

A Traders Academy International Publication

USD-JPY Nears 2 ½ Year High

USD-JPY climbed to a nearly 2-1/2 year high on Friday after Federal Reserve meeting minutes the previous day showed growing concern about further stimulus for the US economy, with speculation of more monetary easing in Japan also weighing on the Japanese Yen.

Injecting stimulus into the US economy involves flooding the market with US Dollars, which would tend to lower the Dollar's value. Therefore, any doubts about that stimulus are viewed as positive for the US Dollar. The U.S. Dollar, however, erased its gains versus the Euro after a key U.S. jobs report showed U.S. hiring eased slightly in December, which suggested the Fed may be in no rush to tighten monetary policy.

U.S. non-farm payrolls grew by 155,000 last month, in line with analysts' expectations and falling short of the levels needed to bring down the US unemployment rate, which remained at 7.8 percent.

The data came a day after minutes from the Fed's December meeting showed some policymakers were contemplating an end to their bond-buying program, also known as quantitative easing, as early as this year.

Richmond Fed President Jeffrey Lacker said on Friday that the U.S. central bank's latest bond-buying plan threatens the central bank's credibility and raises the risk of future inflation. Lacker dissented at every Fed policy meeting last year.

While the Federal Reserve is not expected to make a decision about ending QE3 for at least the next 4 to 6 months, the fact that they are even considering terminating QE3 in 2013 is potentially a game changer for the U.S. Dollar.

USD-JPY rose as high as 88.395, the highest since July 2010. It briefly pared gains after the jobs data before rallying again to settle at 88.139, up 1 percent. Traders cited barriers at 88.500 and 89.000. It posted gains of 2.7 percent this week, its largest weekly rise in more than a year.

The Japanese Yen has struggled in recent weeks on expectations Japan's new government, led by Prime Minister Shinzo Abe, will push to weaken Japanese Yen and force the Bank of Japan to implement aggressive monetary stimulus to beat deflation.

Analysts said USD-JPY break above the 88-yen level is significant, with some expecting yen weakness to continue.

EUR-USD was last up 0.2 percent at 1.30675, rebounding from a three-week low of 1.29963 while EUR-JPY rallied 1.3 percent to 115.191.

The Fed said in December it would keep interest rates near zero until the unemployment rate falls to 6.5 percent for as long as estimates of medium-run inflation do not exceed 2.5 percent. The most important point is that the latest unemployment rate data has been broadly steady for four months now, so even with decent employment growth no downward progress has been made on the unemployment rate.

The data will if anything push out the date for an end to QE, represents solidly risk-positive numbers and will lead to some minor squeeze on recent U.S. Dollar longs. The US Dollar typically weakens when traders increase risk exposure by buying higher-yielding and growth-linked currencies such as the Euro and Australian Dollar, and gains when traders are risk-averse and seeking safe havens.

Some analysts expect the safe-haven Dollar will strengthen in the coming weeks as traders increasingly focus on more political wrangling in Washington on budget issues, including further spending cuts and the federal debt ceiling.

But uncertainty on the U.S. fiscal front will hurt business investment and economic growth. That means the Fed will have to keep its monetary stimulus for longer, which will hurt the US Dollar.

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EUR-USD MONTHLY



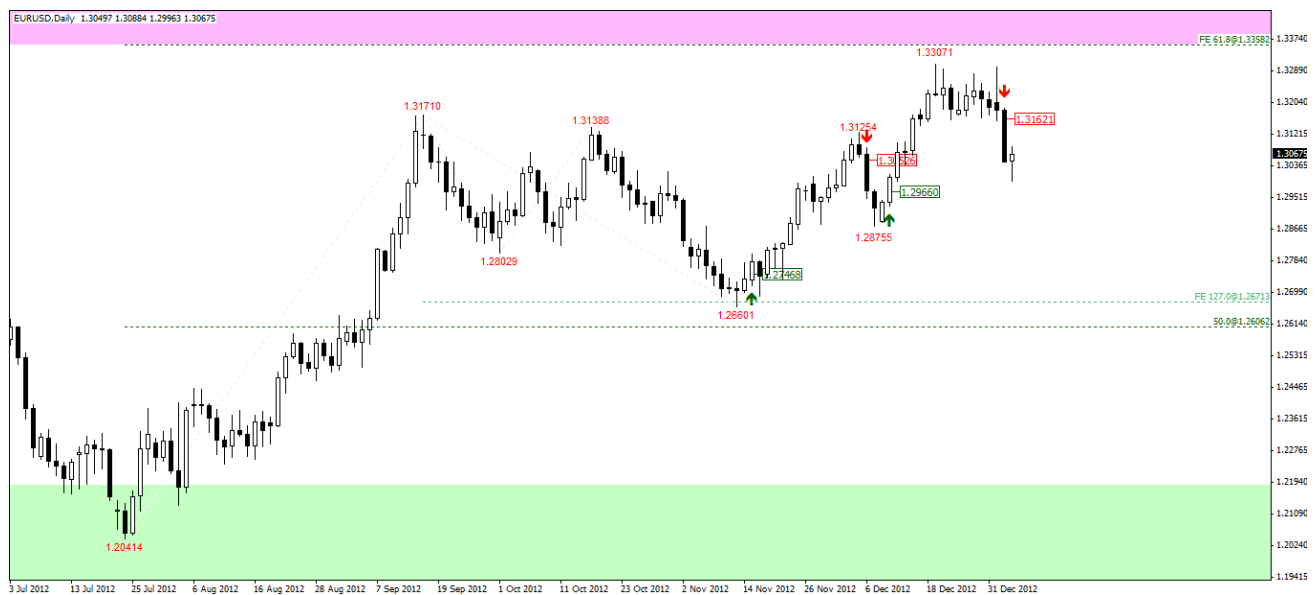
EUR-USD WEEKLY



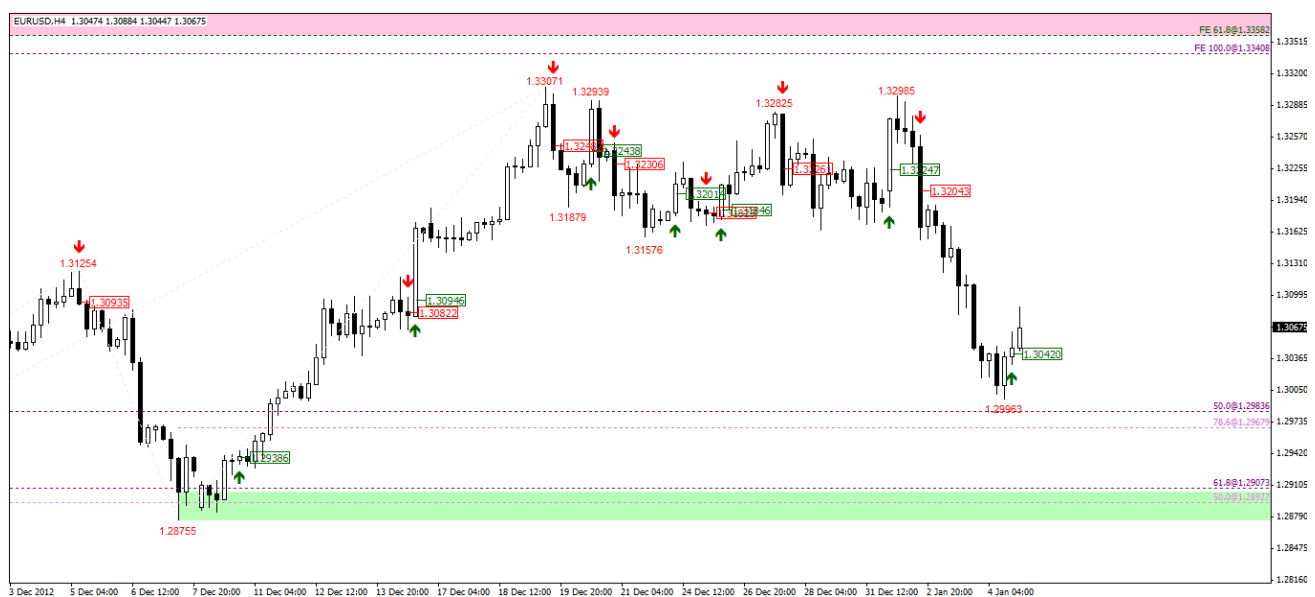
EUR-USD Long Term Outlook

In the longer-term, the fall from 1.49393 is treated as the falling leg inside the consolidation pattern which started from the 2008 high of 1.60373. This fall may have terminated at 1.20414 already. If so, the break above **1.34857** would confirm this bullish bias and pave the way towards the 1.50000 psychological level. This longer-term bullish bias will remain in so long as the November 2012 low of **1.26611** holds. In the long-term, this week's failed challenge of last month high of 1.33071 may bring forth profit-taking which is expected to be contained above the December 7 low of **1.28755**. Thereafter, the odd is for this market to resume its rally towards the 50.0% retracement of 1.49393 to 1.20414 at **1.34903**. This level is just above the February 2012 high of **1.34857**.

