

A Traders Academy International Publication

EUR-USD At 8-Month High

A massive stimulus plan in Japan boosted optimism but worries about global demand, a pickup in Chinese inflation and a possible drag from the debt ceiling fight in Washington rolled the markets.

As stocks and the Euro gained appeal, traders trimmed back their safe-haven holdings of U.S. and German government debt before a late wave of buying emerged.

While Japan aims to jumpstart its economy, U.S. and European central bankers have talked up their economies' prospects over the past 24 hours.

Philadelphia Federal Reserve Charles Plosser on Friday repeated his outlook that the U.S. economy will likely grow about 3 percent in 2013, bringing the jobless rate down to 7 percent by year-end. Plosser's remarks followed mildly upbeat comments from St. Louis Fed chief James Bullard on Thursday.

Comments by ECB President Mario Draghi following the central bank's policy meeting on Thursday, suggesting Europe's economy is set for a recovery in 2013, have raised bets that global growth might gather momentum this year.

The solid start in the U.S. stock market this year likely resulted from a flood of cash from fund managers scouring for returns in the current low interest rate climate. U.S.-based funds poured \$7.53 billion into stock mutual funds, the most since 2001, data from Lipper service showed on Thursday.

The Nikkei 225 index closed 1.4 percent higher at 10,801.57 for a ninth straight week of gains, the longest such streak since 1998.

In the currency market, EUR-USD extended Thursday's rally, rising 0.56 percent to 1.33445 after touching 1.33649 earlier, its highest point since April. EUR-USD had its strongest weekly gain in nearly four months.

USD-JPY strengthened, rising 0.45 percent to 89.163. It touched a 2-1/2-year high at 89.433 earlier after the Japanese government agreed on a \$117 billion spending boost for the economy, and new Prime Minister Shinzo Abe stepped up pressure on the Bank of Japan to ease monetary policy more aggressively.

The BOJ is widely believed to adopt a 2 percent inflation target at its Jan. 21-22 meeting, double the current goal, and will consider more purchases of government debt to achieve the target.

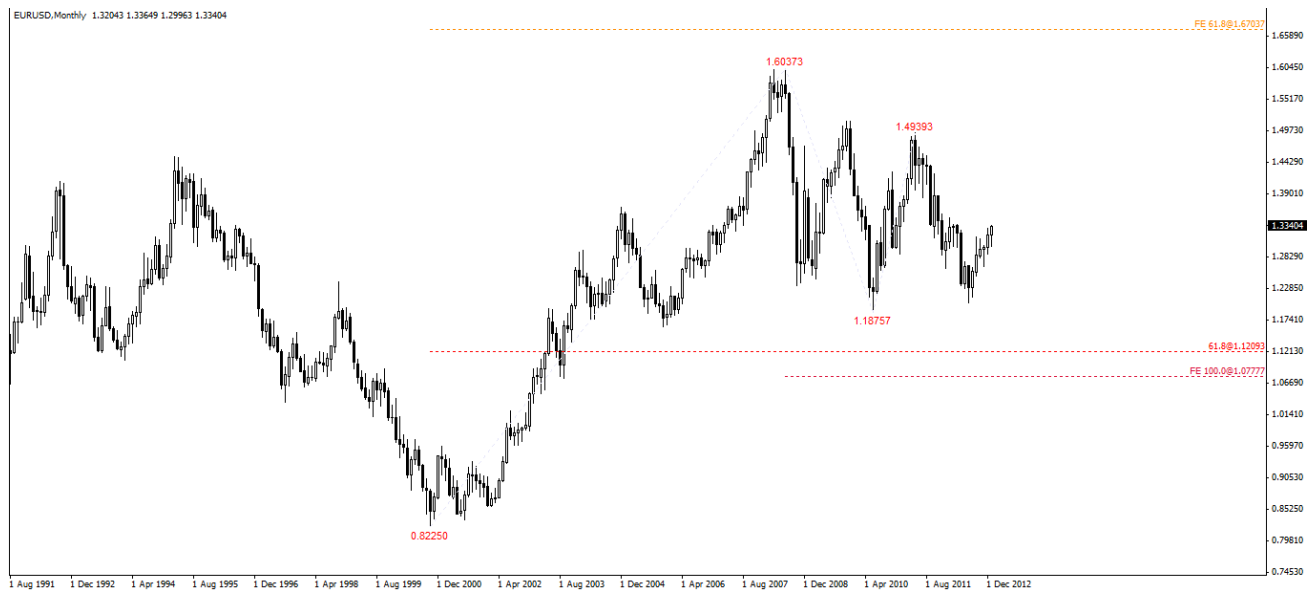
Back in the United States, a surprise widening of the trade gap in November revived worries about the U.S. economy losing steam at the end of 2012, although some analysts downplayed the figure and focused on the rise in imports as a sign of American spending remaining resilient.

Data in China's showed annual consumer inflation has accelerated to a 7-month high of 2.5 percent in December. The news reduces the chances the central bank easing monetary policy to boost the Chinese economy.

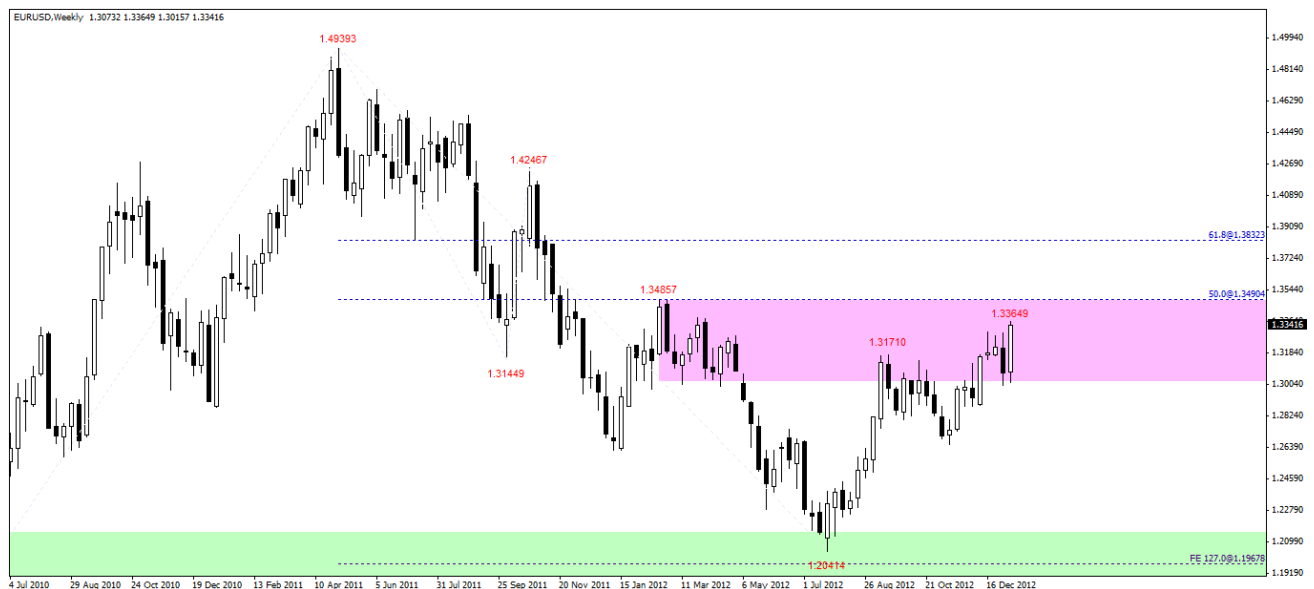
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EUR-USD MONTHLY



