

*A Traders Academy International Publication*

## EUR & USD Easier Ahead Of ECB Meeting

The US Dollar and Euro plunged against the Japanese Yen on Tuesday as traders booked profits in the aftermath of swift and significant gains, but looser Bank of Japan monetary policy should limit the Yen's upside.

USD-JPY has rallied smartly for over a month on expectations that Japan's newly elected government would push the Bank of Japan, headed by Governor Masaaki Shirakawa, to adopt more forceful monetary stimulus measures. After gaining about 5.8 percent since December, it fell for a second straight session.

This is mainly due to speculation that the Bank of Japan would fail to meet heightened expectations for a significantly dovish monetary policy. Furthermore, the result of the upcoming BOJ policy meeting may already be priced in.

USD-JPY fell to a session low of 86.887 after a rally of nearly 12 percent in recent months that saw USD-JPY touches its highest level since July 2010. It settled down 0.84 percent at 87.037.

Traders were nervous of pushing USD-JPY much higher due to the risk the BOJ may not opt for aggressive stimulus as early as its next meeting on January 21-22, with a focus on Shirakawa's tenure at the helm of the Japanese central bank.

EUR-JPY initially gained after Japanese Finance Minister Taro Aso said the government would buy bonds issued by the European Stability Mechanism (ESM), the Euro zone's permanent bailout fund.

However, it eventually dropped because while Japan buying ESM bonds is supportive for Europe, the country holds mostly US Dollars and Euros in reserves, which makes its weakening impact on the Japanese Yen unclear. Aso's comments helped EUR-JPY a bit higher at first. But then everyone soon realized they are just going to use current reserves to buy those ESM bonds so there should actually be no impact.

EUR-JPY settled down 1 percent on the day at 113.835, having earlier hit a session high of 115.228 after Aso's comments.

EUR-USD was down 0.27 percent on the day at 1.30795, but above a 3-week low of 1.29963 set on Friday.

Markets are positioned for the European Central Bank to keep rates on hold when it meets this Thursday. Trading was volatile on market talk that France's sovereign debt rating would be imminently downgraded but the impact was fleeting. A French Finance Ministry spokeswoman on her Twitter feed called the rumours "unfounded and false."

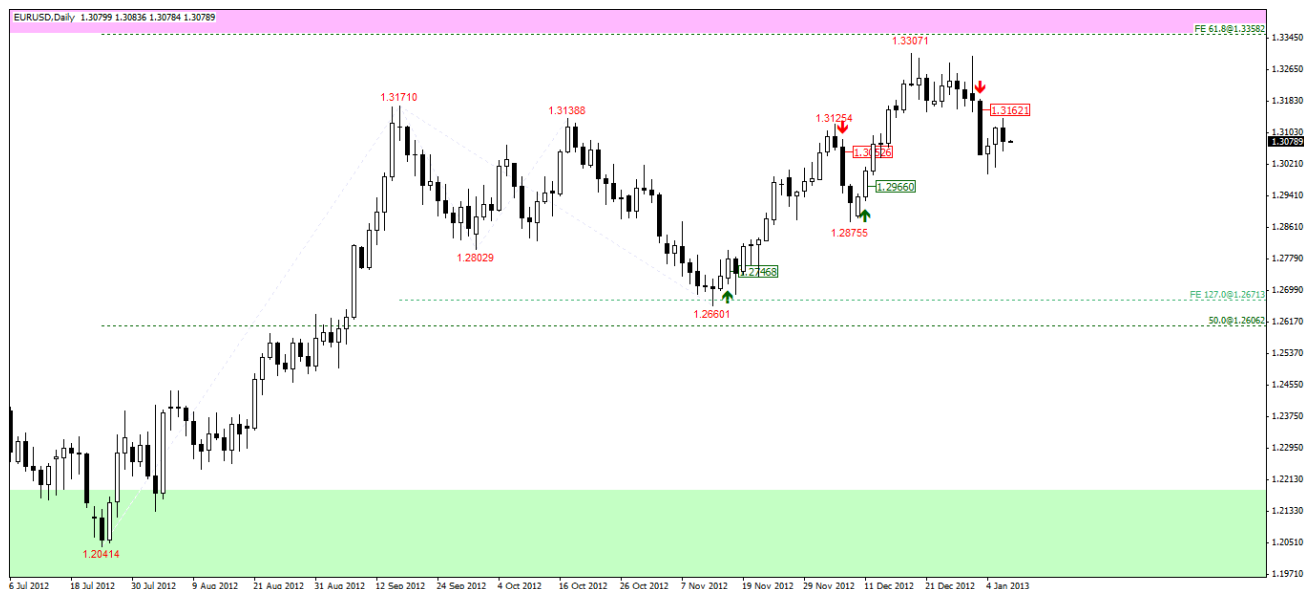
With no significant economic data this week, the EUR-USD is likely to stay in a range ahead of the ECB meeting and Spanish and Italian bond auctions toward the end of the week. However, any hint by ECB policymakers about future interest rate cuts could undermine the currency pair.

Markets have backed away from peripheral issues in Europe for now, and unless traders start to get concerns, EUR-USD will continue to trade sideways for now.