EUR-USD DAILY



EUR-USD 4-HOURLY



EUR-USD Short Term Outlook

This week's failed attempt to challenge of the December high of 1.33071 resulted in a price reversal which, as of last night, fell to near the 50.0% retracement of 1.26601 to 1.33071 at **1.29836** before rebounding somewhat. As noted, failure to contain this fall within the demand pocket at **1.30397-1.30793** may see further weakness towards the December 7 low of **1.28755**; where another demand pocket at **1.28755-1.29041** lies. This price pocket is where strong demand is expected to re-emerge (see H4 chart). Even though short to medium term pictures have turned negative, the December 7 low of **1.28755** is expected to hold. Should this level fail; focus will shift to the November 13 low of 1.26601 where the demand zone at **1.26601-1.27214** lies. On the other hand, a rebound to either **1.30909-1.31115** or **1.31631-1.31897** represents excellent selling opportunities – if reversal signals appear in the H1 chart.

EURUSD:H1 1.30796 1.30808 1.30663 1.30675

FE 61.991.33582
FE 100.001.33408

1.32825
1.32552
1.32263
1.32403
1.32029
1.31863
1.31648
1.32985
1.32742
1.32163
1.32029
1.31863
1.31648
1.31474
1.31175
1.30940
1.30796
1.30663
1.30519
1.30375
1.30231
1.30087
1.29943
1.29799
1.29655
1.29511

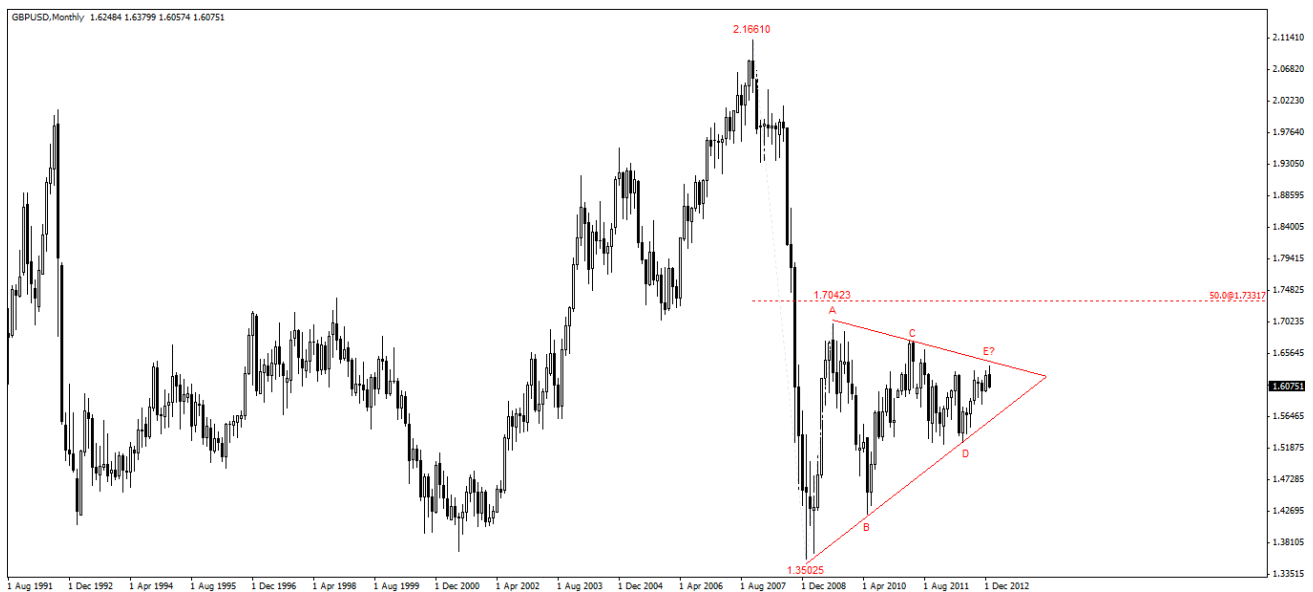
51.991.31833
50.001.31474
38.201.31117
50.991.29636
78.691.29579

27 Dec 2012 27 Dec 19:00 28 Dec 03:00 28 Dec 11:00 28 Dec 19:00 31 Dec 03:00 31 Dec 11:00 31 Dec 19:00 2 Jan 03:00 2 Jan 11:00 2 Jan 19:00 3 Jan 03:00 3 Jan 11:00 3 Jan 19:00 4 Jan 03:00 4 Jan 11:00 4 Jan 19:00

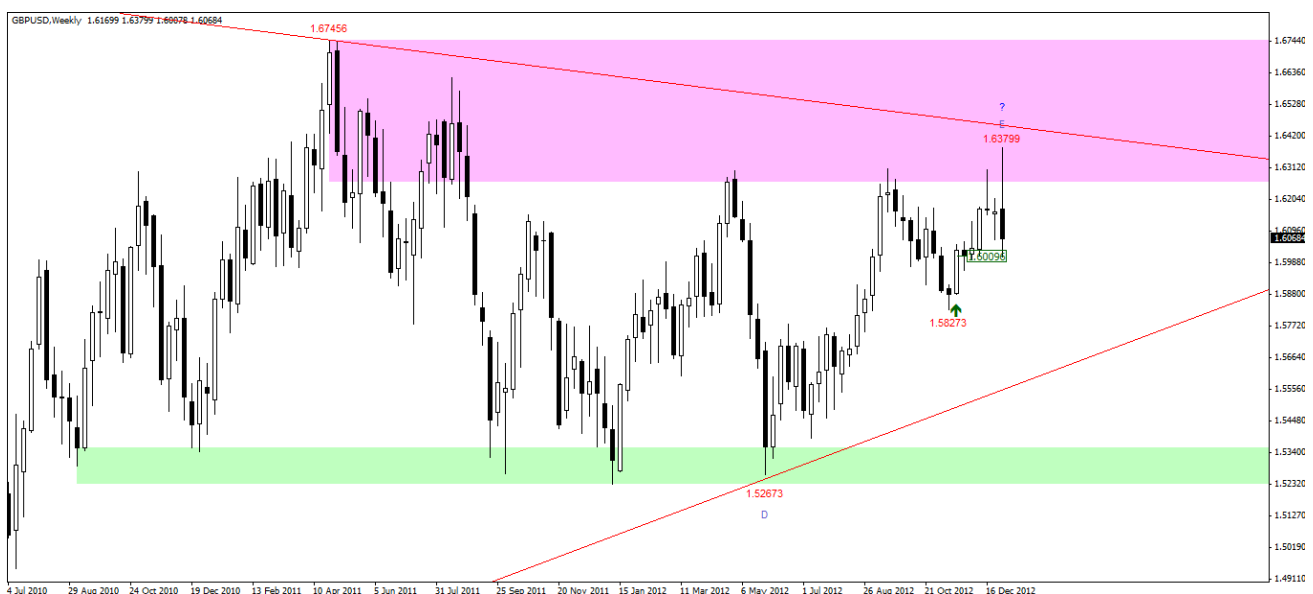
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on reversal signal within 1.30909-1.31115		1.31215	1.29041	1.27214	3	0.03m