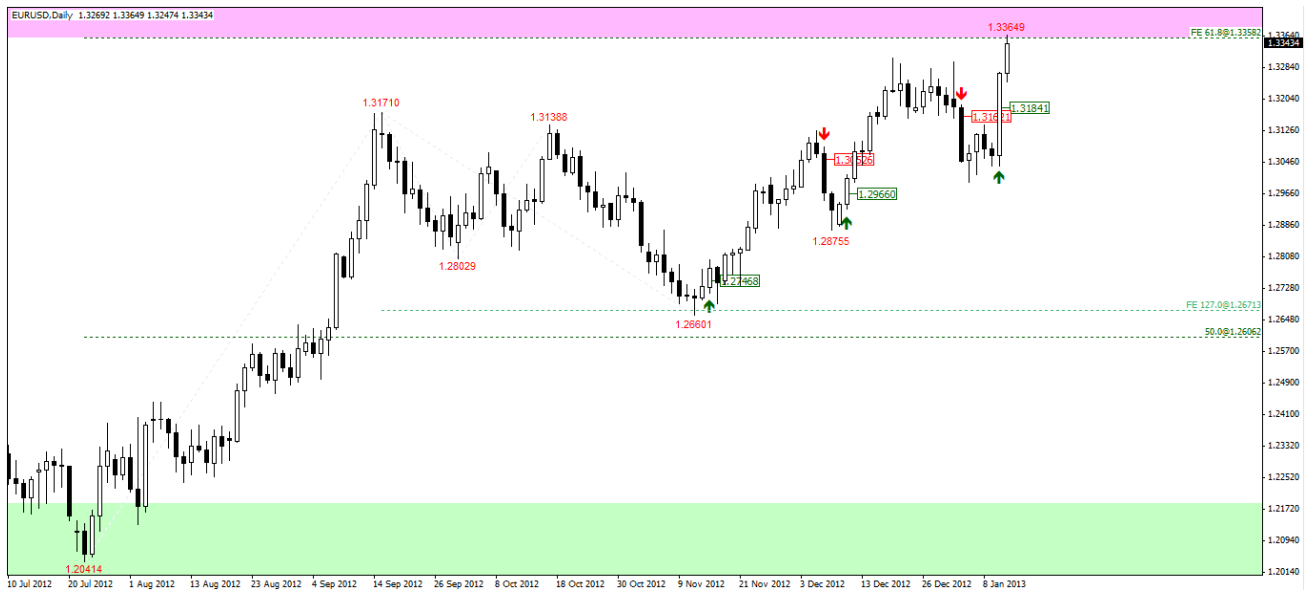
EUR-USD WEEKLY



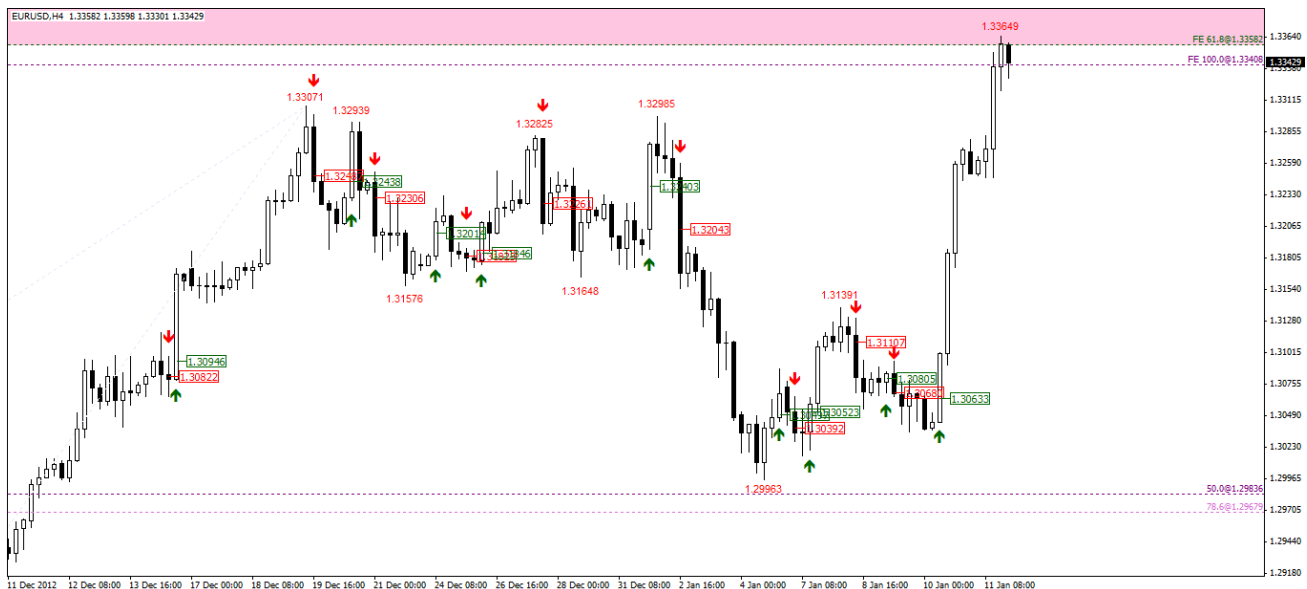
EUR-USD Long Term Outlook

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. Immediate focus 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 market continued its upward rally after a brief pause in Asia on Friday. With this rather aggressive rally, the correction from 1.33071 is technically over having ended at 1.29963 last Friday. Last night's high of 1.33649 hit the 61.8% projection of 1.20414 to 1.31710 from 1.26601 at **1.33582** which lies at the overhead SZ at **1.33575-1.34857**. As such, those who have missed buying into this rally earlier must be cautious about chasing this rally higher at current level. Even though price action appears set to re-test last year's high of **1.34857**, which sits just below the 50.0% retracement of 1.49393 to 1.20414 at **1.34904**, heavy resistance is expected. Only a sustained rally above this major SZ would pave the way towards the 1.50000 psychological level.

