

A Traders Academy International Publication

USD Falls Against High Yield Currencies

The US Dollar slid against high-yielding currencies such as the Australian Dollar, while the Japanese Yen sold off on Wednesday after U.S. lawmakers forged a last-minute deal to avert huge tax rises and spending cuts. Traders tend to sell the US Dollar and Japanese Yen, both highly-liquid currencies, when risk appetite is strong.

U.S. Treasuries fell on the fiscal agreement as traders felt comfortable moving away from the safety of government bonds, while equities posted sharp gains.

The US Dollar, however, rebounded against the Euro, as some traders booked profits after driving EUR-USD to a 2-week high just below 1.33000 with a print at 1.32985.

While the passage of the bill to avoid the "fiscal cliff" removed some near-term uncertainty, it did not end the political showdown on the budget. Battles over the sequester, as the automatic spending cuts are known, and the U.S. debt ceiling will come to a head in February.

Financial markets' reaction to the U.S. budget deal was a collective sigh of relief that a recession in the world's largest economy may have been averted. However, the coming negotiations about spending cuts and the debt ceiling will be even more acute but will do nothing to produce a dramatic agreement that can put the U.S. on a sustainable fiscal path.

Higher-yielding and growth-linked currencies rallied. The Australian dollar rose 1.06 percent to 1.05032 after hitting a 2-week high at 1.05217.

EUR-USD fell 0.05 percent to 1.31848. It had earlier hit a high of 1.32985, the highest in two weeks and not far from an 8-1/2-month high of 1.33071 set on December 19.

EUR-USD has gained nearly 10 percent since late July when the European Central Bank President Mario Draghi said the ECB would do whatever it takes to save the Euro. Analysts, however, said the Euro could see renewed pressure if concerns about the weak Euro zone economy re-emerge.

Data on Wednesday showed Euro zone factories sank deeper into recession in December. Markit's Eurozone Manufacturing Purchasing Managers' Index (PMI) fell to 46.1 from November's 46.2. It has been below the 50 mark that divides growth from contraction since August 2011.

By contrast, data on Wednesday showed U.S. manufacturing ended 2012 on an upswing despite fears about the "fiscal cliff," with factories returning to growth in December after contracting the previous month.

On Friday, the ISM services data and the closely watched U.S. nonfarm payrolls data for December will be released.

USD-JPY rose 0.7 percent to 87.329, having touched 87.317 earlier, the highest since late July 2010.

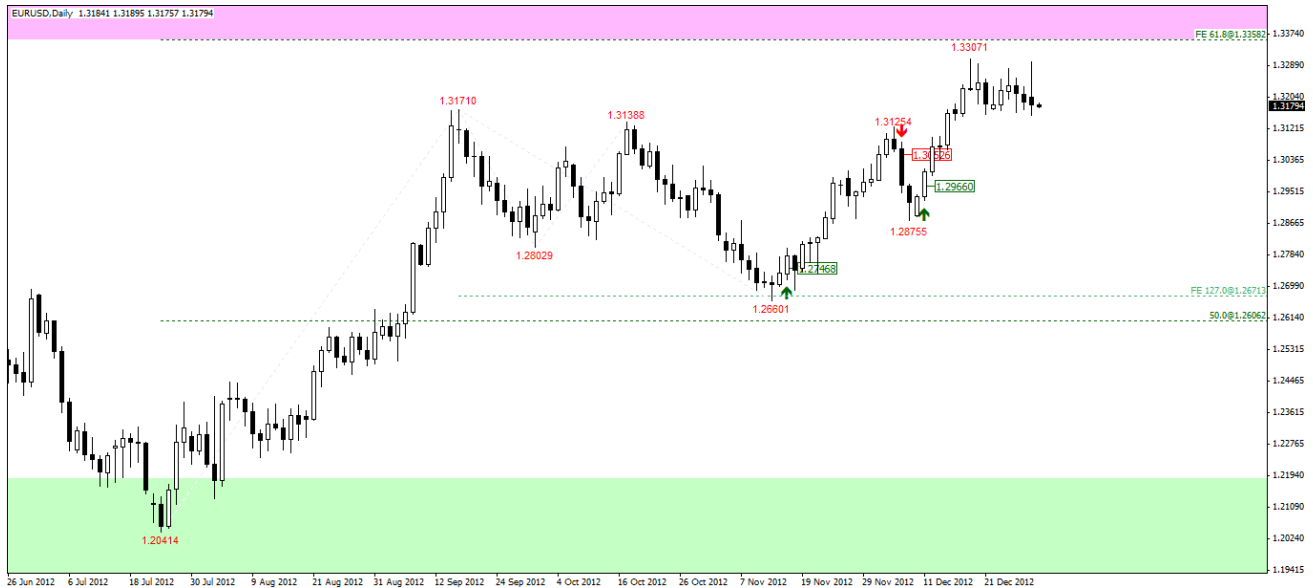
The Japanese Yen has also come under pressure in recent weeks on expectations a new Japanese government will push the Bank of Japan into more forceful monetary easing. Speculators' bets against the Yen hit more than 5-year peaks in December but have eased in the past two weeks. Some analysts warned of a potential Yen rebound after the next BOJ meeting on January 21-22.

