

*A Traders Academy International Publication*

## Euro Slump On Renewed Eurozone Fear

EUR-USD tumbled from recent highs on Monday as political uncertainty in Spain and Italy renewed fears about the region's debt crisis just days before a European Central Bank meeting that could sway sentiment.

EUR-USD, which hit its loftiest level since late 2011 on Friday, was also stung by European data that drove a reminder that the Euro zone's economic recovery is far from solidified, despite recent evidence that the worst of the region's recession may be behind it

Spain reported a rise in the number of people out of work on Monday, and a Euro zone investor sentiment index rose less than expected.

Spanish 10-year bond yields climbed to six-week highs after Prime Minister Mariano Rajoy faced calls to resign over a corruption scandal involving allegations in the media that he received payments from a slush fund. Rajoy denies wrongdoing.

Adding to Euro bearishness, news on alleged misconduct involving an Italian bank indicated the scandal would likely widen three weeks before a national election. Polls showing Italian former Prime Minister Silvio Berlusconi regaining ground before elections due this month added to investor concerns.

Italy and Spain are the Euro zone's third- and fourth-largest economies, respectively. German Chancellor Angela Merkel told Spain's Rajoy she had full confidence in his government's ability to push through reforms needed to overcome his country's economic crisis.

EUR-USD settled down 0.93 percent at 1.35124 after hitting a session low of 1.35041, the lowest since January 30. It reached 1.37101 on Friday, a level unseen since late 2011. EUR-JPY was last down 1.7 percent at 124.64, off a 33-month high of 126.943 struck last week.

The underlying Euro zone economic performance remains weak, which does not naturally lend itself to a sizeable build-up in Euro long positions. Nevertheless, EUR-USD remains up 2.4 percent so far this year, and it could continue to climb should the European Central Bank express no concern about the Euro's recent gains at a news conference after its interest rate decision on Thursday.

Monetary stimulus or balance sheet expansion usually hurts a currency because it increases its supply.

USD-JPY touched a 2-1/2-year high of 93.163, settled down 0.5 percent on the day at 92.811. Sentiment toward the Japanese Yen is negative as the BoJ is expected to remain under pressure to ease monetary policy aggressively.

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EURUSD Daily 1.35133 1.35179 1.35126 1.35158

1.39530  
1.38450  
1.37400  
1.36320  
1.35158  
1.34190  
1.33140  
23.6@1.33183  
1.32060  
38.2@1.30727  
1.31010  
2.99930  
50.0@1.28757  
1.28880  
61.8@1.26788  
50.0@1.26062  
1.26750  
1.25670  
1.24620  
1.23570  
1.22490  
1.20360  
1.19310

1.31710  
1.31841  
1.35158  
1.37101  
1.35658  
1.28755  
1.26601  
1.27468  
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2 Aug 2012 14 Aug 2012 24 Aug 2012 5 Sep 2012 17 Sep 2012 27 Sep 2012 9 Oct 2012 19 Oct 2012 31 Oct 2012 12 Nov 2012 22 Nov 2012 4 Dec 2012 14 Dec 2012 27 Dec 2012 9 Jan 2013 21 Jan 2013 31 Jan 2013

EURUSD, H4

1.35133 1.35179 1.35126 1.35156

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1.32220  
1.31810  
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1.31010  
1.30610  
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1.29810

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61.8@1.32694

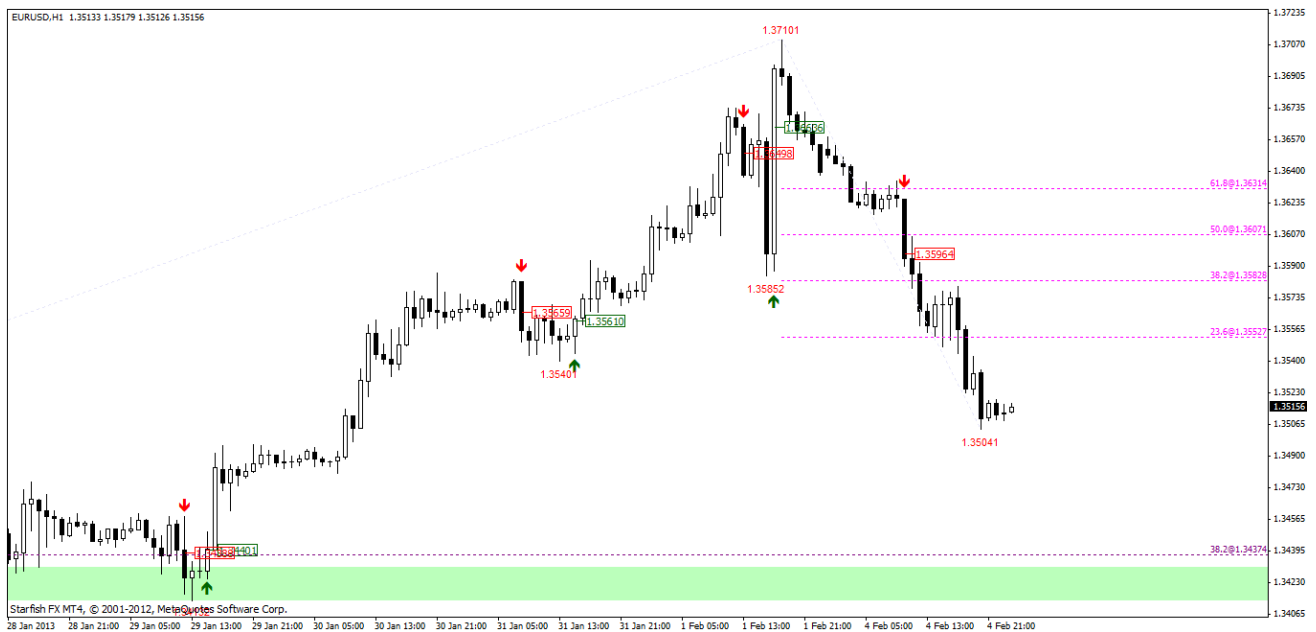
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1.33095  
1.32634  
1.32555  
1.31391  
1.31107  
1.30633  
1.30526  
1.30392  
1.29963