EUR-USD 1-HOURLY



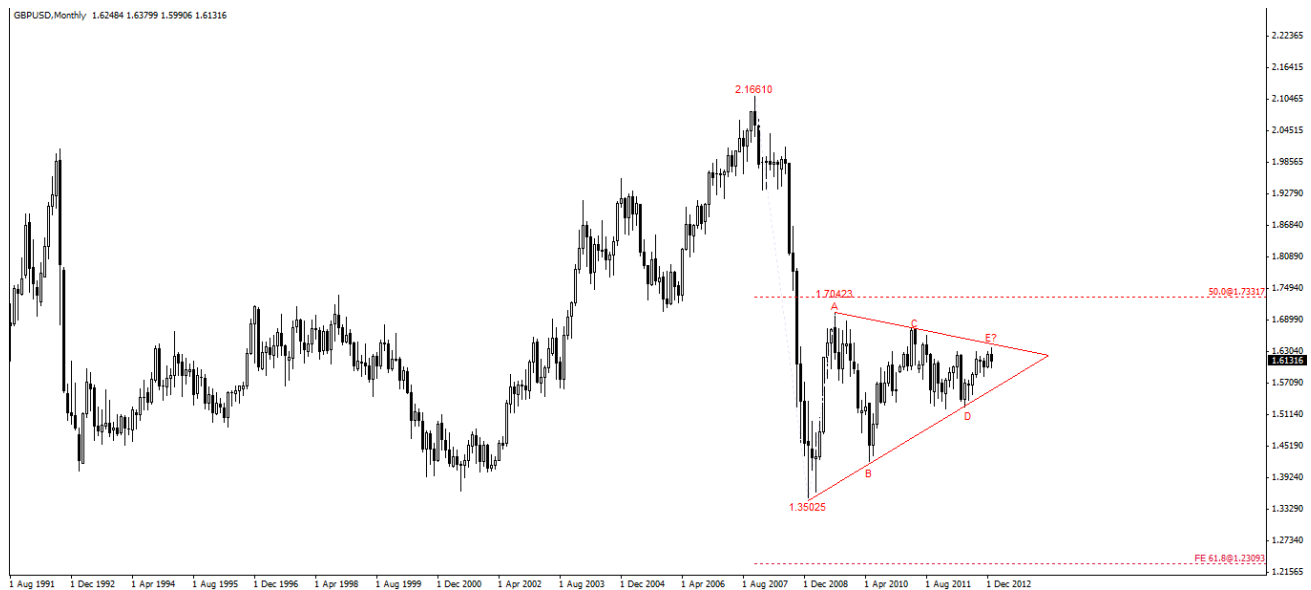
TRADE IDEAS

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

TRADE JOURNAL

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GBP-USD MONTHLY



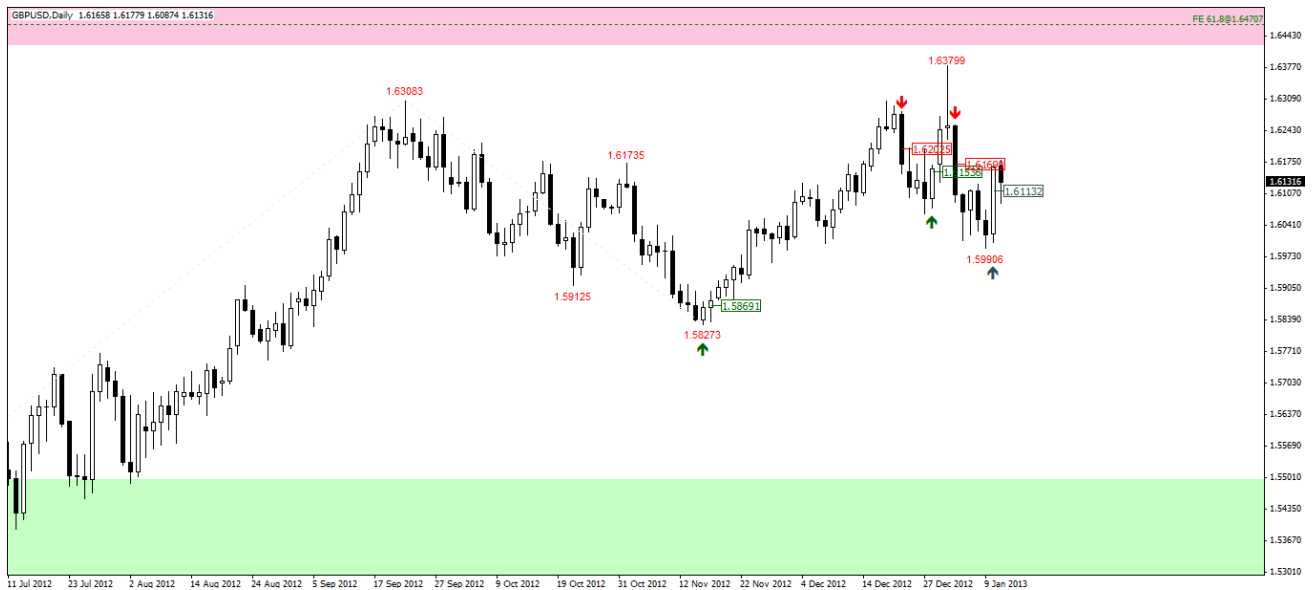
GBP-USD WEEKLY



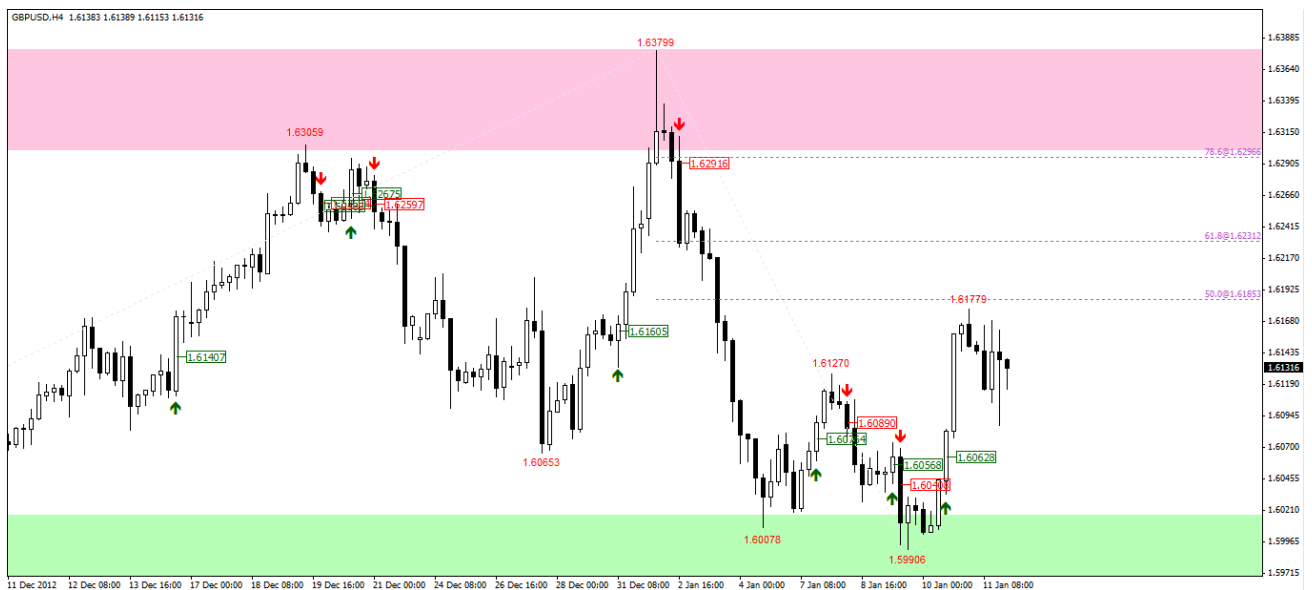
GBP-USD Long Term Outlook

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, last week spike to 1.63799 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 last 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

Thursday's rally suggested that a low is in place 1.59906 and that the correction from 1.63799 is over. That being the case, focus has shifted towards the supply zone at **1.63012-1.63799** which sits just above the 78.6% retracement of 1.63799 to 1.59906 at **1.62966**. However, the overnight rally stalled at 1.61779 in early Asian trading on Friday and pulled back some 50.0% of the rise from 1.59906 to 1.61779 with a print at 1.60874. The ensuing recovery triggered a buy signal in the H1 chart with a close above **1.61155**. Sustained rally above the immediate supply zone at **1.63012-1.63799**, would further suggest a challenge of the upper trend-line of the triangle formation seen in the W1 chart. On the downside, a break below **1.59906** would bring further weakness to the November low of **1.58273**.

GBP-USD 1-HOURLY



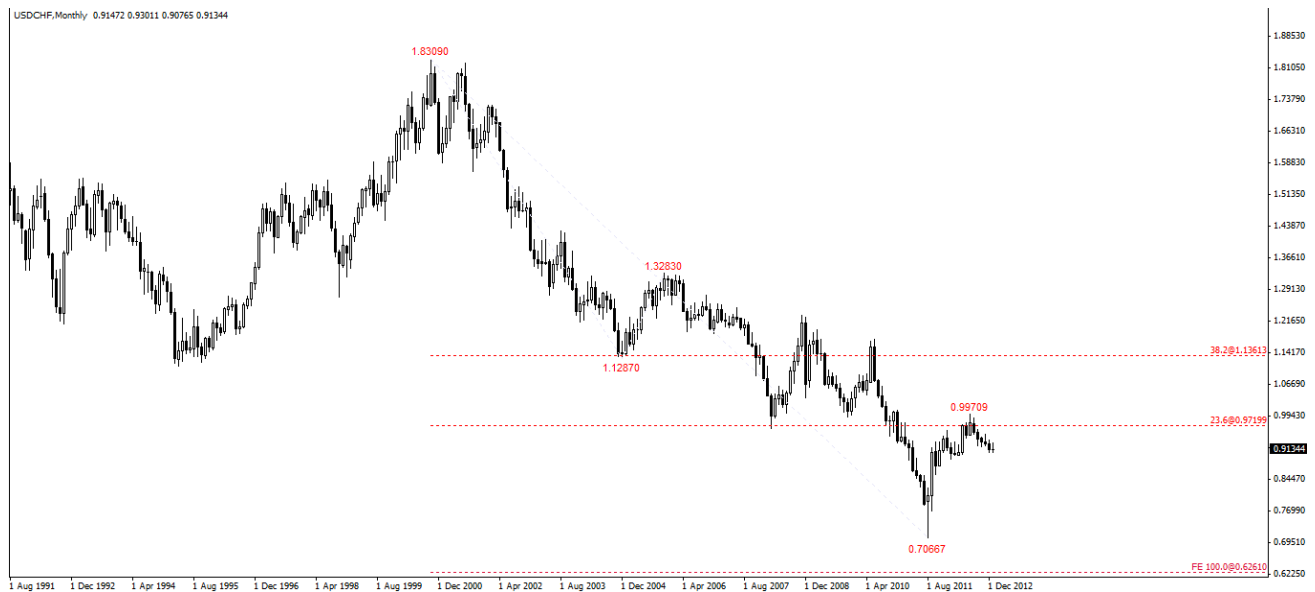
GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.61155	1.607754	1.62378	1.63003	3	0.03m

