

A Traders Academy International Publication

FED Minutes Suggest Slow Down In QE

The US Dollar jumped to a 4-week high against the Euro and the Japanese Yen on Wednesday after minutes from the Federal Reserve's last meeting suggested policymakers may have to slow or stop buying assets before seeing the pick-up in hiring.

Sterling tumbled on speculation of further monetary easing by the Bank of England. US policymakers are increasingly worried about the costs and risks of their quantitative-easing program, the Fed minutes showed, fuelling expectations the central bank may scale back its stimulus program sooner rather than later.

The U.S. Dollar had been rising even before the Fed minutes as weakness in equities and commodities and speculation of a hedge fund selling assets spurred investors to seek safe havens.

Although the minutes said that many officials voiced concern last month over potential costs of further asset purchases, that hawkish tone was balanced somewhat by a warning about the dangers of ending the bond-buying program prematurely. The Fed voted last month to maintain its third round of so-called quantitative easing, or QE3, at an \$85 billion monthly pace, and said it would buy bonds until it saw a substantial improvement in the outlook for the labor market, which remains under pressure with the jobless rate at 7.9 percent. The minutes will do nothing to detract from expectations of a tapering off of quantitative easing in the second half of the year. That will be treated like the beginning of the end of highly accommodative policy, and therefore akin to a tightening, even if the Fed's balance sheet is still expanding. That should result in a stronger US Dollar in the second half of the year.

EUR-USD fell 0.80 percent to 1.32794, having dropped as low as 1.32698, the lowest since January 23. EUR-JPY slipped 0.80 percent to 124.254. USD-JPY remains practically unchanged at 93.551 as U.S. bond yields rose. The Japanese Yen had gained the previous day after disagreements between Japanese officials on foreign bond purchases raised doubts over how aggressively Japan will ease its monetary policy.

Japanese Finance Minister Taro Aso said on Tuesday he was not considering buying foreign bonds as part of efforts to ease monetary policy, even though Prime Minister Shinzo Abe said this was an option. But Abe mirrored Aso's stance on Wednesday, saying the need to establish a public-private sector fund to buy foreign bonds has diminished.

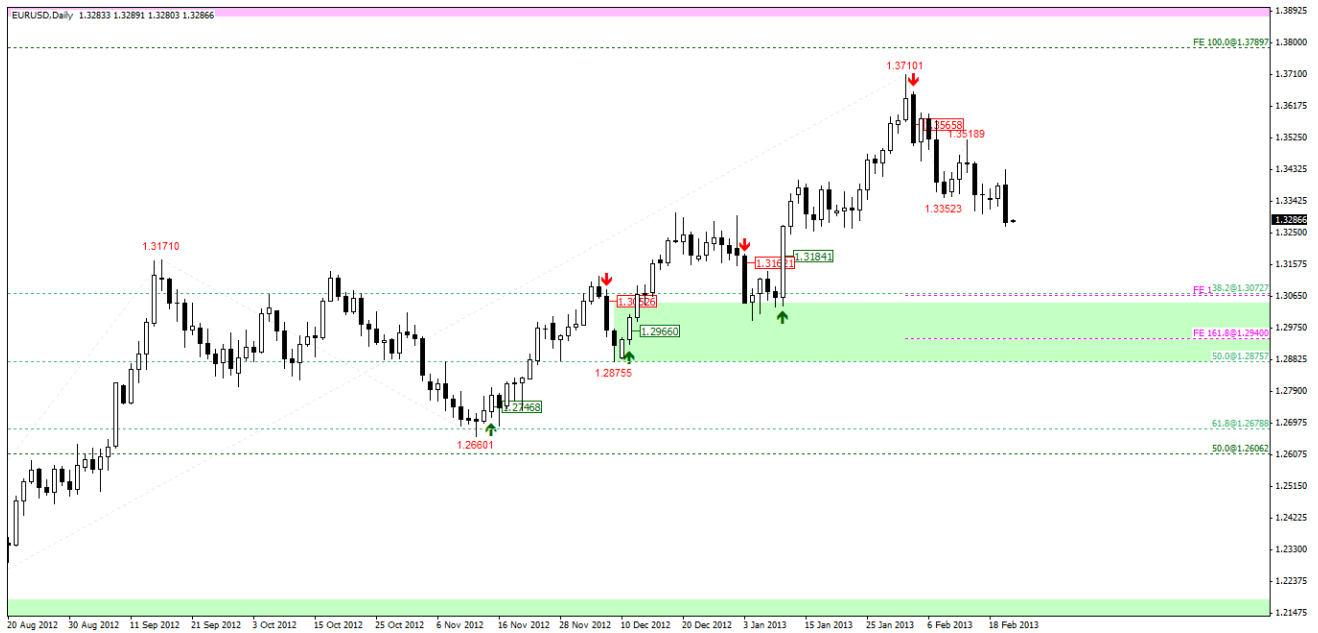
GBP-USD fell to its lowest since July, 2010 and settled down 1.51 percent at 1.52318 after minutes from the Bank of England's latest meeting showed the central bank appeared closer than expected to loosening monetary policy. The BoE have moved the goal posts. They are now saying that despite higher inflation they are thinking of doing more QE, so it is clear Sterling has to weaken.

AUD-USD lost 0.97 percent to 1.02540, while NZD-USD lost 1.31 percent to 0.83548. Reserve Bank of New Zealand Governor Graeme Wheeler said global imbalances and a weak U.S. Dollar were driving up the New Zealand Dollar and left the currency overvalued compared with economic fundamentals.

