

A Traders Academy International Publication

ECB Comments Briefly Boosts Euro

The Japanese Yen advanced against the US Dollar and Euro for a second straight session on Wednesday as a recent warning from a Japanese official about excessive Yen weakness continued to underpin the currency.

EUR-USD, meanwhile, slipped for a second consecutive day on persistent concerns about the Euro zone economy. The Euro briefly bounced after European Central Bank member Ewald Nowotny said EUR-USD exchange rate was "not a matter of major concern." That was in stark contrast to comments from Eurogroup head Jean-Claude Juncker, who on Tuesday prompted investors to sell the Euro by saying it was "dangerously high."

The focus, however, remained squarely on the Japanese Yen, which has captured investors' attention the last two months. Forecasts of aggressive action by the Bank of Japan to weaken its currency drove USD-JPY sharply higher in recent months, gaining nearly 11.3 percent in the fourth quarter of 2012 and 2.1 percent so far this year.

However, after USD-JPY hit a 2-1/2 year high of 89.659 this week, most believe it was poised to retrace, with a correction ignited by Japanese Economics Minister Akira Amari's comments on Tuesday. Amari cautioned that excessive Yen weakness could boost import prices and hurt people's livelihood. The recent pullback in USD-JPY is obviously due to Amari's comments.

Traders have put on big bets against the Japanese Yen with the new government in Tokyo very vocal about pressing the central bank to tackle deflation, calling for a 2 percent inflation target. The Bank of Japan is widely expected to agree to such a target at its policy meeting on January 21-22.

USD-JPY settled at 88.363, down 0.46 percent on the day.

Many analysts believe USD-JPY rise in recent weeks has been quite extreme and its correction this week could persist in the short term. Yen positioning was already extended, with speculative Yen shorts more than 80 percent of their recent December peak.

Wednesday's sell-off in USD-JPY dragged all of the major currencies lower.

EUR-JPY also fell to trade down 0.59 percent lower at 117.423. EUR-JPY had climbed to its highest in 20 months earlier this week after the ECB dashed expectations of a near-term rate cut.

What we are witnessing is deleveraging. Over the past 2 months, with the blessing of Prime Minister Shinzo Abe who pledged to ease monetary policy aggressively, many traders jumped back into Yen-funded carry trades and now they are taking profits below key levels after Japanese officials expressed concerns about Yen weakness.

EUR-USD slipped 0.12 percent to 1.32879. Weak economic data from Europe highlighted the disparity with the U.S. economy. Demand for new cars in Europe fell to a 17-year low in 2012, and even the German economy is suffering from the Euro zone recession. If economic data continues to weaken, the ECB may opt to cut rates, a negative for the Euro.

In the United States, muted inflation pressures should give the Fed more room to prop up the economy by staying on its ultra-easy monetary policy path. U.S. consumer prices were flat in December.

EUR-USD had rallied smartly in the days following last week's ECB meeting. ECB President Mario Draghi downplayed expectations of another rate cut and painted a more positive outlook for the Euro zone economy. His supportive comments sent EUR-USD to an 11-month high of 1.34028 this week.

