

A Traders Academy International Publication

Markets Await BoJ Decision Today

The Japanese Yen and Asian shares marked time in early Tuesday trading as traders awaited the outcome of the Bank of Japan's policy meeting, with expectations running high for bold monetary easing measures aimed at reflating the world's third-largest economy.

European shares rose on Monday near 2-year highs, with traders betting on an improving economy in Europe. Wall Street was closed for Martin Luther King Jr. Day. Australian shares were up 0.5 percent so far to a fresh 20-month high early on Tuesday while South Korean shares opened almost flat.

Japan's benchmark Nikkei average opened up 0.2 percent. The Nikkei has faced choppy trading over the past two sessions as the Japanese Yen became more volatile ahead of the BOJ meeting. Tokyo shares have been rising in tandem with the Japanese Yen's slide against major currencies. The Nikkei tumbled 1.5 percent on Monday after traders booked profits from the index's 2.9 percent rally on Friday. Likewise, Malaysian stocks suffered their biggest drop in 16 months on election risks.

Early on Tuesday, USD-JPY inched down 0.1 percent at 89.585, after touching a fresh 2-1/2-year high of 90.235 on early on Monday. EUR-JPY fell 0.3 percent to 119.269, off its peak since May 2011 of 120.696 hit on Friday.

Markets have priced in the BOJ boosting its asset-buying and lending programme by another ¥10 trillion and doubling its inflation target to 2 percent. The BOJ will announce its decision after it ends its two-day meeting later on Tuesday.

The biggest risk for USD-JPY is a cautious ¥10 trillion increase in asset purchases and not much else new aside from the 2 percent target. The best case for USD-JPY bulls is an open-ended commitment to increase quantitative easing until the inflation target is met.

There's a market perception that even if traders cut their long USD-JPY positions in disappointment over the BOJ result, the correction is likely to be limited relative the 13 rise in USD-JPY and a 20 percent rise in EUR-JPY over the past two months, mainly due to expectations for more aggressive BOJ easing to drive Japan out of years of deflation and support the economy.

Over in the U.S., overall market sentiment is likely to be supported by signs of a compromise to avert a U.S. fiscal crisis. Republican leaders in the U.S. House of Representatives have scheduled a vote on Wednesday on a nearly 4-month extension of U.S. borrowing capacity, aimed at avoiding a fight over the looming federal debt ceiling and shifting their negotiating leverage for spending cuts to other fiscal deadlines.

Elsewhere, the Bundesbank said on Monday Germany's economic slump should be short-lived, adding that the Euro zone's largest economy could have already bottomed out.

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EURUSD, H4 1.33127 1.33175 1.33113 1.33156

1.34320
1.34080
1.33840
1.33600
1.33360
1.33120
1.32880
1.32640
1.32400
1.32160
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1.29760

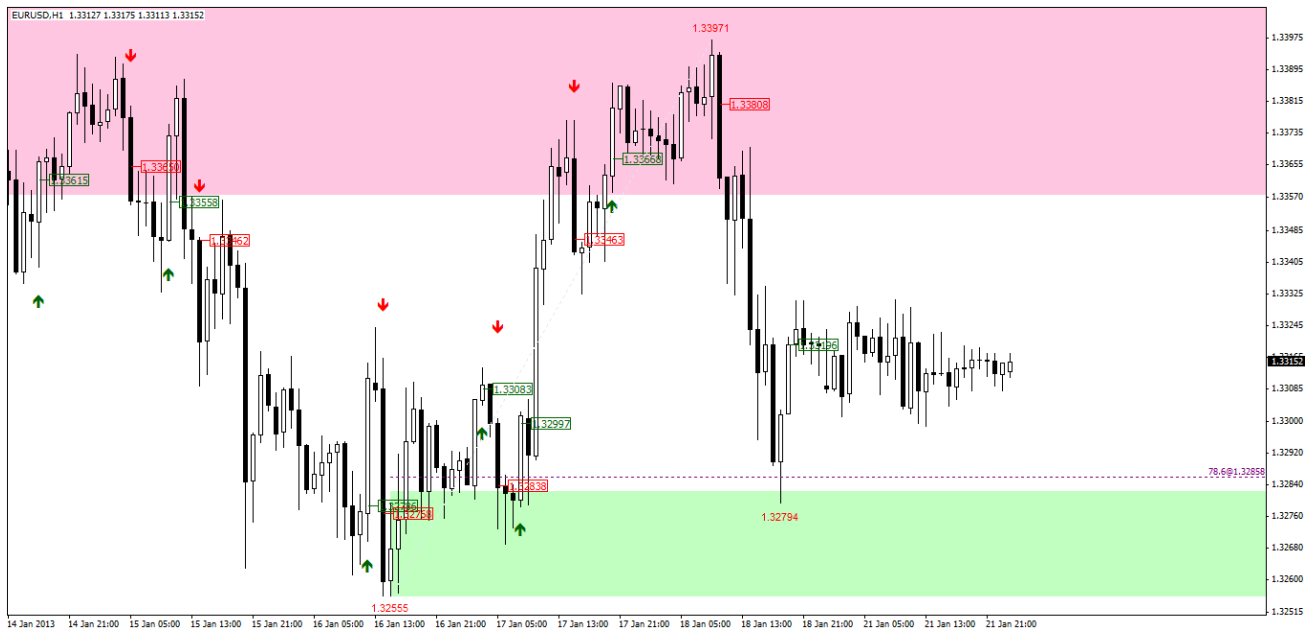
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1.30523
1.30592
1.29963
1.34028
1.33821
1.33617
1.33269
1.33095
1.32972
1.32823
1.32555