1.37101  
1.36170

4 Jan 2013 7 Jan 12:00 8 Jan 20:00 10 Jan 04:00 11 Jan 12:00 14 Jan 20:00 16 Jan 04:00 17 Jan 12:00 18 Jan 20:00 22 Jan 04:00 23 Jan 12:00 24 Jan 20:00 28 Jan 04:00 29 Jan 12:00 30 Jan 20:00 1 Feb 04:00 4 Feb 12:00

This week begun on a weak note with profit-takings featured largely on fear of renewed Euro zone crisis after allegations of corruption was levelled on Spanish Prime Minister Mariano Rajoy. After registering a 14-month high with a print at 1.37101 last Friday, which is just below the 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897**, this market came under selling pressure in Asia and continued into the NY session. As the NY session draws to a close, the selling intensified. Focus is now on the 38.2% retracement of 1.29963 to 1.37101 at **1.34374**, which lies just above minor demand pocket at **1.34132-1.34313**. There is a good chance this price pocket may hold this run – at least initially. Below this, a more formidable demand pocket lies at **1.32452-1.32676** which incidentally lies just below the 61.8% retracement of 1.29963 to 1.37101 at **1.32690**. In time frames under D1, sell signals were triggered; suggesting further short-term weakness going forward. Only a close below **1.33090** in the W1 chart would suggest that the 3-wave corrective rebound from 1.20414 is over. Until and unless that happens, the long-term bullish bias is still intact.

## EUR-USD 1-HOURLY



## TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	D1 close below 1.34903.	1.32874	1.34803	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	+ / - (\$)	%	\$
2013.02.01										1.49	10,149.10
2013.01.22 17:50	0.02m	1.32874	2013.02.04 23:59	0.02m	1.35124	450.0	450.00				

[illegible]

GBPUSD, H4 1.57598 1.57633 1.57590 1.57633

1.61779

1.61270

1.60930

1.60568

1.60283

1.60076

1.59906

1.60109

50.0@1.60265

FE 161.8@1.60100

FE 136.8@1.59435

FE 100.0@1.59929

1.58768

1.58552

1.57998

1.57746

1.57606

1.57336

1.56731

1.56872

1.57278

1.57205

1.57093

1.57410

1.57115

1.56825

1.56533

1.56300

1.56105

1.62105

1.61810

1.61520

1.61225

1.60930

1.60640

1.60345

1.60050

1.59760

1.59465

1.59170

1.58880

1.58585

1.58290

1.58000

1.57705

1.57410

1.57115

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1.56235

1.55940

1.55645

1.55350

1.55055

1.54760

1.54465

1.54170

1.53875

1.53580

1.53285

1.52990

1.52695

1.52400

1.52105

1.51810

1.51515

1.51220

1.50925

1.50630

1.50335

1.50040

1.49745

1.49450

1.49155

1.48860

1.48565

1.48270

1.47975

1.47680

1.47385

1.47090

1.46795

1.46500

1.46205

1.45910

1.45615

1.45320

1.45025

1.44730

1.44435

1.44140

1.43845

1.43550

1.43255

1.42960

1.42665

1.42370

1.42075

1.41780

1.41485

1.41190

1.40895

1.40600

1.40305

1.40010

1.39715

1.39420

1.39125

1.38830

1.38535

1.38240

1.37945

1.37650

1.37355

1.37060

1.36765

1.36470

1.36175

1.35880

1.35585

1.35290

1.34995

1.34700

1.34405

1.34110

1.33815

1.33520

1.33225

1.32930

1.32635

1.32340

1.32045

1.31750

1.31455

1.31160

1.30865

1.30570

1.30275

1.29980

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1.29095

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1.22310

1.22015

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1.21130

1.20835

1.20540

1.20245

1.19950

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1.19360

1.19065

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1.18475

1.18180

1.17885

1.17590

1.17295

1.17000

1.16705

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1.16115

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1.14640

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1.14050

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1.13165

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1.11985

1.11690

1.11395

1.11100

1.10805

1.10510

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1.06380

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1.05790

1.05495

1.05200

1.04905

1.04610

1.04315

1.04020

1.03725

1.03430

1.03135

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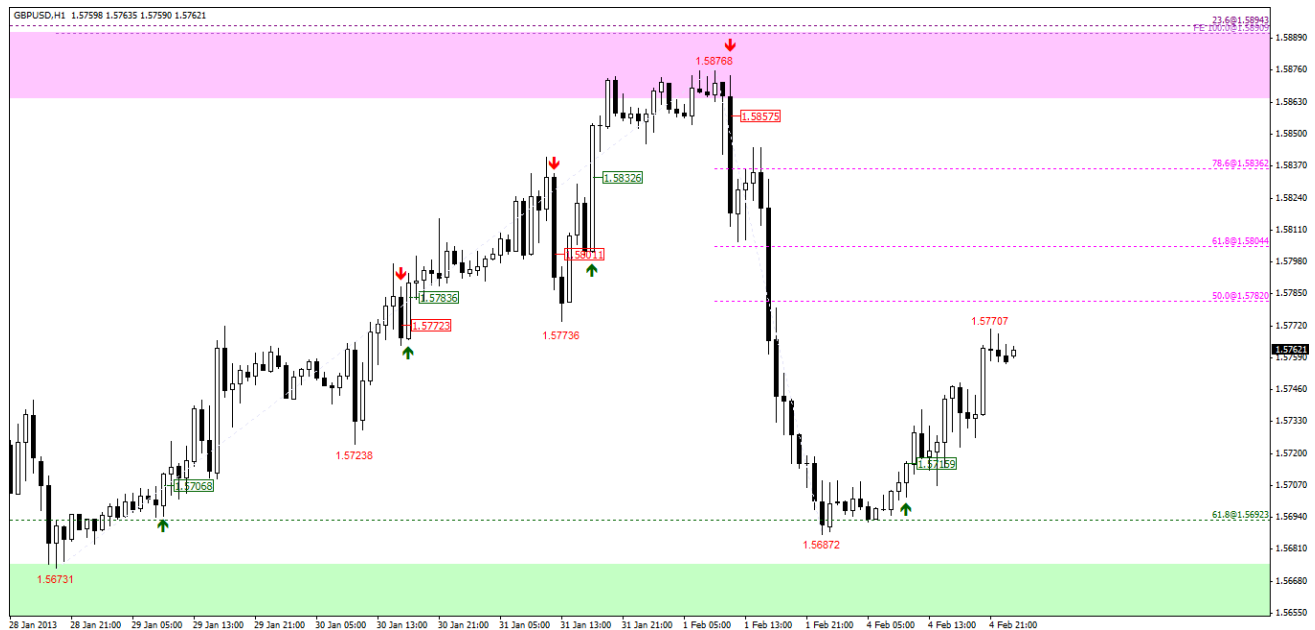
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0.81010

