

*A Traders Academy International Publication*

## USD-JPY At 31-Month High

USD-JPY surged to a 31-month high on Friday, rising for a 10th straight week, on expectations of aggressive monetary policy action from the Bank of Japan.

Traders, however, opted to book profits in EUR-JPY, although the Euro was 0.6 percent higher this week and 4.8 percent stronger so far in 2013. EUR-USD fell after steep gains the previous session.

USD-JPY has gained 3.8 percent this year and most traders believe the U.S. Dollar is poised to continue appreciating if the BoJ early next week takes steps - beyond market expectations - to halt a deflationary spiral. Expectations are nearly universal for a shift from a 1 percent to a 2 percent inflation target, including upsized asset buying measures.

Prime Minister Shinzo Abe and the political class as a whole have a very compelling need to push BoJ into a regime change and keep it there. The political pressure on the BoJ will not abate. Sources familiar with the BoJ's thinking reported the central bank will consider making an open-ended commitment to buy assets until the 2 percent inflation target is reached. Such a plan would exceed market expectations.

A shift to a 2 percent inflation target is already discounted by the market and we many fully expect the BoJ to acquiesce, but what the market wants to see is an action plan and we're not sure if the BoJ governor will go that far when there are only three months left in his term.

USD-JPY hit a peak of 90.193, its highest since June 2010. It settled up 0.2 percent at 90.075. On the week, USD-JPY was up 0.9 percent.

Traders reported strong demand for options betting on further Japanese Yen weakness, with 1-month USD-JPY implied volatility - a measure of expected price movement - rising to its highest since August 2011. 1-month risk reversals showed demand to buy Yen puts, or bets on the Yen falling, also rose.

Concerns about global growth weighed on risk appetite after China reported slowing growth in 2012. Currencies correlated to global growth, such as the Australian and Canadian Dollars, fell on the data.

AUD-USD slid 0.4 percent to 1.05072. The safe-haven US Dollar could further gain against the Aussie Dollar over the next month, as U.S. politicians debate how to raise the country's borrowing limit, or debt ceiling. Worries about the debt ceiling weighed on a U.S. consumer confidence index for January, which on Friday showed a decline for a second straight month, to its lowest level in more than a year.

Riskier assets got a reprieve Friday. U.S. House Republican leaders said they would seek to pass a three-month extension of federal borrowing authority next week to give the Senate time to pass a budget plan that reduces the country's fiscal deficit.

The Euro zone's economic backdrop, meanwhile, remained dismal and should data out of the region continue to show weakness, the European Central Bank may opt to cut rates in the coming months, a negative for the Euro.

EUR-JPY settled 0.2 percent lower at 119.984, down from 120.696 hit earlier - its highest since May 2011.

EUR-USD retreated from 1.33971, just shy of an 11-month high of 1.34028 set on Monday. It settled at 1.33193, down 0.4 percent. On the week, it slipped 0.3 percent.

### Content:

EUR-USD	2
GBP-USD	5
USD-CHF	8
USD-JPY	11
AUD-USD	14
Performance	17

EURUSD,Monthly 1.32043 1.34028 1.29963 1.33193

1.71310  
1.65530  
1.59750  
1.53970  
1.48190  
1.42580  
1.36800  
1.31020  
1.25240  
1.19460  
1.13680  
1.07870  
1.02290  
0.96510  
0.90730  
0.84950  
0.79170  
0.73560

1.60373  
1.49393  
1.18757  
0.82250

FE 61.8@1.67037  
61.8@1.12993  
FE 100.0@1.07777

1.33153  
1.31020

1 Aug 1991 1 Dec 1992 1 Apr 1994 1 Aug 1995 1 Dec 1996 1 Apr 1998 1 Aug 1999 1 Dec 2000 1 Apr 2002 1 Aug 2003 1 Dec 2004 1 Apr 2006 1 Aug 2007 1 Dec 2008 1 Apr 2010 1 Aug 2011 1 Dec 2012