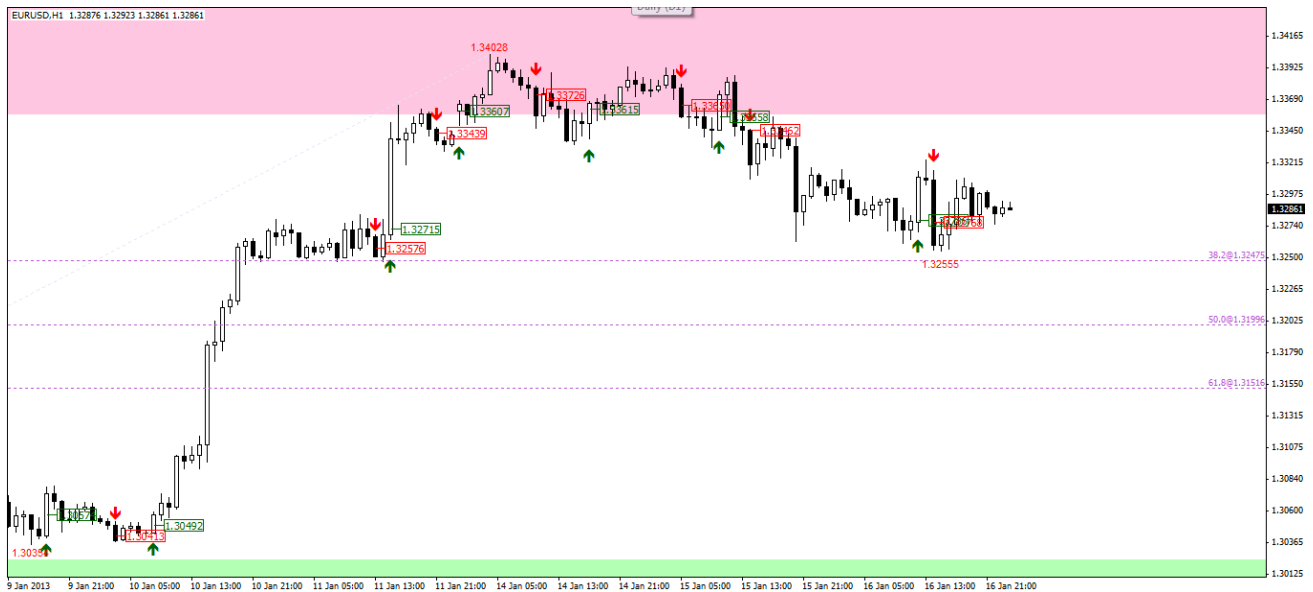
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This market continues to pull back from Monday's of 1.34028. Earlier last week, price action rose from 1.29963 into the overhead SZ at **1.33575-1.34857** where selling emerged. After rallying into this price pocket last Friday, this market has stalled. As of last night, this pullback halted just above the 38.2% retracement of 1.29963 to 1.34028 at **1.32475**. This did not come as a surprise. Previous updates have allured to the possibility of a correction that may terminate somewhere at/near this level. In the event of a deeper fall, the January 4 low of 1.29963 where the demand pocket at **1.29963-1.30439** is expected to hold. However, only a sustained rally above the overhead SZ at **1.33575-1.34857** would pave the way towards the 1.50000 psychological level.

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	1.32375	1.33820	1.41857	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	+ / - (\$)	%	\$
2013.01.04											9,698.50
2013.01.14 09:48	0.03m	1.33726	2013.01.15 20:53	0.01m	1.33069			65.7	65.70	0.68	9,764.20
2013.01.14 09:48	0.03m	1.33726	2013.01.15 20:57	0.02m	1.32716			202.0	202.00	2.07	9,966.20
Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
2013.01.16 15:10	0.03m	1.32692	2013.01.16 23:59	0.03m	1.32879	56.1	56.1				

GBPUSD Daily: 1.60041 1.60080 1.59955 1.59962

1.64490
1.63730
1.62970
1.62230
1.61470
1.60710
1.59950
1.59210
1.58450
1.57690
1.56950
1.56190
1.55430
1.54690
1.53930
1.53170
1.52410
1.51670

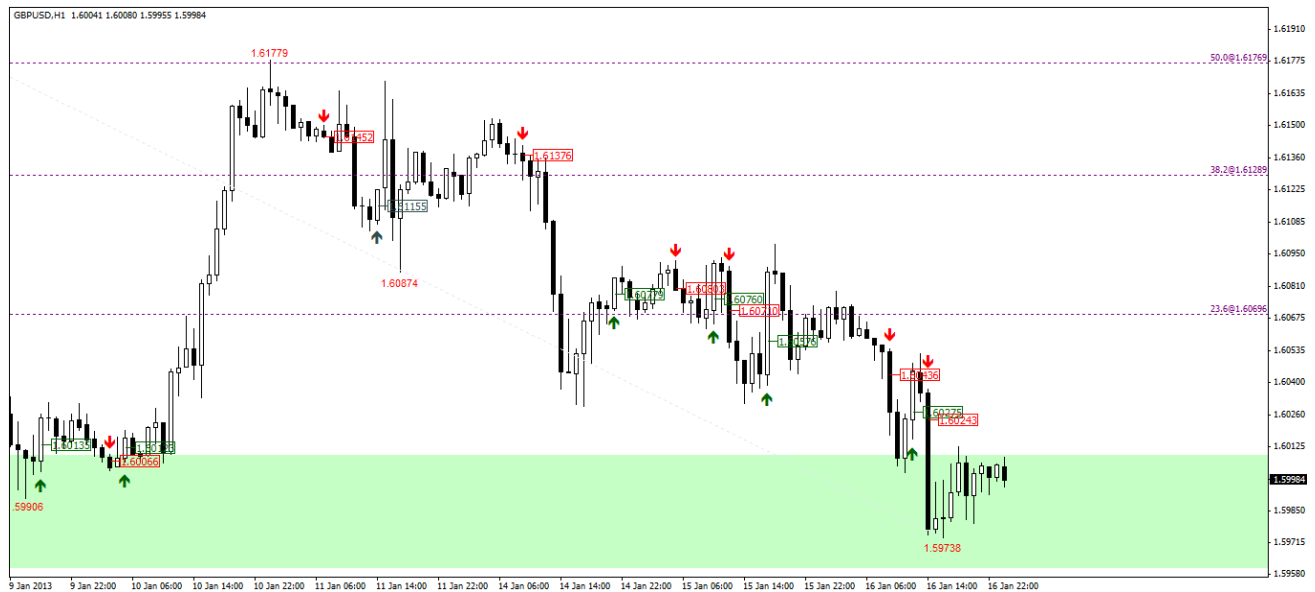
1.63005
1.63083
1.52672
1.58273
1.58691
1.63025
1.62693
1.61132
1.60218
1.59738

