

A Traders Academy International Publication

FOMC Minutes Revealed Doubts on QE

EUR-USD fell to a 3-week low on Thursday after minutes from the Federal Reserve's latest meeting indicated that while it looks set to continue buying bonds, some policymakers believe it will be appropriate to slow or stop asset buys well before the end of 2013.

Minutes from the Fed's December meeting showed a growing reticence about further increases in the central bank's \$2.9 trillion balance sheet, which it expanded sharply in response to the financial crisis and recession of 2007-2009. It also revealed a somewhat surprising level of concern among the ranks of central bankers regarding the long-term impact of the bank's asset purchase program.

EUR-USD was already under pressure as optimism over a U.S. budget deal quickly faded and investors looked ahead to the release Friday of the closely watched U.S. government monthly jobs report. The Fed minutes only accelerated the move.

EUR-USD settled down 1.02 percent at 1.30475, in a second straight session of declines. The session low of 1.30455 was the weakest since December 13.

Some \$4.186 billion in EUR-USD changed hands on Thursday, according to Reuters Dealing, compared with \$6.076 billion the first Thursday of December.

EUR-USD had surged early on Wednesday after U.S. lawmakers reached an agreement to avert a "fiscal cliff" of austerity measures that included huge tax hikes and spending cuts, which some economists feared would tip the US economy into recession. But the pair surrendered gains as traders turned their focus to the budget battles ahead. The market could be set up for volatility as President Barack Obama and congressional Republicans tussle over the next two months.

Focus is now turning to the debt ceiling and the spending cuts, which still need to be agreed. Republicans, angry that the fiscal cliff deal did little to curb the federal deficit, promised to use the debt-ceiling debate to win deep spending cuts next time.

Analysts said the weakness in the EUR-USD could persist as the Euro zone economy falls deeper into recession and on increasing prospects of an interest rate cut by the European Central Bank.

Highlighting market concerns that the U.S. deficit issue remains unresolved, ratings agency Moody's Investors Service said the United States must do more to rescue its Aaa debt rating from its current negative outlook.

Standard & Poor's said the fiscal deal does not affect its negative view of the U.S. credit outlook, and said more work remained ahead for policymakers.

Adding to gains losses in EUR-USD was data showing U.S. private-sector employers added more new jobs than expected last month. Separate data showed U.S. initial jobless claims rose last week, but the trend remained consistent with steady job growth.

Later tonight, the U.S. government will release its monthly non-farm payrolls report. The economy likely added 150,000 in December, according to a survey of economists, up from 146,000 in November. The unemployment rate is expected to hold steady at 7.7 percent.

EUR-JPY fell 1.1 percent to 113.813 as traders bet that its rise to an 18-month high of 115.972 on Wednesday was too far, too fast.

USD-JPY fell 0.17 percent to 87.229, after climbing as high as 87.340 earlier in the Asian session, the highest since July 2010.