EURUSD Weekly 1.33607 1.34028 1.32555 1.33193

1.49393

1.42467

1.34857

1.31449

1.31710

1.34028

1.20414

61.8% 1.38323

50.0% 1.34904

1.33607

1.33193

1.32555

1.32000

1.31449

1.30894

1.30339

1.29784

1.29229

1.28674

1.28119

1.27564

1.27009

1.26454

1.25899

1.25344

1.24789

1.24234

1.23679

1.23124

1.22569

1.22014

1.21459

1.20904

1.20349

1.19794

1.19239

1.18684

1.18129

1.17574

1.17019

1.16464

1.15909

1.15354

1.14799

1.14244

1.13689

1.13134

1.12579

1.12024

1.11469

1.10914

1.10359

1.09804

1.09249

1.08694

1.08139

1.07584

1.07029

1.06474

1.05919

1.05364

1.04809

1.04254

1.03699

1.03144

1.02589

1.02034

1.01479

1.00924

1.00369

0.99814

0.99259

0.98704

0.98149

0.97594

0.97039

0.96484

0.95929

0.95374

0.94819

0.94264

0.93709

0.93154

0.92599

0.92044

0.91489

0.90934

0.90379

0.89824

0.89269

0.88714

0.88159

0.87604

0.87049

0.86494

0.85939

0.85384

0.84829

0.84274

0.83719

0.83164

0.82609

0.82054

0.81499

0.80944

0.80389

0.79834

0.79279

0.78724

0.78169

0.77614

0.77059

0.76504

0.75949

0.75394

0.74839

0.74284

0.73729

0.73174

0.72619

0.72064

0.71509

0.70954

0.70399

0.69844

0.69289

0.68734

0.68179

0.67624

0.67069

0.66514

0.65959

0.65404

0.64849

0.64294

0.63739

0.63184

0.62629

0.62074

0.61519

0.60964

0.60409

0.59854

0.59299

0.58744

0.58189

0.57634

0.57079

0.56524

0.55969

0.55414

0.54859

0.54304

0.53749

0.53194

0.52639

0.52084

0.51529

0.50974

0.50419

0.49864

0.49309

0.48754

0.48199

0.47644

0.47089

0.46534

0.45979

0.45424

0.44869

0.44314

0.43759

0.43204

0.42649

0.42094

0.41539

0.40984

0.40429

0.39874

0.39319

0.38764

0.38209

0.37654

0.37099

0.36544

0.35989

0.35434

0.34879

0.34324

0.33769

0.33214

0.32659

0.32104

0.31549

0.30994

0.30439

0.29884

0.29329

0.28774

0.28219

0.27664

0.27109

0.26554

0.25999

0.25444

0.24889

0.24334

0.23779

0.23224

0.22669

0.22114

0.21559

0.21004

0.20449

0.19894

0.19339

0.18784

0.18229

0.17674

0.17119

0.16564

0.16009

0.15454

0.14899

0.14344

0.13789

0.13234

0.12679

0.12124

0.11569

0.11014

0.10459

0.09904

0.09349

0.08794

0.08239

0.07684

0.07129

0.06574

0.06019

0.05464

0.04909

0.04354

0.03799

0.03244

0.02689

0.02134

0.01579

0.01024

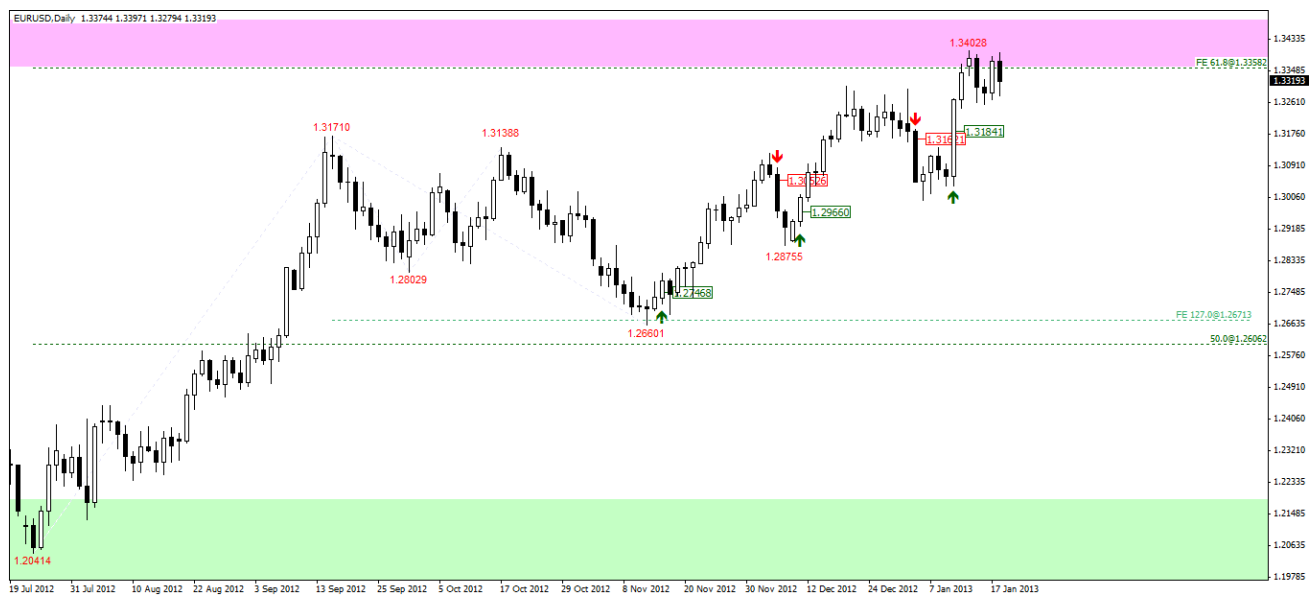
0.00469

0.00000

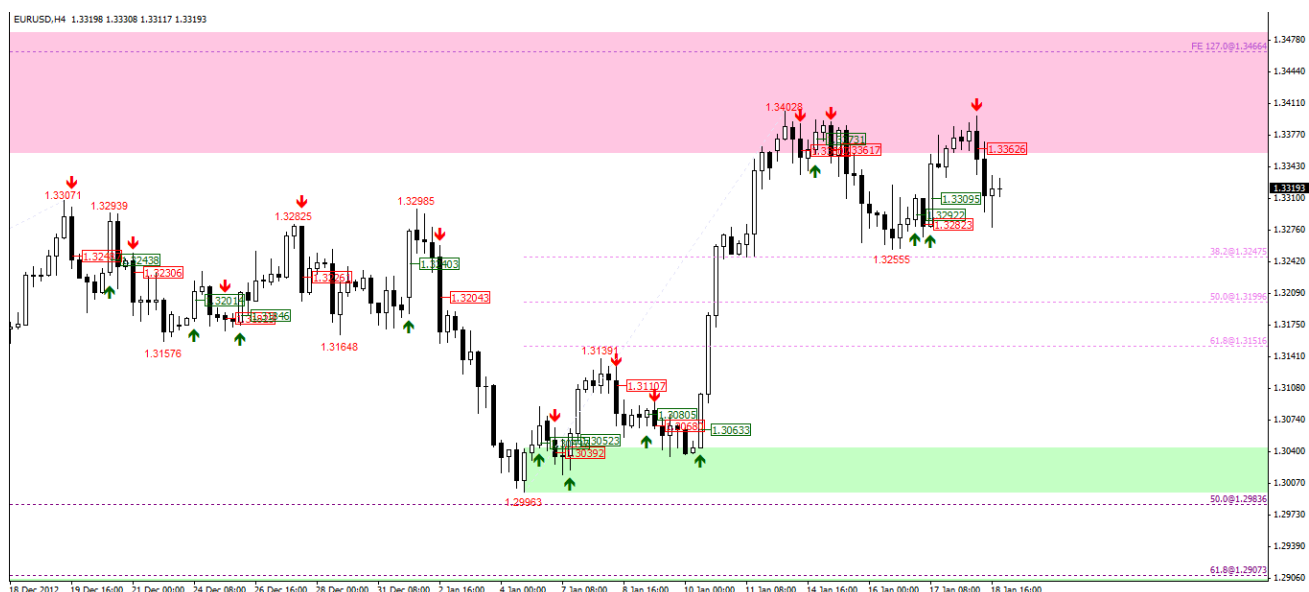
18 Jul 2010 12 Sep 2010 7 Nov 2010 1 Jan 2011 27 Feb 2011 24 Apr 2011 19 Jun 2011 14 Aug 2011 9 Oct 2011 4 Dec 2011 29 Jan 2012 25 Mar 2012 20 May 2012 15 Jul 2012 9 Sep 2012 4 Nov 2012 30 Dec 2012

In the longer-term, the fall from 1.49393 is treated as the falling leg inside the consolidation pattern which started from the 2008 high of 1.60373. This fall may have terminated at 1.20414 already. If so, the break above **1.34857** would confirm this bullish bias and pave the way towards the 1.50000 psychological level. This longer-term bullish bias will remain in so long as the November 2012 low of **1.26611** holds. Immediate focus is for this market to resume its rally towards the 50.0% retracement of 1.49393 to 1.20414 at **1.34903**. This level is just above the February 2012 high of **1.34857**.

## EUR-USD DAILY



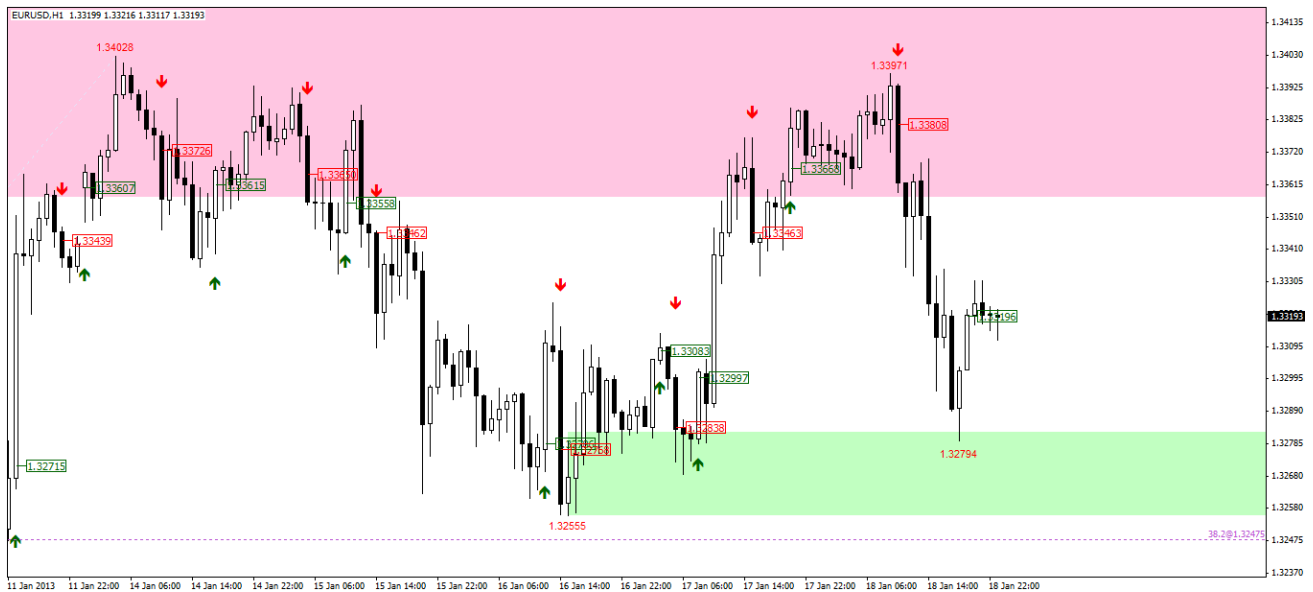
## EUR-USD 4-HOURLY



## EUR-USD Short Term Outlook

The pullback from 1.34028 may have terminated having retraced to near the 38.2% retracement of 1.29963 to 1.34028 at **1.32475** with a print of 1.32555 on Tuesday. Earlier last week, price action rose from 1.29963 into the overhead SZ at **1.33575-1.34857** where selling interests emerged. The same thing happened once again when price action rose into the supply pocket. Though price action failed to take out Monday's high of 1.34028, the underlying sentiment is still very firm. That said, only a sustained rally above the overhead SZ at **1.33575-1.34857** would pave the way towards the 1.50000 psychological level. Immediate focus is the 127.0% projection of 1.26601 to 1.31254 from 1.28755 at **1.34664**.