FE 61.88 1.64707

16 Jan 2012 29 Jan 2012 12 Feb 2012 29 Feb 2012 12 Mar 2012 29 Mar 2012 12 Apr 2012 29 Apr 2012 12 May 2012 29 May 2012 12 Jun 2012 29 Jun 2012 12 Jul 2012 29 Jul 2012 12 Aug 2012 29 Aug 2012 12 Sep 2012 29 Sep 2012 12 Oct 2012 29 Oct 2012 12 Nov 2012 29 Nov 2012 12 Dec 2012 29 Dec 2012 12 Jan 2013

This market continues to sideline – for the second consecutive days. The idea that a low is in place at 1.59906 was invalidated as a new marginal low was registered overnight at 1.59738. However, assessment that another rise is imminent remains in force. As we have it, price action fell back into the demand pocket at **1.59875-1.60105** overnight and appears to hold – so far. That being the case, focus is on the supply zone at **1.63012-1.63799** which sits just above the 78.6% retracement of 1.63799 to 1.59906 at **1.62966**. Sustained rally above this price pocket would suggest a challenge of the upper trend-line of the triangle formation seen in the W1 chart. On the downside, a break below **1.59906** would bring further weakness to the November low of **1.58273** which is situated within the demand zone at **1.57531-1.58303** and should hold.

GBP-USD 1-HOURLY



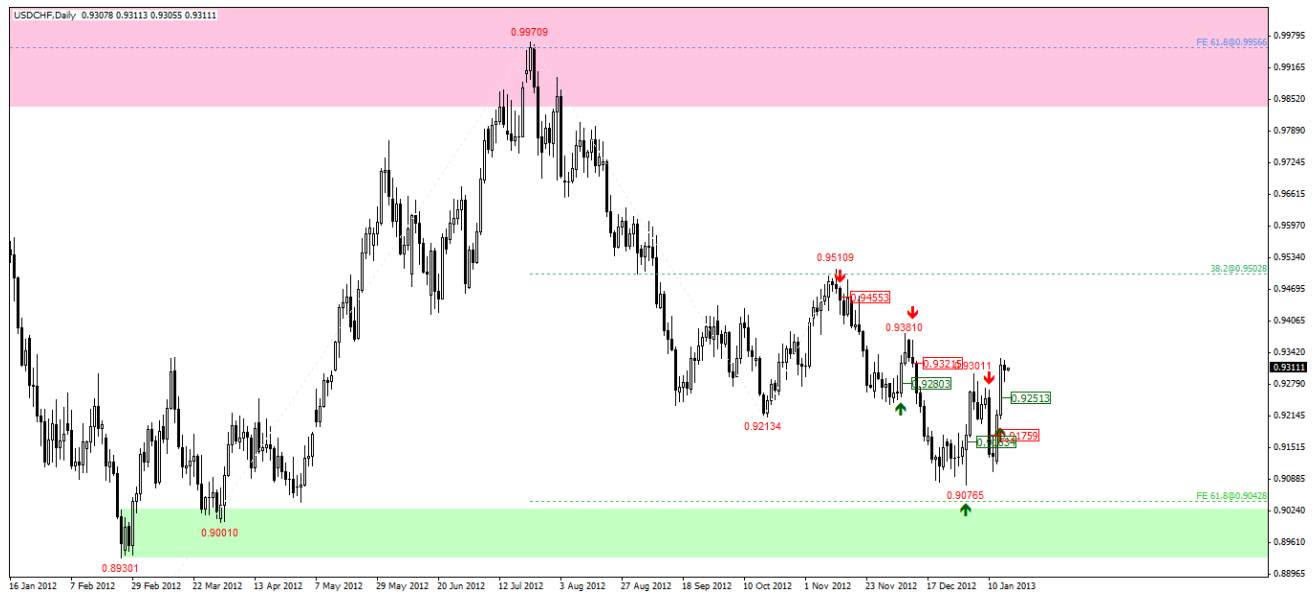
GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Buy on reversal signal within 1.59875-1.60105	1.59830	1.59505	1.61769	1.63012	3	0.03m

