Sat, Mar 23, 2013 Weekend Edition

FOREX OUTLOOK



A Traders Academy International Publication

A Volatile Week Ahead

EUR-USD rose on Friday, posting its first weekly gain in seven weeks on hopes Cyprus will find a solution before Monday to avert a financial meltdown. Finance ministers of the 17-nation Euro zone will hold talks on Sunday on the bailout crisis in Cyprus. The meeting was scheduled as Cypriot leaders said they were closing in on a deal to raise enough money in return for a bailout and as the country reached a deal to spin off the Greek units of its debt-ridden banks.

The EU has given Cyprus until Monday to raise the €5.8 billion it needs to secure a €10 billion international lifeline. Without aid, the European Central Bank will cut funds to Cypriot banks and the country may be forced to exit the Euro.

EUR-USD rose 0.7 percent to 1.29850. It hit a four-month low of 1.28432 earlier in the week after Cyprus rejected a proposal to tax bank deposits in exchange for a European Union bailout. On the week, EUR-USD rose 0.5 percent.

Cypriot leaders are discussing with their international lenders the adoption of a levy of more than 10 percent on bank deposits over €100,000 (\$130,000).

Even though the crisis in Cyprus has sparked fears of bank runs in other troubled Euro zone economies, bond yields in Spain and Italy have been stable, suggesting little signs of market stress. The belief that Cyprus being such a small country within the Euro zone and with G10 countries holding such small amounts of Cypriot assets, the impact of even the worst-case scenarios on the Euro may not be bigger than 1 to 2 percent.

EUR-JPY hit a two-week low of 121.444 after Germany's Ifo survey of business morale fell short of expectations. It later recovered and was last trading up 0.3 percent at 122.716.

USAD-JPY fell 0.4 percent to 94.445, having earlier fallen to 94.186. The highly liquid Japanese Yen tends to be bought during times of economic uncertainty and heightened financial market stress. On the week, it gained about 0.1 percent.

On Thursday USD-JPY shed about 1.2 percent as traders covered their negative yen bets after new Bank of Japan Governor Haruhiko Kuroda disappointed investors who had expected stronger hints of aggressive monetary easing.

GBP-USD rose 0.4 percent to 1.52240, paring gains after Fitch Ratings warned it was likely to downgrade Britain in the coming weeks, citing high government debt levels and weak growth.

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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 MONTHLY



EUR-USD WEEKLY



EUR-USD Long Term Outlook

In the longer-term, the fall from 1.49398 is treated as the falling leg inside the consolidation pattern which started from the 2008 high of 1.60380. The contention that this fall may have terminated at 1.20416 on July 24 2012 may prove to be premature. Sentiments have soured since July 2012 at the start of the February. With a close below **1.33090** in the W1 chart five weeks ago, the rally is truly over. Based on symmetry, this fall appears to be part of the longer-term consolidation consisting of a series of 3-waves moves that may ultimately terminate at/near the Fibonacci cluster of the 100.0% extension of 1.60380 to 1.18758 from 1.49398 at **1.07776** and the 100.0% extension of 1.49398 to 1.20416 from 1.37101 at **1.08119** (see W1 chart). Of immediate concern is how this market will reaction as it edges towards last November 13 low of **1.26610** where the demand zone at **1.26610-1.27090** where the 61.8% retracement of 1.20416 from 1.37101 at **1.26790** is located.

EUR-USD DAILY



EUR-USD Short Term Outlook

The fact that for an entire week prices were unable to close below the demand zone at 1.28432-1.29251 despite the extreme negativity surrounding Cyprus and the foolhardy belief that somehow somewhere the Cypriots politicians will be able to pull a rabbit out of the hat before Monday's deadline set by the EU convinced traders to buy back their short positions. Based on price actions, the conflict of signals between the medium and short charts were resolved to the upside. As noted, a daily close above 1.29571 would invariably trigger a buy signal in the D1 chart and it did. However, the long-term charts remain bearish. This being the case,, rallies should be seen to be selling opportunities. This is a very high probability Monday may open with a gap. Should the overnight strength sustains and prices 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, this is as good as it gets to re-position shorts. At any rate, should prices falls aggressively below 1.28432 and closes below this level — especially on a daily basis; it signals the resumption of fall from 1.37101. Should this happens, focus would shift 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.

