

*A Traders Academy International Publication*

## Eurozone Recession Deepened In Q4

EUR-USD dropped to a 3-week low and EUR-JPY fell sharply on Thursday after data painted a bleak picture of the Euro zone economy, raising expectations the European Central Bank will cut interest rates.

USD-JPY, meanwhile, fell from recent multi-year highs as traders grew cautious a day ahead of a meeting of Group of 20 finance officials where exchange rates are expected to be an important topic. A particular focus would be on the yen's recent weakness. It was the third straight day of losses for USD-JPY, falling 1.68 percent. That was the worst three-day fall for USD-JPY in three weeks.

After being overshadowed by the Japanese Yen the last few sessions, the Euro regained the market's attention after a report showed the Euro zone economy shrank by 0.6 percent in the last three months of 2012, a steeper decline than the 0.4 percent drop forecast. Germany and France, the two largest economies of the 17-nation Euro zone, also shrank by more than expected in the final quarter, casting doubt on forecasts of a recovery in early 2013.

With the growth outlook trimmed, the ECB must show a willingness to remain flexible with regard to monetary policy to avoid a deeply entrenched recession that could be devastating.

EUR-USD settled at 1.33614, down 0.66 percent, after hitting a 3-week low of 1.33141. It had hit a 1-week high of 1.35189 on Wednesday and a 15-month high of 1.37101 on February 1.

EUR-JPY settled at 124.085, down 1.22 percent on the day.

The Euro's recent weakness was consistent with indications that the market got excessively long the currency across the board. The Euro has appreciated in excess of fundamentals and could drop further in the near term if traders continue to unwind longs.

Euro zone banks' next repayment of emergency loans to the ECB later this month could also weigh on the Euro. These banks are expected to repay a lower amount than they did last month and cause the ECB's balance sheet shrink at a slower pace.

EUR-USD is up around 1.0 percent and EUR-JPY about 8.4 percent this year, largely a result of an improved appetite for risk and differing global central bank policies.

The Group of Seven nations said this week fiscal and monetary policies must be directed at domestic economies and not at targeting exchange rates. But confusion reigned after a G7 official said the statement was aimed at Tokyo, a comment that prompted the Japanese Yen to surge on a volatile foreign exchange market. Other G7 countries later said it should be taken at face value.

Host Russia said the G20 meeting in Moscow would back the thrust of a Group of Seven statement on currencies, but indicated there was still haggling over the final wording.

Analysts don't expect Japan to be singled out for its currency policy at the G20 meeting. But if the G20 does call out Japan, some of the countries within the group would be on weaker ground. There are countries within the G-20 that actually set exchange rate targets.

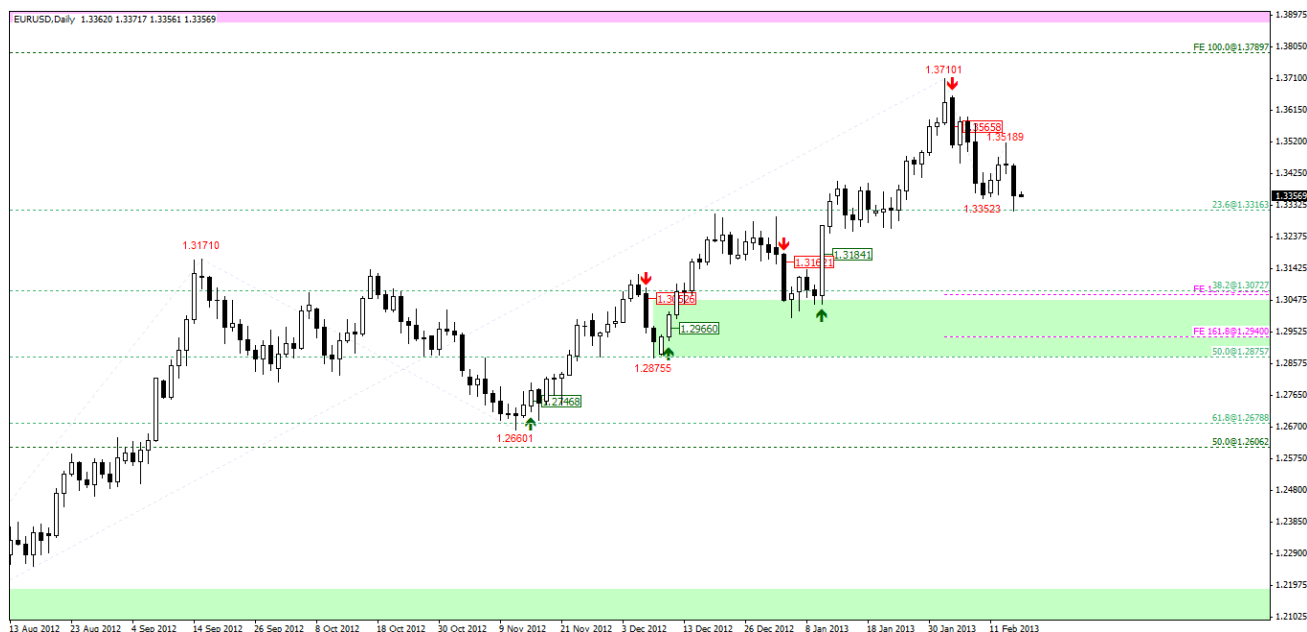
USD-JPY was down 0.66 percent at 92.860, well below a 33-month high of 94.447 hit on Monday. It hit a low of 92.659 in late New York trade.