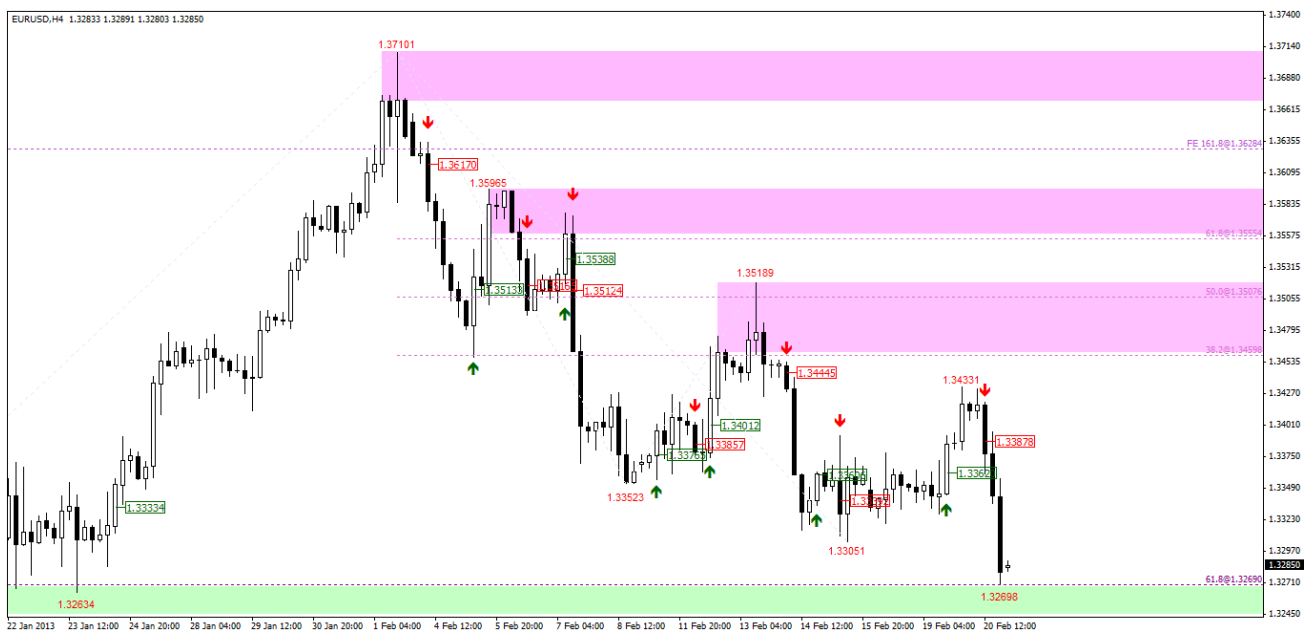
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EUR-USD DAILY



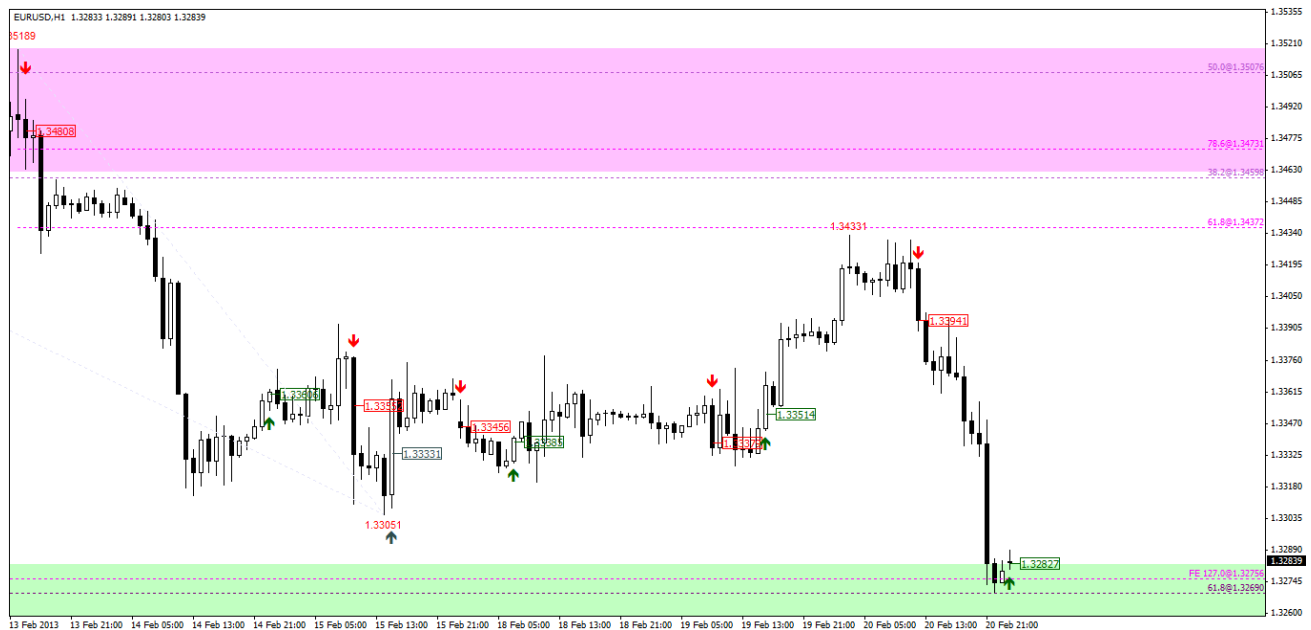
EUR-USD 4-HOURLY



EUR-USD Short Term Outlook

The fact the Euro did not rise in spite of the better than expected ZEW index on Tuesday gave us a taste of things to come going forward. Price action extended its fall from 1.37101 in overnight trading to a 4-week low of 1.32698. The overnight fall dipped into the demand pocket at **1.32452-1.32676** located just below 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** (see H4 chart). As noted, this price bracket may entice buying interests to return and early indication this morning in Sydney is encouraging as the Australian market opened 4 pips higher to the upside - and triggered a buy signal in the H1 chart. In the medium to long term, the rise from 1.20414 has a 3-wave structure, suggesting that the rally from last July is probably a larger degree correction of the fall from 1.49393 from way back in 2011 (see D1 chart). Only a sustained rally above the Fibonacci cluster of the 100.0% projection of 1.20414 to 1.31710 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). In the long-term, the trend is still up and 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.

EUR-USD 1-HOURLY



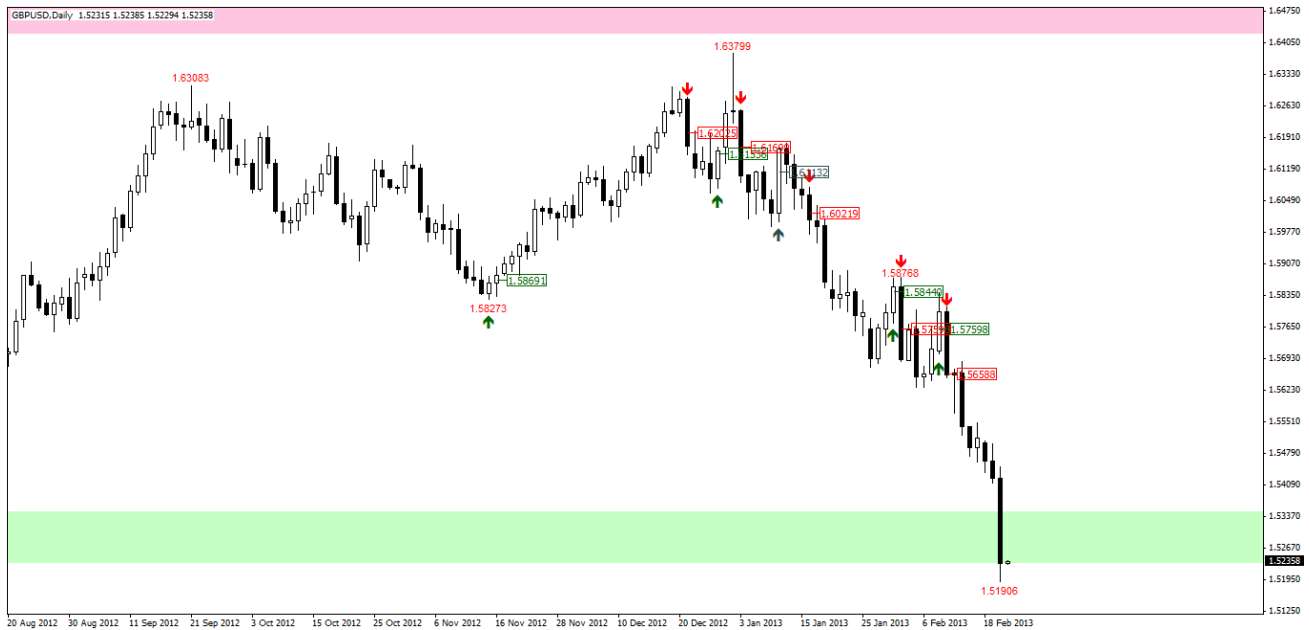
TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.32754	1.32352	1.35258	1.36690	3	0.03m

