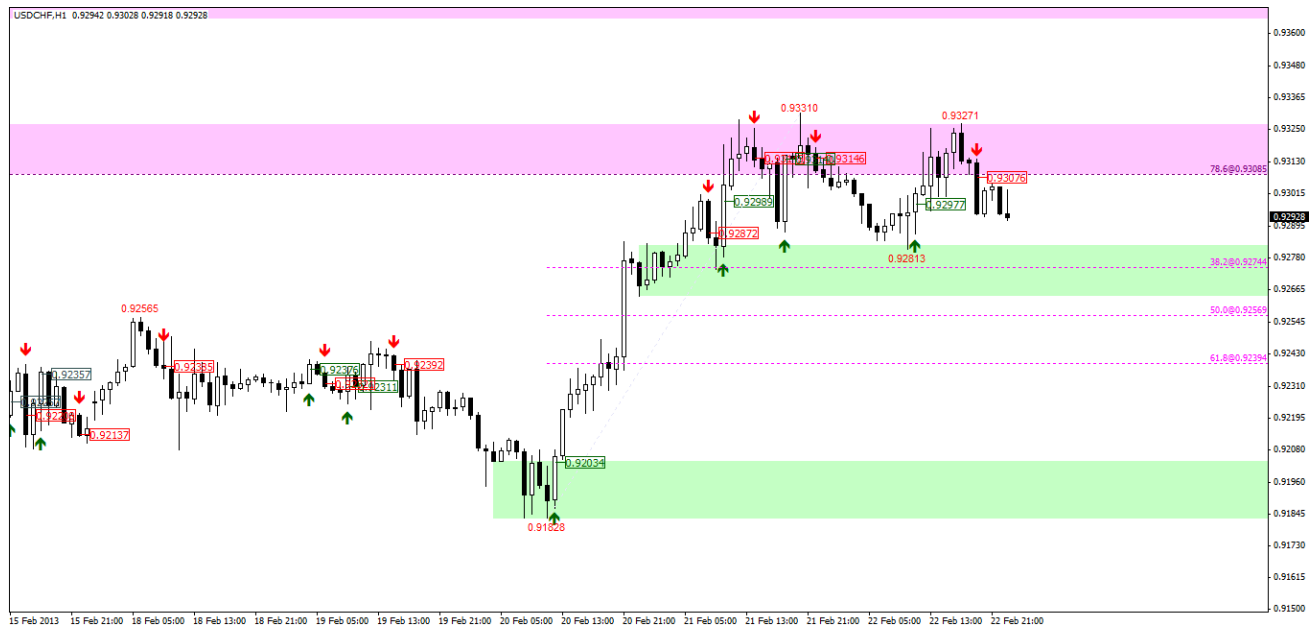
USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

Price action extended to the 78.6% retracement of 0.93870 to 0.90204 at **0.93085** and then some with a print at 0.93310 on Thursday and consolidated around this level on Friday before easing in late NY session. As noted, this mildly bullish assessment is supported by the underlying buy signal seen in the D1 chart for the last two weeks. Price action is now within a stone throw from the supply zone at **0.94058-0.95109** and this presents yet another selling opportunity going forward. As noted, this rally is bounded by the demand zone at **0.90010-0.90587** and the supply zone at **0.94058-0.95109** (see D1 chart). As this market is trading broadly in a sideways market and there is no exceptionally strong momentum in this rally so far, positioning speculative short position there made sense. Immediate target is the demand pocket at **0.92641-0.92825**, with the possibility of this market testing the demand pocket at **0.90010-0.90587**. That said, the underlying bias now favours the upside. Speculative shorts must be covered on the first sign of strong buying interests.

