Tue, Mar 12, 2013 Weekday Edition

# **FOREX OUTLOOK**



A Traders Academy International Publication

# USD-JPY Nears 3 1/2 Years High

USD-JPY rose on Monday, trading near a 3-1/2-year high set the previous session when strong U.S. jobs data spurred speculation the Federal Reserve could back away from its ultra-loose monetary policy sooner than expected.

But the US Dollar edged lower against the Euro as traders booked profits after it hit a 3-month high on Friday off the U.S. government report showing surprisingly strong job gains in February and a four-year low in the unemployment rate. With the state of the U.S. labour market key to Fed policy, the report fuelled speculation that the Fed could rein in its stimulus measures.

The Fed's bond buying program is a negative for the US Dollar as it is tantamount to printing money and dilutes the Dollar's value. Should the Fed sustain its program but lower the amount of asset purchases it makes each month that would buoy the US Dollar.

The Fed, at its last policy meeting in late January, left in place its \$85 billion bond-buying stimulus program and repeated a pledge to keep purchasing securities until the outlook for employment "improves substantially."

USD-JPY settled up 0.35 percent at 96.311, not far from Friday's peak of 96.553, which was its highest level since Aug. 12, 2009.

EUR-USD was up 0.32 percent at 1.30447, above a 3-month low of 1.29544 on Friday. Data released on Friday showed speculators boosted their bets in favour of the U.S. Dollar in the latest week to the highest in more than seven months.

Economic data out of China, the world's second-largest economy, kept investors cautious but failed to rattle demand for riskier assets, with U.S. stock indices trading higher. China reported over the weekend that annual industrial production for January and February combined rose 9.9 percent - the lowest level since October 2012 - while its consumer price index jumped more than expected last month.

The US Dollar's direction has been strongly aligned with equities recently, a trend that has the US Dollar trading like a growth currency more than a safe-haven asset. Wall Street stocks edged up on Monday, approaching a 5-1/2-year high, on optimism about the U.S. economy and easy monetary policy from the Federal Reserve.

While the Fed's next policy step could be to scale back its stimulus, the world's other major central banks could ease policy further.

The Bank of Japan is perceived to be seeking a "new dimension" of easing under its new governor, Haruhiko Kuroda, who is expected to be appointed this month.

Meanwhile, analysts said EUR-USD is also likely to trend because of growing worries about peripheral countries of the Euro zone and political concerns about Italy. Ratings agency Fitch added to Italy's mounting problems on Friday by cutting its credit rating due to the political uncertainty, deep recession and rising debt.

The Italian downgrade also sent tremors through Europe's sovereign bond market with traders worried about its effect on a bond sale for up to €7.25 billion (\$9.4 billion) of new debt on Wednesday. The yield gap between 10-year Italian and safer German bonds widened and the cost of insuring Italy's debt against default also rose.

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#### **DAYLIGHT SAVINGS TIME**

Starting Monday, 11 March, the U.S. session will commence at 8:00pm Singapore time; marking the start of Daylight Savings in the U.S. U.K. and Switzerland will only revert to DST on Sunday, 31 March 2013; followed by Australia will on Sunday, 7 April 2013.

# **EUR-USD DAILY**



# **EUR-USD 4-HOURLY**



# **EUR-USD 1-HOURLY**



#### **EUR-USD Short Term Outlook**

From the high of 1.31337 this market fell sharply in reaction to the better than expected job numbers in the NFP last Friday. The overnight rebound hit the 50.0% retracement of 1.31337 to 1.29544 at 1.30441 with a print at 1.30528 and ended as a *Harami Doji* in the H1 chart. This reversal signal has since triggered a sell signal in the H1 chart with a close below 1.30354. It remains to be seen if this is the start of the resumption of the 1.31337. If so, immediate focus is the demand pocket at 1.28758-1.28922 where a Fibonacci cluster of the 50.0% retracement of 1.20416 to 1.37101 at 1.28759 and the 78.6% retracement of 1.26610 to 1.37101 at 1.28855 are located. As far, this market has been unable to close decisively below the psychological 1.30000 handle. That said, the medium-term bias has turned positive with a close above 1.30558 in the D1 chart last Thursday. Only a close below 1.29653 in the D1 chart would suggest the resumption of the fall from all the way back on 1 February from 1.37101. For those managed to sell at/near the 23.6% retracement of 1.37101 to 1.29657 at 1.31414 where a minor supply pocket at 1.31157-1.31608 is last Friday, they may now move their protective stops to the break-even level.

#### TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.31120	1.31708	1.28922	1.27090	3	0.03m

#### **TRADE JOURNAL**

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L					Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$	
2013.03.01										3.02	10,302.10	
2013.03.08 13:57	0.03m	1.31120	2013.03.11 23:59	0.03m	1.30047	321.9	321.90					

# **GBP-USD DAILY**



# **GBP-USD 4-HOURLY**



### **GBP-USD 1-HOURLY**



# **GBP-USD Short Term Outlook**

This market continued its downward trajectory into yet another marginal low at 1.48649 overnight. Though the overall bias is decidedly to the downside, reactions at the 100.0% extension of 1.67462 to 1.52674 from 1.63801 at 1.49013 overnight suggests that a rebound from here may be in works. As it is, the H1 chart has triggered a buy signal with a close above 1.49163 in overnight NY session hours ago. This is reinforced by the appearance of a *Long-Legged Shadow Doji* in the D1 chart overnight. Regardless, only a close above 1.50121 in the D1 chart would suggest the onset of a more meaningful correction. Should the fall extends, the next target is the 127.2% projection of 1.67462 to 1.52674 from 1.63801 at 1.44991. This level is, in turn, located just above a demand zone at 1.42298-1.44750. On the upside, the minor supply pocket at 1.50400-1.50820 should cap any adventure to the north.

### **GBP-USD TRADE IDEAS**

Actio	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold	Exit on D1 close above 1.50121	1.52999		1.50954 Realized	1.43422	3	0.03m

#### **GBP-USD TRADE JOURNAL**

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price		Unrealized P/L		alized P/L		umulative Balance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01										15.4	11,544.60
2013.02.22 06:23	0.02m	1.52999	2013.03.11 23:59	0.02m	1.49156	768.6	768.60				

### **USD-CHF DAILY**



# **USD-CHF 4-HOURLY**



#### **USD-CHF 1-HOURLY**



#### **USD-CHF Short Term Outlook**

This market rallied strongly to a 26-month high on the back of a much better than expected NFP on Friday. With this sharp rally, it has all but dispelled any remaining bearish bias. Friday's strong rally has reinforced the idea that the longer-term correction from the all-time of 0.70614 is still on-going. The obvious target is the high of **0.99709** registered last July. However, there are a number of barriers ahead. Immediate resistance may emerge from the overhead supply pocket at **0.96086-0.96346** where the 61.8% retracement of 0.99709 to 0.90212 at **0.96081** is sited. This followed by another at **0.97867-0.98085**. However, the barrier to beat is the supply zone at **0.99178-1.00659**. This is because the previous rally stalled at this very price bracket where a Fibonacci cluster made up of the 61.8% extension of 0.70614 to 0.93150 from 0.85676 at **0.99603** and the 61.8% extension of 0.85676 to 0.99709 from 0.90212 at **0.98884** reside. On the downside, demand is likely located between the price bracket of **0.93925-0.94165**. The question is will prices fall back there first or zoom straight for the first overhead barrier at **0.96086-0.96346**? Last night's pullback hit the 61.8% retracement of 0.94165 to 0.95511 at **0.94679** and rebounded somewhat this morning. Though less than ideal, this could well be the last chance to anchor a long position going forward (see H1 chart).