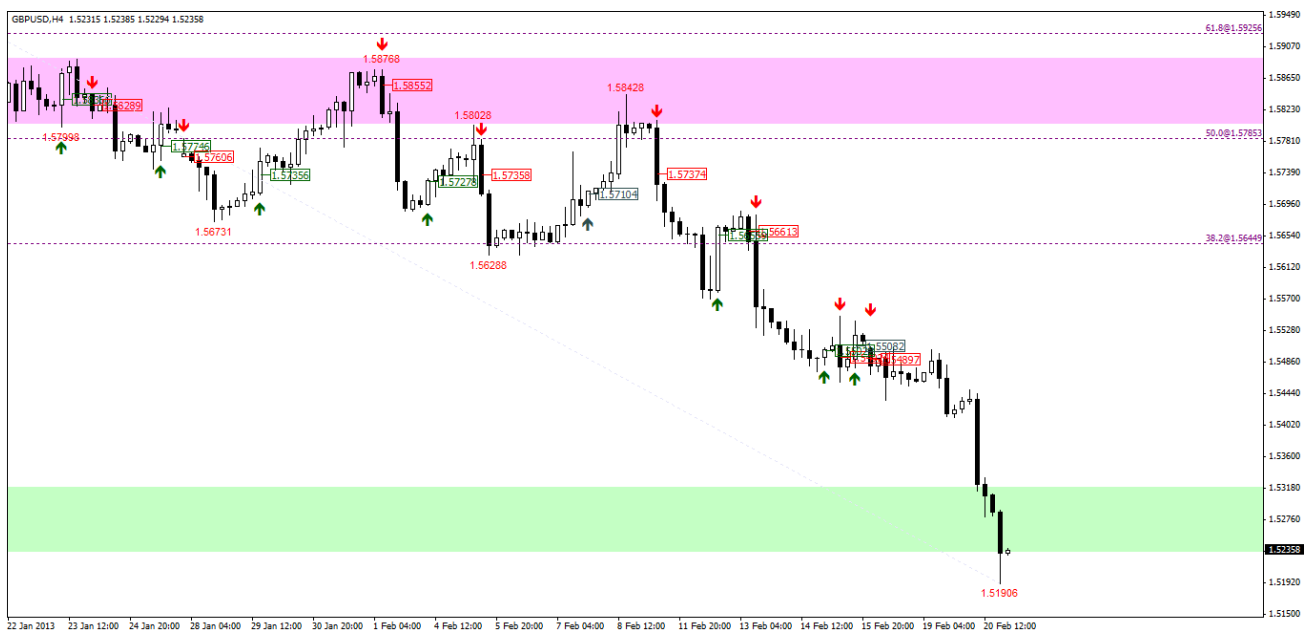
TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.15										5.35	10,534.90
2013.02.20 23:01	0.03	1.32754	2013.02.20 23:59	0.03	1.32794	12.0	12.00				

GBP-USD DAILY



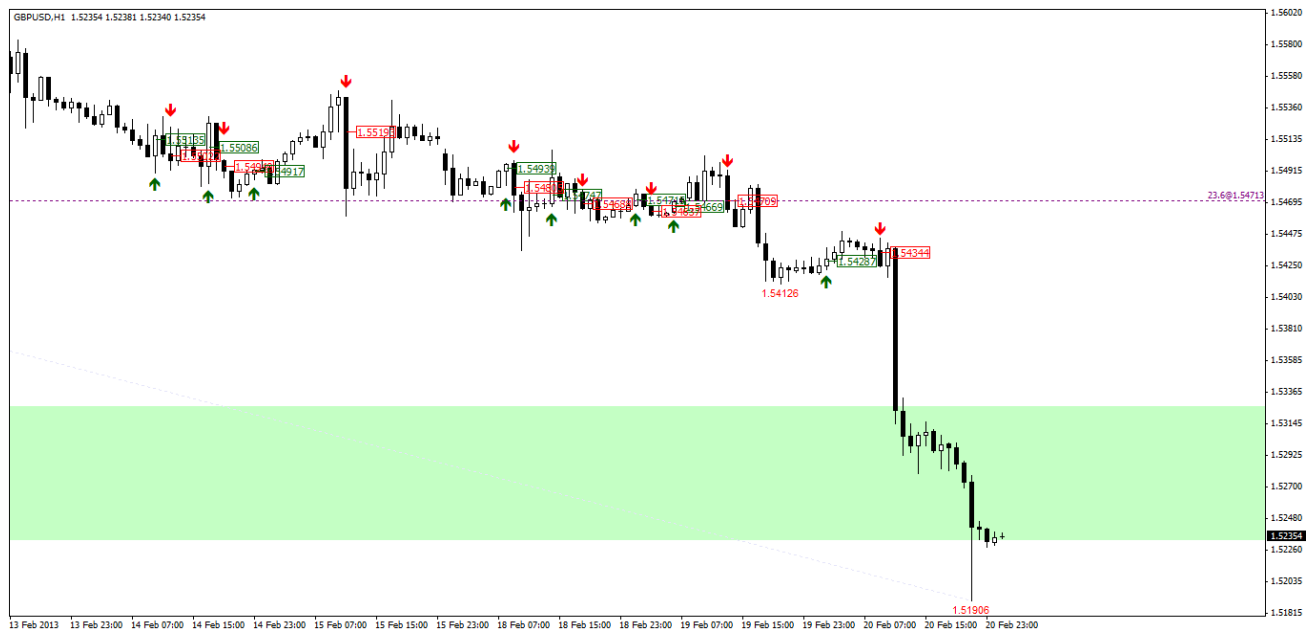
GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

Sterling had a huge fall overnight, extending its decline from 1.63799. This is a huge change in sentiment in just under two months. At the beginning of 2013, GBP-USD was at a 3-years high and in just 7 weeks, this market is now at a 31-months low! That's a loss of 11.56% or almost 2,000 pips in less under 2 months. But all this did not come as a complete surprise. For a long time now, this author has maintained that this market is in for a violent selloff should the bottom falls off the triangle formation seen in the longer-term chart. Last week, this market closed below the triangle formation for the first time in 4 years and just stated, this development has serious long-term bearish implications (read weekly report). That said, it was thought that buying interests may emerge from within the demand zone at **1.52327-1.53475** did not quite pan out as scribed. (see W1 & D1 chart). Price action actually fell way below this price pocket with a print at 1.51906 overnight before rebounding. This reveals the extreme weakness in this market. As such, any rebound going forward must be seen as selling opportunities. Should this market rebounds to the 1.53000 handle; sell signals in the short-term charts are worth re-positioning short positions.