EUR-USD 4-HOURLY



EUR-USD 1-HOURLY



TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 1.31156-1.31608		1.31708	1.28916	1.28575	3	0.03m

TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price		Unrealized P/L						umulative salance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$			
2013.03.19										4.90	10,490.40			
2013.03.20 20:41	0.03m	1.29643	2013.03.22 13:17	0.03m	1.29571			21.6	21.60	5.13	10,512.00			

GBP-USD MONTHLY



GBP-USD WEEKLY



GBP-USD Long Term Outlook

In the longer term, the breakout from the fourth wave seen in the triangle pattern from 1.35019 suggested that the fifth wave of the longer-term five wave sequence from 2.11610 is unfolding right now. If so, this means 1.35019 would not hold and a new low is expected. Two possible scenarios may play out next. (1) Once 1.35019 is taken out, the minimum requirement of a fifth wave down move is technically fulfilled. As such, this market is vulnerable to a swift counter-trend recovery. (2) This fifth wave fall may extend towards the Fibonacci cluster of the 61.8% extension of 2.11610 to 1.35019 from 1.70422 at 1.23089 and the 161.8% extension of 1.70422 to 1.42298 from 1.67462 at 1.21957 - which is roughly equidistant to the widest part of the triangle formation (see W1 chart). The inability of this market to close decisively below the 100.0% extension of 1.67462 to 1.52674 from 1.63801 at 1.49013 prompted short-coverings from last week's low of 1.48305. With just one week before March ends, the hammer seen in the MN chart is a warning that a potentially powerful reversal may be in the works. At any rate, should one develop; focus is on the previous support-turned resistance line of the triangle pattern. This is the maximum allowance for this rebound before the longer-term fall resumes.

GBP-USD DAILY



GBP-USD Short Term Outlook

On hindsight, the hammer seen in the D1 chart last Tuesday was pivotal. That plus the inability of this market to close below the 100.0% extension of 1.67462 to 1.52674 from 1.63801 at 1.49013 was a clue this market has hit a short-term bottom at 1.48305. Since then prices have been firm. In the bigger picture, last Friday's close above 1.50761 may have set the stage for an extension of this rebound to test the previous support-line (now turned resistance) of the triangle pattern (see D1 chart). With price actions having cleared above the supply pocket at 1.51795-1.52210, immediate focus 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 area may yet cap this run. Alternatively, diehard sellers can attempt to re-position shorts within the supply pocket at 1.52570-1.53193. Only aggressive traders should attempt this trade and only on scale-in selling. That means do not attempt to sell all positions at the first sell signal. Progress selling on reversal signals based on short-term charts is preferred.

GBP-USD 4-HOURLY



GBP-USD 1-HOURLY



GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Scale in selling between 1.52570-1.53193		1.53293	1.50456	1.48516	3	0.03m

GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Price P/		Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$		
2013.03.20										20.99	12,098.60		
2013.03.20	0.03	1.51731	2013.03.22	0.03	1.52310			-173.7	-173.70	19.25	11,924.90		
16:26			17:23										

USD-CHF MONTHLY



USD-CHF WEEKLY



USD-CHF Long Term Outlook

In the bigger picture, the rebound from 0.70667 is viewed as a corrective rebound and should have completed after hitting the Fibonacci confluence of the 61.8% retracement of 1.17304 to 0.70614 at **0.99468** and the 61.8% extension of 0.70614 to 0.93150 from 0.85676 at **0.99603** with a print at 0.99709. Development from this year's low of 0.90212 suggests that this market is potentially its sideway consolidation pattern between 0.89301 to 1.00659. That said, the medium-term view is unclear as last Friday's weak closing has compromised the immediate bullish case. That said, a re-test of **0.99709** remains a distinct possibility but only a sustained break above there would suggest an extension of the rebound from the all-time of 0.70614. If so, this on-going correction may extends to the 38.2% retracement of 1.83040 to 0.70614 at **1.13561**; which is located just below the 127.2% extension of 0.70614 to 0.93150 from 0.85676 at **1.14342** (see W1 chart). On the flipside, a close below **0.92902** in the W1 chart would suggest continuing consolidation - but within a narrower range of between **0.89301** to **0.95658**. Either that or this market is doing a larger degree 3-wave down from 0.99709 to 0.902012 from 0.958658 and is gunning for the 100.0% extension at **0.86161** or the October 2011 low of **0.85676**.

USD-CHF DAILY



USD-CHF Short Term Outlook

Despite strong opening at the beginning of the week, this market closed on a soft note for the week. Based on the momentum seen on Friday, this market may extend its downward spiral early next week. Provided selling pressure does not accelerates, a speculative buying opportunity may emerge from 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 which incidentally are located within the demand pocket at 0.93504-0.93925 (see H1 chart). Accelerations below the demand pocket at 0.93504-0.93925 would suggest a deeper pullback back to perhaps the year's low at 0.90212.