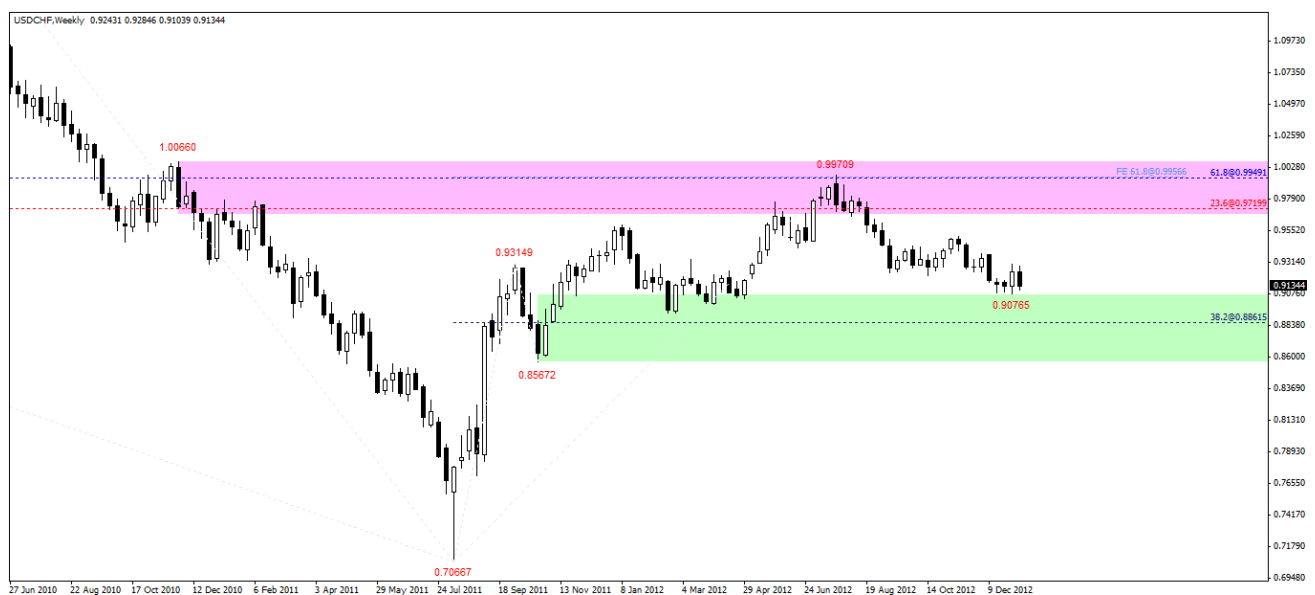
GBP-USD TRADE JOURNAL

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USD-CHF MONTHLY



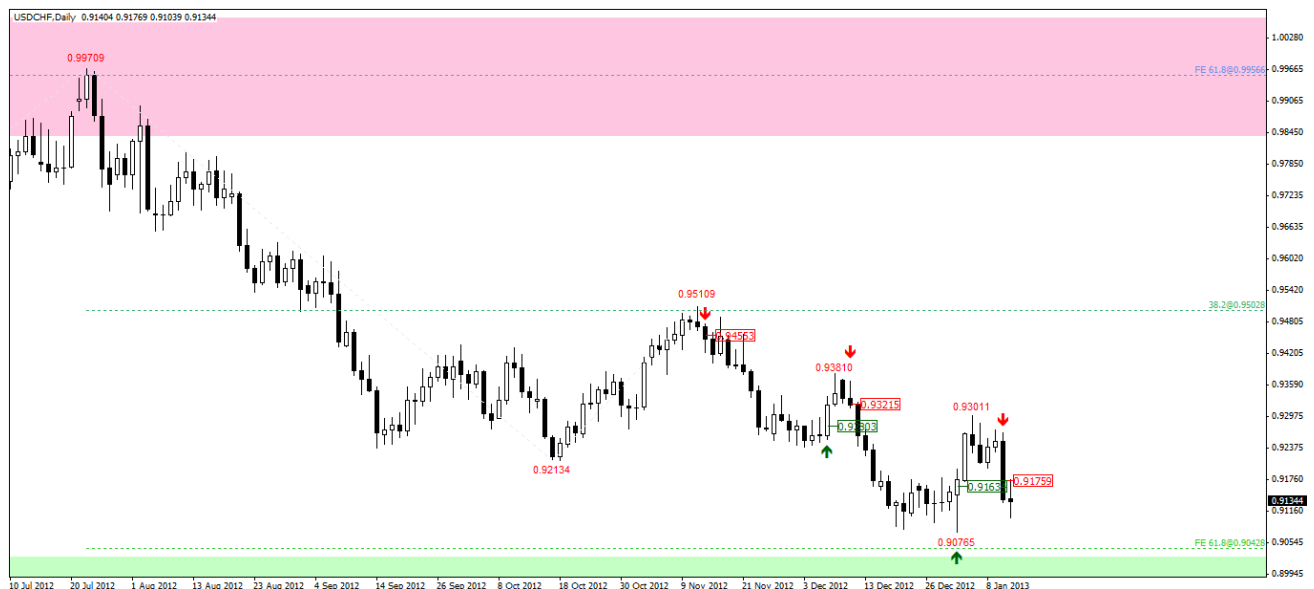
USD-CHF WEEKLY



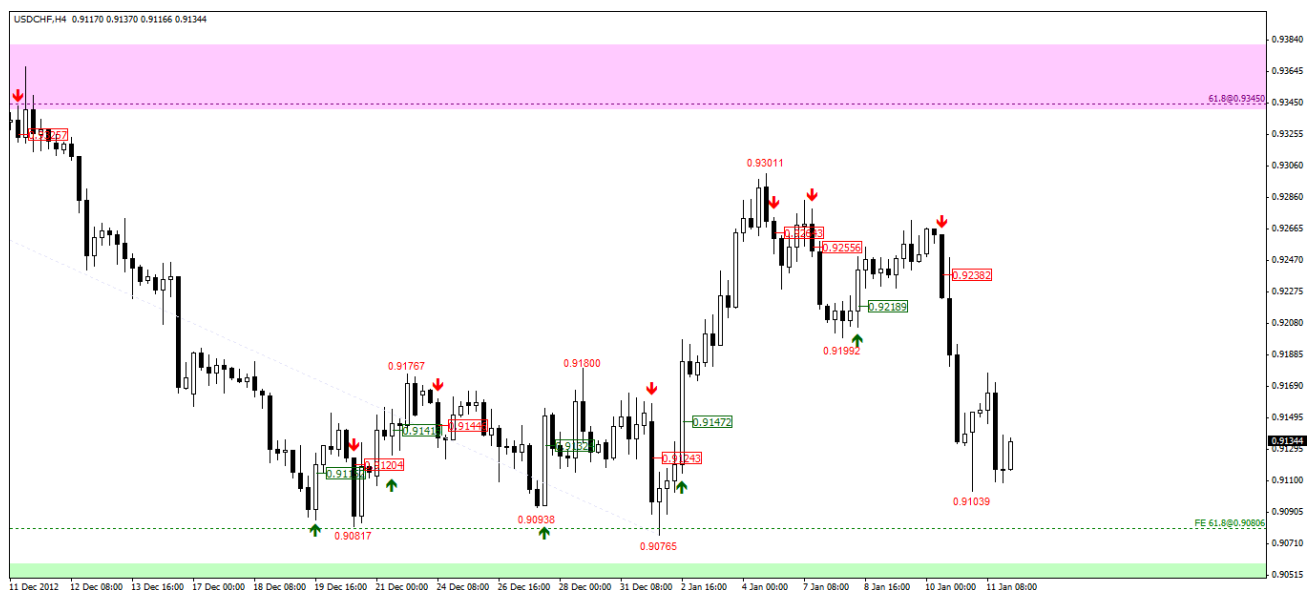
USD-CHF Long Term Outlook

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, however, 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. In the long-term, the decline from 0.99709 is initially expected to extend target the 38.2% retracement of 0.70667 to 0.99709 at **0.88615**. Should the longer-term fall resumes below **0.70667**, the longer-term target is the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62613**.