19 Dec 2012
20 Dec 12:00
21 Dec 20:00
26 Dec 04:00
27 Dec 12:00
28 Dec 20:00
29 Dec 04:00
3 Jan 12:00
4 Jan 20:00
8 Jan 04:00
9 Jan 12:00
10 Jan 20:00
14 Jan 04:00
15 Jan 12:00
16 Jan 20:00
18 Jan 04:00
21 Jan 12:00

50.00@1.31555
50.00@1.32475
50.00@1.31996
50.00@1.31516
50.00@1.29836

As noted, the pullback from 1.34028 may 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. However, this market's inability to rally above last Monday's peak of **1.34028** suggests the possibility another dip into the demand pocket at **1.32555-1.32823**. The clue to the resumption from 1.32555 is when price action sustains above the overhead SZ at **1.33575-1.34857**. If so, immediate focus is the 127.0% projection of 1.26601 to 1.31254 from 1.28755 at **1.34664**. 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 the sell signal (see D2 chart).

EUR-USD 1-HOURLY



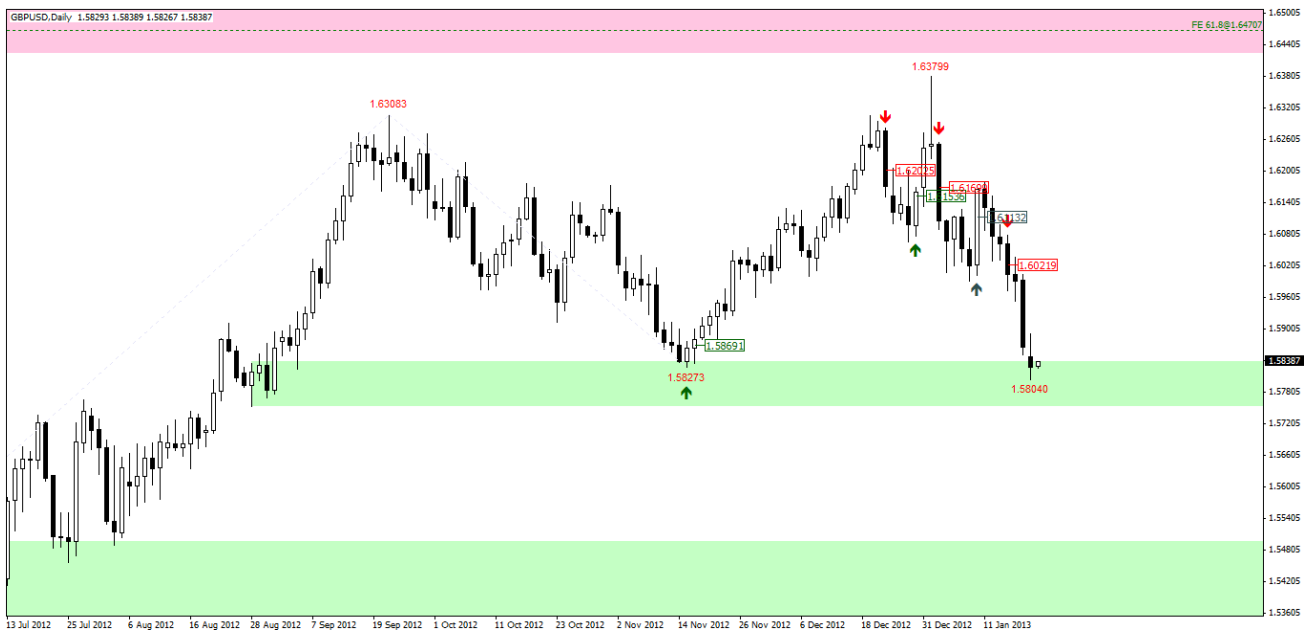
TRADE IDEAS

| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|-----------------|-------------|------------|---------------------|-----------------|------------|----------------|
| Bought | | 1.32692 | Break-even | 1.33820 Realized | 1.34664 | 3 | 0.03m |
| | | | | | | | |
| | | | | | | | |