USD-CHF 1-HOURLY



USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		0.93140	0.93330	0.92825	0.90587	3	0.03
Sell	Sell on sell signal between 0.94058-0.95109		0.95209	0.91752	0.90587	3	0.03

USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.15										5.00	10,499.96
2013.02.21 19:02	0.03m	0.93140	2013.02.22 23:59	0.03m	0.92928	63.6	68.44				

USDJPY, Monthly 91.692 94.447 91.595 93.402

124.120

84.172

75.583

77.119

FE 127.0@76.156

FE 261.8@99.637

28.2@103.112

93.402

1 Mar 2002 1 Nov 2002 1 Jul 2003 1 Mar 2004 1 Nov 2004 1 Jul 2005 1 Mar 2006 1 Nov 2006 1 Jul 2007 1 Mar 2008 1 Nov 2008 1 Jul 2009 1 Mar 2010 1 Nov 2010 1 Jul 2011 1 Mar 2012 1 Nov 2012

134.180 130.880 127.480 124.080 120.780 117.380 114.080 110.680 107.280 103.980 100.580 97.280 93.880 90.480 87.080 83.680 80.280 76.880 73.480

USDJPY Weekly 93.671 94.201 92.757 93.402

85.520

84.172

77.655

77.119

75.563

94.447

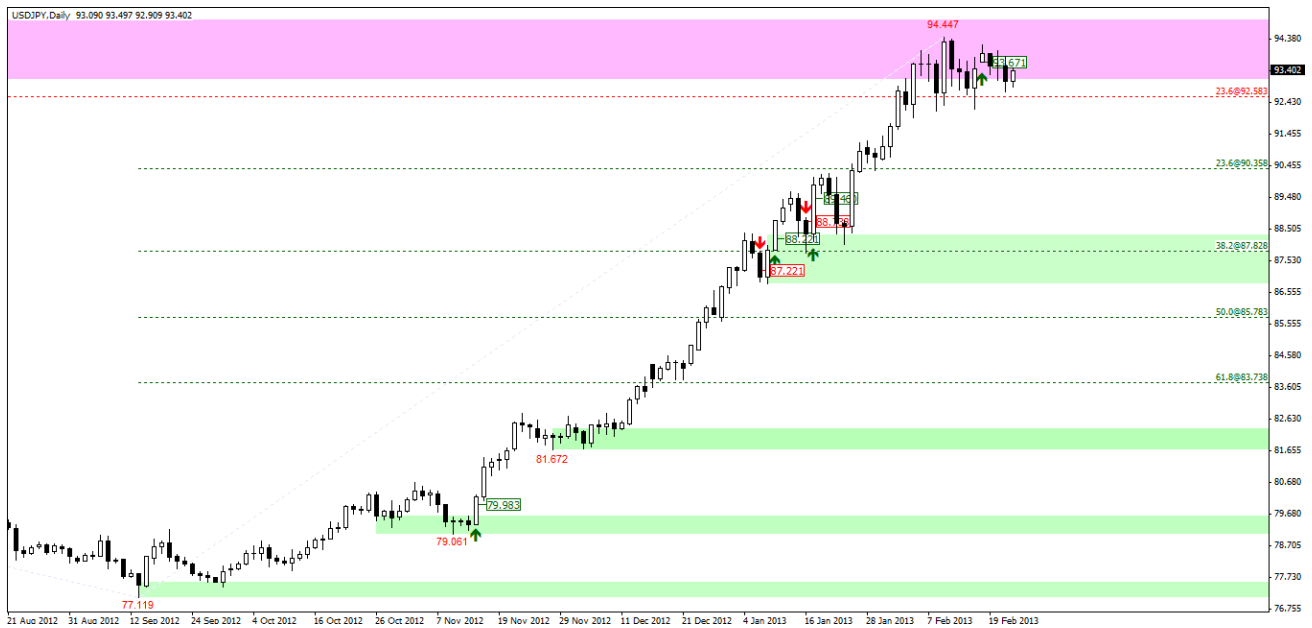
75.602

75.692