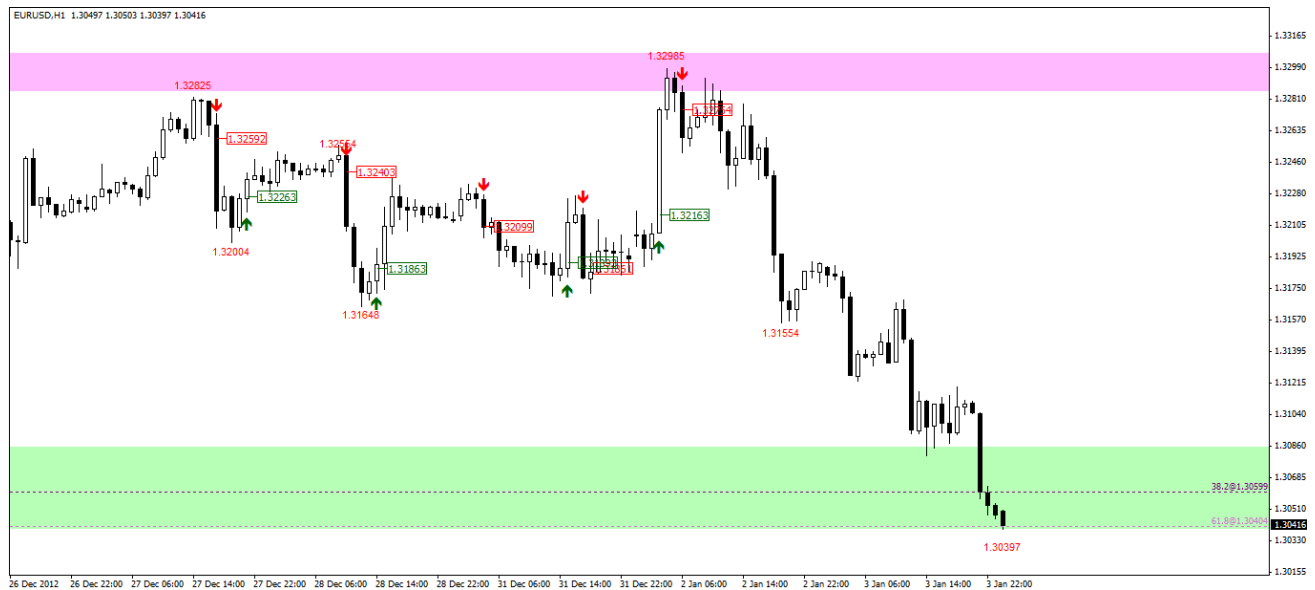
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After failing to capitalize on the fiscal cliff deal struck over the New Year, this market reversed course on ideas that some policy makers are having doubts that the series of QE's are not working (read main story). Price action fell through the demand pocket at **1.31430-1.31864**; slicing through layers of retracement levels to settle within the secondary demand pocket at **130397-1.30793** to hit the 61.8% retracement of 1.28755 to 1.33071 at **1.30404**. Failure to contain this fall within this price pocket 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. With this overnight fall, price action has broken out of the trading band between the demand pocket at **1.31430-1.31864** and supply pocket of **1.33575-1.34857**. Even though short to medium term pictures have turned negative, the December 7 low of **1.28755** should hold.

EUR-USD 1-HOURLY



TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.31632	1.30297	1.32853	1.33582	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	+ / - (\$)	%	\$
2013.01.01											10,000.00
2012.12.28 14:29	0.03m	1.31863	2013.01.02 04:04	0.01m	1.32853			99.0	99.00	1.09	10,099.00
2013.01.02 21:10	0.03m	1.31632	2012.01.03 23:59	0.03m	1.30475	-347.1	-347.10				

GBPUSD Daily 1.61064 1.61074 1.60760 1.60805 FE 61.891.64707

Date	Price	Type
~28 Sep 2012	1.63083	Peak
~10 Oct 2012	1.61735	Peak
~15 Nov 2012	1.58273	Trough
~18 Nov 2012	1.58691	Trough
~19 Dec 2012	1.60853	Trough
~2 Jan 2013	1.63799	Peak

