

*A Traders Academy International Publication*

## USD-JPY Rally Into 11<sup>th</sup> Week

EUR-USD rallied to an 11-month high on Friday on growing optimism the Euro region's debt crisis has turned the corner, while USD-JPY had its 11th consecutive week of gains.

EUR-JPY also hit a 21-month peak after the European Central Bank said banks would pay back a greater-than-expected €137 billion in loans next week, a sign that at least parts of the financial system are on the mend. For now, buying EUR-JPY seems to be in play.

EUR-USD climbed 0.61 percent to 1.34623, having risen to 1.34781, its highest since late last February. On the week, it gained 1.05 percent.

A survey showing improvement in business confidence in Germany also underpinned the euro strength, putting it on track for its best one-day gain in two weeks. The ECB is the first major central bank to start moving away from unconventional monetary policy measures, unlike the U.S. Federal Reserve and Bank of Japan, which are buying bonds to stimulate growth. When a central bank purchases assets, effectively expanding its balance sheet, the country's currency tends to be hurt because it increases the currency's supply.

Reflecting a dramatic improvement in the Euro zone's funding conditions, the cross currency basis swap, or the relative premium for swapping euro Libor for dollar Libor, on Friday traded at -17.5 basis points on three-month contracts, the lowest premium in 20 months. A lower swap premium suggests less demand for the US Dollar and diminished funding stress in the Euro zone.

Two-year German bond yields jumped to their highest since March 2012 and rose above their U.S. counterparts for the first time in two years, suggesting interest-rate differential is moving in favour of the Euro.

In the options market, demand for Euro calls, which are bets on more gains, although one-month risk reversals on Friday still showed a minor bias for puts or more Euro weakness. However, this was the smallest Euro put level since November 2009.

USD-JPY rose as high as 91.178, the strongest since June, 2010, rising past reported options barrier at 90.750 and 91.000. It settled up 0.8 percent at 90.900. On the week, USD-JPY rose 0.95 percent, and has gained every week since the week ended November 11.

Expectations Japan's new Prime Minister, Shinzo Abe, will force the central bank to aggressive ease monetary policy has cause the Japanese Yen to lose more than 10 percent of its value against the US Dollar since mid-November, and many expect more declines.

The Japanese Yen's steep drop has raised eyebrows abroad, with German Chancellor Angela Merkel singling out Japan on Thursday as a source of worry. But Japanese Finance Minister Taro Aso said Friday that monetary easing was aimed at pulling the country out of deflation, not manipulating currencies.

BNP Paribas in a note said the Japanese Yen's downside momentum remained strong, but the back-and-forth statements about the currency's weakness between foreign politicians and Japanese officials should exacerbate volatility.

EUR-JPY rose 1.5 percent to 122.374 for a weekly rise of 2.0 percent, the seventh straight week of gains. It had earlier touched 122.749, its highest level since mid-April 2011.

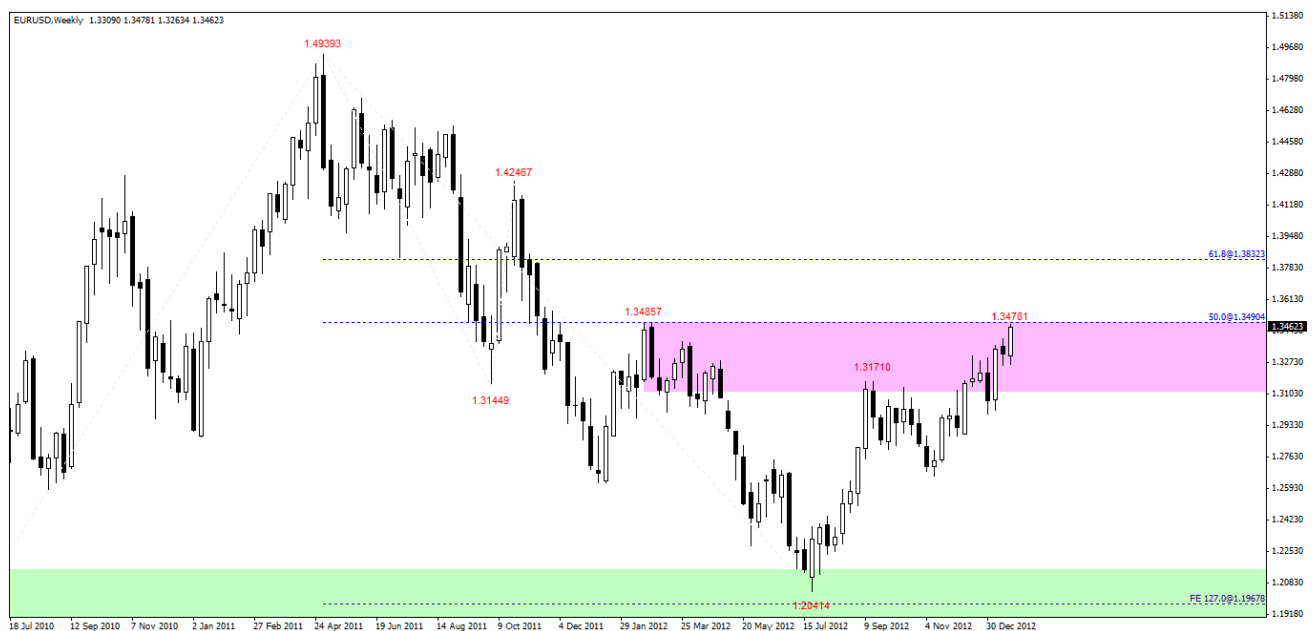
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## EUR-USD MONTHLY



## EUR-USD WEEKLY



## EUR-USD Long Term Outlook

In the longer-term, the fall from 1.49393 is treated as the falling leg inside the consolidation pattern which started from the 2008 high of 1.60373. This fall may have terminated at 1.20414 already. If so, the break above last year's high of **1.34857** would confirm this bullish bias and pave the way towards the 1.50000 psychological level. This week saw an attempt at this level with a print of 1.34781 just hours ago. Besides last year's high at 1.34857, the other important level is the 50.0% retracement of 1.49393 to 1.20414 at **1.34903**. This longer-term bullish bias will remain in so long as the November 2012 low of **1.26611** holds.

EURUSD, Daily 1.33754 1.34781 1.33486 1.34623

1.35430  
1.34623  
1.33830  
1.33010  
1.32210  
1.31410  
1.30590  
1.29790  
1.28990  
1.28170  
1.27370  
1.26570  
1.25750  
1.24950  
1.24150  
1.23330  
1.22530  
1.21730  
1.20910  
1.20110

1.20414  
1.26601  
1.26829  
1.27453  
1.28755  
1.31841  
1.34781

20 Jul 2011 1 Aug 2012 13 Aug 2012 23 Aug 2012 4 Sep 2012 14 Sep 2012 26 Sep 2012 8 Oct 2012 18 Oct 2012 30 Oct 2012 9 Nov 2012 21 Nov 2012 3 Dec 2012 13 Dec 2012 26 Dec 2012 8 Jan 2013 18 Jan 2013

EURUSD, H4 1.34502 1.34702 1.34480 1.34623

1.34781  
1.34790  
1.34623  
1.34515  
1.34235  
1.33960  
1.33680  
1.33405  
1.33125  
1.32850  
1.32570  
1.32295  
1.32015  
1.31740  
1.31465  
1.30910  
1.30630  
1.30355  
1.30075  
1.29800

1.32825  
1.32985  
1.32704  
1.32403  
1.32043  
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1.30805  
1.30659  
1.30533  
1.30322  
1.29983