## EUR-USD 1-HOURLY



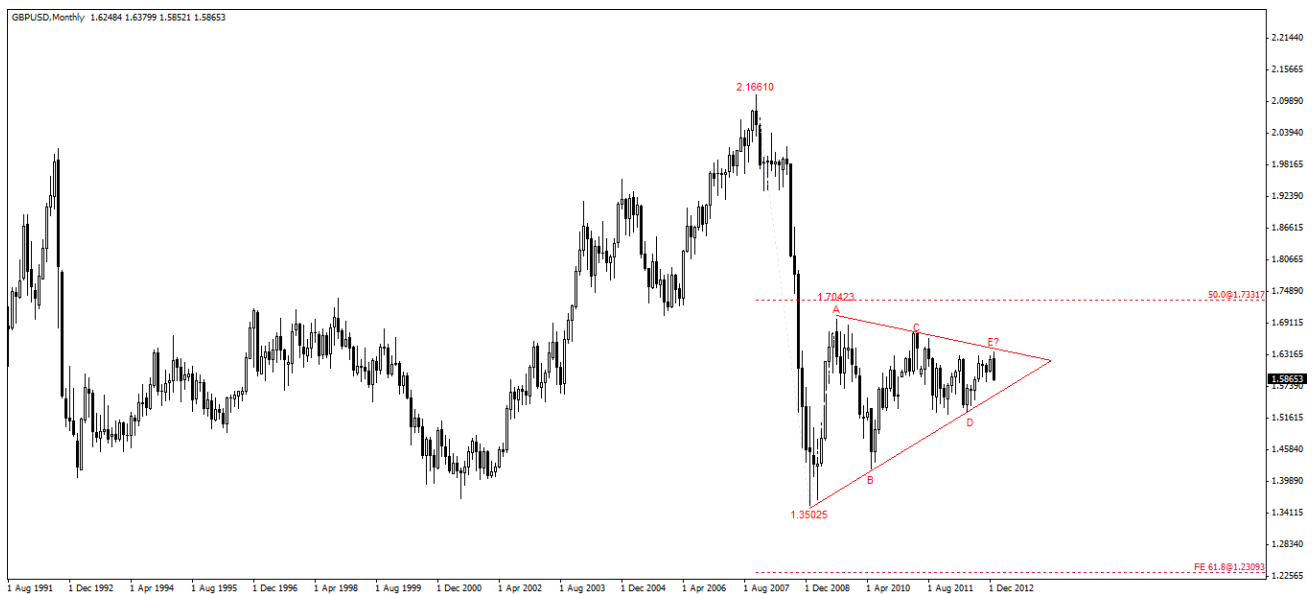
## TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.32692	Break-even	1.33820 Realized	1.34664	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	+ / - (\$)	%	\$
2013.01.18											10,079.00
2013.01.16 15:10	0.02m	1.32692	2013.01.18 23:56	0.02m	1.33193	100.2	100.20				

## GBP-USD MONTHLY



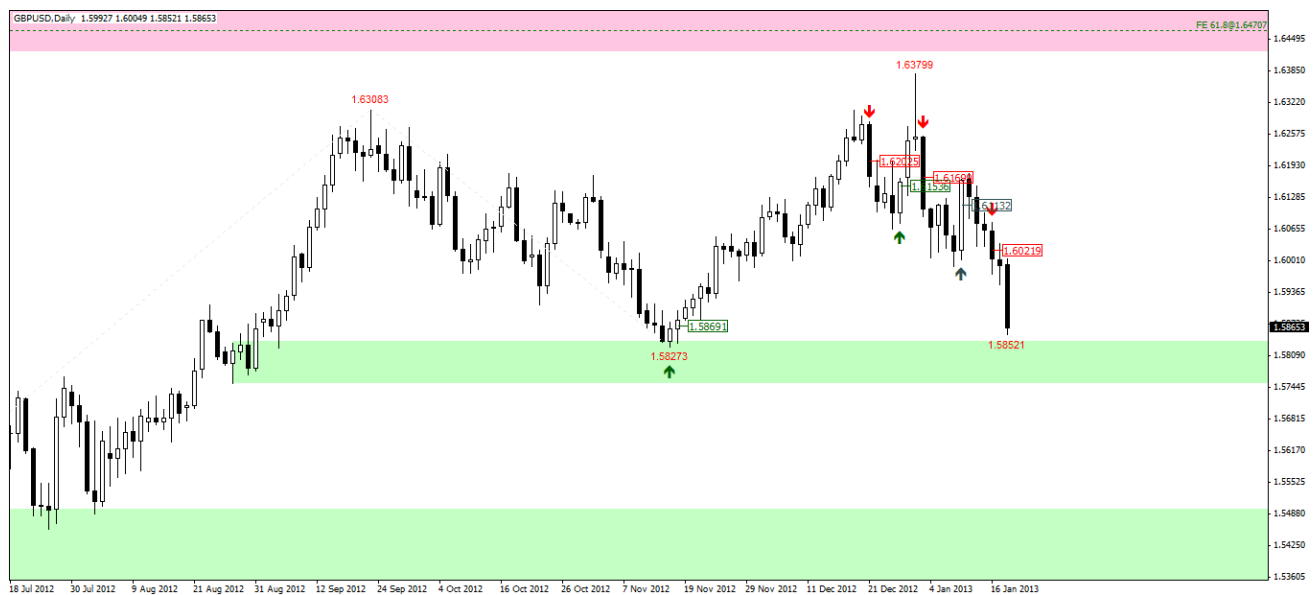
## GBP-USD WEEKLY



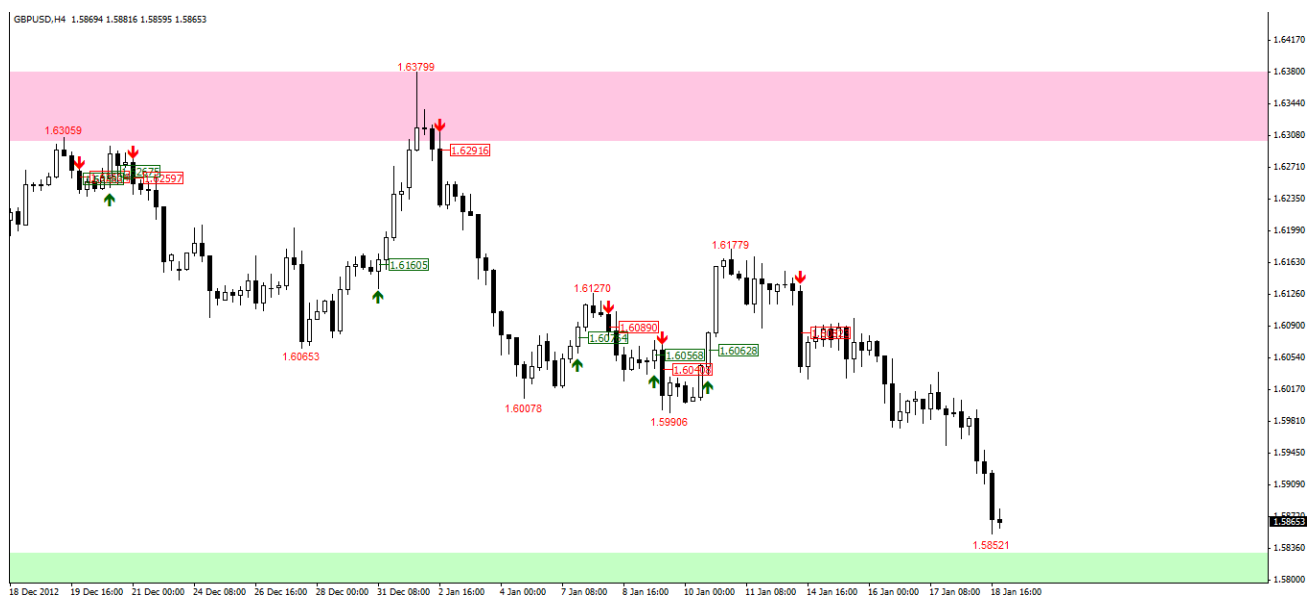
## GBP-USD Long Term Outlook

In the longer-term, price actions from the 2009 low of 1.35025 are treated as consolidations to the longer-term downtrend from 2.11610. This view remains unchanged. Though there are possibly other interpretations of the price actions since, the main takeaway is the idea that this downtrend has yet to be completed. In the longer-term, last week spike to 1.63799 suggested a possible extension of the rally from last May low of 1.52673 towards the 2009 high of **1.70423**. At any rate, stiff resistance is anticipated at the 50% retracement of 2.11610 to 1.35025 at **1.73318** to cap this extension, if any. In the long-term, the question of whether the E leg of the triangle formation is in place may have been answered. The complete rejection of 1.63799 suggests that 1.63799 may have been the peak of the proverbial E leg of this triangle formation. If so, the implication is huge. A break below last November low of **1.58273** would confirm and pave the way for a precipitous fall below the rising trend-line extending from the 2009 low of 1.35025 to last June low of 1.52673. Should this extremely bearish view pan out; the nearest target is the 61.8% projection of 2.11610 to 1.35025 from 1.70423 at **1.23093**. This level is roughly equidistant of the widest part of the triangle formation.