GBPUSD H4 1.61064 1.61074 1.60638 1.60638

FE 61.891.64707

1.61291

1.60833

1.60009

1.61407

1.63059

1.6299

1.62597

1.60853

1.61603

1.63799

1.62916

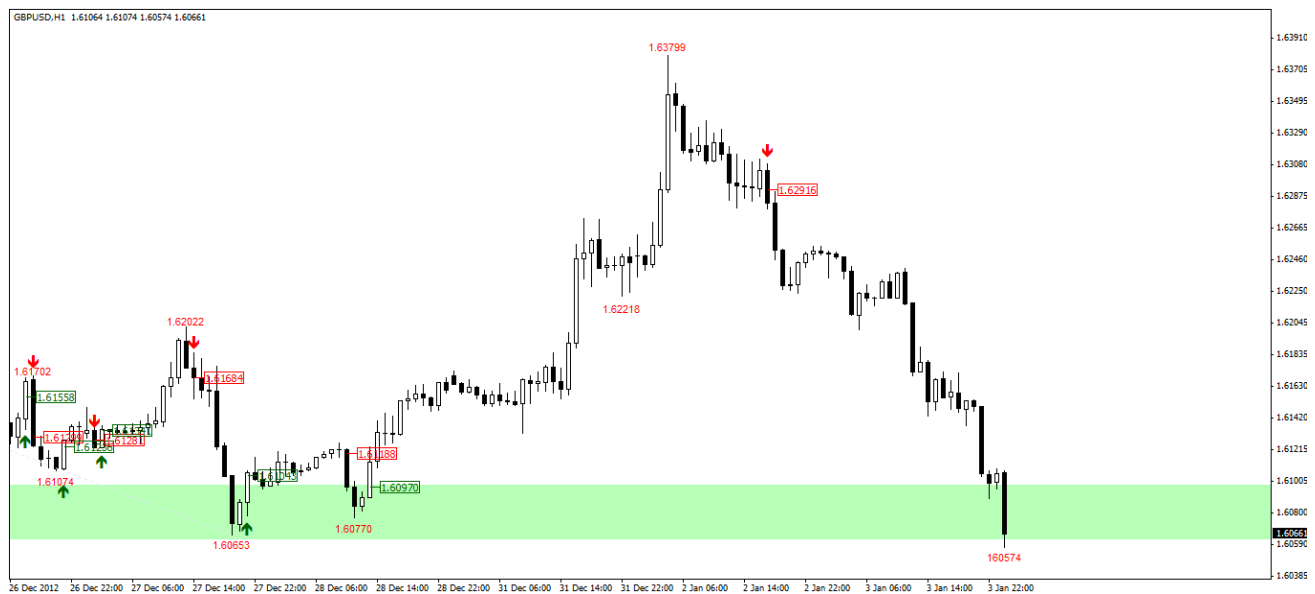
1.60760

3 Dec 2012 4 Dec 16:00 6 Dec 00:00 7 Dec 08:00 10 Dec 16:00 12 Dec 00:00 13 Dec 08:00 14 Dec 16:00 18 Dec 00:00 19 Dec 08:00 20 Dec 16:00 24 Dec 00:00 26 Dec 08:00 27 Dec 16:00 31 Dec 00:00 2 Jan 08:00 3 Jan 16:00

1.64620 1.64290 1.63960 1.63630 1.63300 1.62970 1.62640 1.62310 1.61980 1.61650 1.61320 1.60990 1.60638 1.60330 1.60000 1.59670 1.59340 1.59010

Right after hitting a 17-month high at 1.63799 some 24 hours ago, this market abruptly reversed course and surrendered all its gains to settle near the bottom of the December 27 low of 1.60653 in overnight actions. If ever there was a bull trap, this is it. This is because the break of last September high of 1.63083 on Wednesday would have triggered bullish sentiments. As with EUR-USD, price action fell through the minor demand pocket at **1.62205-1.62429** and took out practically all short-term retracement levels. Though early Sydney trading had registered an intra-day low at 1.60574, price action should rebound from here. Focus is on the 61.8% retracement of 1.63799 to 1.60574 at **1.62567**.