Last Friday's fall from within the supply pocket at **1.58643-1.58915** stalled at the 61.8% retracement of 152672 to 1.63083 at **1.56649** and recovered on Monday. This is the second time in two weeks that price action has failed to convincingly take out this level. This is to be expected in view of the fact this market is near the longer-term lower trend-line within the triangle formation (see MN chart). Has last week's fall accelerates below the **1.56000** level; it will all but confirm the breakout from the longer-term triangle pattern developing since August 2009 with serious bearish implications. It is thus natural that as this market approaches this all-important trend-line, caution has set in. In the meantime, should this counter-trend rally persists, focus will shift to the 127.0% projection of 1.56731 to 1.58768 from 1.56872 at **1.59459** which is turn clustered just above the 38.2% retracement of 1.63799 to 1.56731 at **1.59431** (see H4 chart).

## GBP-USD 1-HOURLY



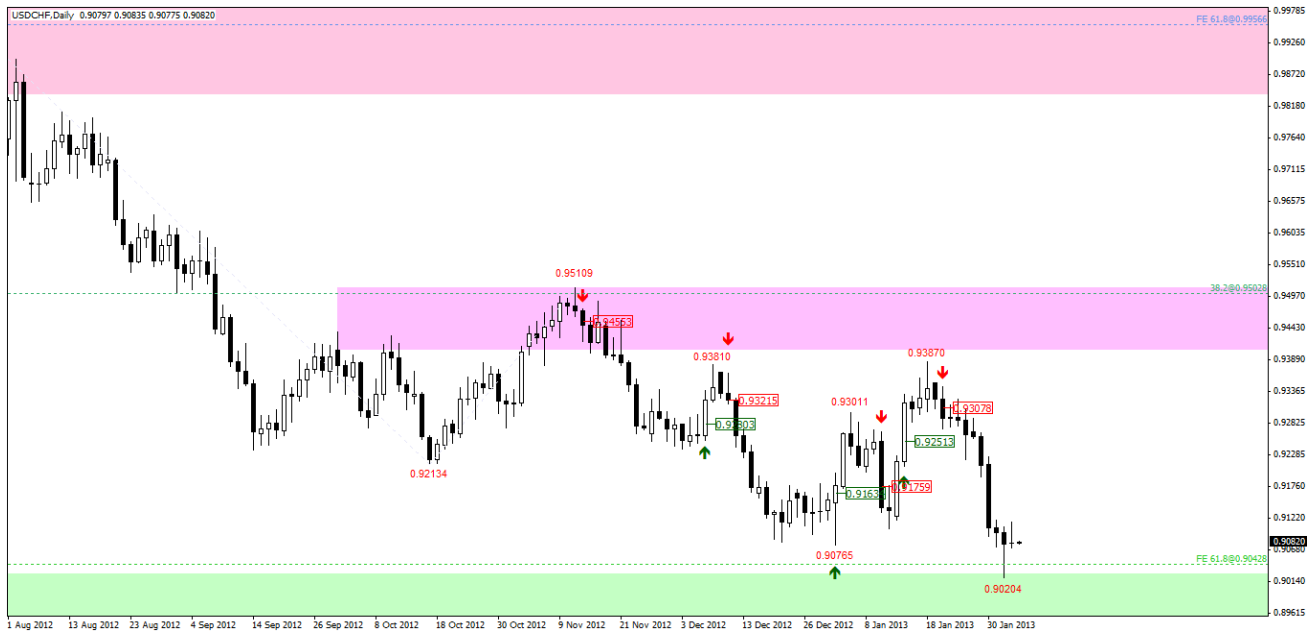
## GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.58750	Break-even	1.56749 Realized	1.54800	3	0.03m