USD-CHF 4-HOURLY



USD-CHF 1-HOURLY



USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on buy signal between 0.93579-0.93748		0.93404	0.94759	0.95266	3	0.03m

USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L				Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.18										4.93	10,493.17

USD-JPY MONTHLY



USD-JPY WEEKLY



USD-JPY Long Term Outlook

In the longer-term, the break above the 2011 high of 85.518 served as the confirmation of the long-term trend reversal. In retrospect, the entire fall from the 2007 peak of 124.130 may have terminated on the first day of November 2011 at 75.565. Despite this week's relative weakness, there is no definitive confirmation that the highly anticipated correction of this 6-month long rally is in progress. Going forward, only a weekly close below 93.625 would suggest such a sustainable correction may be unfolding. Longer-term focus is on the psychological level of 100 yen. In this regard, the 261.8% extension of 75.565 to 84.170 from 77.126 at 99.654 is a viable target. This is also where the 50.0% retracement of 124.130 to 75.565 at 99.848 is located. Augmenting these levels is the supply zone at 99.227-101.437. Together, this barrier should prompt some to take profits and possibly a trend reversal.

USD-JPY DAILY



USD-JPY Short Term Outlook

The fall from within the supply pocket at **96.049-96.266** took out Monday's low of **94.304** marginally with a print at **94.186** in overnight trading but remains within the re-defined demand pocket at **94.186-94.572**. Either this market rebound from current level or more likely further weakness may take this market either (1) 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** or (2) 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** situated just above the demand pocket at **92.908-93.047**. Assume the lower price bracket holds, re-positioning long positions there for another assault on the year's high and beyond is the game plan.

USD-JPY 4-HOURLY



USD-JPY 1-HOURLY



USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		95.907	Break-even	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		Unrealized Realized P/L P/L				
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.22										22.97	12,297.38
2013.03.21	0.01	95.907	2013.03.22	0.01	94.445	146.2	154.80				
06:15			23:59								

AUD-USD MONTHLY



AUD-USD WEEKLY



AUD-USD Long Term Outlook

In the longer-term, price actions from the 2011 high of 1.10796 are treated as a consolidation pattern in the longer-term up-trend which is very much intact. Price pattern since July 2011 appears to be in the form of a triangle. Overall, the fall from last September high of 1.05972 may well be the D leg of this triangle pattern and should extend lower towards the lower trend-line. However, the current rebound from 1.01143 is stronger than anticipated. Regardless of whether the current rebound sustain above 1.06240 falls back to form the E leg of the triangle pattern, both scenarios are bullish. If the latter, a probable target is the Fibonacci cluster between the 61.8% extension of 1.10796 to 0.93871 from 1.08850 at 0.98390 and the 61.8% extension of 1.08850 to 0.95805 from 1.06240 at 0.98178. Once the E leg is in place, that is hold above the lower trend-line; an explosive rally is expected to take out the all-time high of 1.10799. Primary target for both scenarios is the Fibonacci cluster between the 127.2% extension of 0.60090 to 0.94046 from 0.80709 at 1.23901 and the 127.2% extension of 0.47730 to 0.98490 from 0.60090 at 1.24657.

AUD-USD DAILY



AUD-USD Short Term Outlook

In a total reversal of sentiment relative to decidedly weak Monday's opening, this market powered up into the supply pocket at **1.04425-1.04755** for the secoind day running. It remains to seen if this rally has enough furl to power and stay clear above this proce bracket. Despite the strong overnight showing, the fact remains that price actions this week is locked within demand pocket at **1.03360-1.03474** and into the supply pocket at **1.04425-1.04755**. Until and unless this supply pocket is convincingly taken out, selling into this zone is preferred. However, in the medium-term, focus is on the resistance line of the triangle pattern – at roughly the **1.05500** level (see W1 chart). Sustained trading above **1.06240** would, for all intents and purposes, 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 4-HOURLY



AUD-USD 1-HOURLY



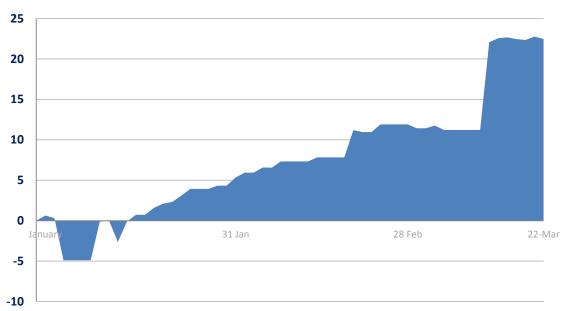
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry	Stop-Loss	Profit	Profit	Exposure	Exposure
		Price		Target 1	Target 2	%	Units
Sold		1.04479	1.04855	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)	Close Price	Unrealized P/L							Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$			
2013.03.21										16.01	16,005.30			
2013.03.21	0.03m	1.04479	2013.03.22	0.03m	1.04413	19.8	19.80							
16:40			23:59											

Accumulative Percentage P/L



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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.