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GBP-USD MONTHLY



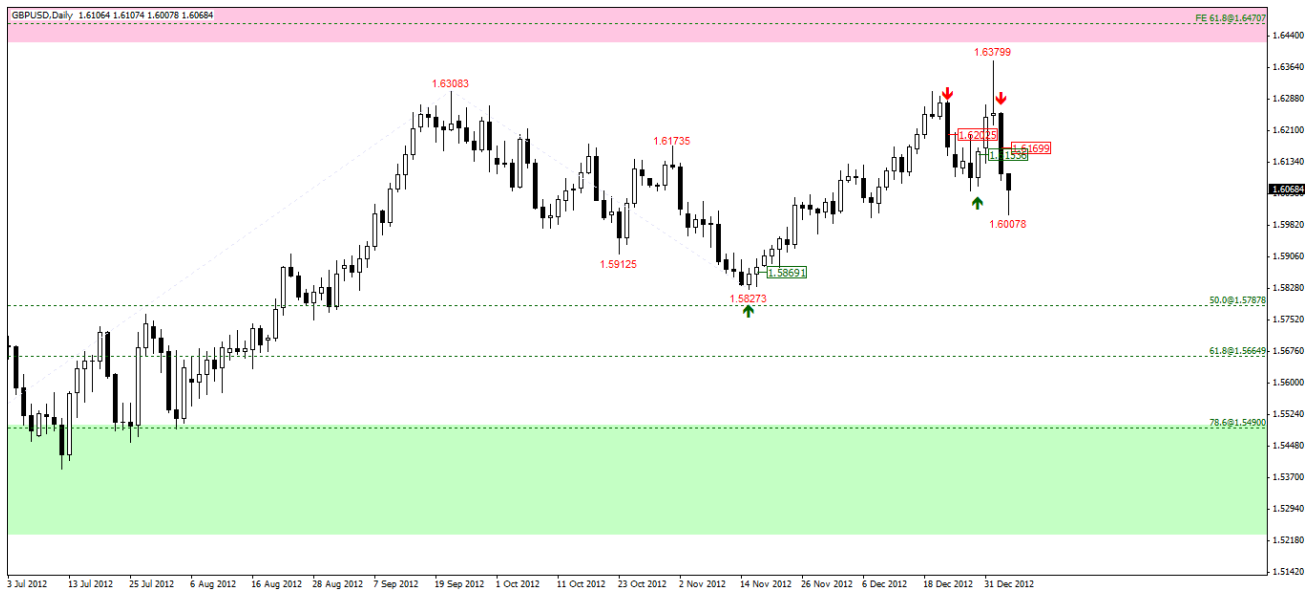
GBP-USD WEEKLY



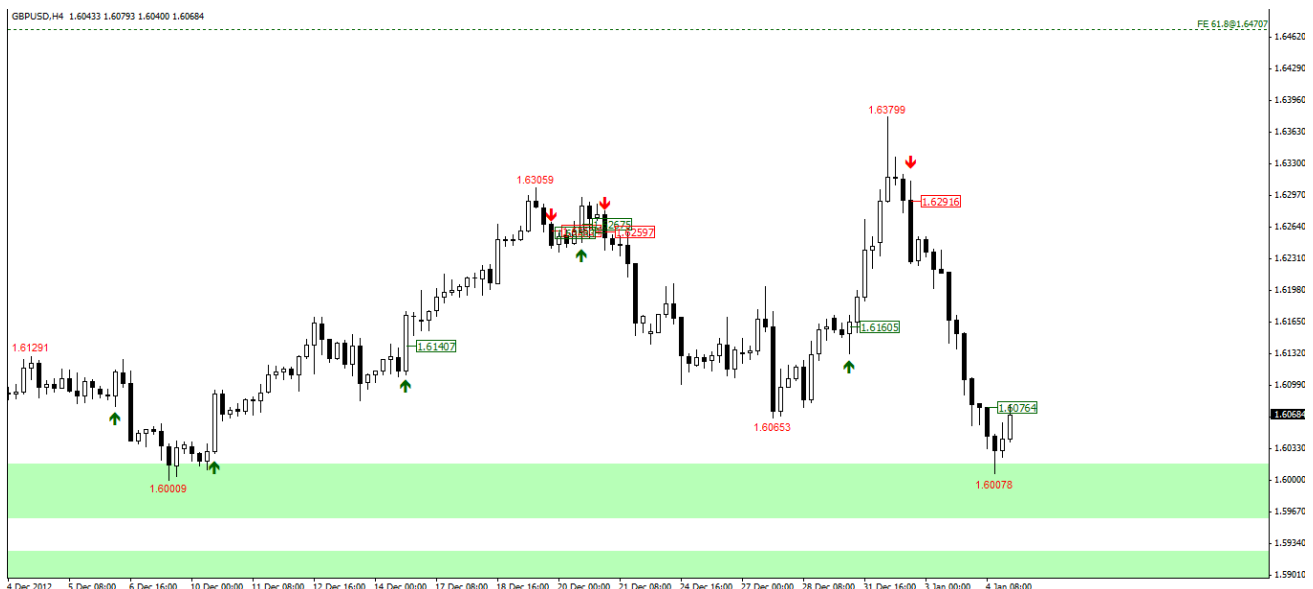
GBP-USD Long Term Outlook

In the longer-term, price actions from the 2009 low of 1.35025 are treated as consolidations to the longer-term downtrend from 2.11610. This view remains unchanged. Though there are possibly other interpretations of the price actions since, the main takeaway is the idea that this downtrend has yet to be completed. In the longer-term, this week break of the September 2012 high of 1.63083 suggested a possible extension of the rally from last May low of 1.52673 towards the 2009 high of **1.70423**. At any rate, stiff resistance is anticipated at the 50% retracement of 2.11610 to 1.35025 at **1.73318** to cap this extension, if any. In the long-term, the question of whether the E leg of the triangle formation is in place may have been answered. The complete rejection of this week high of 1.63799 suggests that 1.63799 may have been the peak of the proverbial E leg of this triangle formation. If so, the implication is huge. A break below last November low of **1.58273** would confirm and pave the way for a precipitous fall below the rising trend-line extending from the 2009 low of 1.35025 to last June low of 1.52673. Should this extremely bearish view pan out; the nearest target is the 61.8% projection of 2.11610 to 1.35025 from 1.70423 at **1.23093**. This level is roughly equidistant of the widest part of the triangle formation.

GBP-USD DAILY



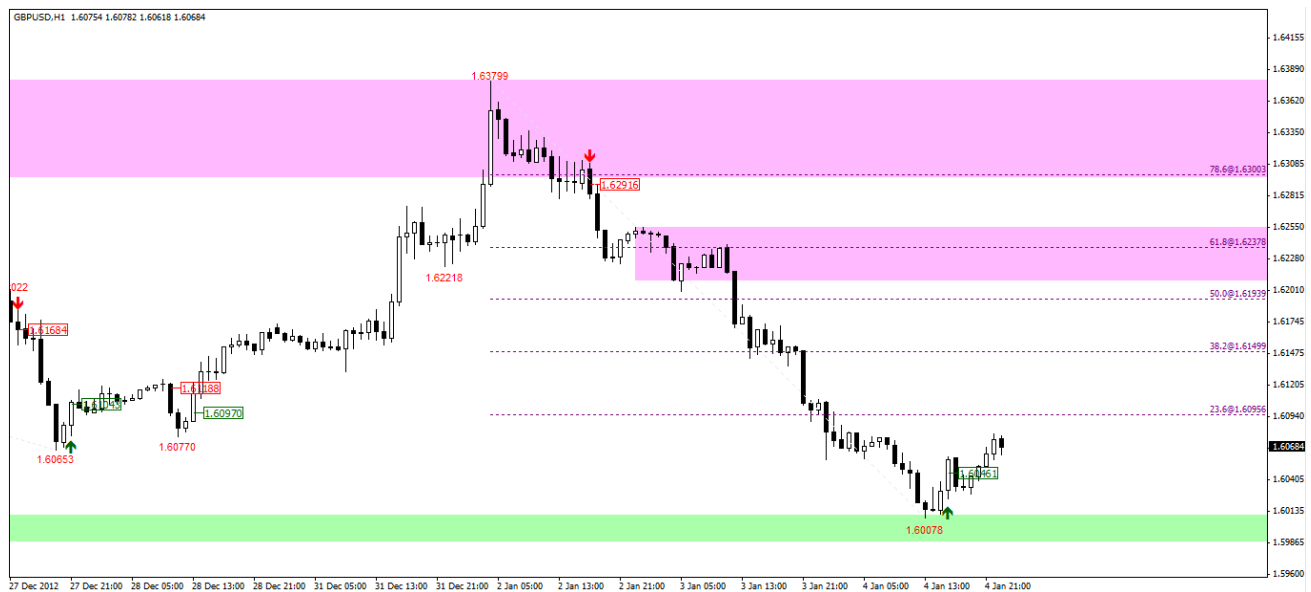
GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

Right after hitting a 17-month high at 1.63799 this week, this market abruptly reversed course and surrendered all its gains to test the December low of 1.60009 with a print at 1.66078 in overnight actions. Price action failed to hold above 1.60653 as expected. Instead it held at a minor secondary demand pocket at **1.59875-1.60105**. In view of the longer-term bearish implications, it's best to stay on the short side of this market. A rebound to between the 38.2% and 50.0% retracement of 1.63799 to 1.60078 at **1.61499** and **1.61939** offers perhaps a realistic chance to position shorts with focus on the November low of **1.58273**, where the demand zone at **1.57531-1.58303** lies.

GBP-USD 1-HOURLY



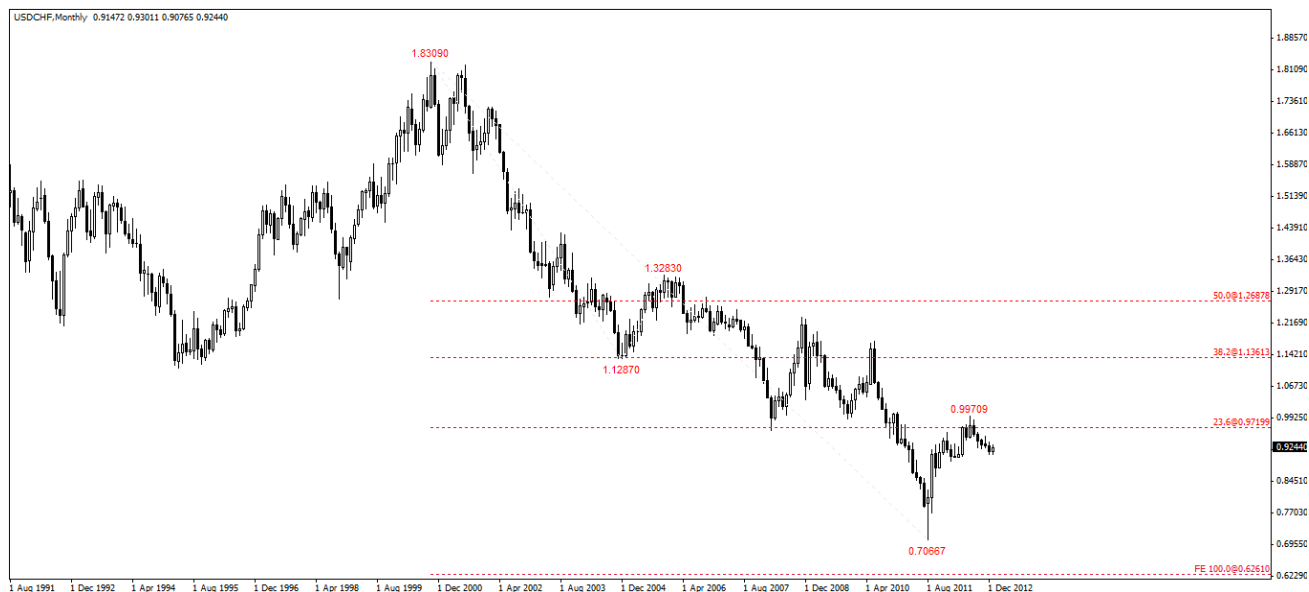
GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on reversal signal between 1.61499-1.61939		1.62039	1.59268	1.58303	3	0.03m