In the options market, 1-month dollar/yen implied volatility touched an 8-1/2 month high of 9.2 on Wednesday as demand to hedge against further Japanese Yen weakness gathered pace. It was last at 8.65 vols, some way off the mid-December low of 7.1

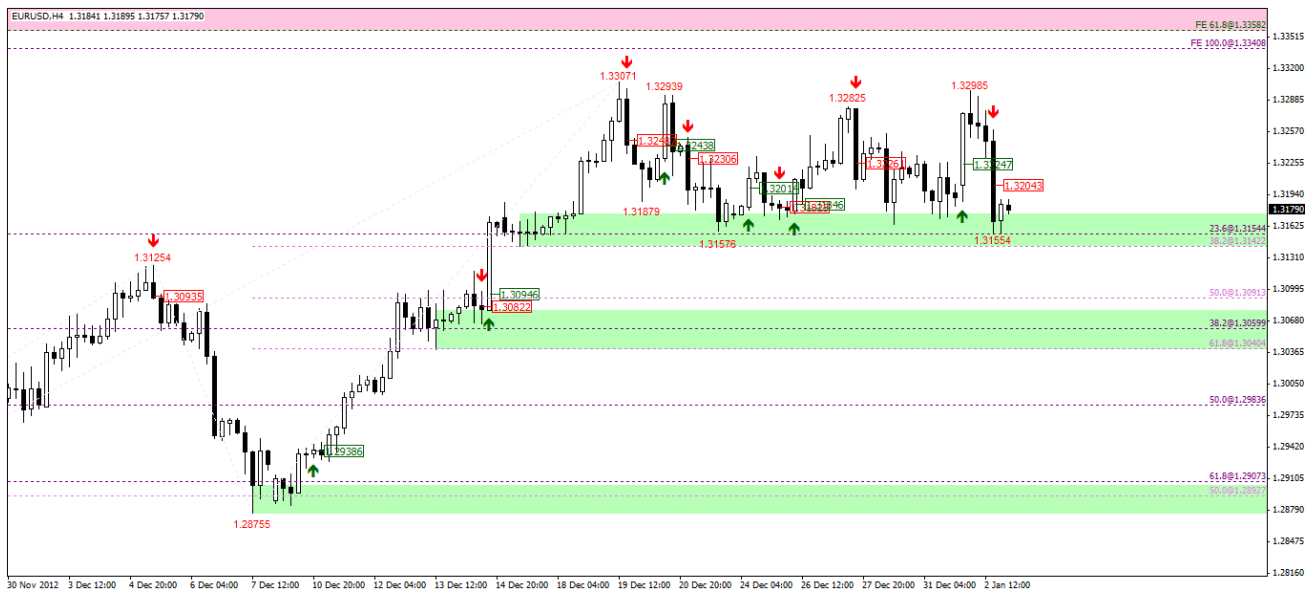
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EUR-USD DAILY



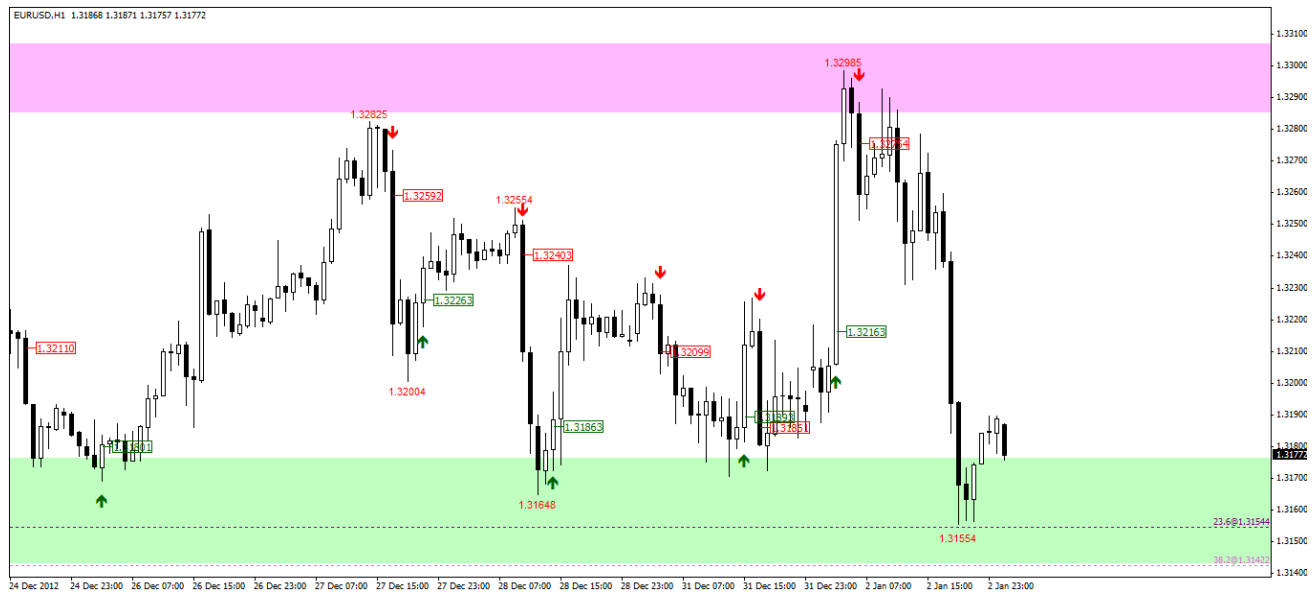
EUR-USD 4-HOURLY



EUR-USD Short Term Outlook

This market has failed to capitalize on the fiscal cliff deal struck over the New Year and stagnant. Price action is back within the demand pocket at **1.31430-1.31864** and may yet rebound. This market may be setting the stage for another rally going forward. Focus remains at the overhead supply pocket of **1.33575-1.34857** where the 61.8% projection of 1.20414 to 1.31710 from 1.26601 at **1.33582** is located. Since December 19, this market has been locked within a trading range between the demand pocket at **1.31430-1.31864** and supply pocket of **1.33575-1.34857**. In the medium to long-term pictures, bias remains decidedly bullish. However, should price action sustains below the next demand pocket at **1.30397-1.30793**, further weakness to the December 7 low of **1.28755** cannot be ruled out.