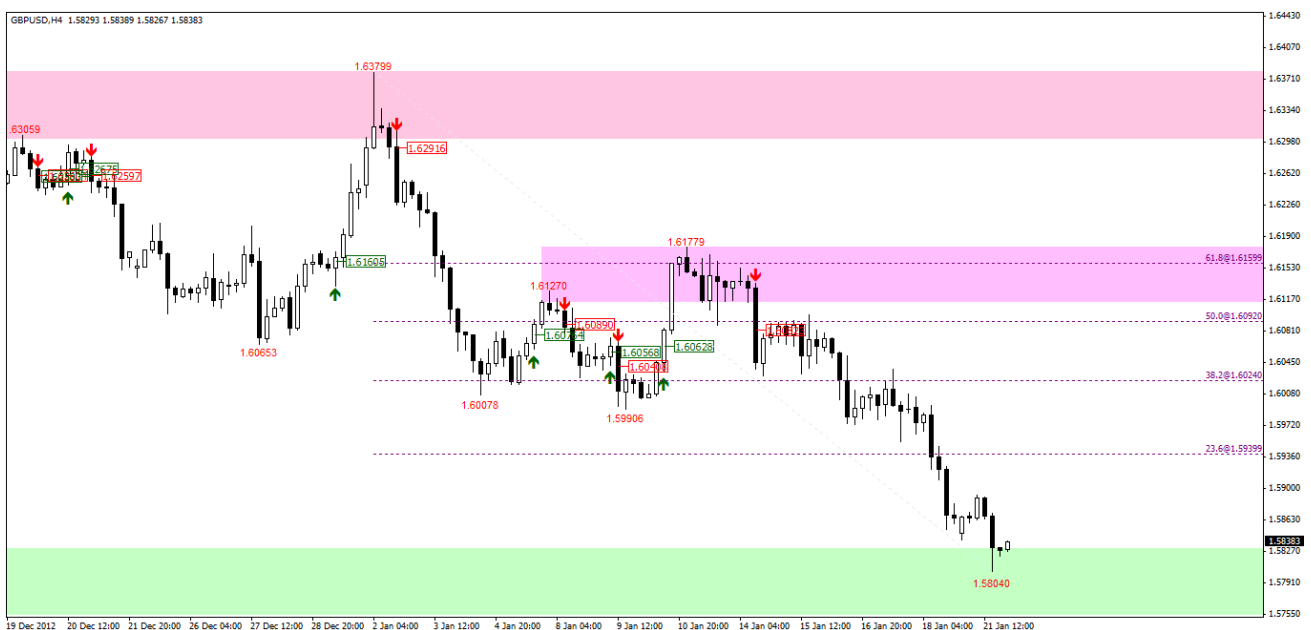
TRADE JOURNAL

| Open Date | Buy (units) | Open Price | Close Date | Sell (units) | Close Price | Unrealized P/L | | Realized P/L | | Accumulative Balance | |
|------------------|-------------|------------|------------------|--------------|-------------|----------------|------------|--------------|------------|----------------------|-----------|
| | | | | | | Pips | + / - (\$) | Pips | + / - (\$) | % | \$ |
| 2013.01.18 | | | | | | | | | | | 10,079.00 |
| 2013.01.16 15:10 | 0.02m | 1.32692 | 2013.01.21 23:56 | 0.02m | 1.33150 | 91.6 | 91.60 | | | | |

GBP-USD DAILY



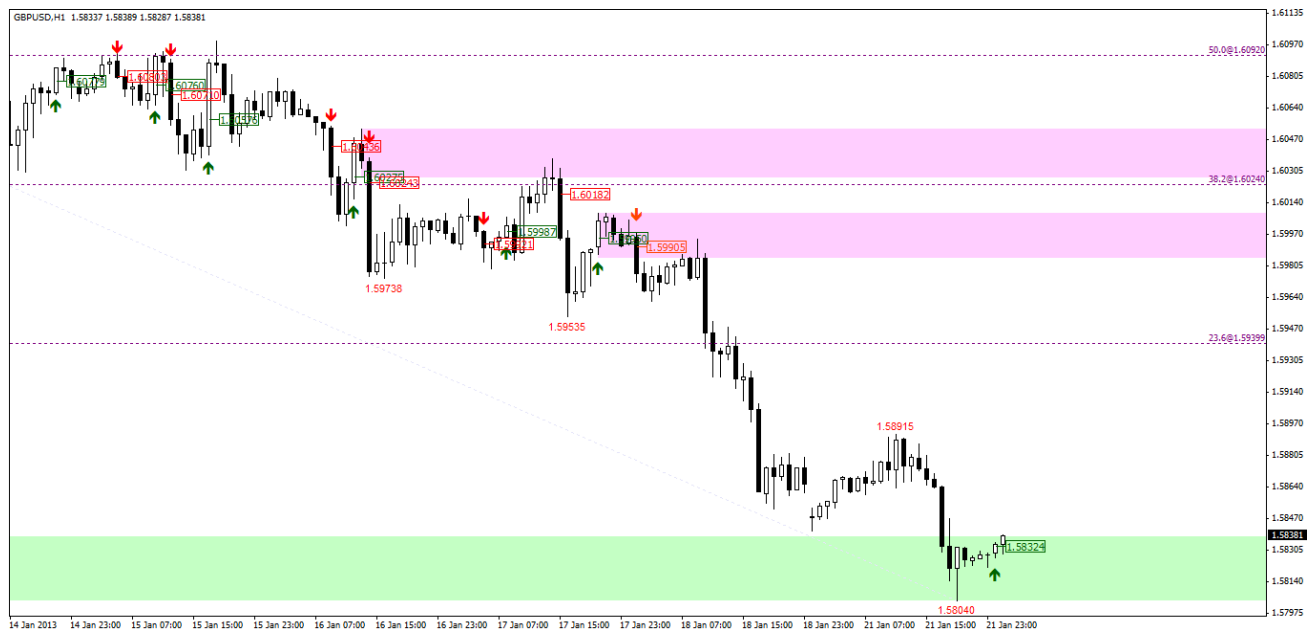
GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