GBP-USD 1-HOURLY



GBP-USD TRADE IDEAS

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

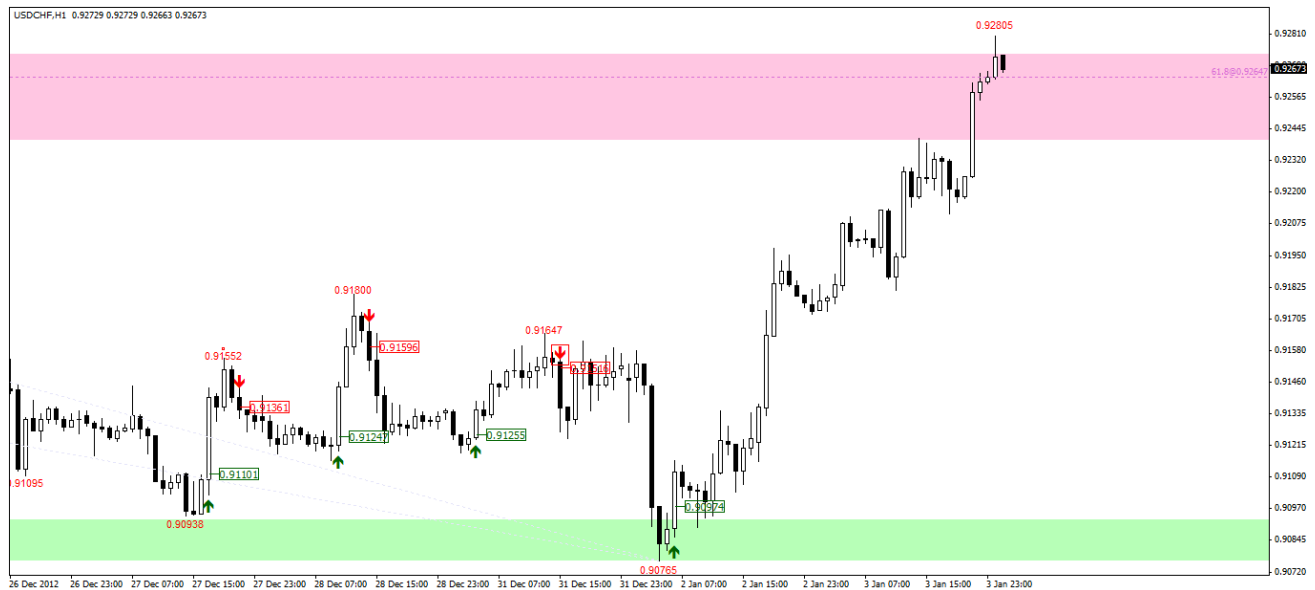
GBP-USD TRADE JOURNAL

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

[illegible]

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 took out the overhead supply pocket at **0.91662-0.91927** to challenge the 50.0% retracement of 0.95109 to 0.90765 at **0.92937** with an intra-day high so far at 0.92805 in early Sydney session (see H4 chart). It was previously noted that the rebound from 0.90765 was a lot stronger than expected and appeared to be impulsive and caution was advised. This cautionary note was rewarded as the original idea was to position shorts within the supply pocket at **0.91662-0.91927** but because there was no sell signal seen in the H1 chart, no damage was done as the rally from 0.90765 powered on. Price action has since taken out the 38.2% retracement of 0.95109 to 0.90817 at **0.92457** but there is good chance the supply pocket at **0.92400-0.92734** may yet cap this rally in this current run. Even if this price pocket fails, this rally is expected to top out at the next supply pocket at **0.93407-0.93810**. The idea is to re-position shorts there.