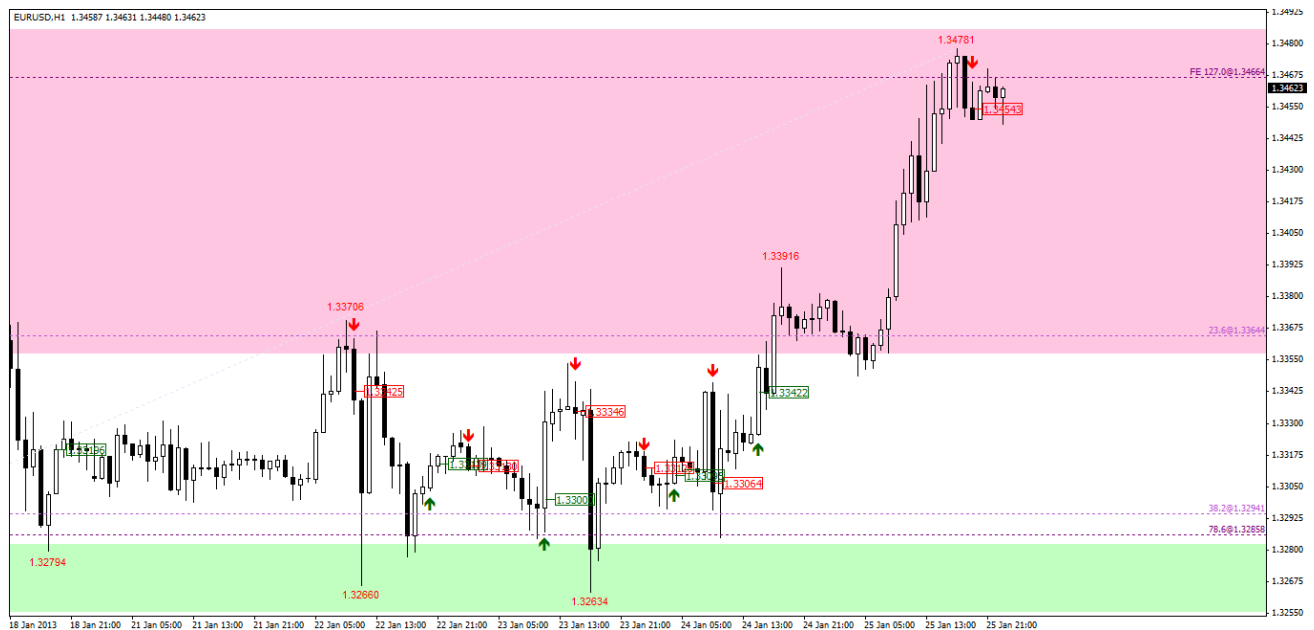
1.34028  
1.33723  
1.33617  
1.33626  
1.33029  
1.32927  
1.32843  
1.32555  
1.32660  
1.32634

FE 127.081.34569  
38.201.32941  
50.001.31992  
61.801.31693  
50.001.29836

26 Dec 2012 27 Dec 08:00 28 Dec 16:00 2 Jan 00:00 3 Jan 08:00 4 Jan 16:00 8 Jan 00:00 9 Jan 08:00 10 Jan 16:00 14 Jan 00:00 15 Jan 08:00 16 Jan 16:00 18 Jan 00:00 21 Jan 08:00 22 Jan 16:00 24 Jan 00:00 25 Jan 08:00

Trading remains extremely choppy in EUR-USD as price action continues to gyrate between the upper supply pocket of **1.33575-1.34857** and the demand pocket at **1.32555-1.32823**. Overall, the pullback from 1.34028 appears to have terminated having retraced to near the 38.2% retracement of 1.29963 to 1.34028 at **1.32475** with a print of 1.32555 last Tuesday. Seen from the D1 chart, this market appears poised to rally and once price action breaks and sustains above the overhead price pocket at **1.33575-1.34857**, the rally from 1.26601 is likely to resume. If so, immediate focus is the 127.0% projection of 1.26601 to 1.31254 from 1.28755 at **1.34664**. On the medium to long-term, the upside target is the 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897** (see D1 chart). On the downside, the idea of a resumption of the rally would be compromised if and when we have a close below **1.32692** as by then the bearish engulfing bar seen in the D1 chart would have triggered a sell signal (see D2 chart).

## EUR-USD 1-HOURLY



## TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.32874	1.32455	1.33575 Realized	1.37897	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	+ / - (\$)	%	\$
2013.01.25										1.49	10,149.10
2013.01.22 17:50	0.02m	1.32874	2013.01.25 23:59	0.02m	1.34623	349.8	349.80				

[illegible]

