

A Traders Academy International Publication

Currency Market Quiet Ahead of G20

USD-JPY was flat on Wednesday, a day after falling sharply as traders grew cautious ahead of a meeting of finance ministers and central bankers later this week where exchange rates are expected to be a hot topic.

Comments from Russia's deputy finance minister, Sergei Storchak, that the Japanese Yen had definitely been over-valued and "there are no signs" Japanese authorities were intervening weighed on the Yen. Traders viewed his comments as a nod to the Yen's weak trend.

There was uncertainty related to this week's meeting of the Group of 20 developed and emerging market economies in Moscow and the general view that the Japanese Yen weakness would be on the agenda.

While some Group of Seven officials have said Japan was not being singled out in the group's statement issued on Tuesday, the consensus among traders is that the G7 is not exactly thrilled with the weak Yen trend. That said, the G7's complaints against a weak Yen won't stop the currency from sliding.

In late afternoon trading, USD-JPY was slightly down at 93.379, below a three-year high of 94.447 traded on Monday. EUR-JPY settled at 125.611, flat on the day and far from a 34-month high of 127.683 hit last week.

USD-JPY fell on Tuesday after a G7 official said an earlier statement from the group was meant to signal worries about excessive moves in the Yen. Canadian Finance Minister Jim Flaherty on Wednesday said the statement was a consensus effort and not meant to single out Japan.

Moreover, Bank of England Governor Mervyn King said the statement should be taken at face value and anonymous officials should not try to reinterpret it.

The yen has lost nearly 20 percent against the US Dollar between November and early February, picking up speed as Japan's new government put pressure on the Bank of Japan to ease monetary policy more aggressively to defeat deflation.

Markets were also likely to tread cautiously until the outcome of a BoJ meeting that ends on Thursday, although many expect the bank to hold off from any fresh easing measures until April when it will meet with a new governor at the helm.

EUR-USD traded flat at 1.34507. The euro would largely be side-lined before the G20 meeting, although it could come under pressure if Euro zone gross domestic product data on Friday shows the economy contracting.

In the meanwhile, an Italian auction Wednesday morning that fetched higher yields for the first time since October weighed on the Euro. BNY Mellon flows data showed Italian bonds have been net sold for eight consecutive sessions, while the Euro has been sold for four straight days.

The Euro's resilience of late is proving to be a double-edged sword. Euro's recent appreciation is likely to be a source of worry vis-à-vis the Euro zone's deteriorating export competitiveness. EUR-USD has retreated from a 15-month high of 1.37101 hit at the start of February. It extended losses last week when European Central Bank President Mario Draghi warned of downside risks to the Euro zone growth outlook.

Among corporations, however, the view on the euro remained positive, with option strike prices on the three- to six-month tenors starting from 1.40000-1.42000.

Overnight, the British Pound fell to multi-month lows after the Bank of England said inflation would stay higher for longer and its governor cautioned that further bond-buying to boost the weak recovery might have limited impact. GBP-USD fell 0.77 percent to 1.55400.

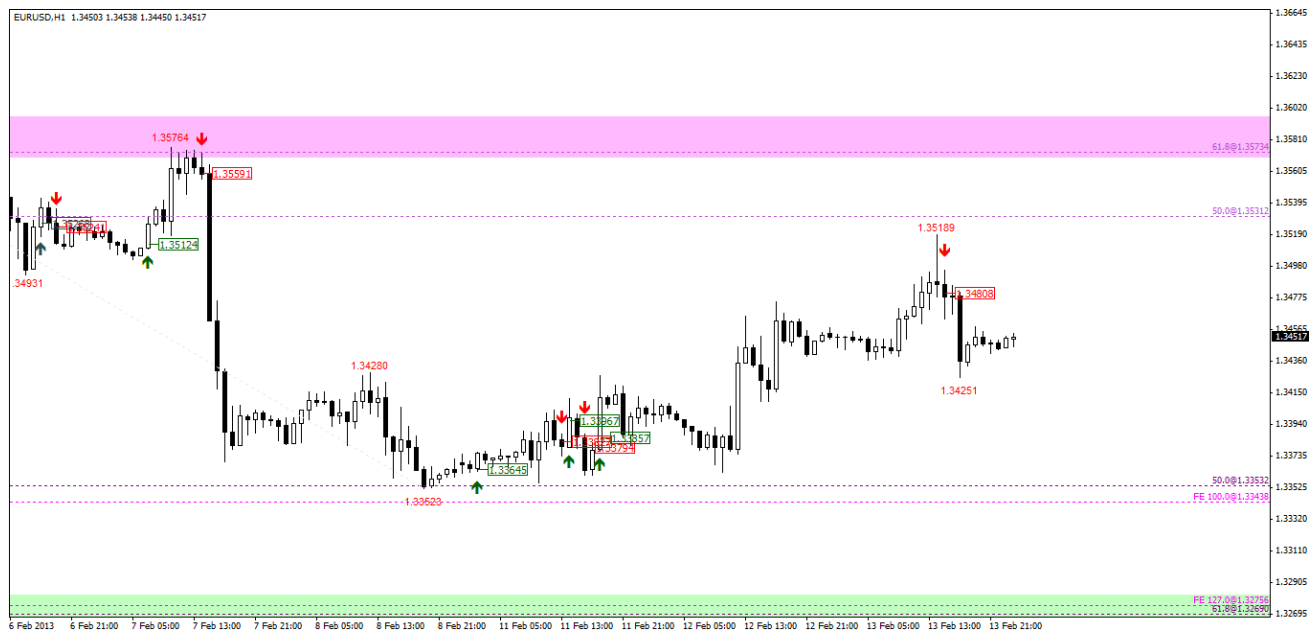
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Price action continues to edge higher from last Friday's low of 1.33523 in relatively quiet trading and may work towards the overhead supply pocket at **1.35692-1.36965** where the 61.8% retracement of 1.37101 to 1.33523 at **1.35734** is located. As noted, the overall long-term uptrend remains intact (See W1 chart). That said, the entire up move from 1.20414 has a 3-wave structure, suggesting that the rally from last July is likely a larger degree correction of the fall from 1.49393 from way back in 2011 (see D1 chart). That said, sustained trading above the Fibonacci cluster of the 100.0% projection of 1.20414 to 1.37101 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). So far, the Fibonacci cluster of the 50.0% retracement of 1.29963 to 1.37101 at **1.33532** and the 100.0% projection of 1.37101 to 1.34574 from 1.35965 at **1.33438** has held. Should this rebound falters below the immediate supply pocket at **1.35692-1.36965** and falls 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. In the meantime, trade the range.