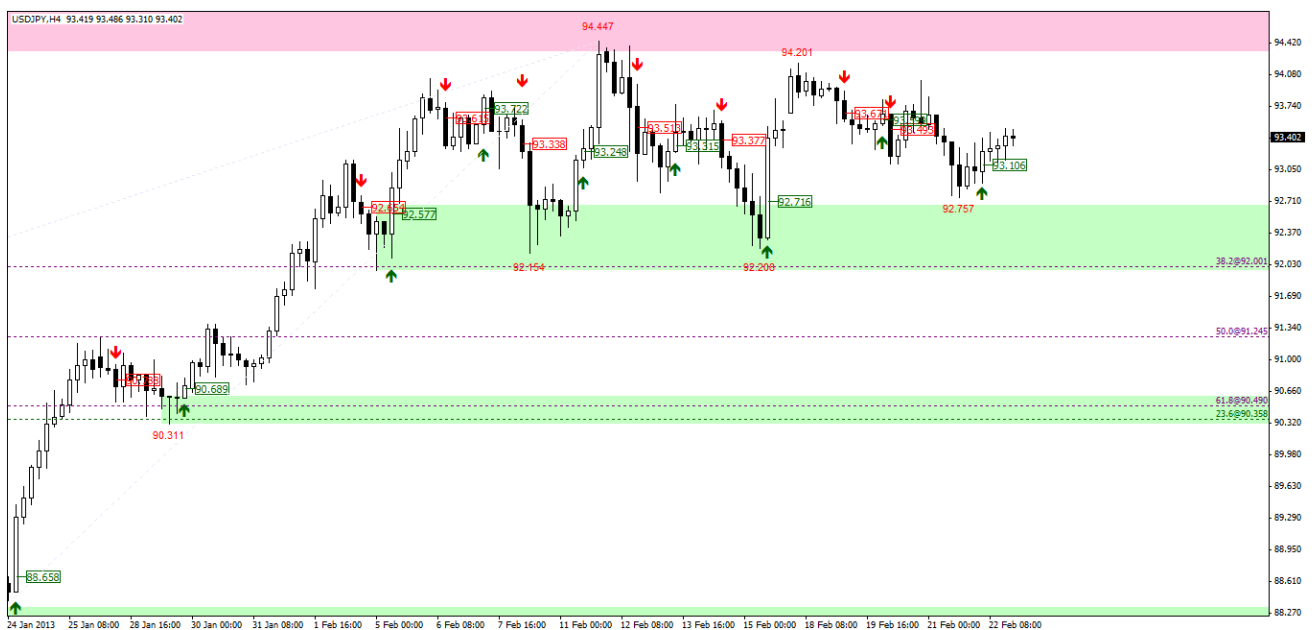
FE 127.0975 148

In the longer-term, the break above the 2011 high of 85.520 served as the confirmation of the long-term trend reversal. In retrospect, the entire fall from the 2007 peak of 124.120 may have terminated on the first day of November 2011 at 75.563. With sustained trading above the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048**, focus has shifted to the 2010 high of **94.979**. Last week saw this market registered a 33-month high at 94.447 and for the most part of this week the tussle between the bulls and bears before remains unresolved by Friday's closing. Should this rally extends beyond **94.979**, focus would shift towards the 261.8% projection of 75.563 to 84.172 from 77.119 at **99.657**; which is roughly near the stated goal of the new Japanese government of 100 yen per dollar. This level is not far from the longer-term target of the 38.2% retracement of the 1998 peak of 147.680 to 75.563 at **103.112**.