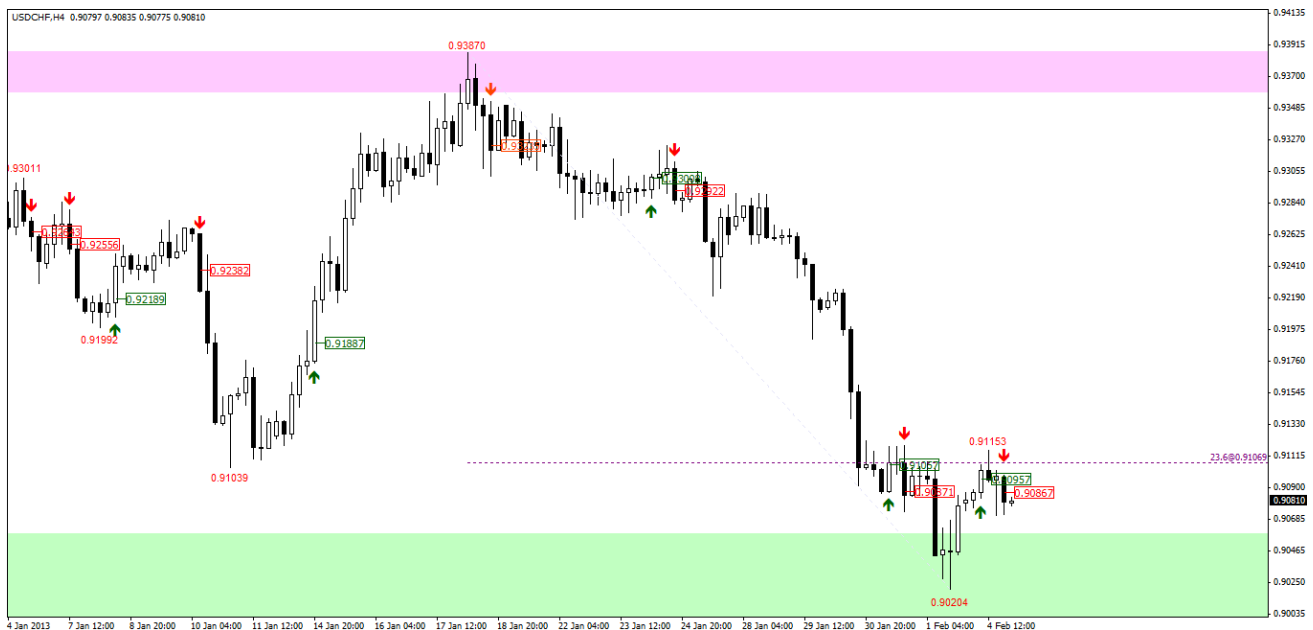
## GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.01										-3.41	9,659.50
2013.02.01 09:39	0.02m	1.58750	2013.02.04 23:59	0.02m	1.57574	235.2	235.20				

## USD-CHF DAILY



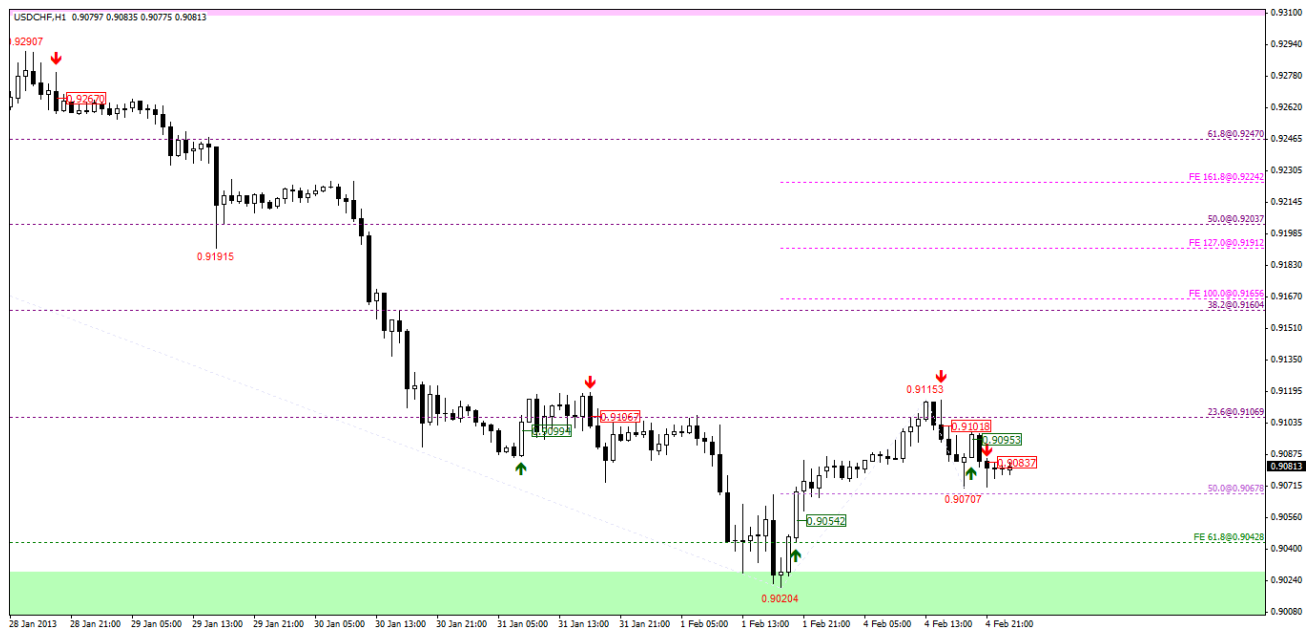
## USD-CHF 4-HOURLY



## USD-CHF Short Term Outlook

The sharp fall from last Friday's high of 0.93870 accelerated to the demand zone at **0.90010-0.90587**. The unwinding of long Euro positions spilled over to this market and has a material impact on the immediate direction of USD-CHF. In overnight trading, the ensuing short-coverings rebounded to just above the 23.6% retracement of 0.93870 to 0.90204 at **0.91069** with a print at 0.91153 before easing. By NY midday, this pullback has retraced some 50.0% retracement of its earlier counter-trend rally and was last seen hovering above this level. In the short-term, this nascent recovery from within the demand zone at **0.90010-0.90587** is expected to be capped at the 38.2% retracement of 0.93870 to 0.90204 at **0.91604**; which is stacked just below the 100.0% projection of 0.90204 to 0.91153 from 0.90707 at **0.91656**. If this market recovers above this Fibonacci cluster, a look at the D1 chart should provide some perspective. Overall, the medium to long term picture suggests long-term trading may be confined to the lower demand zone at **0.89301-0.90278** and the upper supply zone at **0.98372-1.00660**. However, should the fall resumes below **0.90204**, focus will shift towards the next DZ at **0.89211-0.89847**. Acceleration below this price pocket would invariably triggers a ton of sell-stops accumulated below this level resulting in another selloff (see D1 chart). From the perspective of the W1 chart, sustained trading below the next DZ at **0.85672-0.86934** would suggest the correction from 0.70667 is practically over and the longer-term downtrend from 1.83090 from way back in 2000 has resumed.

