

ALL NEW
ANALYSIS

A Traders Academy International Publication

FX Market Takes A Breather

The Japanese Yen's selloff paused on Wednesday but expectations of radical policy easing from the Bank of Japan meant further weakness was more than likely, while dour UK manufacturing data consigned GBP-USD to the dog house.

USD-JPY settled at 95.976, having scaled a 3-1/2 peak of 96.699 when profit taking emerged. EUR-JPY eased to 125.028, but remained within easy reach of a one-month high of 126.023 set on Tuesday.

Minutes of the BOJ's February meeting showed policymakers were more open to adopting unorthodox policy options of the incoming governor than previously thought, suggesting the BOJ can push through aggressive stimulus easily.

While traders took a bit of profit in USD-JPY, they turned up the heat on GBP-USD, which slumped to a fresh 33-month low of 1.48305. GBP-USD decline came after data showed British manufacturing output fell in January at the fastest pace since June, reinforcing fears the UK economy has tipped into its third recession since the 2008 financial crisis.

Chancellor of the Exchequer George Osborne will present his budget next week and reports have emerged that the BOE's remit could be changed to allow additional QE despite high-running inflation. Should this occur, the next leg lower in Gilt yields could be around the corner, which could put further downside pressure on GBP-USD.

Meanwhile, EUR-USD settled at 1.30268, well within the 1.29550/31350 range seen so far this month. Traders said the market was waiting for the outcomes of government bond sales in Italy and Spain due this week for fresh cues.

Italy will offer three-year and 15-year bonds at an auction later on Wednesday, while Spain plans to sell bonds due 2029, 2040 and 2041 at a special, off-calendar auction on Thursday. Any signs of funding stress in the Euro zone's third and fourth largest economies will no doubt weigh on EUR-USD.

Among the standout performers overnight was AUD-USD, which firmed across the board. AUD-USD hit a 2-1/2 week high of 1.03342, pulling well away from the 1.01143 trough plumbed a week ago.

With Australia's relatively high yield and the Reserve Bank of Australia in no hurry to cut interest rates soon, the Aussie appeared to be back in favour for now.

Asia faces a dearth of major economic news on Wednesday. In Europe, consumer inflation data in France and Spain and industrial production in the Euro zone are due.

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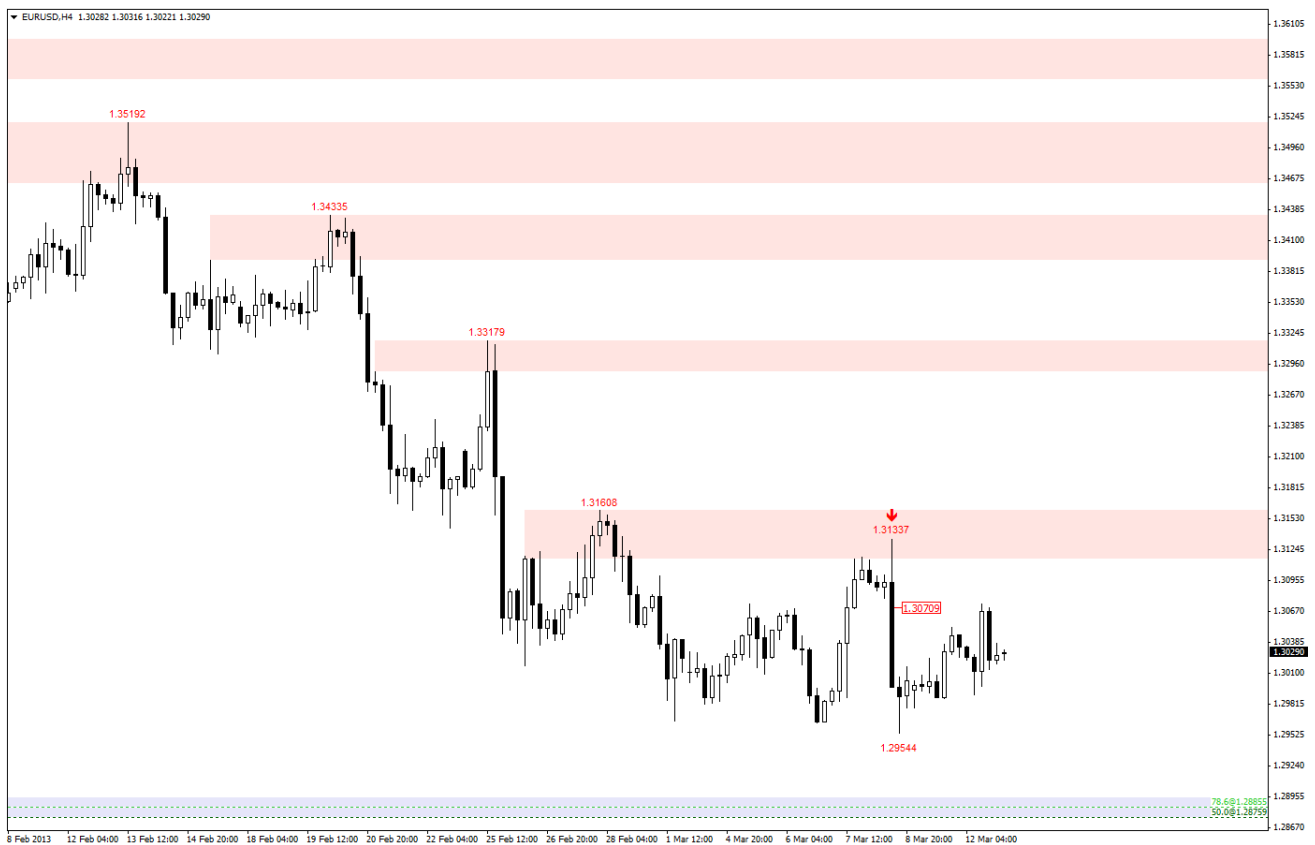
DAYLIGHT SAVINGS TIME