USD-JPY DAILY



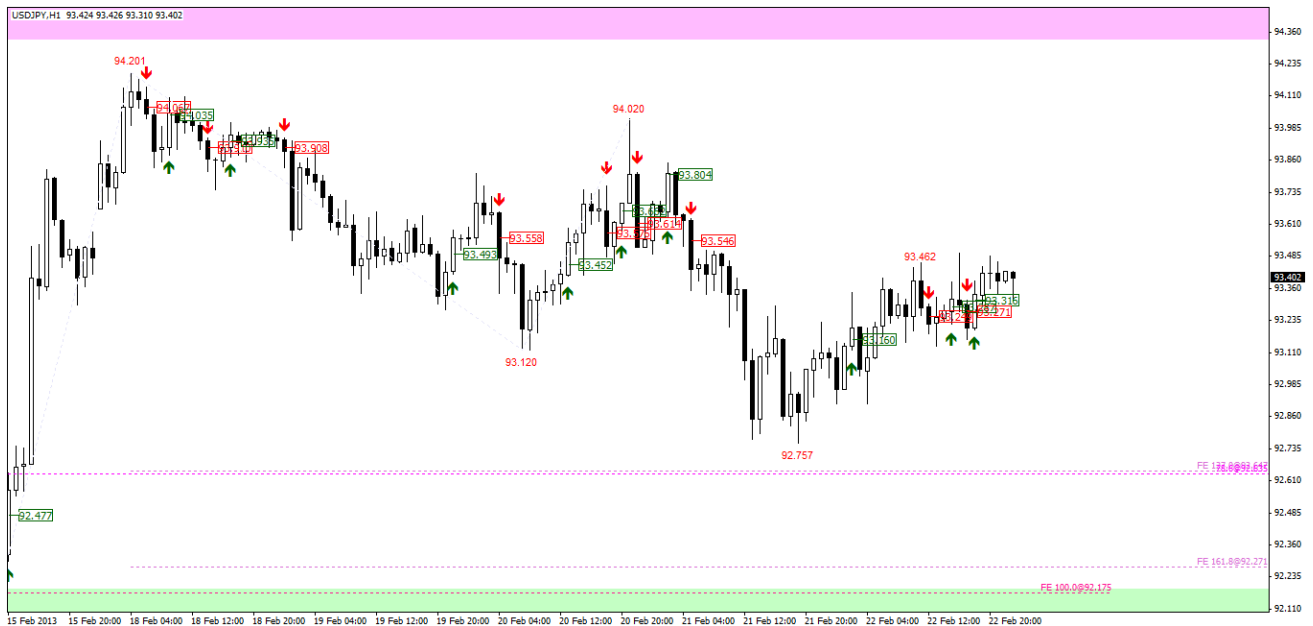
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

Despite opening the week on a positive note (after a failed challenge of the 33-month high of 94.447), this market remained largely unresolved by Friday's closing. As noted, only a sustained rally above the SZ at **93.129-94.979** would suggest the resumption of the rally. In the longer-term, this incredible bull-run has a target at the 261.8% projection of 75.563 to 84.172 from 77.119 at **99.657** where the supply zone at **99.140-103.057** resides (see D1 chart). On the downside, a close below **92.725** in the D1 chart would suggest the onset of a more robust pullback and as stated in previous updates, allowance is for this market to retrace all the way to the demand zone at **86.908-88.326** where the 38.2% retracement of 77.119 to 94.447 at **87.828** is located (see D1 chart). Unless there is acceleration below this price pocket, this market should stabilize there (if ever) and resumes its climb.

USD-JPY 1-HOURLY



USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Exit on D1 close below 92.725	90.487		92.583 Realized	99.657	3	0.03