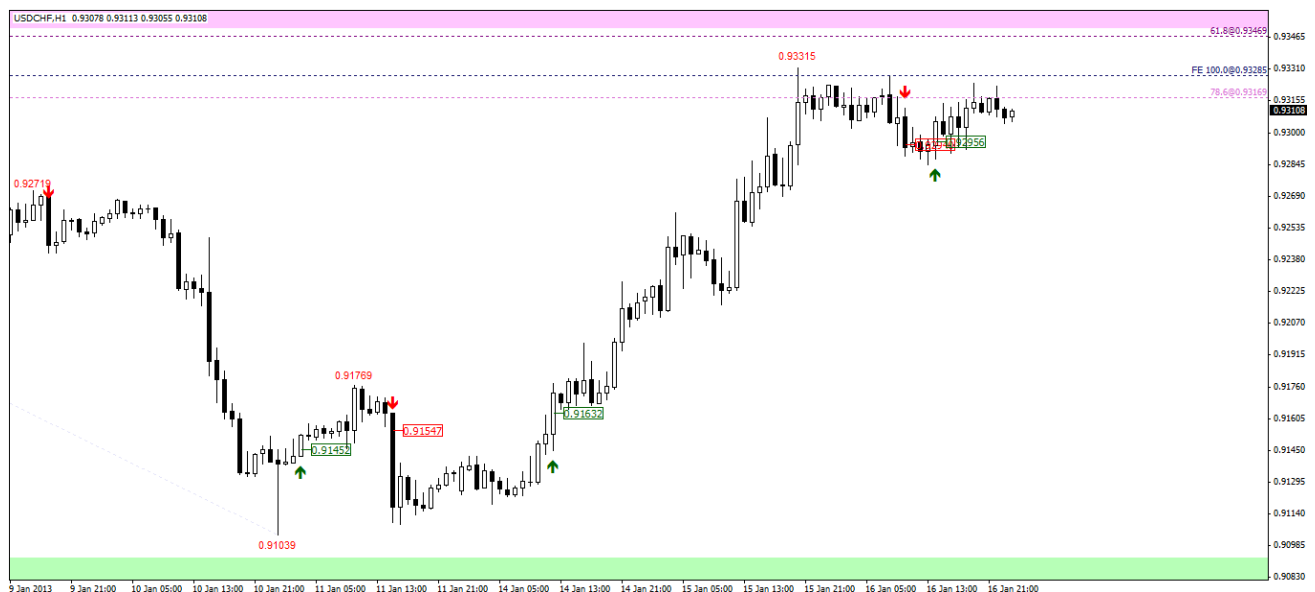
GBP-USD TRADE JOURNAL

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										-0.80	9,919.90
2013.01.11 12:52	0.03m	1.61155	2013.01.14 13:54	0.03m	1.60754			-120.3	-120.30	-0.12	9,799.60
2013.01.16 16:20	0.03m	1.59830	2013.01.16 23:59	0.03m	1.60048	65.4	65.4				

USD-CHF DAILY



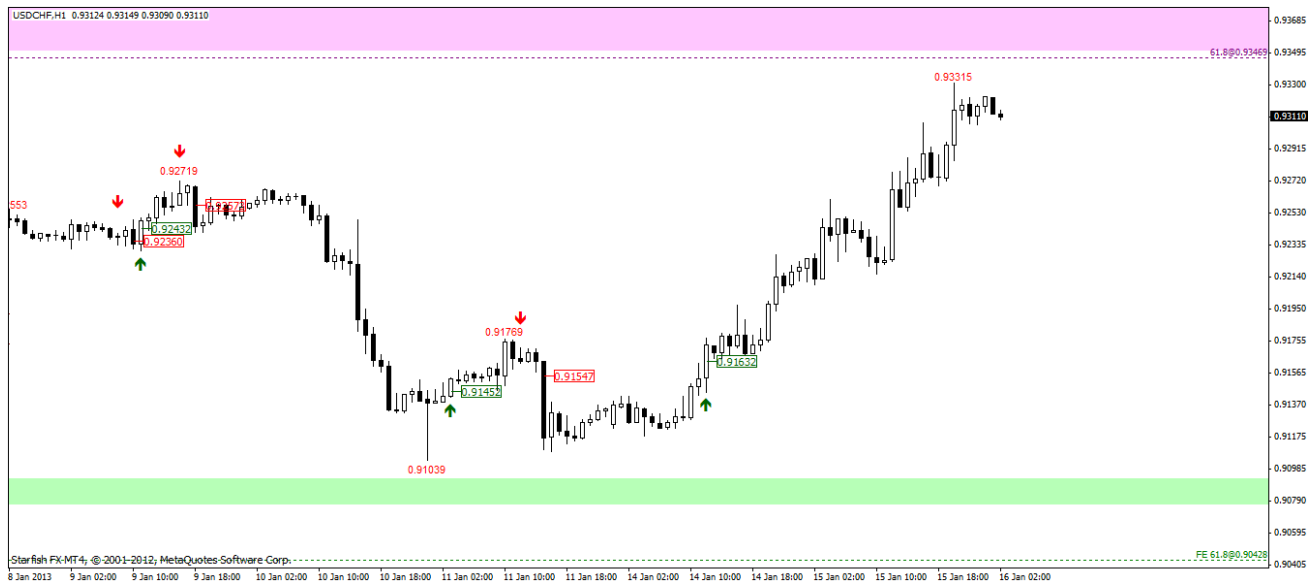
USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