EUR-USD 1-HOURLY



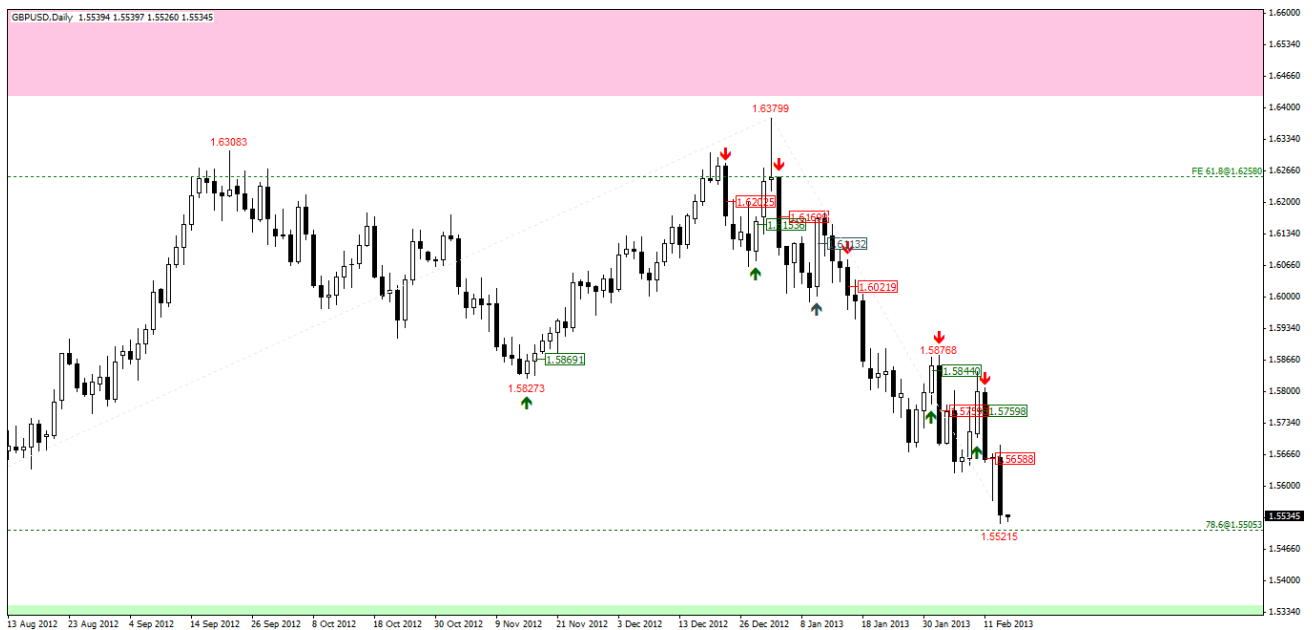
TRADE IDEAS

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

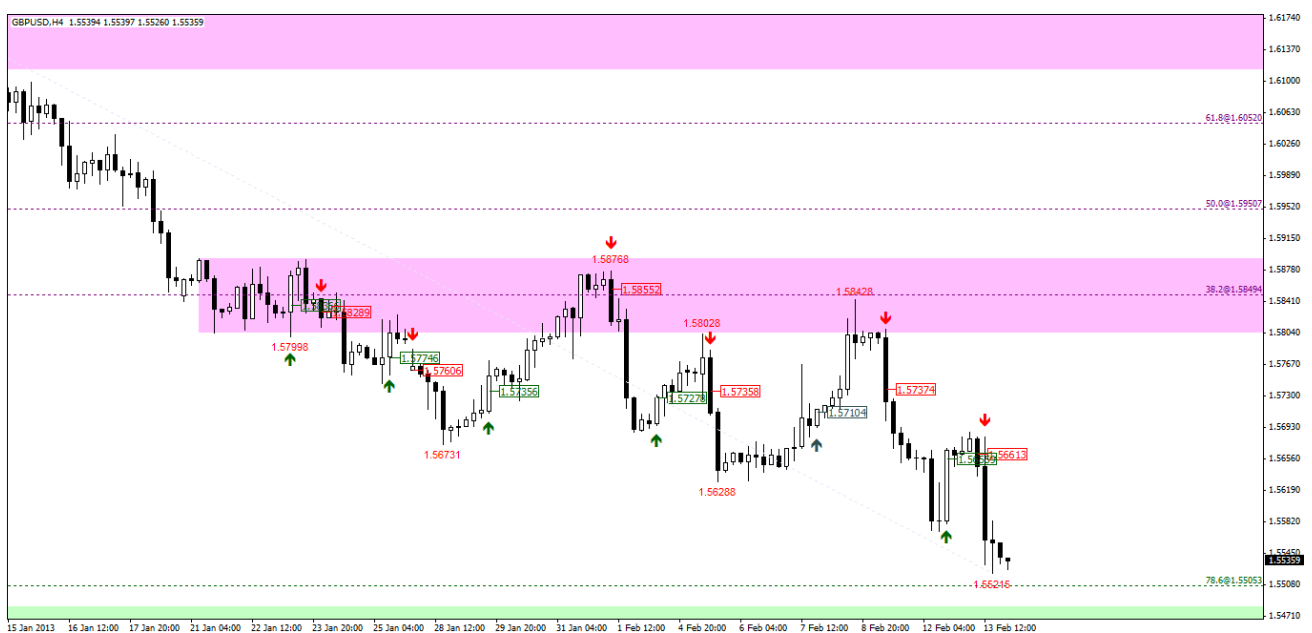
TRADE JOURNAL

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										5.35	10,534.90

GBP-USD DAILY



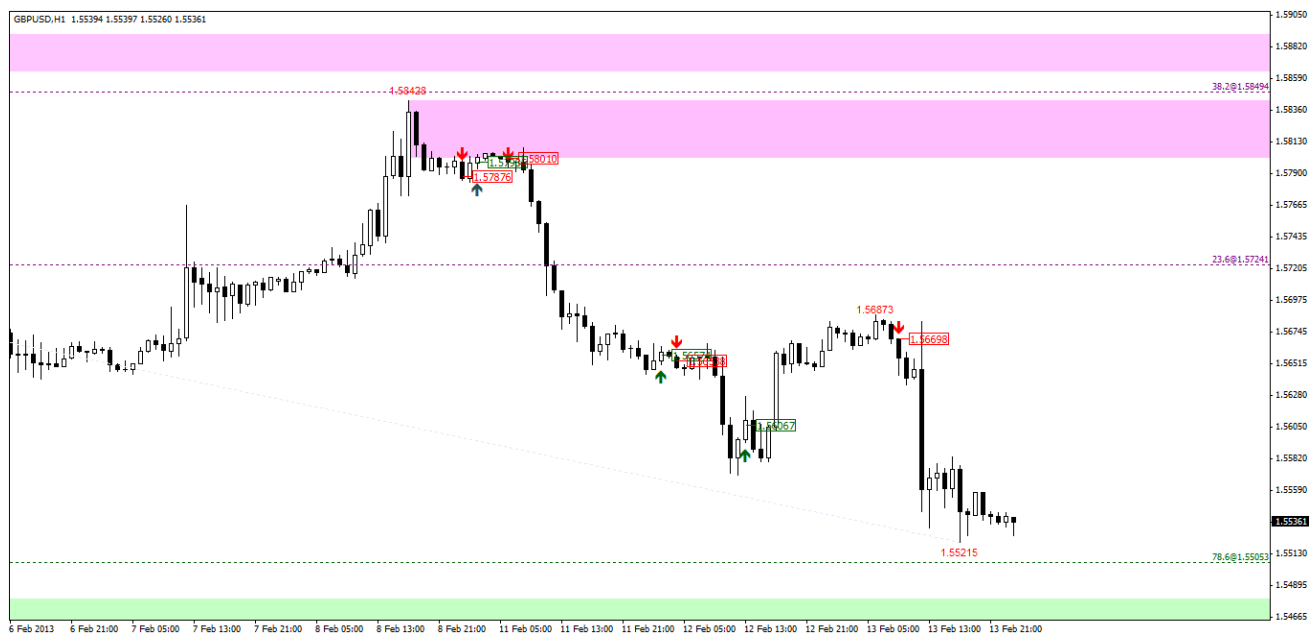
GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

One day after closing as a long-legged shadow doji in the D1 chart, this potential reversal signal was negated by a massive fall overnight - ostensibly on BoE outlook on inflation and the effectiveness of further QE measures to reflate the UK economy. By last night's closing, this market is at a 7-month low and should this market closes at this level, or worst below 1.52300 by Friday, 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. With its potentially damaging implications, all eyes will be on this Friday's closing.