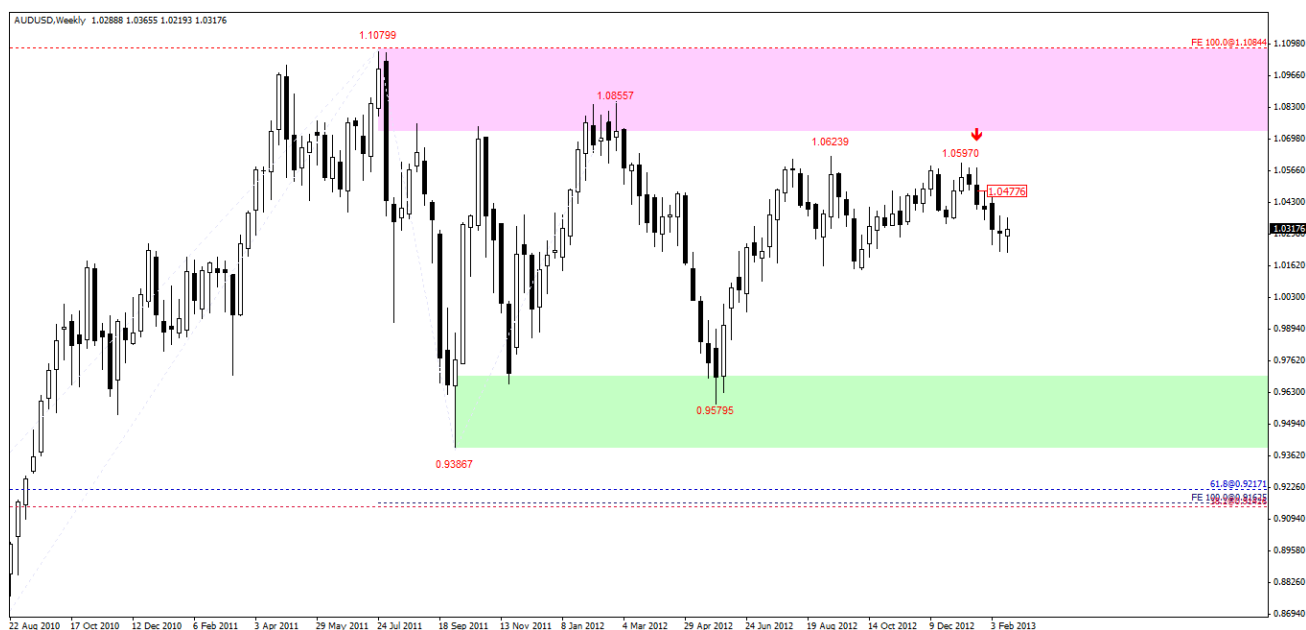
USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.15										23.74	12,374.07
2013.01.28 01:32	0.02m	90.487	2013.02.22 23:59	0.02m	93.402	874.5	936.28				