Earlier, the Bank of Japan kept policy steady as expected and revised up its assessment of the Japanese economy. Some believe the bank may hold off on expanding stimulus next month and wait until its first rate review under a new governor, scheduled for April 3-4.

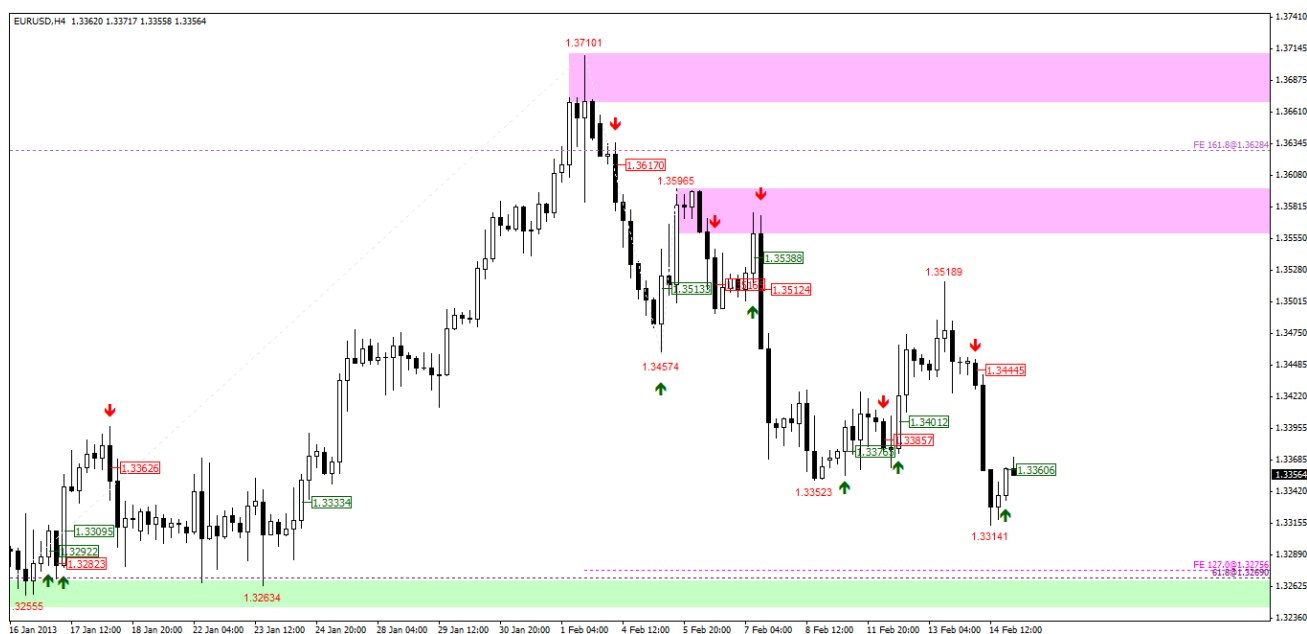
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## EUR-USD DAILY