GBP-USD 1-HOURLY



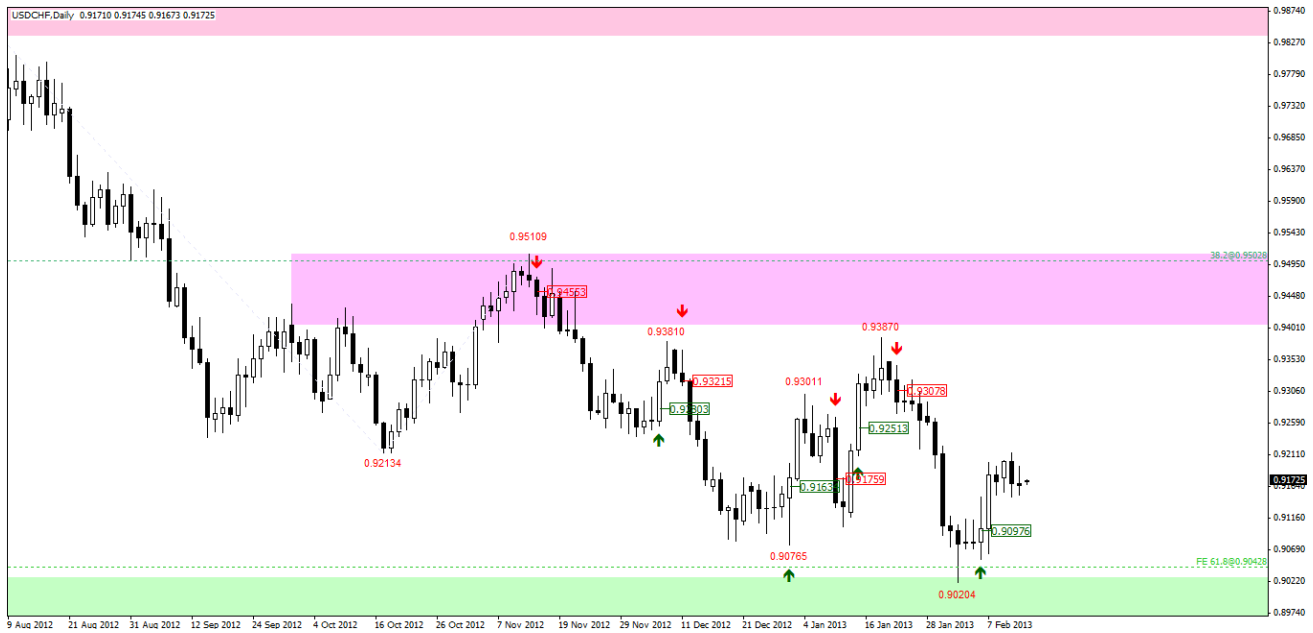
GBP-USD TRADE IDEAS

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

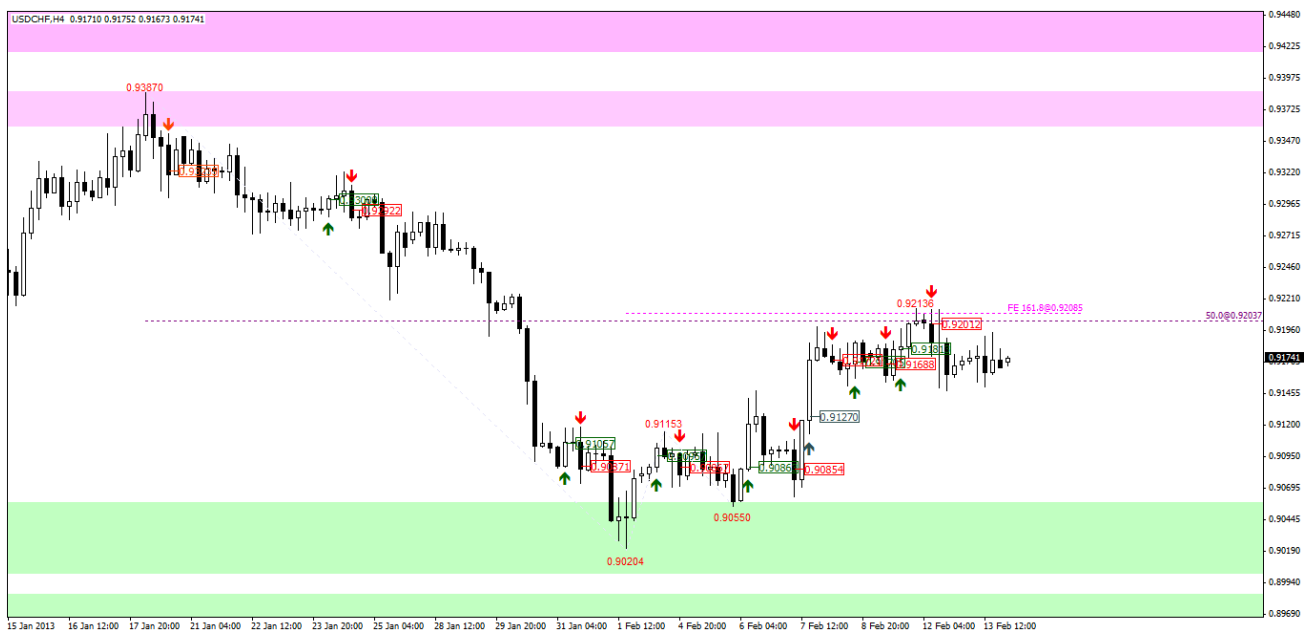
GBP-USD TRADE JOURNAL

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	2013.02.13 23:59	0.02m	1.55400	1005.0	1,005.00				