USD-CHF DAILY



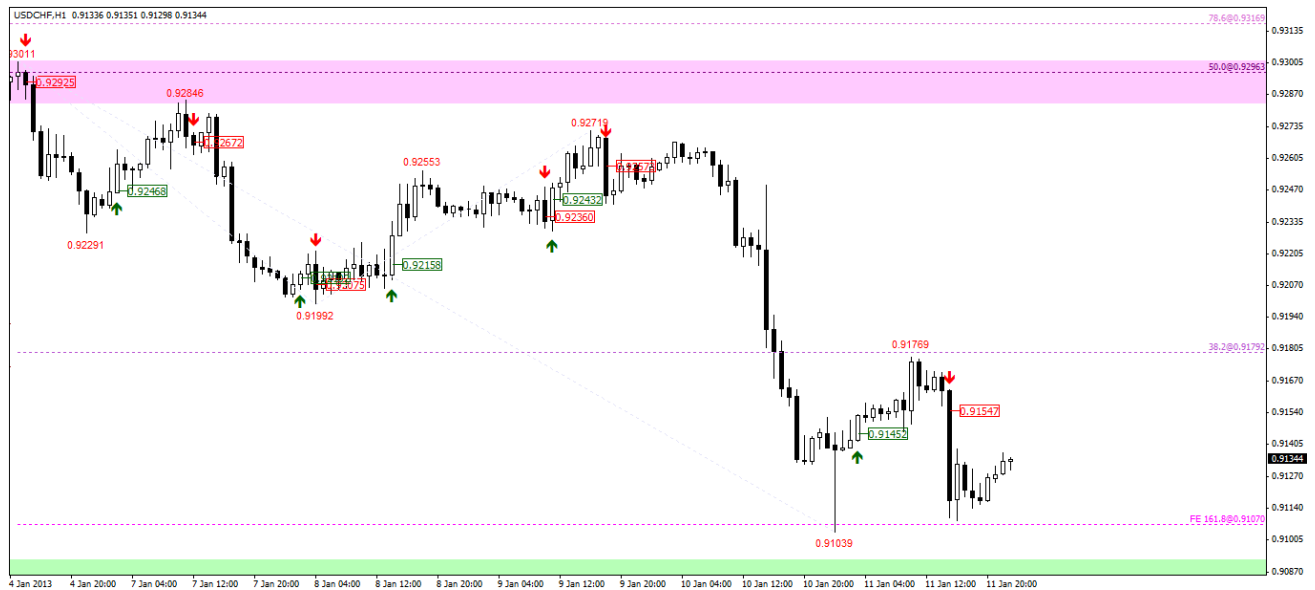
USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

With Thursday's sharp fall, there is high probability that the correction of the fall from the November 13 high of 0.95109 is over. As such, a re-test of this week's low at **0.90765** can be expected going forward. Sustained fall below this level would target the key DZ at **0.89301-0.90278** next. On the upside, should this market attempts to rally, topside is expected to be capped at the supply pocket at **0.93407-0.93810** where the 61.8% retracement of 0.95109 to 0.90765 at **0.93450** is located. In the meantime, the overnight fall hit a bottom just under the 161.8% projection of 0.93011 to 0.91992 from 0.92719 at 0.91070 with a print at 0.91039 in early Asian session on Friday and rebounded. It managed a 38.2% rebound from 0.93011 to 0.91039 at 0.91792 and peaked at 0.91769 before selling off again in early NY session. Along the way, it triggered a sell signal with a dose below **0.91547** in the H1 chart.

USD-CHF 1-HOURLY



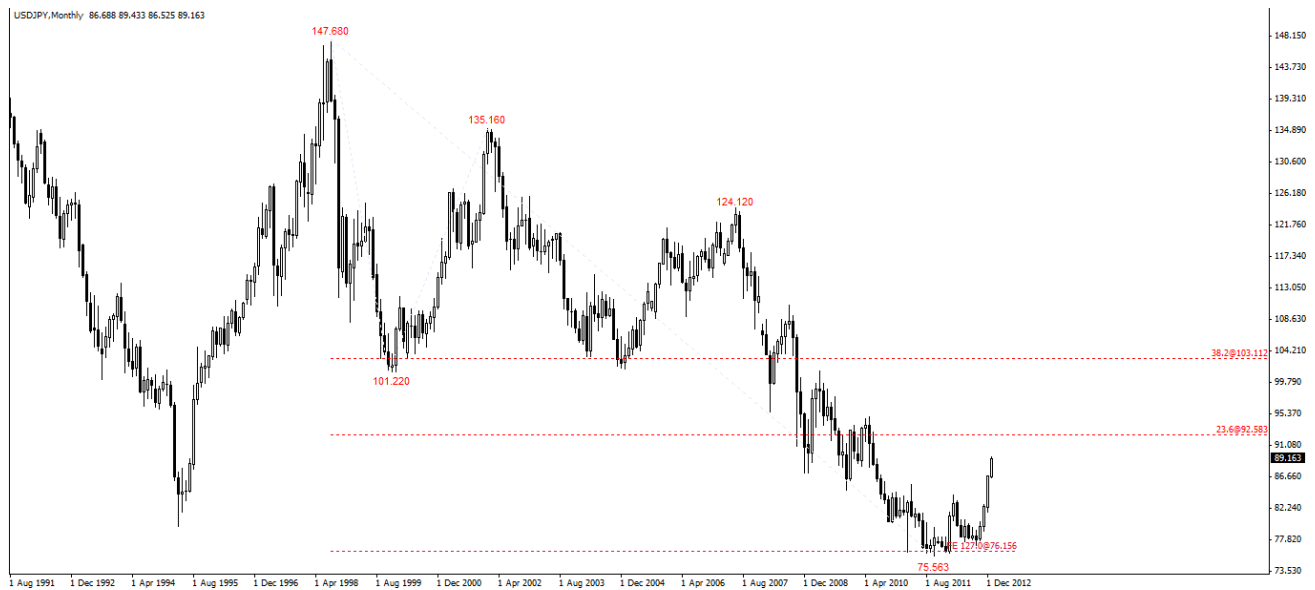
USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		0.91547	0.91869	0.90587	0.89847	3	0.03

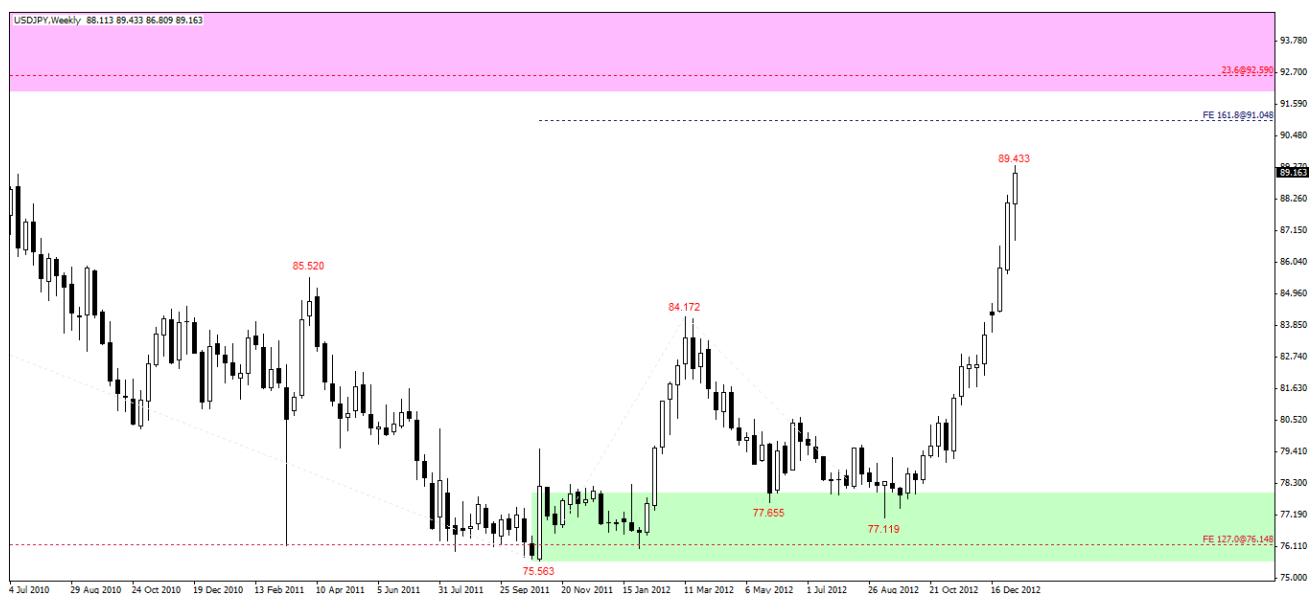
USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04										0.74	10,073.91
2013.01.11 15:12	0.03m	0.91547	2013.01.11 23:59	0.03m	0.91344	60.9	66.67				