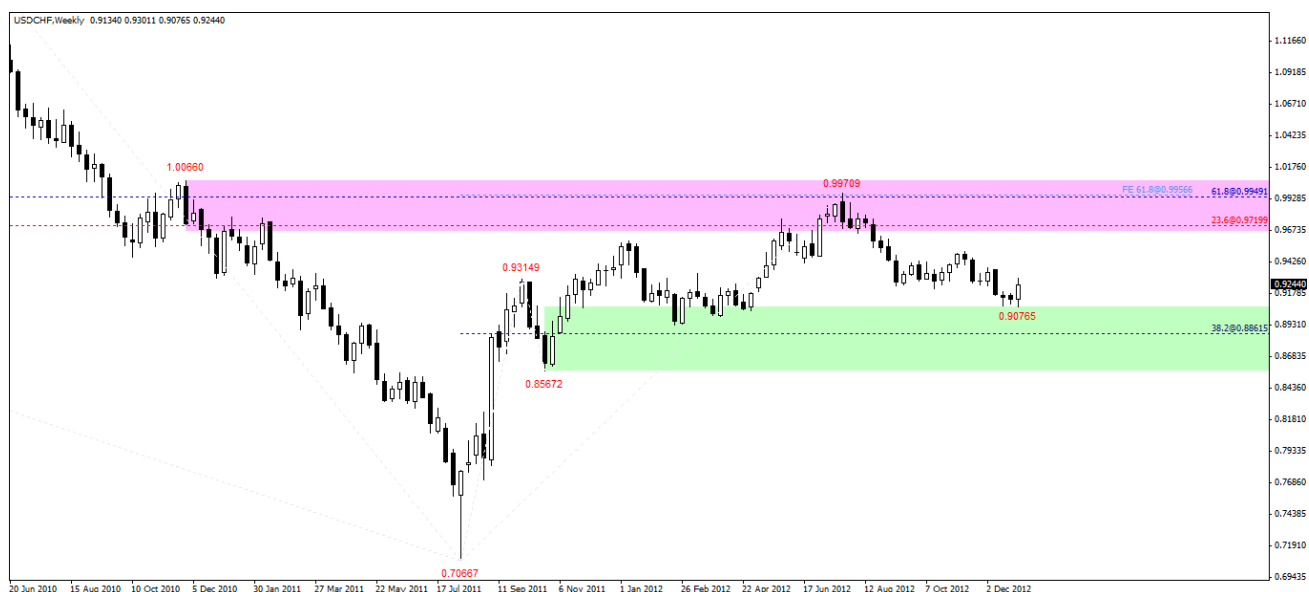
GBP-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.01											10,000.00
2013.01.03 01:55	0.03m	1.62385	2013.01.03 04:55	0.03m	1.62118			-80.1	-80.10	-0.80	9,919.90

USD-CHF MONTHLY



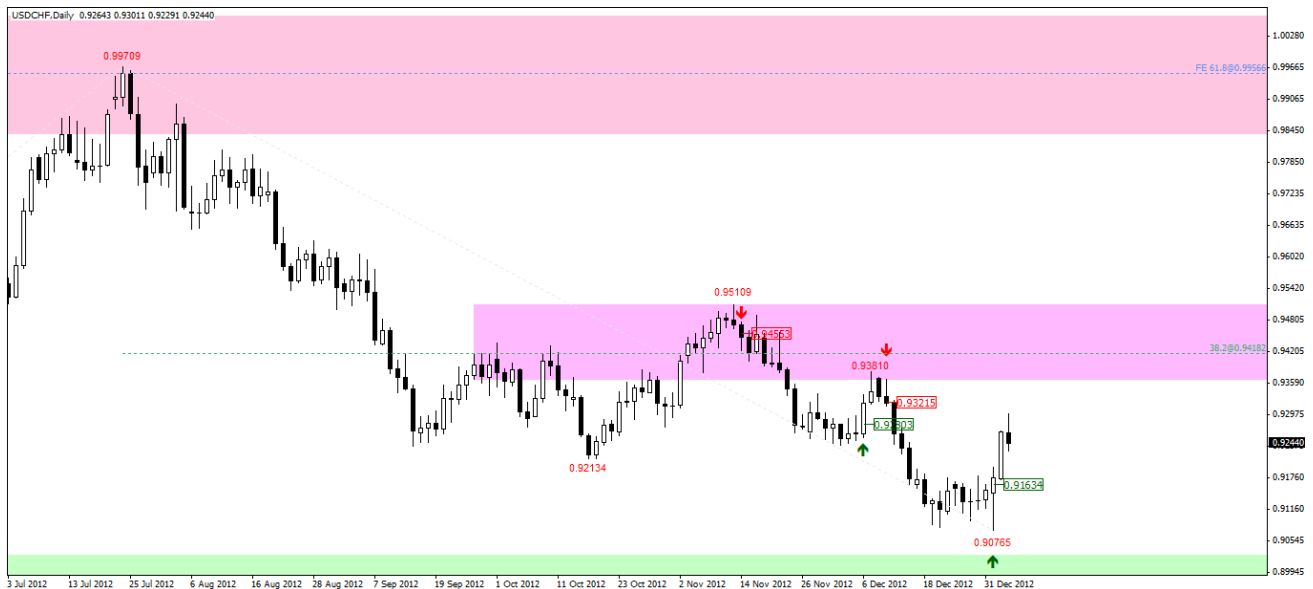
USD-CHF WEEKLY



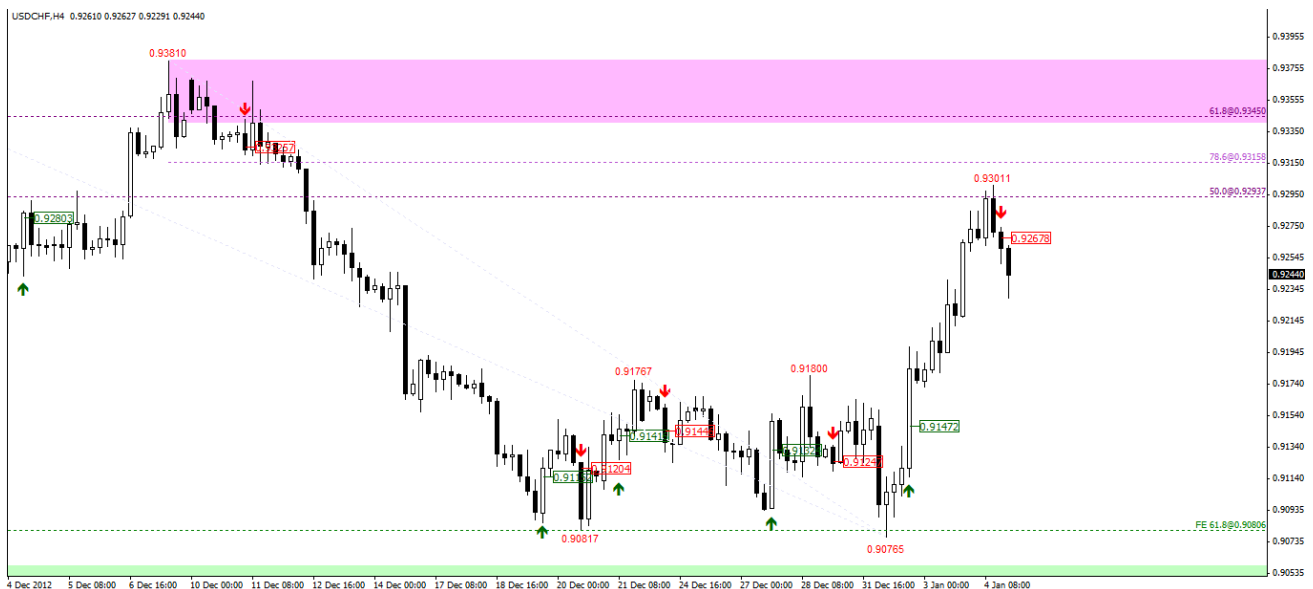
USD-CHF Long Term Outlook

In the longer-term, the rebound from the 2011 low of 0.70667 is viewed as a correction and the first leg may have been completed at 0.99709. This level is just above the confluence of the 61.8% retracement of 1.17307 to 0.70667 at 0.99491 and the 61.8% projection of 0.70667 to 0.93149 from 0.85672 at 0.99566. A rally above **0.99709** would pave the way for the extension of the correction from 0.70667 to perhaps the 38.2% retracement of 1.83090 to 0.70667 at **1.13612** and beyond. The longer-term downside target is the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62613**. In the long-term, the decline from 0.99709 is initially expected to extend towards the 38.2% retracement of 0.70667 to 0.99709 at **0.88615**.

