Tue, Mar 26, 2013 Weekday Edition

FOREX OUTLOOK



A Traders Academy International Publication

Messy Collapse Averted - For Now

Large, uninsured depositors and bondholders will bear heavy losses in the Cyprus bailout, which Dutch Finance Minister Jeroen Dijsselbloem, who heads the Eurogroup of Euro zone finance ministers, said represented a new template for Euro zone and other countries which may have to restructure their banking sectors.

Initial rallies in global equities and the Euro fizzled after his remarks, as they raised the prospect of shifting more risk to depositors and stakeholders in future.

While the bailout will avert collapse of the Cypriot banking system and keep Cyprus within the Euro zone, the agreement may have set a painful precedent for the region.

The design of the plan is setting market sentiment. Attention is put into the details and any actual contagion risk out of that plan, so overall sentiment is a little bit subdued, but not collapsing.

Better U.S. data pointing to a continued recovery in the world's largest economy provided some comfort to the market, and with traders are growing accustomed to Europeans scrambling to find a last-minute solution to avert a crisis, sentiment will not sour drastically as long as there is no collapse in the Euro zone economy.

After reaching an 11th-hour deal with the European Union, the European Central Bank and the International Monetary Fund to shut down the country's second largest bank in return for €10 billion (\$13 billion) in rescue funds, the president of Cyprus assured citizens the bailout deal was in their best interests. But banks will remain closed until Thursday and even then subject to capital controls to prevent a run on deposits.

EUR-USD settled at 1.28473 after sliding more than 1 percent and hitting a 4-month low of 1.28292 on Monday.

The Euro could be supported by short-covering and repatriation before the end of the first quarter, but renewed concerns about the health of Euro zone's financial system would likely set a ceiling at the 1.30000 handle. On the same day, EUR-USD hit a session high of 1.30476 on Monday.

Bank of Japan chief Haruhiko Kuroda, who took over as the head of the Japanese central bank last week, said buying longer-dated debt was a policy option to pursue monetary easing. His comments sent benchmark 10-year Japanese government bond yields down as low as 0.525 percent, its lowest level since June 2003. The 10-year yield has hit the near-decade low for a fourth straight day.

USD-JPY was up 0.2 percent at 94.300 this morning, having touched a low of 93.525 on Monday, barely above a recent low of 93.433 seen earlier this month.

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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

Notwithstanding the fact that price action triggered a buy signal with a daily close above **1.29571** in the D1 chart on the weekend before the Cyprus parliament hankered down for a last ditch effort to avoid a messy bankruptcy, this market turned negative in a delayed reaction to the destroyed confidence of the entire Euro project. As noted in the weekend update, the long-term charts remain bearish and rallies should be seen as selling opportunities. Though prices did not rally to the supply pocket at **1.31156-1.31608**, just below the 38.2% retracement of 1.37101 to 1.28432 at **1.31744**, sell signals were indeed triggered in the short-term charts, first with a close below **1.30294** in the H1 chart followed swiftly by another in the H4 chart below **1.29614**. By the end of the Monday's actions, even the D1 chart has reversed last Friday's buy signal to a sell - signaling the resumption of fall from 1.37101. As such, focus has shifted towards the demand pocket at **1.26610-1.27090** where the 61.8% retracement of 1.20416 to 1.37101 at **1.26790** is located. Any rebound is still seen as selling opportunities; especially within the immediate supply pocket at **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 1.30097-1.30476 | | 1.30476 | 1.28923 | 1.27221 | 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 08:26 | 0.01m | 1.30294 | 2013.03.25 16:34 | 0.01m | 1.28916 | | | 137.8 | 137.80 | 6.50 | 10,649.80 |
| 2013.03.25 08:26 | 0.02m | 1.30294 | 2013.03.25 18:34 | 0.02m | 1.28575 | | | 343.8 | 343.80 | 9.94 | 10,993.60 |

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD 1-HOURLY



GBP-USD Short Term Outlook

Based on the late sell-off in overnight NY trading, there is a good chance the rebound from last Tuesday's bottom at 1.48305 may have run its course. After all, the weekend report did suggest a scaled-in re-positioning of shorts within the supply pocket at 1.52570-1.53193. At any rate, prices did traded into this price pocket and eased. Should this overnight easing extend into the immediate demand pocket at 1.50258-1.50798 and hold, then perhaps this potentially bearish assessment has to be deferred. If prices hold there and rallies, it supports the idea that the stage is set for an extension of the rebound to test the previous support-line (now turned resistance) of the triangle pattern (see D1 chart). Regardless of its next move, even if prices continue to rise, the idea of scale-in selling remains in force. The next level to sell is the price bracket between the 127.2% extension of 1.48305 to 1.51756 from 1.50258 at 1.54648 and the 38.2% retracement of 1.63801 to 1.48305 at 1.54224. This is the extreme area in which the rebound from 1.48305 is expected to be capped.