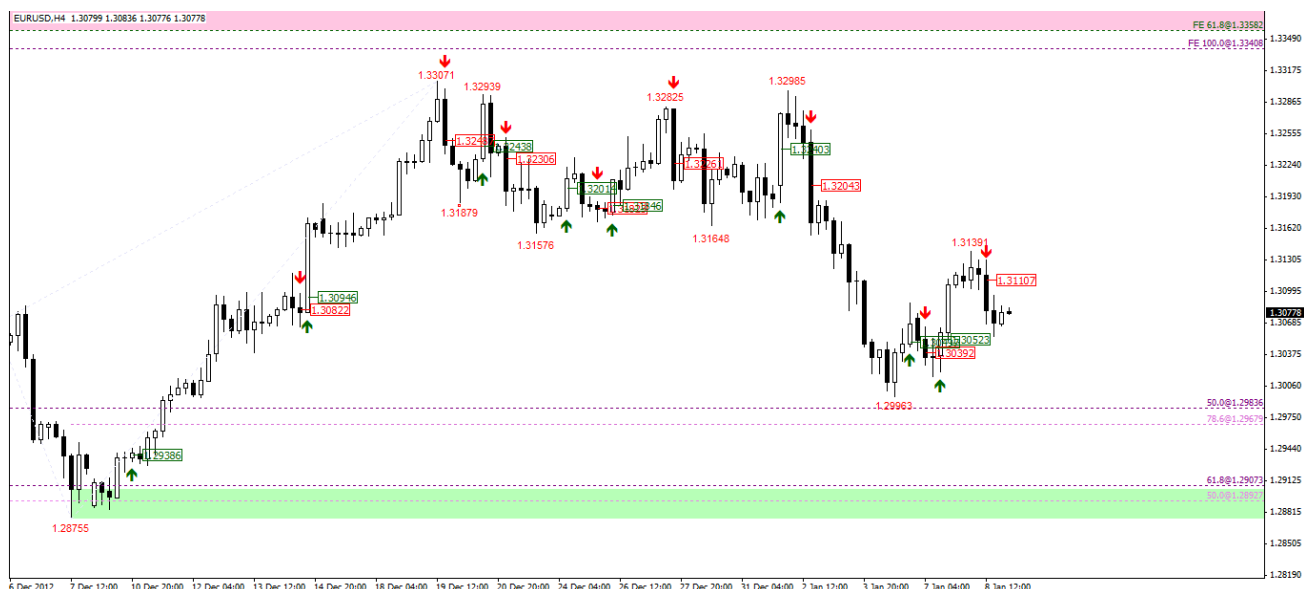
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## EUR-USD DAILY



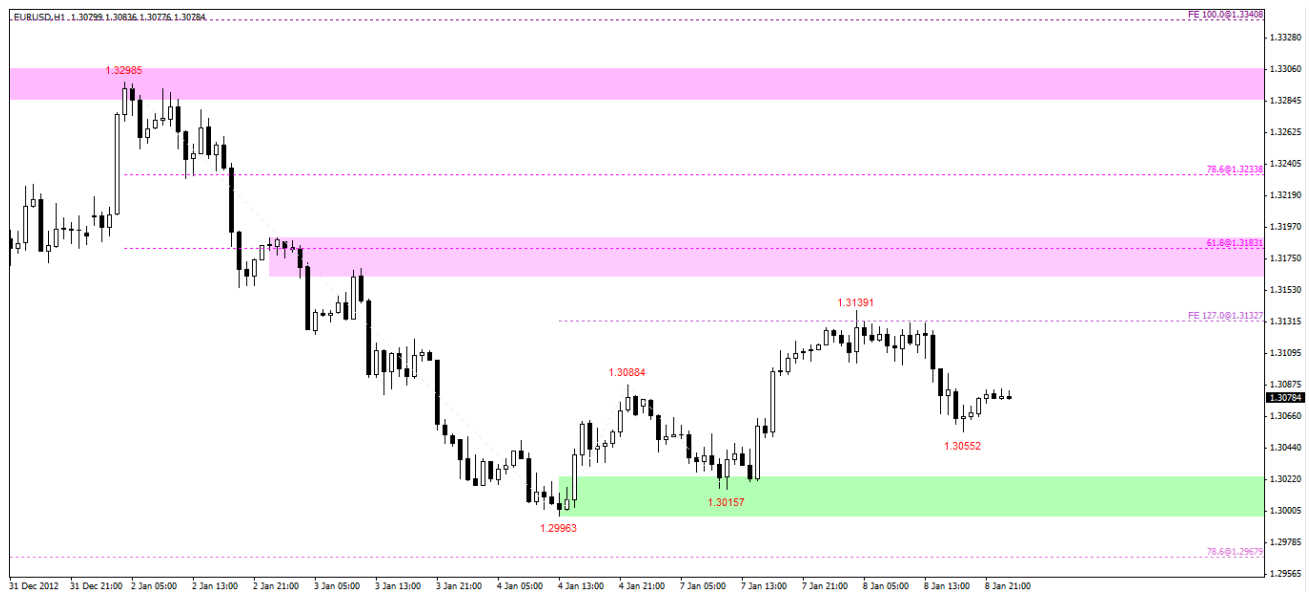
## EUR-USD 4-HOURLY



## EUR-USD Short Term Outlook

Last week's fall to near the 50.0% retracement of 1.26601 to 1.33071 at **1.29836** with a print of 1.29963 terminated there and has since rebounded. Correction is on-going with another day of consolidation seen in overnight trading. Last night's rally registered a high at 1.31327 – just above the 127.0% projection of 1.29963 to 1.30884 from 1.30157 at 1.31327 with a print at 1.31391 before easing. In view of the sustained rebound, price action may yet extend towards the supply pocket at **1.31628-1.31897** where the 61.8% retracement of 1.32985 to 1.29963 at **1.31831** is located. This price pocket is expected to contain this rebound and bring about the resumption of the fall from 1.32985. However, strong support may emerge from near the December 7 low of **1.28755**. 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.