AUD-USD MONTHLY



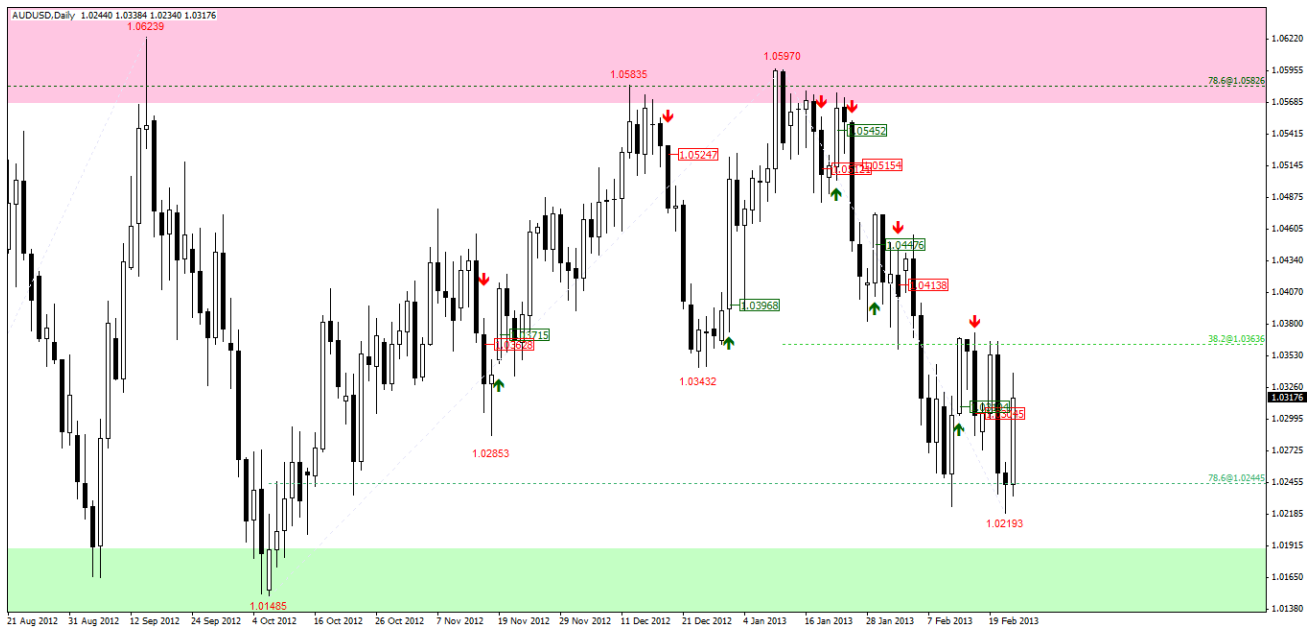
AUD-USD WEEKLY



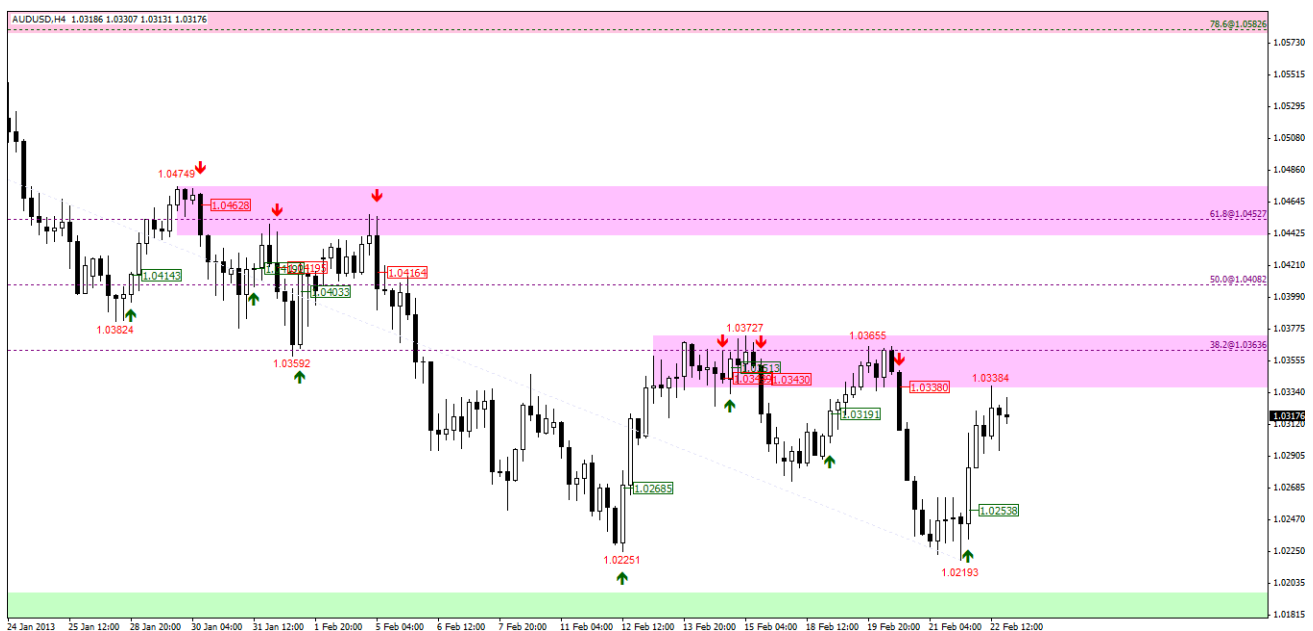
AUD-USD Long Term Outlook

In the longer-term, price actions from the 2011 high of 1.10799 are treated as a consolidation pattern in the longer-term up-trend. The longer-term up-trend is very much intact. Price pattern since July 2011 appears to be in the form of a triangle. Overall, the fall from last September high of 1.06239 may well be the last leg of this pattern and should extend lower towards the demand zone at **0.93867-0.97326** (see W1 chart). A break below last October low of **1.01485** would confirm the immediate bearish assessment. Once the last leg of this triangle is done with, that is hold above the lower trend-line; the ensuing rally is anticipated to take out the all-time high of **1.10799** to the next target at the 127.0% projection of 0.47730 to 0.98490 from 0.60084 at **1.24549**.