GBPUSD, Weekly 1.58476 1.58915 1.57443 1.57962

1.67456

1.63799

1.60352

1.50099

1.52673

1.58170

1.57962

1.57270

1.56345

1.55445

1.54520

1.53620

1.52720

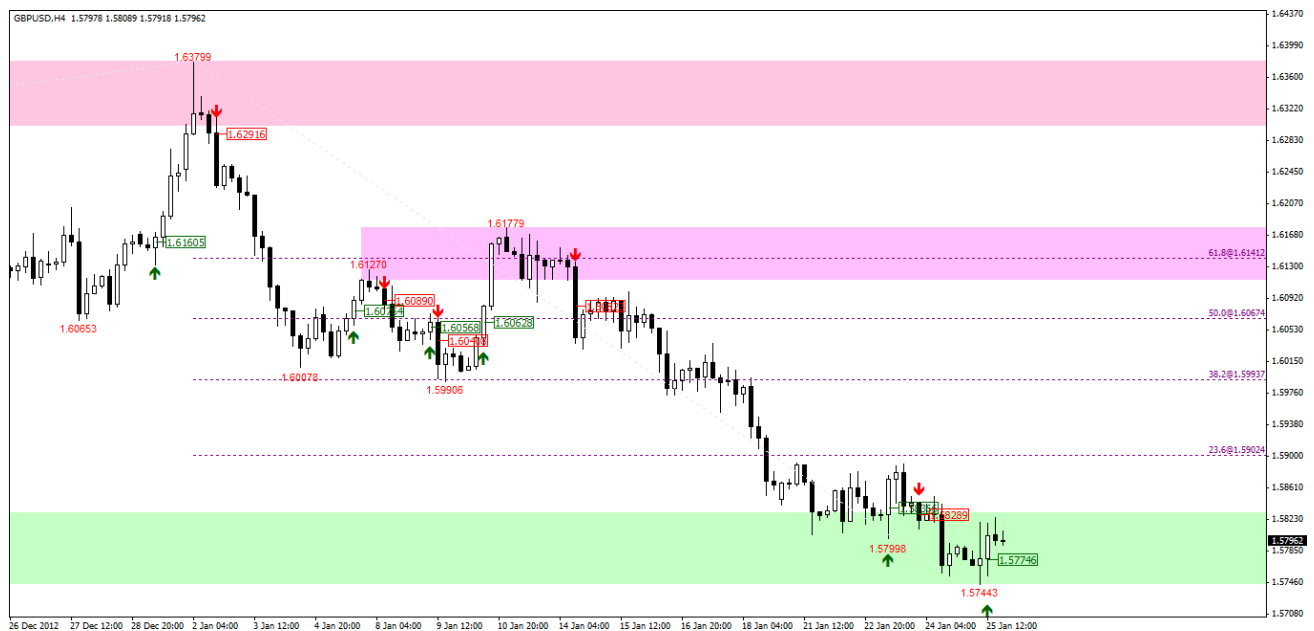
1.51795

1.50895

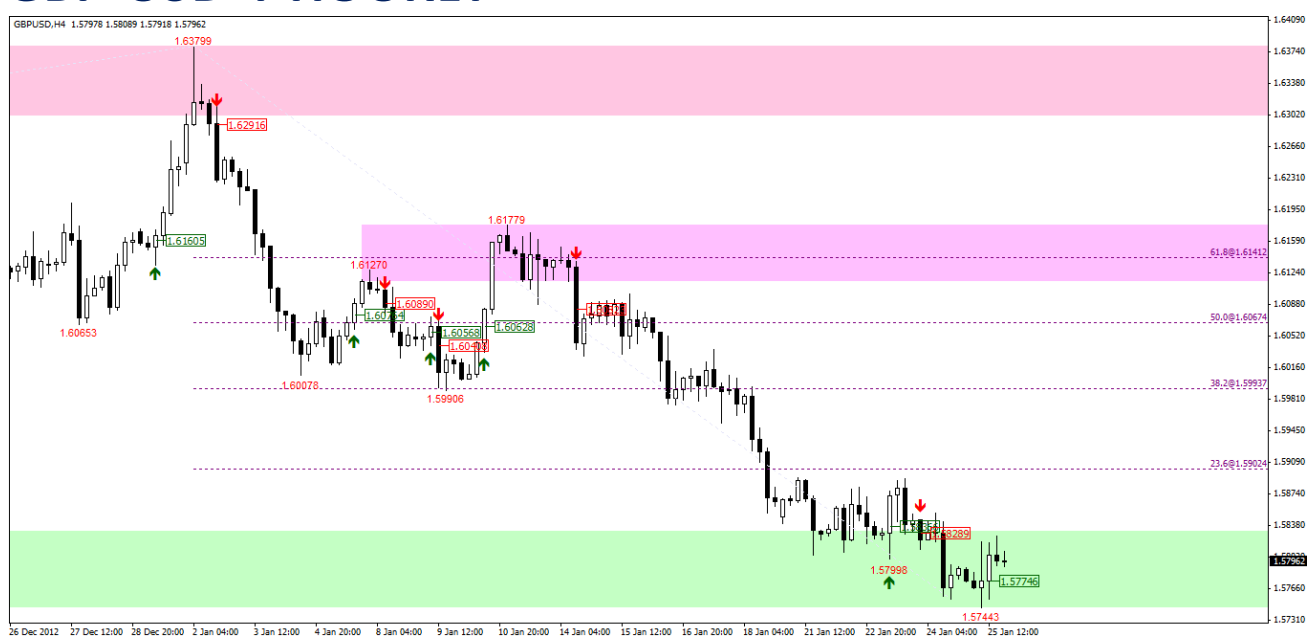
18 Jul 2010 12 Sep 2010 7 Nov 2010 2 Jan 2011 27 Feb 2011 24 Apr 2011 19 Jun 2011 14 Aug 2011 9 Oct 2011 4 Dec 2011 29 Jan 2012 25 Mar 2012 20 May 2012 15 Jul 2012 9 Sep 2012 4 Nov 2012 30 Dec 2012

In the longer-term, price actions from the 2009 low of 1.35025 are treated as consolidations to the longer-term downtrend from 2.11610. This view remains unchanged. Though there are possibly other interpretations of the price actions since, the main takeaway is the idea that this downtrend has yet to be completed. In the longer-term, last week's fall of 266 pips set the stage for the extension of the leg E in the triangle pattern seen in the MN chart. Previously, the spike to 1.63799 suggested the E leg of the triangle formation may be in place. If so, the implication is huge. Now that price action has successfully broken below last November low of **1.58273**, it add confidence that a precipitous fall below the rising trend-line extending from the 2009 low of 1.35025 to last June low of 1.52673 is possibly in motion. Should this extremely bearish view pan out; the nearest target is the 61.8% projection of 2.11610 to 1.35025 from 1.70423 at **1.23093**. This level is roughly equidistant of the widest part of the triangle formation. Now we wait and see if the lower trend line in the triangle pattern holds.

## GBP-USD DAILY



## GBP-USD 4-HOURLY



## GBP-USD Short Term Outlook

The fall from 1.63799 continued below the demand pocket **1.58040-1.58377** and briefly penetrated the demand zone at **1.57531-1.58303** before rebounding. As noted, this market is now at a crucial point. While the demand zone at **1.57531-1.58303** has largely held, a fall through this price pocket will have deeper bearish implications. If so, any rebound thereafter must be sold. On the upside, any rebound should be capped by the overhead supply pocket at **1.58463-1.58915**, followed by **1.59847-1.60081** and ultimately **1.60269-1.60525** which lies just below the 38.2% retracement of 1.63799 to 1.58521 at **1.60537**. Based on the W1 chart, should this market break below the **1.56000** level; it will all but confirm the breakout from the longer-term triangle pattern developing since August 2009. What may follow next is going to be relatively short, fast and furious. (Read weekend's longer-term view). This move is 5 years in the making. Stay tuned.

GBPUSD:H1 1.58085 1.58089 1.57918 1.57962

1.59820  
1.59680  
1.59540  
1.59400  
1.59260  
1.59120  
1.58980  
1.58840  
1.58700  
1.58560  
1.58420  
1.58280  
1.58140  
1.58000  
1.57860  
1.57720  
1.57580  
1.57440  
1.57300  
1.57160

1.58915  
1.58906  
23.6@1.58943

1.58544  
1.58549  
1.58528  
1.58523  
1.58518  
1.58509  
1.58505

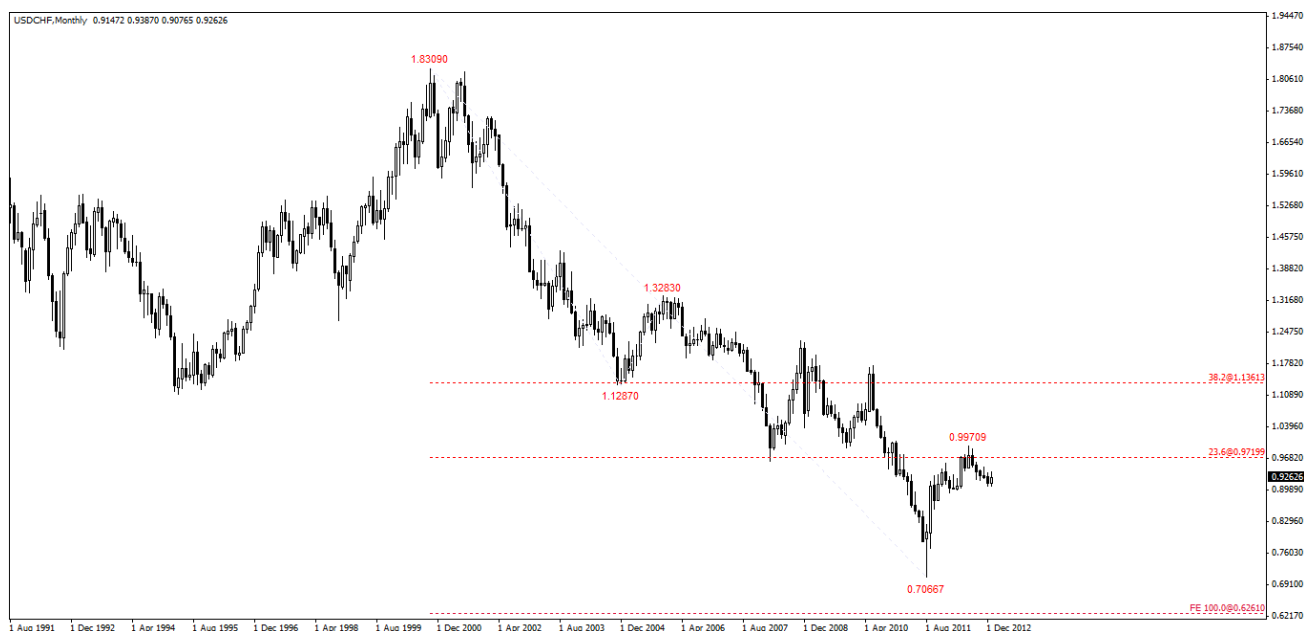
1.58040  
1.57998  
1.57443

18 Jan 2013 18 Jan 21:00 21 Jan 05:00 21 Jan 13:00 21 Jan 21:00 22 Jan 05:00 22 Jan 13:00 22 Jan 21:00 23 Jan 05:00 23 Jan 13:00 23 Jan 21:00 24 Jan 05:00 24 Jan 13:00 24 Jan 21:00 25 Jan 05:00 25 Jan 13:00 25 Jan 21:00