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

Since last Friday's sharp fall from the high of 1.31337 to 1.29544, this market has been struggling to find a direction this week. While the D1 chart is positive, the short-term charts are bias to the downside. Overall, signals are mixed at best. It remains to be seen if the fall from 1.31337 signals the resumption of its fall from 1.37101. If this short-term bearish bias resulted in a sharp fall, 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. 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

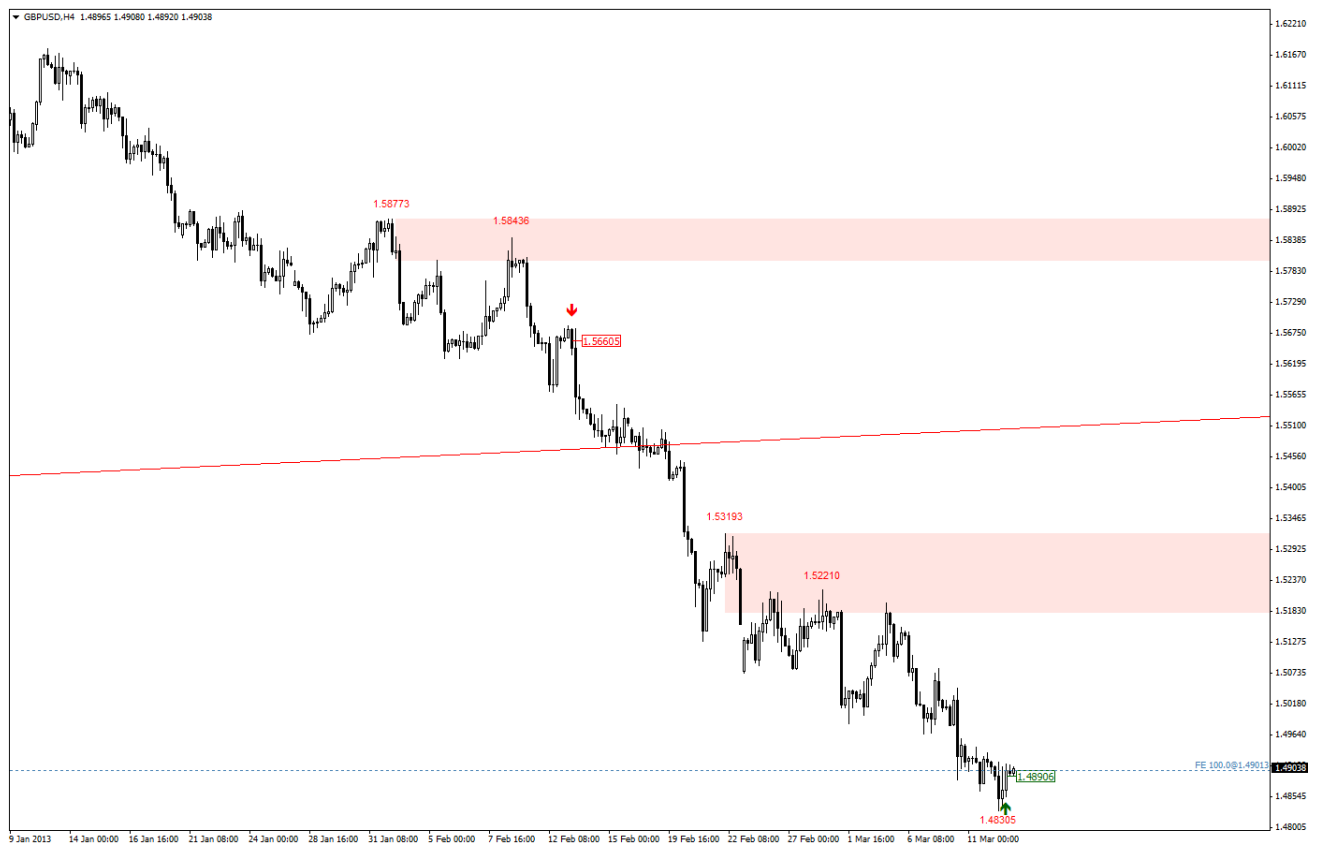
TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01										3.02	10,302.10
2013.03.08 13:57	0.03m	1.31120	2013.03.12 23:59	0.03m	1.30268	255.6	255.60				