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

The fall from 1.03655 at the 38.2% retracement of 1.05972 to 1.02251 at **1.03672** registered a marginal low at 1.02193 on Thursday and ended as a hammer in the H4 chart. This set the stage for a reversal as prices rebounded sharply in early morning session in Sydney. The relatively sharp rebound took prices briefly into the supply pocket at **1.03372-1.03727** and eased. Overall, this market is bounded by the demand pocket at **1.00995-1.01917** and the supply pocket at **1.05675-1.06692** (see D1 chart). Bias is neutral for the time being.

AUDUSD, H1 1.03283 1.03307 1.03131 1.03176

1.03890
1.03780
1.03670
1.03560
1.03450
1.03340
1.03230
1.03120
1.03010
1.02900
1.02790
1.02680
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1.02460
1.02350
1.02240
1.02130
1.02020
1.01910

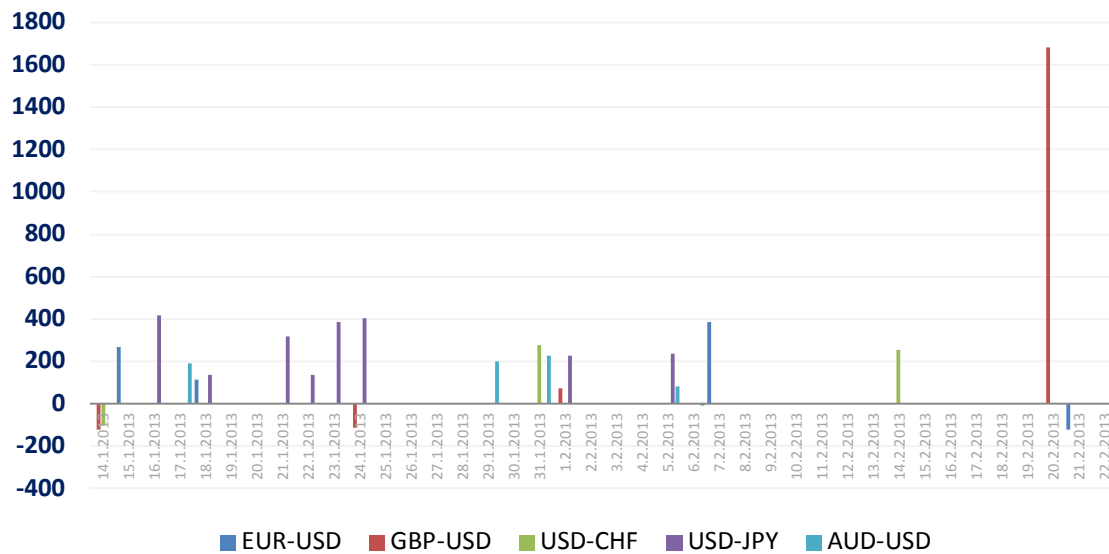
1.03655
1.03520
1.03426
1.03384
1.03256
1.03186
1.03176
1.03120
1.03050
1.02950
1.02884
1.02732
1.02680
1.02570
1.02487
1.02329
1.02193

15 Feb 13:00 15 Feb 21:00 16 Feb 05:00 16 Feb 13:00 16 Feb 21:00 17 Feb 05:00 17 Feb 13:00 17 Feb 21:00 18 Feb 05:00 18 Feb 13:00 18 Feb 21:00 19 Feb 05:00 19 Feb 13:00 19 Feb 21:00 20 Feb 05:00 20 Feb 13:00 20 Feb 21:00 21 Feb 05:00 21 Feb 13:00 21 Feb 21:00 22 Feb 05:00 22 Feb 13:00 22 Feb 21:00

