Wed, Mar 20, 2013 Weekday Edition

FOREX OUTLOOK



A Traders Academy International Publication

Cyprus Parliament Rejects Vote

Traders gave the Euro a wide berth after a bailout deal for Cyprus was thrown into disarray. Cyprus's parliament overwhelmingly rejected a proposed tax on bank deposits as a condition for bailout aid, pushing the Cyprus a step closer to the brink of financial meltdown.

The European Central Bank offered some comfort by saying it was committed to providing liquidity within certain limits, even after having threatened to end emergency lending assistance for teetering Cypriot banks.

There was no panic in markets yet because traders are hopeful that the European Union, as so often before, will hash out a last minute deal that keeps Cyprus in the Euro zone.

Traders do not believe that the rejection by the Cypriot parliament is seen as the ultimate 'no' vote to the bailout. By decree, banks in Cyprus are closed until Thursday and traders expect a new deal to emerge over the next 24 hours. Failure to pass a deal would clearly lead to very negative scenarios, possibly involving the question of Cyprus continued Euro zone membership.

EUR-USD is currently at 1.28708, having fallen as far as 1.28432 overnight.

Markets ware also wary of any comments from Haruhiko Kuroda; the new governor of the Bank of Japan. Expectations that Kuroda will quickly embark on a much more aggressive monetary policy to fight deflation have recently pushed the Japanese Yen to multi-year lows versus the Euro and US Dollar.

Traders will also keep an eye on the outcome of the Federal Reserve's two-day policy meeting due to end later on today.

Analysts expect the Fed to keep buying \$85 billion a month in mortgage and Treasury bonds in to encourage investment and bolster a weak economic recovery.

Overall, traders expect the Fed to maintain its stance on asset purchases and forward guidance. At the press conference later tonight, Bernanke is expected to continue to downplay the costs of asset purchases while highlighting the benefits. With the Fed having shifted to unemployment rate-based guidance, Bernanke's views on the overall labour market conditions would be parsed.

Content:

EUR-USD 2
GBP-USD 4
USD-CHF 6
USD-JPY 8
AUD-USD 10
Performance 12

DAYLIGHT SAVINGS TIME

Starting Monday, 11 March, the U.S. session has reverted at 8:00pm Singapore time; marking the start of Daylight Savings in the U.S.

U.K. and Switzerland will only revert to DST on 31 March 2013; followed by Australia will on 7 April 2013.

EUR-USD DAILY



EUR-USD 4-HOURLY



EUR-USD 1-HOURLY



EUR-USD Short Term Outlook

In the absence any positive news from Cyprus and after news that the Cypriot government has rejected the levy on bank deposits demanded by the Euro group as a condition for releasing emergency funding for a bailout package, the Euro is in limbo. Overnight, this market took out the demand pocket at **1.28758-1.28922** where a Fibonacci cluster of the 50.0% retracement of 1.20416 to 1.37101 at **1.28759** and the 78.6% retracement of 1.26610 to 1.37101 at **1.28855** are located. With this move, whatever bullish bias left is now removed. Yesterday's fall suggests the possible resumption of the fall from 1.37101. Focus has now shifted 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.

TRADE IDEAS

| Action | Exit Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|---|----------------|-----------|--------------------|--------------------|---------------|-------------------|
| Sell | Sell on sell signal between 1.29653-1.29951 | | 1.30051 | 1.27090 | 1.25103 | 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 | + / - (\$) | % | \$ |
| 2013.03.15 | | | | | | | | | | 10.55 | 10,553.50 |
| 2013.03.18 07:59 | 0.03m | 1.28885 | 2013.03.19 23:39 | 0.03m | 1.28658 | | | -68.1 | -68.10 | 10.49 | 10,490.40 |