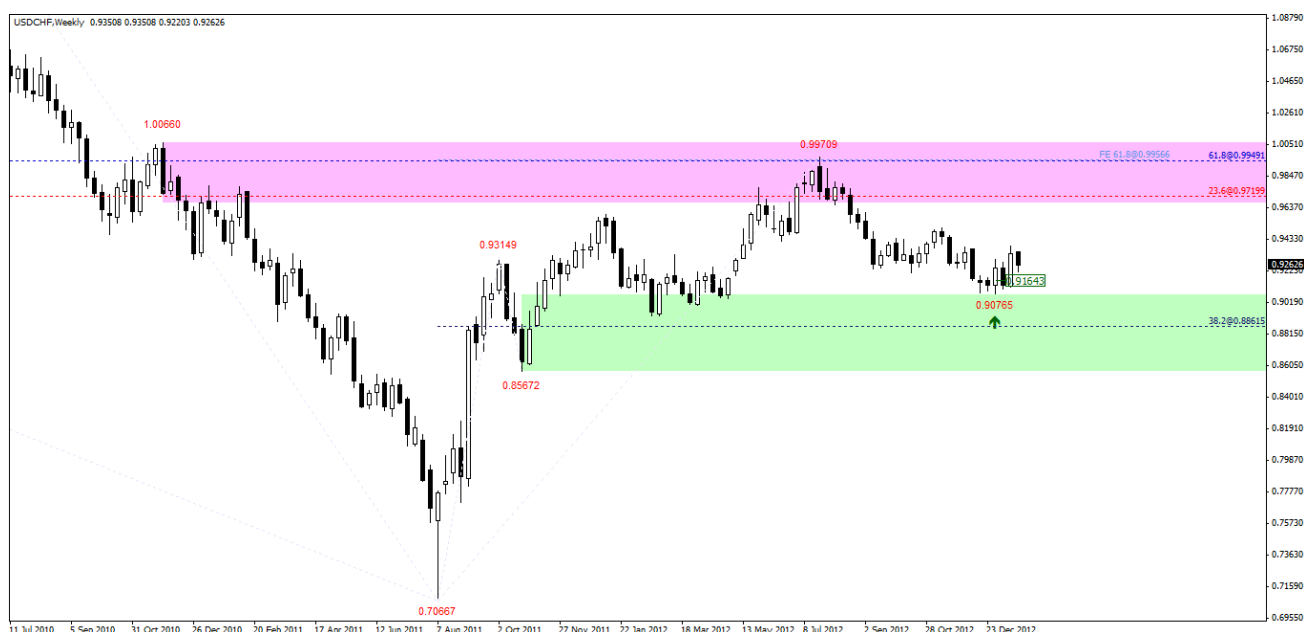
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
						3	0.03m

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## USD-CHF MONTHLY



## USD-CHF WEEKLY

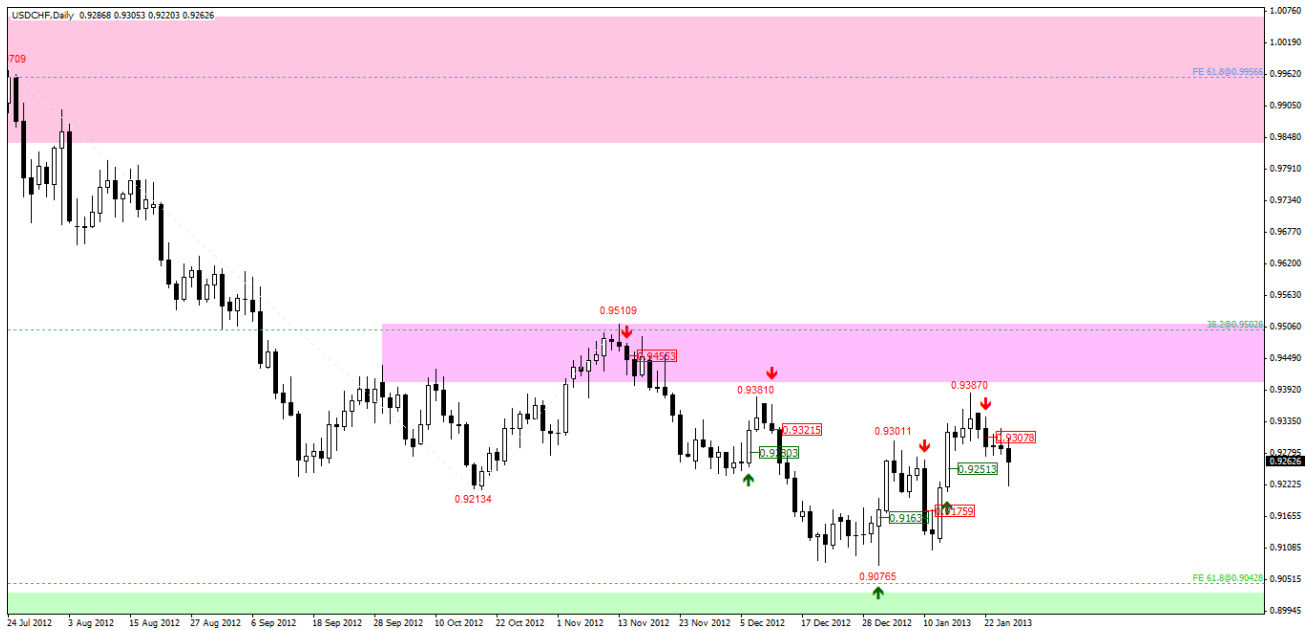


## USD-CHF Long Term Outlook

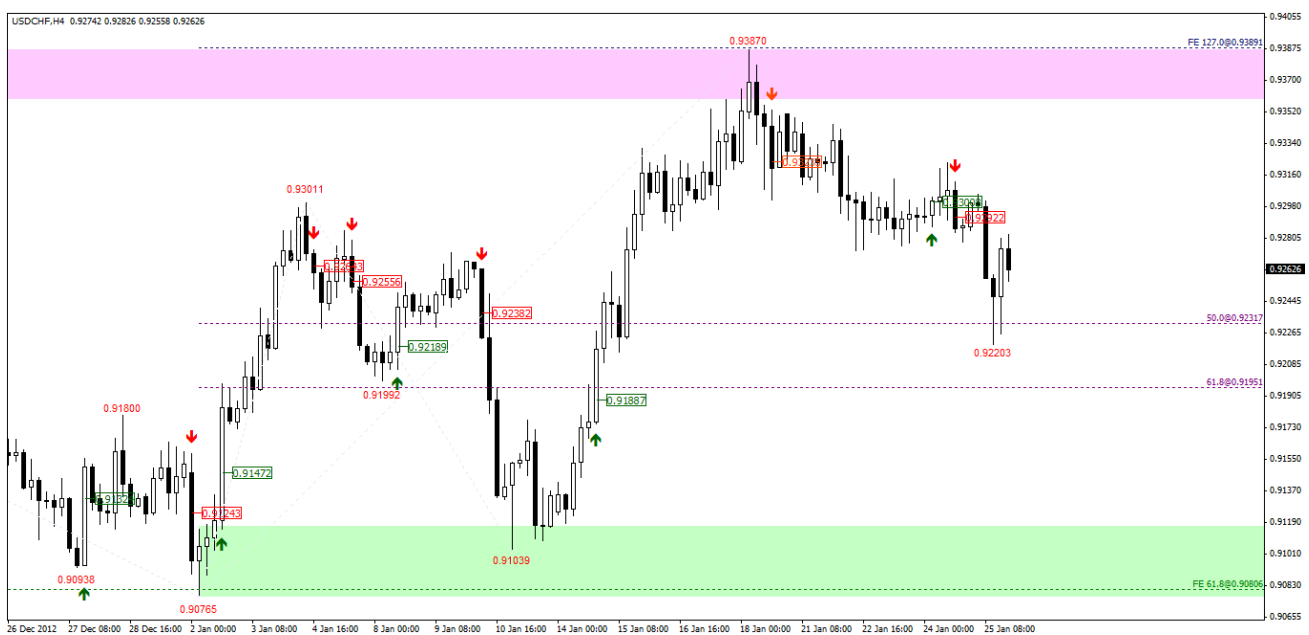
In the longer-term, the rebound from the 2011 low of 0.70667 is viewed as a correction and the first leg may have been completed at 0.99709. This level is just above the confluence of the 61.8% retracement of 1.17307 to 0.70667 at 0.99491 and the 61.8% projection of 0.70667 to 0.93149 from 0.85672 at 0.99566. A rally above **0.99709** would, however, pave the way for the extension of the correction from 0.70667 to perhaps the 38.2% retracement of 1.83090 to 0.70667 at **1.13612** and beyond. In the long-term, the decline from 0.99709 is initially expected to extend target the 38.2% retracement of 0.70667 to 0.99709 at **0.88615**. Should the longer-term fall resumes below **0.70667**, the longer-term target is the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62613**.