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

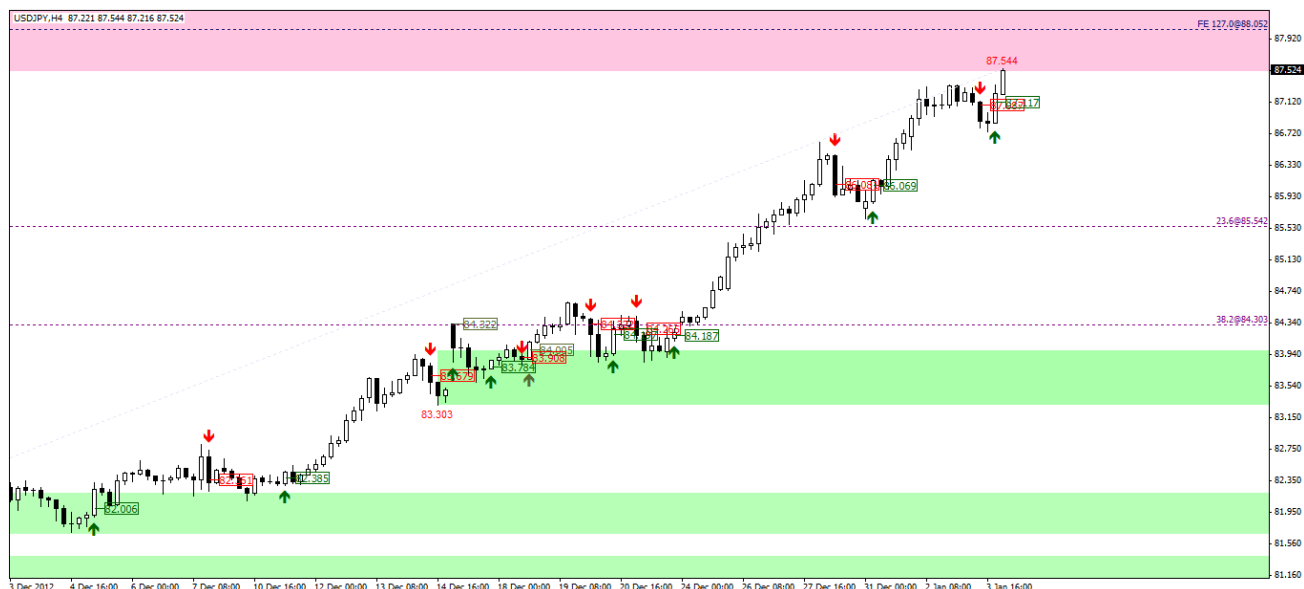
USD-CHF TRADE JOURNAL

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 DAILY



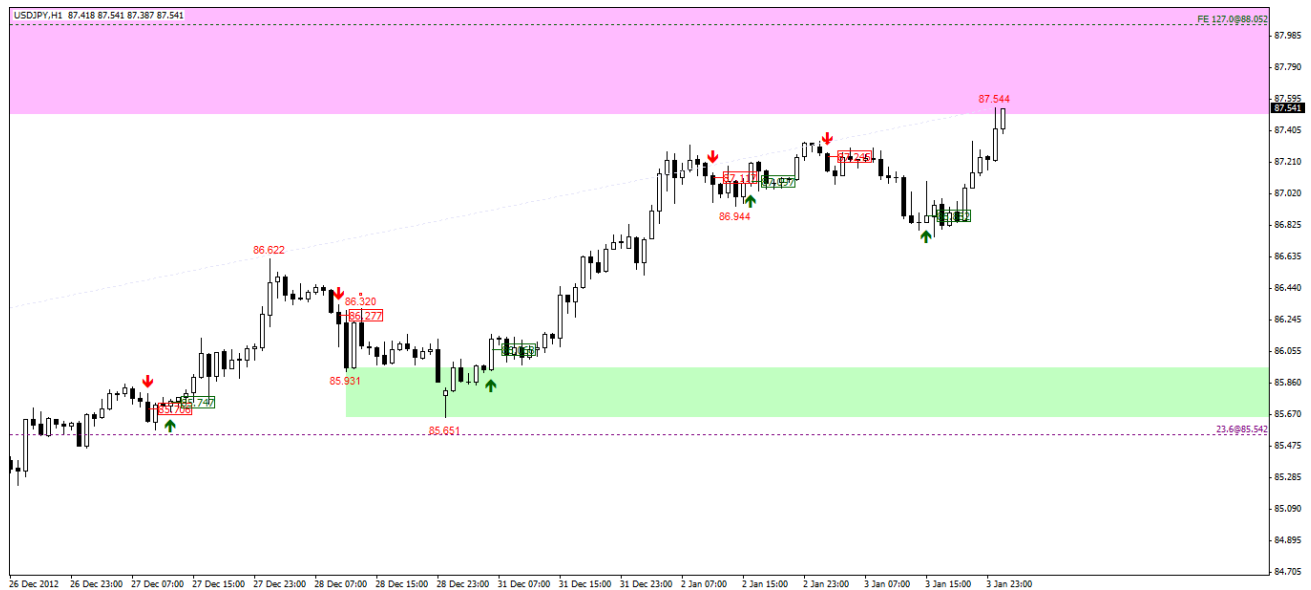
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

After a brief consolidation and shallow profit-takings, this market continues its upward trajectory to yet another new 29-month high of 87.340 in overnight actions. Early Sydney trading has since registered a marginal new high at 87.563. As noted, this market is on course towards the 127.0% projection of 75.563 to 84.172 from 77.119 at **88.052**. In fact, 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. In view of the very bullish outlook, any pullback is seen as a buying opportunity. Yesterday's update suggested a more aggressive approach may be warranted. As we have it, a buy signal was triggered with a close above **86.882** in H1 chart overnight.