## EUR-USD 1-HOURLY



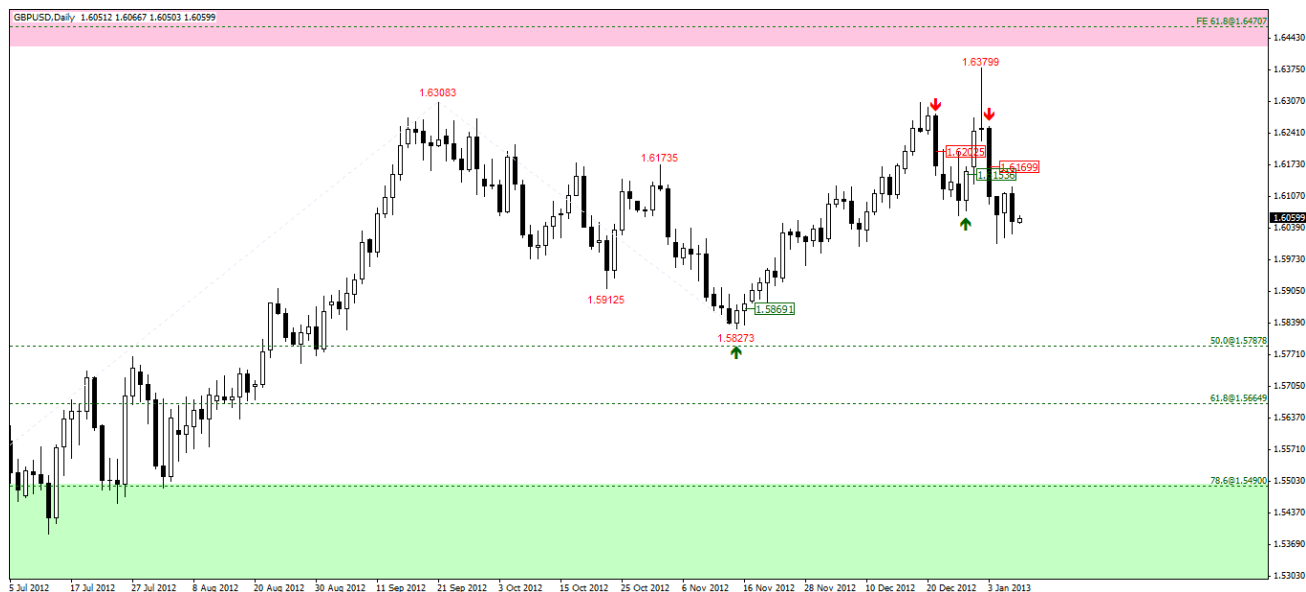
## TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on reversal signal within 1.31628-1.31897		1.31997	1.30237	1.27214	3	0.03m

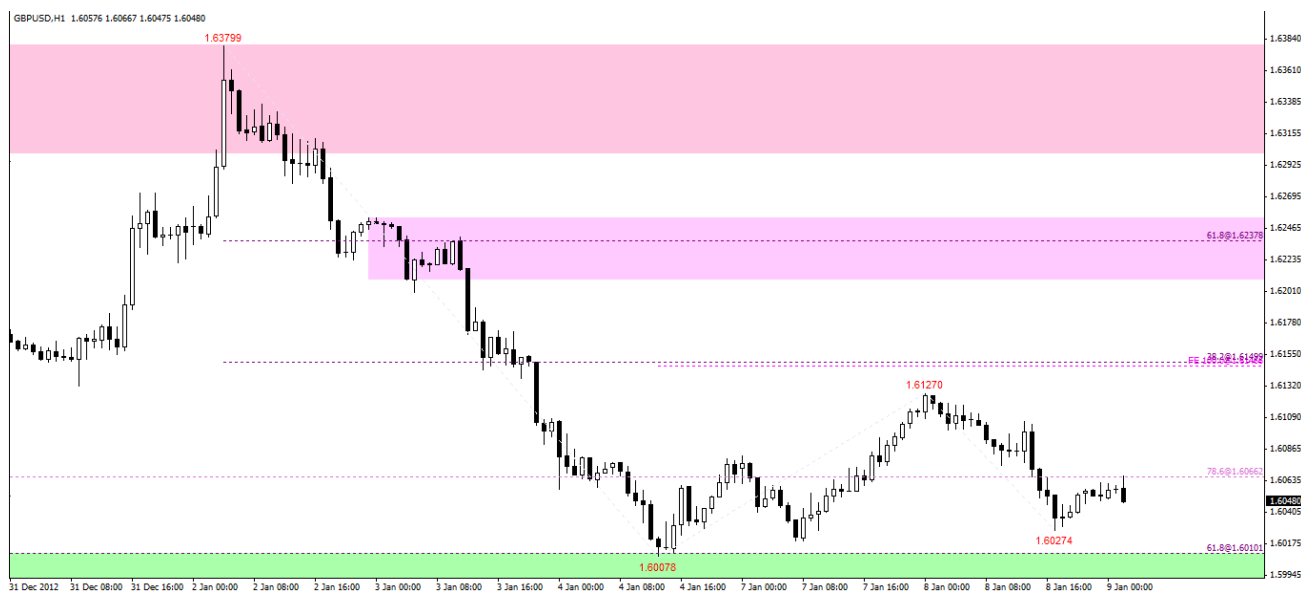
## TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											9,698.50

