

A Traders Academy International Publication

EUR-USD Gains Ahead Of ECB Meeting

EUR-USD rose for a second straight session on Monday, buoyed by expectations that the European Central Bank will refrain from cutting interest rates at its meeting later this week. USD-JPY, meanwhile, retreated from a 2-1/2 year high as robust appreciation over the past month had traders opting to book profits despite forecasts of further Bank of Japan stimulus later in the month.

With little U.S. economic data being reported this week currency trading will most likely be driven by the ECB's meeting on Thursday, comments from an array of Federal Reserve speakers as well as sentiment in other asset classes, such as stocks.

EUR-USD is being driven by expectations that the Fed will maintain an easy monetary policy stance, which drives the pair higher.

Minutes from December's Fed meeting released last week raised expectations that the central bank could end its bond-buying program or quantitative easing, this year, but a lacklustre non-farm payrolls report last Friday has some expecting the U.S. central to maintain the status quo.

EUR-USD settled at 1.31155, up 0.3 percent on the day and well below last week's 3-week high of 1.33071. Volatile trade defined the day's activity, with the session low at 1.30157 and the peak at 1.31184.

EUR-USD move higher also gained strength from headlines indicating that Silvio Berlusconi will not stand as candidate for prime minister in next month's Italian election under the terms of a coalition deal with the Northern League. .

Trade should be increasingly volatile in the weeks ahead, with heated U.S. political debates on raising the government's borrowing limit, or debt ceiling, and sequestered spending cuts that are to take place in early March likely to benefit the US Dollar due to its status as a safe haven.

Likewise, analysts cautioned EUR-USD is more likely to remain under pressure as markets refocus on the Euro zone's bleak economic landscape and ECB meetings. Any indication of monetary stimulus or comments on economic weakness could push the pair lower.

While the ECB has indicated its willingness to lower interest rates this year, many do not anticipate a rate cut at this week's meeting as price pressures have increased with core inflation picking up slightly. As economic activity continues to contract, they think that the ECB will eventually lower rates in the coming months.

Traders will also look at Spanish and Italian bond auctions toward the end of the week. If the sales receive solid demand, EUR-USD could gain.

Expectations of aggressive monetary easing by the Bank of Japan have caused USD-JPY to rally more than 8 percent since early December. The BOJ meets on Jan. 21-22.

There is a risk the BOJ's actions might fall short of market forecasts, leading the dollar to weaken. The risk that traders were a little bit carried away and that the easing is not much as they were hoping for, we see a pullback in USD-JPY.

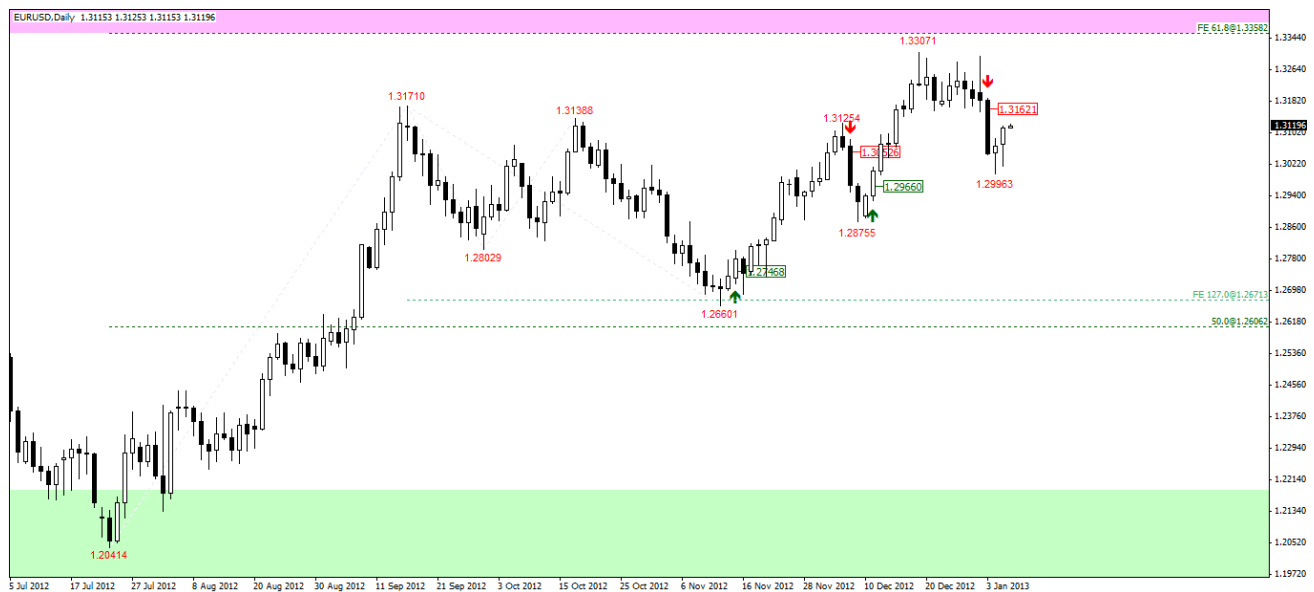
Traders also said the Japanese Yen found some support on worries that Japanese mobile operator Softbank Corp's deal to buy 70 percent of U.S. carrier Sprint Nextel Corp could run into complications.

