Wed, Mar 27, 2013 Weekday Edition

FOREX OUTLOOK



A Traders Academy International Publication

Italy & Cyprus take toll on Euro

EUR-USD languished at 4-month lows early in Asia on Thursday, having suffered a further setback as a rise in Italy's funding costs weighed on markets already fretting about Cyprus' rescue deal.

EUR-USD settled at 1.27884, having fallen as far as 1.27505 overnight in New York. It has lost about 7 percent since peaking at 1.37101 last month and was now targeting the November trough of \$1.26610.

The Euro came under renewed pressure after a debt auction in Italy saw borrowing costs climb to 5-month highs as investors demanded more premium in the face of prolonged political uncertainty. Markets were also nervous as Cyprus prepares to reopen its banks for the first time in nearly two weeks after having secured aid from international lenders. Fears of a bank run have prompted the government to impose a raft of tough controls including limiting withdrawals and banning cheques.

USD-JPY was steady at 94.365, still waiting for the Bank of Japan (BOJ) to deliver aggressive easing polices already priced in markets. USD-JPY has rallied more than 20 percent since September, hitting a 4-1/2 year high of 96.699 earlier this month.

Market talks is that the BOJ is likely to start open-ended asset purchases immediately, rather than in 2014, and consider setting a new target to buy longer-dated bonds at its rate review next week.

The US Dollar also outperformed commodity currencies as some cashed in on recent solid gains ahead of the Easter holidays. Traders said month-end positioning and financial year-end flows in Japan could make for a slightly choppy session as many markets around the world wind down for the Easter break.

AUD-USD was at 1.04421, pulling back from a two-month high of 1.04957 set on Tuesday.

There is no major economic news out of Asia on Thursday, leaving the focus squarely on developments in Europe.

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DAYLIGHT SAVINGS TIME

Starting Monday, 31 March, U.K. and Switzerland will revert to DST. As such, Zurich will open at 2:00pm and London at 3:00pm Singapore time. Australia will revert to DST on 7 April 2013.

EUR-USD DAILY



EUR-USD 4-HOURLY



EUR-USD 1-HOURLY



EUR-USD Short Term Outlook

With uncertainties hanging over the entire Eurozone, this market would need some really bad news coming out of the US to rebound. Confidence in the European banking system was destroyed when Cyprus depositors' bank accounts early this weekend as part of a deal to secure bailout funds from the Troika. Overnight, the fall from 1.37101 extends into a 4-month low at 1.27505. Technically, relief may be close at hand. A lot depends on the immediate demand pocket at 1.26610-1.27090 where the 61.8% retracement of 1.20416 to 1.37101 at 1.26790 is located. This price pocket may yet hold in the short-term. In the medium-term, any rebound is still seen as selling opportunities; especially within the supply pockets at 1.28788-1.28945 and 1.30097-1.30476.

TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 1.28788-1.28945		1.29045	1.27681	1.27221	3	0.03m
Sell	Sell on sell signal between 1.30097-1.30476		1.30476	1.27681	1.26790	3	0.03m

TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price		Unrealized Realized P/L P/L			mulative alance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.22										5.13	10,512.00
2013.03.25	0.01m	1.30294	2013.03.25	0.01m	1.28916			137.8	137.80	6.50	10,649.80
08:26			16:34								
2013.03.25	0.02m	1.30294	2013.03.25	0.02m	1.28575			343.8	343.80	9.94	10,993.60
08:26			18:34								





GBP-USD 4-HOURLY



GBP-USD 1-HOURLY



GBP-USD Short Term Outlook

In yesterday's update, it was noted that as a result of the late sell-off seen on Monday the rebound from last Tuesday's low of 1.48305 may have run its course and this market is set to resume its southward trajectory. The first part of this analysis was right on. Prices did dipped into the immediate demand pocket at 1.50258-1.50798 to between the Fibonacci cluster of the 38.2% retracement of 1.48305 to 1.52592 at 1.50954 and the 100.0% extension of 1.52592 to 1.51418 from 1.52060 at 1.50886 and rebounded strongly. Now that this price bracket has proven to be durable, this potentially bearish assessment has to be deferred. In the long-term, this rebound has the potential to test the previous support-line (now turned resistance) of the triangle pattern (see D1 chart). Regardless of its next move, even if this overnight rebound extends, the idea of scale-in selling remains in force. The immediate hurdle is the minor supply pockets at 1.51597-1.51802 and 1.51987-1.52214. The tough one is the supply zone at 1.52570-1.53193.