## GBP-USD DAILY



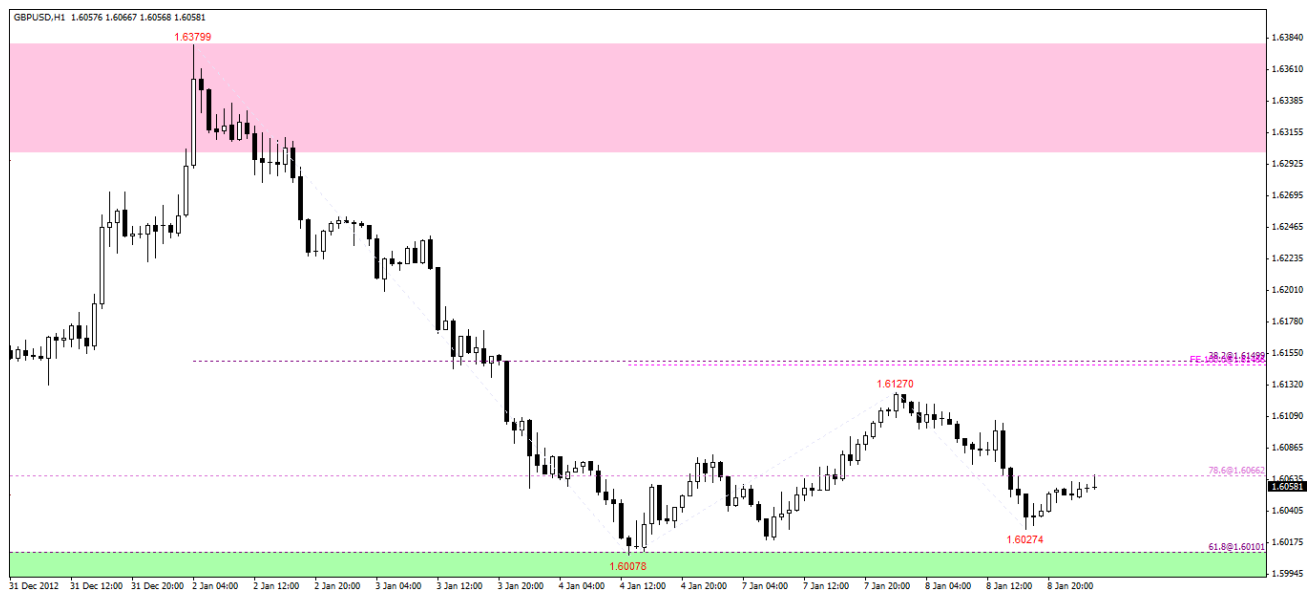
## GBP-USD 4-HOURLY



## GBP-USD Short Term Outlook

The fall from the 17-month high at 1.63799 last week was deep and at one point tested the December low of 1.60009 with a print at 1.66078. Price action held at a minor secondary demand pocket at **1.59875-1.60105** and rebounded. Last night saw this market traded to a high of 1.61270 and unraveled. Another rise to test the 38.2% retracement of 1.63799 to 1.60078 at 1.61499 cannot be ruled out. This level is incidentally stacked above the 100.0% projection of 1.60078 to 1.61270 from 1.60274 at **1.61466**. Either that or the supply pocket at **1.62095-1.62546** where the 61.8% retracement of 1.63799 to 1.60078 at **1.62378** is located is expected to cap this rebound. Regardless of where this rebound terminates, focus is on the November low of **1.58273**, where the demand zone at **1.57531-1.58303** lies.