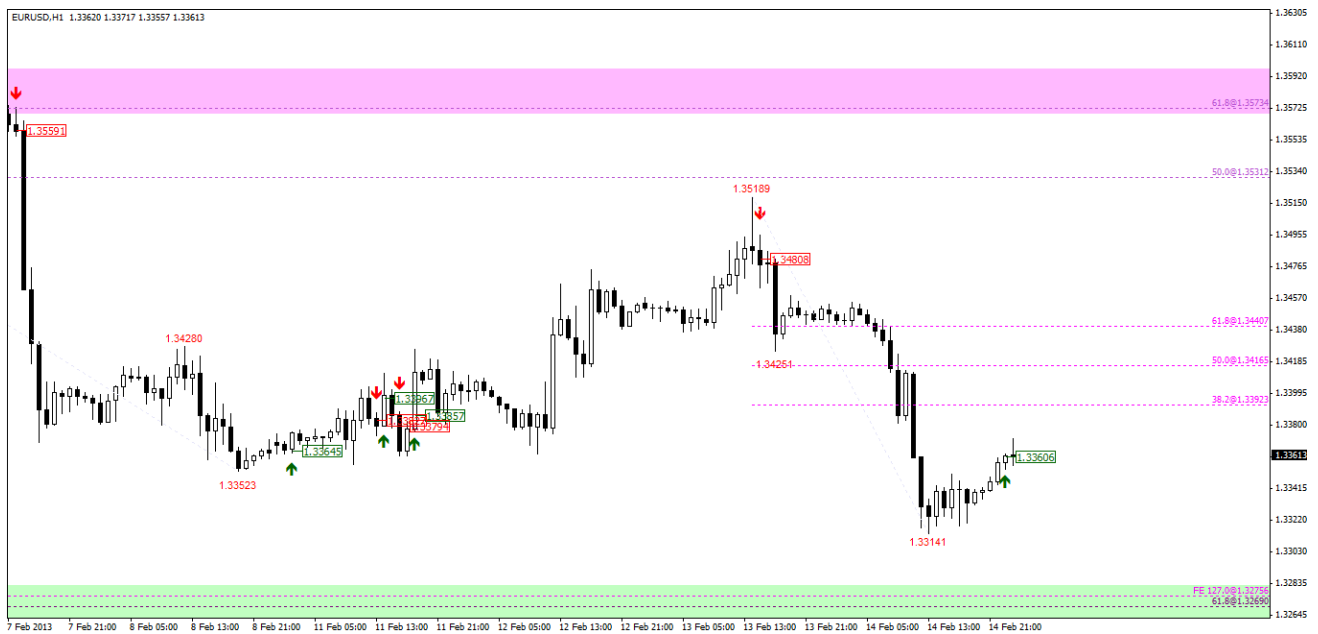
## EUR-USD 4-HOURLY



## EUR-USD Short Term Outlook

Price action broke below last Friday's low of 1.33523 to register a 3-week low at 1.33141 in overnight trading before rebounding somewhat. As noted, the entire up move from 1.20414 has a 3-wave structure, suggesting that the rally from last July is probably a larger degree correction of the fall from 1.49393 from way back in 2011 (see D1 chart). Only a sustained rally above the Fibonacci cluster of the 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897** as well as the 61.8% retracement of 1.49393 to 1.20414 at **1.38323** would require a re-look at this correction scenario (see W1 chart). Now that this market has fallen below last week's low, a secondary area in which this fall may be held is the 61.8% retracement of 1.29963 to 1.37101 at **1.32690** and the 127.0% projection of 1.37101 to 1.34574 from 1.35965 at **1.32756**; which incidentally sits just above demand pocket at **1.32452-1.32676** (see H4 chart). Since the long-term trend is still up, this price cluster offers opportunities to re-position long positions for another jab at 1.37101. Only a close below **1.33090** in the W1 chart would suggest that the 3-wave corrective rebound from 1.20414 is over and bears are fully in charge.

## EUR-USD 1-HOURLY



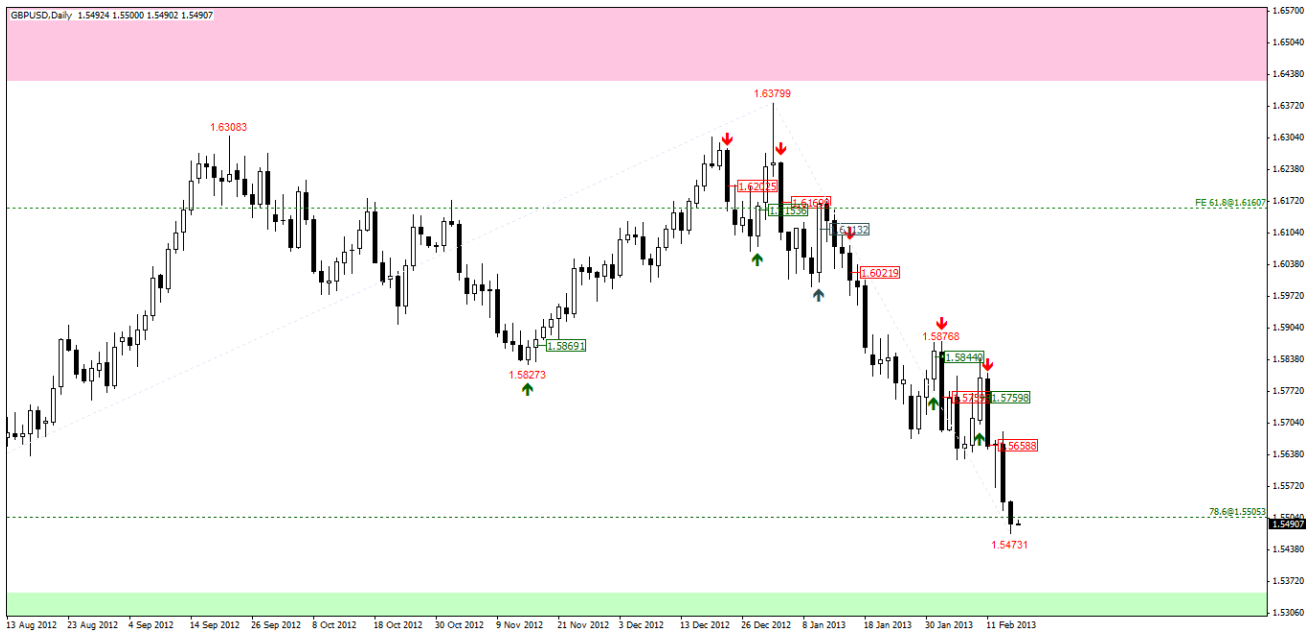
## TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on buy signals between 1.32452-1.32765		1.32352	1.35258	1.36690	3	0.03m

