Tue, Mar 19, 2013 Weekday Edition

FOREX OUTLOOK



A Traders Academy International Publication

All Eyes On Cyprus

EUR-USD fell to near a 3-month low in early Asian trading on Tuesday after a plan to tax bank accounts in Cyprus to help pay for the country's bailout stoked fears it could threaten the stability of financial institutions in the Euro zone.

Traders were relieved to see limited fallout from the Cyprus deal on other Euro zone countries so far, with the uptick in Spanish and Italian debt yields contained. However, the near term is less than certain. Looking at European and U.S. markets yesterday, the damage seemed to be limited but it will be premature to say we have seen the worst of this unfolding drama.

EUR-USD settled at 1.29571, off a 3-month low of 1.28814 on Monday. The Euro recouped some of the losses in late Monday U.S. trade after Euro zone ministers urged Cyprus to let smaller savers escape a levy on bank deposits. However, it's still not clear if the Cypriot parliament will endorse the plan needed to secure financial rescue or reject it, threatening a default. The parliamentary speaker said debate on the bank levy would be delayed until 1600 GMT on Tuesday (midnight Singapore time).

As the central bank extends the bank holiday until Thursday to avert panic, savers in other weaker European countries will become nervous and start withdrawing funds although there was no immediate sign of that on Monday.

European officials have said the measure is a one-off for a country that accounts for just 0.2 percent of European output and has a banking sector that dwarfs the size of its economy due to huge non-residents' savings lured by lax anti-money laundering laws.

The radical step on deposits had limited impact on Spanish and Italian debt on Monday. Their yield rose but stayed well within their recent ranges.

USD-JPY is up slightly from late U.S. levels and off Monday's low of 94.304, which was underpinned by safe-haven demand on concerns over developments in Cyprus. This is not far from the 3 ½ year high of 96.699, though traders are cautious about testing that level before the outcome of the U.S. Federal Reserve's two-day policy meeting starting on Tuesday.

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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.

EUR-USD DAILY



EUR-USD 4-HOURLY



EUR-USD 1-HOURLY



EUR-USD Short Term Outlook

This market opened with a massive 161 pips gap to the downside in response the unfolding banking crisis in Cyprus and into the demand pocket at 1.28758-1.28922 where a 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 are located. Readers would have remember that this was exactly the target area in which the fall from 1.37101 was expected to fall to last week but missed when it hit a 3-month low at 1.29106 last Thursday and rebounded to register a week's high at 1.31065 on Friday and promptly triggered a buy signal in the D1 chart with a close above 1.30282. While it was a good area to buy last week, it is still a good area to buy this week. Prices started to rally just hours before London came in yesterday and took the market to the day's high at 1.29951. However, it returned some 61.8% of its earlier gains during the NY session to close near the 38.2% retracement of 1.28814 to 1.29951 at 1.29517. Despite the opening fall, the daily outlook remained positive. Immediate focus is still at the overhead minor supply zone of 1.31156-1.31608; located above the 23.6% retracement of 1.37101 to 1.28814 at 1.30770. That said, a fall below the demand pocket at 1.28758-1.28922 would suggest the resumption of the fall from 1.37101. If so, focus would shift towards the next demand pocket at 1.26610-1.27090 where the 61.8% retracement of 1.20416 to 1.37101 at 1.26790 is located.

TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Exit on D1 close below 1.28658	1.28885		1.31156	1.31980	3	0.03m

TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)			Unrealized Realized P/L P/L			mulative alance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.15										10.55	10,553.50
2013.03.18 07:59	0.03m	1.28885	2013.03.18 23:59	0.03m	1.29571	205.8	205.80			10.55	10,553.50

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD 1-HOURLY



GBP-USD Short Term Outlook

The most majors opened the week with a vacuum; this market remains unperturbed as if nothing has happened. Since rebounding from last Tuesday's low of 1.48305, the ensuing rally stopped short of 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 with a high of 1.51756 last Friday. Nothing much has changed since. With Friday's close above **1.50761**, the possibility that this rebound may extend to test the previous support-line (now turned resistance) of the triangle pattern (see D1 chart) may be considered. Such a view would gain credence should price action clears above the supply pocket at **1.51795-1.52210**. In the meanwhile, any easing to the minor demand pocket at **1.50677-1.50798** may be all there is before another run-up in prices (see H1 chart). This area offers a relatively low risk trade for a very-term punt on the overhead supply pocket at **1.51795-1.52210**. However, only aggressive traders should attempt this trade on minimum lot size. This is because the underlying trend is decidedly bearish and it is safer to trade in the direction of the long-term trend on rebound such as this.

GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on buy signal between 1.50677-1.50798		1.51695	1.51795	-	1	0.01m
Sell	Sell on sell signal between 1.51795-1.52210		1.52310	1.50798	1.48516	3	0.03m

GBP-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	_	Unrealized P/L				lized /L	Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$		
2013.03.15										12.12	12,120.20		

USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF 1-HOURLY



USD-CHF Short Term Outlook

This market opened with a gap of some 46 pips to the upside on Monday in sympathy with the sell-off in Euro. As recent as last Thursday, this market was at a 6-month high with a print at 0.95658 but in a massive wave of long liquidations within the same day, this market promptly lost it all. As noted, last Friday's fall may have broken the back of this rally. The momentum from last Friday's fall may see this market extending its fall going forward but as it is there is no ideal level to position shorts. As such, it's best to stay out of this market 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				Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$	
2013.03.18										4.93	10,493.17	

USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY 1-HOURLY



USD-JPY Short Term Outlook

The turmoil and the subsequent sell-off in Euro saw a return to 'safe-haven' currencies like the Japanese Yen. This market opened the week of with a gap of some 66 pips to the downside and dipped briefly below the Fibonacci cluster of the 161.8% extension from 96.699 to 95.439 from 96.584 at 94.545 and the 38.2% retracement of 90.852 to 96.699 at 94.465 with a print at 94.304 and rebounded. Though this market appears to have held its ground, there is now a real possibility that this market may either consolidates or falls deeper. This is because the fall from 96.699 is a little deeper than anticipated. The overnight rebound may yet see another test of the overnight low of 94.304 to possibly the next cluster of Fibonacci levels. They are (1) the 261.8% extension of 96.699 to 95.439 from 96.584 at 93.285, (2) 100.0% extension of 96.699 to 94.304 from 95.591 at 93.196 and (3) 61.8% retracement of 90.852 to 96.699 at 93.086. Sited just above all these is a minor demand pocket at 92.908-93.047. Together, these areas represent an excellent area to re-position long positions. A good area to position speculative shorts is within the minor supply pocket at 95.421-95.591 (where the market is now). That said, sustained rally above 96.699 would discredit this short-term bearish scenario; signaling the resumption of the rally from 77.126. If so, focus would revert back to the longer-term target at the 261.8% extension of 75.565 to 84.170 from 77.126 at 99.654 and the 50.0% retracement of 124.130 to 75.565 at 99.848 where the supply zone at 99.227-101.437 is located.

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 95.421-95.591		95.691	94.475	93.047	2	0.02m

USD-JPY TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price		Unrealized P/L					mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$	
2013.03.15										22.59	12,258.68	

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD 1-HOURLY



AUD-USD Short Term Outlook

Last 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 and ended as a *long-legged shadow doji* in the H1 chart. Though Monday's opening gap to the downside was not foreseen, it is still curious to note that prior to a fall such as that seen yesterday, there was a classic reversal signal such as the *long-legged shadow doji*. This was a godsend. Shortly after the opening weakness, a buying opportunity was presented as this market dipped into a minor demand pocket at **1.03360-1.03474** and rebounded purposefully throughout the day though it failed to take out last Friday's high of 1.04128. This created a selling opportunity — at least in the short-term within the supply pocket at **1.03972-1.04128**. Short-term traders can trade between these two bands while keeping an eye for a possible rally above last Friday's high of **1.04128** to the next 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**. As mentioned in the weekend report, the medium-term focus is 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 at **1.10796**.

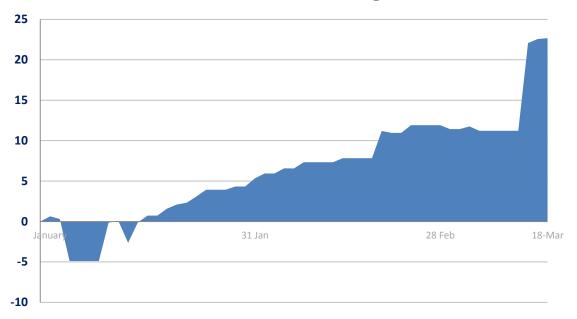
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Exit on D1 close below 1.03522	1.03482		1.03972 Realized	1.04425	2	0.02m
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)	Close Price		Unrealized Realized P/L P/L				mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.15										15.86	15,859.00
2013.03.18 03:42	0.02m	1.03482	2013.03.18 18:02	0.01m	1.03972			49.0	49.00	15.91	15,911.00
2013.03.18 03:42	0.02m	1.03482	2013.03.18 23:59	0.01m	1.03993	51.1	51.10				

Accumulative Percentage P/L



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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.