## GBP-USD 1-HOURLY



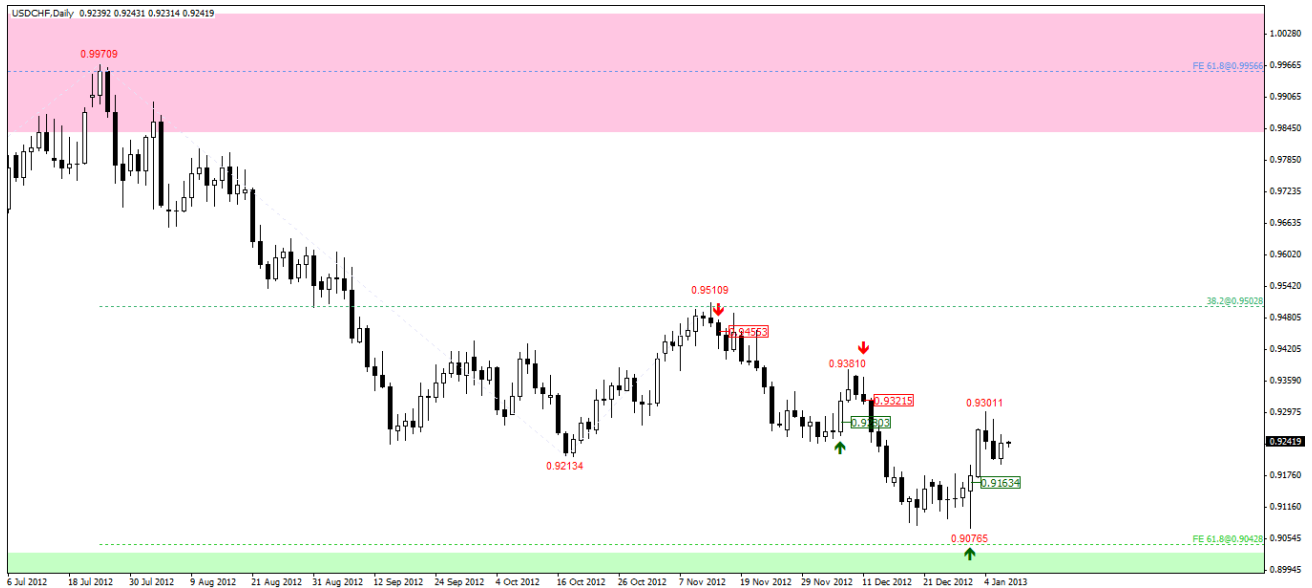
## GBP-USD TRADE IDEAS

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

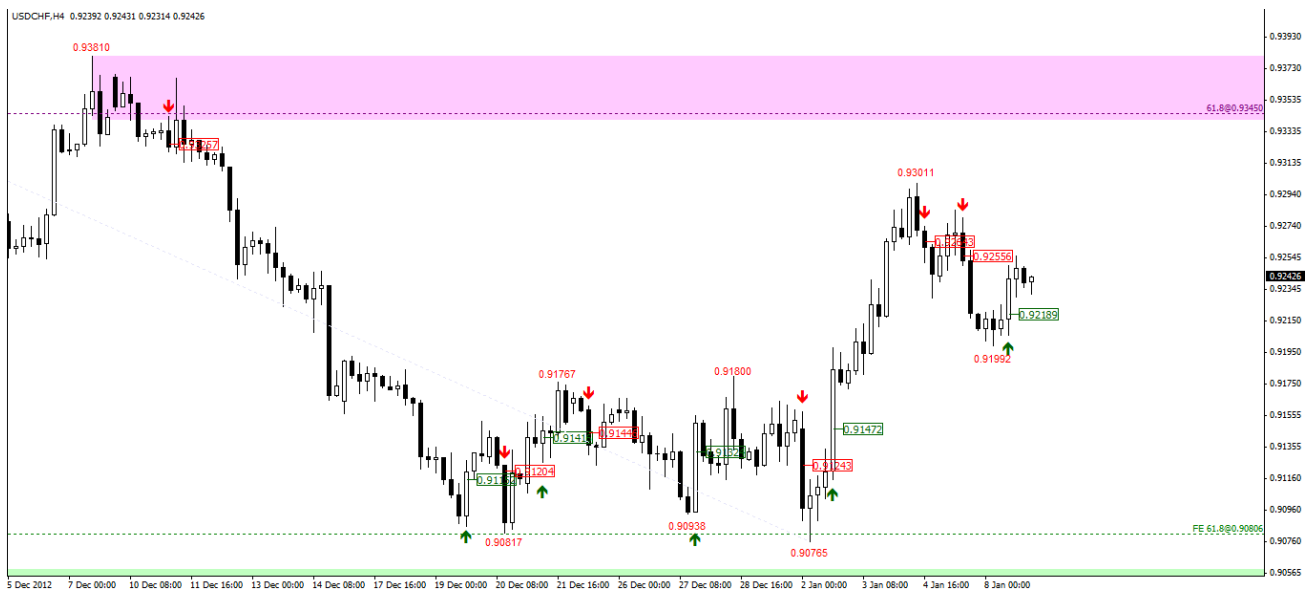
## GBP-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											9,919.90

## USD-CHF DAILY



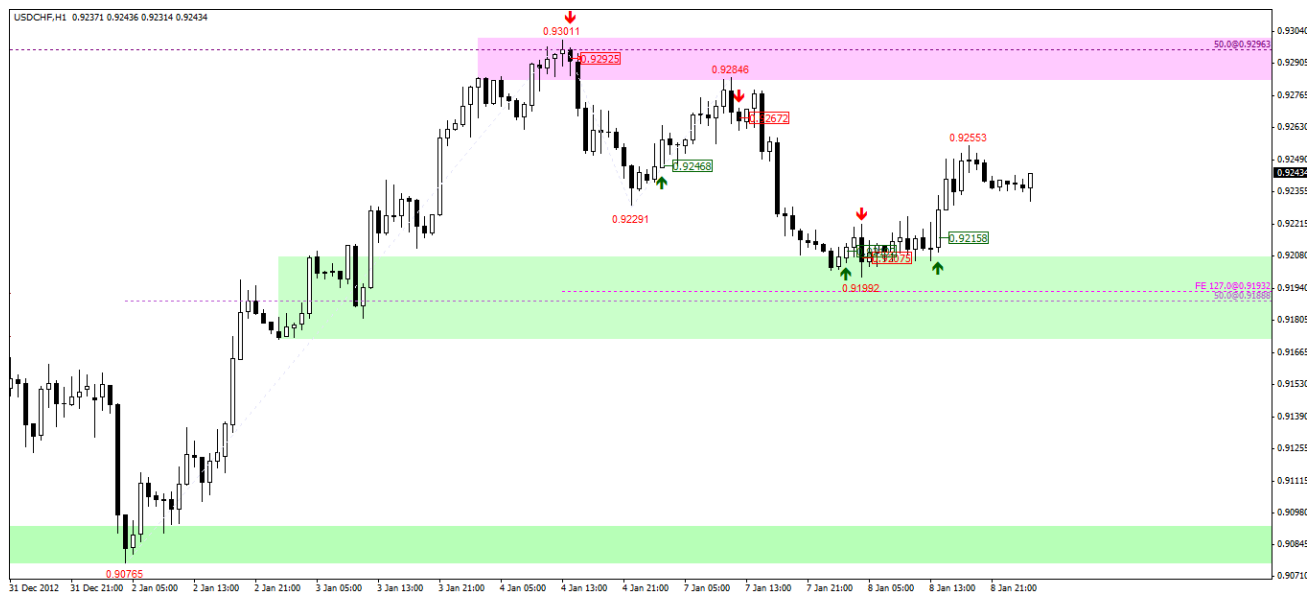
## USD-CHF 4-HOURLY



## USD-CHF Short Term Outlook

The rebound from last Wednesday's low of 0.90765 topped out at 0.93011 last Friday. The pullback is likely to have terminated at 0.91992 and is likely to resume towards the supply pocket at **0.93407-0.93810**. If so, this price pocket is expected to cap this rally. Short-term resistance may emerge from the immediate overhead supply pocket at **0.92833-0.93011**. Position traders may wish to re-position shorts within the supply pocket at **0.93407-0.93810** – assuming sell signals are triggered in the H1 and H4 charts then. In the unlikely event that the rally extends 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