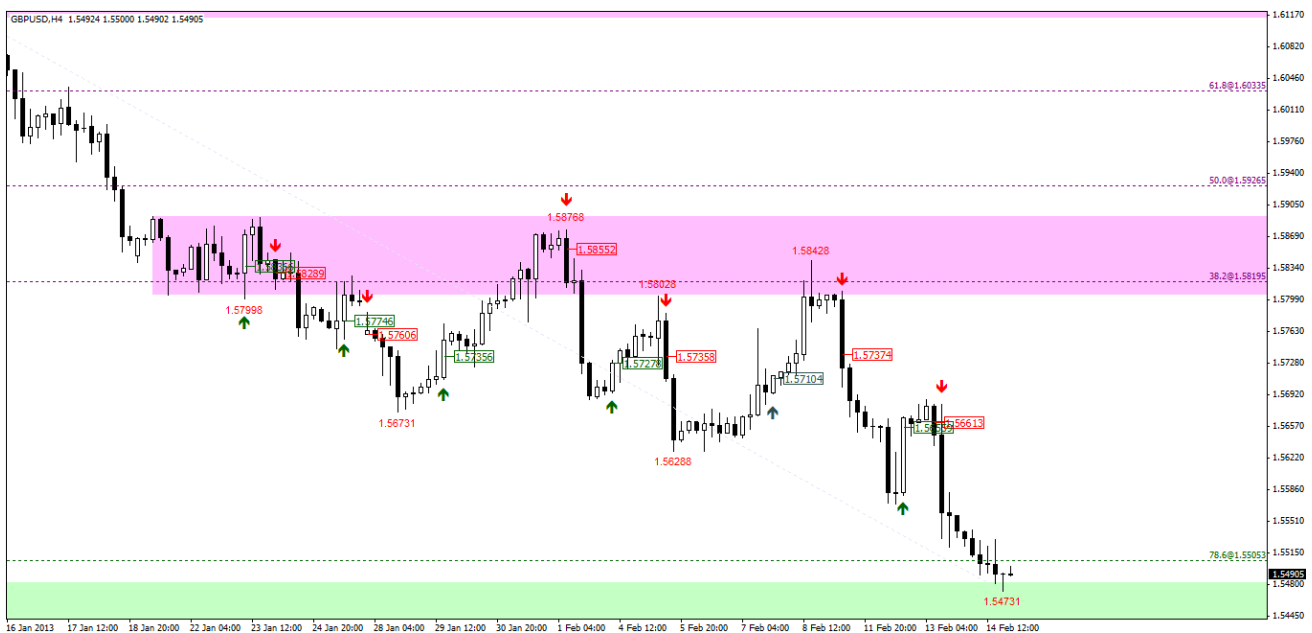
# TRADE JOURNAL

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## GBP-USD DAILY



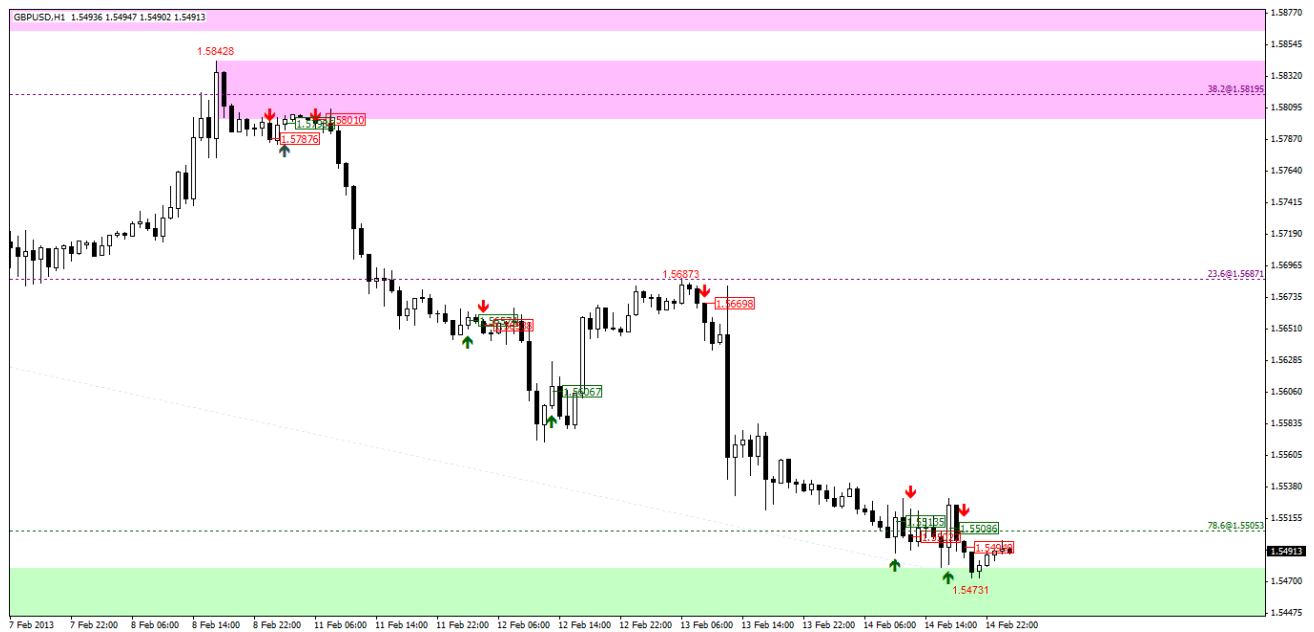
## GBP-USD 4-HOURLY



## GBP-USD Short Term Outlook

Prices continues its downward spiral and traded into the demand pocket at **1.53922-1.54800** which lies just below the 78,6% retracement of 1.52672 to 1.63799 at **1.55053** with a low at 1.54731 in overnight trading. This is a 7-month low and should this market closes at this level, or worst below 1.52300 by tonight's NY session, all hell may break loose. A look at the monthly chart is illuminating. If prices close below the psychological support line seen in the triangle formation, there would be very serious bearish implications. A breakout of this nature will precipitate in a violent sell-off that may ultimately take prices into uncharted territory into the low 1.20000s. That's a 3,500 pips drop! Of course, this monstrous drop will stretch over months, if not years. There will be intermittent attempts to rally back into the triangle but prices are likely to be capped at the previous support line now turned resistant line. The demand pocket at **1.53922-1.54800** where price action is hovering right now is a potential area in which buying interests may emerge. But given the potentially extreme bearish implications, keep an eye on tonight's closing.