EUR-USD 1-HOURLY



TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.31632	1.30297	1.32853	1.33582	3	0.03m

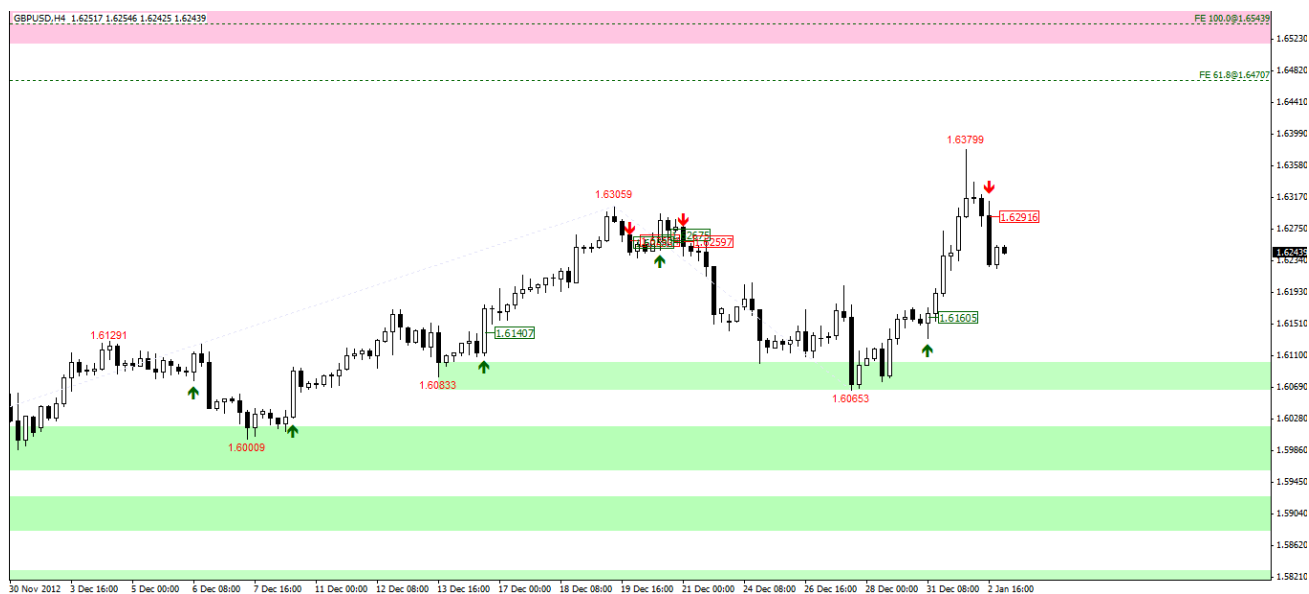
TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.01											10,000.00
2012.12.28 14:29	0.03m	1.31863	2013.01.02 04:04	0.01m	1.32853			99.0	99.00	1.09	10,099.00
2013.01.02 21:10	0.03m	1.31632	2012.01.02 23:59	0.03m	1.31484	22.0	66.00				

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

Buying interests seen late last week re-emerged to take this market to as high as 1.63799. This is a 17-month high. However, this market was unable to hold on to all its gains to end the day roughly unchanged. Structurally, the break of last September high of 1.63083 has bullish implications. At any rate, it previously noted that there is a good chance this market may have found a bottom and is poised to resume its rally beyond the 2012 high of **1.63083** going forward. With the successful clearance of the overhead supply pocket at **1.62499-1.63083**, this market may be poised to mount a challenge on the 100.0% projection of 1.58273 to 1.63059 from 1.60653 at **1.65439** next (see D1 and H4 charts). As such, buy signal, if any, must be seen as buying opportunities and with short-term weakness within the immediate minor demand pocket at **1.62205-1.62429**, this may be setting the stage for the next leg up.