## GBP-USD DAILY



## GBP-USD 4-HOURLY



## GBP-USD Short Term Outlook

The fall from 1.63799 accelerated to a 9-week low of 1.58521 to just above the November low of 1.58273 in overnight NY session. This discredited the earlier assessment that another rise is imminent. With this market now hovering just above the November low of **1.58273** which is situated within the demand zone at **1.57531-1.58303**, this market is at a pivotal juncture. While the demand zone at **1.57531-1.58303** is expected hold, a fall through this price pocket has deeper bearish implications. (Read longer-term view). On the upside, immediate target is the overhead supply pocket at **1.59847-1.60081** followed by another at **1.60269-1.60525** which lies just below the 38.2% retracement of 1.63799 to 1.58521 at **1.60537**.

[illegible]

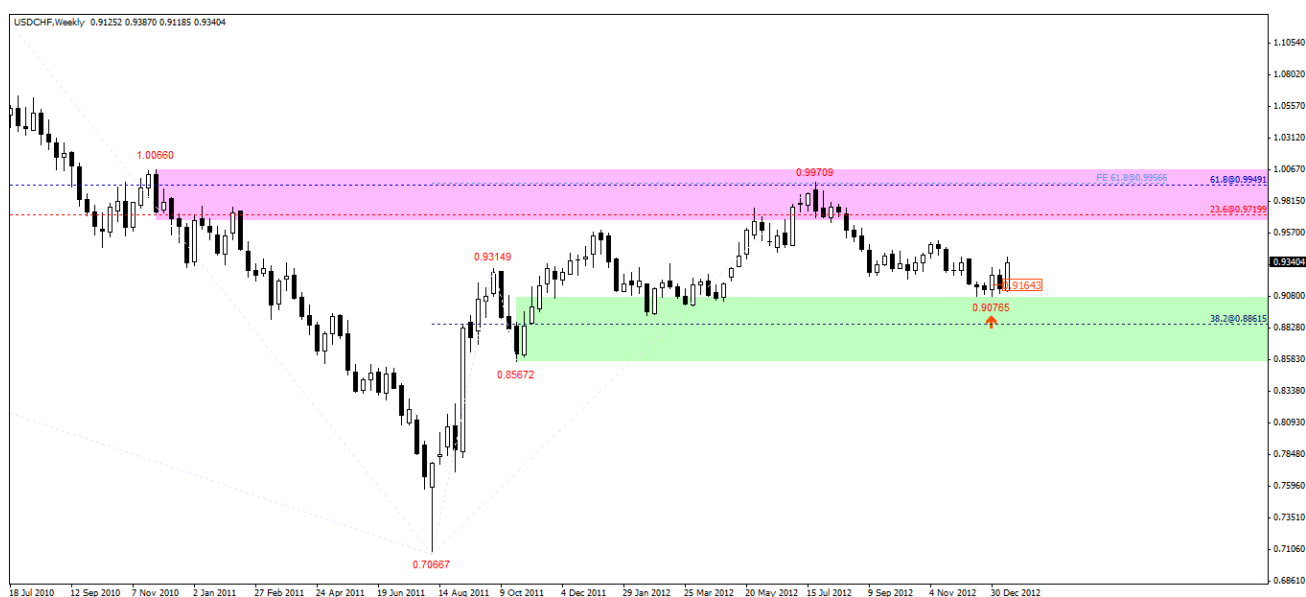
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on buy signal within 1.57531-1.58303		1.57431	1.59847	1.60269	3	0.03m

[illegible]

## USD-CHF MONTHLY



## USD-CHF WEEKLY

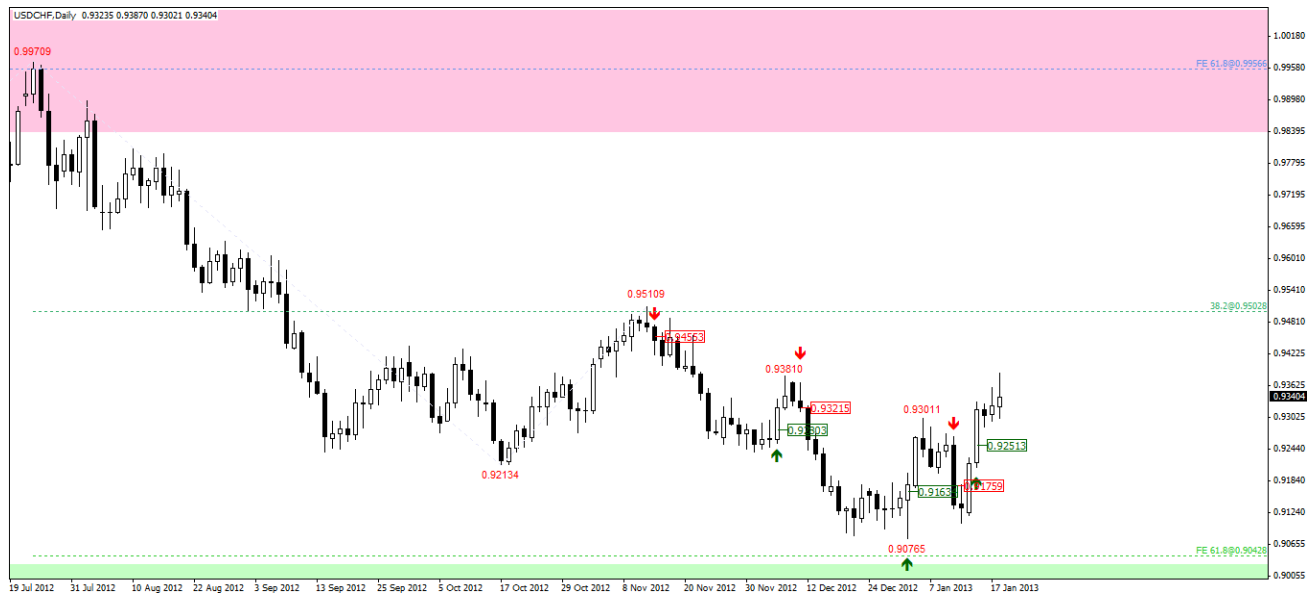


## USD-CHF Long Term Outlook

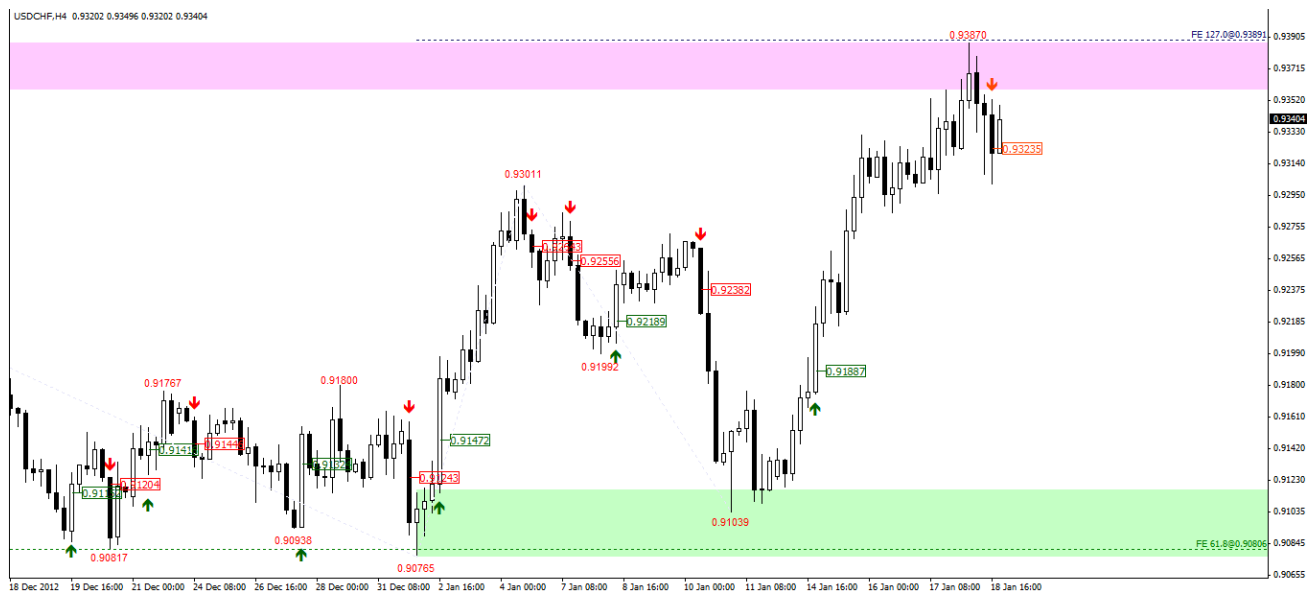
In the longer-term, the rebound from the 2011 low of 0.70667 is viewed as a correction and the first leg may have been completed at 0.99709. This level is just above the confluence of the 61.8% retracement of 1.17307 to 0.70667 at 0.99491 and the 61.8% projection of 0.70667 to 0.93149 from 0.85672 at 0.99566. A rally above **0.99709** would, however, pave the way for the extension of the correction from 0.70667 to perhaps the 38.2% retracement of 1.83090 to 0.70667 at **1.13612** and beyond. In the long-term, the decline from 0.99709 is initially expected to extend target the 38.2% retracement of 0.70667 to 0.99709 at **0.88615**. Should the longer-term fall resumes below **0.70667**, the longer-term target is the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62613**.