## USD-CHF 1-HOURLY



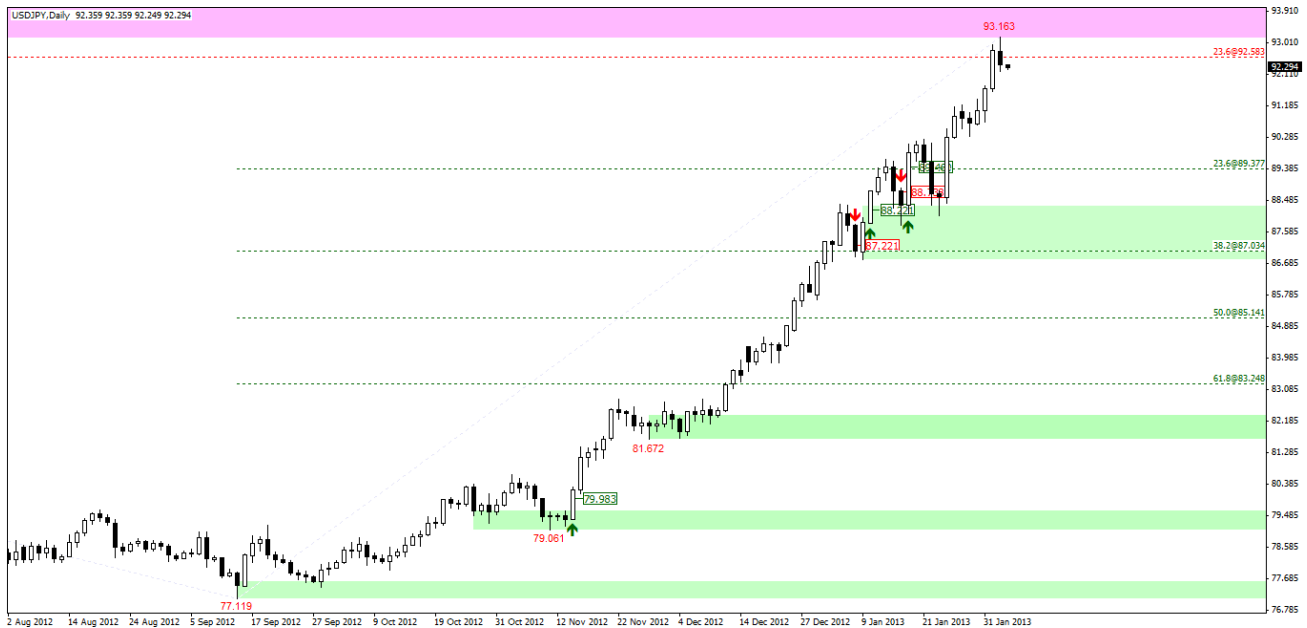
## USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		0.93520	0.92349	0.90587 (covered)	0.89847	3	0.03

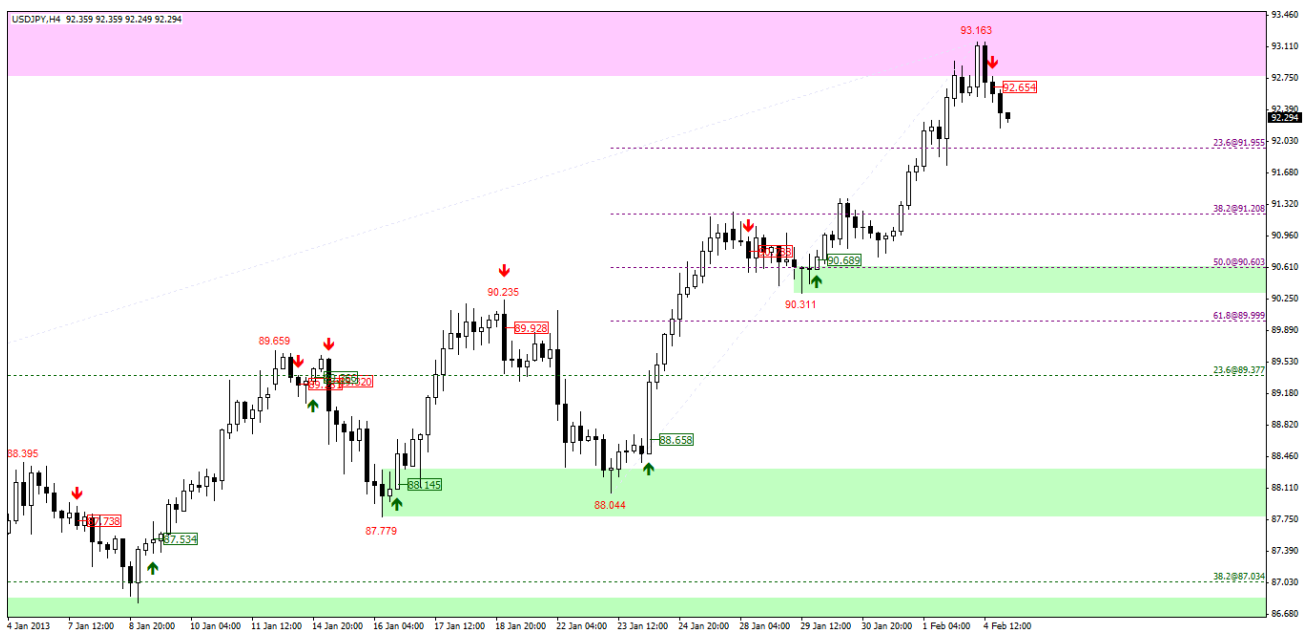
## USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.01										2.79	10,246.36
2013.01.17 20:44	0.02m	0.93520	2013.02.4 23:59	0.02m	0.90802	543.6	598.67				