USD-JPY was down 0.4 percent at 87.777, off the day's peak of 88.355, which was its strongest since July 2010.

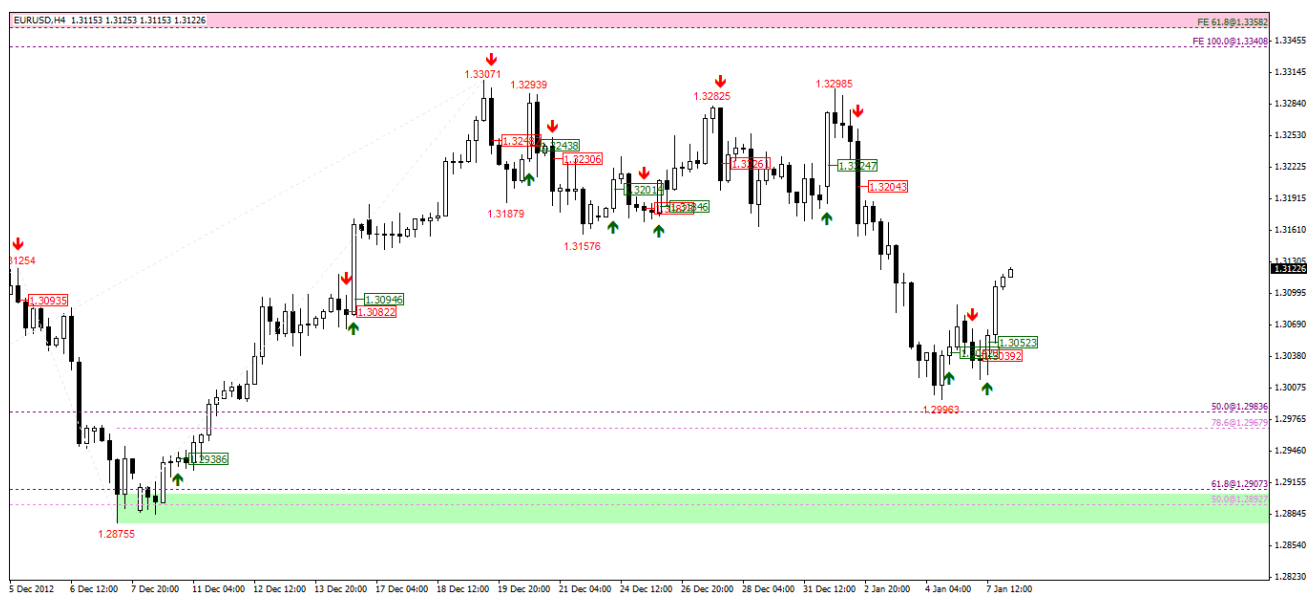
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EUR-USD DAILY