USD-CHF DAILY



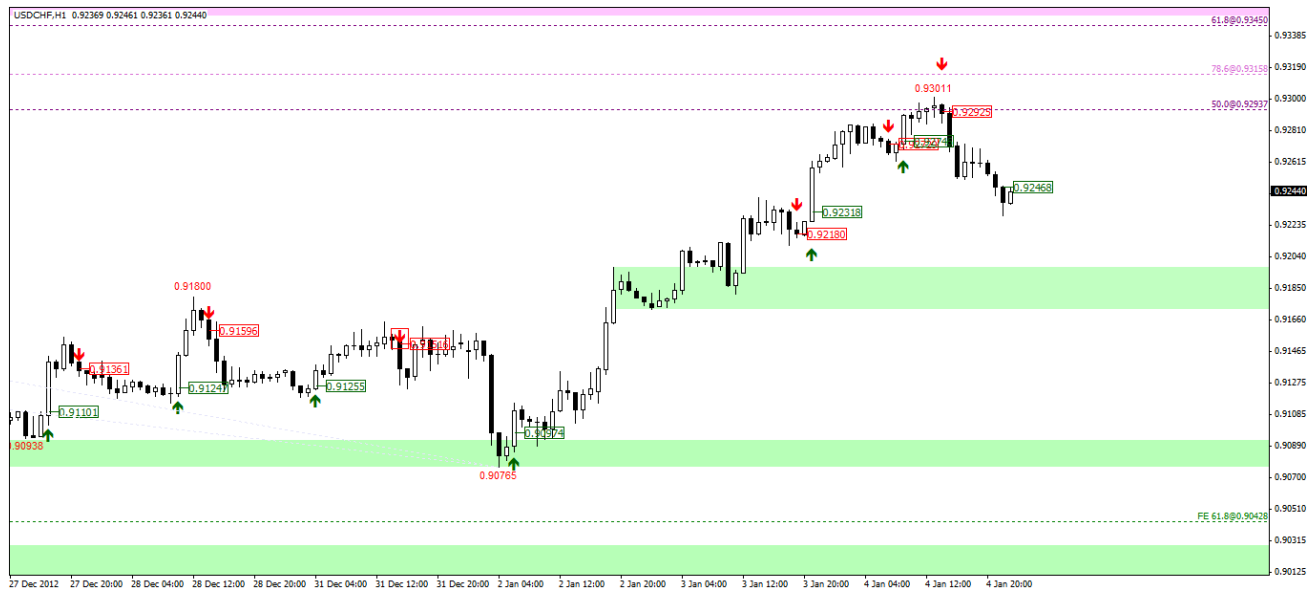
USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

The idea that a temporary bottom may be in place with the break above 0.91800 on Wednesday was validated with price action continuing to rally higher overnight. Price action shot through the supply pocket at **0.92400-0.92734** to hit the 50.0% retracement of 0.95109 to 0.90765 at **0.92937** with a print at 0.93011 and eased. Though sell signals were triggered in both the H4 and H1 charts, there is a possibility that price action may yet trade into the supply pocket at **0.93407-0.93810**. This latter price pocket is expected to cap this rally in this current run and the idea is to re-position shorts there. Beyond this price pocket, focus will shift to **0.94908-0.95109** instead. On the downside, below **0.91723-0.91978**, a challenge of this week's low at **0.90765** can be expected.

USD-CHF 1-HOURLY



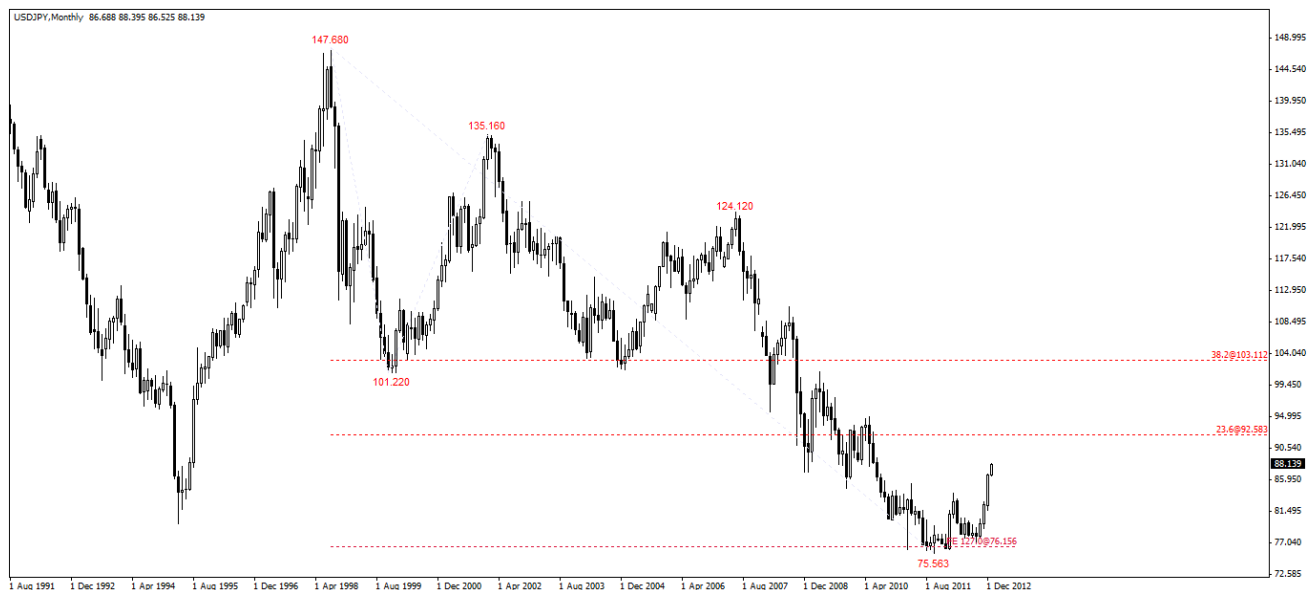
USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on reversal signal in H1 within 0.93407-0.93810.		0.93910	0.91867	0.90924	3	0.03

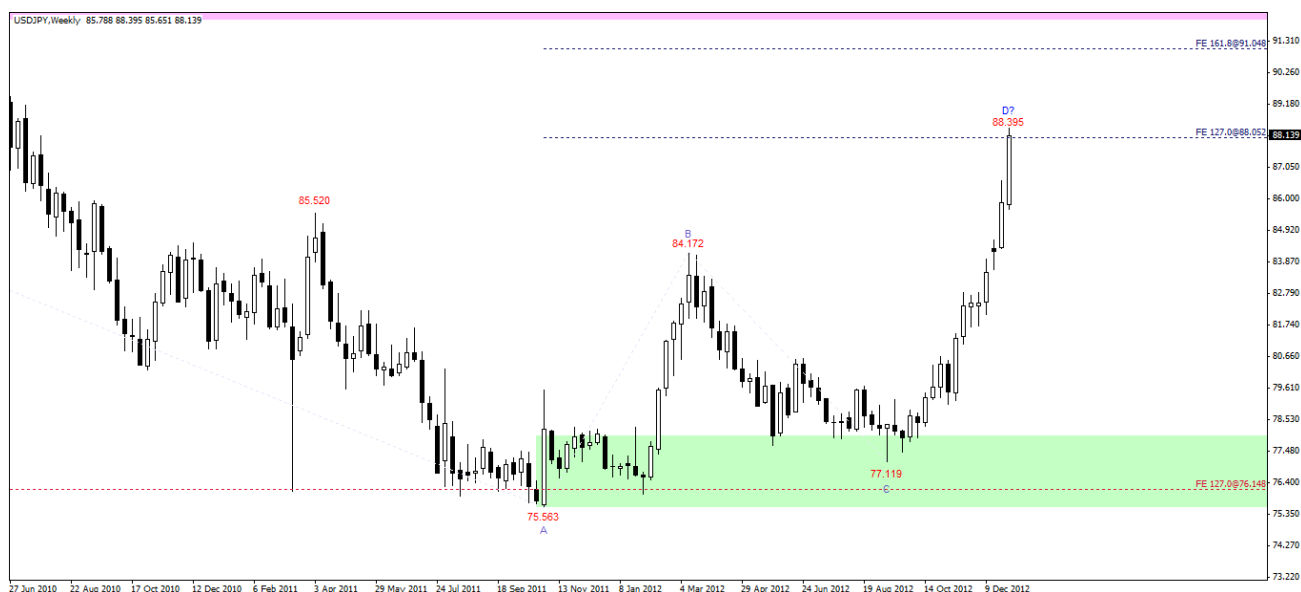
USD-CHF TRADE JOURNAL

Close Date	Buy (units)	Close Price	Open Date	Sell (units)	Open Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.01											10,000.00
2012.12.28 14:29	0.01m	0.91596	2013.01.02 03:52	0.01m	0.90924			67.2	73.91	0.07	10,073.91
2012.12.28 14:29	0.02m	0.91596	2013.01.02 18:11	0.02m	0.91596			0.00	0.00	0.07	10,073.91