## USD-JPY DAILY



## USD-JPY 4-HOURLY

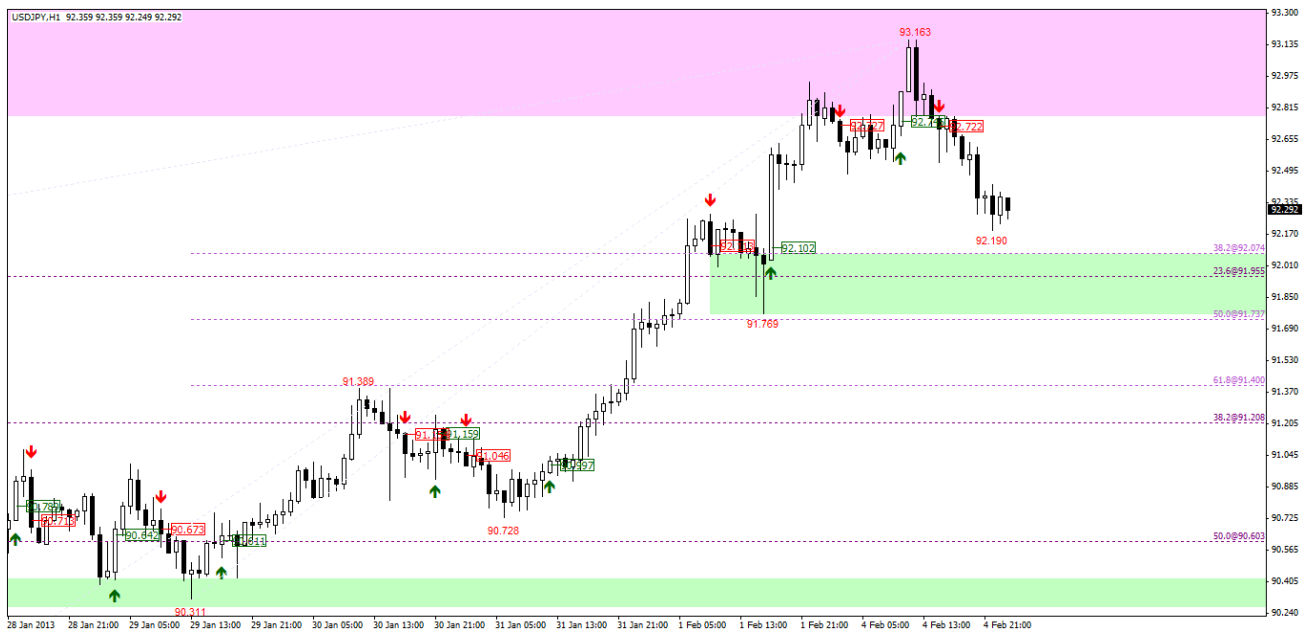


## USD-JPY Short Term Outlook

This market extended its amazing run to yet another marginal new 32-month high at 93.163 in early London session before unraveling by London midday in overnight actions. As mentioned, the supply zone at **93.129-94.979** will be formidable and heavy selling interests are expected to emerge enforce within this major supply zone (see W1 chart). Monday's trading actions so far have vindicated this assessment. In the short-term, should this correction persist; immediate demand is likely to emerge from within the minor demand pocket at **91.769-92.068** (see H1 chart). After an amazing bull-run that is to date in its 5<sup>th</sup> month and after a solid 15 yen rally, this market is increasingly vulnerable to a sizable correction. As noted in the weekend report, counter-trend sell signals within the supply zone at **93.129-94.979** are worth taking - considering the size of this rally and the potential for a chunky 5 yen correction – at least in the medium-term. That said, unless the ensuing rout takes out the demand zone at **86.908-88.326**, the overall up-trend is not threatened. For the adventurous, short-term punting opportunities on the long side may be attempted if and when prices fall into the immediate demand pocket at **91.769-92.068** provided they risk not much lower than the nearest pivot low at **91.769**. Target is the overhead supply pocket at **93.129-94.979**.



## USD-JPY 1-HOURLY



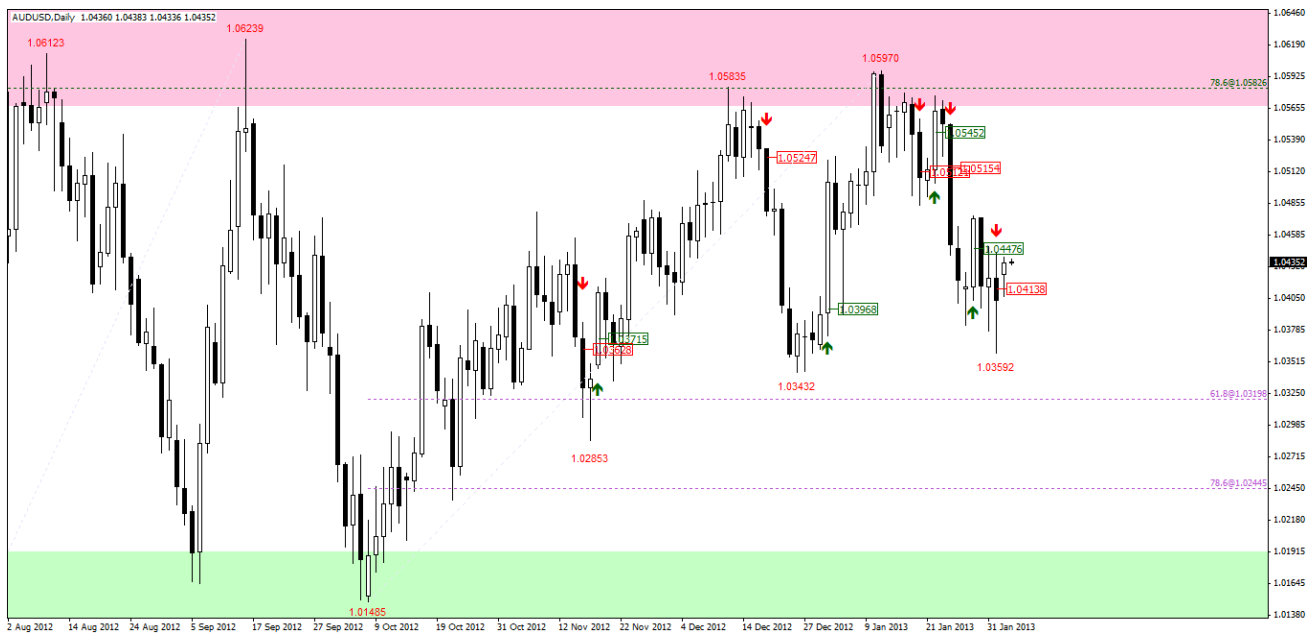
## USD-JPY TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Bought on buy signal within 90.272-90.420	90.487	Break-even	92.583 Realized	99.657	3	0.03
Buy	Buy on buy signal within 91.769-92.068		91.669	93.129	-	2	