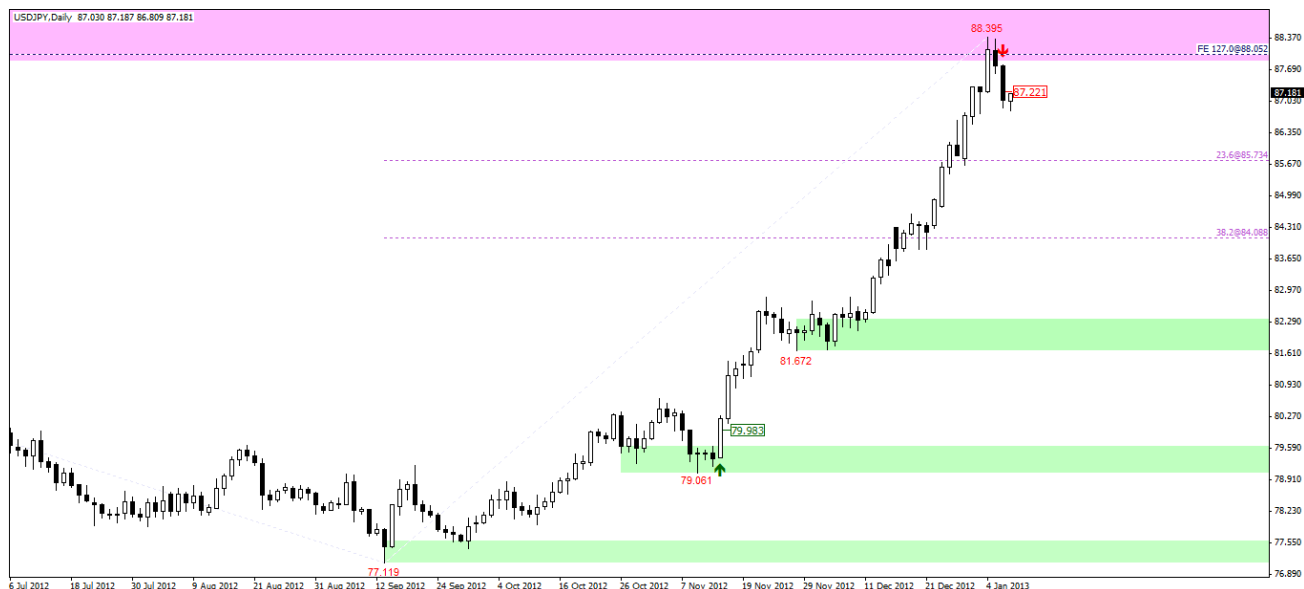
## USD-CHF TRADE IDEAS

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

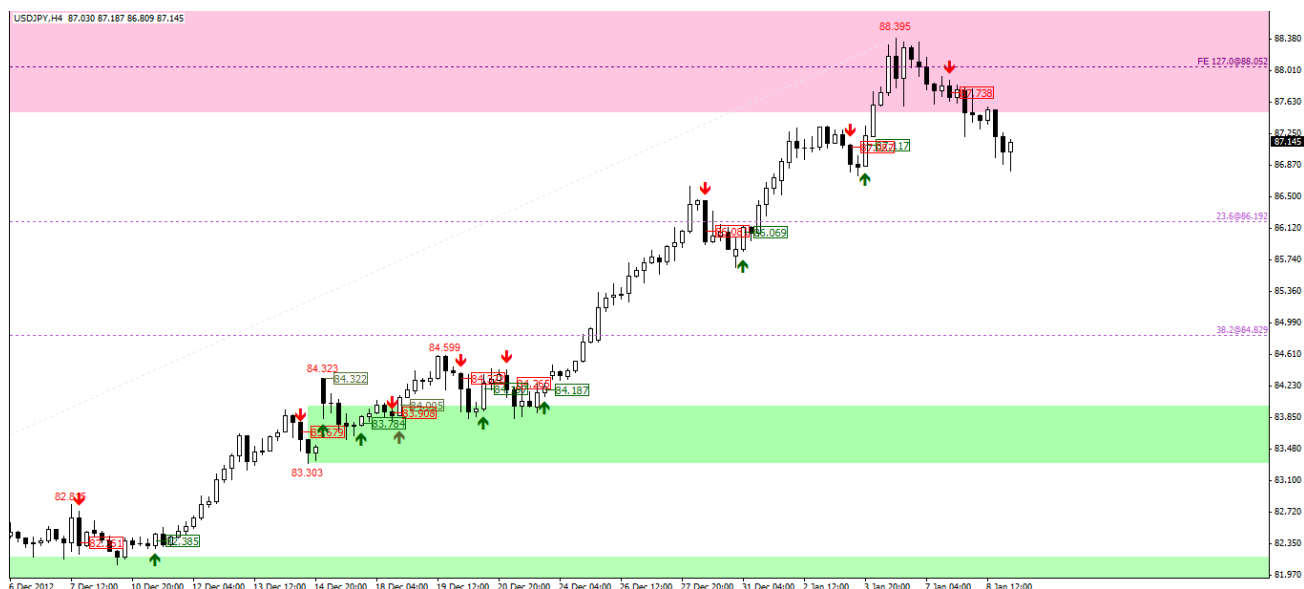
## USD-CHF TRADE JOURNAL

Close Date	Buy (units)	Close Price	Open Date	Sell (units)	Open Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											10,073.91