The fall from 1.63799 continues unabated into Monday's session. With the US markets closed for holiday (Martin Luther King Day), this market fell into the demand pocket **1.58040-1.58377** (revised) located just above a significant demand zone at **1.57531-1.58303**. As such, price action at current levels is susceptible to buying interests. While the demand zone at **1.57531-1.58303** is expected hold, a fall through this price pocket has deeper bearish implications. (Read weekend's longer-term view). On the upside, immediate target is the overhead supply pocket at **1.59847-1.60081** followed by another at **1.60269-1.60525** which lies just below the 38.2% retracement of 1.63799 to 1.58521 at **1.60537**.

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 | | 1.58324 | 1.57940 | 1.61137 | 1.63012 | 3 | 0.03m |
| | | | | | | | |

GBP-USD TRADE JOURNAL

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USDCHF, H4 0.93230 0.93447 0.93161 0.93431

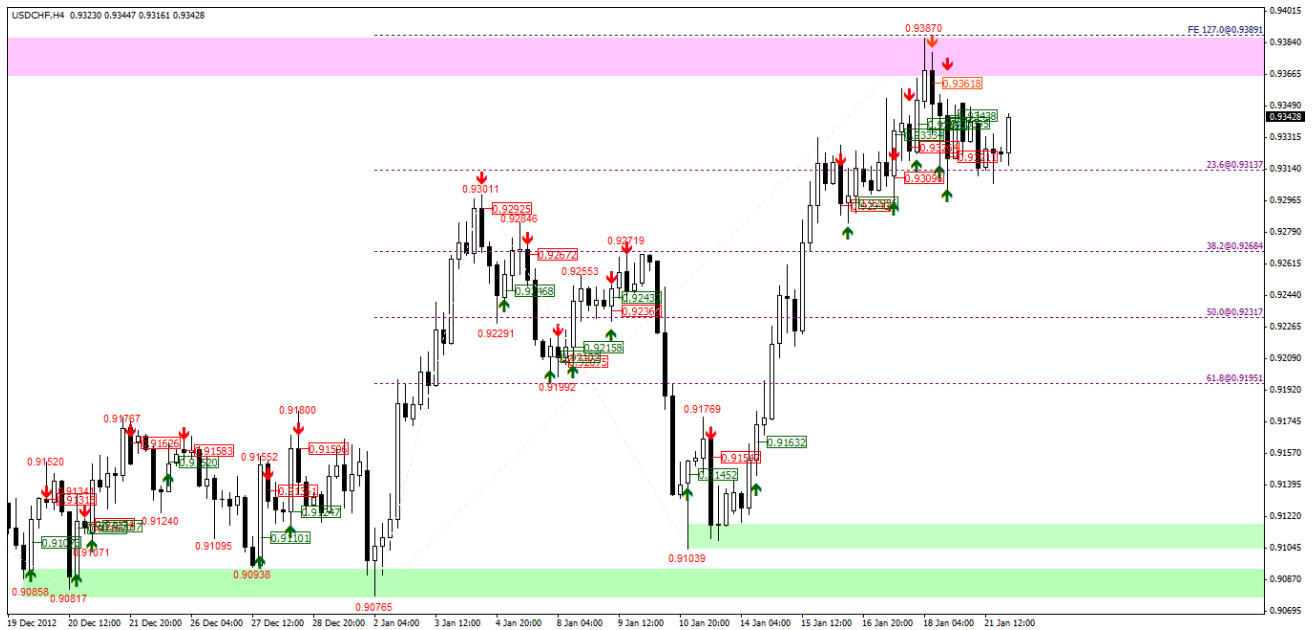
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0.93070
FE 127.000.93891
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18 Dec 2012 19 Dec 16:00 21 Dec 00:00 24 Dec 08:00 26 Dec 16:00 28 Dec 00:00 31 Dec 08:00 2 Jan 16:00 4 Jan 00:00 7 Jan 08:00 8 Jan 16:00 10 Jan 00:00 11 Jan 08:00 14 Jan 16:00 16 Jan 00:00 17 Jan 08:00 18 Jan 16:00 22 Jan 00:00