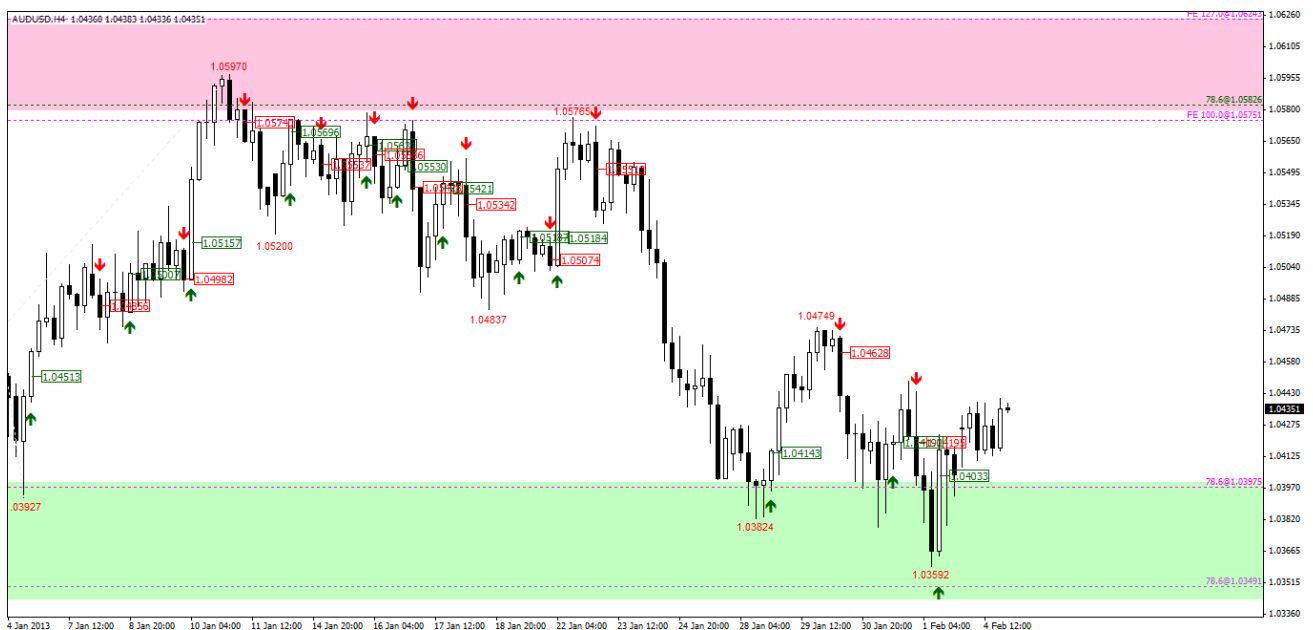
## USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.01										21.14	12,136.76
2013.01.28 01:32	0.02m	90.487	2013.02.04 23:59	0.02m	92.360	374.6	405.59				