GBP-USD TRADE IDEAS

Action	Entry Condition	Entry	Stop-Loss	Profit	Profit	Exposure	Exposure
		Price		Target 1	Target 2	%	Units
Sold		1.52570	Break-even	1.50456	1.48516	3	0.03m
Sell	Sell on sell signal between 1.51987-1.52214		1.52314	1.50456	1.48516	2	0.01m
Sell	Sell on sell signal between 1.51597-1.51802		1.52314	1.50456	1.48516	1	0.01m

GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)												imulative alance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$						
2013.03.22										19.25	11,924.90						
2013.03.25 01:40	0.03	1.52570	2013.03.27 23:59	0.03	1.51276	388.2	388.20										

USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF 1-HOURLY



USD-CHF Short Term Outlook

As noted, the fall from 0.95658 has a distinct 3-wave structure and as such is corrective in nature and following Monday's fall to 0.93515, this correction may have completed and in yesterday's update, it was allured that this market is poised to resume its larger degree rebound from 0.70614 from way back in August 2011 (see W1 chart). So far so good. Overnight actions saw this market extending thi8s rise after basing on Tuesday. At this point in time, this market is vulnerable to profit-takings and may ease back somewhat. Over sustained clearance above the supply pocket at 0.95266-0.95658 would help clear the short-term uncertainty (see H1 chart). Even if this happens, the litmus test in the medium-term is the 61.8% retracement of 0.99709 to 0.90212 at 0.96081 where a significant supply zone at 0.96086-0.96346 awaits. Failure to clear this 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
Sell	Sell on sell signal between 0.96086-0.96346		0.96446	0.94759	0.93835	3	0.03m
Buy	0.94759		0.94588	0.95266	0.96081	2	0.02m

USD-CHF TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Unrealized Realized Price P/L P/L												umulative Balance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$						
2013.03.18										4.93	10,493.17						
2013.03.25 01:58	0.01	0.93844	2013.03.25 16:46	0.01	0.94759			91.5	96.56	5.90	10,589.73						
2013.03.25 01:58	0.02	0.93844	2013.03.27 13:21	0.02	0.95266			184.4	298.53	8.88	10,888.26						

USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY 1-HOURLY



USD-JPY Short Term Outlook

The fall from within the supply pocket at 96.049-96.266 having extended to the first target where the Fibonacci cluster comprising the 50.0% retracement of 90.852 to 96.699 at 93.775 and the 100.0% extension of 96.699 to 94.304 from 96.126 at 93.731 are located on Monday rebounded overnight to a high of 94.900 and promptly came under selling pressure. This level was just a touch below the supply pocket at 94.915-95.128 where shorts were positioned. At any rate, should this fall extends below 93.525, there is a high probability that it may gun for the secondary target 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; which is situated just above the demand pocket at 92.908-93.047. Should this scenario pans out and prices falls into this price bracket, the idea is to take profit there and reposition long positions for another assault on the year's high and beyond.

USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold	Exit on D1 close above 95.028	95.907		94.838 Realized	93.086	2	0.02m
Buy	Buy on buy signal between 92.908-93.086		92.808	94.911	96.472	3	0.03m

USD-JPY TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price		ealized P/L			Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.22										22.97	12,297.38
2013.03.21 06:15	0.01	95.907	2013.03.27 23:59	0.01	94.365	154.2	163.41				

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD 1-HOURLY



AUD-USD Short Term Outlook

After surging to a fresh 9-week high at 1.04957 on Tuesday, which was just a touch higher than the 78.6% retracement of 1.05972 to 1.01143 at 1.04939 and the 161.8% extension of 1.01143 to 1.03001 from 1.02027 at 1.05033, this market is showing signs of fatigue. In a slight revision from the earlier bearish case, unless and until price actions sustain above 1.05033 instead of the supply pocket at 1.04425-1.04755, selling is still the preferred course of action going forward. That said, in the medium-term, there is still achance this market may test the resistance line of the triangle pattern – at roughly the 1.05500 level (see W1 chart). In the event that prices do rally above 1.06240, this would effectively debunk the triangle pattern scenario and open up the possibility of an imminent challenge of the all-time high at 1.10796 and beyond. Until that happens, selling within 1.04740-1.4957 offers better odds. Overnight, this market rebounded off the low of 1.04167 and if this mroning high (so far) at 1.04513 is the peka for this rebound, another fall is anticipated. Short-term targets include (1) the price bracket between the 23.6% retracement of 1.01143 to 1.04957 at 1.04057 and the 61.8% extension of 1.04957 to 1.04167 from 1.04513 at 1.04025 or (2) 38.2% retracement of 1.01143 to 1.04957 at 1.03500 and the 127.2% extension of 1.04957 to 1.04167 from 1.04513 at 1.03508, which in turn lies just above a demand pocket at 1.0336-1.03503.

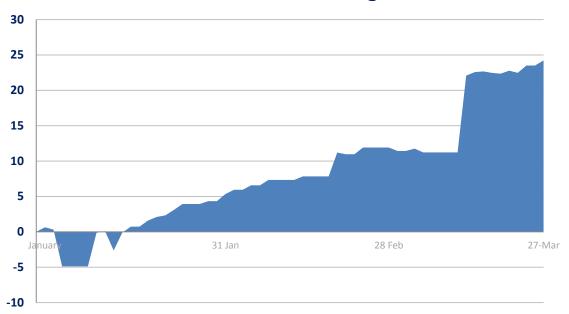
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.04479	1.05133	1.03474	1.02921	3	0.03m
Buy	Buy on buy signal between 1.03360-1.03474		1.03260	1.03972	1.04425	3	0.03m

AUD-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)			Unrealized Realized P/L P/L				mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.21										16.01	16,005.30
2013.03.21 16:40	0.03m	1.04479	2013.03.27 23:59	0.03m	1.04421	17.4	17.40				

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.