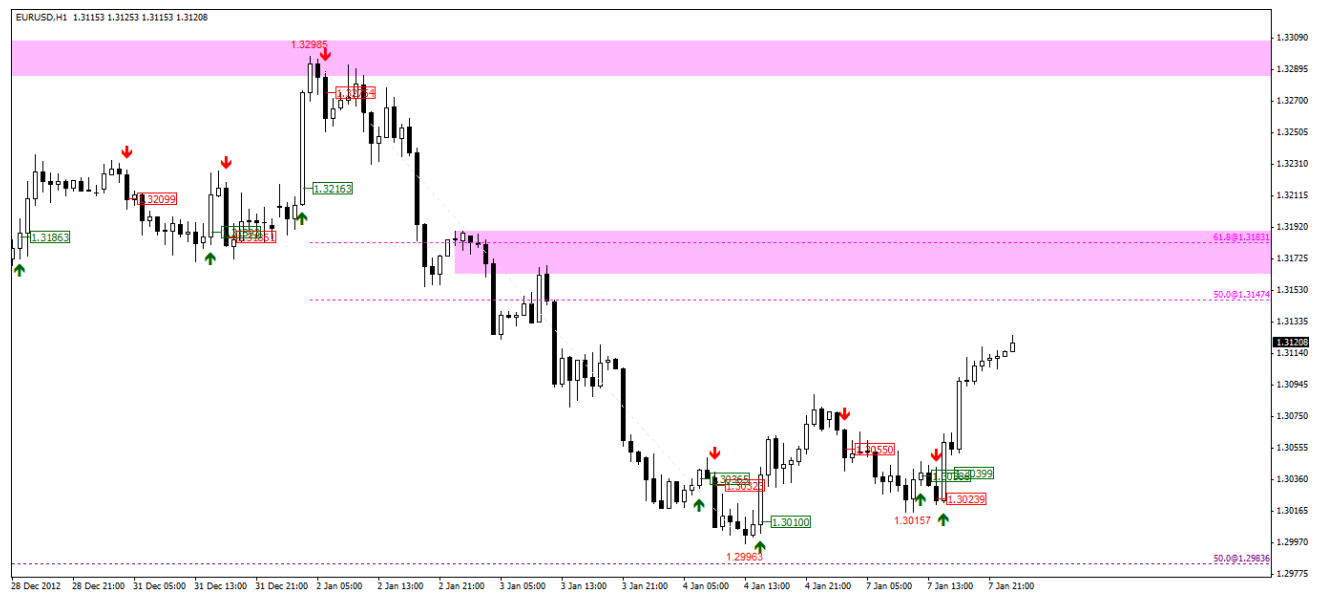
EUR-USD 4-HOURLY



EUR-USD Short Term Outlook

Last week's fall to near the 50.0% retracement of 1.26601 to 1.33071 at **1.29836** with a print of 1.29963 terminated there and has since rebounded. Last night's rally registered a high at 1.31184 - above a minor supply pocket at **1.30909-1.31115** - without triggering any sell signal. In view of the sustained rebound, price action is likely to extend towards the supply pocket at **1.31628-1.31897** where the 61.8% retracement of 1.32985 to 1.29963 at **1.31831** is located. This price pocket is expected to contain this rebound and bring about the resumption of the fall from 1.32985. However, strong support may emerge from near the December 7 low of **1.28755**. Should this level fail; focus will shift to the November 13 low of **1.26601** where the demand zone at **1.26601-1.27214** lies.

EUR-USD 1-HOURLY



TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on reversal signal within 1.31628-1.31897		1.31997	1.30237	1.27214	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	+ / - (\$)	%	\$
2013.01.04											9,698.50

GBPUSD, H4 1.61132 1.61270 1.61084 1.61218

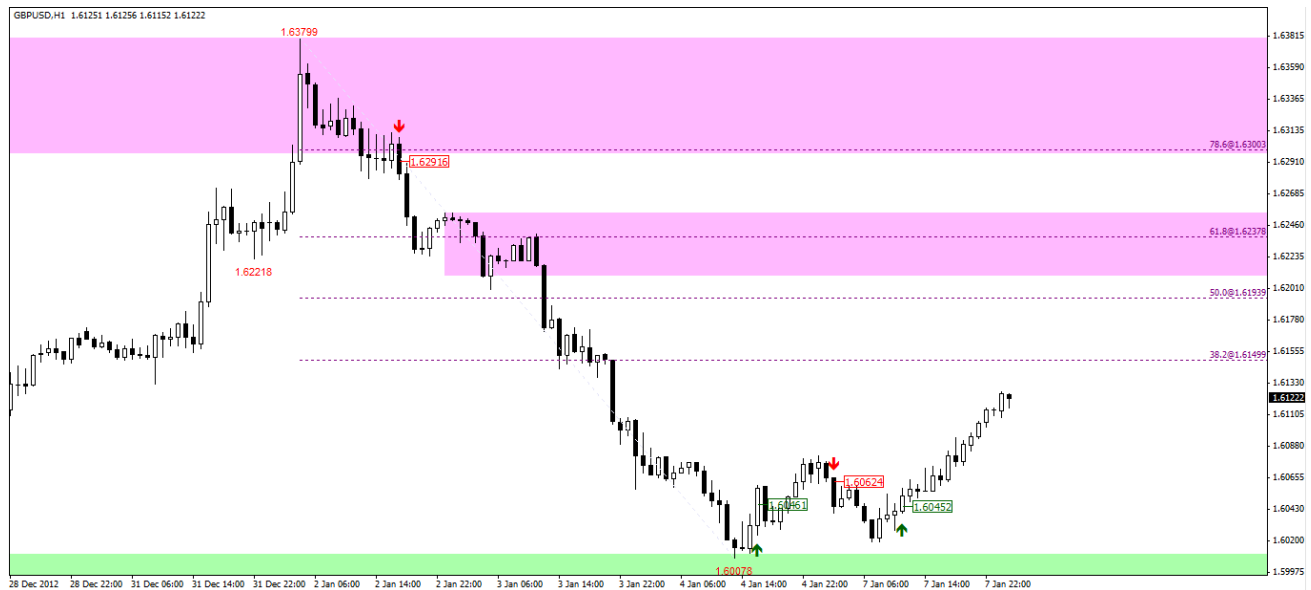
1.63799
1.63795
1.63565
1.63340
1.63110
1.62885
1.62655
1.62430
1.62200
1.61975
1.61745
1.61520
1.61290
1.61065
1.60835
1.60610
1.60380
1.60155
1.59925