## USD-CHF DAILY



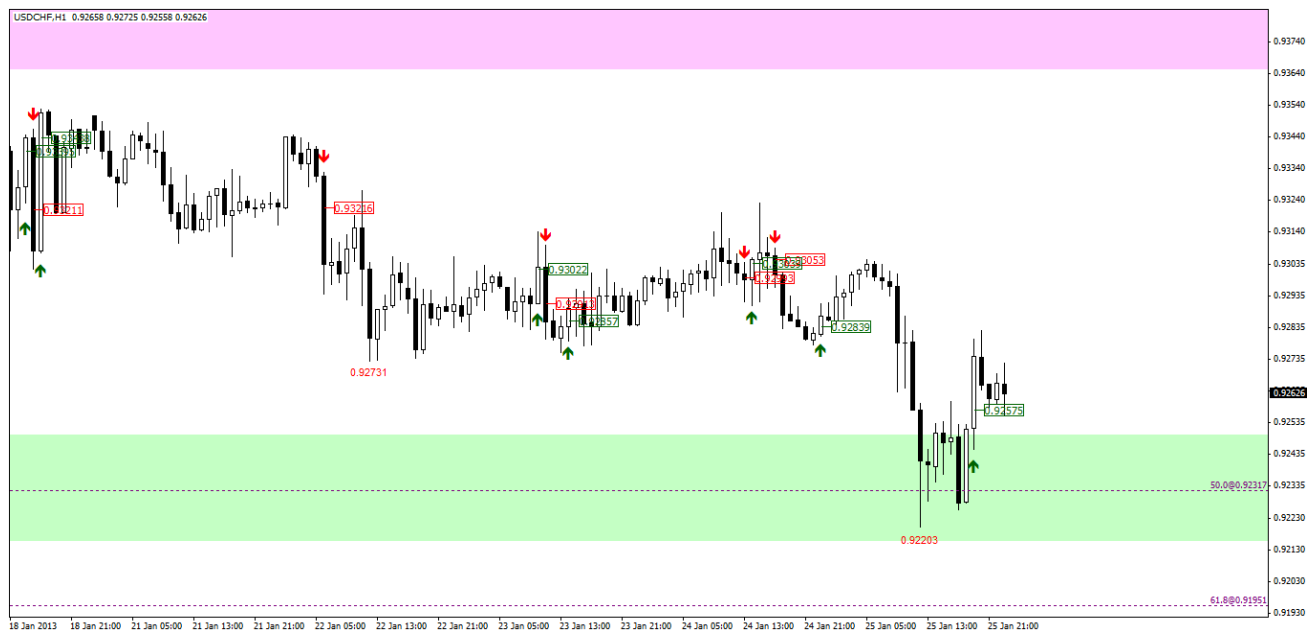
## USD-CHF 4-HOURLY



## USD-CHF Short Term Outlook

After doing practically nothing for the entire week, this market finally decided the way to go is in the direction of less resistance and that's down. Price action has been hovering above the 38.2% retracement of 0.90765 to 0.93870 at **0.92684** since Monday and finally fell briefly below the 50.0% retracement of 0.90765 to 0.93870 at **0.92317** with a print of 0.92203 and rebounded. As noted, the downside target is **0.91039** and the area around the 61.8% projection of 0.99709 to 0.92134 from 0.95109 at **0.90428** as well as the demand zones at **0.90010-0.90587** and **0.89211-0.89847**. From the perspective of the W1 chart, sustained trading below the next demand zone at **0.85672-0.86934** would suggest the correction from 0.70667 is truly over and the longer-term downtrend from 1.83090 from way back in 2000 has resumed.

## USD-CHF 1-HOURLY



## USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		0.93520	Break-even	0.90587	0.89847	3	0.03

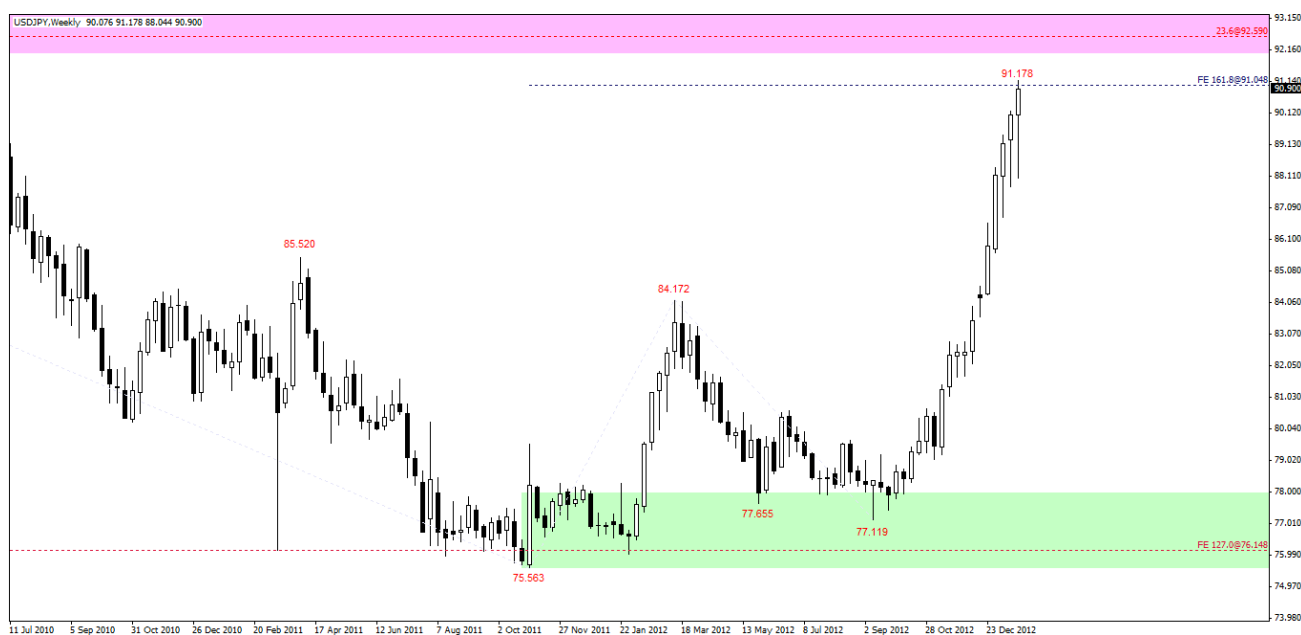
## USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.25										-0.31	9,968.76
2013.01.17 20:44	0.03m	0.93520	2013.01.25 23:59	0.03m	0.92626	268.2	289.55				