USD-JPY MONTHLY



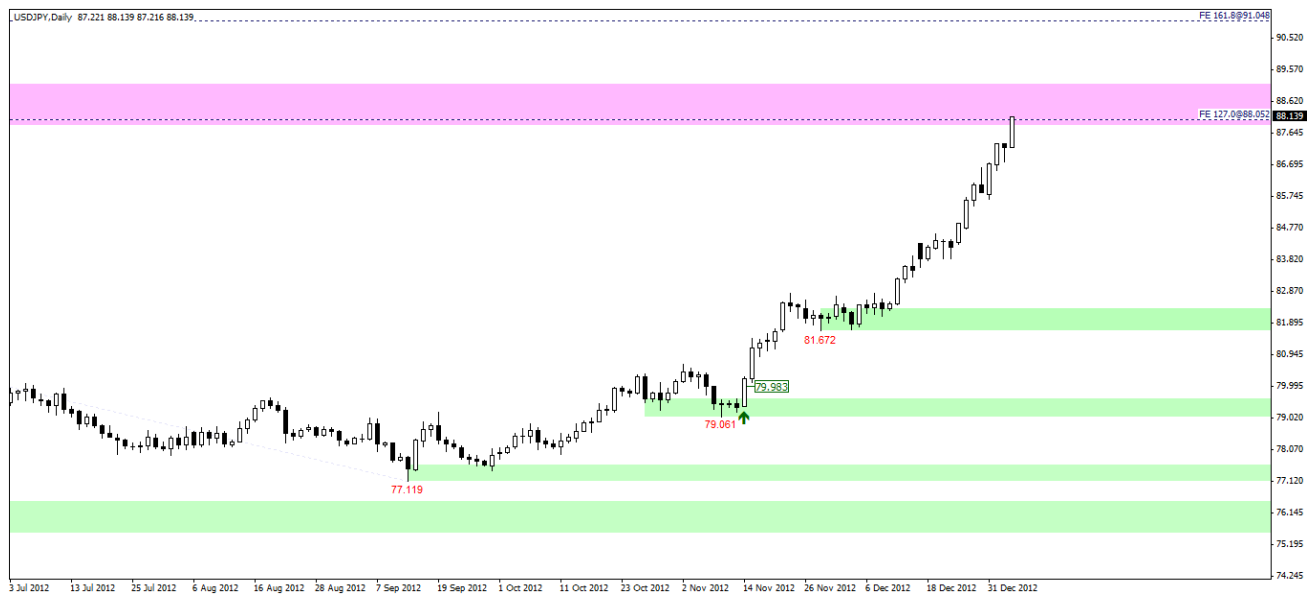
USD-JPY WEEKLY



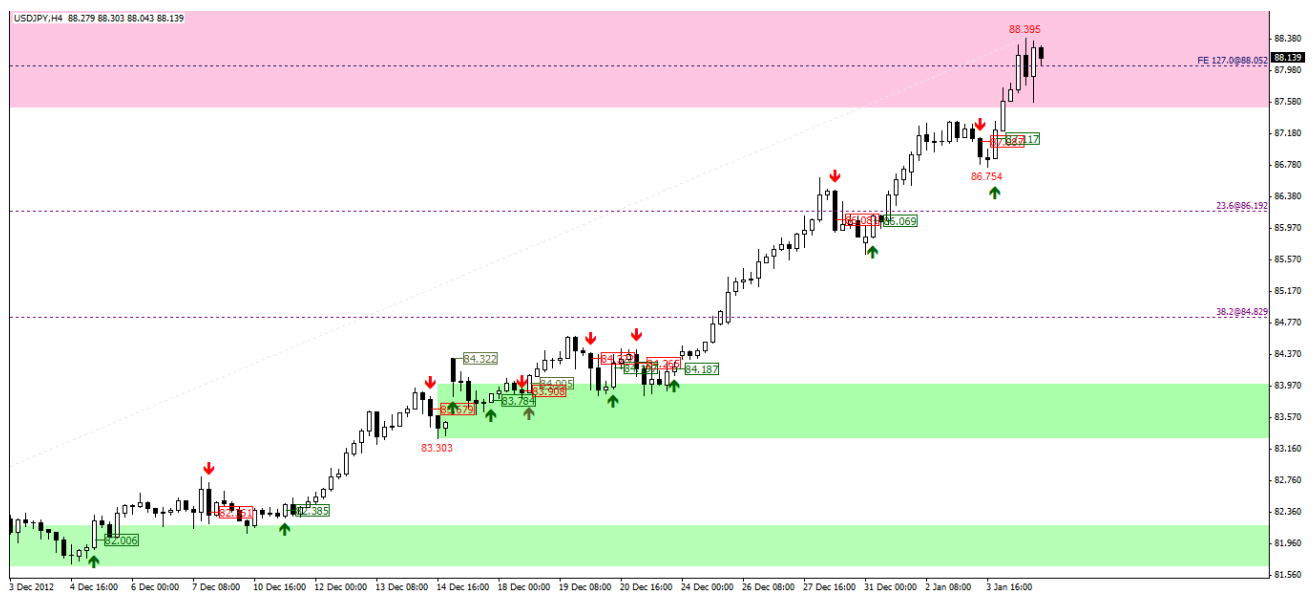
USD-JPY Long Term Outlook

In the longer-term, the break above the 2011 high of 85.520 served as the confirmation of the long-term trend reversal. In retrospect, the entire fall from the 2007 peak of 124.120 may have terminated on the first calendar day of November 2011 at 75.563. Now that price action has hit the 127.0% projection of 75.563 to 84.172 from 77.119 at **88.052**, it is imperative that this market reverses course here to maintain the bearish bias. Sustained rally above this level would reinforce the idea that an important low is in place at **75.563** with the next target at the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048** and beyond. Sustained rally above this level would then shift focus the longer-term target to the 38.2% retracement of the 1998 peak of 147.680 to 75.563 at **103.112**. However, should price action unravels at/near the 127.0% projection of 75.563 to 84.172 from 77.119 at **88.052**; another massive fall below 75.563 is anticipated.

USD-JPY DAILY



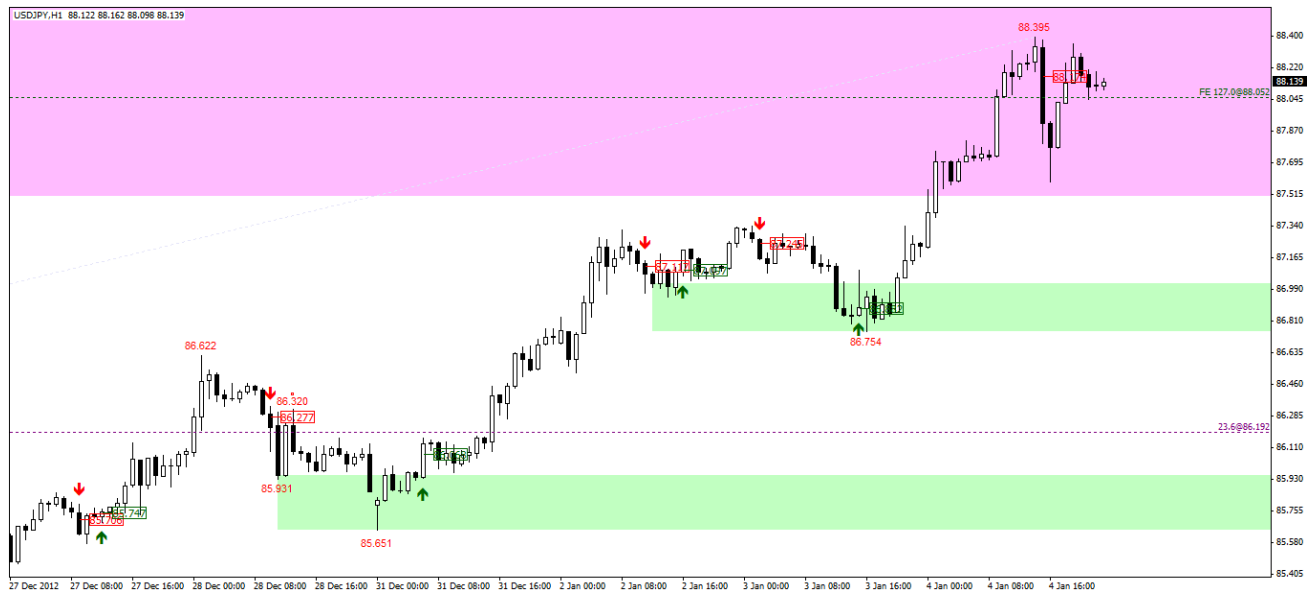
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

This market continues to power ever higher and hit the 127.0% projection of 75.563 to 84.172 from 77.119 at **88.052** with a print at 88.395 before easing somewhat. In retrospect, the break above 85.520 last week affirmed the emergence of a sustainable rally with the potential to rally all the way to the 100 yen level last seen in April 2009. At any rate, traders are of the opinion that the unspoken USD-JPY exchange rate target of new LDP led government is 90.000. This is a psychological level. On the upside, the next target at the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048**. Only sustained trading below minor demand pocket at **86.754-87.023** would the short-term bearish bias be questioned.