USD-CHF DAILY



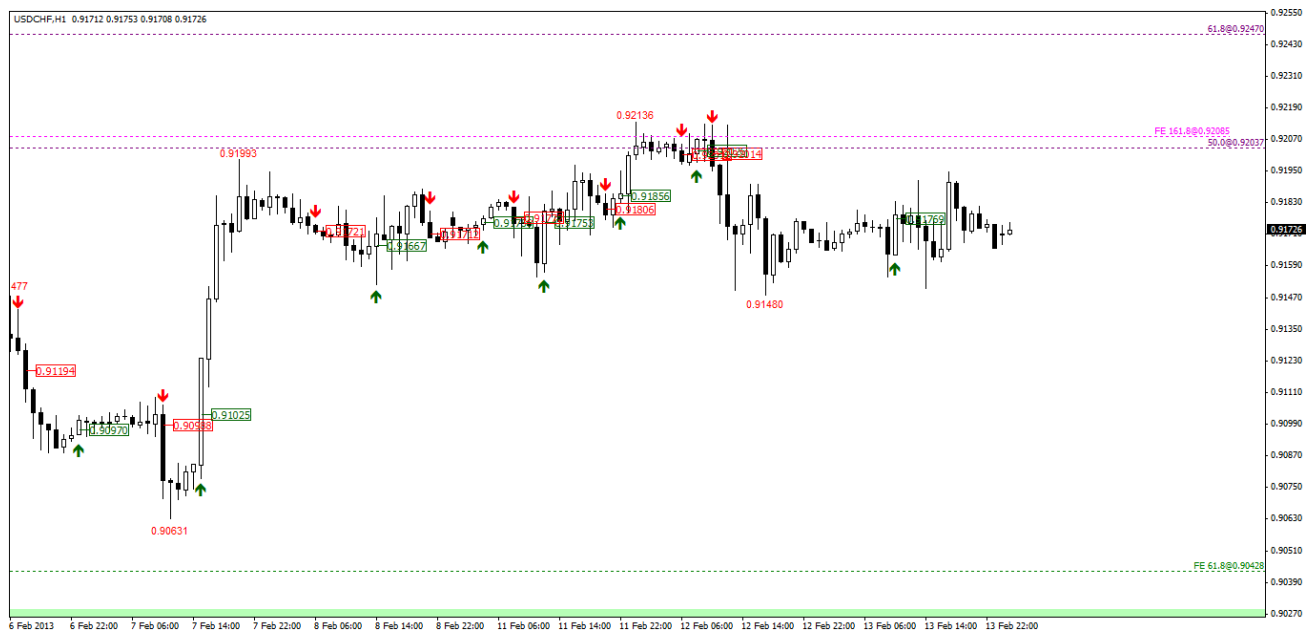
USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

This market is truly moribund as it flat-lined 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**. For a week since last Thursday, traders have found no incentive to aggressively move this market either way. 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). With the D1 chart having triggered a buy signal, this market has a slightly bullish bias. That said, ideally, 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** caps any adventure to the upside and resumes its fall below **0.90204**. If so, focus will shift towards the next DZ at **0.89211-0.89847**.