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USD-CHF 1-HOURLY



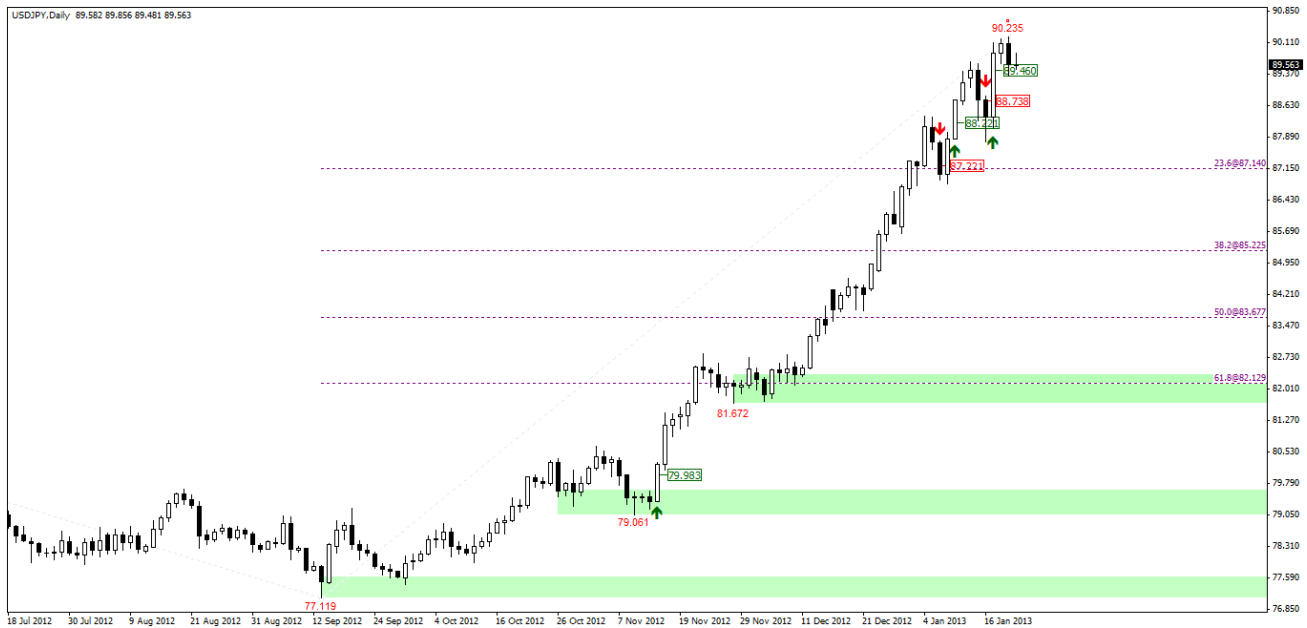
USD-CHF TRADE IDEAS

| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|-----------------|-------------|-----------|-----------------|-----------------|------------|----------------|
| Sold | | 0.93520 | 0.93910 | 0.90587 | 0.89847 | 3 | 0.03 |
| | | | | | | | |
| | | | | | | | |