USD-JPY 1-HOURLY



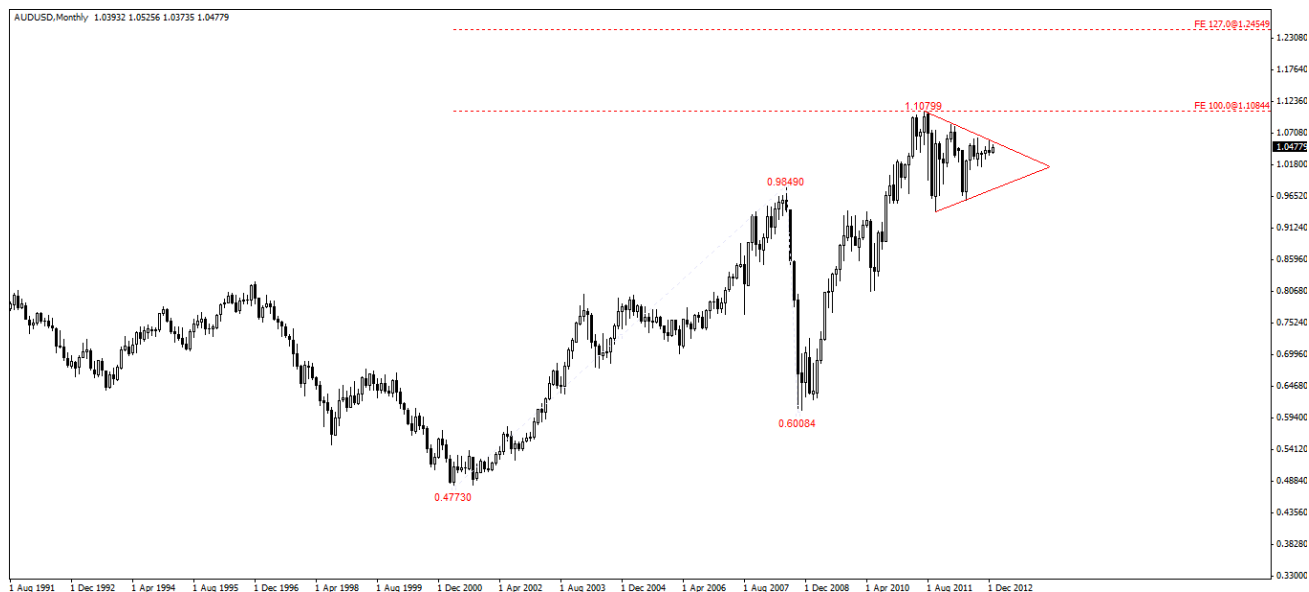
USD-JPY TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Bought on buy signal above 86.882 in H1	86.882	Break-even	88.052 Realized	91.048	3	0.03

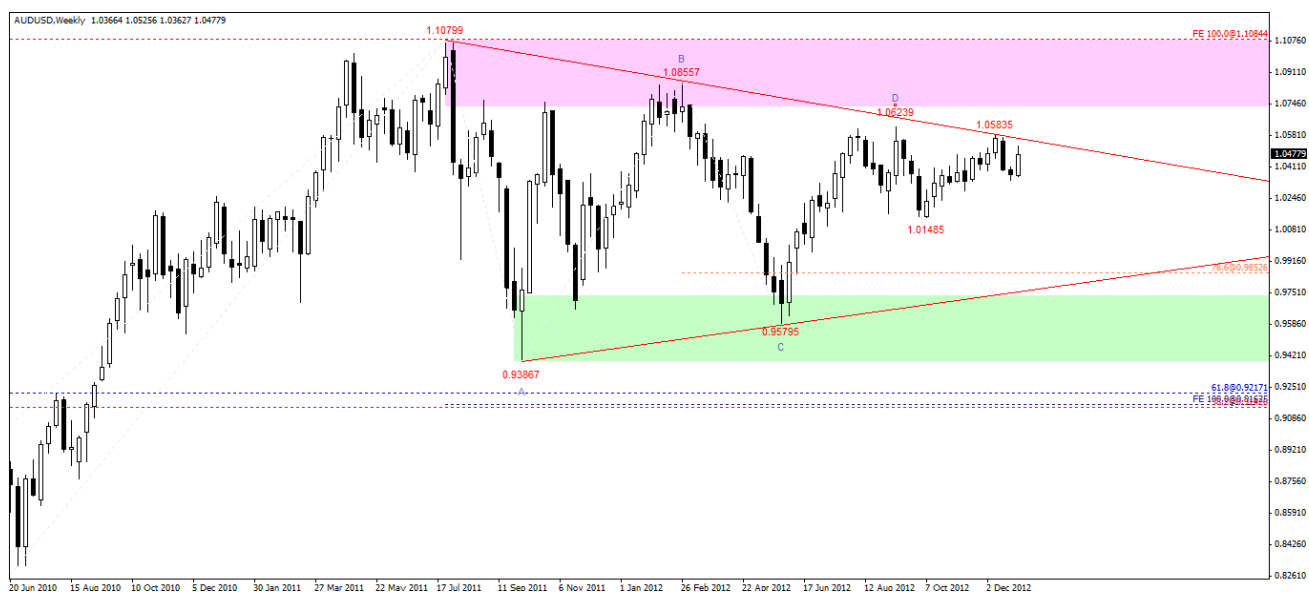
USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.01											10,000.00
2013.01.02 16:21	0.03m	87.097	2013.01.03 13:59	0.03m	86.844			-75.9	-87.40	-0.87	9,912.60
2013.01.02 15:06	0.03m	86.882	2013.01.04 00:28	0.01m	88.052			117.0	132.88	1.34	10,045.48
2013.01.02 15:06	0.03m	86.882	2013.01.04 23:59	0.02m	88.139	251.4	285.23				

AUD-USD MONTHLY



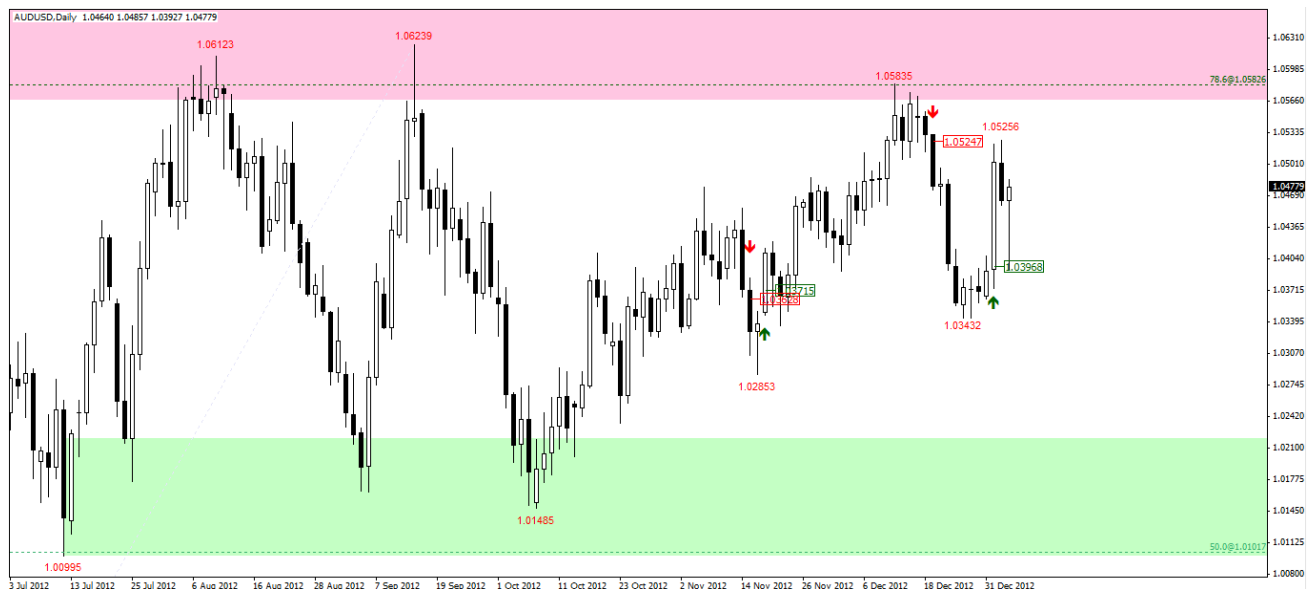
AUD-USD WEEKLY



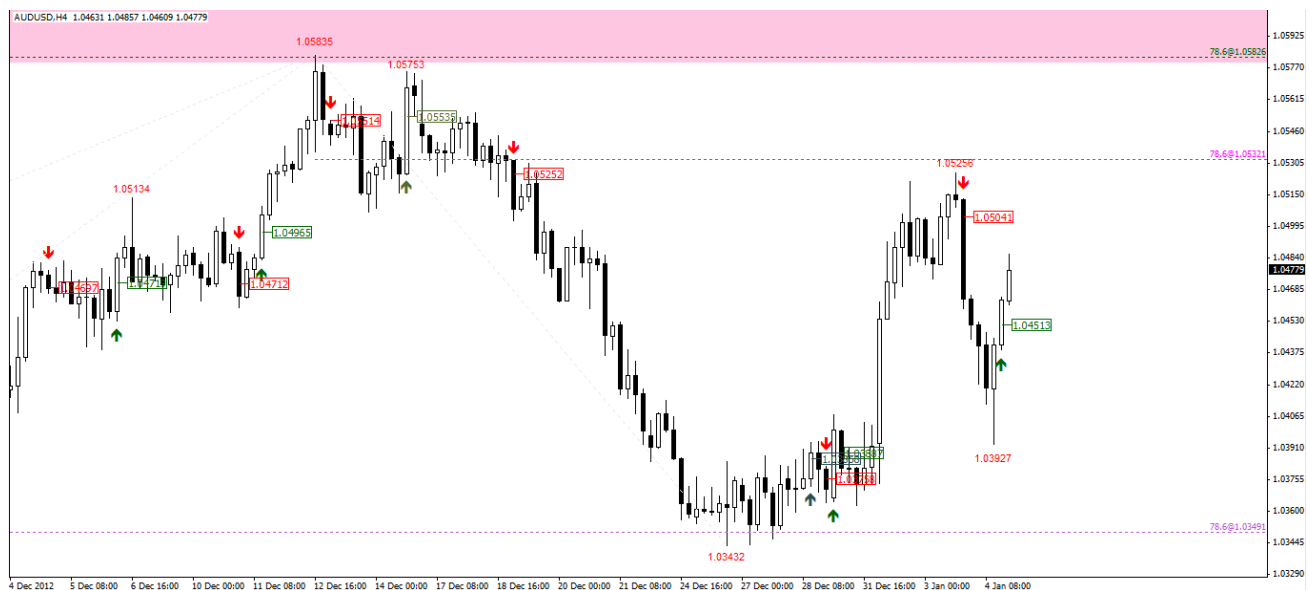
AUD-USD Long Term Outlook

In the longer-term, price actions from the 2011 high of 1.10799 are treated as a consolidation pattern in the longer-term up-trend; possibly in form of a triangle formation. The fall from last September high of 1.06239 may well be the D leg of this pattern and should extend lower towards the final E leg of this triangle formation. A break below last December low of **1.01485** would confirm this bearish assessment. Once the E leg is in place, an explosive rally is anticipated to rally beyond the all-time high of **1.10799**. However, should price action rallies above **1.06239** first, the triangle pattern is invalidated but the overall bullish bias is not. Focus would then shift towards the longer-term target at the 127.0% projection of 0.47730 to 0.98490 from 0.60084 at **1.24549**.