## USD-CHF DAILY



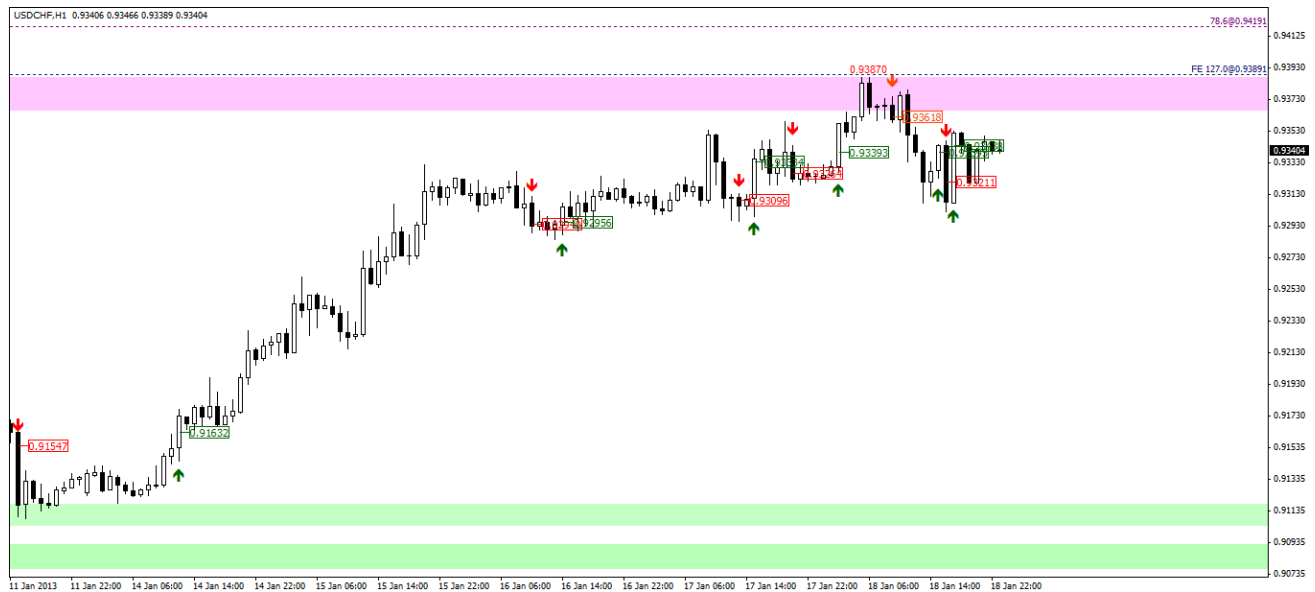
## USD-CHF 4-HOURLY



## USD-CHF Short Term Outlook

The rebound from 0.91039 edged higher into the supply pocket at **0.93654-0.93870** (revised) and came close to the 127.0% projection of 0.90765 to 0.93011 from 0.91039 at **0.93891** a print at 0.93870 before easing. Only sustained trading above the 127.0% projection of 0.90765 to 0.93011 from 0.91039 at **0.93891** would cast doubt on this bearish scenario. Immediate focus is last Friday's low of **0.91039** and the area around the 61.8% projection of 0.99709 to 0.92134 from 0.95109 at **0.90428** as well as the demand cluster at **0.91039-0.91170**, **0.90010-0.90587** and **0.89211-0.89847**.

## USD-CHF 1-HOURLY



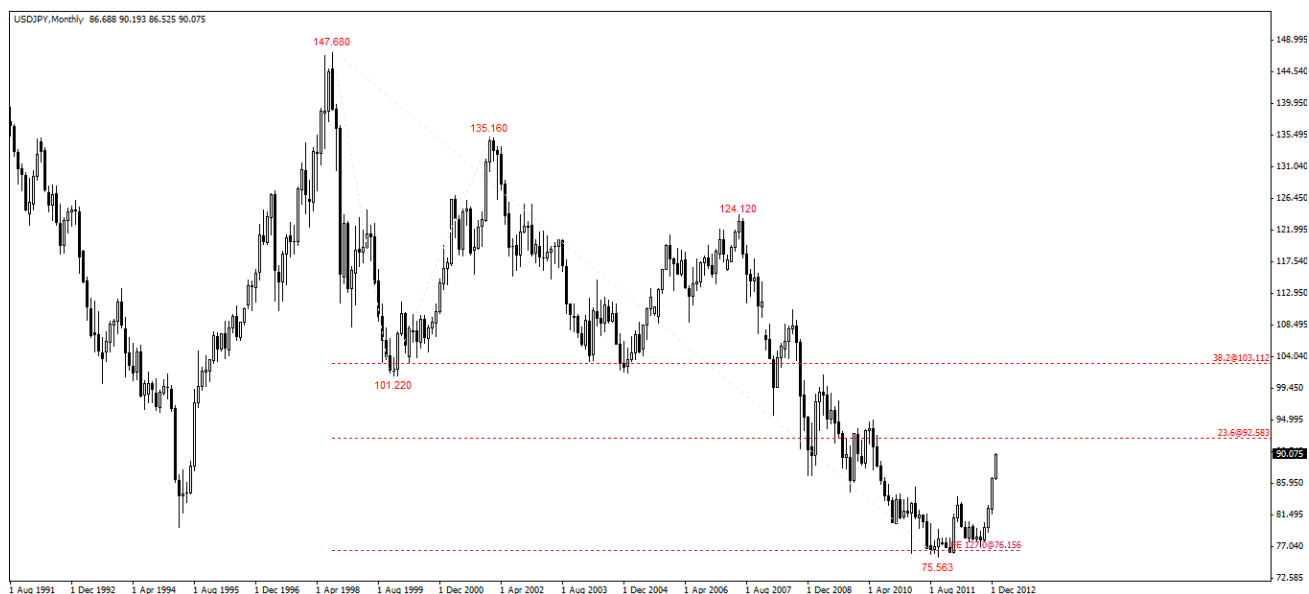
## USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		0.93520	0.93910	0.90587	0.89847	3	0.03

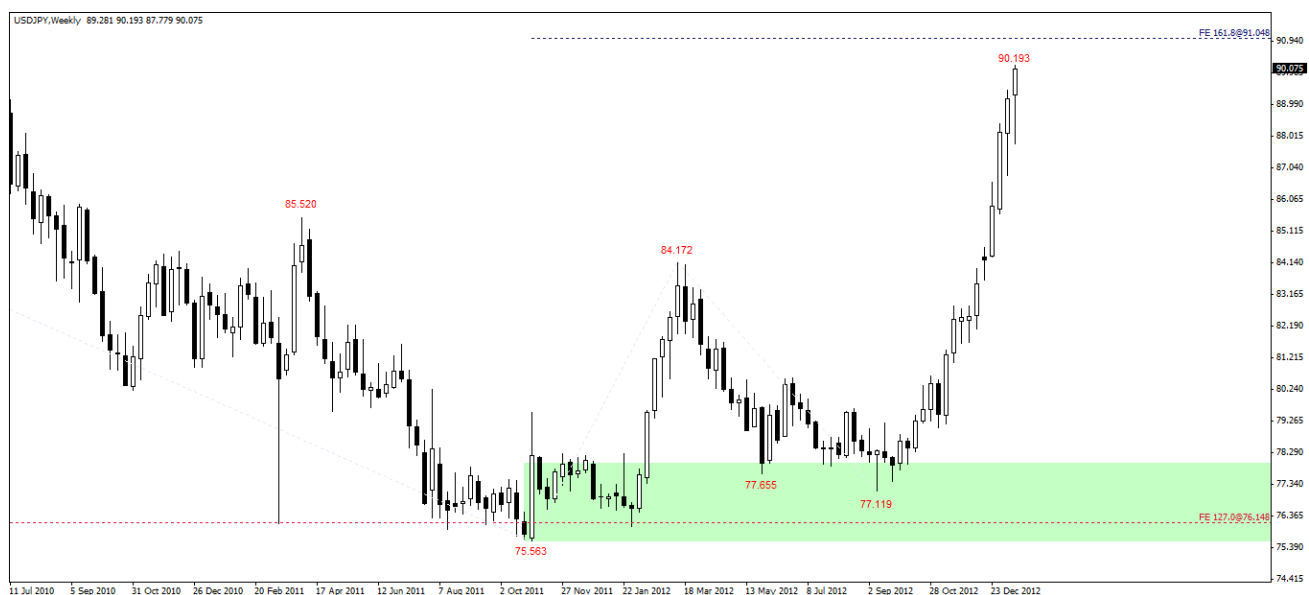
## USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.18										-0.31	9,968.76
2013.01.17 20:44	0.03m	0.93520	2013.01.18 23:59	0.03m	0.93404	34.8	37.26				