GBP-USD 1-HOURLY



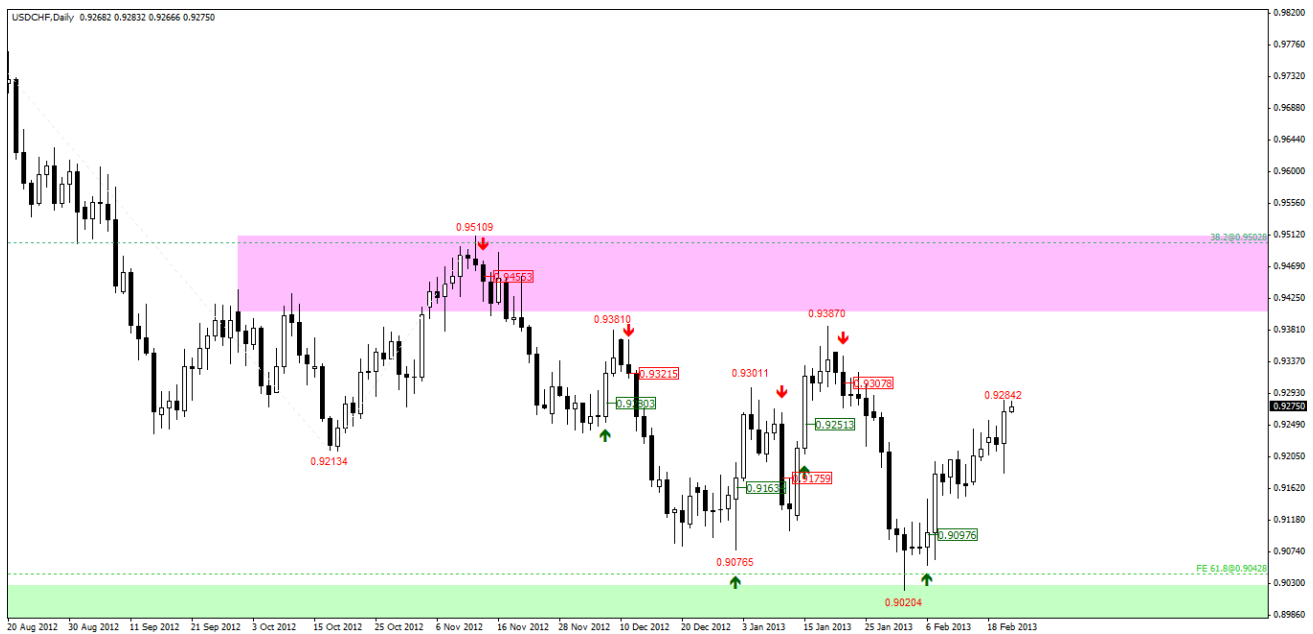
GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signals between 1.52882-1.53161		1.53261	1.43422	1.39597	3	0.03m

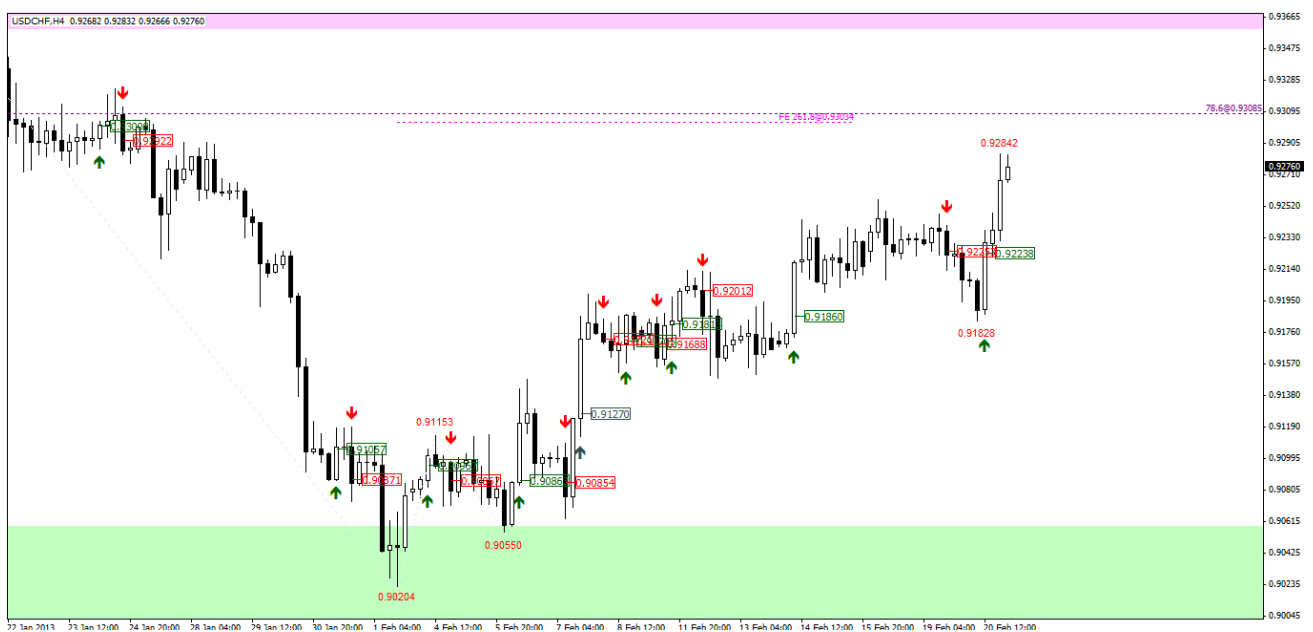
GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.15										-3.41	9,659.50
2013.02.01 09:39	0.02m	1.58750	2013.02.20 11:36	0.02m	1.53475			1,680.6	1,680.60	13.4	11,340.10