## 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		1.58750	1.58850	1.56749 Realized	1.53475	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	+ / - (\$)	%	\$
2013.02.08										-3.41	9,659.50
2013.02.01 09:39	0.02m	1.58750	2013.02.14 23:59	0.02m	1.54921	765.8	765.80				

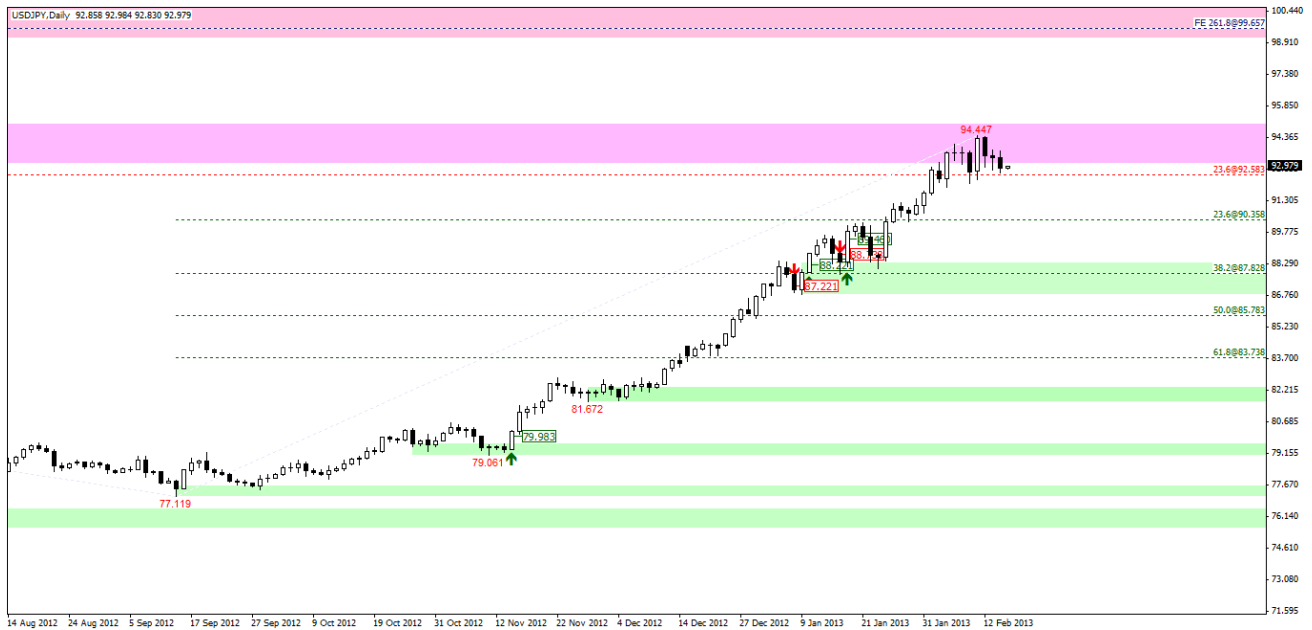
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This market finally decided to move after one week staying below the Fibonacci cluster of the 50.0% retracement of 0.93870 to 0.90204 at **0.92037** and the 161.8% projection of 0.90204 to 0.91153 from 0.90550 at **0.92085**. The fact that this market has resolved to the upside comes as no surprise as it was noted all along that this market has a slightly bullish bias, what with the D1 chart having triggered a buy signal since last Wednesday. In the medium-term, last week's rebound from the demand zone at **0.90010-0.90587** remains bounded by the SZ at **0.94058-0.95109** (see D1 chart). However, the immediate barrier to higher prices is the Fibonacci cluster of the 78.6% retracement of 0.93870 to 0.90204 at **0.93086** and the 261.8% projection of 0.90204 to 0.91153 from 0.90550 at **0.93034** (see H4 chart). For the adventurous, a speculative short from there may see a re-test of the demand pocket at **0.90010-0.90587** or at a minimum target of **0.91752**.