## USD-JPY MONTHLY



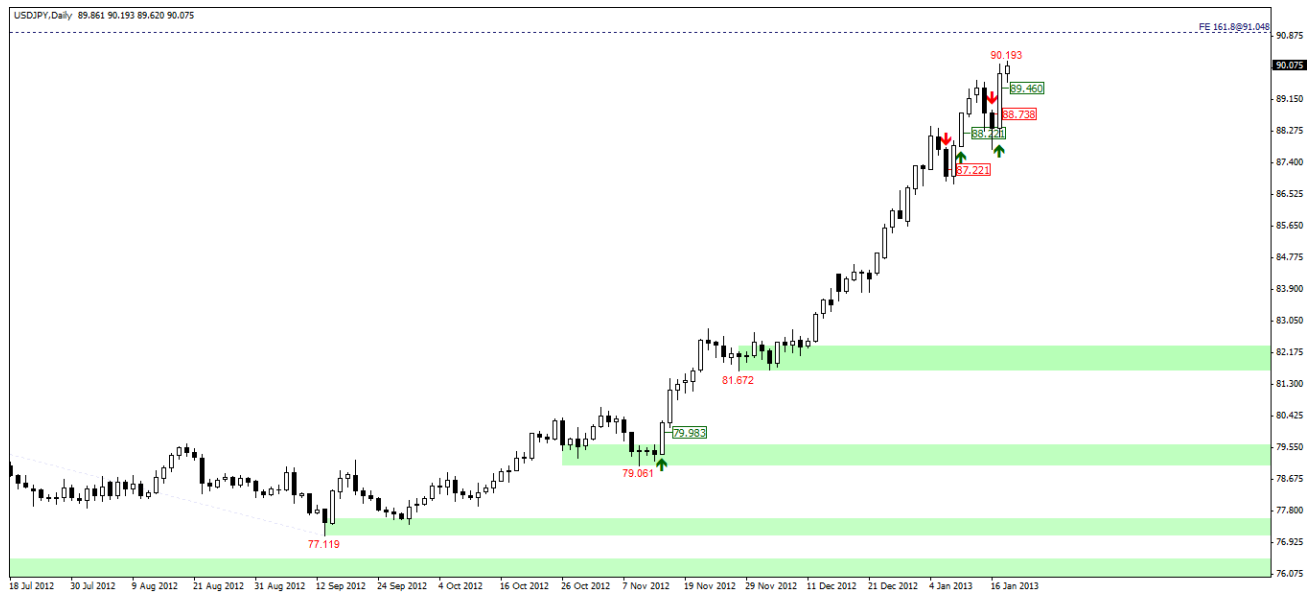
## USD-JPY WEEKLY



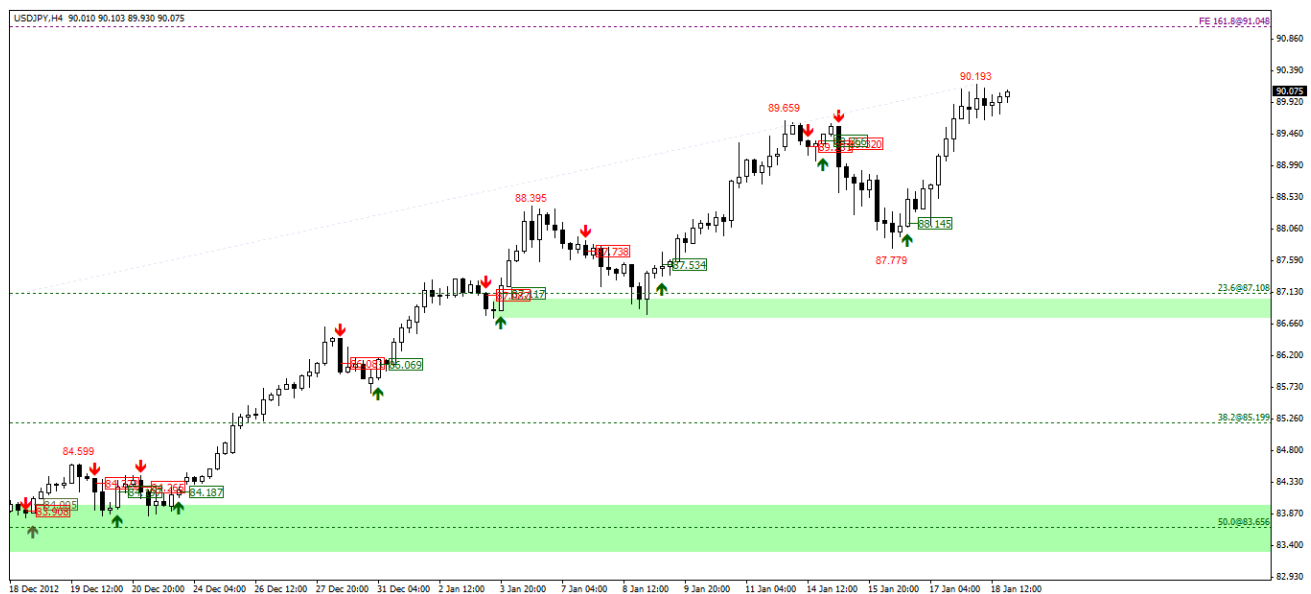
## USD-JPY Long Term Outlook

In the longer-term, the break above the 2011 high of 85.520 served as the confirmation of the long-term trend reversal. In retrospect, the entire fall from the 2007 peak of 124.120 may have terminated on the first calendar day of November 2011 at 75.563. The resulting rally is barreling towards the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048**. Sustained rally above this level would then shift focus the longer-term target to the 38.2% retracement of the 1998 peak of 147.680 to 75.563 at **103.112**.

## USD-JPY DAILY



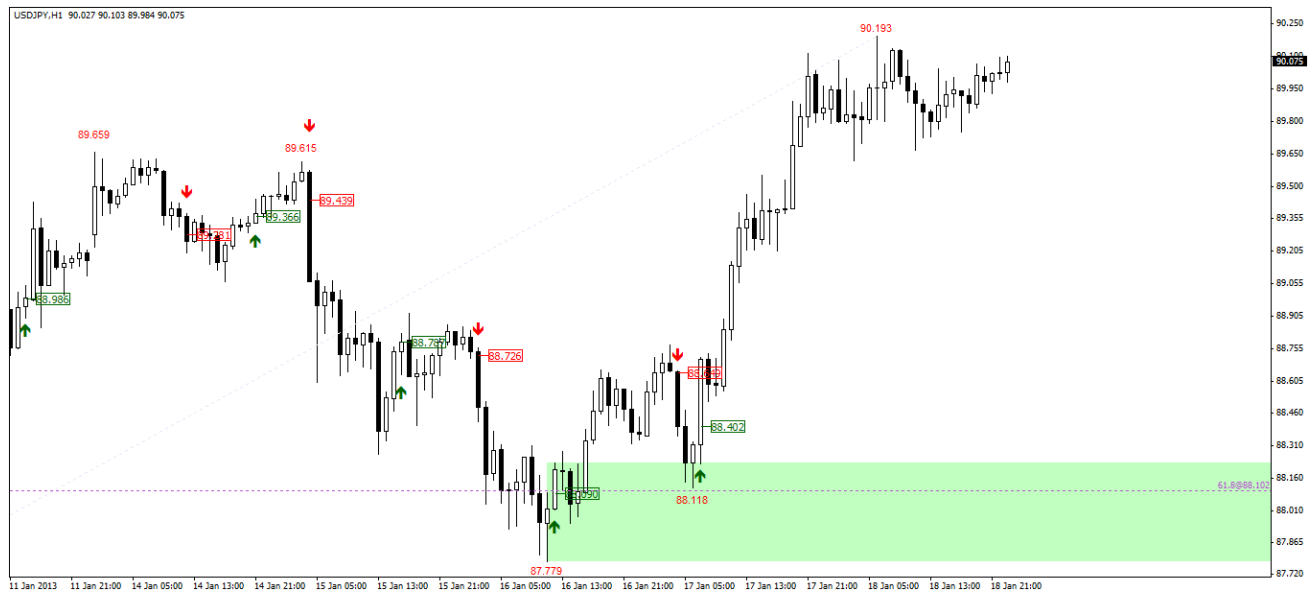
## USD-JPY 4-HOURLY



## USD-JPY Short Term Outlook

This market continues its amazing run from 77.119 to register 31-month high at 90.193 in overnight actions. Now that this market has hit the psychological level of **90.000**, this rally is expected to gun for the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048** (see D1 chart). Beyond this level, focus would shift to the 38.2% retracement of 147.680 to 75.563 at **103.11** next. This bull-run could well continue until the next BoJ meeting on 21-22 January. If BoJ does not give what the market now expects it to do, that is to adopt a 2 percent inflation target and extends the current asset purchase program, the ensuing sell-off can be horrendous. Risk of a massive unwinding of long USD-JPY positions may happen even if the BoJ does what the market expects and the sole reason for holding long positions would no longer exist. Whatever the case, the downside risk is now very pronounced. Do not chase this market any higher at current level if you have not already done so.