USD-CHF DAILY



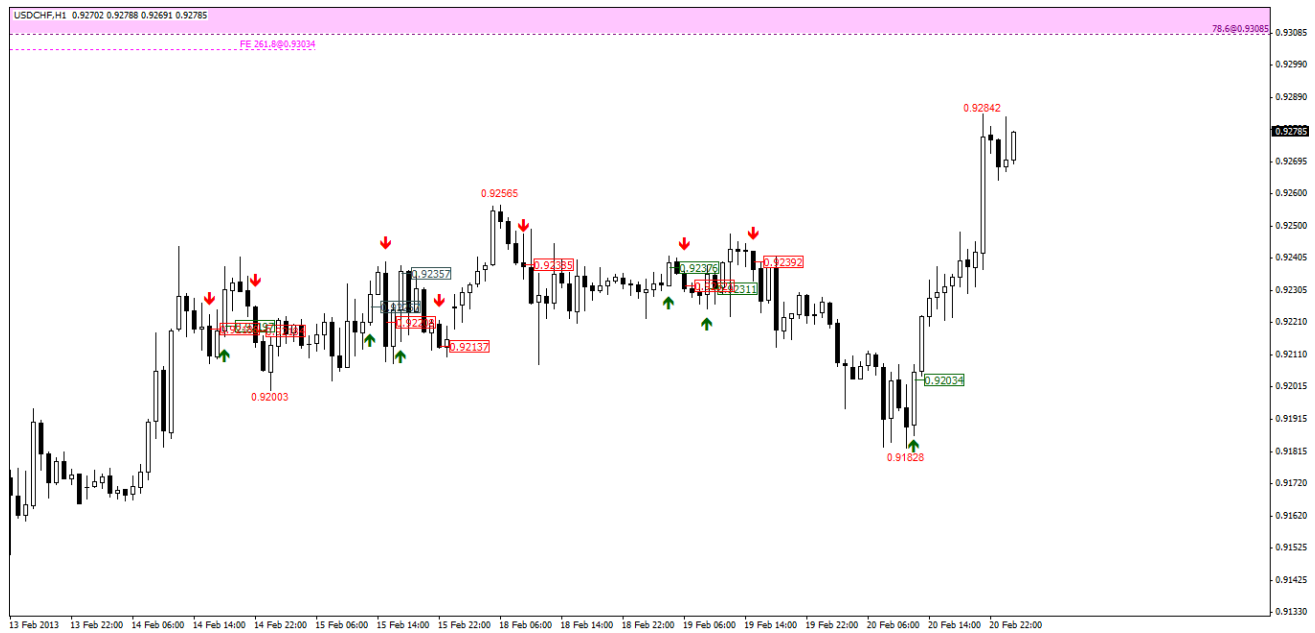
USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

Price action extended above the 61.8% retracement of 0.93870 to 0.90204 at **0.92470** in overnight trading after struggling to hold on to its gains for some 48 hours. As suspected, this market is poised to strike the Fibonacci cluster of the 261.8% projection of 0.90204 to 0.91153 from 0.90550 at **0.93034** and the 78.6% retracement of 0.93870 to 0.90204 at **0.93085** (see H4 chart) in its current trajectory. This mildly bullish assessment is supported by the underlying buy signal seen in the D1 chart for the last two weeks. That said, the medium-term, this tentative rally is bounded by the demand zone at **0.90010-0.90587** and the SZ at **0.94058-0.95109** (see D1 chart). As the immediate barrier to higher prices is the Fibonacci cluster of the 78.6% retracement of 0.93870 to 0.90204 at **0.93086** and the 261.8% projection of 0.90204 to 0.91153 from 0.90550 at **0.93034**, a speculative short from there may be worth a punt for a re-test of the demand pocket at **0.90010-0.90587** or at a minimum **0.92241**.

USD-CHF 1-HOURLY



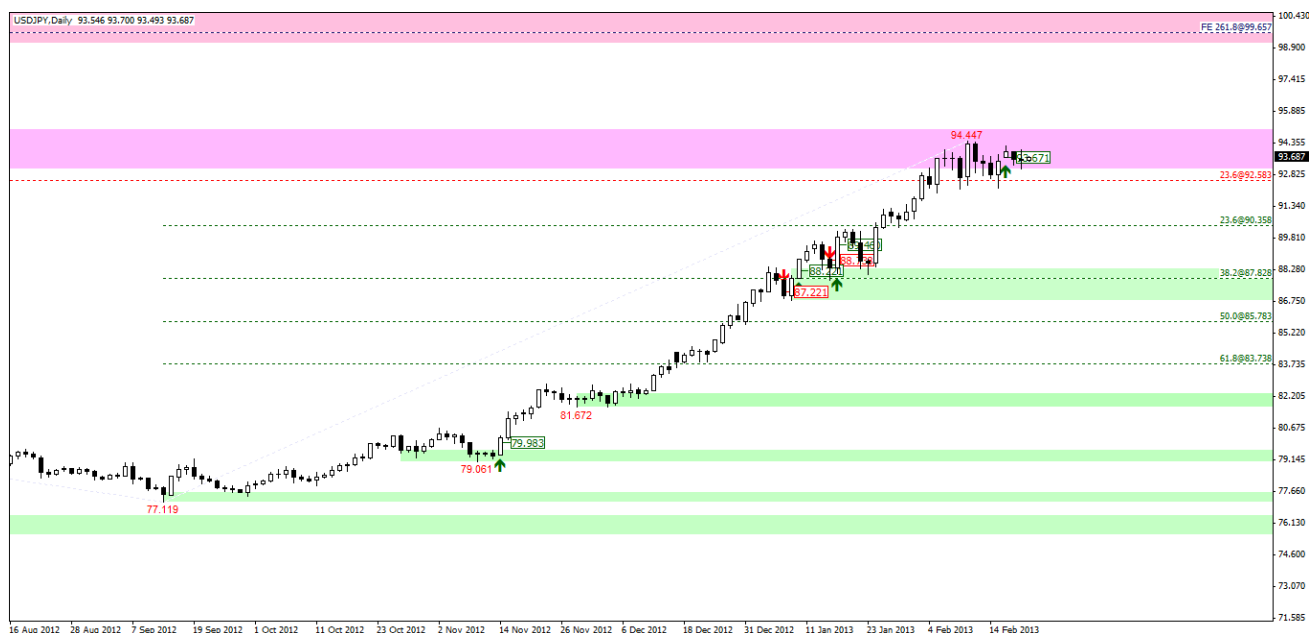
USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 0.93034-0.93086		0.93330	0.91752	0.90587	3	0.03

