

ALL NEW
ANALYSIS

A Traders Academy International Publication

Dollar & Euro Soar On Surprise BoJ Move

The US Dollar and Euro notched their largest daily percentage gains against the Japanese Yen since late 2008 on Thursday after the Bank of Japan surprised markets with an ambitious plan to fight deflation in a radical overhaul of policy.

USD-JPY rose more than 3 percent and EUR-JPY more than 4 percent after the BoJ unleashed the world's most intense burst of monetary stimulus, promising to inject about \$1.4 trillion into the economy in less than two years, a radical gamble that sent its bond yields to record lows.

Governor Haruhiko Kuroda, chairing his first policy meeting, committed the BOJ to open-ended asset buying and said the monetary base would nearly double to ¥270 trillion (\$2.9 trillion) by the end of 2014.

The BOJ's new plan means it will buy about ¥7 trillion (\$73 billion) of bonds per month, equivalent to about 1.4 percent of gross domestic product. By comparison, the U.S. Federal Reserve is buying \$85 billion of bonds per month, about 0.6 percent the size of the economy.

The fact that BoJ doubled the size of the QE and are willing to do all these non-conventional measures suggested that they really want to take USD-JPY to 100. USD-JPY rose as high as 96.408, near a 3-1/2-year peak of 96.699 set on March 12. It settled at 96.323, up 3.3 percent on the day for its best day since October 2008.

EUR-JPY soared as high as 124.624 and settled at 124.597, up 4.1 percent on the day, marking its biggest one-day move since November 2008.

The BoJ announcement was more aggressive than almost anybody had expected. The anticipation of long-dated Japanese government bond purchases has already caused the Japanese yield curve to collapse. This sets the stage for asset allocation changes in coming months. Another leg of Yen weakness is in store as domestic asset managers start to shift in the new fiscal year and on the back of unprecedented policy-aggressiveness by the BoJ.

Given the weaker U.S. growth momentum lately, the US Dollar may not be the best currency to express yen weakness. Instead, AUD-JPY, targeting a move to 105.00 in two to three months is a better choice. Overnight AUD-JPY rose above the 100.00 handle for the first time since 2008.

The Japanese Yen's direction in the near-term will depend on the U.S. non-farm payrolls report, due tonight. US employers likely added 200,000 jobs to their payrolls last month and the unemployment rate is seen steady at a four-year low of 7.7 percent. A disappointing reading could keep U.S. bond yields depressed and add to expectations of more bond-buying from the Federal Reserve, which would pressure USD-JPY.

Data showing weaker-than-expected growth in U.S. private-sector employment and initial jobless claims at four-month highs last week has fuelled worries the labour market is losing momentum.

EUR-USD rose with gains accelerating in the afternoon as traders covered short positions.

European Central Bank President Mario Draghi said the bank stood ready to act if growth continues to languish. He also affirmed his commitment to keeping the Euro zone intact and said the Cyprus bailout was not a template for future rescues in the currency zone.

EUR-USD rose as high as 1.29483, its highest since March 25. It last traded at 1.29327.

DAYLIGHT SAVINGS TIME

Monday, 31 March, marks the start of DST in U.K. and Switzerland. As such, Zurich will open at 2:00pm and London at 3:00pm Singapore time.

Australia will revert to DST on 7 April 2013.

