Sat, Mar 16, 2013 Weekend Edition

FOREX OUTLOOK



A Traders Academy International Publication

US Dollar Fell On Profit-Taking

The US Dollar fell from a recent 7-month high against a basket of currencies on Friday as traders opted to book profits after U.S. inflation data kept the door open for the Federal Reserve to continue its bond-buying program for the foreseeable future.

The Dollar notched its first weekly loss against the Euro in six weeks, but after hitting a three-month high the previous session traders turned cautious and pared bullish Dollar bets ahead of next week's Fed policy meeting.

Speculators boosted their bets in favor of the U.S. dollar in the latest week to the highest in eight months, according to data from the Commodity Futures Trading Commission released on Friday.

U.S. manufacturing output bounced back in February, the latest signal of strength in an economy that is showing clear momentum despite the headwind of government austerity. While other reports showed a surge in gasoline prices caused a spike in consumer inflation last month and eroded consumer sentiment in early March, the impact on the US economy was likely to be limited and temporary.

Gasoline accounted for about three quarters of the spike in consumer inflation in February, leaving the door open for the Fed to press ahead with its bond-buying stimulus, which is bearish for the US Dollar. The Fed's program is tantamount to printing money and therefore dilutes the Dollar's value.

The Fed meets next week and looks set to keep buying \$85 billion a month in mortgage and Treasury bonds in an effort to encourage investment and bolster a weak economic recovery. The program is aimed at keeping long-term interest rates low, eroding the US Dollar's yield appeal.

Lately, the US Dollar has benefited from good news on the economy as expectations U.S. growth is outperforming other major countries have lured foreigners into U.S. assets.

Sterling jumped after Bank of England chief Mervyn King said its decline had gone far enough, although traders did not expect the pound's rise to last long given concerns about the UK economy and speculation of more monetary easing.

The Euro gained on the prospect of EU leaders looking at short-term ways of boosting faltering Euro zone economies.

EUR-USD rose 0.53 percent to 1.30716, having hit a session high of 1.31065; recovering from Thursday's 3-month low of 1.29106.

Concerns about Italy could pressure the Euro as the country's parliament convenes for the first time since last month's inconclusive election.

Meanwhile, Japan's parliament approved Prime Minister Shinzo Abe's nominee for central bank governor, Haruhiko Kuroda, and nominees for the two deputy governor posts, clearing the way for radical monetary easing.

Kuroda's pledge to "act with speed" and do whatever it takes to hit the BOJ's new inflation target has some traders speculating he may summon a meeting even before the next scheduled policy review on April 3-4.

USD-JPY settled at 95.235, down 0.9 percent on the day, helped by long liquidations after a rise of about 10 percent this year. It earlier fell to 95.069, a one-week low.

DAYLIGHT SAVINGS TIME

Starting Monday, 11 March, the U.S. session has reverted 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 31 March 2013; followed by Australia will on 7 April 2013.

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EUR-USD MONTHLY



EUR-USD WEEKLY



EUR-USD Long Term Outlook

In the longer-term, the fall from 1.49398 is treated as the falling leg inside the consolidation pattern which started from the 2008 high of 1.60380. The contention that this fall may have terminated at 1.20416 on July 24 2012 may prove to be premature. Sentiments have soured since July 2012 at the start of the February. With a close below **1.33090** in the W1 chart three weeks ago, the rally is truly over. Based on symmetry, this fall is part of the longer-term consolidation consisting of a series of 3-waves moves that may ultimately terminate at/near the Fibonacci cluster of the 100.0% extension of 1.60380 to 1.18758 from 1.49398 at **1.07776** and the 100.0% extension of 1.49398 to 1.20416 from 1.37101 at **1.08119** (see W1 chart). Of immediate concern is how this market will reaction as it edges towards last November 13 low of **1.26610** where the demand zone at **1.26610-1.27090** where the 61.8% retracement of 1.20416 from 1.37101 at **1.26790** is located.

EUR-USD DAILY



EUR-USD 4-HOURLY



EUR-USD 1-HOURLY



FOREX OUTLOOK

EUR-USD Short Term Outlook

Within a span of 48 hours, this market hit a 3-month low at 1.29106 on Thursday and rebounded to register a week's high at 1.31065 on Friday. Earlier on Thursday, this market registered a marginal low at 1.29106; barely missing the 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 and rebounded. As noted, with a close above 1.30282, the D1 chart, this market has reverted back to positive. Immediate focus is the overhead minor supply zone of 1.31156-1.31608; located just above the 23.6% retracement of 1.37101 to 1.29106 at 1.30993.