The rebound from 0.91039 stalled at Tuesday's high at 0.93315 which is just below the supply pocket at **0.93407-0.93810** where the 61.8% retracement of 0.95109 to 0.90765 at **0.93450** is located. There is no change in outlook. The idea that this price action is expected to cap this nascent counter-trend rally is still valid. 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. Preliminary downside target is the demand pocket at **0.90010-0.90587** followed by another at **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
Sell	Sell on sell signal within 0.93407-0.93810.		0.93910	0.90587	0.89847	3	0.03

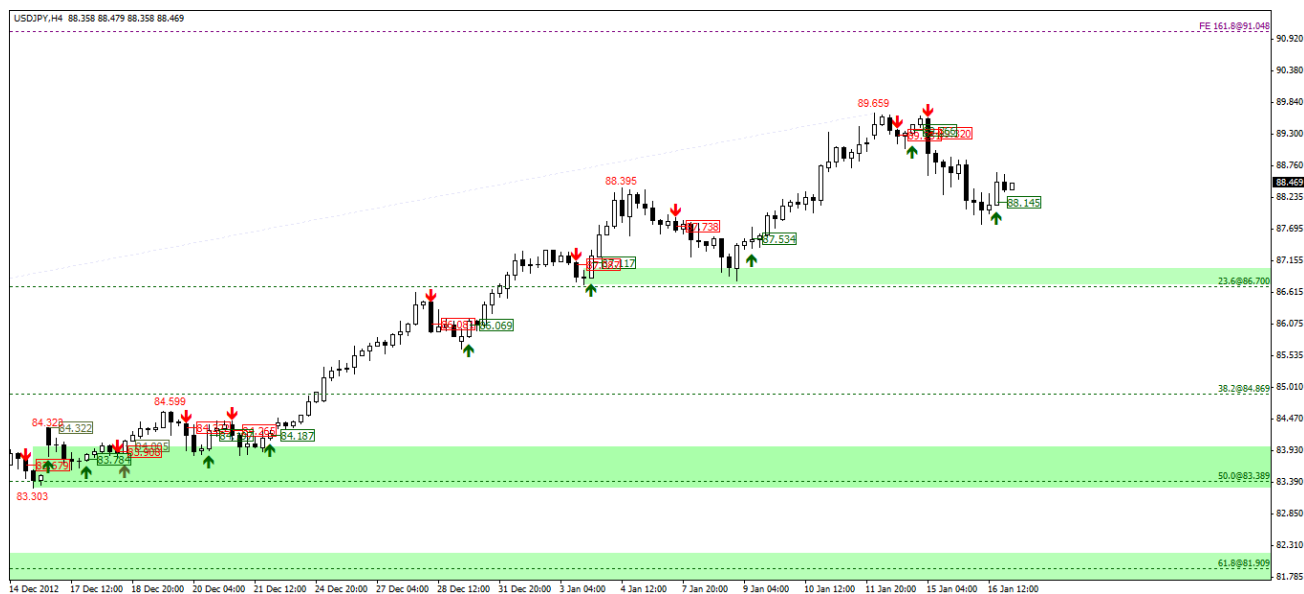
USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04										0.74	10,073.91
2013.01.11 15:12	0.03m	0.91547	2013.01.14 16:32	0.03m	0.91869			-96.6	-105.15	-1.04	9,968.76