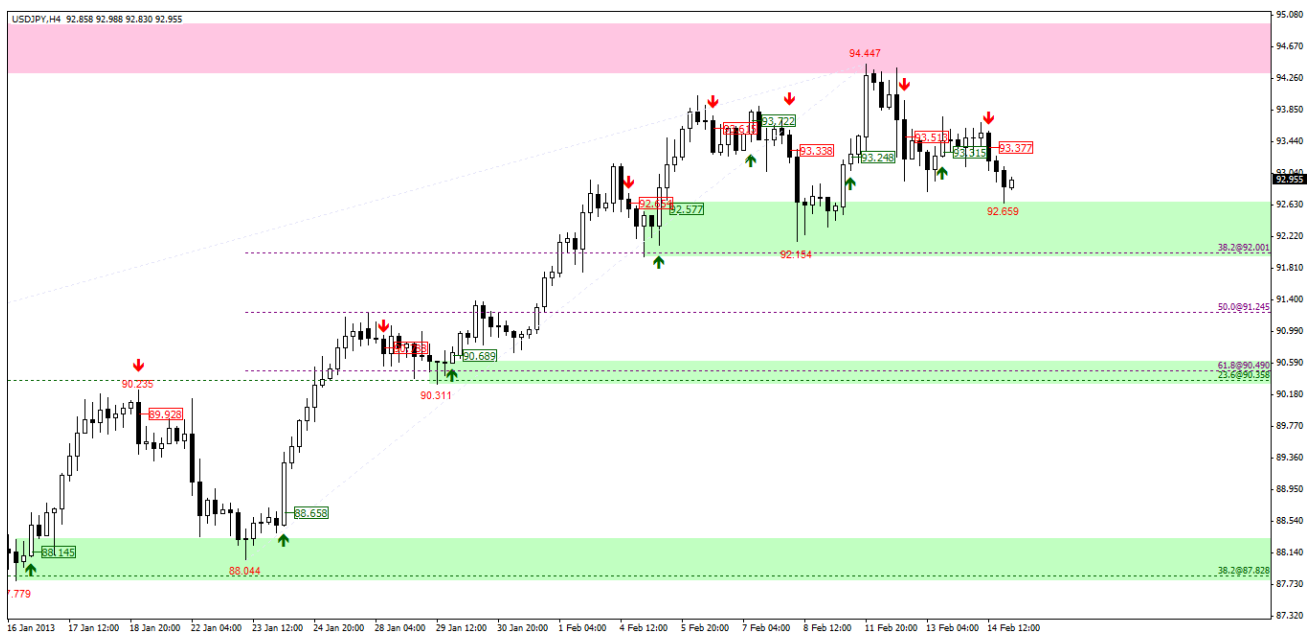
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		0.93520	0.92349	0.90587 (covered)	0.89847	3	0.03
Sell	Sell on sell signal between <b>0.93034-0.93086</b>		0.93330	0.91752	0.90587	3	0.03

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.08										2.79	10,246.36
2013.01.17 20:44	0.02m	0.93520	2013.02.14 23:59	0.02m	0.92064	291.2	316.30				

## USD-JPY DAILY



## USD-JPY 4-HOURLY



## USD-JPY Short Term Outlook

The retreat from the supply zone at **93.129-94.979** is still ongoing and has a distinct 5-waves structure (see H1 chart), suggesting further losses ahead – at least in the short to medium term time frame. Overnight, that was exactly what happened and though prices have rebounded off its overnight low of 92.659, there is still a possibility this pullback may dip into the demand zone at **86.908-88.326** where the 382.2% 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 and rebound. 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** (see D1 chart).