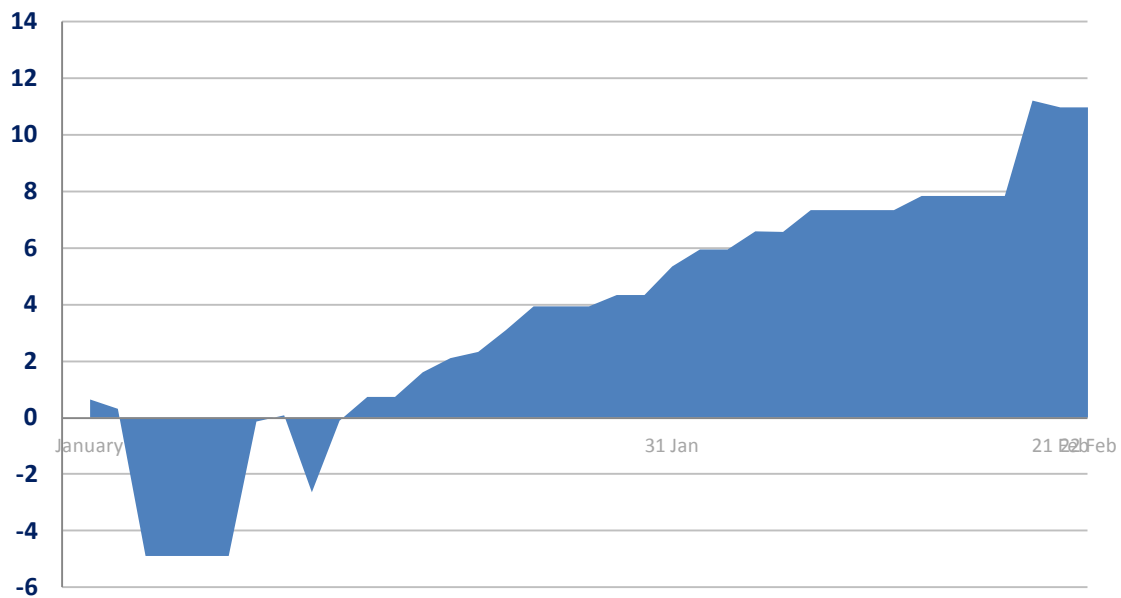
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
						3	0.03

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.15										8.49	10,849.00
2013.02.20 12:41	0.03m	1.03380	2013.02.22 13:22	0.03m	1.03380						

Daily Realized P/L



Accumulative Percentage P/L



Traders Academy International

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www.tradersacademyonline.com



The people behind Traders Academy International are seasoned veterans in the financial service industry. Our trainers have individually over 25 years in both exchange-traded and OTC derivative financial products including but not limited to the foreign exchange market.

They bring with them unique market insights from their years in the brokerage and hedge fund business and education is a natural progression for traders as their accumulated knowledge of the market should be shared and continue to benefit those who are keen to learn the secrets and techniques used by successful traders.

The rise of the retail traders has also given rise to the demand for professionally run coaching courses on the art of trading the financial markets. This is a healthy and natural development. However, most of these so-called coaching courses are doing more harm and good. This is because students enrolled in such courses have unrealistic expectations. This is made worse by the quality of such courses.

Most, if not all, teach some form of technical analysis. In our humble opinion, they are more hype than substance. Over the years, we realized the methodologies touted by most traders and coaches alike are inherently ineffective to the point the signals generated by technical indicators lag so badly behind price action that they cannot beat the markets on a consistent basis.

We believe, trading methodologies and strategies should be simple and easy to implement on a daily basis that laymen with basic numeric ability should be able to grasp.