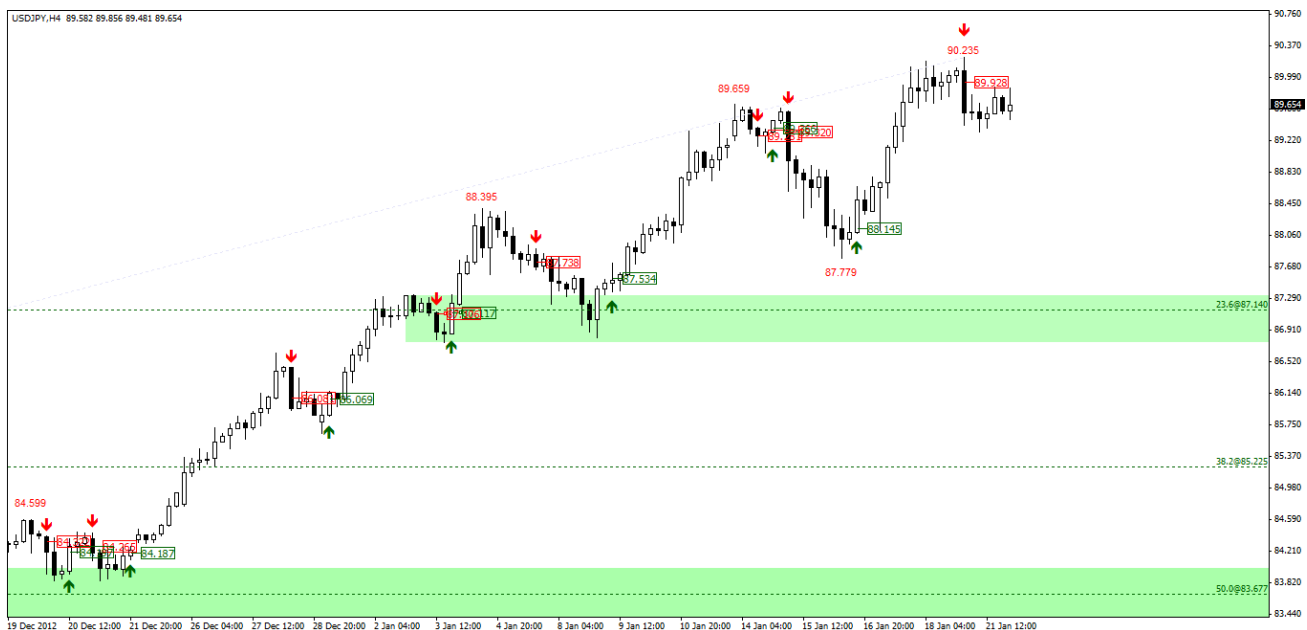
USD-CHF TRADE JOURNAL

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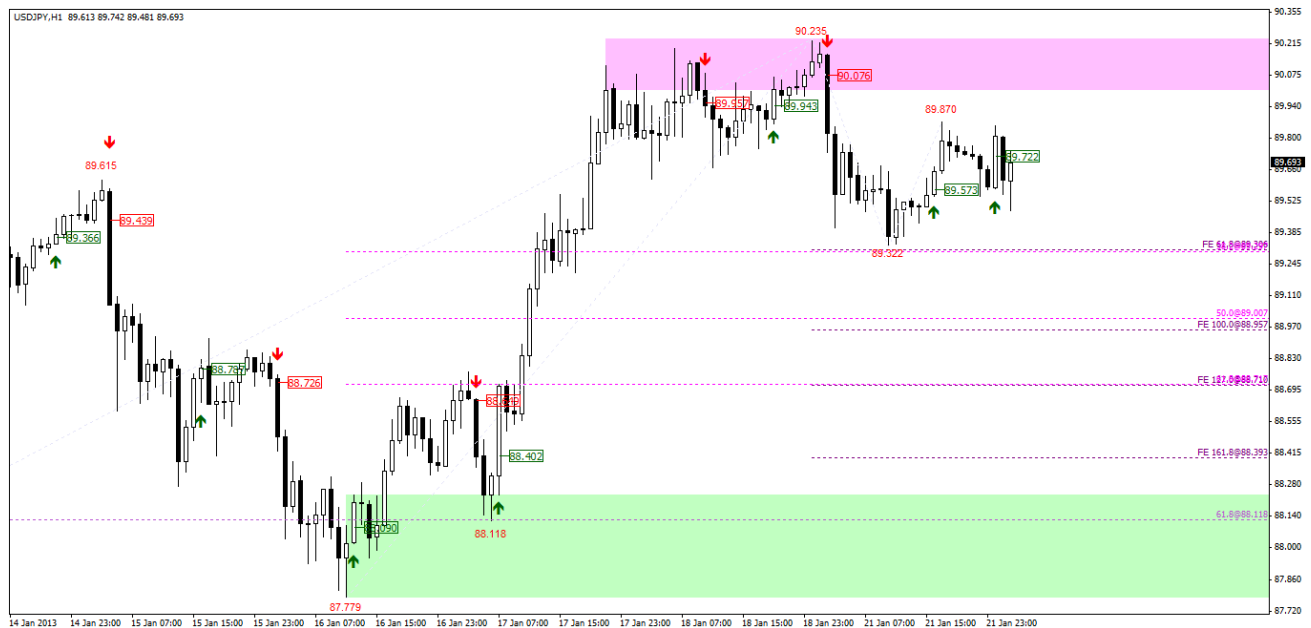
USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY 1-HOURLY