USD-JPY MONTHLY



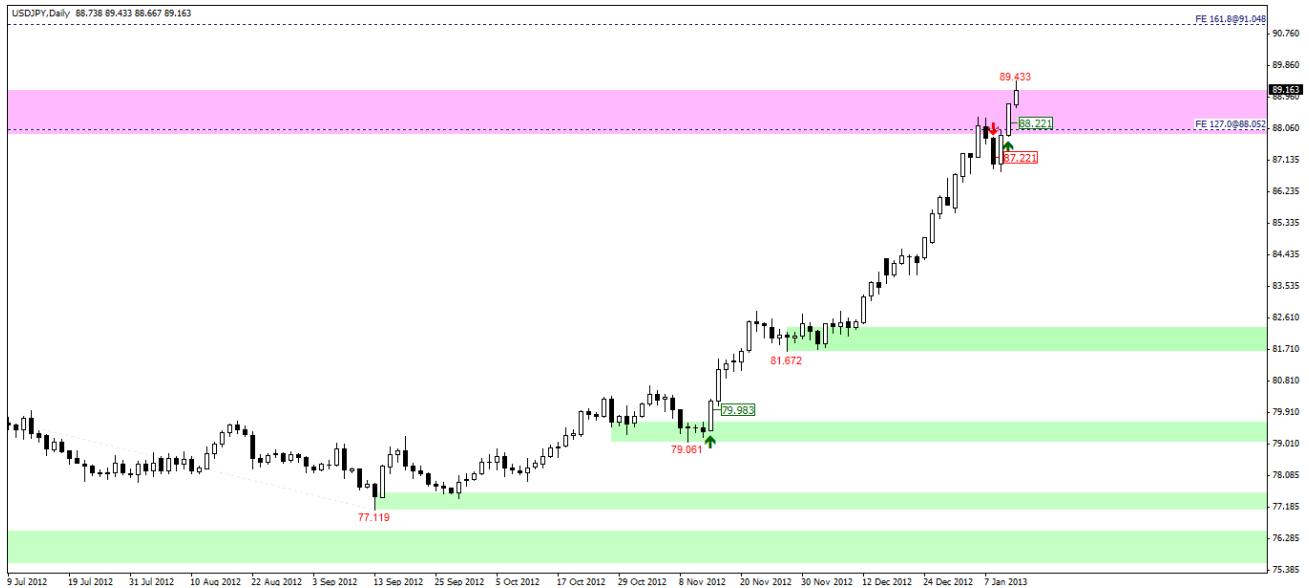
USD-JPY WEEKLY



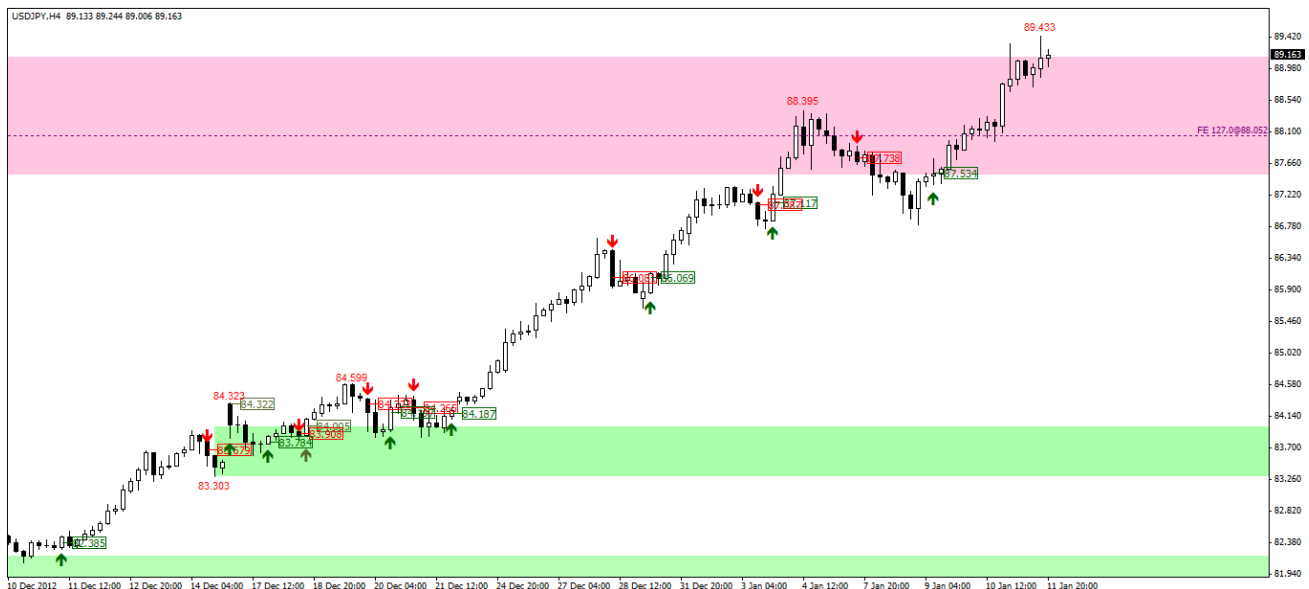
USD-JPY Long Term Outlook

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. The resulting rally having powered above the 127.0% projection of 75.563 to 84.172 from 77.119 at **88.052**, has the next target at the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048** solidly locked its sight. 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**.

USD-JPY DAILY



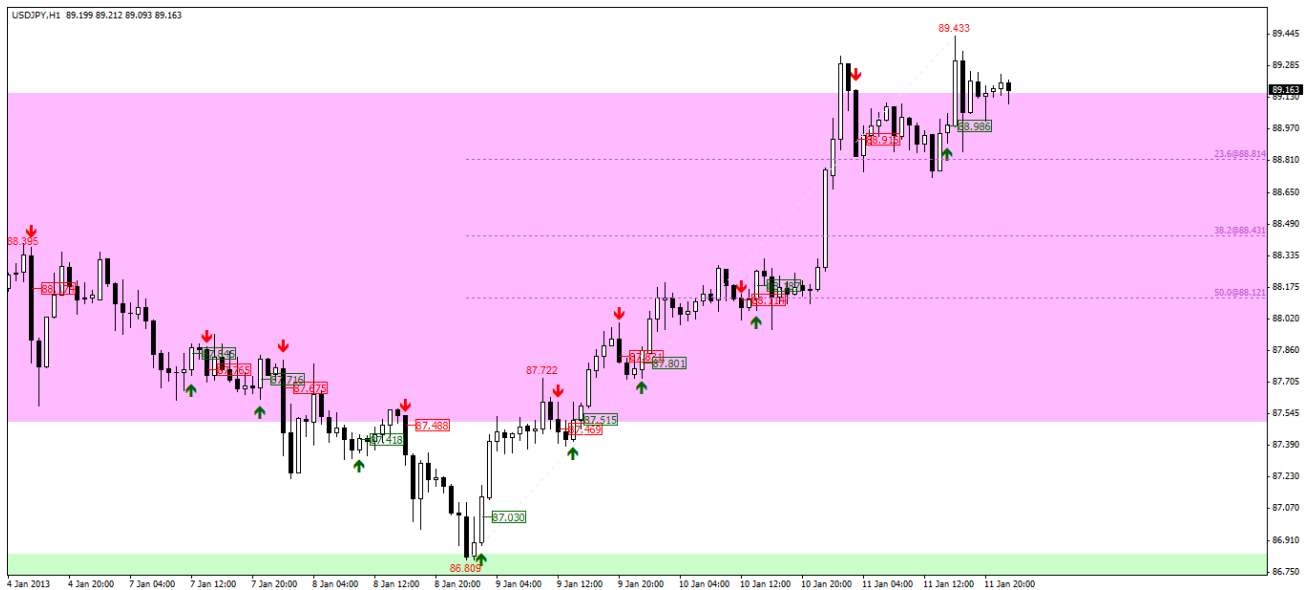
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

Optimism knows no bound as this market resumes its bull-run from 77.119. Friday witnessed yet another amazing run with a 31-month high of 89.433. Price action is currently within a major SZ at **87.884-90.146** but barely. Sustained trading above this zone would reinforce the belief that this market is gunning for the psychological level of **90.000**. A likely target is the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048** (see D1 chart). Beyond this level would shift focus on the 38.2% retracement of 147.680 to 75.563 at **103.11** next. On the downside, only sustained trading below the minor demand pocket at **86.754-87.023** would compromise the immediate bullish bias.