## USD-JPY MONTHLY



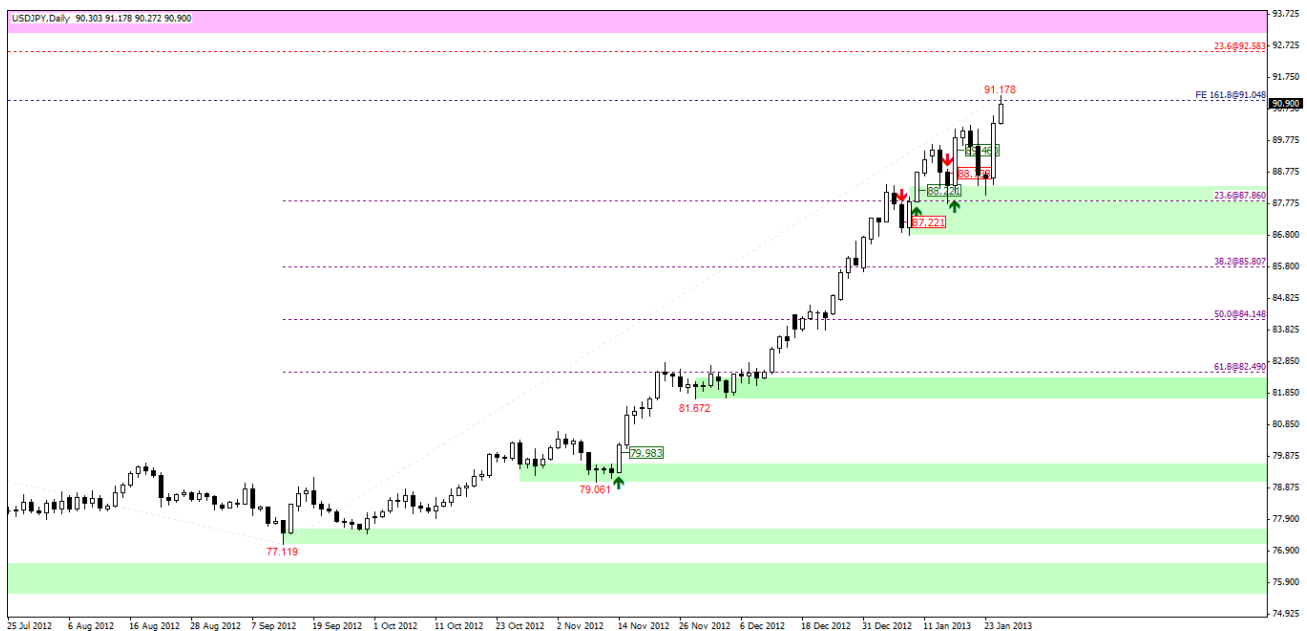
## USD-JPY WEEKLY



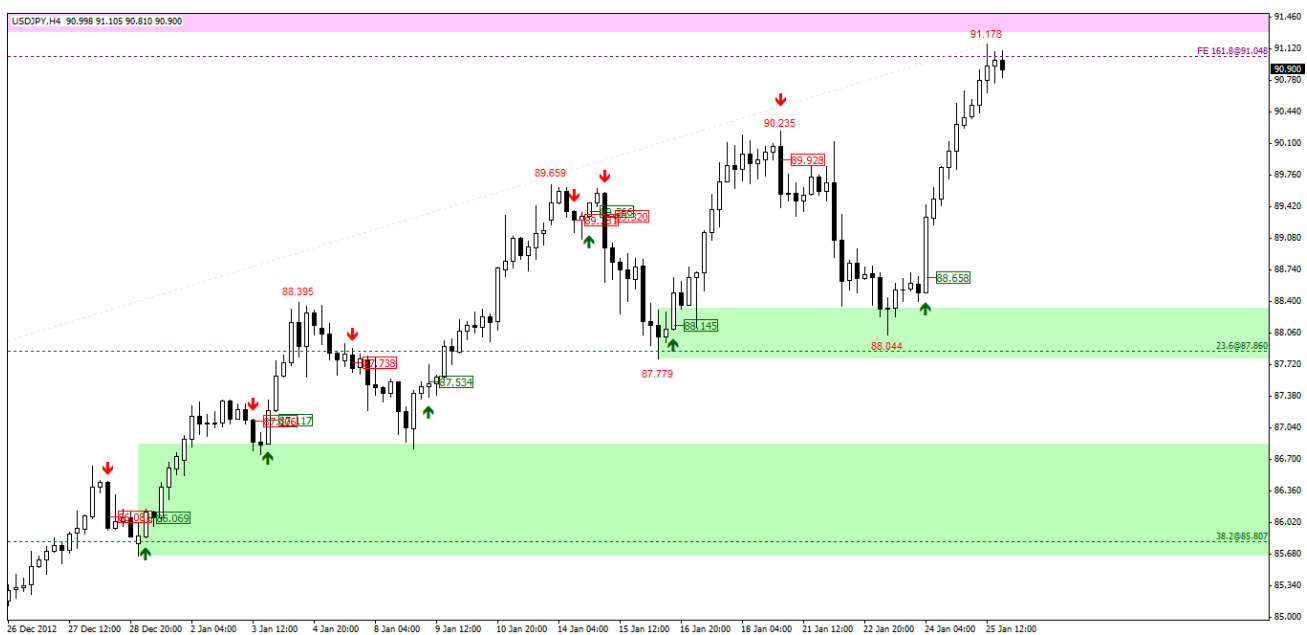
## USD-JPY Long Term Outlook

In the longer-term, the break above the 2011 high of 85.520 served as the confirmation of the long-term trend reversal. In retrospect, the entire fall from the 2007 peak of 124.120 may have terminated on the first calendar day of November 2011 at 75.563. All the while, the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048** is firmly in sight and this week saw the realization of this target. The high on Friday was 91.178 and that may be the peak for this run and at this stage, this market is vulnerable to a sizable correction. However, should this rally extends, focus would shift towards the 261.8% projection of 75.563 to 84.172 from 77.119 at **99.657**; which is roughly near the stated goal of the new Japanese government of 100 yen per dollar. This level is not far from the longer-term target of the 38.2% retracement of the 1998 peak of 147.680 to 75.563 at **103.112**.

## USD-JPY DAILY



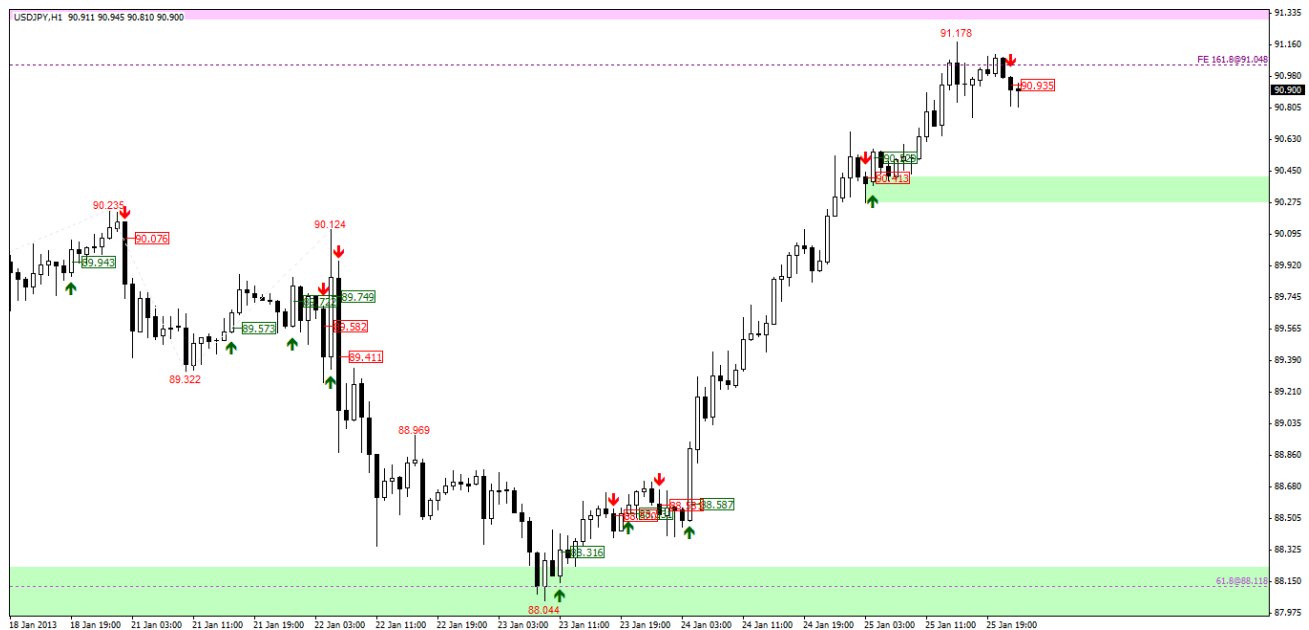
## USD-JPY 4-HOURLY



## USD-JPY Short Term Outlook

This market exploded to the upside after taking out the previous high of 90.235 some 48 hours ago. Price action rallied purposefully and hit the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048** and then some. That said, the overnight high of 91.178 could very well be the peak for this amazing run. However, should this already amazing run extends, an alternate target is the 23.6% retracement of 147.680 to 75.563 at **92.583**. Beyond this level lies a formidable supply zone at **93.129-94.979**. There is a good chance initial assaults there would be met with fierce resistance. With the stated goal of 100 yen per dollar by the Japanese government this week, there is definitely a lot of upside left in this rally. As such, any sizable correction ought to be bought. The nearest area of demand is probably at **87.779-88.326**, where the 23.6% retracement of 77.119 to 91.178 at **87.860**.