AUD-USD DAILY



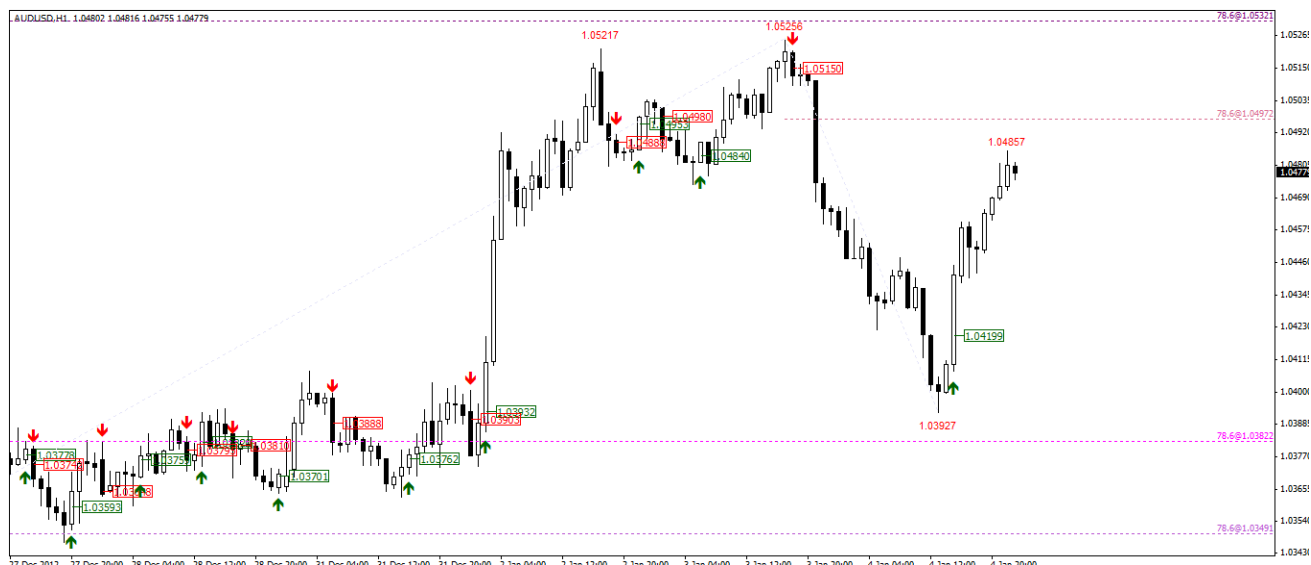
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

The strong rally from Wednesday continued into Thursday; registering a 9-session high at 1.05256 to just under of the 78.6% retracement of 1.05835 to 1.03432 at **1.05321** on Thursday and unravelled. As expected, this fall stabilized between the 61.8% and 78.6% retracement of 1.03432 to 1.05256 at **1.04129** and **1.03822** and rebounded. The ensuing rebound was equally sharp having come close to 78.6% retracement of 1.05256 to 1.03927 at **1.04971** with a print at 1.04857 so far. This upward momentum may continue into the next week and may yet trade back into the overhead supply pocket at **1.05796-1.06239**. On the downside, below the December low of **1.03432** would shift focus to the October low of **1.01485**.

AUD-USD 1-HOURLY



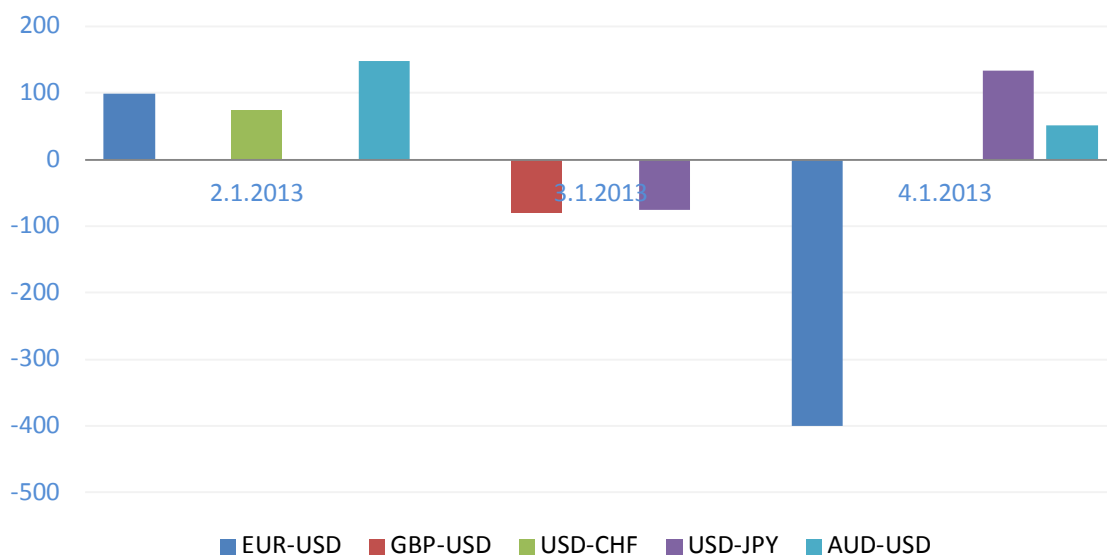
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold	Sold on reversal signal in H1 at/near 1.05321	1.05150	Break-even	1.04128 Realized	1.03822	3	0.03

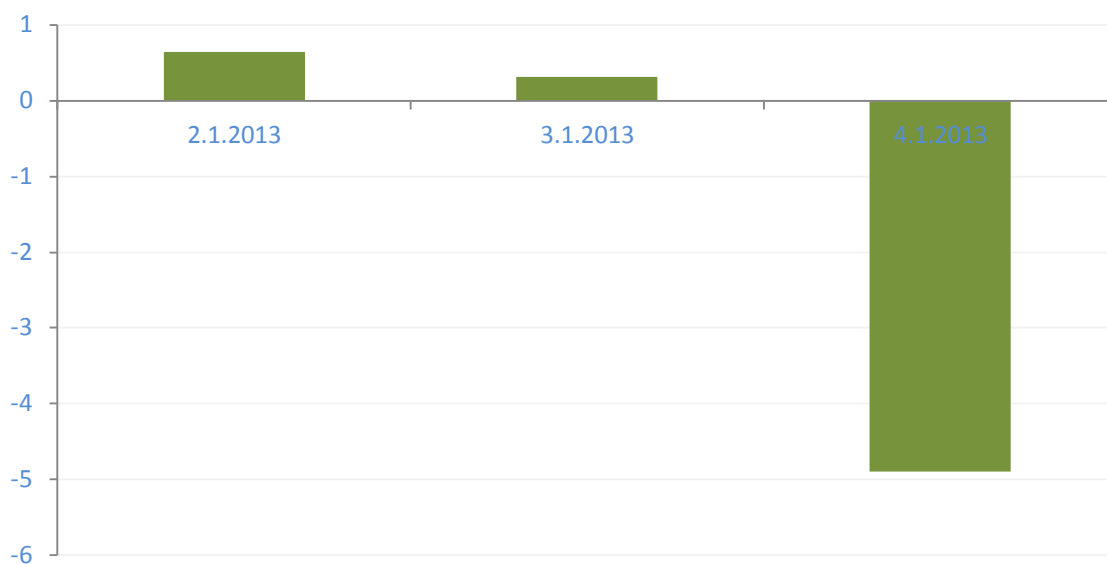
AUD-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.01											10,000.00
2012.12.28 09:02	0.01m	1.03858	2013.01.02 03:36	0.01m	1.04350			49.2	49.20	0.49	10,049.20
2012.12.28 09:02	0.02m	1.03858	2013.01.02 04:41	0.02m	1.04350			98.4	98.40	0.98	10,147.60
Close Date	Buy (units)	Close Price	Open Date	Sell (units)	Open Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.02											10,147.60
2013.01.04 11:49	0.01m	1.04641	2013.01.03 17:56	0.01m	1.05150			50.9	50.90	0.50	10,198.50
2013.01.04 11:49	0.02m	1.04779	2013.01.03 17:56	0.02m	1.05150	74.2	74.20				

Daily 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.