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD 1-HOURLY



GBP-USD Short Term Outlook

Trading in GBP-USD remains subdued despite the uncertainties surrounding the Euro zone in regards to Cyprus. This market has been stuck in a narrow trading band between last Tuesday's low of 1.48305 and the 161.8% extension of 1.48305 to 1.49806 from 1.49064 at 1.51493 the entire week. Yesterday's update allured to the possibility of positioning short-term long positions within the minor demand pocket at 1.50677-1.50798. This was exactly what happened. There is good chance this market is basing for a push to the minor supply pocket at 1.51795-1.52210 where the 23.6% retracement of 1.63801 to 1.48305 at 1.51962 is located. Unless there is a pickup in momentum, this price bracket may present a low risk selling opportunity – assuming, of course there is no acceleration in any price run-up. In the bigger picture, Friday's close rebound 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). Such a view would gain credence should price action clears above the supply pocket at 1.51795-1.52210. Now we wait and see.

GBP-USD TRADE IDEAS

| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|---|----------------|-----------|--------------------|--------------------|---------------|-------------------|
| Bought | | 1.50793 | 1.50577 | 1.51795 | - | 1 | 0.01m |
| Sell | Sell on sell signal between 1.51795-1.52210 | | 1.52310 | 1.50798 | 1.48516 | 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 | + / - (\$) | % | \$ |
| 2013.03.15 | | | | | | | | | | 12.12 | 12,120.20 |
| 2013.03.19 | 0.01 | 1.50793 | 2013.03.19 | 0.01 | 1.50923 | 13.0 | 13.00 | | | | |
| 10:44 | | | 23:59 | | | | | | | | |

USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF 1-HOURLY



USD-CHF Short Term Outlook

Though the short-term undertone of this market is firm, momentum is lacking. This plus the fact that this market is now stuck roughly in the middle of a demand pocket and supply pocket makes trading at current level unattractive. That said, the massive wave of long liquidations seen late last week may return at any time. As noted, after the sell-off last Friday, the back of this rally may have been broken. In view of the above views, it is best to leave this market aside for the time being.

USD-CHF TRADE IDEAS

| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|-----------------|----------------|-----------|--------------------|--------------------|---------------|-------------------|
| | | | | | | 3 | 0.03m |
| | | | | | | | |

USD-CHF TRADE JOURNAL

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

USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY 1-HOURLY



USD-JPY Short Term Outlook

With uncertainties hanging a bailout package for Cyprus, the rush to 'safe-haven' currencies like the Japanese Yen is placing a cap on USD-JPY. This also ties in with fatigue as this 6-month rally has yet to have a decent breather. As such, there is now a real possibility that this market may either consolidates or falls deeper. This is because the fall from 96.699 is a little deeper than anticipated. Monday's rebound to 95.738 is showing sign of retreating and may yet challenge Monday's low of 94.304 to possibly the next cluster of Fibonacci levels. They are (1) the 261.8% extension of 96.699 to 95.439 from 96.584 at 93.285, (2) 100.0% extension of 96.699 to 94.304 from 95.591 at 93.196 and (3) 61.8% retracement of 90.852 to 96.699 at 93.086. Sited just above all these is a minor demand pocket at 92.908-93.047. Together, these areas represent an excellent area to re-position long positions. A good area to position speculative shorts is within the minor supply pocket at 95.421-95.591 (where the market is now). That said, sustained rally above 96.699 would discredit this short-term bearish scenario; signaling the resumption of the rally from 77.126. If so, focus would revert back to the longer-term target at the 261.8% extension of 75.565 to 84.170 from 77.126 at 99.654 and the 50.0% retracement of 124.130 to 75.565 at 99.848 where the supply zone at 99.227-101.437 is located.