GBPUSD.H1 1.62504 1.62519 1.62407 1.62408

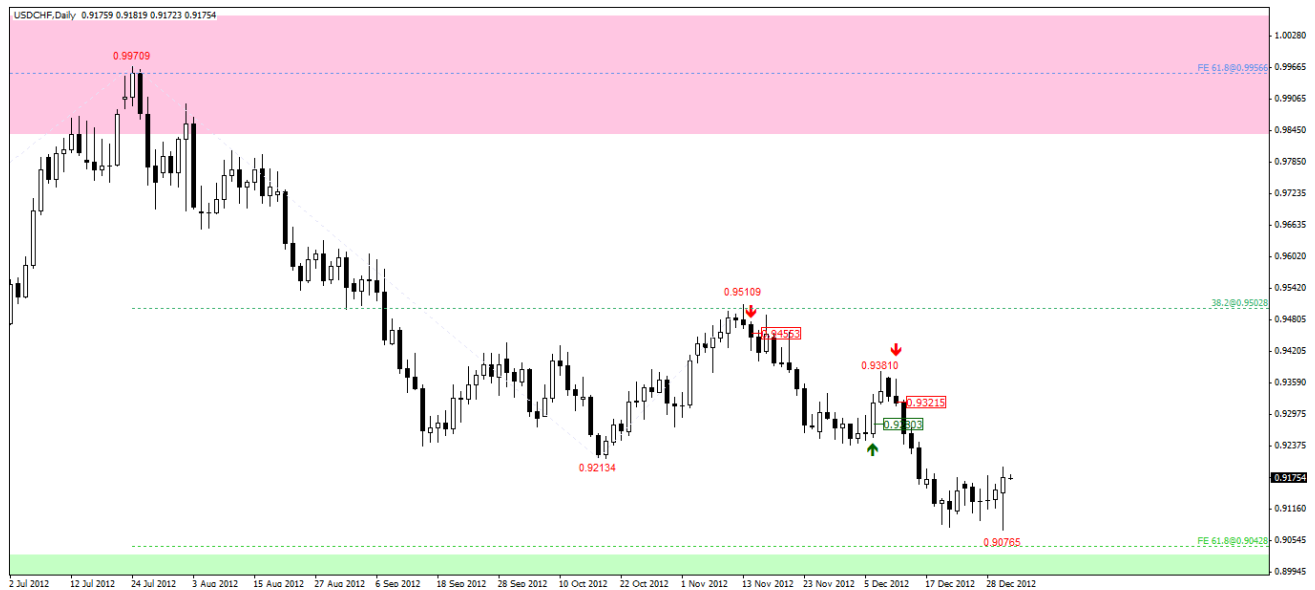
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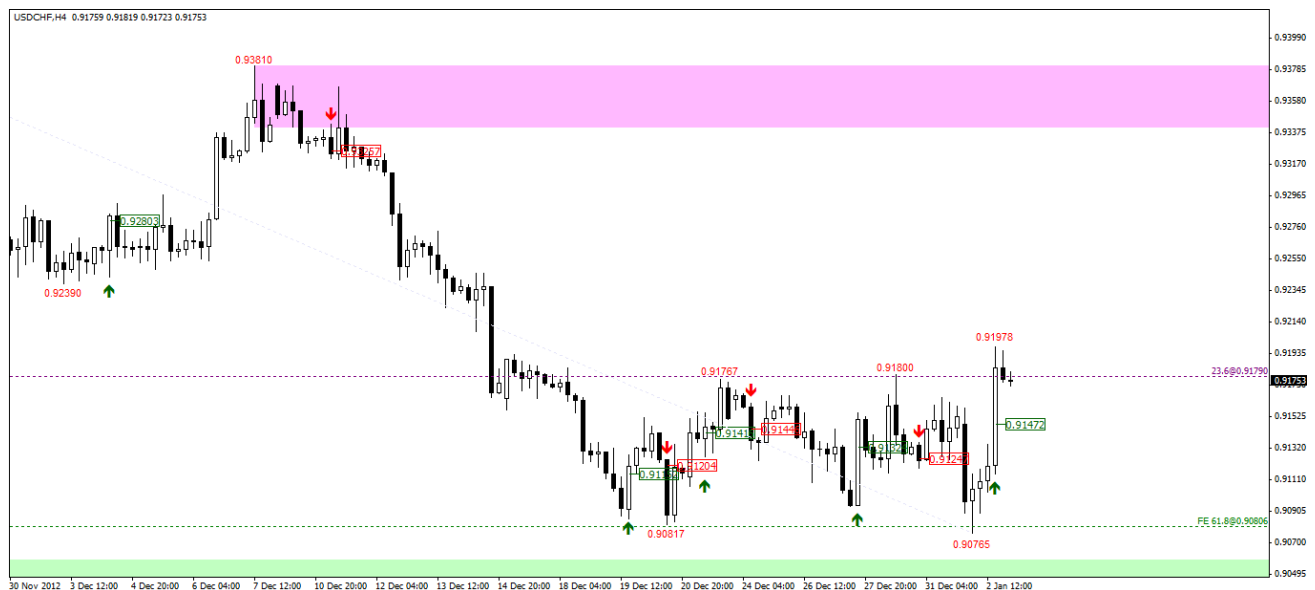
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on reversal signal in M5 within 1.62218-1.62429.		1.62118	1.65171	1.66731	3	0.03m

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USD-CHF DAILY



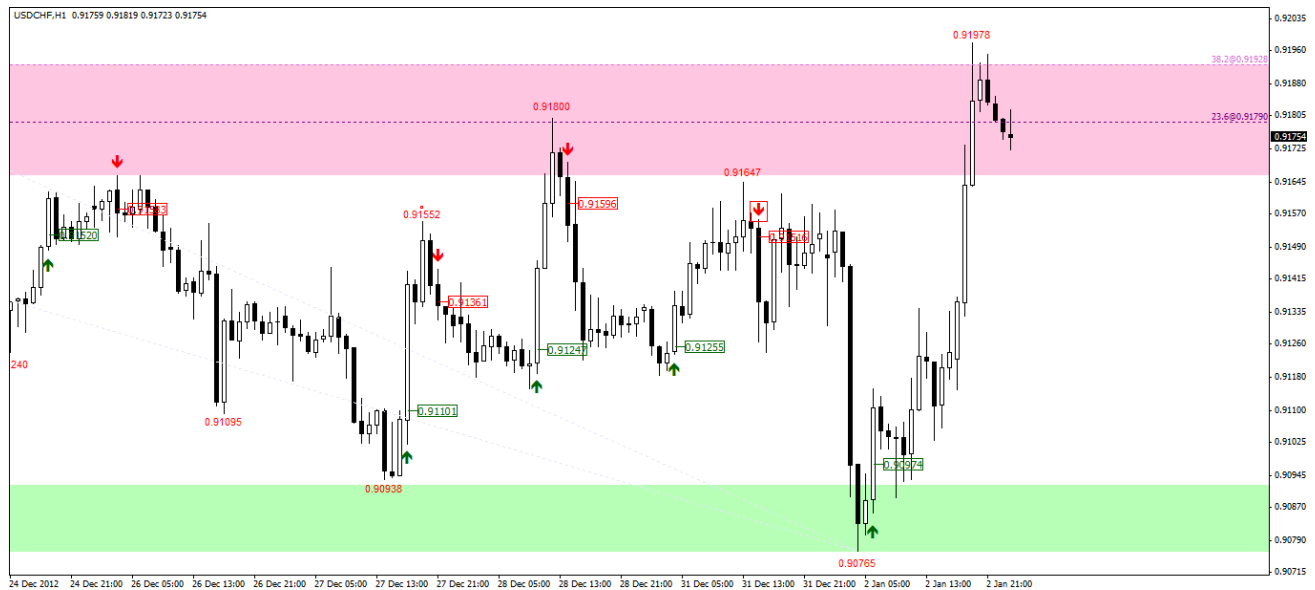
USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

A temporary bottom may be in place with the break above 0.91800 in overnight actions. Early in Asia, this market took out a marginal new low at 0.90765 and rallied strongly in the NY session and mounted a spirited challenge of the overhead supply pocket at **0.91662-0.91927**. Price action momentarily speared through this resistance pocket before easing somewhat. As the rebound was a lot stronger than expected and the structure of this overnight rally appears to be impulsive, caution is warranted. The original idea to position shorts within the immediate supply pocket at **0.91662-0.91927** can remain but so far, there is no sell signal seen in the H1 chart. Another break above the overnight high of 0.91978 is all but confirm that a bottom is in place. If so, it's best to stay on the sideline and see if this rally has enough fuel to challenge the 38.2% retracement of 0.95109 to 0.90817 at **0.92457** where a supply pocket at **0.92400-0.92734** lies.