## AUD-USD DAILY



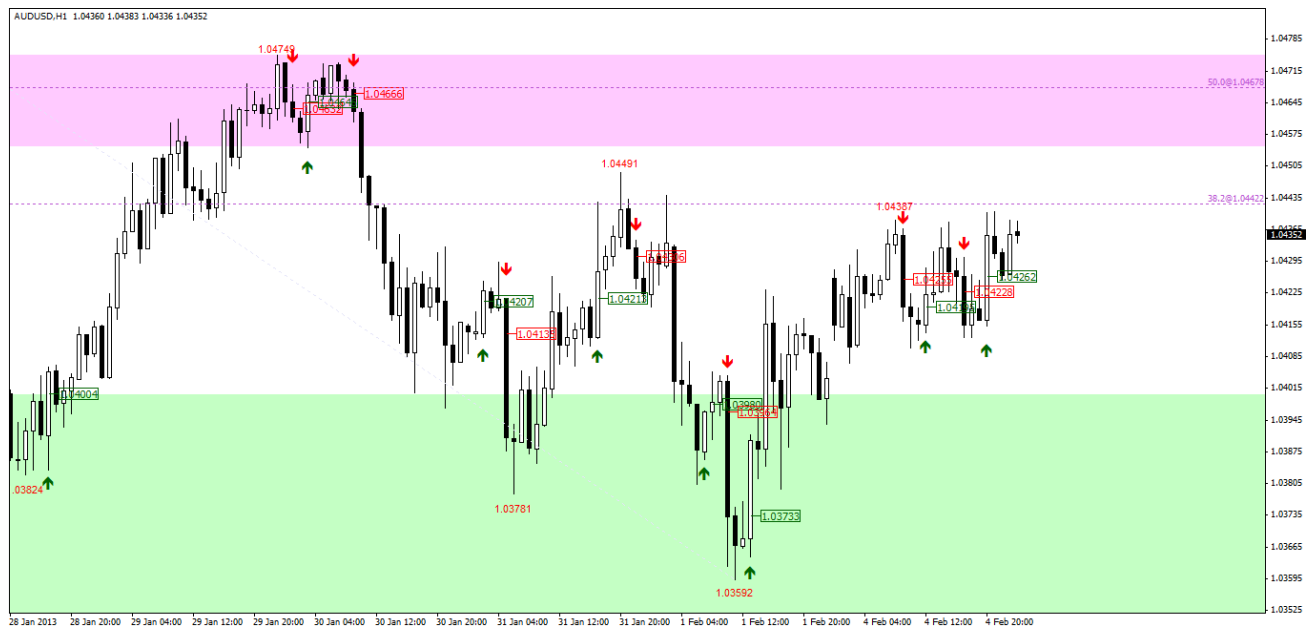
## AUD-USD 4-HOURLY



## AUD-USD Short Term Outlook

After opening the week with a vacuum to the upside, the rebound from within the demand pocket at **1.03432-1.03997** came close to hitting the 38.2% retracement of 1.05765 to 1.03592 at **1.04422** in overnight trading and stalled. Trading conditions were less than ideal as this market gyrates badly. Immediate focus is the overhead supply pocket at **1.04549-1.04749** (revised) which may prove to be a major hurdle to higher prices. If price action should somehow rally into this price action without any acceleration, this area could well provide another selling opportunity for the adventurous. Either that or a much better choice is to position shorts within the supply pocket at **1.05796-1.06239** or better yet at **1.07292-1.10799** (see W1 chart).

## AUD-USD 1-HOURLY



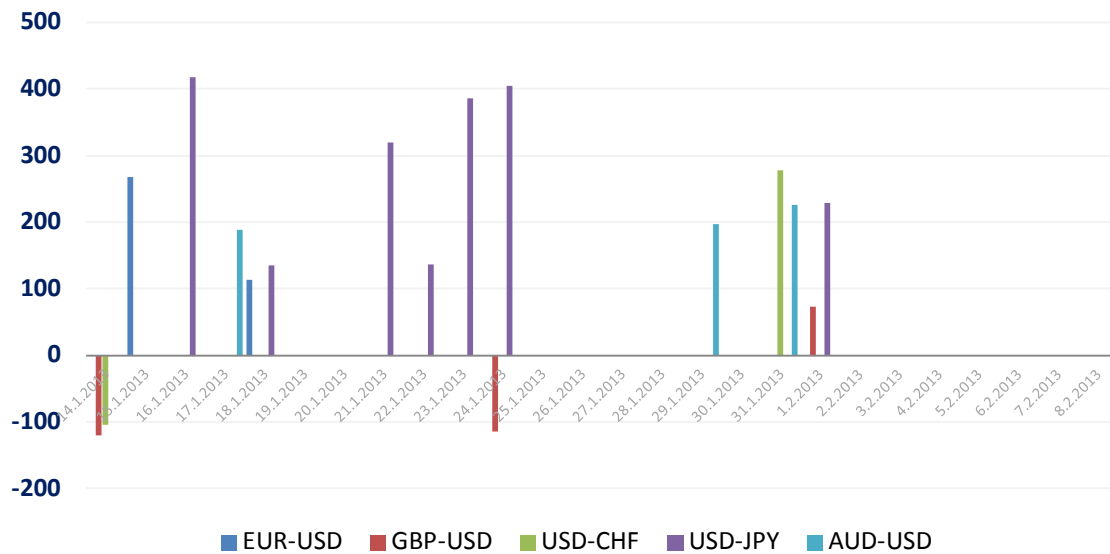
## AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.03733	1.03681	1.04549	1.05796	3	0.03

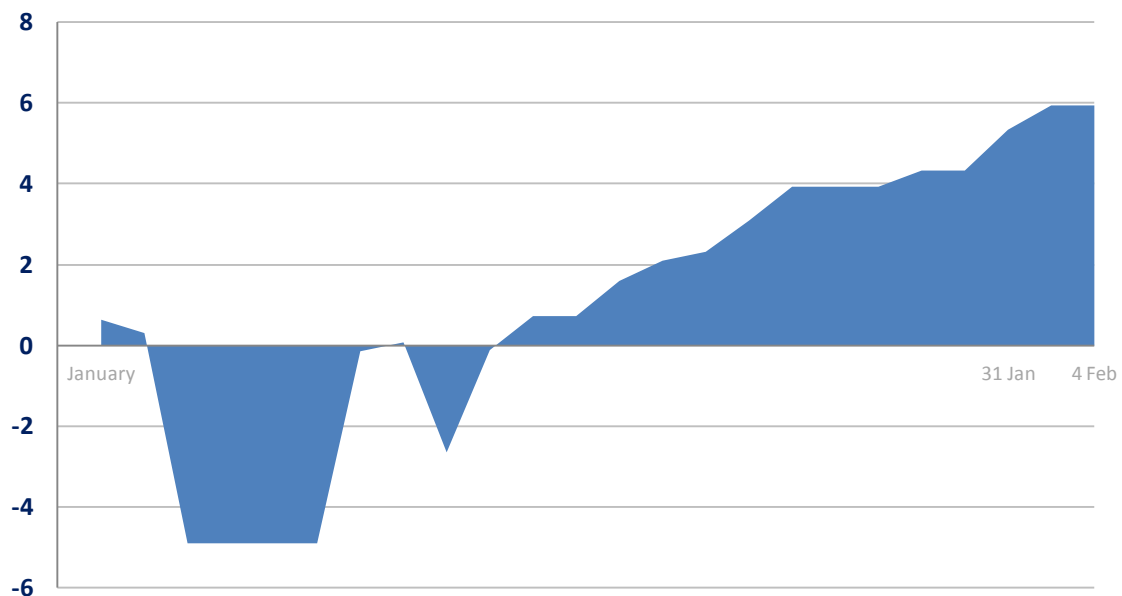
## AUD-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.01										7.78	10,777.80
2013.02.01 13:15	0.03m	1.03733	2013.02.04 23:59	0.03m	1.04354	186.3	186.30				

## Daily Realized P/L



## Accumulative Percentage P/L



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[www.tradersacademyonline.com](http://www.tradersacademyonline.com)



## Traders Academy International

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.