USD-CHF 1-HOURLY



USD-CHF TRADE IDEAS

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

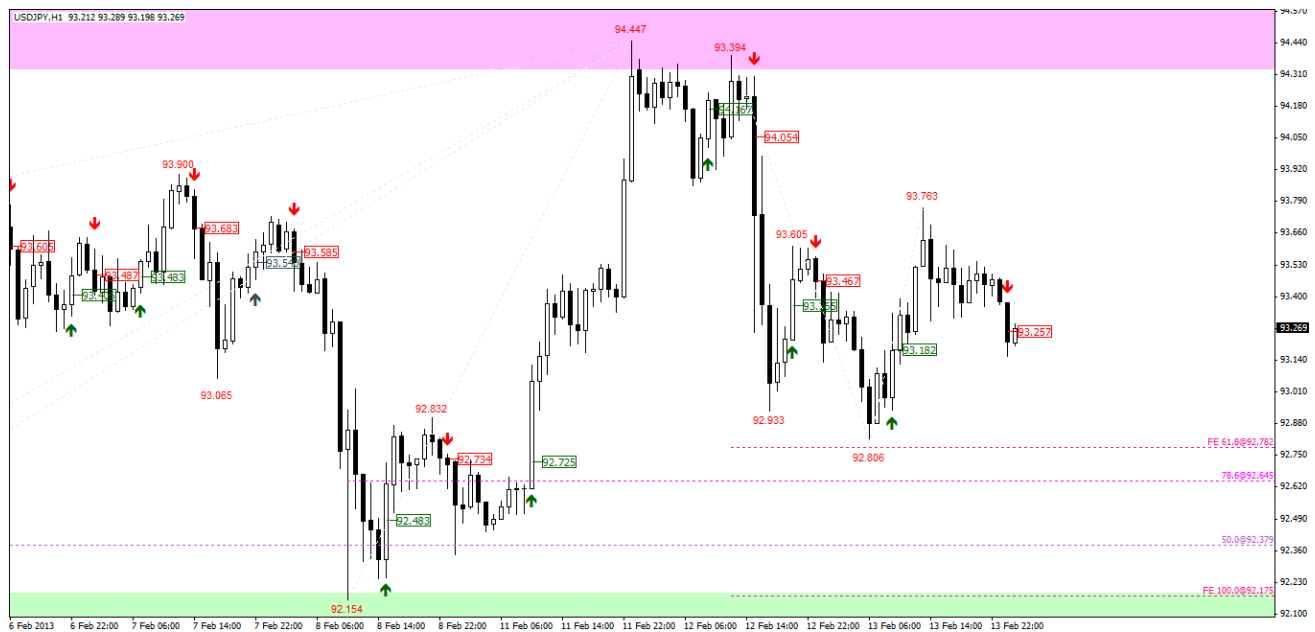
USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.08										2.79	10,246.36
2013.01.17 20:44	0.02m	0.93520	2013.02.13 23:59	0.02m	0.91658	372.4	406.29				

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Since last Tuesday, price action has remained within the supply zone at **93.129-94.979** and as mentioned, in so long as prices remains within this price pocket, this market is vulnerable to a sizable correction. So far, the retreat from 94.447 has a 5-waves structure (see H1 chart), suggesting further losses ahead – at least in the short to medium term time frame. In the medium to long-term outlook, this ensuing pullback may see a correction to 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). 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**.