USD-CHF 1-HOURLY



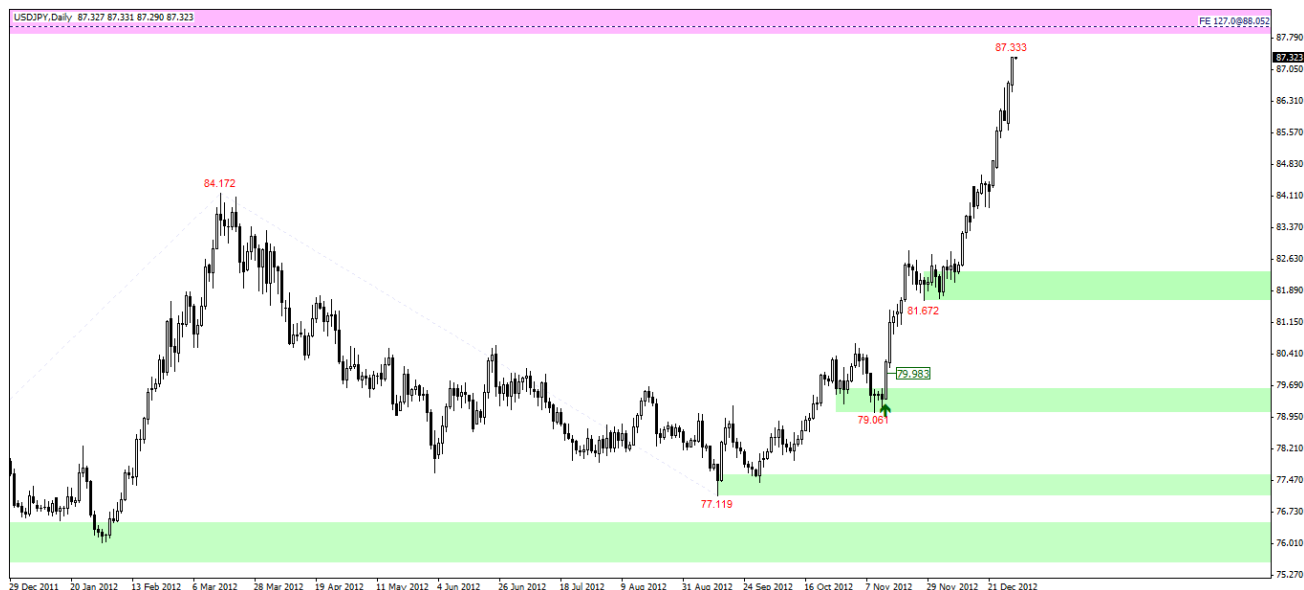
USD-CHF TRADE IDEAS

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

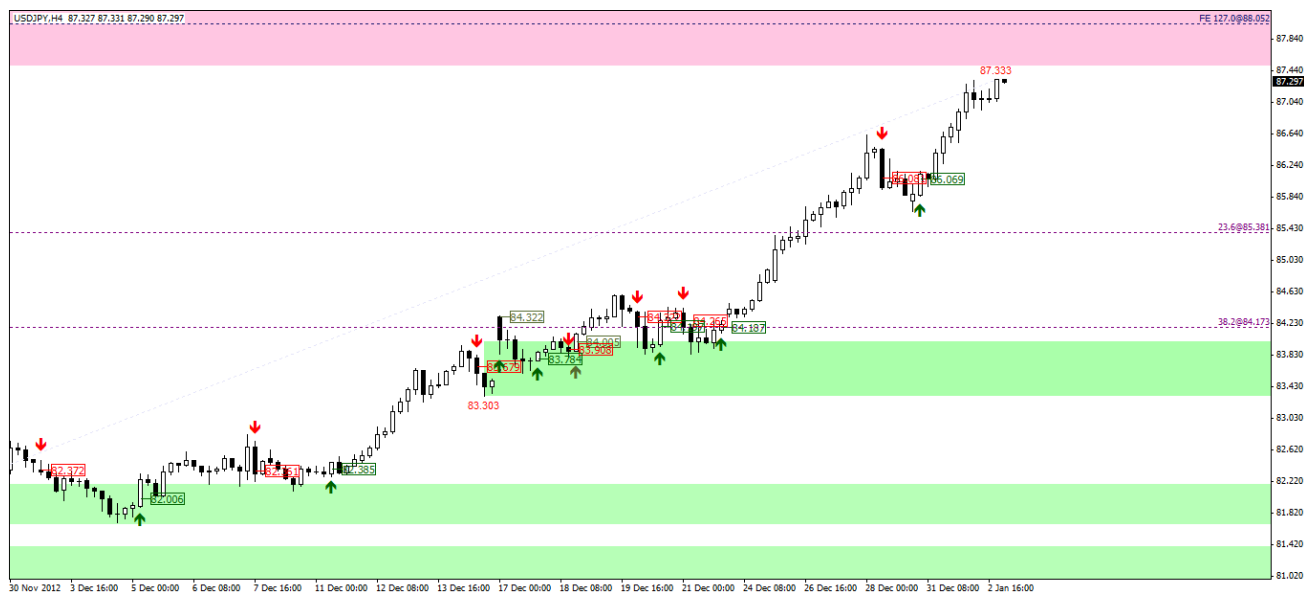
USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.01											10,000.00
2012.12.28 14:29	0.01m	0.91596	2013.01.02 03:52	0.01m	0.90924			67.2	73.91	0.07	10,073.91
2012.12.28 14:29	0.02m	0.91596	2013.01.02 18:11	0.02m	0.909156						