USD-JPY 1-HOURLY



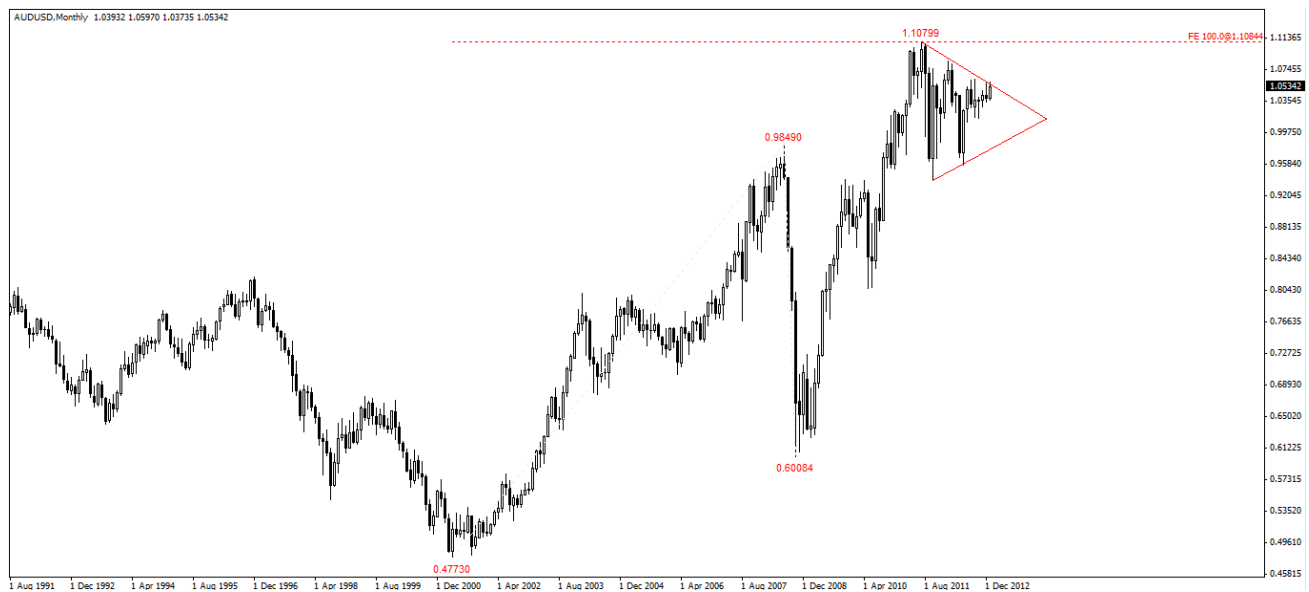
USD-JPY TRADE IDEAS

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	H1 close below 88.738	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	+ / - (\$)	%	\$
2013.01.04										0.45	10,045.48
2013.01.02 15:06	0.02m	86.882	2013.01.11 23:59	0.02m	89.163	456.2	511.65				

AUD-USD MONTHLY



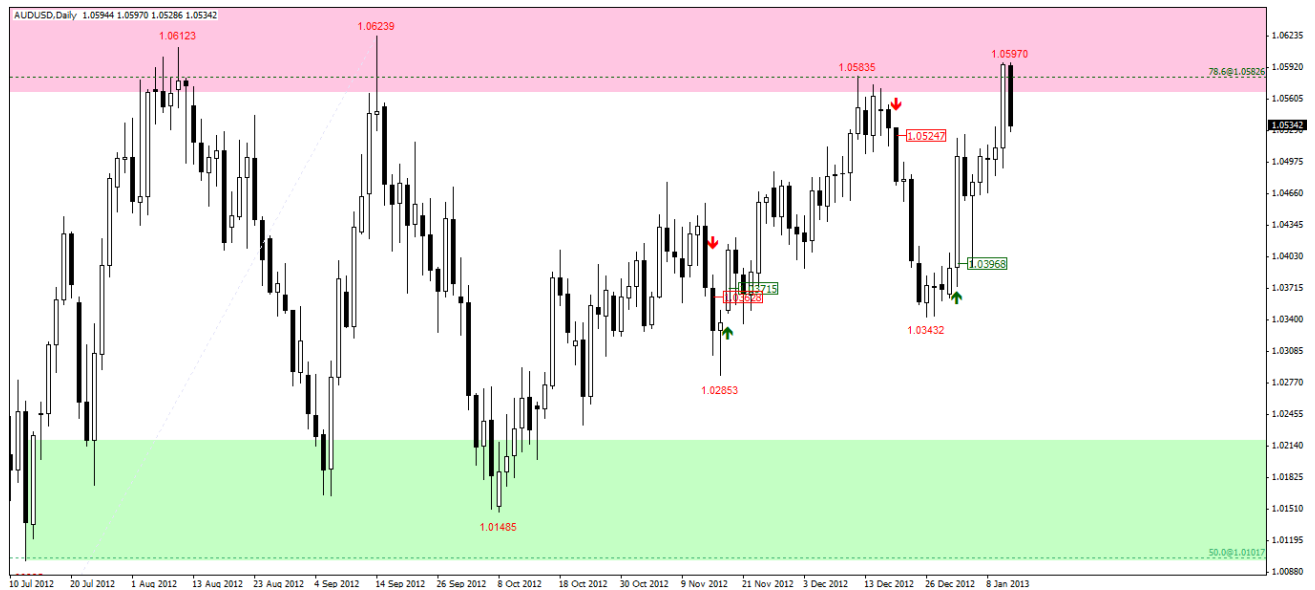
AUD-USD WEEKLY



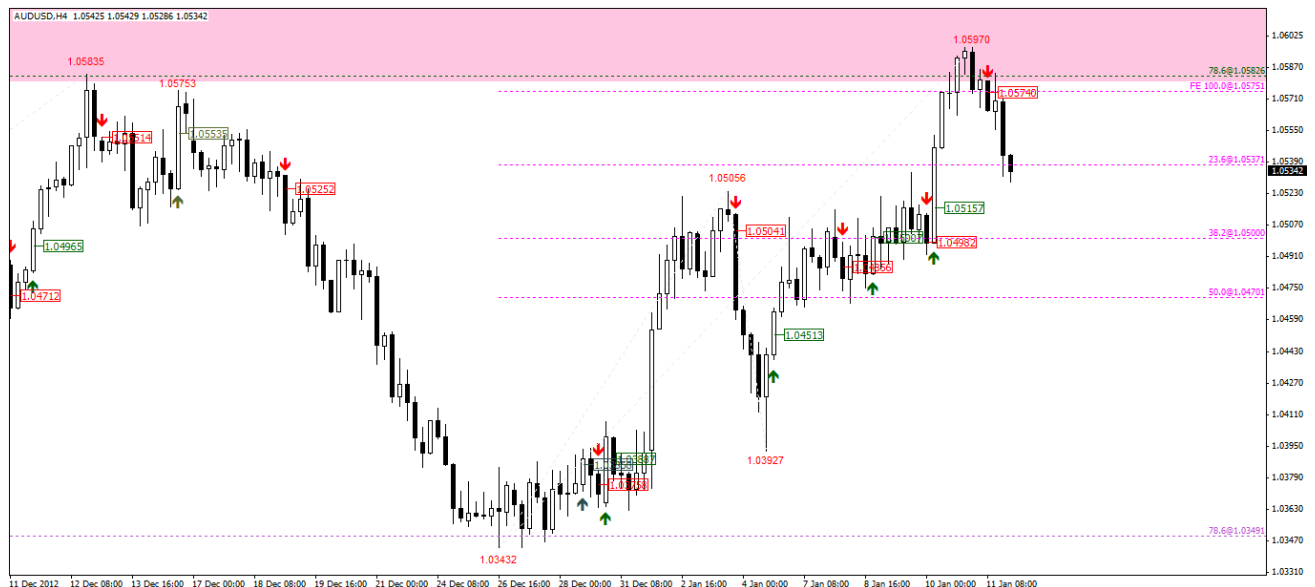
AUD-USD Long Term Outlook

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 last leg of this pattern and should extend lower towards the final leg of this triangle formation. A break below last December low of **1.01485** would confirm this bearish assessment. Once the last leg is in place, an explosive rally is anticipated to rally beyond the all-time high of **1.10799**. The triangle scenario was severely tested on Friday when price action appears to break above the upper trend-line of the triangle but by Friday's dosing, it stays within the triangle – just barely. 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