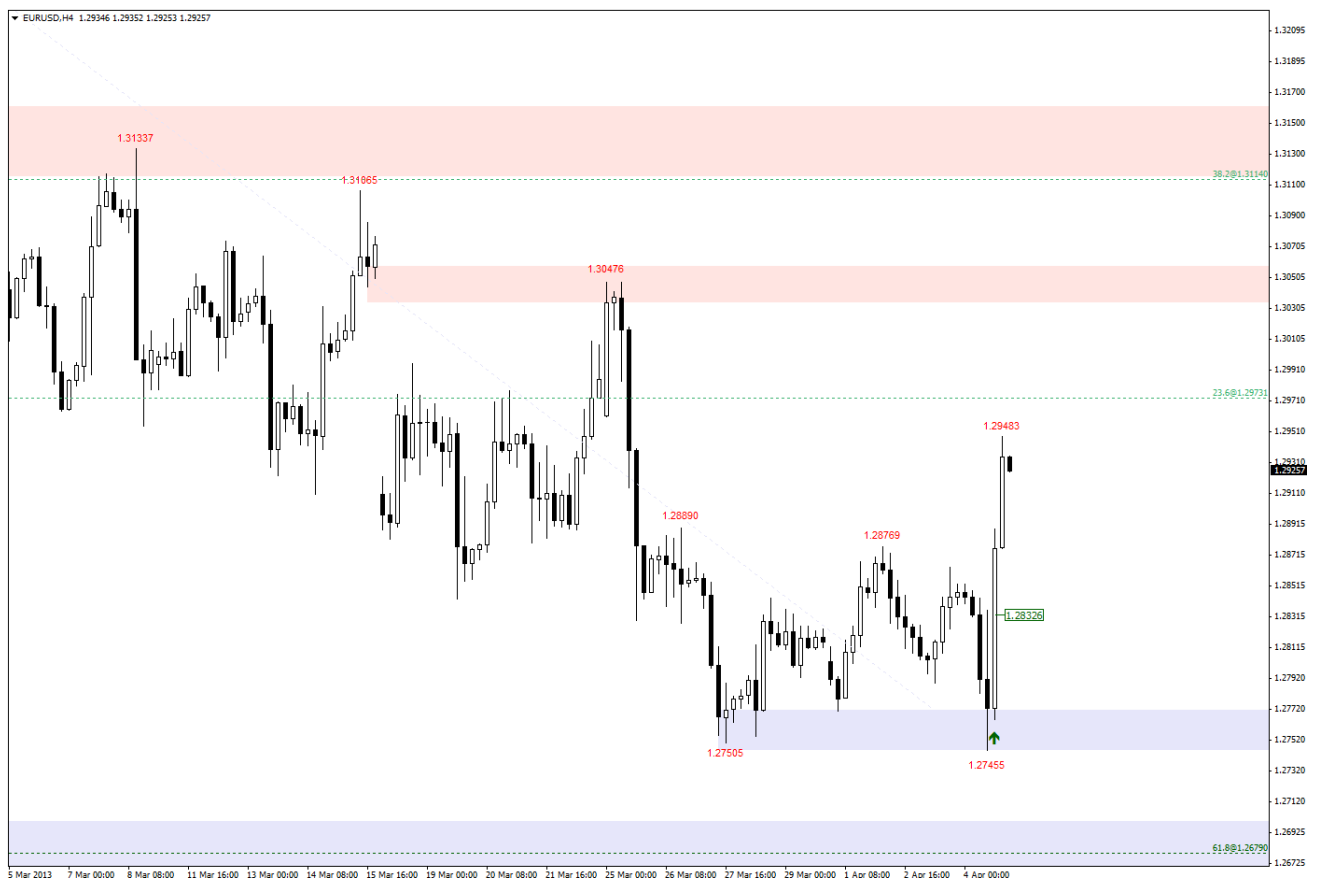
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EUR-USD DAILY



EUR-USD 4-HOURLY



EUR-USD 1-HOURLY



EUR-USD Short Term Outlook

This market received a boost from the BoJ actions overnight as traders unwind their short positions. The original idea was to re-establish short positions within **1.28689-1.28890** for a shot at the demand pockets at **1.27359-1.27661** and **1.26610-1.26901** where the 61.8% retracement of 1.20416 to 1.37101 at **1.26790** is located. This did not quite pan as scribed. This market fell straight for the first target area at the demand pocket at **1.27359-1.27661** and rallied beyond the supply pocket at **1.28689-1.28890** from there to register a high at 1.29483 overnight. With a close above **1.28552**, the D1 chart has turned positive. Selling at current levels is no longer an option. Stand aside for the time being.