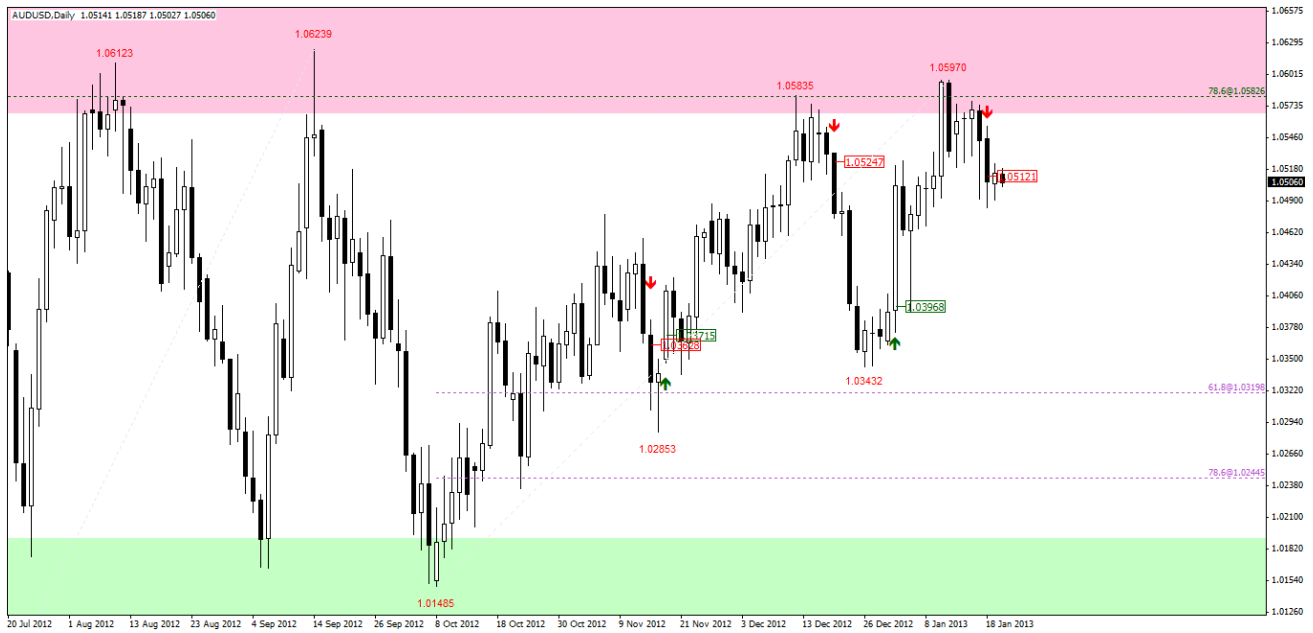
USD-JPY TRADE IDEAS

| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|--|-------------|-----------|-----------------|-----------------|------------|----------------|
| Sell | Sell on sell signal within 90.011-90.235 | | 90.335 | 88.717 | 88.233 | 3 | 0.03 |
| | | | | | | | |

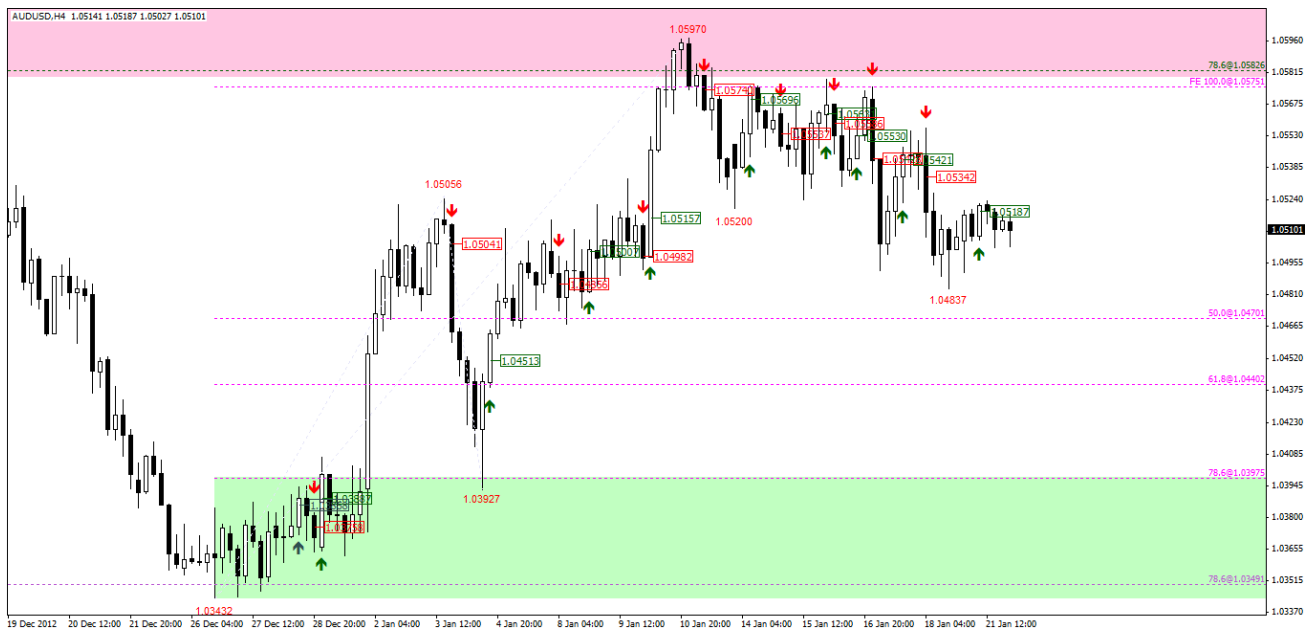
USD-JPY TRADE JOURNAL

| Open Date | Buy (units) | Open Price | Close Date | Sell (units) | Close Price | Unrealized P/L | | Realized P/L | | Accumulative Balance | |
|---------------------|----------------|---------------|---------------------|-----------------|----------------|-------------------|------------|-----------------|------------|-------------------------|-----------|
| | | | | | | Pips | + / - (\$) | Pips | + / - (\$) | % | \$ |
| 2013.01.18 | | | | | | | | | | | 10,598.74 |
| 2013.01.16 12:10 | 0.02m | 88.090 | 2013.01.21 03:14 | 0.02m | 89.520 | | | 286 | 319.48 | 3.01 | 10,918.22 |