USD-JPY 1-HOURLY



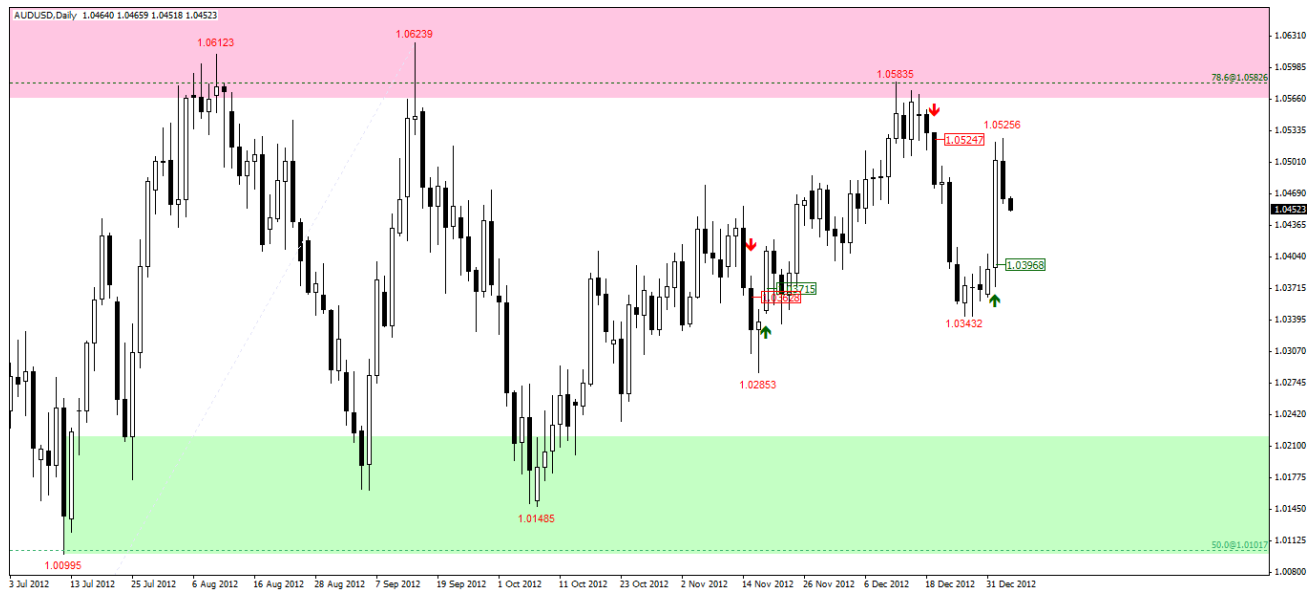
USD-JPY TRADE IDEAS

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	91.048	3	0.03

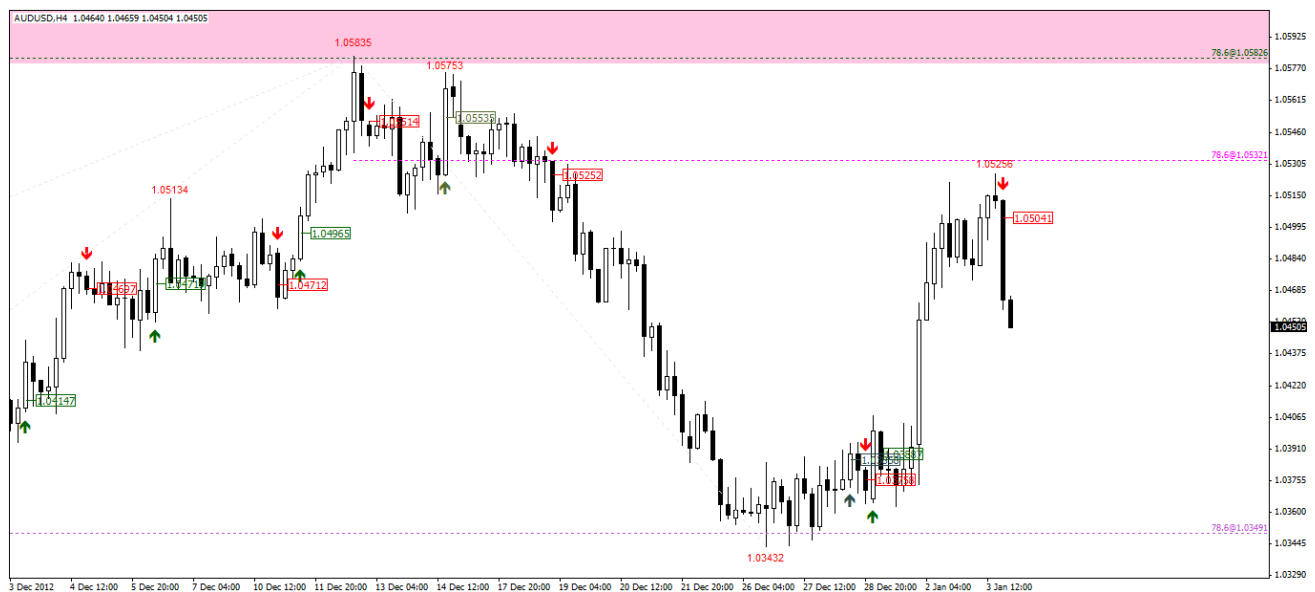
USD-JPY TRADE JOURNAL

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	2013.01.03 23:59	0.03m	87.229	104.1	119.34				

AUD-USD DAILY



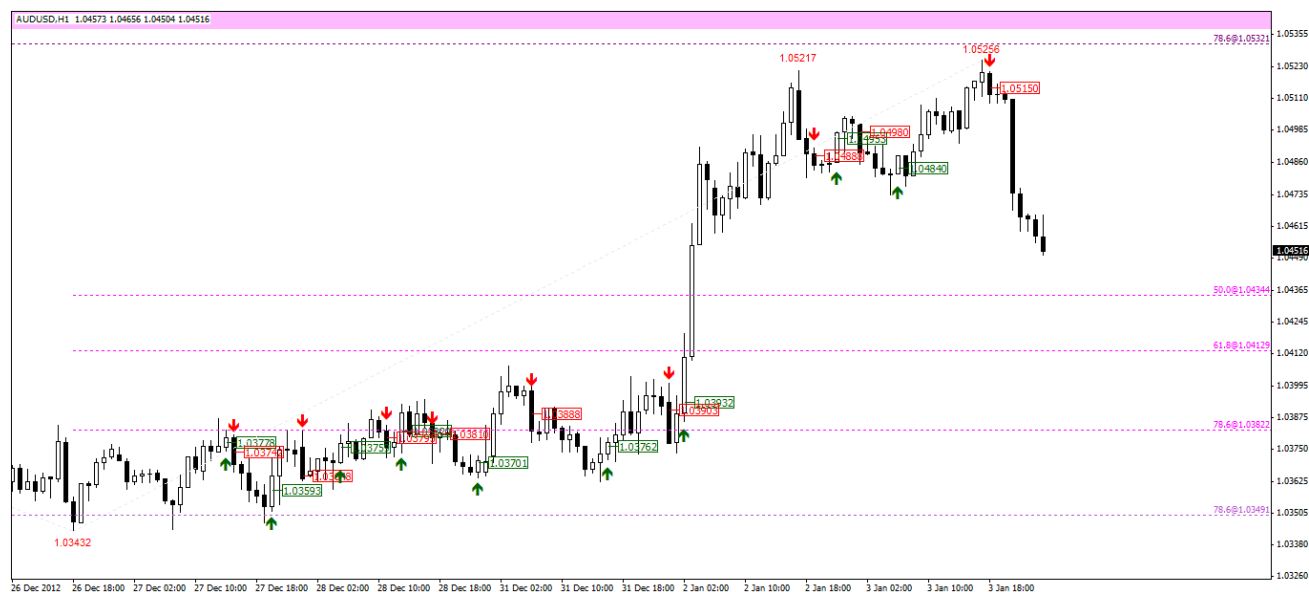
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

The strong rally from Wednesday continued into Thursday; registering a 9-session high at 1.05256 by NY midday. This level is just short of the 78.6% retracement of 1.05835 to 1.03432 at **1.05321**. Since then, price action has unravelled below the minor demand pocket at **1.04589-1.04725**. This fall appears to be accelerating. Immediate focus is on the area between the 61.8% and 78.6% retracement of 1.03432 to 1.05256 at **1.04129** and **1.03822** respectively. Below the December low of **1.03432** would shift focus to the October low of **1.01485**.