USD-JPY 1-HOURLY



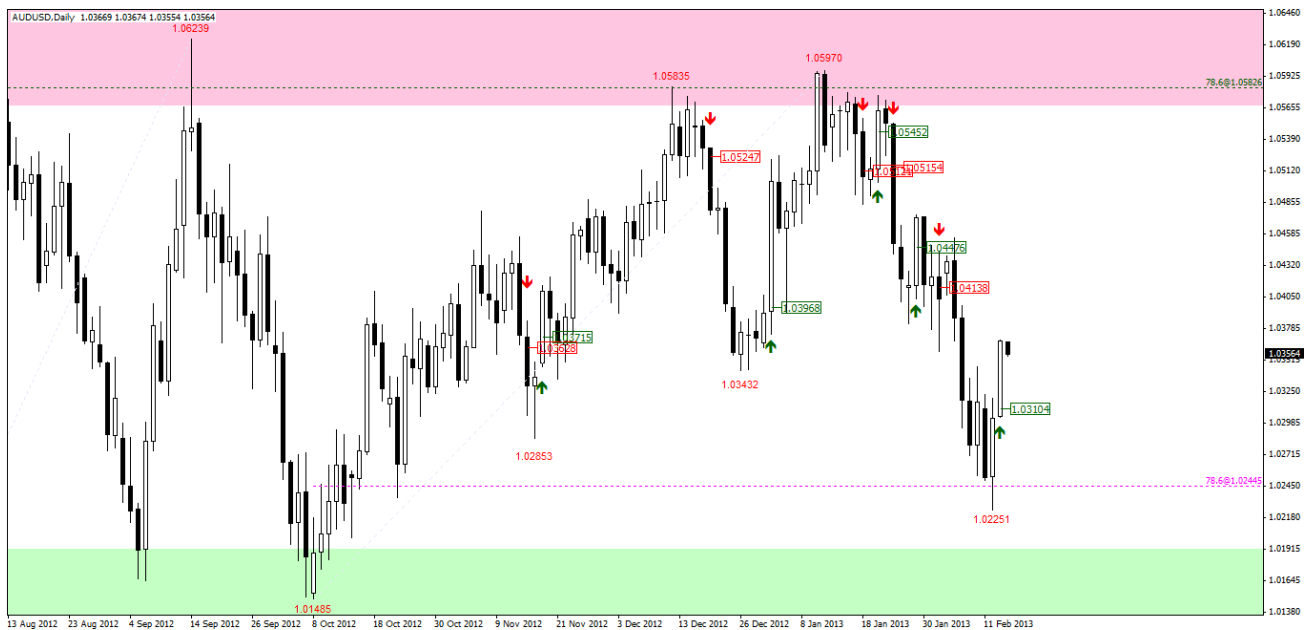
USD-JPY TRADE IDEAS

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

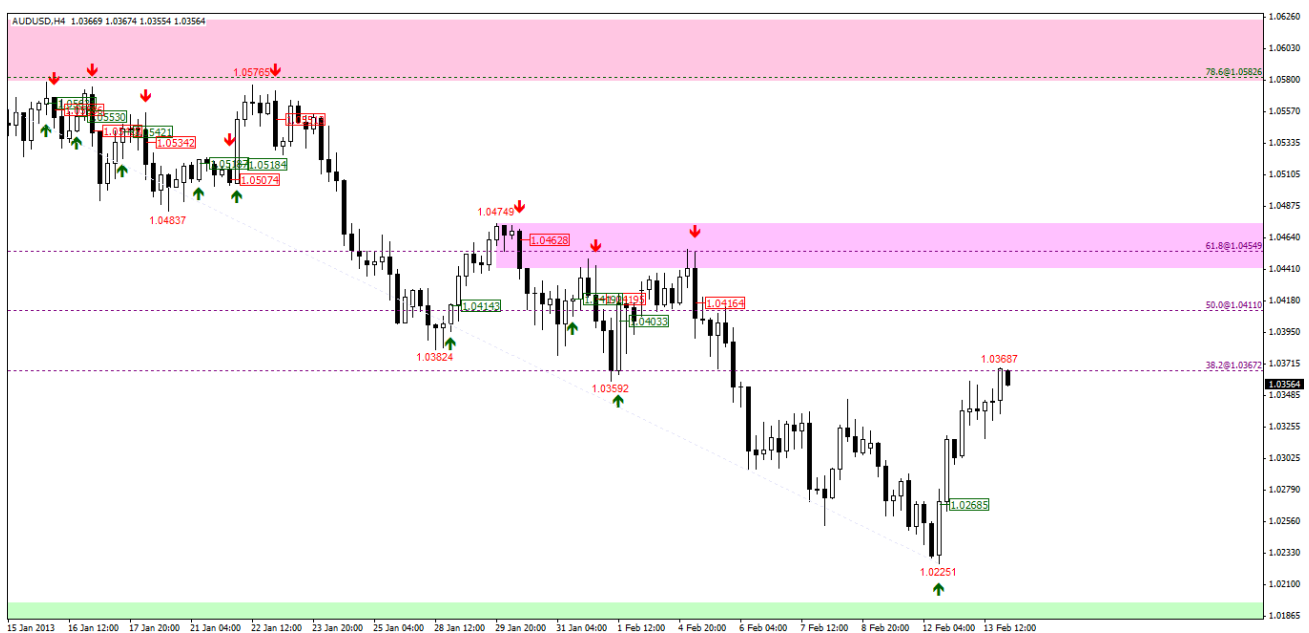
USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.08										23.74	12,374.07
2013.01.28 01:32	0.02m	90.487	2013.02.13 23:59	0.02m	93.379	578.4	619.41				

AUD-USD DAILY



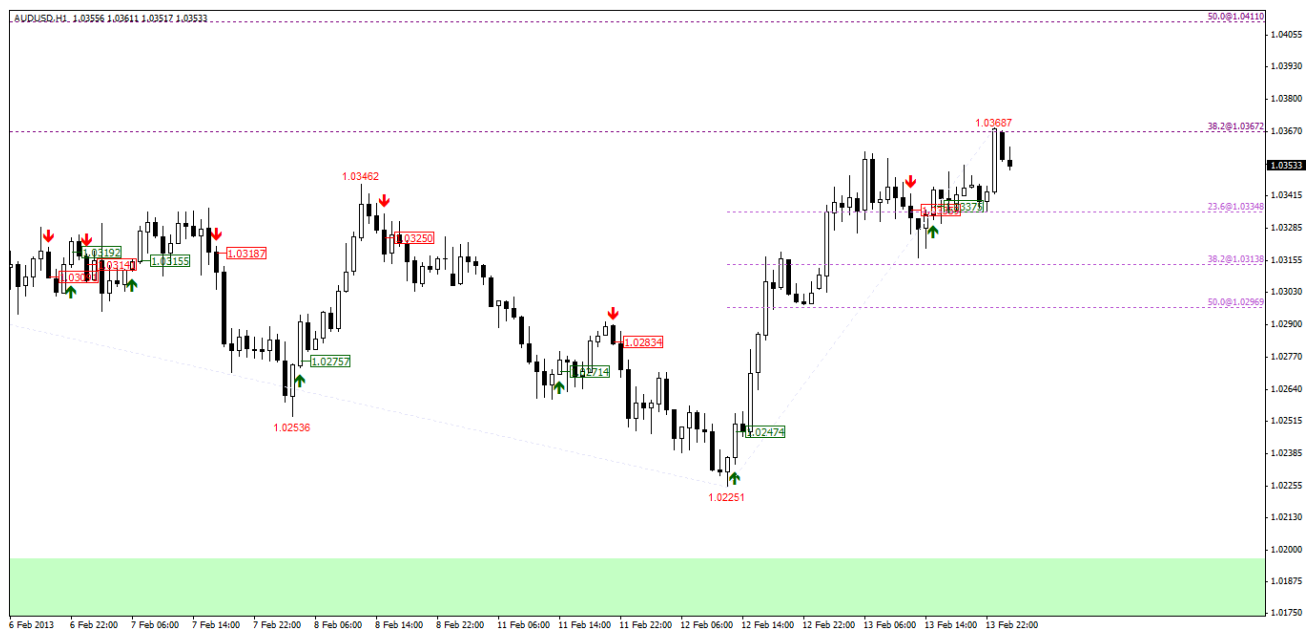
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

From the perspective of the weekly chart, this market is still 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 Wednesday's trading and is expected to stretch towards the supply pocket at **1.04549-1.04749** next. With all short-term charts including the D1 chart having triggered buy signals, the course of action is clear. Buy on dips. Should a pullback occurs, a reasonable area to do just that is the bracket between the 38.2% and 50.0% retracement of 1.02251 to 1.03687 at **1.02969-1.03138**.