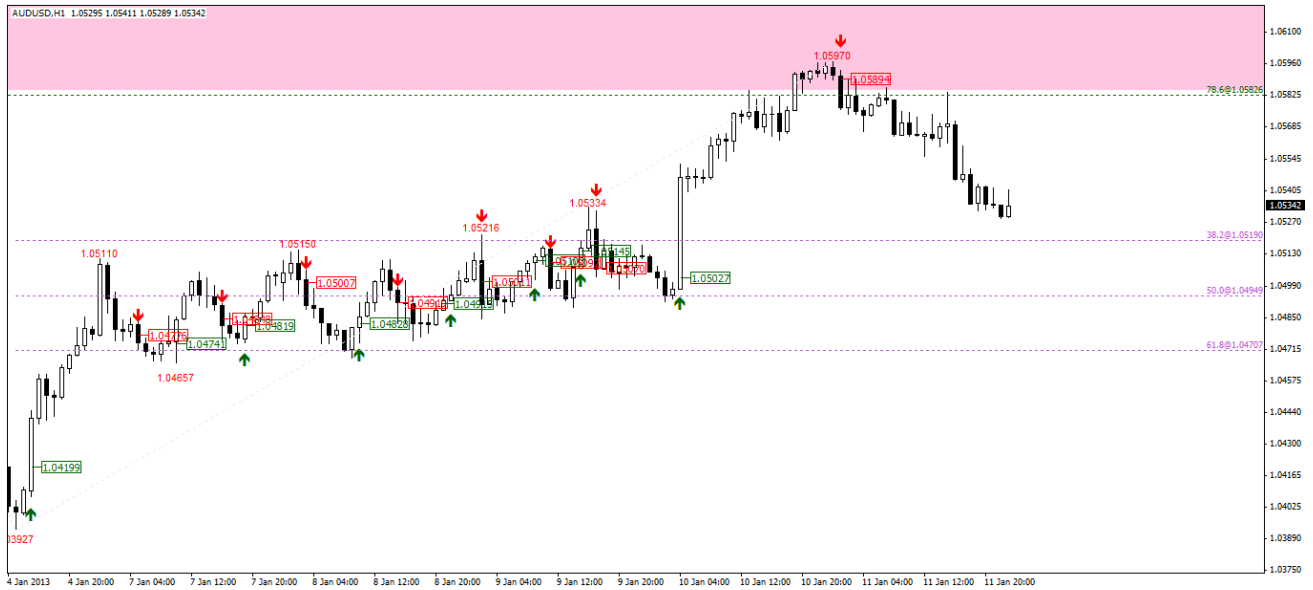
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

Thursday saw the break above last week's high of 1.05056; suggesting the resumption of the rally from 1.03432. However, with price action falling from within the supply pocket at **1.05796-1.06239**, correction has set in overnight. Yesterday's update noticed that a close fell below the minimum target made of the 23.6% retracement of 1.03927 to 1.05970 at **1.05488** and is poised to stretch to the 50.0% and 61.8% retracement level of 1.03927 to 1.05970 at **1.04949** and **1.04707** respectively. From there, this bull-run may resume. However, should the fall accelerates and breaks below the Boxing Day low of **1.03432**, the DZ at **1.00995-1.02202** should contain further fallout (see D1 chart).

AUD-USD 1-HOURLY



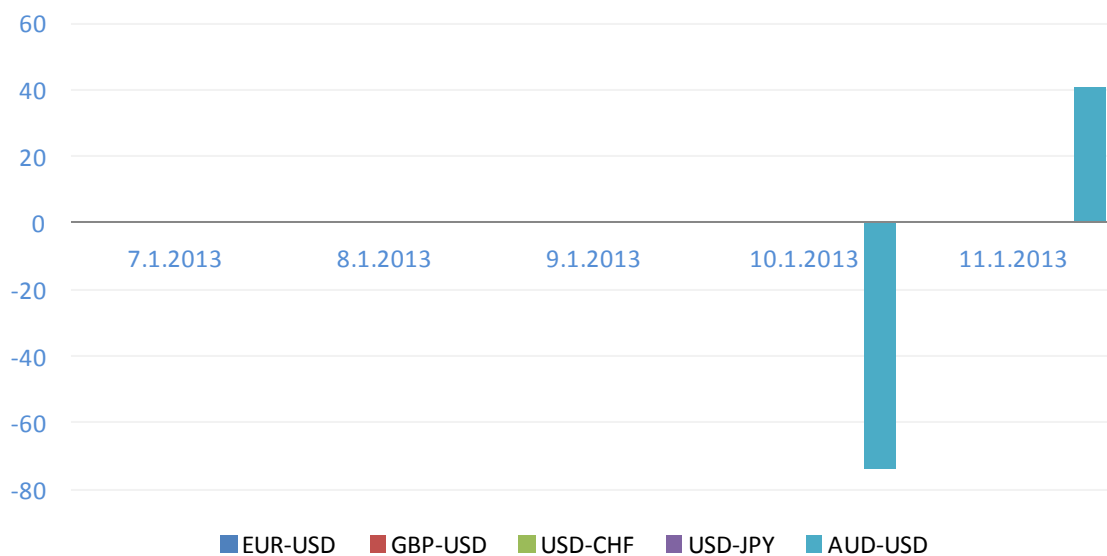
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold	Sell on close below 1.05894 in H1 chart	1.05894	1.06070	1.05488 Realized	1.04949	3	0.03

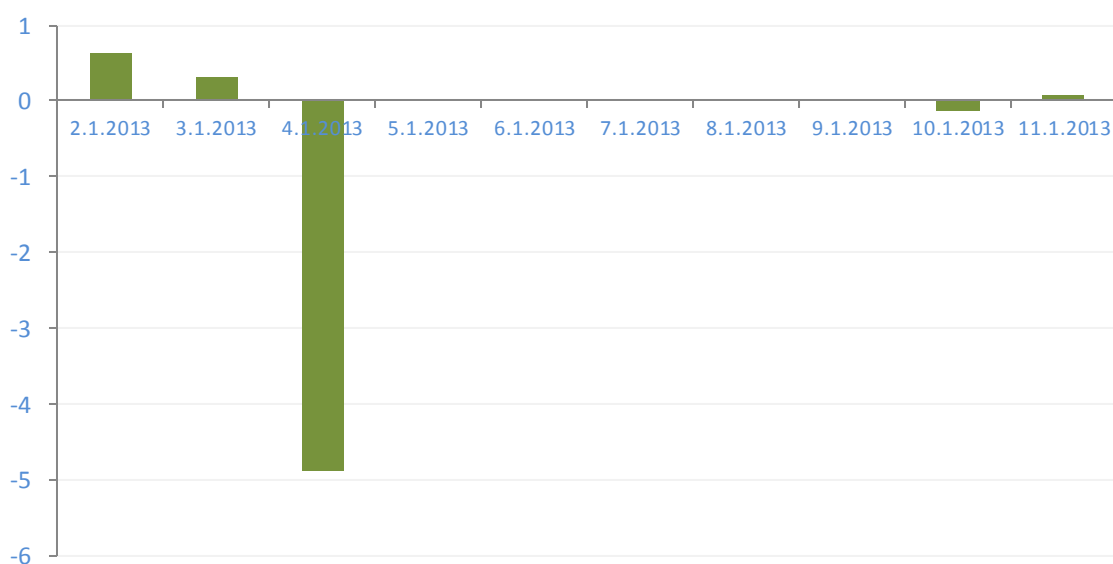
AUD-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											10,198.50
2013.01.08 02:08	0.02m	1.05150	2013.01.03 17:56	0.02m	1.05150						
2013.01.10 04:14	0.03m	1.05356	2013.01.09 02:30	0.03m	1.05110			-73.8	-73.80		10,124.70
2013.01.11 16:48	0.01m	1.05488	2013.01.11 01:20	0.01m	1.05894			40.6	40.6	1.65	10,165.30
2013.01.11 23:59	0.02m	1.05342	2013.01.11 01:20	0.02m	1.05894	110.4	110.40				

Daily Realized 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.