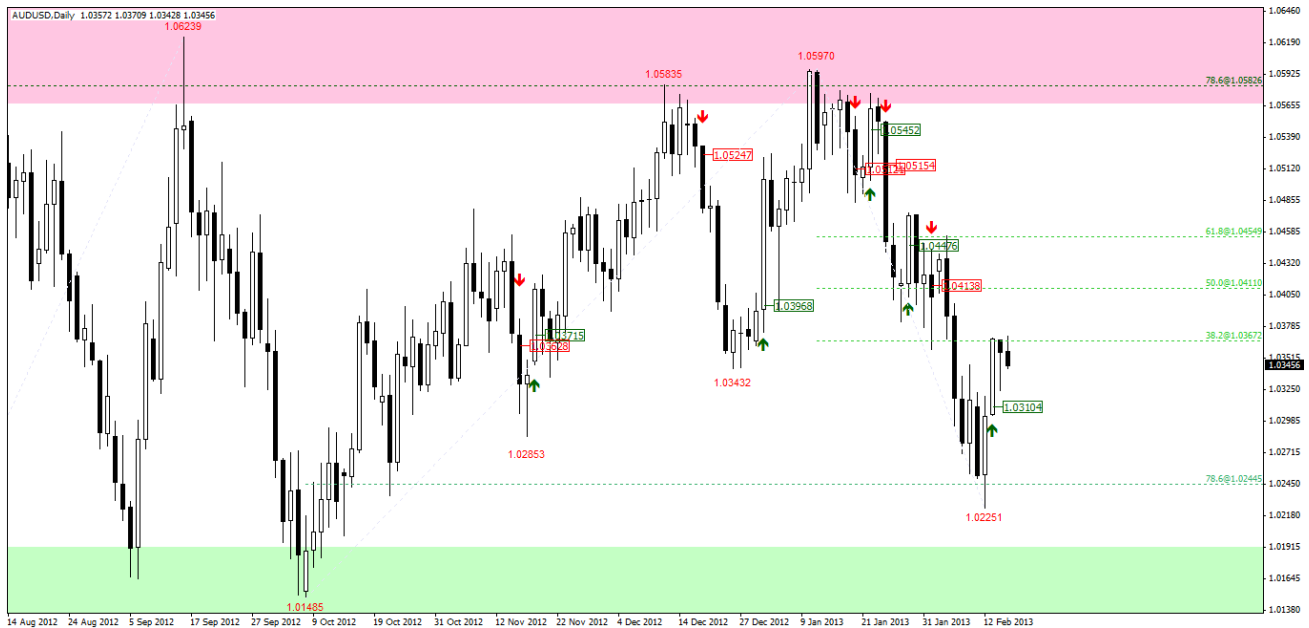


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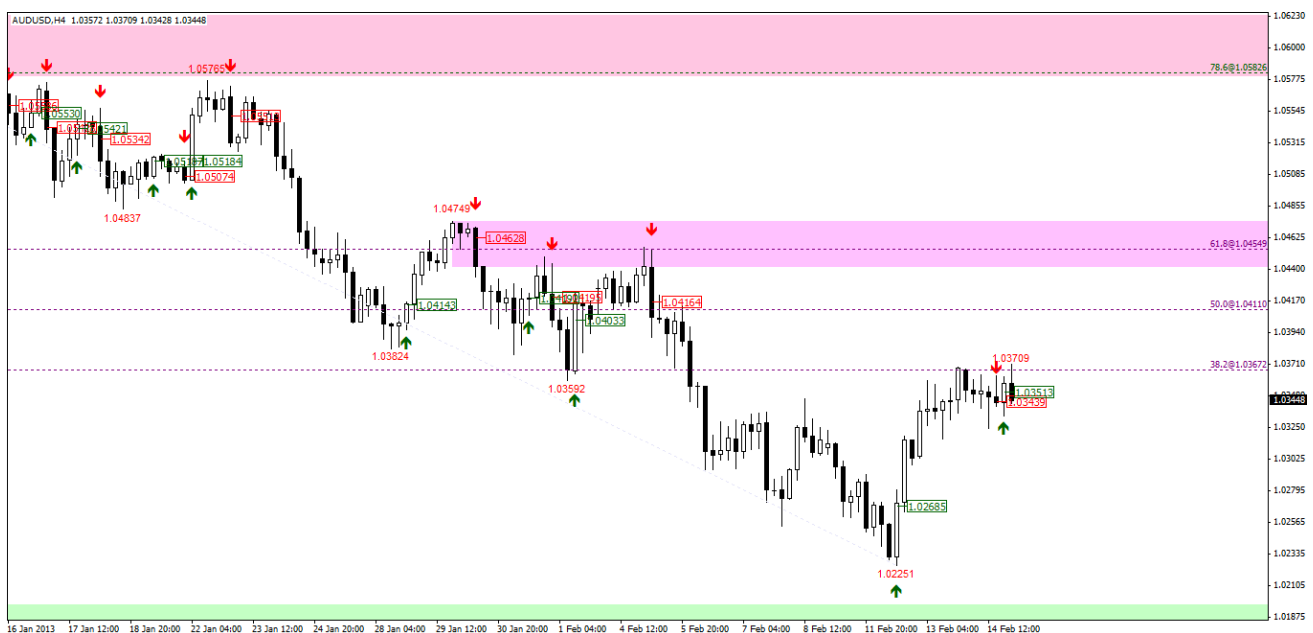
Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Exit on D1 close below 92.725	90.487	92.625	92.583 Realized	99.657	3	0.03

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.08										23.74	12,374.07
2013.01.28 01:32	0.02m	90.487	2013.02.14 23:59	0.02m	92.860	474.6	511.09				

## AUD-USD DAILY



## AUD-USD 4-HOURLY



## AUD-USD Short Term Outlook

From the perspective of the weekly chart, this market remains hemmed in by the upper supply zone at **1.07292-1.10799** and the lower demand zone at **0.93867-0.96983**. Tuesday's sharp rebound extended into the 38.2% retracement of 1.05972 to 1.02251 at **1.03672** and is expected to eventually stretch towards the supply pocket at **1.04549-1.04749** next. However, from where prices are right now, it may retrace a little; ideally into the bracket between the 38.2% and 50.0% retracement of 1.02251 to **1.03687** at **1.02969-1.03138**. With D1 chart having triggered buy signal since Tuesday, the bias is to the upside. The course of action is clear - buy on dips.