#### **USD-CHF TRADE IDEAS**

	Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
							3	0.03m
ſ	Buy	Buy on buy signal between 0.93925-0.94165		0.93825	0.96086	0.99178		

# **USD-CHF TRADE JOURNAL**

Open Date	Sell (units)	Open Clo Price	Close Date Buy (units)	 Close Price	_	Unrealized P/L		alized P/L		umulative Balance
					Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01									4.93	10,493.17

### **USD-JPY DAILY**



### **USD-JPY 4-HOURLY**



### **USD-JPY 1-HOURLY**



# **USD-JPY Short Term Outlook**

The explosive rally last Friday signaled the resumption of this rather impressive move from 77.126; way back in mid-September 2012. Based on its upward trajectory, immediate focus is the longer-term target at the Fibonacci cluster at the 261.8% extension of 75.565 to 84.170 from 77.126 at 99.654 and the 50.0% retracement of 124.130 to 75.565 at 99.848 where the supply zone at 99.227-101.437 is located. On the downside, the immediate demand pocket at 95.487-95.722 is probably all this market can pull back to (see H1 chart). For those still looking to chase this rally, a word of caution is timely. Bear in mind that this almost 6-month long rally, impressive as it is, has yet to have any meaningful correction to date; notwithstanding the 370 pips fall on 25 February three Mondays ago. Continued chasing of this rally offers poor odds at this elevated level. That said, selling offers better risk/reward probabilities. Aggressive traders may consider scaling in speculative short positions within the supply zone at 99.227-101.437 beginning from the Fibonacci cluster of the 261.8% extension of 75.565 to 84.170 from 77.126 at 99.654 and the 50.0% retracement of 124.130 to 75.565 at 99.848.

Actio	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Scale in selling between 99.227-101.437 at 100 pips interval	101.637		93.047	91.296	3	0.03m

#### **USD-JPY TRADE JOURNAL**

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.08										22.59	12,258.68

# **AUD-USD DAILY**



# **AUD-USD 4-HOURLY**



# **AUD-USD 1-HOURLY**



### **AUD-USD Short Term Outlook**

This market opned the week with agap to the downside and within 2 hours set the low for the day at 1.02027 and rallied strongly in Ny overnight. This morning see this market extending its overnight gain back to the 38.2% retracement of 1.05972 to 1.01143 at 1.02988. Last week this level capped the initial rebound from 1.01143 with a print at 1.03001 on Wednesday pulled back in a 3-wave correction. The ensuing retracement traded to just under the 100.0% extension of 1.03001 to 1.02180 from 1.02888 at 1.02067 with a print at 1.02027 some 24 hours ago. As noted in the weekend update, this market appeared poised to resume its counter-trend rally going forward (see H4 chart). Only a close below 1.02135 in the D1 chart and sustained trading below the demand pocket at 1.00992-1.01378, the fall from 1.05970 is deemed to have resumed. In the meantime, the supply pocket at 1.03628-1.03738 located just above the 50.0% retracement of 1.05972 to 1.01143 at 1.03558 may prove to be a more stubborn barrier to surmount (see H4 chart)

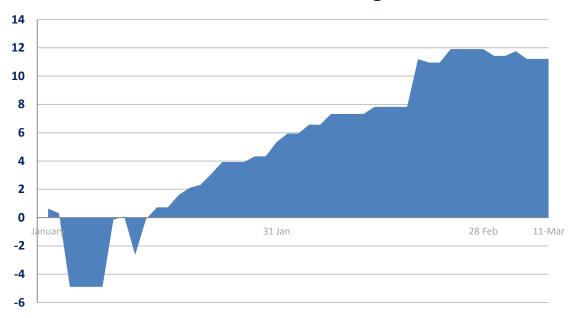
#### **AUD-USD TRADE IDEAS**

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.01205	Breakeven	1.02831 Realized	1.03628	3	0.03m
Sell	Sell on sell signals between 1.03372-1.03727		1.03827	1.02184	1.01917	3	0.03m

#### **AUD-USD TRADE JOURNAL**

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price		ealized P/L	Real P			mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.08										11.01	11,011.60
2013.03.01	0.02m	1.01205	2013.03.11	0.02m	1.02730	305.0	305.00				
09:33			23:59								

# **Accumulative Percentage P/L**



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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.