TRADE IDEAS

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

TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	,		realized Realized P/L P/L				mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01										3.02	10,302.10
2013.03.08	0.03m	1.31120	2013.03.15	0.03m	1.30282			251.4	`251.40	10.55	10,553.50
13:57			23:59								

GBP-USD MONTHLY



GBP-USD WEEKLY



GBP-USD Long Term Outlook

In the longer term, the breakout from the fourth wave seen in the triangle pattern from 1.35019 suggested that the fifth wave of the longer-term five wave sequence from 2.11610 is unfolding right now. If so, this means 1.35019 would not hold and a new low is expected. Two possible scenarios may play out next. (1) Once 1.35019 is taken out, the minimum requirement of a fifth wave down move is technically fulfilled. As such, this market is vulnerable to a swift counter-trend recovery. (2) This fifth wave fall may extend towards the Fibonacci cluster of the 61.8% extension of 2.11610 to 1.35019 from 1.70422 at 1.23089 and the 161.8% extension of 1.70422 to 1.42298 from 1.67462 at 1.21957 - which is roughly equidistant to the widest part of the triangle formation (see W1 chart). This week's repeated inability to close decisively below the 100.0% extension of 1.67462 to 1.52674 from 1.63801 at 1.49013 prompted an eventual rebound from the week's low of 1.48305. That said, this recovery should be fleeting at best. At the most, a testing of the previous support-turned resistance line of the triangle pattern is maximum allowance for this rebound before the fall resumes

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD 1-HOURLY



GBP-USD Short Term Outlook

The appearance of a *Hammer* in the D1 chart on Tuesday and the subsequent closing above **1.50121** on Thursday triggered a round of profit-taking on Friday. Friday's high of 1.51756 missed a minor supply pocket at **1.51795-1.52210** where the 23.6% retracement of 1.63801 to 1.48305 at **1.51962** is located. The original idea was to re-position shorts within this price bracket on the assumption that this market does not close **1.50761** on Friday. The fact that this market managed to close above **1.50761** opens up the possibility that this rebound may extends to test the previous support-line (now turned resistance) of the triangle pattern (see D1 chart). Such a view would gain credence should price action clears above the supply pocket at **1.51795-1.52210**.

GBP-USD TRADE IDEAS

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

GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized Realized P/L P/L			Accumulative Balance		
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01										11.54	11,544.60
2013.02.22 06:23	0.02m	1.52999	2013.03.14 16:08	0.02m	1.50121			575.6	575.60	12.12	12,120.20

USD-CHF MONTHLY



USD-CHF WEEKLY



USD-CHF Long Term Outlook

In the bigger picture, the rebound from 0.70667 is viewed as a corrective rebound and should have completed after hitting the Fibonacci confluence of the 61.8% retracement of 1.17304 to 0.70614 at **0.99468** and the 61.8% extension of 0.70614 to 0.93150 from 0.85676 at **0.99603** with a print at 0.99709. Development from this year's low of 0.90212 suggests that this market is potentially developing into a sideway consolidation pattern. That said, the medium-term view is unclear as Friday's weakness has compromised the immediate bullish case. That said, a re-test of **0.99709** remains a distinct possibility but only a sustained break above there would suggest an extension of the rebound from the all-time of 0.70614. If so, this on-going correction may extends to the 38.2% retracement of 1.83040 to 0.70614 at **1.13561**; which is located just below the 127.2% extension of 0.70614 to 0.93150 from 0.85676 at **1.14342** (see W1 chart).

USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF 1-HOURLY



FOREX OUTLOOK

USD-CHF Short Term Outlook

This market rallied to a fresh 6-month high with a print at 0.95658 and promptly lost it all in a massive unwinding of long positions all within Thursday. While that fall did not break the back of the rally from 0.90212, Friday's extension of the fall roundly did. Prices started falling in London session and continued into the NY session and closed near the low of the day - below the demand pocket at **0.93925-0.94165** without triggering any buy signal. This is just as well as the original idea was to buy within this price bracket. Though Friday's momentum may see this market extending its fall early next week, there is no ideal level to position shorts. As such, it's best to stay out and observe for awhile.

USD-CHF TRADE IDEAS

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

USD-CHF TRADE JOURNAL

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

USD-JPY MONTHLY



USD-JPY WEEKLY



USD-JPY Long Term Outlook

In the longer-term, the break above the 2011 high of 85.518 served as the confirmation of the long-term trend reversal. In retrospect, the entire fall from the 2007 peak of 124.130 may have terminated on the first day of November 2011 at 75.565. This week's strong rally has discredited the earlier idea that a correction of this 6-month long rally is unfolding. Focus is now on the psychological level of 100 yen. In this regard, the 261.8% extension of 75.565 to 84.170 from 77.126 at 99.654 is a viable target. This is also where the 50.0% retracement of 124.130 to 75.565 at 99.848 is located. Augmenting these levels is the supply zone at 99.227-101.437. Together, this barrier should prompt some to take profits and possibly a trend reversal.

USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY 1-HOURLY



FOREX OUTLOOK

USD-JPY Short Term Outlook

With the lack of volatility after hitting a fresh 3 1/2 years high of 96.699 on Tuesday, it was no surprise that profit-takings have set in. As noted, the consolidation since Tuesday may extend towards either the 100.0% or 127.2% extension of 96.699 to 95.439 from 96.584 at 95.324 and 94.981 respectively (see H1 chart). This it did on Friday with a print at 95.069. It is now paramount that this market reverses direction and resumes its rally from here. Failing which and if this pullback accelerates below the 127.2% extension of 96.699 to 95.439 from 96.584 at 94.981; the next fall is possibly a 3rd wave – which by definition is an aggressive wave. If this bearish scenario comes to pass, this market may fall to as deep as the 261.8% extension of 96.699 to 95.439 from 96.584 at 93.285. That said, the nearest area of demand is possibly the minor demand pocket at 92.908-93.047. On the M5 chart, a minor supply pocket at 95.503-95.576 is probably all that this market can rebound to anchor a low risk short position.

USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 95.503-95.576		95.676	93.047	91.296	2	0.02m

USD-JPY TRADE JOURNAL

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

AUD-USD MONTHLY



AUD-USD WEEKLY



AUD-USD Long Term Outlook

In the longer-term, price actions from the 2011 high of 1.10796 are treated as a consolidation pattern in the longer-term up-trend which 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 1.05972 may well be the D leg of this triangle pattern and should extend lower towards the lower trend-line. The fall since (albeit the rebound from 1.01143), is probably working its way towards the E leg of this triangle pattern. If so, a probable target is the Fibonacci cluster between the 61.8% extension of 1.10796 to 0.93871 from 1.08850 at **0.98390** and the 61.8% extension of 1.08850 to 0.95805 from 1.06240 at **0.98178**. Once the E leg is in place, that is hold above the lower trend-line; an explosive rally is expected to take out the all-time high of **1.10799**. The fall in GBP-USD (mirror image) offers a glimpse of how persistent such a rally may pan out. Primary target is the Fibonacci cluster between the 127.2% extension of 0.60090 to 0.94046 from 0.80709 at **1.23901** and the 127.2% extension of 0.47730 to 0.98490 from 0.60090 at **1.24657**. However, if the current rebound from 1.01143 extends beyond 1.06240, the triangle scenario is debunked but not the bullish implications.

AUD-USD DAILY



AUD-USD 4-HOURLY



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AUD-USD Short Term Outlook

What started off as a simple rebound from 1.01143 two weeks ago received a massive boost from a surprisely strong job data on Wednesday which showed the strongest domestic job growth in Australia since 2000. It was the catalyst behind the extension of this rebound. Friday saw this market tested the 61.8% retracement of 1.05972 to 1.01143 at 1.04127 with a print of 1.04128 in the last hour of trading. Interestingly, it ended as a long-legged shadow doji in the H1 chart. A close below 1.04050 would invariably trigger a sell signal in the H1 chart. Alternatively, if this market rallies further beyond Friday's high first, there is a fair chance prices would come under selling interests fom within the supply pocket at 1.04425-1.04755 located just above the 127.2% of 1.0443 to 1.03001 from 1.02027 at 1.04390. That said, the medium-term focus on the resistance line of the triangle pattern – at roughly the 1.05500 level (see W1 chart). Sustained trading above 1.06240 would, for all intents and purposes, debunk the triangle pattern scenario and open up the possibility of an imminent challenge of the all-time high of 1.10796.

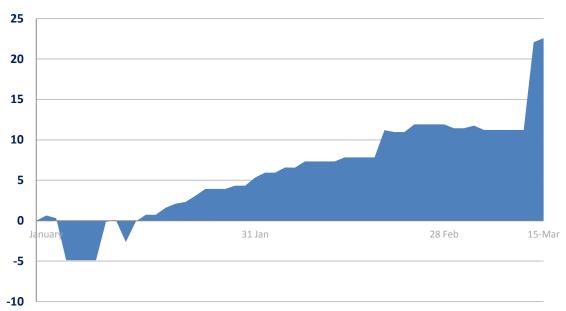
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry	Stop-Loss	Profit	Profit	Exposure	Exposure
		Price		Target 1	Target 2	%	Units
Sell	Sell on signal between 1.04425-1.04755		1.04855	1.03474	1.02921	3	0.03m

AUD-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)			Unrealized P/L		ized /L		mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.08										11.01	11,011.60
2013.03.01 09:33	0.02m	1.01205	2013.03.14 02:31	0.02m	1.03628			484.6	484.60	15.86	15,862.00
Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Real P			mulative alance
2013.03.14 03:10	0.03m	1.03738	2013.03.14 16:26	0.03m	1.03838			-3.0	-3.00	15.86	15,859.00

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.