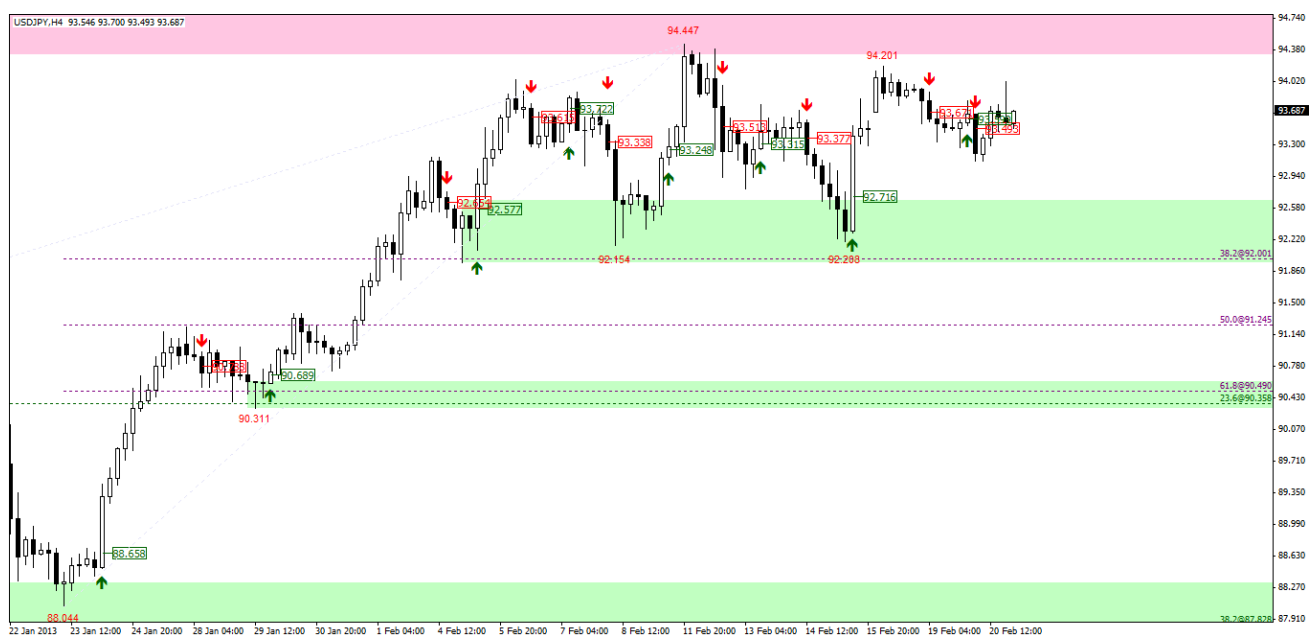
USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L	Realized P/L	Accumulative Balance
						Pips + / - (\$)	Pips + / - (\$)	% \$
2013.02.15								5.00 10,499.96

USD-JPY DAILY



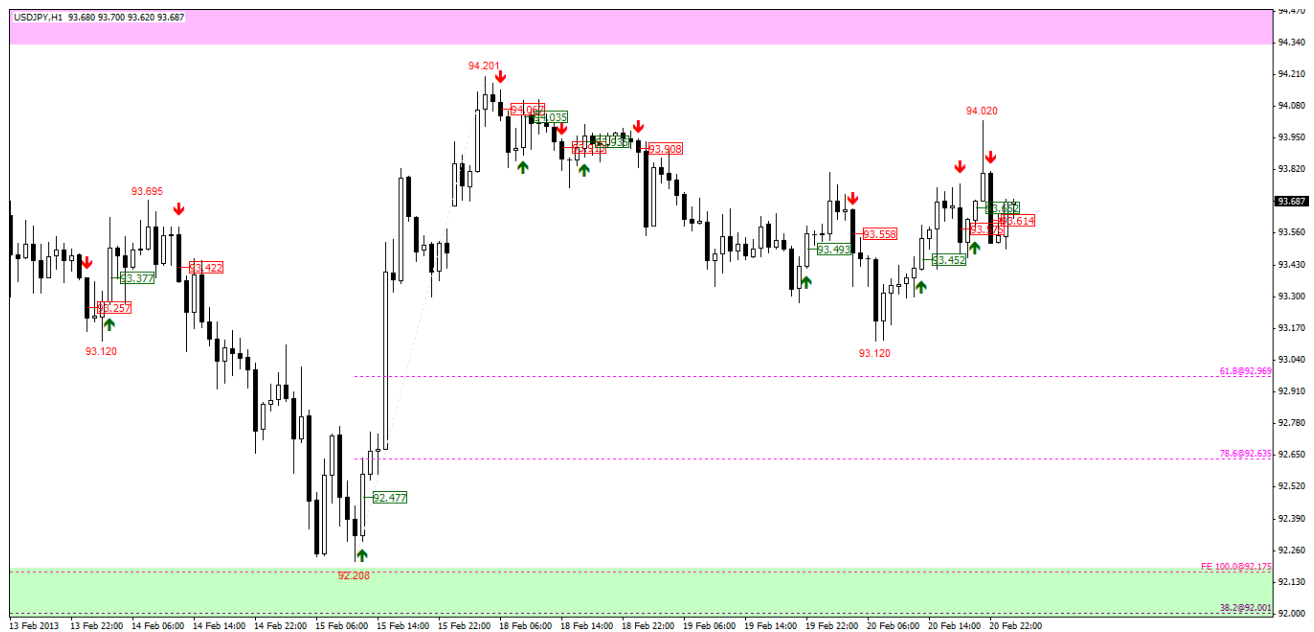
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

Since opening the week on a positive note and the failed challenge of the 33-month high of 94.447, this market has been in consolidation mode this week. Selling were light as most still believe the incoming BoJ chief is likely to be someone sympathetic towards the new LDP led government stated policy of targeting a 2% inflation rate in a last ditch attempt to re-inflate the moribund Japanese economy. Though price action has rebounded strongly from 92.208 and has managed to stay largely around last week's high, 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** where the supply zone at **99.140-103.057** resides (see D1 chart). On the downside, a close below **92.858** in the D1 chart would suggest the onset of a more robust pullback and as stated in previous updates, allowance is for this market to retrace to the demand zone at **86.908-88.326** where the 38.2% retracement of 77.119 to 94.447 at **87.828** is located (see D1 chart). Unless there is acceleration below this price pocket, this market should stabilize there and resume its climb.