## USD-JPY 1-HOURLY



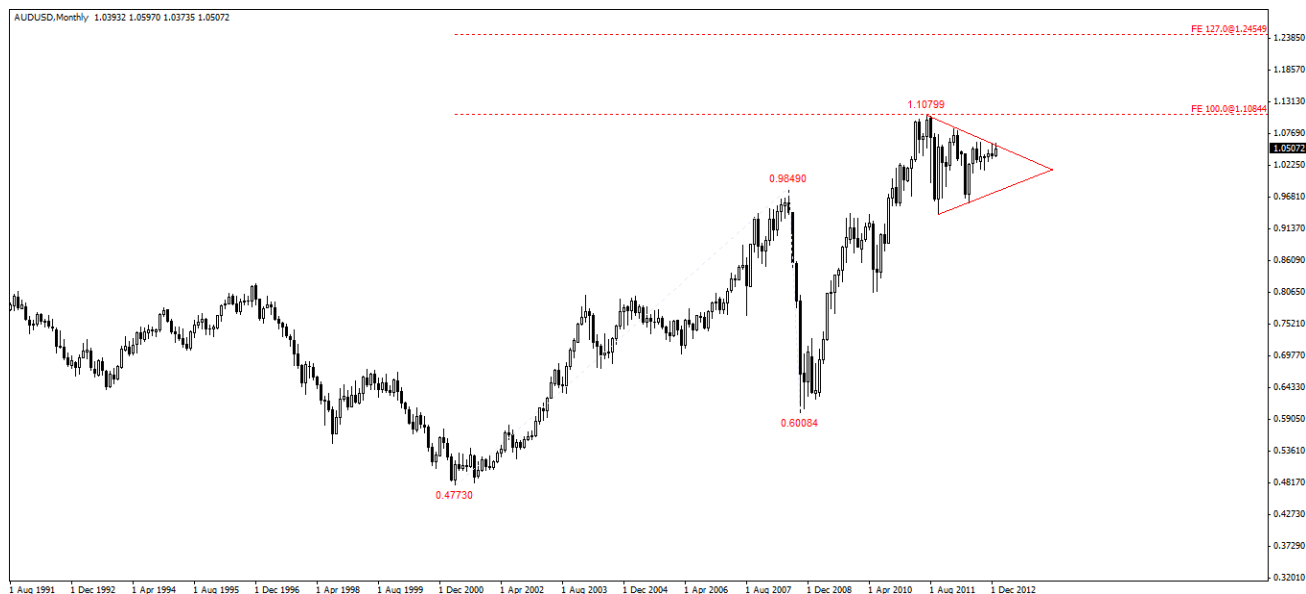
## USD-JPY TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		88.090	89.520	89.295 Realized	91.048	3	0.03

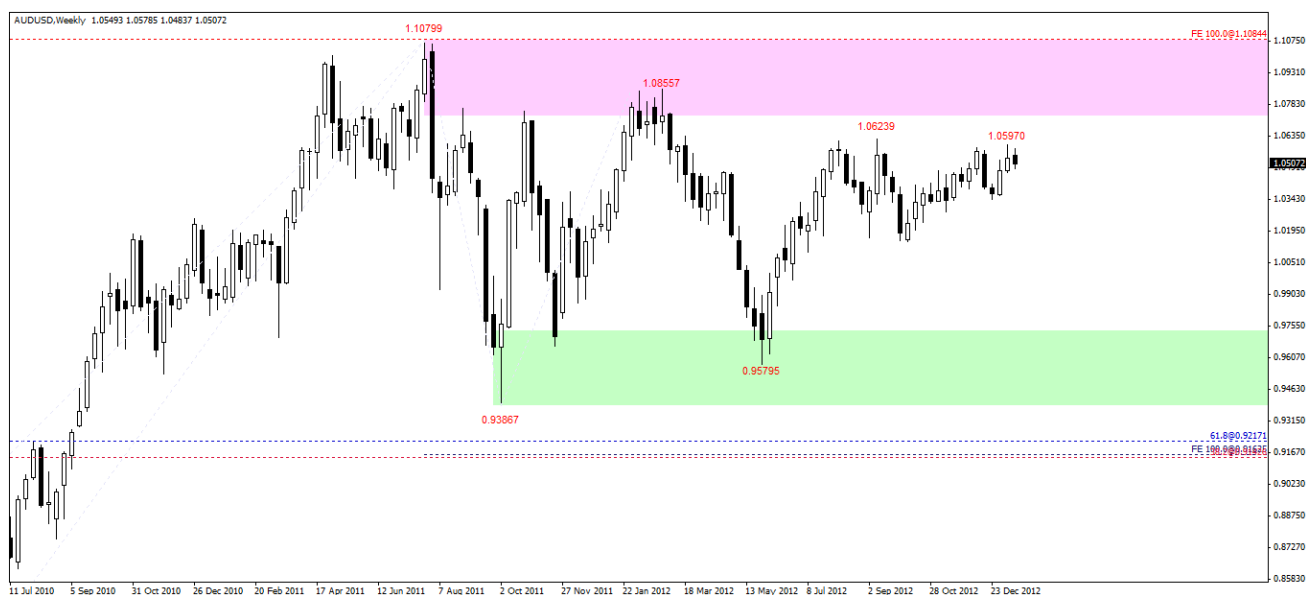
## USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.18											10,598.74
2013.01.16 12:10	0.02m	88.090	2013.01.18 23:59	0.02m	90.075	595.5	661.11				