USD-JPY DAILY



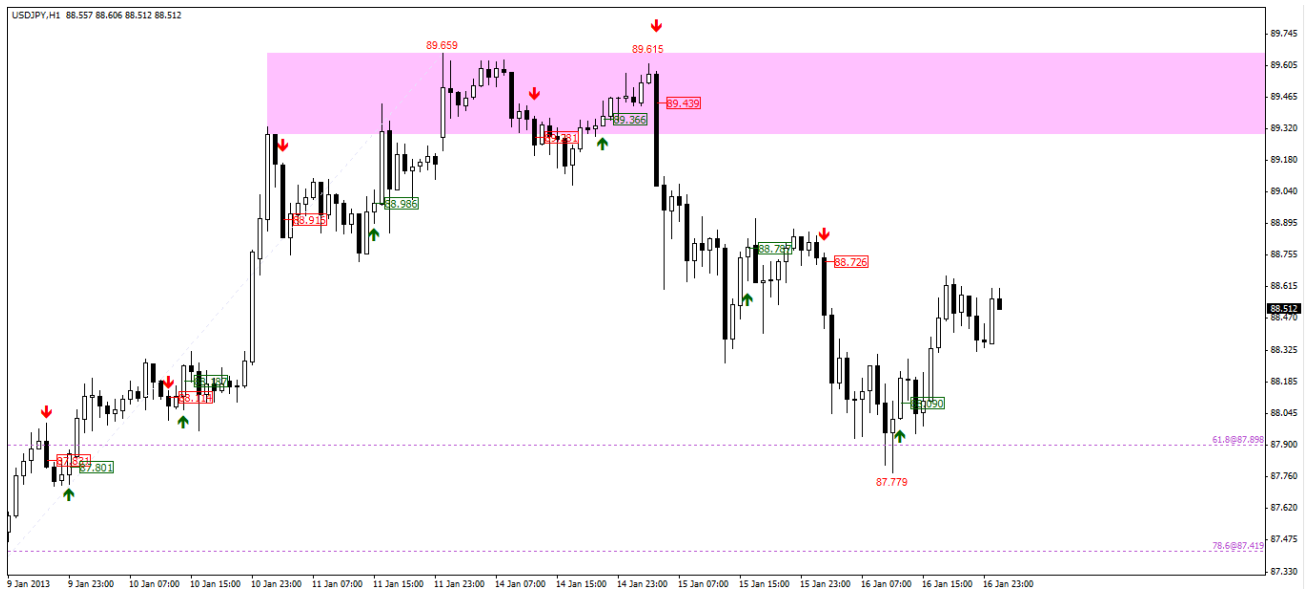
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

After registering the highest level since June 2010 with a print at 89.659 and poised to strike the psychological level of **90.000**, this market came under profit-takings. Price action corrected deeper overnight to the 61.8% retracement of 86.809 to 89.659 at **87.898** with a low at 87.779 before rebounding. At any rate, this correction was expected to go no deeper than the minor demand pocket at **86.754-87.023**. As noted, only sustained trading below this price pocket at **86.754-87.023** would compromise the immediate bullish bias and the first clue of a deeper correction would be a close below **88.738** in the D1 chart. Once this correction is over, the rally is expected to resume with the likely target at 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.

USD-JPY 1-HOURLY



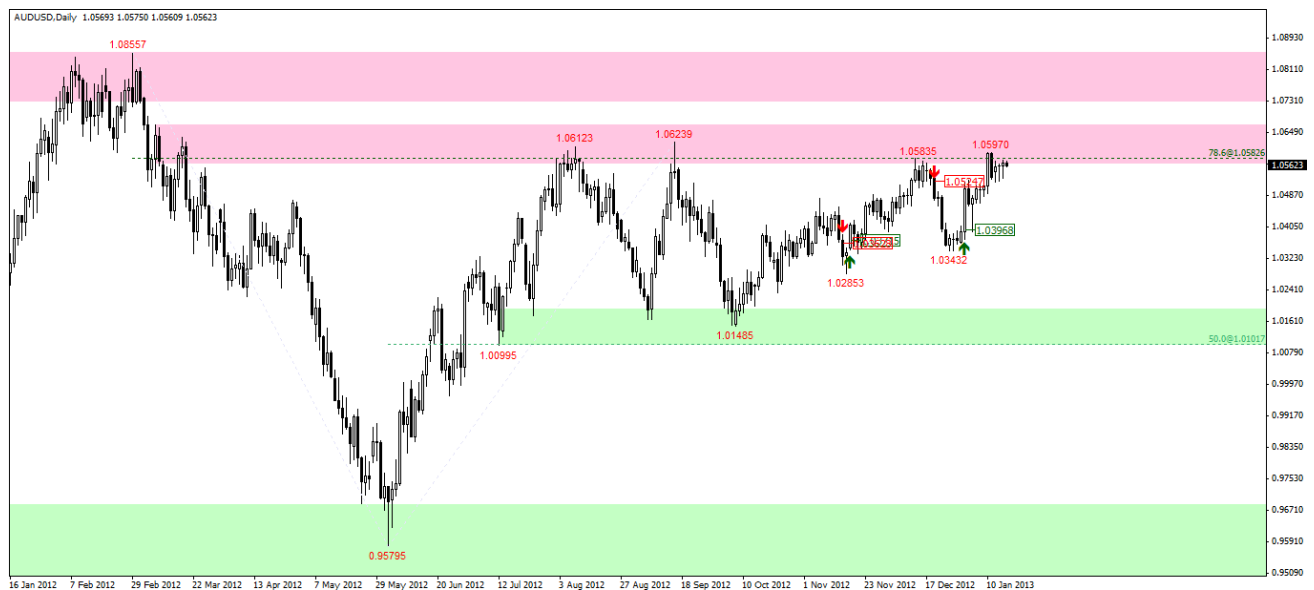
USD-JPY TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		88.090	87.679	89.295	91.048	3	0.03