GBP-USD TRADE IDEAS

| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|--|----------------|------------|--------------------|--------------------|---------------|-------------------|
| Sold | Scale in selling between 1.52570-1.53193 | 1.52570 | Break-even | 1.50456 | 1.48516 | 3 | 0.03m |

GBP-USD TRADE JOURNAL

| Open Date | Sell (units) | Open Price | Close Date | Buy (units) | Close Price | | Unrealized P/L | | | | | Accumulative Balance | |
|---------------------|-----------------|---------------|---------------------|----------------|----------------|------|-------------------|------|------------|-------|-----------|-------------------------|--|
| | | | | | | Pips | + / - (\$) | Pips | + / - (\$) | % | \$ | | |
| 2013.03.22 | | | | | | | | | | 19.25 | 11,924.90 | | |
| 2013.03.25 01:40 | 0.01 | 1.52570 | 2013.03.25 23:59 | 0.01 | 1.51705 | 86.5 | 86.50 | | | | | | |

USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF 1-HOURLY



USD-CHF Short Term Outlook

As expected, the softness seen in late Friday's trading extended into the area between the 61.8% extension of 0.95658 to 0.93784 from 0.94906 at 0.93748 and the 38.2% retracement of 0.90212 to 0.95658 at 0.93579 and rebounded strongly overnight. As noted, these levels are located within the demand pocket at 0.93504-0.93925 — which increases the odds of prices holding the line there (see H1 chart). The relatively sharp rebound just below the 38.2% retracement of 0.90212 to 0.95658 at 0.93579 registered a low at 0.93515 and rallied strongly to the day's high at 0.94958. Should prices sustains above this overnight high, the immediate barrier is the supply pocket at 0.95266-0.95658 (see H1 chart). However 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 |
|--------|-----------------|----------------|------------|--------------------|--------------------|---------------|-------------------|
| Bought | | 0.93844 | Break-even | 0.94759 | 0.95266 | 3 | 0.03m |

USD-CHF TRADE JOURNAL

| Open Date | Buy (units) | Open Price | Close Date | Sell (units) | Close Price | | Unrealized Realized P/L P/L | | | | umulative Balance |
|------------|----------------|---------------|------------|-----------------|----------------|-------|-----------------------------|------|------------|------|----------------------|
| | | | | | | Pips | + / - (\$) | Pips | + / - (\$) | % | \$ |
| 2013.03.18 | | | | | | | | | | 4.93 | 10,493.17 |
| 2013.03.25 | 0.01 | 0.93844 | 2013.03.25 | 0.01 | 0.94759 | | | 91.5 | 96.56 | 5.90 | 10,589.73 |
| 01:58 | | | 16:46 | | | | | | | | |
| 2013.03.25 | 0.02 | 0.93844 | 2013.03.25 | 0.02 | 0.94877 | 206.6 | 217.76 | | | | |
| 01:58 | | | 23:59 | | | | | | | | |

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** extended on Monday but only managed to hit 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. It was originally thought that this corrective pullback from 96.699 may somehow extends all the way to test 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**. At any rate, we'll maintain our short positions for the possibility of another jab at these levels and ideally take profit there and re-position long positions for another assault on the year's high and beyond. However, if there is closing above **95.028** in the D1 chart, then perhaps, the correction from 96.699 may be over and the rally has resume in earnest. Either that or this market goes into an extended consolidation phase.

USD-JPY TRADE IDEAS

| Action | Exit Condition | Entry | Stop-Loss | Profit | Profit | Exposure | Exposure |
|--------|---|--------|-----------|--------------------|----------|----------|----------|
| | | Price | | Target 1 | Target 2 | % | Units |
| Sold | Exit on D1 close above 95.028 | 95.907 | | 94.838 Realized | 93.086 | 2 | 0.02m |
| | | | | Realized | | | |
| 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) | · | | Unrealized Realized P/L P/L | | | mulative alance | |
|------------|-----------------|---------------|------------|----------------|--------|-------|-----------------------------|------|------------|--------------------|-----------|
| | | | | | | Pips | + / - (\$) | Pips | + / - (\$) | % | \$ |
| 2013.03.22 | | | | | | | | | | 22.97 | 12,297.38 |
| 2013.03.21 | 0.01 | 95.907 | 2013.03.25 | 0.01 | 94.165 | 174.2 | 184.99 | | | | |
| 06:15 | | | 23:59 | | | | | | | | |

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD 1-HOURLY



AUD-USD Short Term Outlook

The strong closing in the last two days of last week extended into the new week which saw a 9-week high at 1.04785 this morning in Asia . This is just a touch lower 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. In a slight revision of the 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. In the medium-term, focus is on the resistance line of the triangle pattern – at roughly the 1.05500 level (see W1 chart). In the event that prices rallied 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.

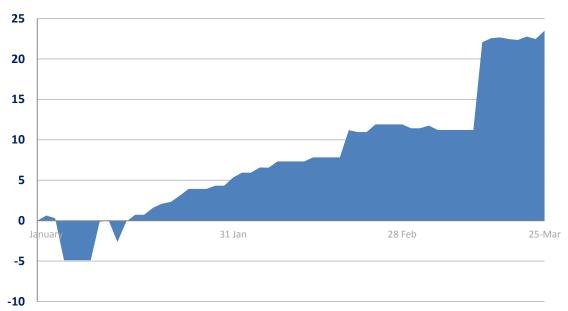
AUD-USD TRADE IDEAS

| 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 Close (units) Price | | | 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 | 2013.03.25 23:59 | 0.03m | 1.04536 | -17.1 | -17.10 | | | | |

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.