1.63059
1.62916
1.62573
1.62397
1.61407
1.61609
1.60764
1.60653
1.60078
1.60009

5 Dec 2012 6 Dec 12:00 7 Dec 20:00 11 Dec 04:00 12 Dec 12:00 13 Dec 20:00 17 Dec 04:00 18 Dec 12:00 19 Dec 20:00 21 Dec 04:00 24 Dec 12:00 26 Dec 20:00 28 Dec 04:00 31 Dec 12:00 2 Jan 20:00 4 Jan 04:00 7 Jan 12:00

The fall from the 17-month high at 1.63799 last week was deep and at one point tested the December low of 1.60009 with a print at 1.66078. Price action held at a minor secondary demand pocket at **1.59875-1.60105** and rebounded into Monday's session. This rise appears to be gaining traction. Short of rallying straight towards the supply pocket at **1.62095-1.62546** where the 61.8% retracement of 1.63799 to 1.60078 at **1.62378** is located, price action may meet resistance somewhere between the 38.2% and 50.0% retracement of 1.63799 to 1.60078 at **1.61499** and **1.61939**. Positioning shorts within this price bracket may be possible if reversal signals there trigger sell signals in the H1 chart. Regardless of where this rebound terminates, focus is on the November low of **1.58273**, where the demand zone at **1.57531-1.58303** lies.

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 reversal signal between 1.61499-1.61939		1.62039	1.59268	1.58303	3	0.03m

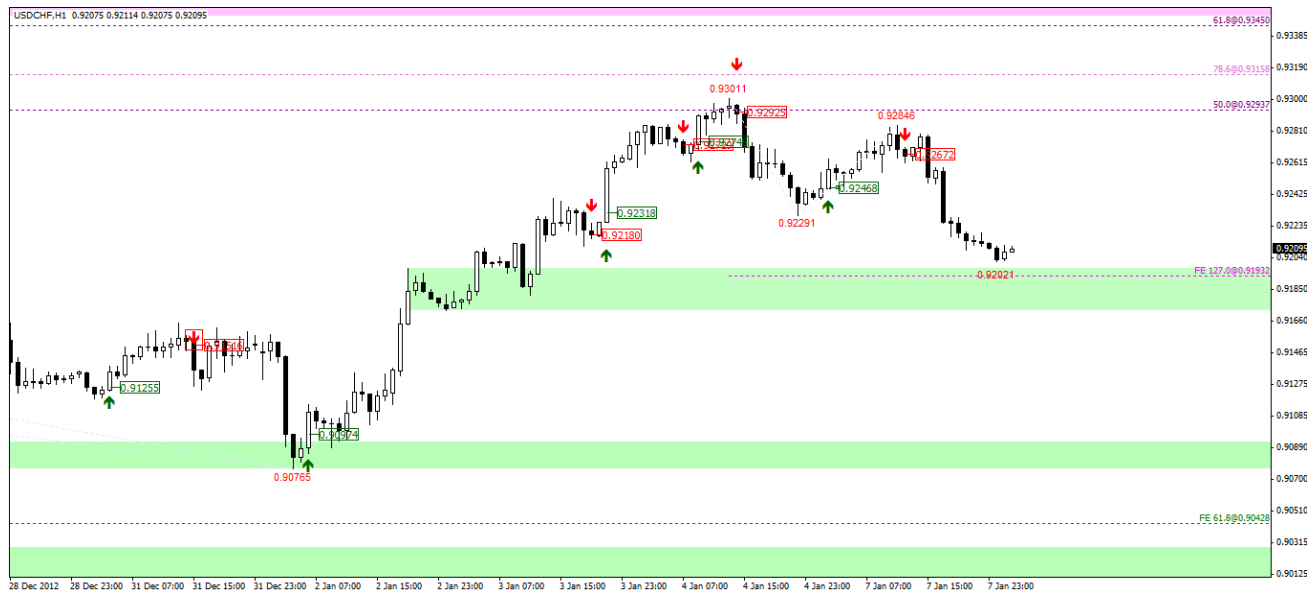
GBP-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											9,919.90

[illegible]

The rebound from last Wednesday's low of 0.90765 topped out at 0.93011 last Friday. Yesterday saw an attempt to test this high and failed. The ensuing fall has so far registered an intraday low this morning in Tokyo with a print at 0.92021. This level is just above the 127.0% projection of 0.93011 to 0.92291 from 0.92846 at **0.91932**. Though short-term charts currently favor the downside, there is still a possibility that price action may yet rally into the supply pocket at **0.93407-0.93810**. If so, this price pocket is expected to cap this rally which is treated as a corrective move. The idea is, therefore, to re-position shorts within the supply pocket at **0.93407-0.93810** – assuming sell signals are triggered in the H1 and H4 charts then. In the unlikely event that the rally extends beyond this price pocket, focus will shift to **0.94908-0.95109** instead. On the downside, below **0.91723-0.91978**, a challenge of this week's low at **0.97065** can be expected.