AUD-USD DAILY



AUD-USD 4-HOURLY



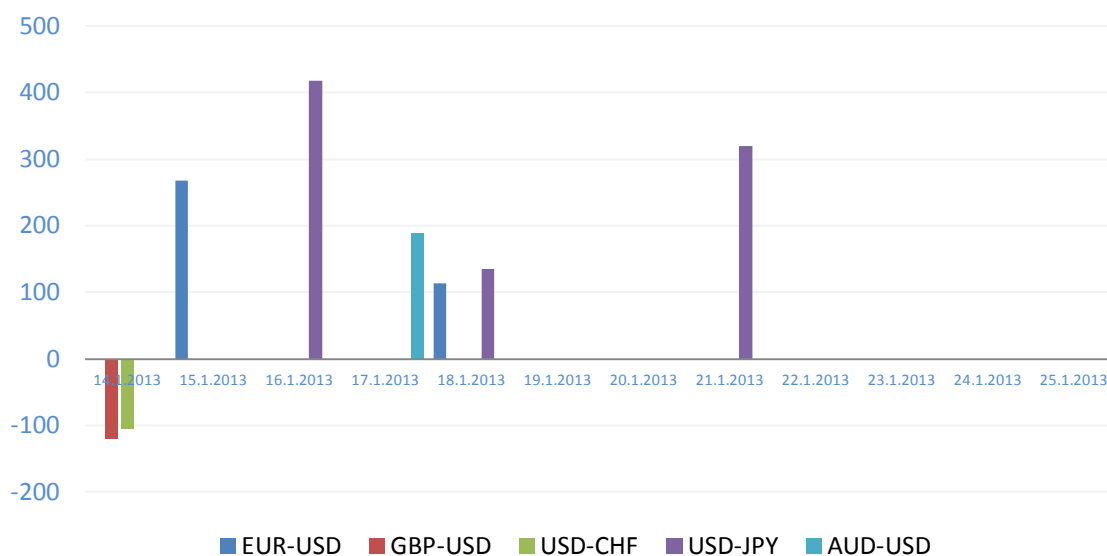
AUD-USD Short Term Outlook

The rally from 1.01485 peaked within the overhead supply pocket at **1.05796-1.06239** with a print of 1.05970. The resulting correction is series of 3-waves pullbacks. After hitting the week's low at 1.04837 last Friday, nothing much have changed overnight. Structurally, this market appears poised to resume its rally from 1.01485. However only a rally above the supply pocket at **1.05796-1.06239** would suggest that the correction phase is over and the rally has resumed. On the downside, should the pullbacks continues, the 100.0% or 127.0% projection of 1.05970 to 1.05200 from 1.05755 at **1.04985** or **1.04777** are of interests as they coincide with the 50.0% and 61.8% retracement level of 1.03927 to 1.05970 at **1.04949** and **1.04707** respectively.

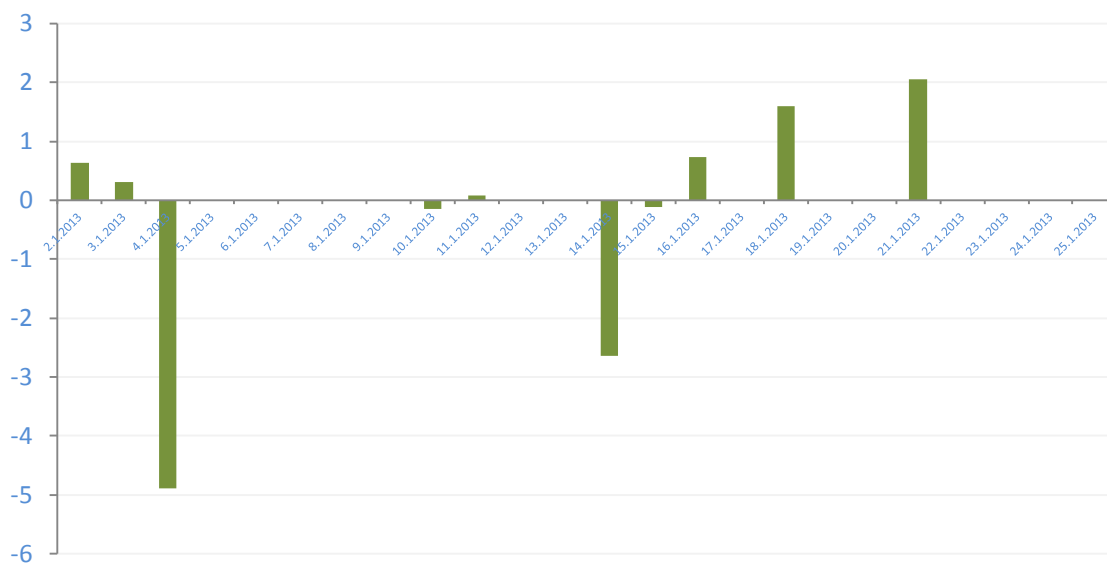
| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|---|-------------|-----------|-----------------|-----------------|------------|----------------|
| Sell | Sell on sell signal between 1.05796-1.06239 | | 1.06339 | 1.04985 | 1.04777 | 3 | 0.03 |
| | | | | | | | |
| | | | | | | | |

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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.