USD-JPY DAILY



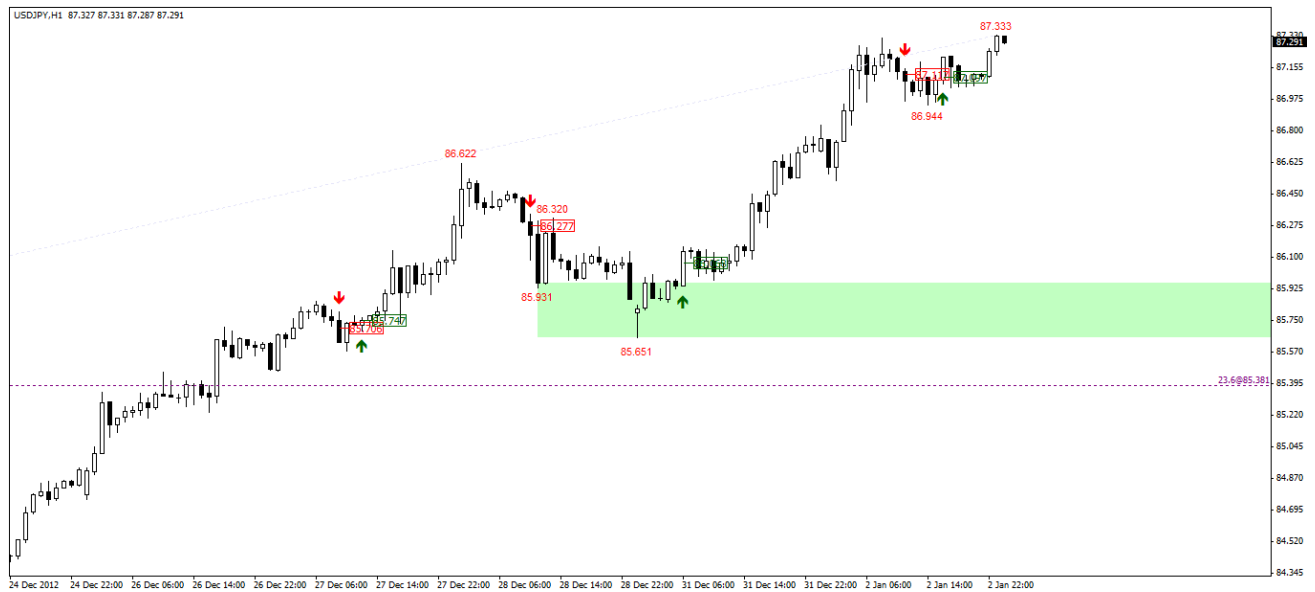
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

This market continues its upward trajectory beyond last year's high of 86.770 to a new 29-month high of 87.333 in overnight actions. Chart-wise, this market appears to be gunning for the 127.0% projection of 75.563 to 84.172 from 77.119 at **88.052**. Overall, the break above 85.520 in the last week of 2012 was pivotal as it affirmed the emergence of a sustainable rally with a potential to rally all the way to the 100 yen level last seen in April 2009. At any rate, traders are of the opinion that the unspoken USD-JPY exchange rate target of new LDP led government is 90.000. In view of the very bullish outlook, any pullback is seen as a buying opportunity. As such, a more aggressive approach may be warranted. Buy signals, if any, in the H1 chart may be pursued with protective sell-stops placed below the most recent pivot lows.

USD-JPY 1-HOURLY



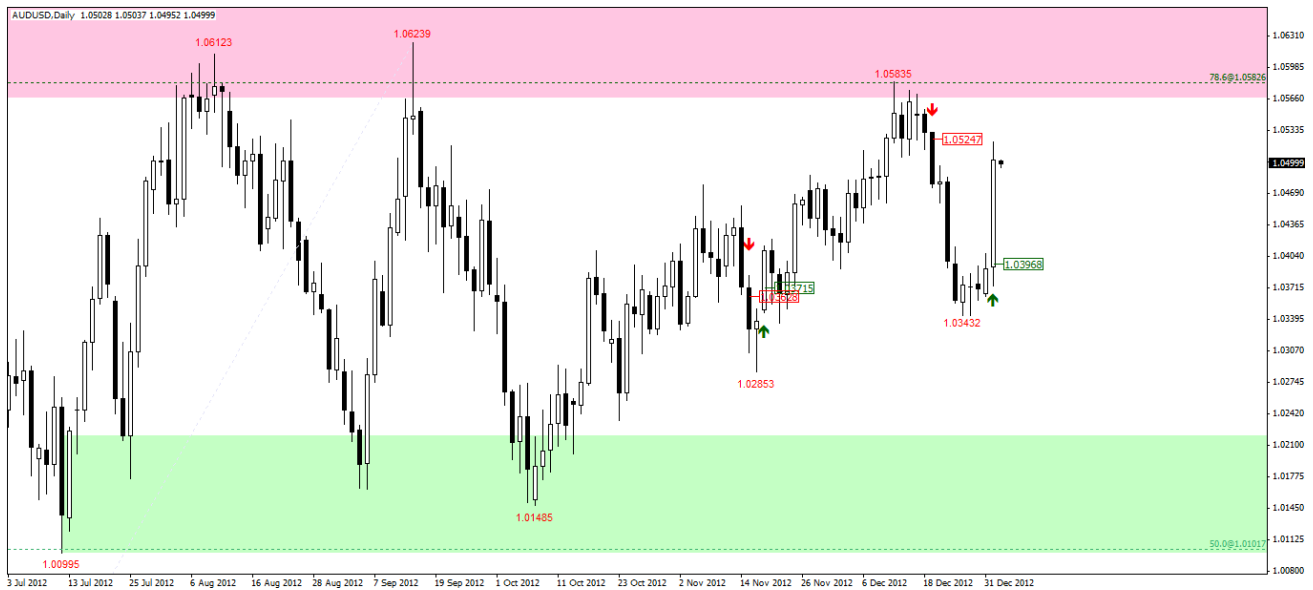
USD-JPY TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on reversal signal in H1	87.097	86.844	88.052	91.048	3	0.03