## USD-JPY DAILY



## USD-JPY 4-HOURLY



## USD-JPY Short Term Outlook

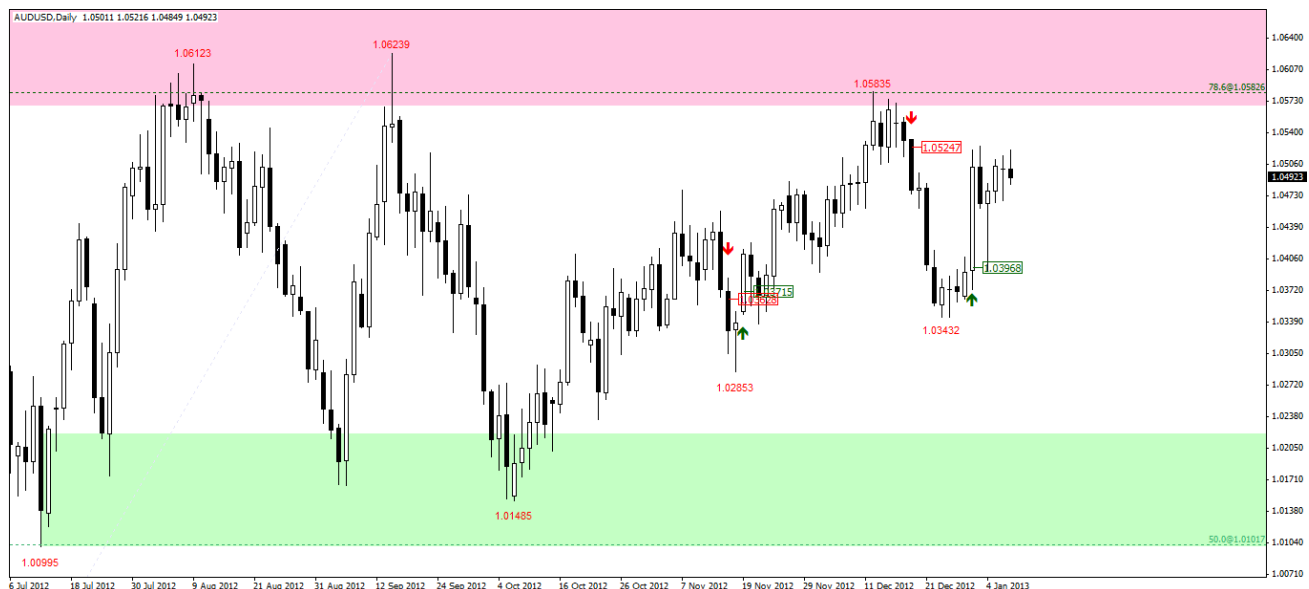
This market stalled after hitting the 127.0% projection of 75.563 to 84.172 from 77.119 at **88.052** with a print at 88.395 last Friday. The pullback retreated to the minor demand pocket at **86.525-86.842**. In retrospect, the break above 85.520 in the last week of 2012 affirmed the emergence of a 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. There is high probability that the low for this pullback may be in place at this morning low of 86.809 and may bring forth the resumption of the rally from 77.119. On the upside, beyond the 88.355 high, focus would shift to the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048** (see D1 chart). On the downside, only sustained trading below the minor demand pocket at **86.754-87.023** would the bullish bias be questioned.



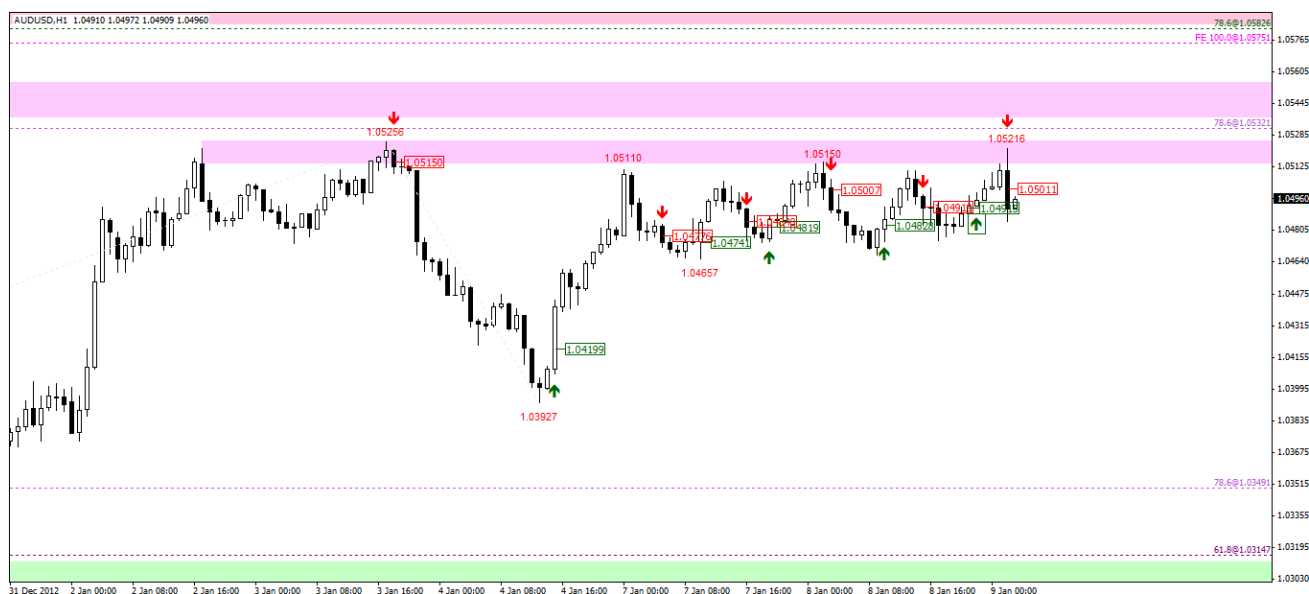
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Bought on buy signal above 86.882 in H1	86.882	Break-even	88.052 Realized	91.048	3	0.03

[illegible]

## AUD-USD DAILY



## AUD-USD 4-HOURLY



## AUD-USD Short Term Outlook

Trading remains choppy in this market with sharp and abrupt reversals being the common denominator in recent sessions. Last Thursday saw a failed challenge of the 78.6% retracement of 1.05835 to 1.03432 at **1.05321** with a print at 1.05256 followed by a sharp fall to 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 and may yet challenge the 78.6% retracement of 1.05835 to 1.03432 at **1.05321** all over again. Overnight, this market consolidates and triggered yet another sell signal with a close below **1.05011** in the H1 chart in early Tokyo trading within the immediate overhead supply pocket at **1.05138-1.05256**. On the downside, below the December low of **1.03432** focus would shift to the October low of **1.01485**.