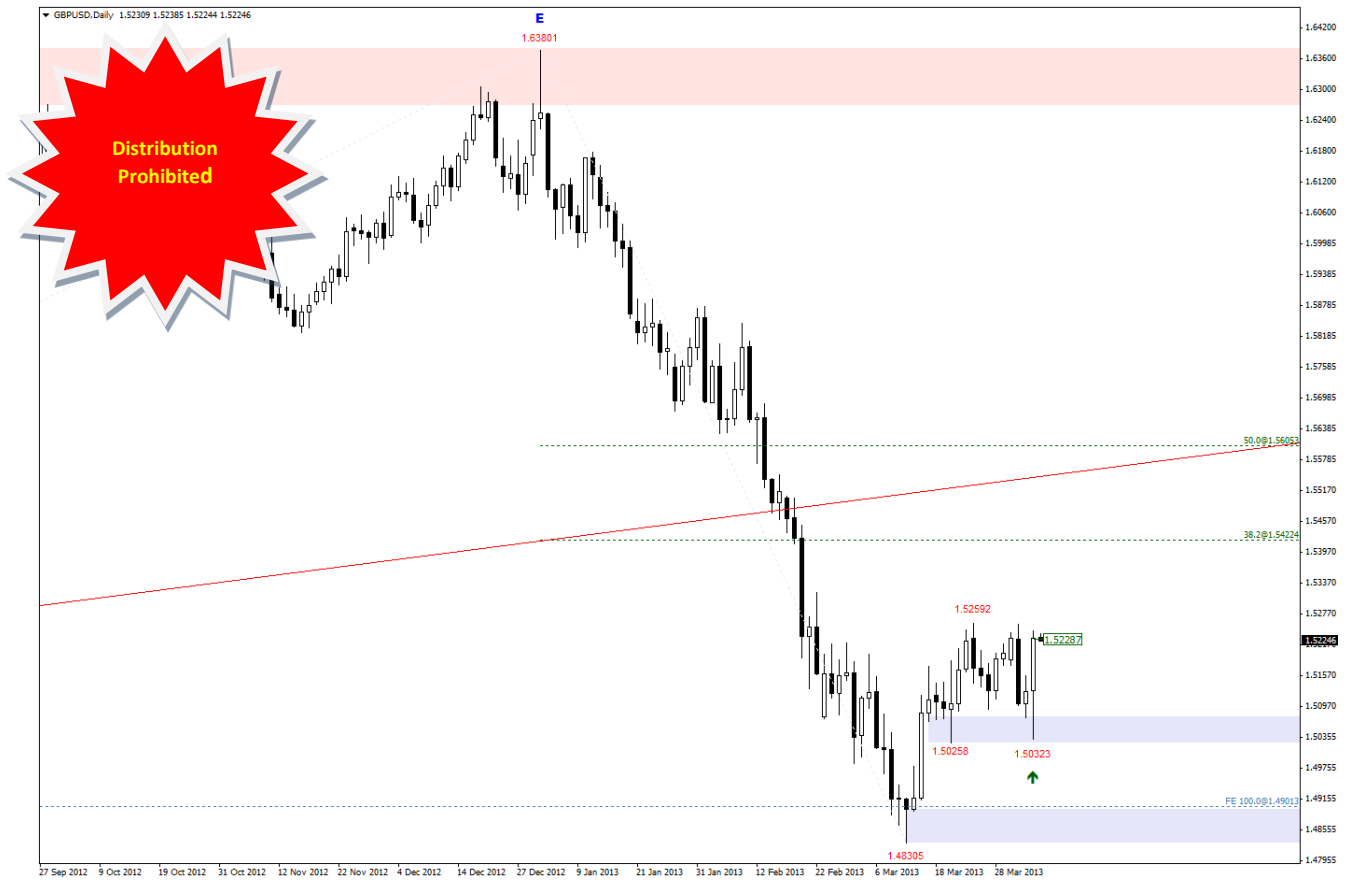
TRADE IDEAS

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

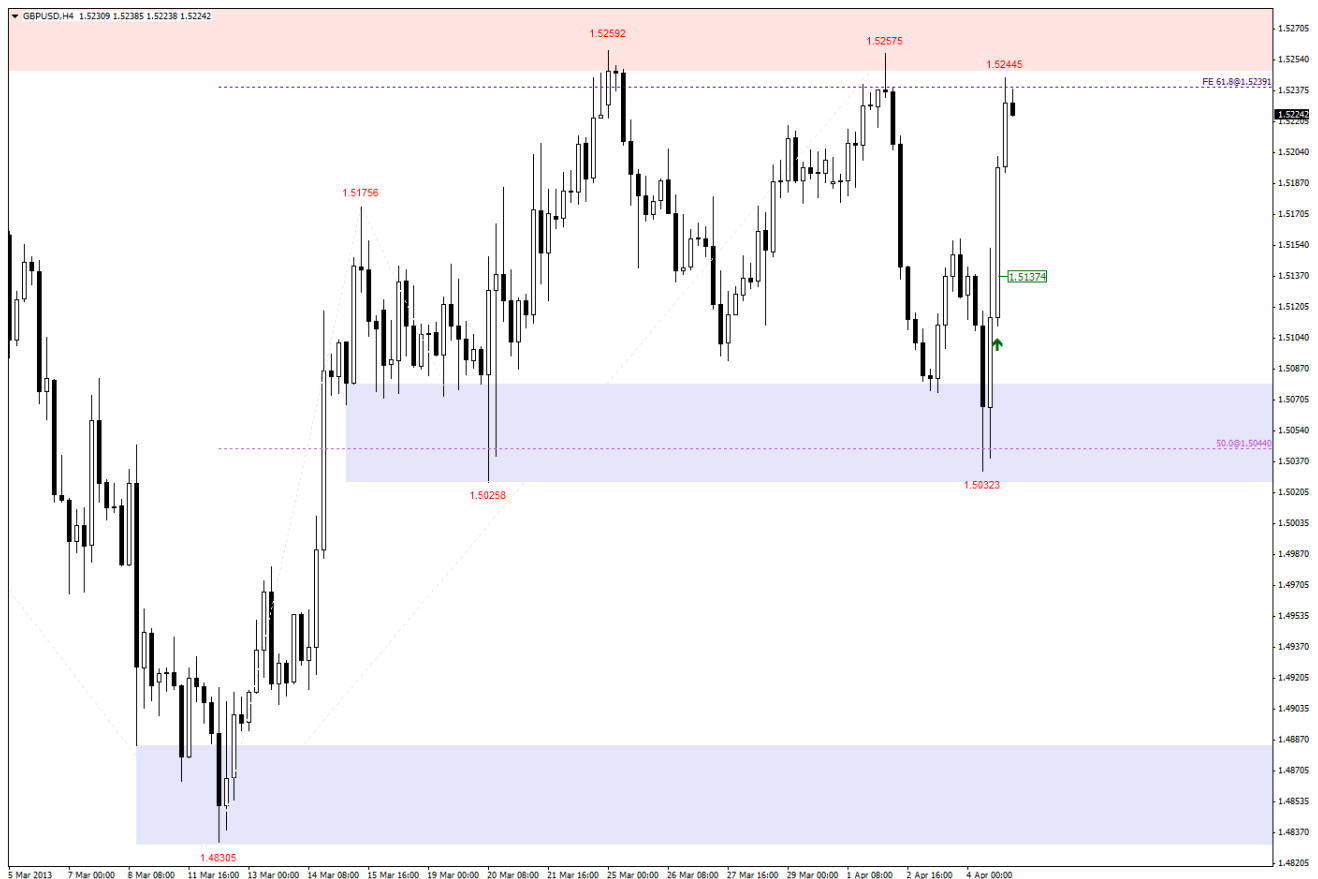
TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.29										9.94	10,993.60

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD 1-HOURLY



GBP-USD Short Term Outlook

The repeated inability of this market to take out the demand pocket at **1.50258-1.50766** and the impulsive rally from there last night has gave rise to the idea that the immediate bearish bias is postponed. As such, the fall from 1.52575 could have terminated at last night's low of 1.50323. As noted, structurally, it does not appear the rebound from March 12 low of 1.48305 is over yet. This market is now just below the revised supply pocket at **0.52570-1.53193**. In order to keep the medium-term bearish bias alive, it is imperative that the rise must be contained at **0.52570-1.53193**. Worth noting was the fact that last night's closing above 1.52287 has turned the D1 chart positive. Depending on what happen next, a rally above **0.52570-1.53193** would all but confirm that the bearish case is over for the time being. If so, look to buy at the nearest demand pocket at **0.51837-1.51968** for a test of the support-turned-resistance line of the long-term triangle pattern (see W1 chart).

GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.52397	1.52692	1.50766 Realized	1.48516	3	0.03m
Buy	Buy on buy signal between 1.51837-1.51968		1.51473	1.52970	1.54224	3	0.03m

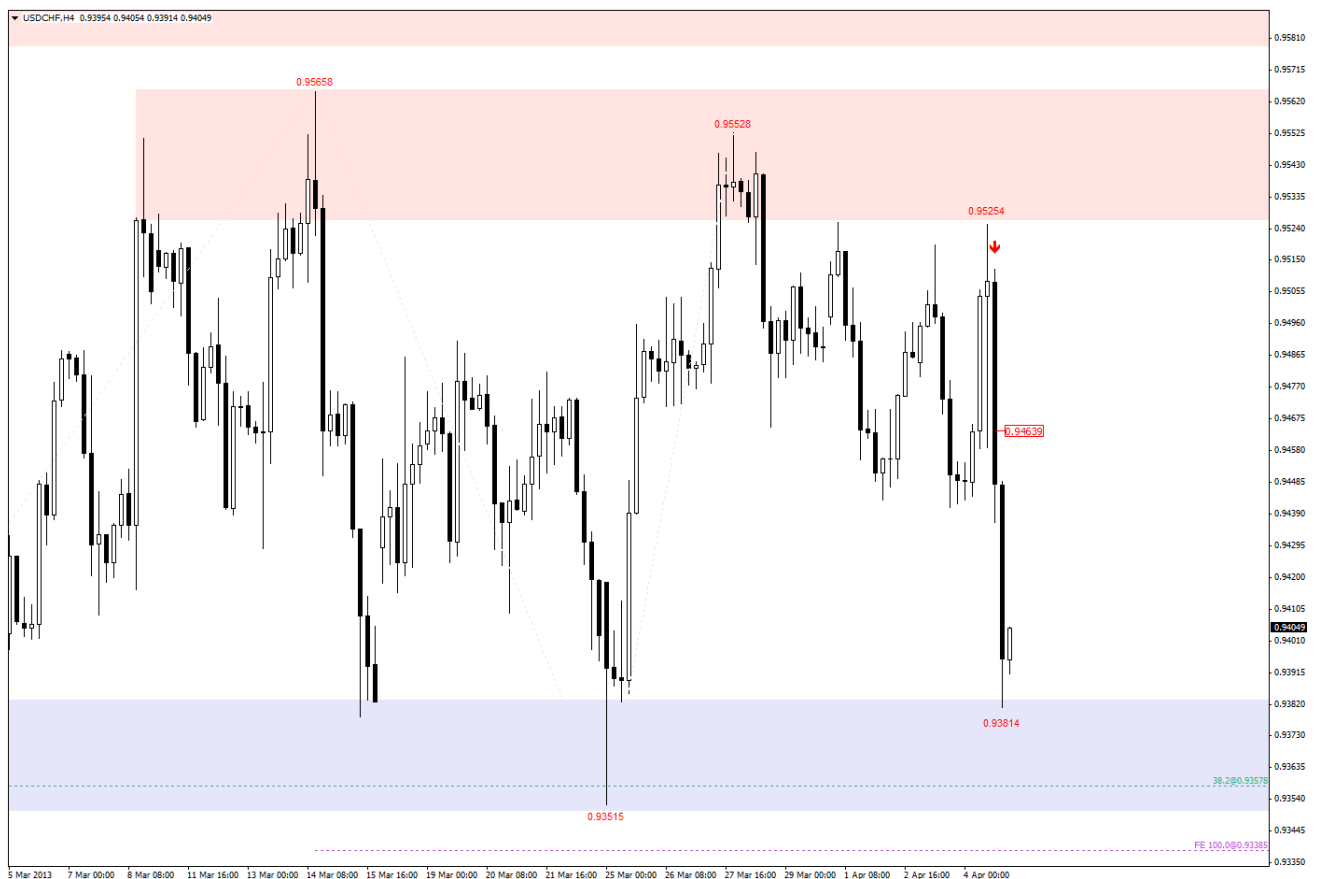
GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.29										19.25	11,924.90
2013.03.25 01:40	0.03	1.52570	2013.04.02 06:46	0.03	1.52570						
2013.03.28 09:11	0.01	1.51624	2013.04.02 03:37	0.01	1.52314			-69.0	-69.00	18.56	11,855.90
2013.03.29 03:09	0.02	1.52109	2013.04.02 03:37	0.02	1.52314			-41.0	-41.00	18.14	11,814.90
2013.04.02 07:24	0.03	1.52397	2013.04.03 04:15	0.02	1.50766			163.1	163.10	19.98	11,978.00
2013.04.02 07:24	0.03	1.52397	2013.04.04 23:59	0.02	1.52305	18.4	18.40				

USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF 1-HOURLY



USD-CHF Short Term Outlook

The aggressive buying of USD on the back of the BoJ QE news caused a spillover into this market which saw this market rallying to a high of 0.95254 where the overhead supply pocket at **0.95122-0.95260** (revised) is located. As was previously noted, only a sustained rally above **0.95658** would add considerable confidence to the bullish call. From the day's high, the rally frizzled out and fell in a re-test of last week's low at **0.93515** which lies within a demand pocket at **0.93504-0.93925**. Also noted was that if this market falls to this price bracket, it would lay a firmer foundation for the rebound from 0.93515 to surge towards the 61.8% retracement of 0.99709 to 0.90212 at **0.96081** which incidentally lies just below a supply zone at **0.96086-0.96346**. This outcome ties in neatly with the long-term assessment that this market is poised to resume its larger degree rebound from 0.70614 from way back in August 2011 (see W1 chart). While current price level represents a buying opportunity, those who are risk averse may consider buying near the 38.2% retracement of **0.90212 to 0.95658** at 0.93578 and risk no more than 0.93405. Immediate target is the overhead supply pocket at **0.95122-0.95260** followed by **0.96086-0.96346**. Failure to clear the latter barrier may see an unraveling of this rally from 0.90212.

USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		0.93867	0.93404	0.95372	0.96086	3	0.03m

USD-CHF TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L	Realized P/L	Accumulative Balance
						Pips	+ / - (\$)	%
2013.03.29								8.88
2013.03.28 07:32	0.02	0.94759	2013.04.02 03:35	0.02	0.94550		41.8	44.21
2013.04.04 21:39	0.03	0.93867	2013.04.04 23:59	0.03	0.93959	27.6	29.37	

USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY 1-HOURLY



USD-JPY Short Term Outlook

With an outside QE, the new governor of BoJ stamped his commitment to yank Japan out of its deflationary cycle (read accompanying cover-story). This market exploded to the upside by incredible 368 pips when news about the size of the QE of some \$1.4 trillion over two years hit the markets. Just before this news, this market was marking time just below the 93.000 handle. This gave us the opportunity to re-position longs at the Fibonacci cluster comprising the 61.8% retracement of 90.852 to 96.699 at **93.086** and the 127.2% extension of 96.699 to 94.304 from 96.126 at **93.080** - just above the demand pocket at **92.908-93.047**. As noted, a rebound from there could potentially open up the possibility of another assault at the year's high and beyond and it did so spectacularly. With a daily close above **94.254**, the corrective phase is over and this market is poised to rally towards the long-term target at the Fibonacci cluster around the 261.8% extension of 75.565 to 84.170 from 77.126 at **99.654** as well as the 50.0% retracement of 124.130 to 75.565 at **99.847** (see W1 chart).

USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on buy signal between 96.024-96.114 Buy on buy signal between 95.141-95.375		95.041	94.292 Realized	- 99.654	2	0.02m

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	+ / - (\$)	%	\$
2013.03.29										22.97	12,297.38
2013.03.21 06:15	0.01	95.907	2013.04.02 03:05	0.01	93.086			282.1	303.05	26.00	12,600.43
Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
2013.04.02 03:11	0.03	93.012	2013.04.02 06:24	0.03	92.808			-61.2	-65.94	25.34	12,534.49
2013.04.03 16:07	0.01	93.186	2013.04.04 08:18	0.01	94.292			110.6	117.30	26.52	12,651.79
2013.04.04 07:40	0.02	93.001	2013.04.05 01:58	0.02	96.334			666.6	691.97	33.44	13,343.76

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD 1-HOURLY



AUD-USD Short Term Outlook

While the odds of the RBA lowering rates has diminished with the latest set of data yesterday, it did not stop this market from falling in a clear 5-wave move that hit a low at 1.03848 overnight from the day's high of 1.04909. From the 78.6% retracement of 1.05972 to 1.01143 at **1.04939** within the overhead supply pocket at **1.04740-1.04961**, the fall last night was precipitous as it took out the minor demand pocket at **1.04398-1.04472** in a clean swoop. The original idea was to position long positions there and it was just as well as no buy signal was triggered as prices plunged through this price bracket. The caveat was no surprises from the BoJ. The BoJ did not only surprise, it stunned the market by the outsize amount of their QE. With this overnight fall, it's clear the triangle pattern mentioned in previous updates is intact and by extension, its bearish implications. That said, only a lose below **1.03522** in the W1 chart would add confidence that selling interests have re-emerged in force. On the D1 chart, a close below **1.04477** would be the first tentative indication that such a move is in progress. In the meantime, any spike to between **1.04341-1.04492** represents selling opportunities.

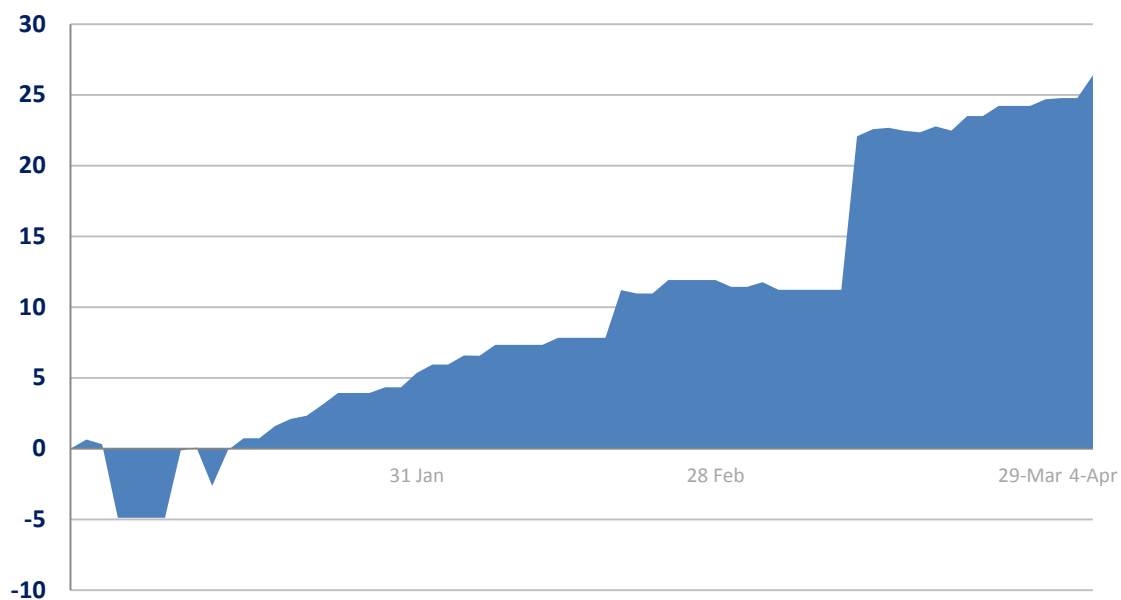
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.04369	1.04630	1.03503	1.01757	3	0.03m

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	+ / - (\$)	%	\$
2013.03.29										16.01	16,005.30
2013.03.21 16:40	0.03m	1.04479	2013.04.02 03:33	0.03m	1.04667			-56.4	-56.40	15.95	15,948.90
2013.04.04 23:10	0.03m	1.04369	2013.04.04 23:59	0.03m	1.04336	9.9	9.90				

Accumulative Percentage P/L



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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.