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD 1-HOURLY



GBP-USD Short Term Outlook

Latest data showing the UK economy may have dipped into its 3rd recession since 2008 caused GBP-USD to fall further to a fresh 33-month low of 1.48305 overnight. Though the overall bias is decidedly to the downside, the continued inability of this market to close decisively below the 100.0% extension of 1.67462 to 1.52674 from 1.63801 at **1.49013** on a daily basis suggests that a rebound from here may be in works. As it is, both the H4 and H1 charts have triggered buy signals. This is reinforced by the appearance of a *Hammer* in the D1 chart overnight. A close above **1.50121** in the D1 chart would suggest the onset of a more meaningful correction. On the downside, 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

Action	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
Sell	Sell on sell signal between 1.50400-1.50820		1.50920	1.48516	1.43422	2%	0.02m

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	+ / - (\$)	%	\$
2013.03.01										15.4	11,544.60
2013.02.22 06:23	0.02m	1.52999	2013.03.12 23:59	0.02m	1.48961	807.6	807.60				

USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF 1-HOURLY



USD-CHF Short Term Outlook

After having rallied to a 26-month high on the back of a much better than expected NFP last Friday, this market has been in correction mode this entire week – to date. Last night saw a pullback to the 78.6% retracement of 0.94165 to 0.95511 at 0.94453 with a print at 0.94387. In the absence of any fundamental input, this pullback may well ease back into the demand pocket at **0.93925-0.94165** – where it all started last Friday. That said, Friday's strong rally has reinforced the idea that the longer-term correction from the all-time low 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. If the short-term pullback from 0.95511 continues into the demand pocket at **0.93925-0.94165**, 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
Buy	Buy on buy signal between 0.93925-0.94165		0.93825	0.96086	0.99178	3	0.03m

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	+ / - (\$)	%	\$
2013.03.01										4.93	10,493.17

USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY 1-HOURLY



USD-JPY Short Term Outlook

This market pulled back from a fresh 3 1/2 years high of 96.699 overnight and into a minor demand pocket at **95.487-95.722**. As noted this area is probably all this market can pull back to (see H1 chart). So far, this minor price bracket has held. However, there is no sign (as yet) that this impressive rally from way back in mid-September 2012 at 77.126 is done. 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. 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 unless one can identify a low risk/high reward trade setup for short-term gains. To this end, the minor demand pocket at **95.487-95.722** may offer short-term traders such a setup - should prices dip back into this price pocket. Otherwise, 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**.