AUDUSD:H1 1.04910 1.04946 1.04909 1.04924

78.66(1.05820)  
FE 100.04(1.05731)

1.05765  
1.05605  
1.05445  
78.66(1.05321)  
1.05285  
1.05125  
1.04965  
1.04924  
1.04805  
1.04640  
1.04475  
1.04315  
1.04155  
1.03995  
1.03835  
1.03675  
78.66(1.03491)  
1.03515  
1.03355  
61.86(1.03147)  
1.03195  
1.03020

1.05256  
1.05150  
1.05110  
1.05150  
1.05007  
1.05216  
1.05011  
1.04741  
1.04657  
1.04199  
1.03927

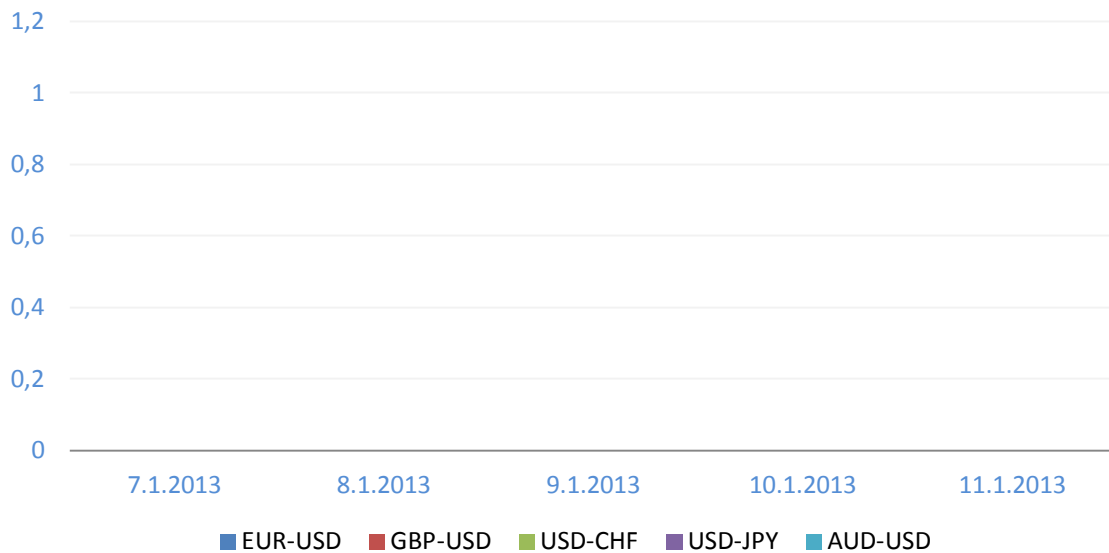
1.04741  
1.04581  
1.04481  
1.04381  
1.04281  
1.04181

31 Dec 2012 31 Dec 23:00 2 Jan 07:00 2 Jan 15:00 2 Jan 23:00 3 Jan 07:00 3 Jan 15:00 3 Jan 23:00 4 Jan 07:00 4 Jan 15:00 4 Jan 23:00 7 Jan 07:00 7 Jan 15:00 7 Jan 23:00 8 Jan 07:00 8 Jan 15:00 8 Jan 23:00

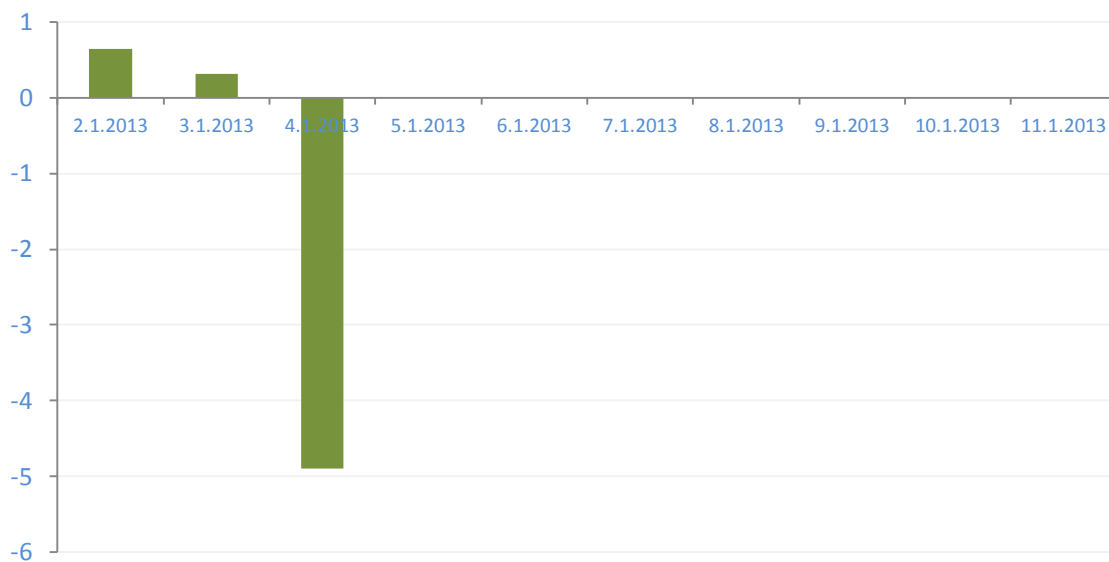
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold	Sold on reversal signal in H1 between 1.05138-1.05256	1.05110	1.05356	1.04128	1.03822	3	0.03

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											10,198.50
2013.01.08 02:08	0.02m	1.05150	2013.01.03 17:56	0.02m	1.05150						
			2013.01.09 02:30	0.03m	1.05110						

## Daily Realized P/L



## Accumulative Realized % Gain



## Traders Academy International

Check out our website at  
[www.tradersacademyonline.com](http://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.