USD-CHF 1-HOURLY



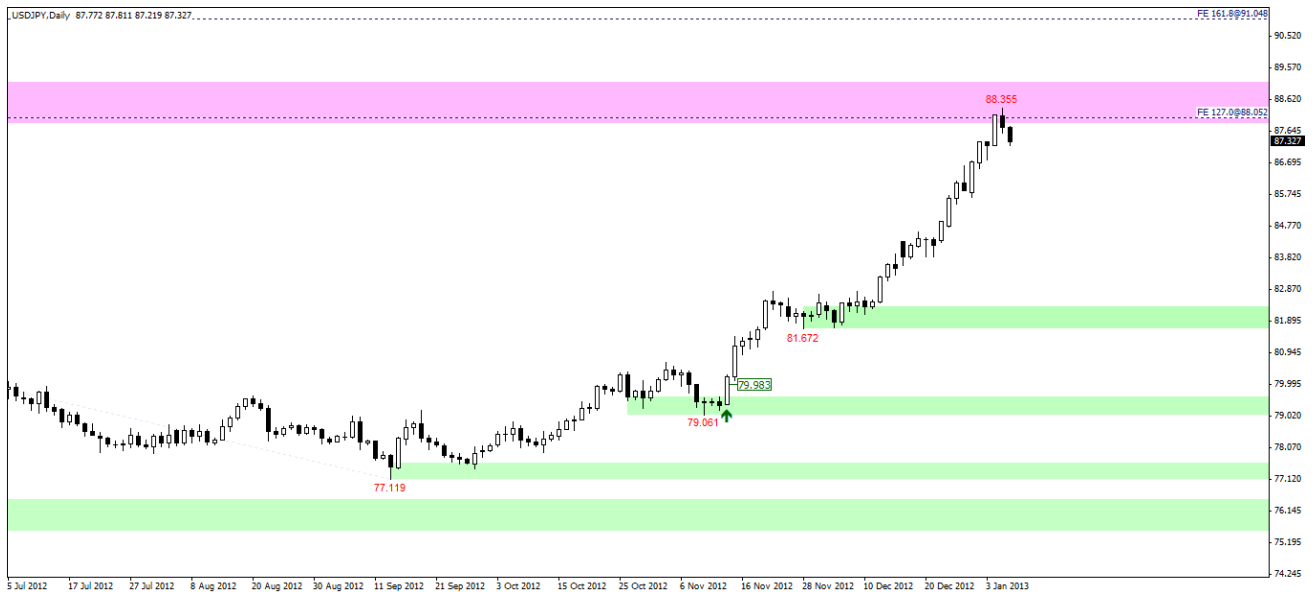
USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on reversal signal in H1 within 0.93407-0.93810.		0.93910	0.91867	0.90924	3	0.03

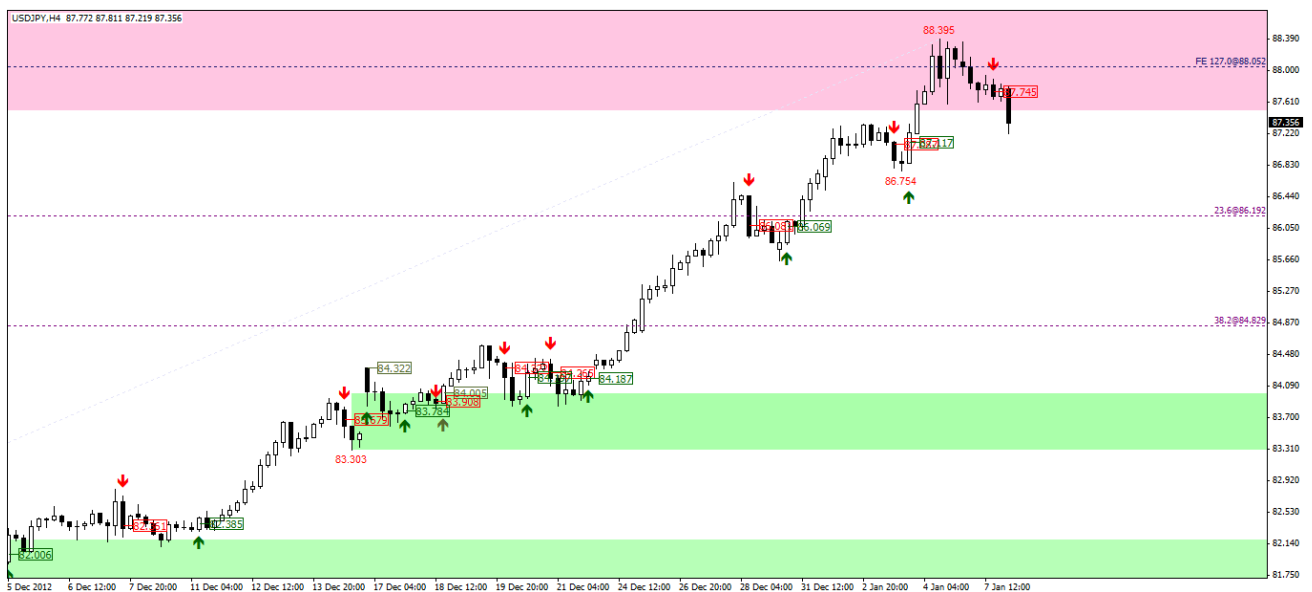
USD-CHF TRADE JOURNAL

Close Date	Buy (units)	Close Price	Open Date	Sell (units)	Open Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											10,073.91