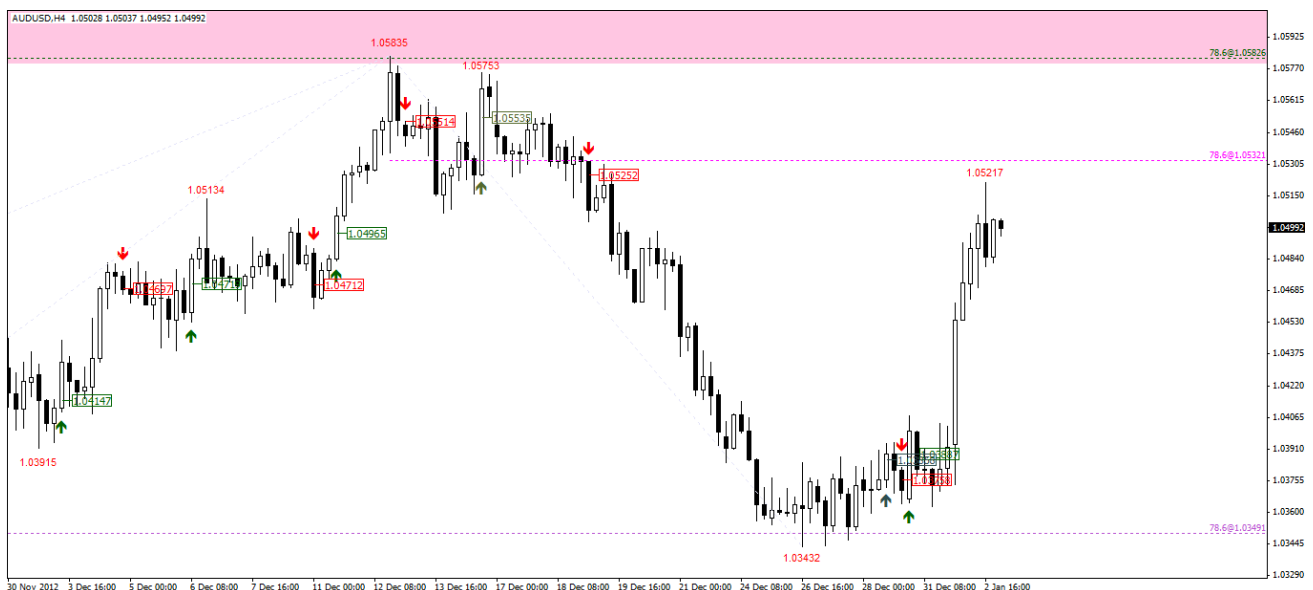
USD-JPY TRADE JOURNAL

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AUD-USD DAILY



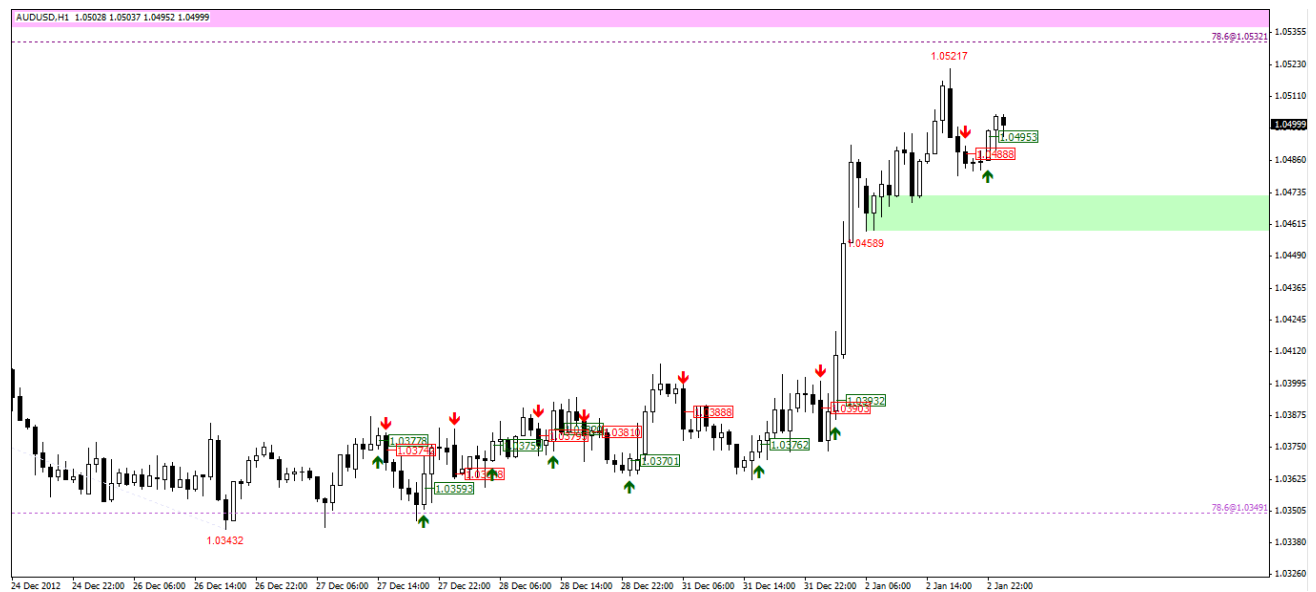
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