USD-JPY TRADE IDEAS

| Action | Exit Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|----------------|----------------|-----------|--------------------|--------------------|---------------|-------------------|
| Sold | | | 95.838 | 94.475 | 93.047 | 2 | 0.02m |

USD-JPY TRADE JOURNAL

| Open Date | Sell (units) | Open Price | Close Date | Buy (units) | Close Price | | ealized P/L | Realized P/L | | Accumulative Balance | |
|---------------------|-----------------|---------------|---------------------|----------------|----------------|-------|----------------|-----------------|------------|-------------------------|-----------|
| | | | | | | Pips | + / - (\$) | Pips | + / - (\$) | % | \$ |
| 2013.03.15 | | | | | | | | | | 22.59 | 12,258.68 |
| 2013.03.19 02:55 | 0.02 | 95.485 | 2013.03.19 04:10 | 0.02 | 95.691 | | | -41.2 | -43.06 | 22.16 | 12,215.62 |
| 2013.03.19 04:22 | 0.02 | 95.687 | 2013.03.19 23:59 | 0.02 | 95.119 | 113.6 | 119.43 | | | | |

FOREX OUTLOOK

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD 1-HOURLY FOREX OUTLOOK



AUD-USD Short Term Outlook

Despite the rebound immediately following the opening gap on Monday to test the 61.8% retracement of 1.05972 to 1.01143 at 1.04127, this market is back to roughly where it started at the beginning of the week. Yesterday's trading were subdued with a failed attempt to re-test the minor demand pocket at 1.03360-1.03474. This price bracket will be tested once agaim later in the day. This may presents a short-term buying opportunity. Assuming there is no acceleration to the downside below this this minor demand pocket, positioning a long position may yield a run-up to the immediate supply pocket at 1.03972-1.04128. In the absence of fundamentals, short-term traders may trade between these two bands while keeping an eye for a possible rally above last Friday's high of 1.04128 to the next supply pocket at 1.04425-1.04755 located just above the 127.2% of 1.0443 to 1.03001 from 1.02027 at 1.04390. As mentioned in the weekend report, 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.

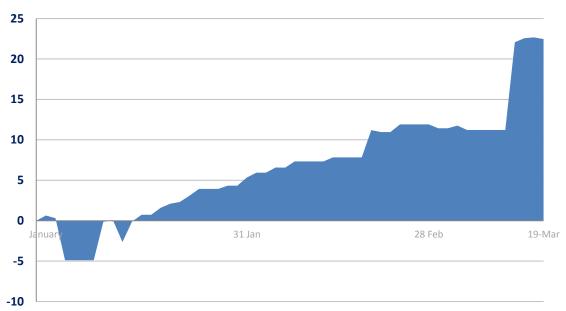
AUD-USD TRADE IDEAS

| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|---|----------------|-----------|---------------------|--------------------|---------------|-------------------|
| Bought | Exit on D1 close below 1.03522 | 1.03482 | | 1.03972 Realized | 1.04425 | 2 | 0.02m |
| Buy | Buy on buy signal between 1.03360-1.03474 | | 1.03260 | 1.03972 | 1.04425 | 1 | 0.01m |
| Sell | Sell on signal between 1.04425-1.04755 | | 1.04855 | 1.03474 | 1.02921 | 3 | 0.03m |

AUD-USD TRADE JOURNAL

| Open Date | Buy (units) | Open Price | Close Date | Sell (units) | Close Price | | ealized P/L | Realized P/L | | | | |
|------------|----------------|---------------|------------|-----------------|----------------|------|----------------|-----------------|------------|-------|-----------|--|
| | | | | | | Pips | + / - (\$) | Pips | + / - (\$) | % | \$ | |
| 2013.03.15 | | | | | | | | | | 15.86 | 15,859.00 | |
| 2013.03.18 | 0.02m | 1.03482 | 2013.03.18 | 0.01m | 1.03972 | | | 49.0 | 49.00 | 15.91 | 15,911.00 | |
| 03:42 | | | 18:02 | | | | | | | | | |
| 2013.03.18 | 0.02m | 1.03482 | 2013.03.18 | 0.01m | 1.03993 | 51.1 | 51.10 | | | | | |
| 03:42 | | | 23:59 | | | | | | | | | |

Accumulative Percentage P/L



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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.