## AUD-USD MONTHLY



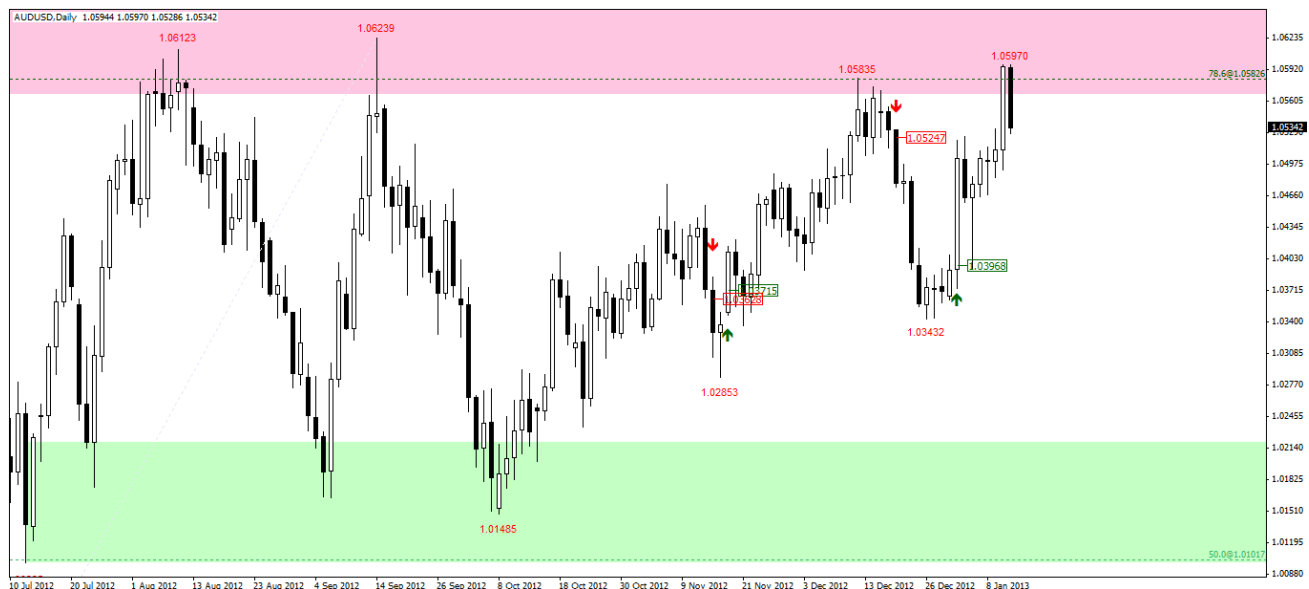
## AUD-USD WEEKLY



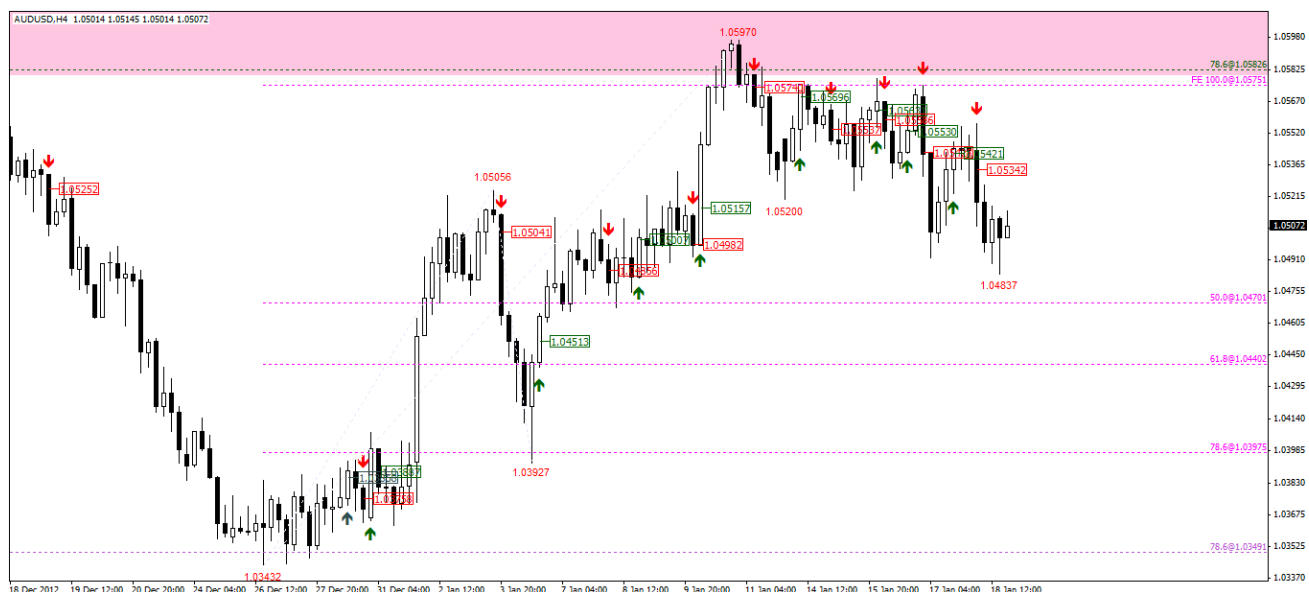
## AUD-USD Long Term Outlook

In the longer-term, price actions from the 2011 high of 1.10799 are treated as a consolidation pattern in the longer-term up-trend. The fall from last September high of 1.06239 may well be the last leg of this pattern and should extend lower towards the demand zone at **0.93867-0.97326** (see W1 chart). A break below last December low of **1.01485** would confirm this bearish assessment. At any rate, this rally is anticipated to rally beyond the all-time high of **1.10799**.

## AUD-USD DAILY



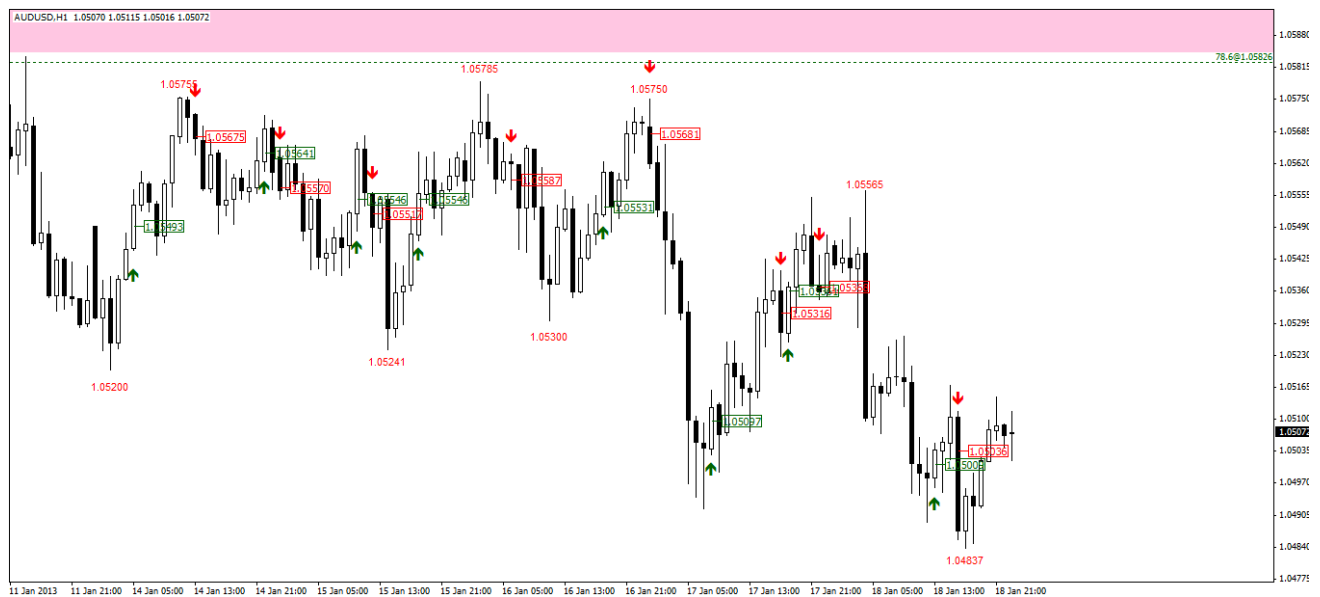
## AUD-USD 4-HOURLY



## AUD-USD Short Term Outlook

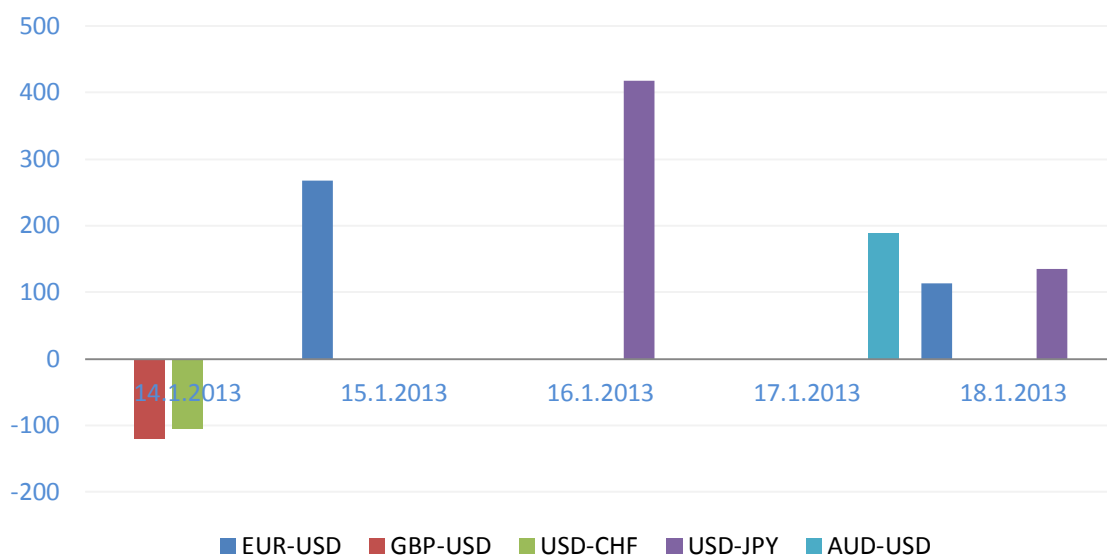
This market edged lower from the overhead supply pocket at **1.05796-1.06239**. The series of 3-wave down moves resulted in a week's low at 1.04837. Structurally, this market may be poised to resume its rally from 1.01485. However only a rally above the supply pocket at **1.05796-1.06239** would suggest that the correction phase is over and the rally has resumed. On the downside, the 100.0% or 127.0% projection of 1.05970 to 1.05200 from 1.05755 at **1.04985** or **1.04777** are of interests as they coincide with the 50.0% and 61.8% retracement level of 1.03927 to 1.05970 at **1.04949** and **1.04707** respectively.

## AUD-USD 1-HOURLY





## Daily Realized P/L



## Accumulative Realized % Gain



## Traders Academy International

Check out our website at  
[www.tradersacademyonline.com](http://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.