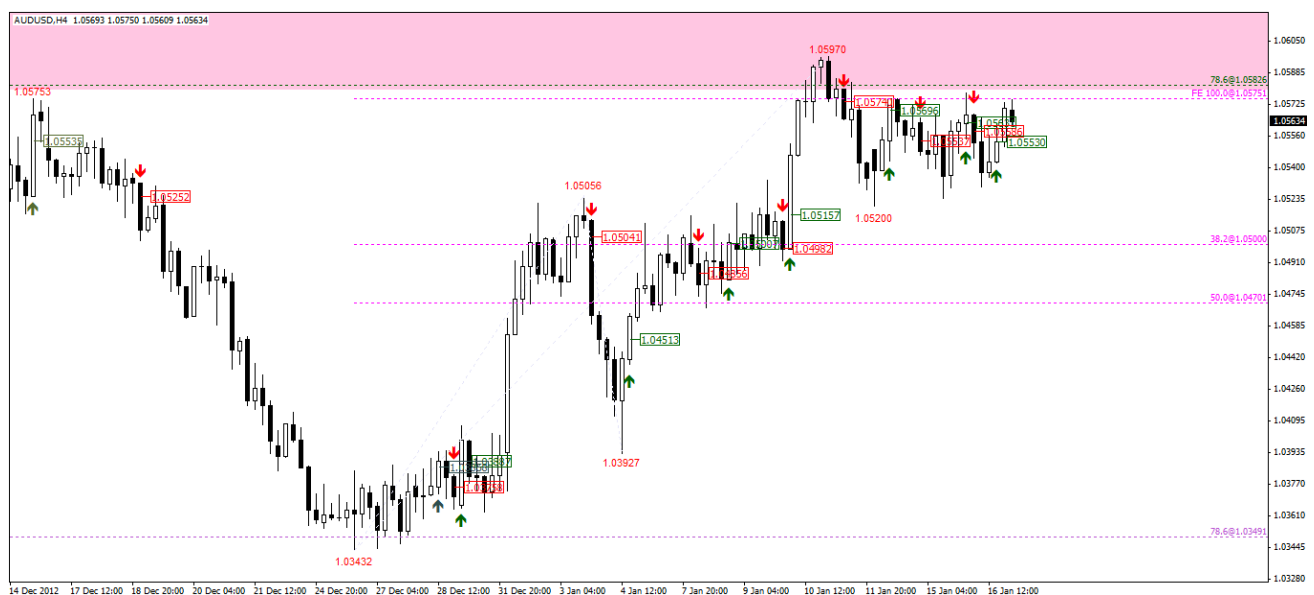
USD-JPY TRADE JOURNAL

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	2013.01.16 01:14	0.02m	88.738			371.2	418.31	4.16	10,463.79
2013.01.16 12:10	0.03m	88.090	2013.01.16 01:14	0.03m	88.363	81.9	92.69				