USD-JPY DAILY



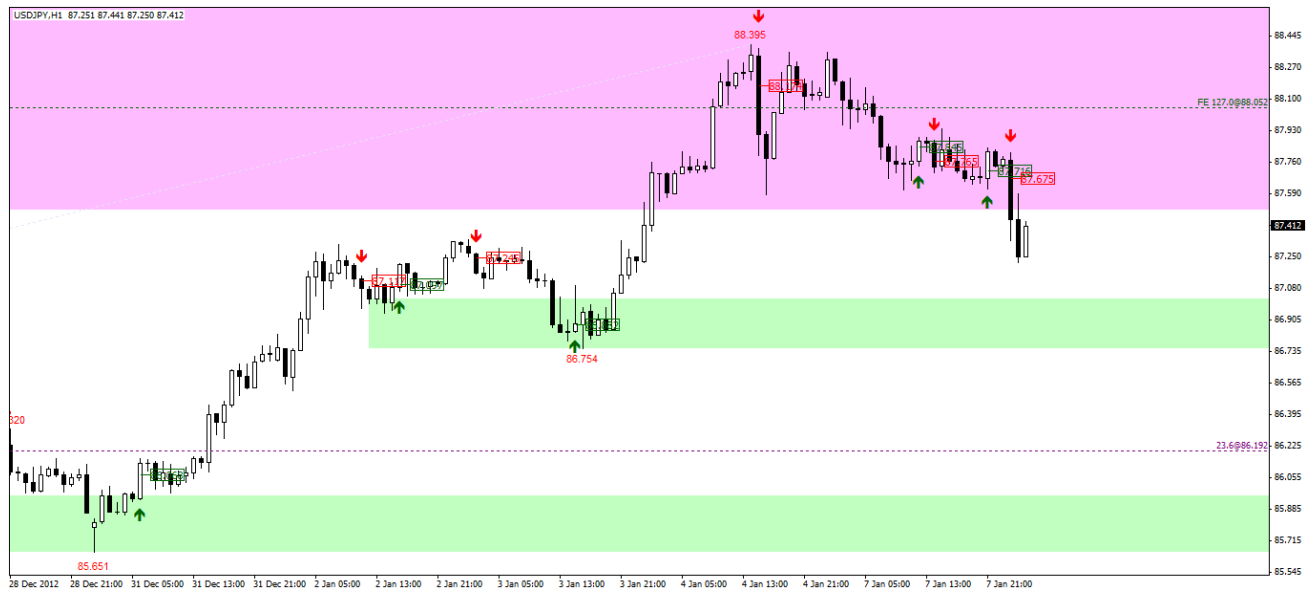
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

This market appears to stall since hitting the 127.0% projection of 75.563 to 84.172 from 77.119 at **88.052** with a print at 88.395 last Friday. This is no surprise as the 127.0% represents to me, an 'overshoot' of the 100.0% Fibonacci projection. The current pullback is treated as a correction of the relentless 3-month long rally from 77.119. In retrospect, the break above 85.520 in the last week of 2012 affirmed the emergence of a sustainable rally with the potential to rally all the way to the 100 yen level last seen in April 2009. At any rate, traders are of the opinion that the unspoken USD-JPY exchange rate target of new LDP led government is 90.000. This is a psychological level. On the upside, beyond the 88.355 high, focus would shift to the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048** (see D1 chart). On the downside, only sustained trading below the minor demand pocket at **86.754-87.023** would the bullish bias be questioned.