AUD-USD 1-HOURLY



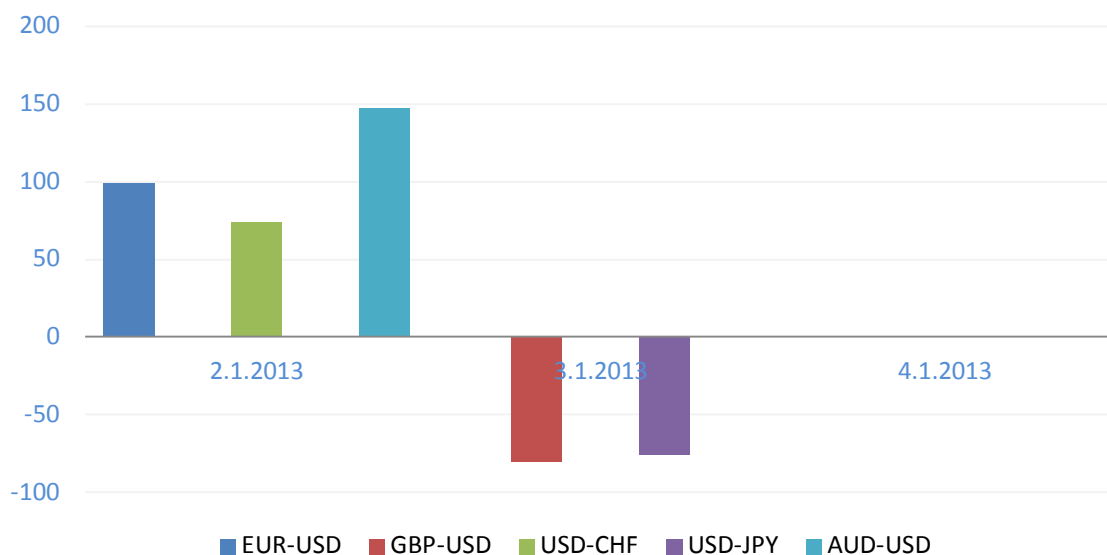
AUD-USD TRADE IDEAS

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	1.03822	3	0.03

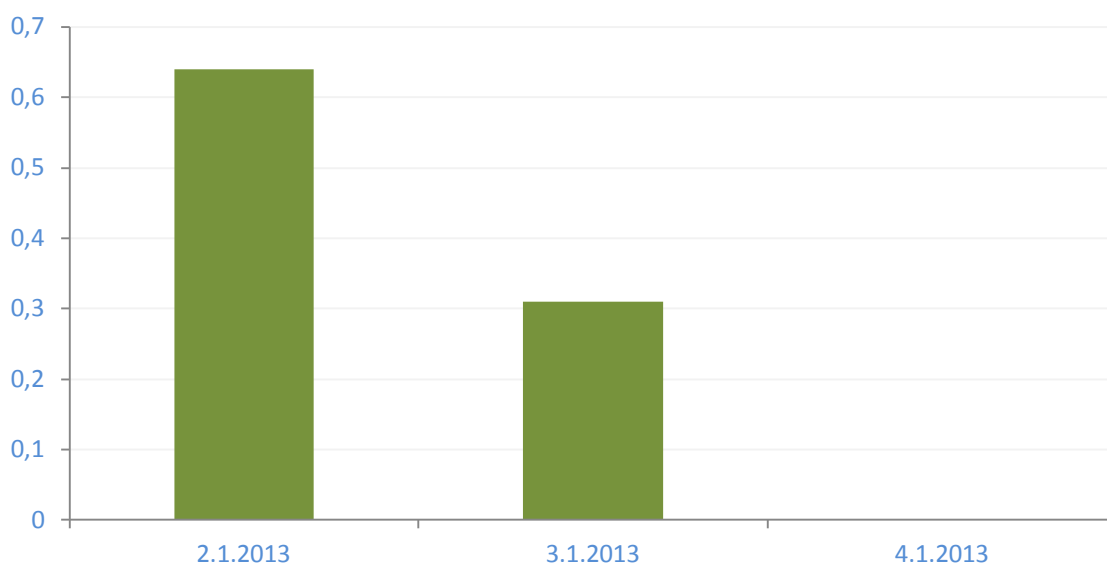
AUD-USD TRADE JOURNAL

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
2013.01.03 23:59	0.03m	1.04641	2013.01.03 17:56	0.03m	1.05150	152.7	152.7				

Daily P/L



Accumulative Realized % Gain



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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.