## USD-JPY 1-HOURLY



## USD-JPY TRADE IDEAS

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

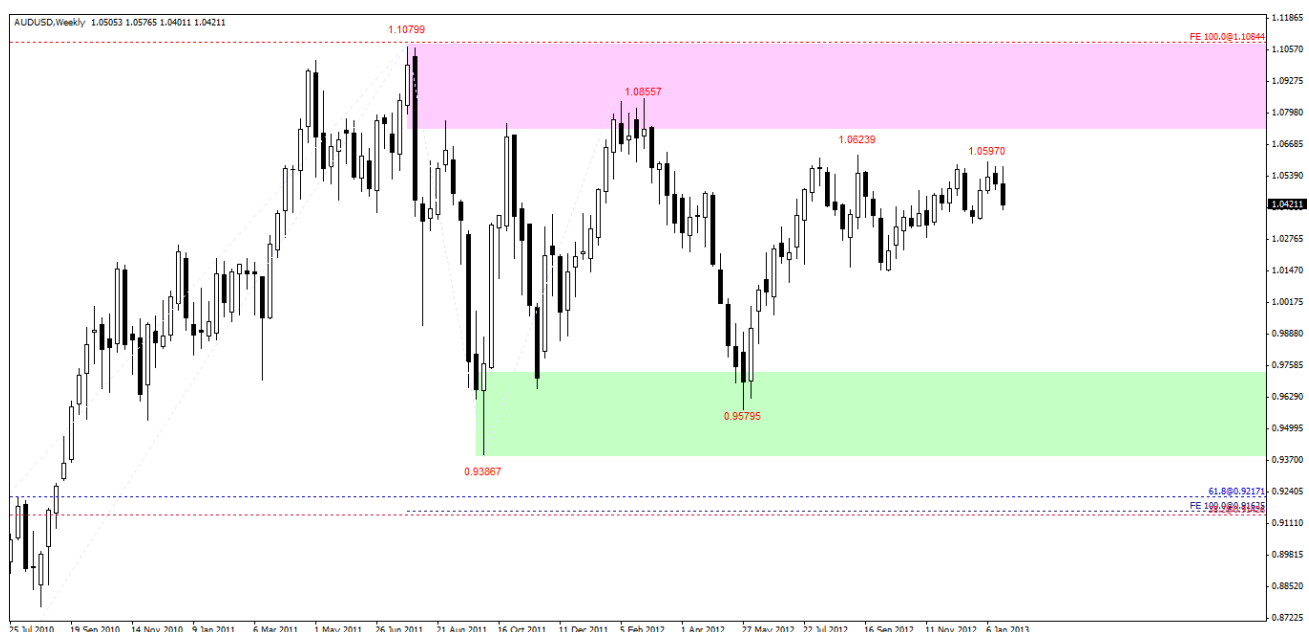
## USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.25										19.1	11,907.90

## AUD-USD MONTHLY



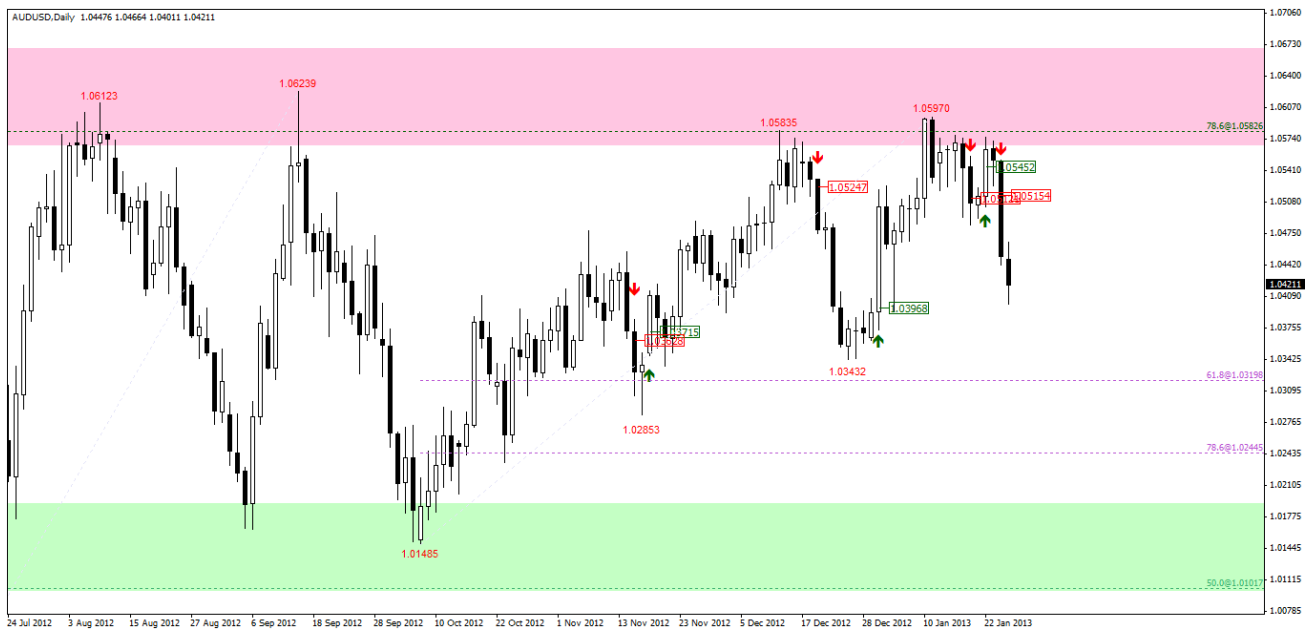
## AUD-USD WEEKLY



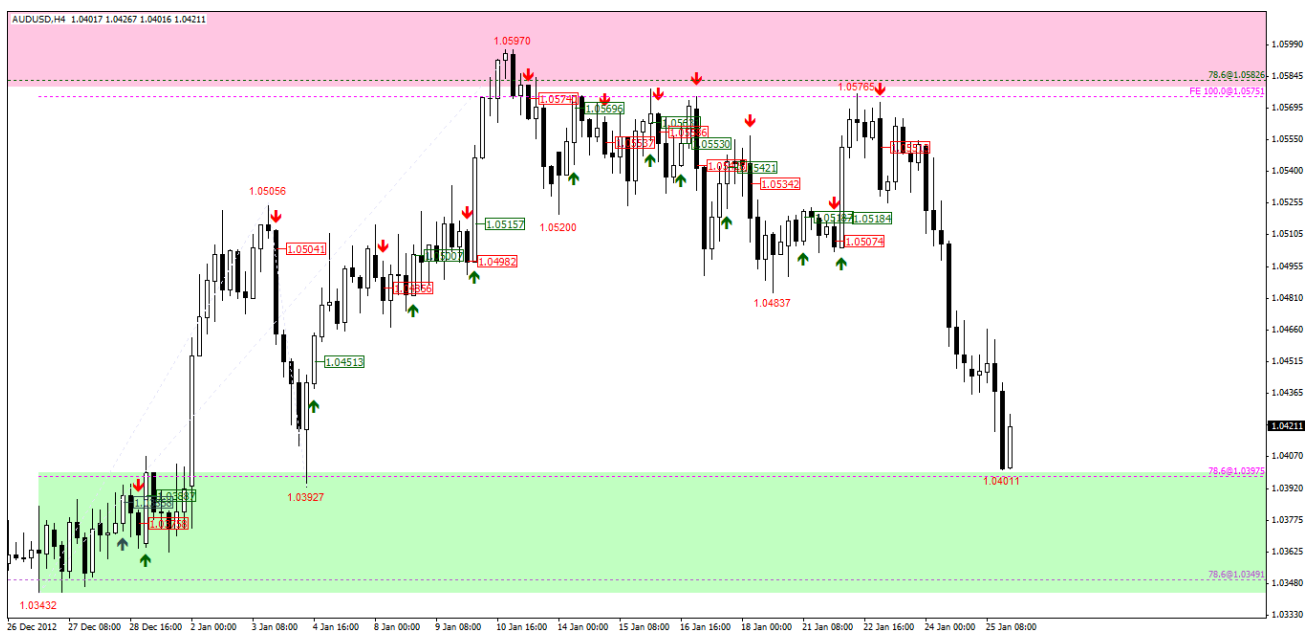
## AUD-USD Long Term Outlook

In the longer-term, price actions from the 2011 high of 1.10799 are treated as a consolidation pattern in the longer-term up-trend. Price pattern since July 2011 appears to be in the form of a triangle. Though for the last three weeks this market appeared poised to break to the upside but after Thursday's 100 pips fall, the triangle pattern scenario is back in favour. Overall, the fall from last September high of 1.06239 may well be the last leg of this pattern and should extend lower towards the demand zone at **0.93867-0.97326** (see W1 chart). A break below last October low of **1.01485** would confirm the immediate bearish assessment. Once the last leg of this triangle is done with, that is hold above the lower trend-line; the ensuing rally is anticipated to rally beyond the all-time high of **1.10799**.