AUD-USD 1-HOURLY



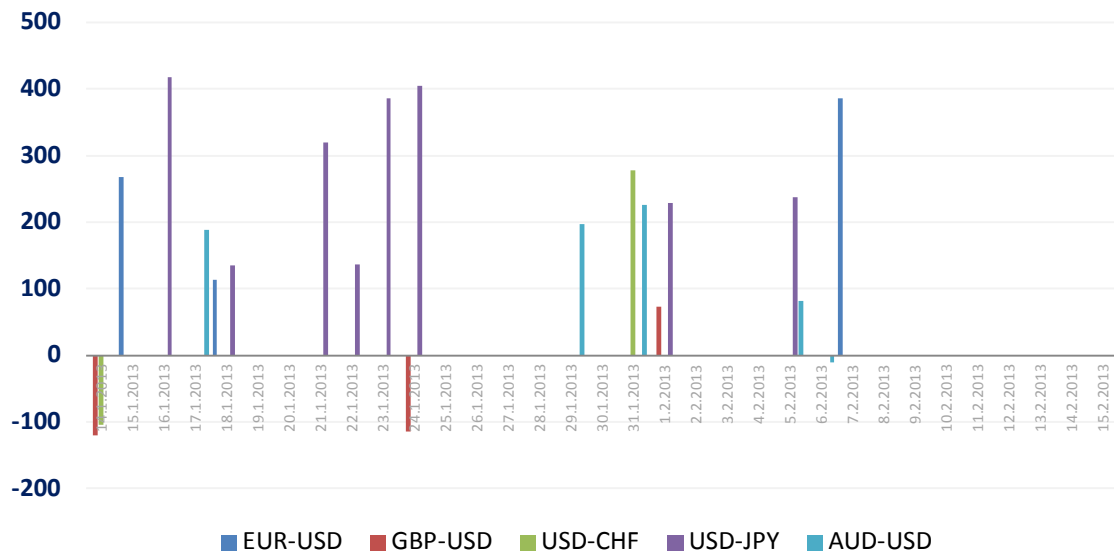
AUD-USD TRADE IDEAS

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

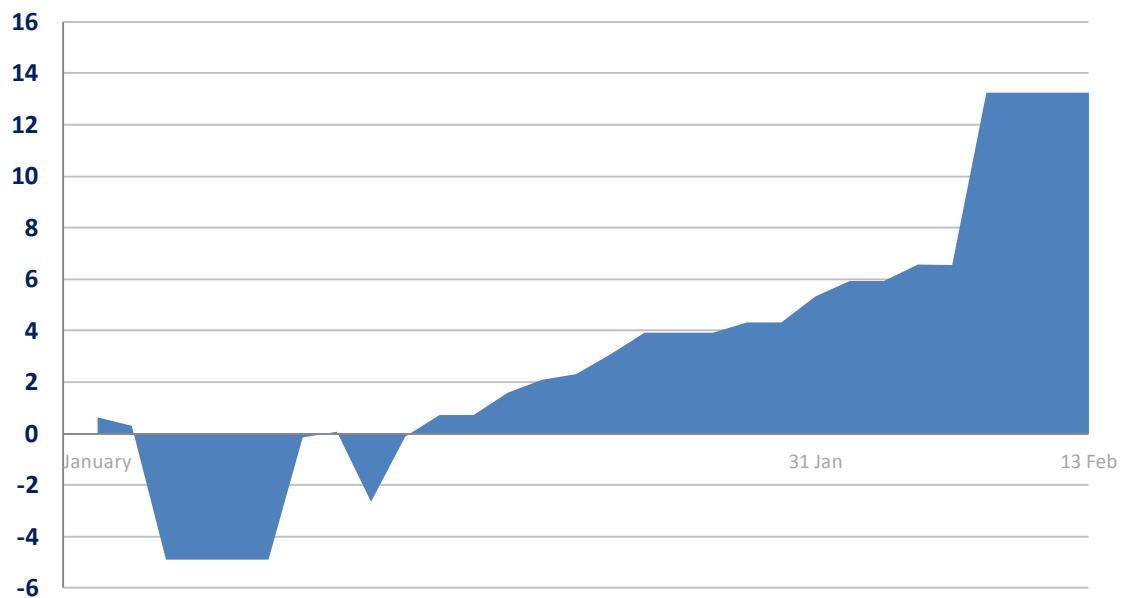
AUD-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.08										8.49	10,849.00

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.