USD-JPY 1-HOURLY



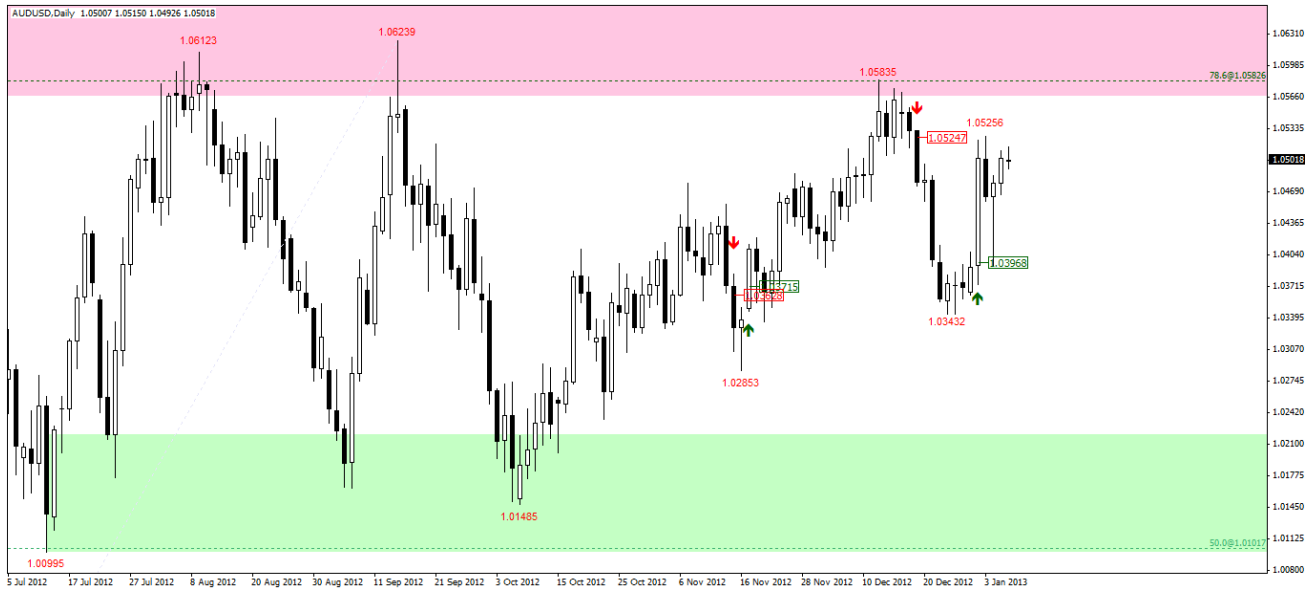
USD-JPY TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Bought on buy signal above 86.882 in H1	86.882	Break-even	88.052 Realized	91.048	3	0.03

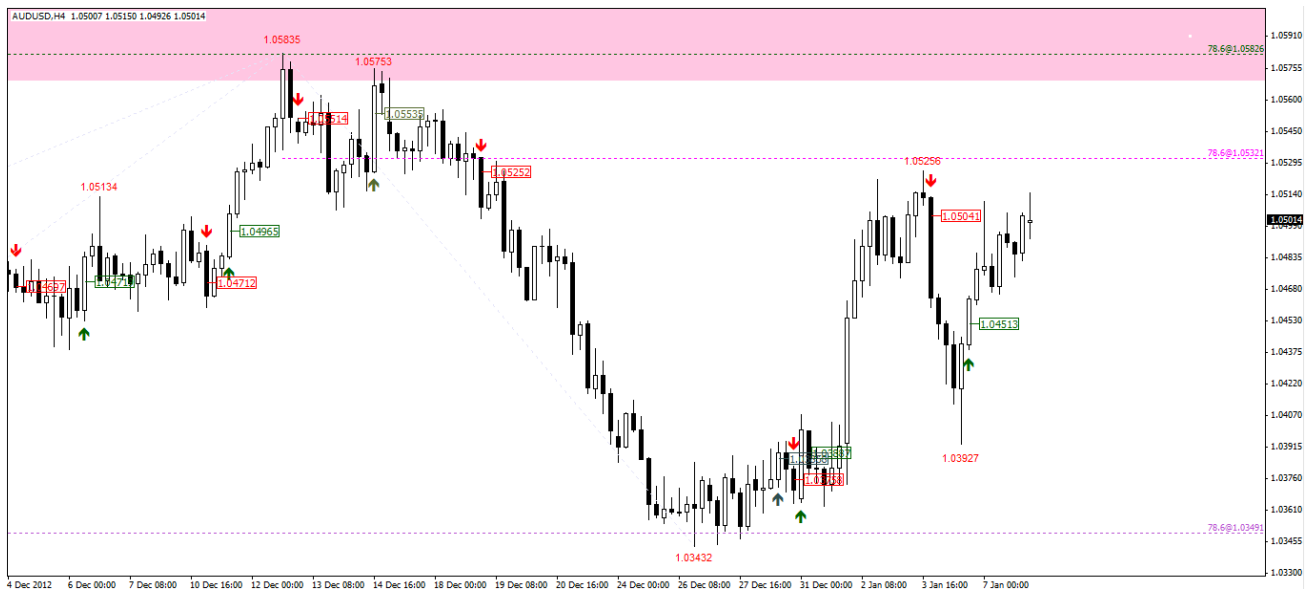
USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											10,045.48
2013.01.02 15:06	0.02m	86.882	2013.01.07 23:59	0.02m	87.777	179	203.93				