## AUD-USD DAILY



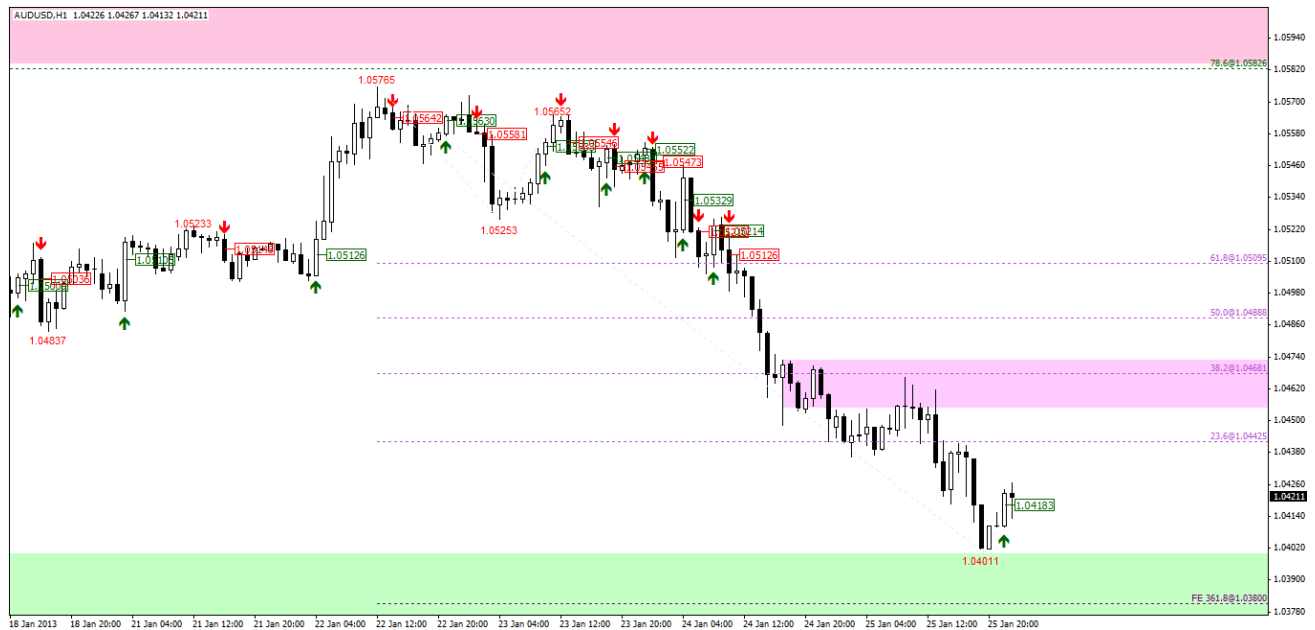
## AUD-USD 4-HOURLY



## AUD-USD Short Term Outlook

After a more than 100 pips fall some 48 hours ago, price action extended towards the 78.6% retracement of 1.03432 to 1.05970 at **1.03975** with a print at 1.04011 and rebounded. This is just marginally above the demand zone at **1.03432-1.03997** (see H4 chart). Considering the downward momentum, any rebound presents selling opportunities and the nearest area of supply appears to be at **1.04549-1.04727** where the 38.2% retracement of 1.05765 to 1.04011 at **1.04681** is sited (see H1 chart). In the W1 chart, a sell signal was triggered and should the MN chart closed below **1.03733** by the end of Thursday's trading, it too would invariably triggers a longer-term sell signal. Combined, this points to a long-term decline that may last months going forward.

## AUD-USD 1-HOURLY



## AUD-USD TRADE IDEAS

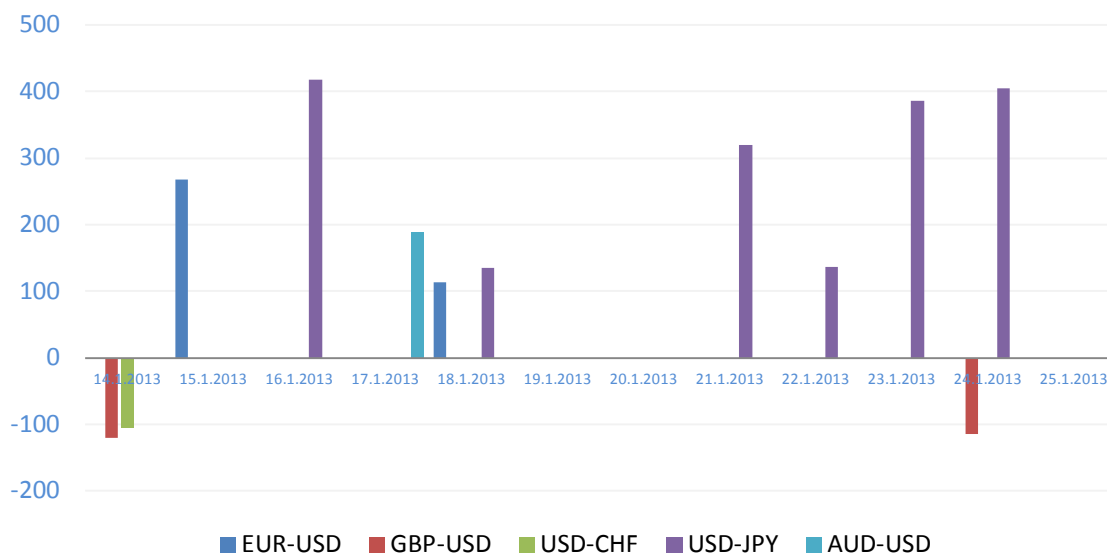
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
						3	0.03

## AUD-USD TRADE JOURNAL

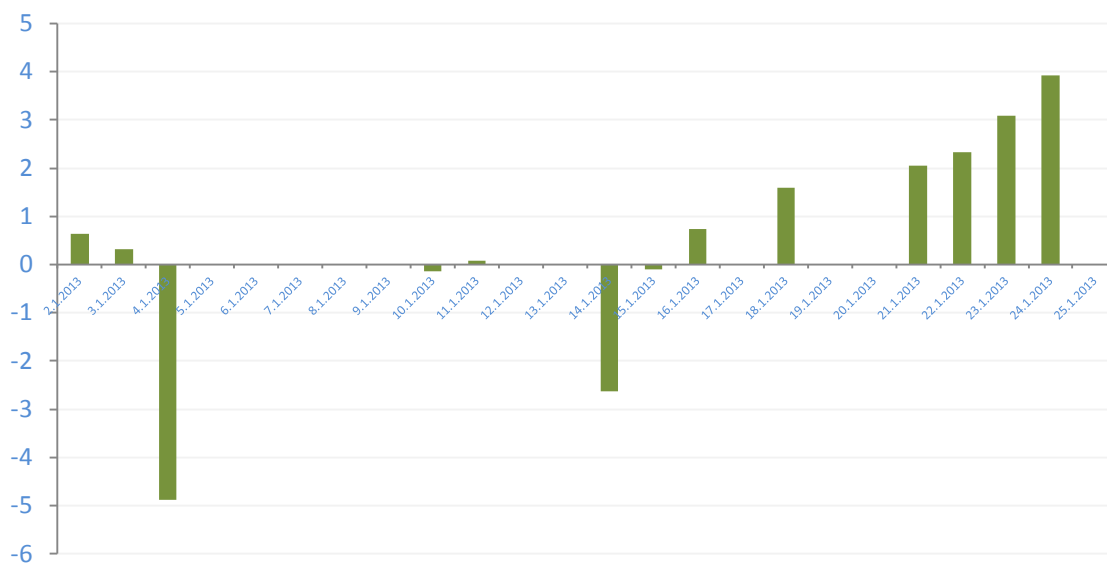
Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.25										3.54	10,354.30



## Daily Realized P/L



## Accumulative Realized % Gain



## Traders Academy International

Check out our website at  
[www.tradersacademyonline.com](http://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.