USD-JPY 1-HOURLY



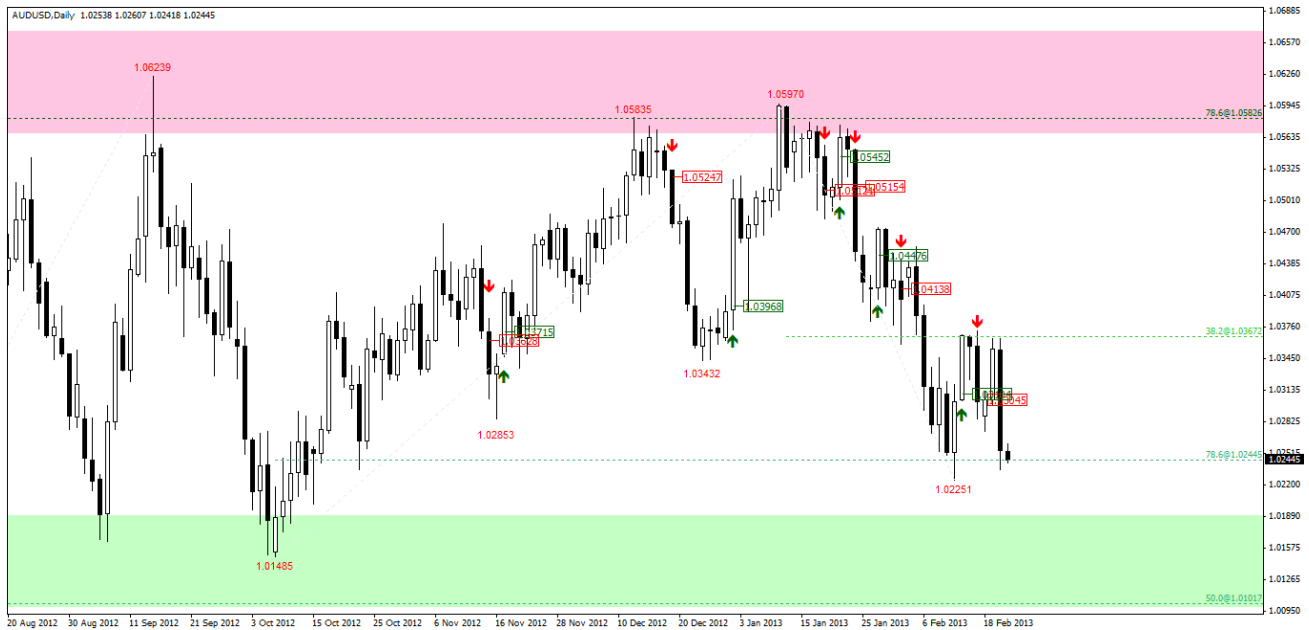
USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Exit on D1 close below 92.858	90.487		92.583 Realized	99.657	3	0.03

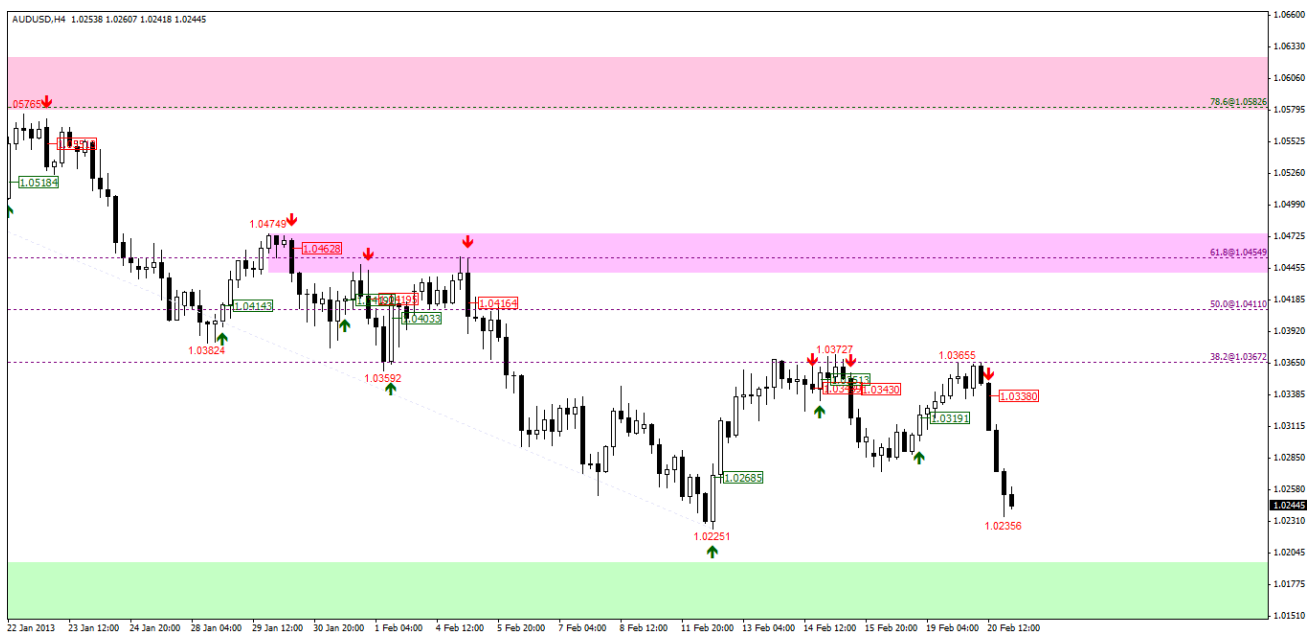
USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.15										23.74	12,374.07
2013.01.28 01:32	0.02m	90.487	2013.02.20 23:59	0.02m	93.551	612.8	701.08				

AUD-USD DAILY



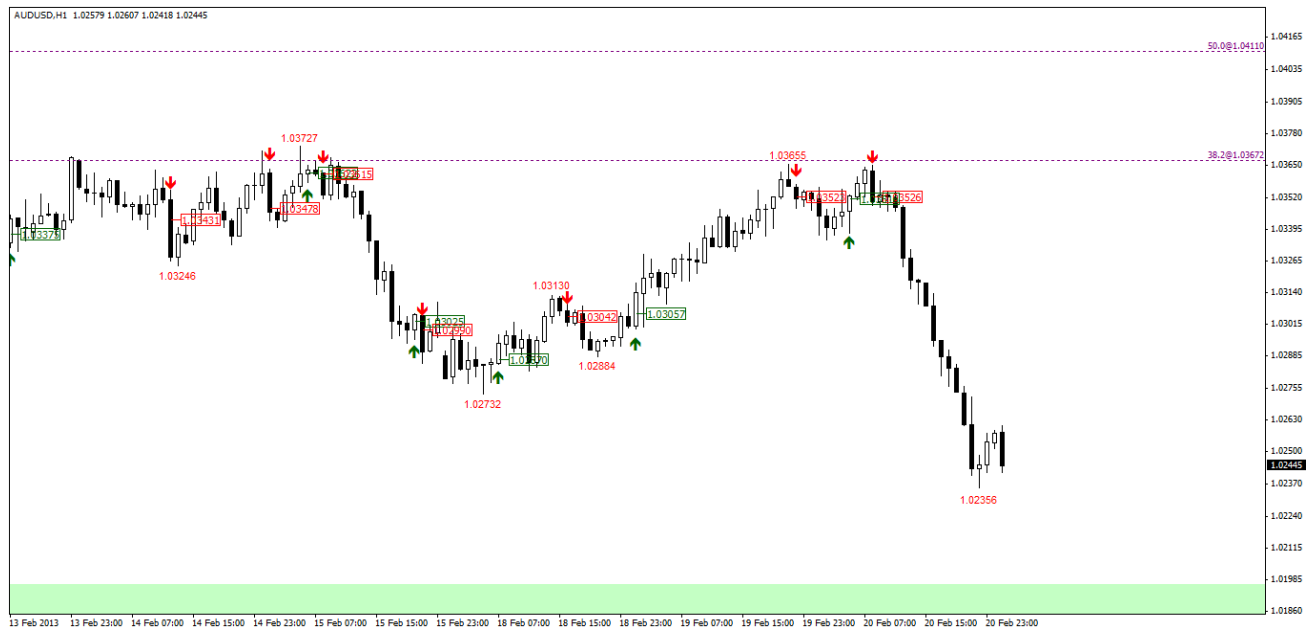
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