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

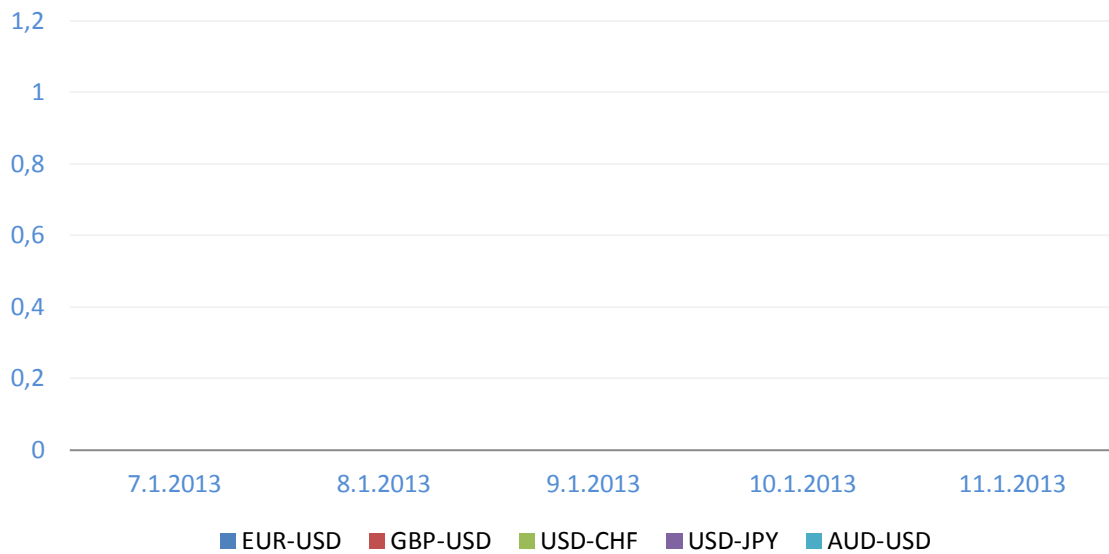
Trading remains choppy in this market with sharp and abrupt reversals being the common denominator in recent sessions. Last Thursday saw a failed challenge of the 78.6% retracement of 1.05835 to 1.03432 at **1.05321** with a print at 1.05256 followed by a sharp fall to between the 61.8% and 78.6% retracement of 1.03432 to 1.05256 at **1.04129** and **1.03822** and rebounded. The ensuing rebound was equally sharp and may yet challenge the 78.6% retracement of 1.05835 to 1.03432 at **1.05321** all over again and possibly extends into the overhead supply pocket at **1.05796-1.06239**. On the downside, below the December low of **1.03432** focus would shift to the October low of **1.01485**.

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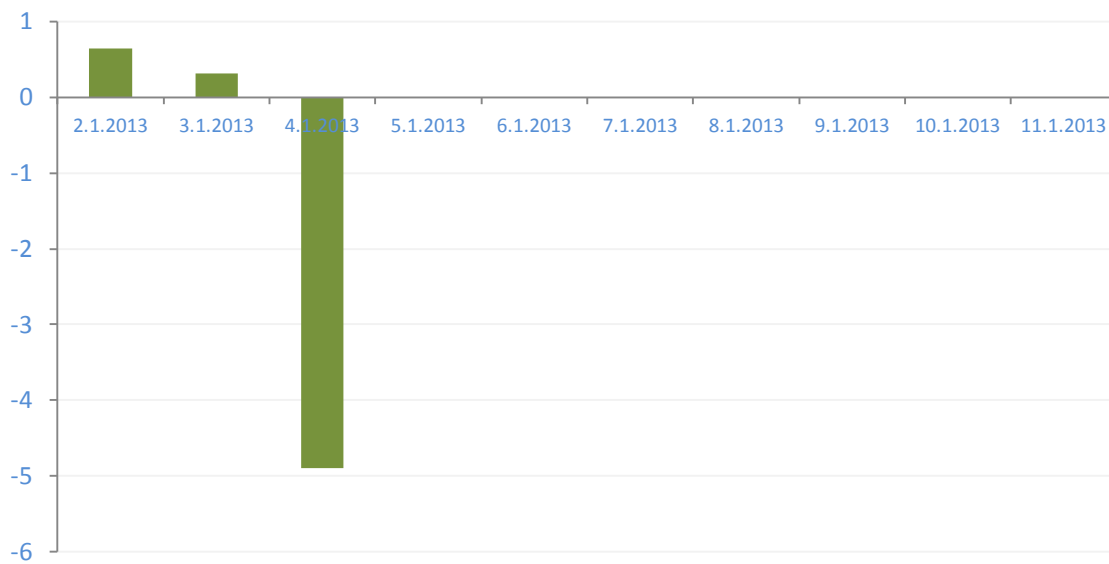
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold	Sold on reversal signal in H1 at/near 1.05321	1.05150	Break-even	1.04128 Realized	1.03822	3	0.03

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											10,198.50
2013.01.07 23:59	0.02m	1.05038	2013.01.03 17:56	0.02m	1.05150	22.4	22.40				

Daily Realized P/L



Accumulative Realized % Gain



Traders Academy International

Check out our website at
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.