The first session of the year saw this market spiked 1.25% or almost 130 pips to register a 8-session high of 1.05217 in NY session overnight. This is after a period of inaction in the week leading to the year end just a week ago. Previously, price action fell from the 78.6% retracement of 1.08557 to 0.95795 at **1.05826** to hit a low on the Boxing Day at 1.03432, which was just below the 78.6% retracement of 1.02853 to 1.05835 at **1.03491**. As noted, the short-term outlook was extremely over-stretched and a decent rebound is to be expected. The overnight rally was a reflection of the collective profit-takings that took price action beyond the minor supply pocket at **1.04354-1.04528** to an intraday high of **1.05217**, which is just a touch below the 78.6% retracement of 1.05835 to 1.03432 at **1.05321**. With this strong rally, the correction to 1.03432 is deemed over and price action is now poised to continue in the path of less resistance beyond the December high high of **1.05835**. That said, upside potential is probably restricted to within the supply zone at **1.05675-1.06692**; below the September high of 1.06239 before prices unravel (see D1 chart). On the downside, short-term demand is seen at the minor demand pocket at **1.04589-1.04725**.

AUD-USD 1-HOURLY



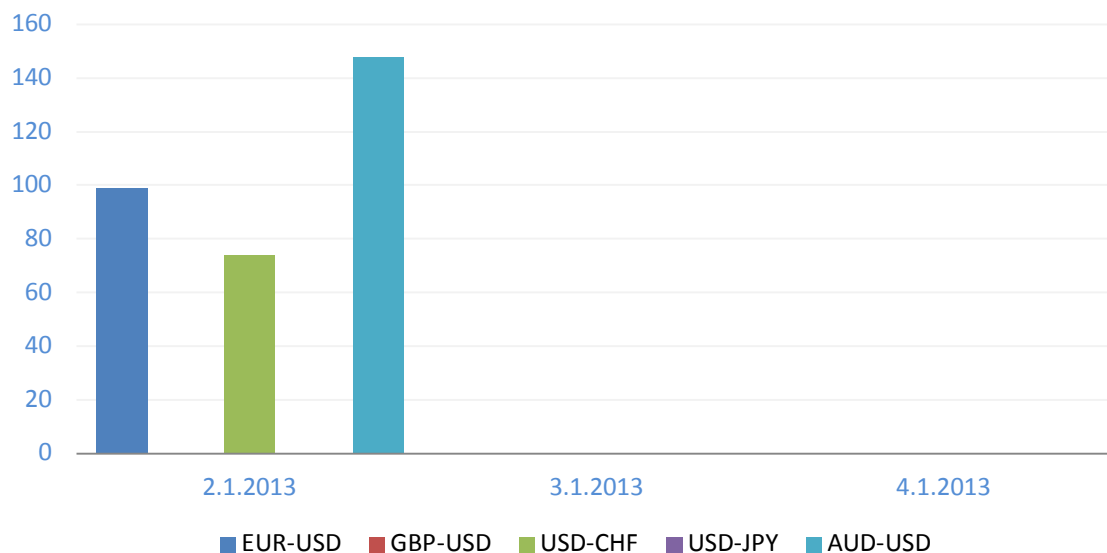
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on reversal signal within 1.04589-1.04725.		1.04489	1.05826	1.06120	3	0.03

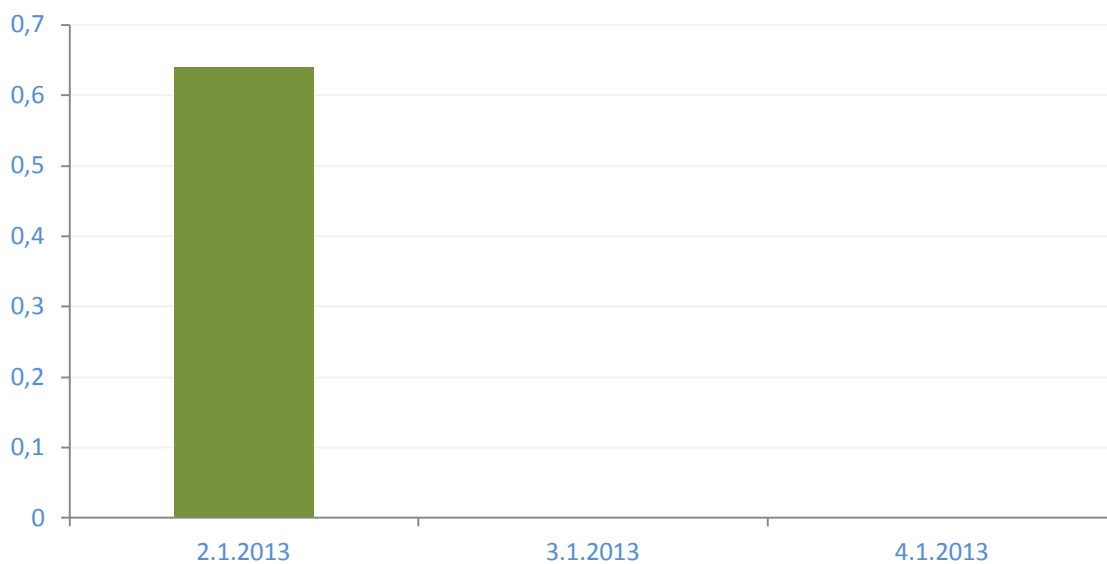
AUD-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.01											10,000.00
2012.12.28 09:02	0.01m	1.03858	2012.01.02 03:36	0.01m	1.04350			49.2	49.20	0.49	10,049.20
2012.12.28 09:02	0.02m	1.03858	2012.01.02 04:41	0.02m	1.04350			98.4	98.40	0.98	10,147.60

Daily P/L



Accumulative % Gain



Traders Academy International

Check out our website at
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.