AUDUSD:H1 1.03464 1.03471 1.03416 1.03416

1.03187 1.02536 1.02757 1.03462 1.03250 1.02834 1.0251 1.02474 1.03687 1.03246 1.03251 1.03478 1.03709

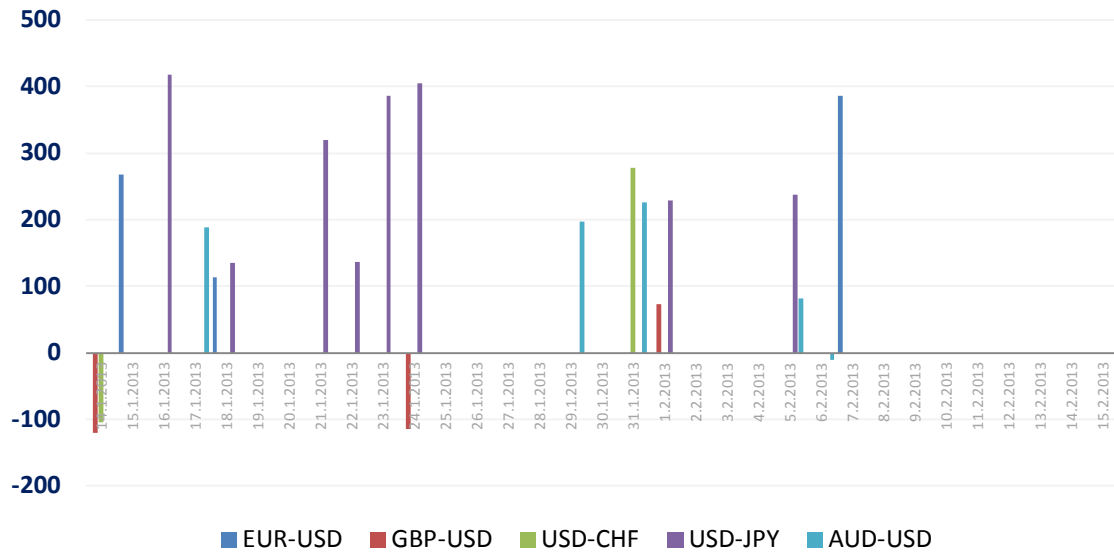
50.00 1.04110 38.20 1.03672 61.80 1.04549 38.20 1.03138 50.00 1.02889

7 Feb 2023 7 Feb 22:00 8 Feb 06:00 8 Feb 14:00 8 Feb 22:00 11 Feb 06:00 11 Feb 14:00 11 Feb 22:00 12 Feb 06:00 12 Feb 14:00 12 Feb 22:00 13 Feb 06:00 13 Feb 14:00 13 Feb 22:00 14 Feb 06:00 14 Feb 14:00 14 Feb 22:00

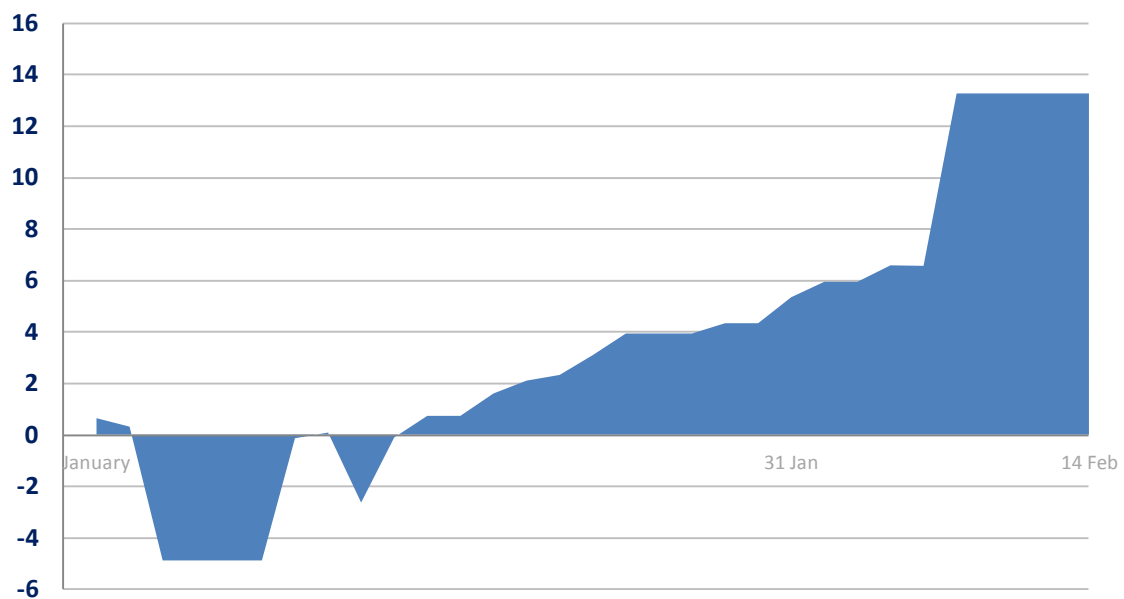
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy in buy signal between 1.02969-1.03138		1.02869	1.04549	1.07292	3	0.03

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### Daily Realized P/L



### Accumulative Percentage P/L



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## Traders Academy International

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.