Right after re-testing the 38.2% retracement of 1.05972 to 1.02251 at **1.03672** with a print at 1.03655 on Tuesday and ended as a long-logged shadow doji in the H4 chart, this market triggered a sell signal below **1.03380** in both the H1 and H4 charts in early Asian yesterday. Though not unexpected, Wednesday's massive sell-off was more related to the meaty 1.5% fall in the NZD-USD. Comments from the governor of the Reserve Bank of New Zealand was interpreted as an effort to devalue the Kiwi after Japan got off with no mention of its devaluation exercise at the G20 meeting last week. Despite claims of the non-existence of a currency war, the action of the RBNZ speaks louder than political niceties. In the medium-term, this market is bounded by the demand pocket at **1.00995-1.01917** and the supply pocket at **1.05675-1.06692** (see D1 chart). Yesterday's update advanced the idea of selling on short-term sell signals in light of the attractiveness of risk/reward outlook. For those we did follow-through on this view, the immediate target is the demand pocket at **1.00995-1.01917** followed by a secondary target at the demand zone at **0.93867-0.96983**.

AUD-USD 1-HOURLY



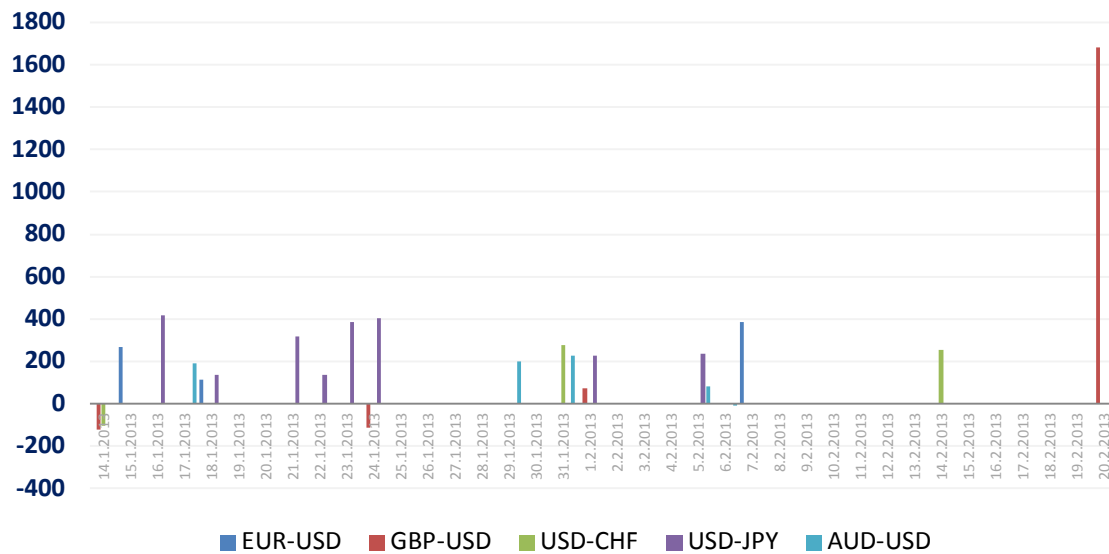
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		Break-even	1.03827	1.01917	0.96983	3	0.03

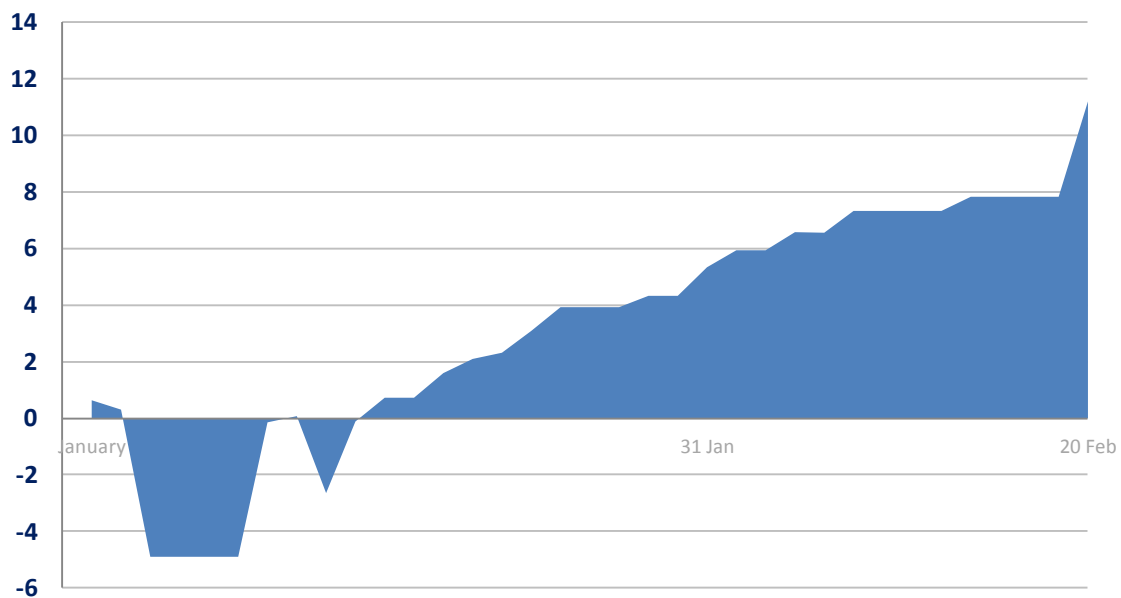
AUD-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.15										8.49	10,849.00
2013.02.20 12:41	0.03m	1.03380	2013.02.20 23:59	0.03m	1.02540	252.0	252.00				

Daily Realized P/L



Accumulative Percentage P/L



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www.tradersacademyonline.com



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.