Action	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

AUDUSD, H4 1.03204 1.03313 1.03145 1.03206

1.03738

1.03400

1.03342

1.03001

1.02888

1.02419

1.02180

1.02027

1.01143

50.0@1.03550

38.2@1.02988

FE 100.0@1.02067

AUD-USD 1-HOURLY



AUD-USD Short Term Outlook

The rally from Monday surged into the supply pocket at **1.03372-1.03727** and eased overnight. At the point of writing, this market appears poised for a correction that may potentially decide whether it will gun for the the supply pocket at **1.03628-1.03738** located just above the 50.0% retracement of 1.05972 to 1.01143 at **1.03558** or resumes its fall from 1.05972. As noted, this price bracket may prove to be a more stubborn barrier to surmount (see H4 chart) and may attract sellers back into themarket. If the short-term correction that we are witnessing right now falls past the 261.8% extension of 1.03342 to 1.03081 from 1.03313 at **1.02630**, then it would suggest that the long-term larger degree correction within the triangle pattern may have resumed (see W1 chart). If this short-term pullback terminates at the 100.0% or 127.2% extension of 1.03342 to 1.03081 from 1.03313 at **1.03052** or **1.02981** respectively, a quick run-up to the supply pocket at **1.03628-1.03738** located just above the 50.0% retracement of 1.05972 to 1.01143 at **1.03558** is anticipated. From within this price bracket, a low-risk/high reward setup can be had and a short position there is ideal. In the meantime, a close below **1.02733** in the D1 chart and sustained trading below the demand pocket at **1.00992-1.01378**, would suggest that the fall from 1.05970 has indeed resumed.

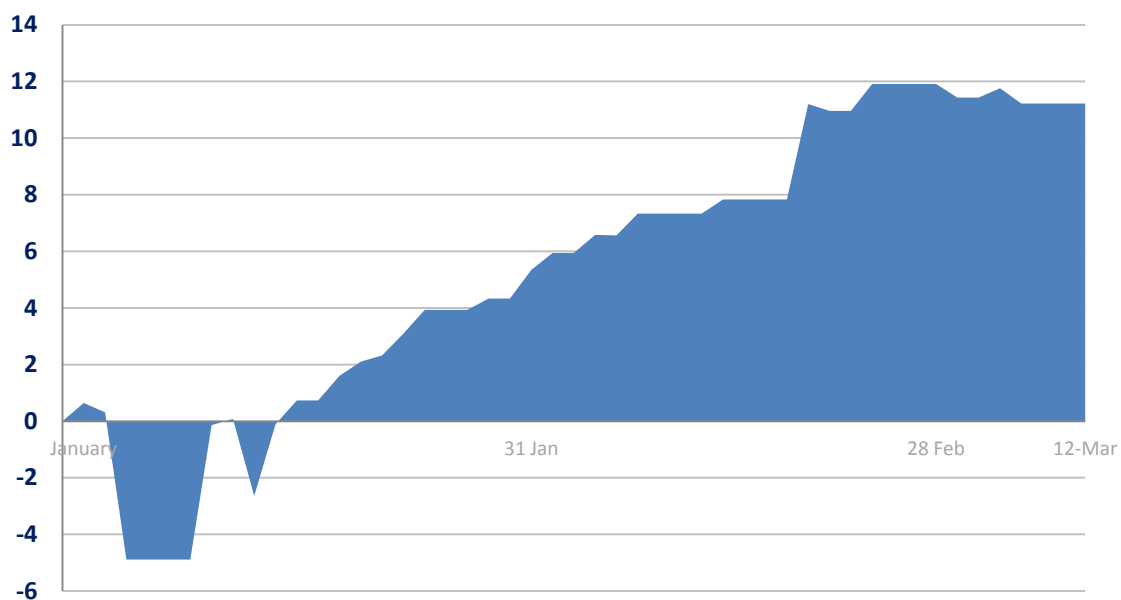
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Exit on D1 close below 1.02733	1.01205		1.02831 Realized	1.03628	3	0.03m
Sell	Sell on sell signals between 1.03628-1.03727		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	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.08										11.01	11,011.60
2013.03.01 09:33	0.02m	1.01205	2013.03.12 23:59	0.02m	1.03199	398.8	398.80				

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.