AUD-USD DAILY



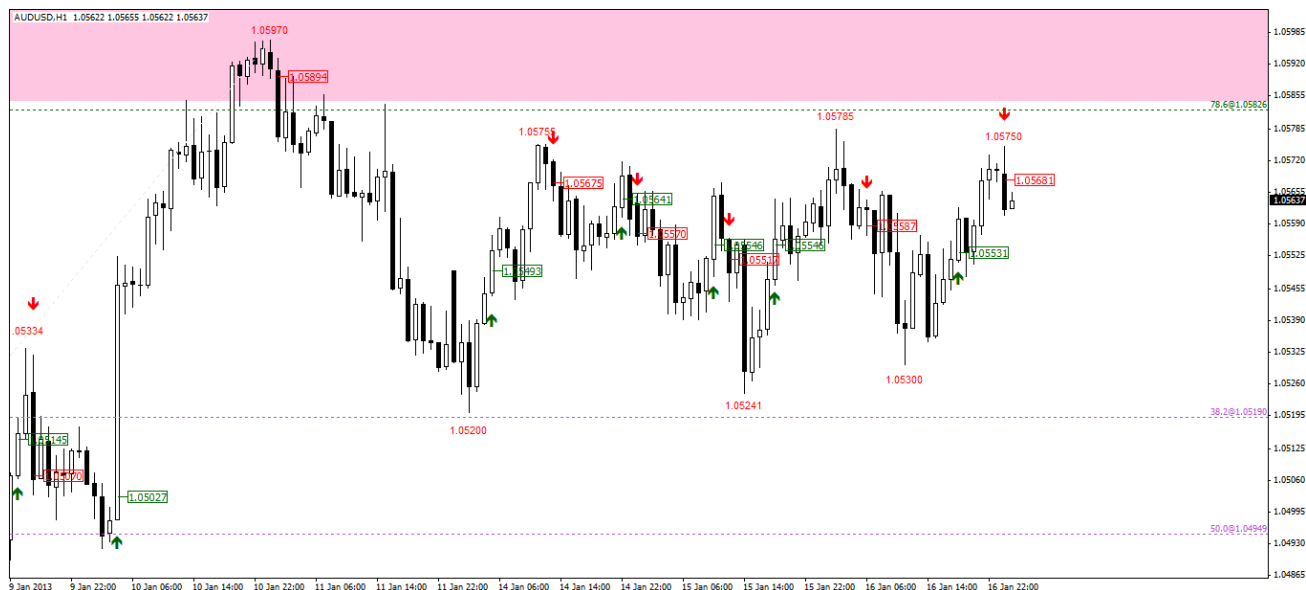
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

Nothing has really changed for the umpteenth time. This market continues to flatline and ended the day hardly changed – as usual. Last week saw the rise from 1.03432 extending its gains into the supply pocket at **1.05796-1.06239** and eased. The correction so far has been rather shallow having taken price action to a low of 1.05200 on Monday and appears poised to trade into the the supply pocket at **1.05796-1.06239** once again and may yet fall to complete the 3-wave corrective price movement at either the 100.0% or 127.0% projection of 1.05970 to 1.05200 from 1.05755 at **1.04985** or **1.04777**. These levels are near the 50.0% and 61.8% retracement level of 1.03927 to 1.05970 at **1.04949** and **1.04707** respectively. From there, this bull-run may resumes. However, should the fall accelerates and breaks below the Boxing Day low of **1.03432**, the DZ at **1.00995-1.02202** should contain further fallout (see D1 chart). On the other hand, should the rally accelerates above the supply pocket at **1.05796-1.06239**, the correction phase is deemed to be over and the rally has resumed.

AUD-USD 1-HOURLY



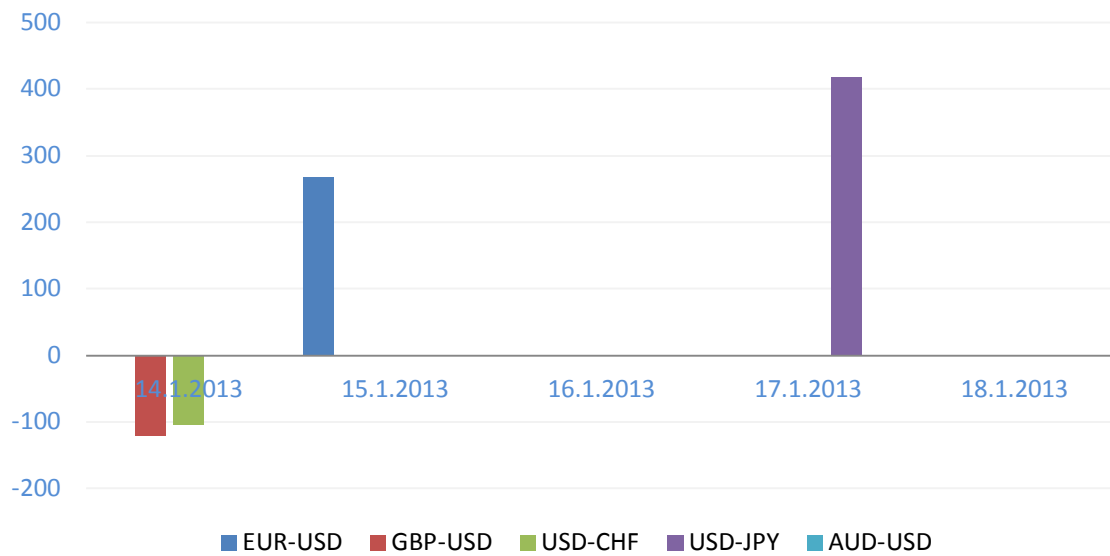
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.05894	1.06070	1.05488 Realized	1.04949	3	0.03
Sell	Sell on sell signal within 1.05796-1.06239						

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	+ / - (\$)	%	\$
2013.01.11											10,165.30
2013.01.11 01:20	0.02m	1.05894	2013.01.16 23:59	0.02m	1.05701	38.6	38.6				

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.