Wed, Mar 27, 2013 Weekday Edition

FOREX OUTLOOK



A Traders Academy International Publication

Euro Nears 4-Month Low

EUR-USD hovered near a 4-month low on Tuesday as mixed messages from European officials kept fears alive that a decision by Cyprus to tax large bank depositors would set a precedent for other troubled Euro-zone economies. It settled at 1.28551, slightly up for the day, after falling as low as 1.28276, its lowest level since Nov. 22.

Worries about banks in larger debt-plagued Euro-zone countries such as Spain and Italy grew after Jeroen Dijsselbloem, head of the Eurogroup of Euro-zone finance ministers, said on Monday that the rescue plan for Cyprus, which penalizes large bank depositors, will serve as a model for resolving future euro-zone banking crises.

The European Central Bank sought to quash concerns, insisting Cyprus was a unique case. Both French President Francoise Hollande and Spain's Prime Minister Mario Rajoy said on Tuesday that Cyprus was a unique situation. But the European Commission said it might be possible for large uninsured depositors to be "bailed-in" as part of the future resolution of a bank under a new draft EU law.

Traders were keeping a wary eye on developments in Cyprus, where the scheduled reopening of banks has been postponed to Thursday from Tuesday. Even then, banks will be subject to capital controls to prevent a run on deposits.

Adding to the Euro's bearish makeup is the region's struggle to recover from recession, and concern that political instability in Italy might soon lead to a credit ratings downgrade.

Stronger-than-expected data on U.S. home prices and new orders for long-lasting manufactured goods also underscored the divergence between the economy of the United States and the bleak outlook for the Euro-zone economies.

Separate U.S. economic reports on Tuesday showed demand for long-lasting manufactured goods surged in February and single-family home prices started the year with the biggest annual increase in six and a half years.

The U.S. economy, however, is not out of the woods as other data showed consumer confidence tumbling in March while sales of new U.S. single-family homes fell more than expected in February after hefty gains the previous month.

USD-JPY rose as Bank of Japan Governor Haruhiko Kuroda reinforced expectations of aggressive monetary easing ahead of the bank's policy-setting meeting next week.

BOJ's Kuroda said the central bank will seek to push down market interest rates by purchasing longer-dated government bonds, underscoring its resolve to expand its balance sheet more aggressively to beat deflation.

Some analysts cautioned that with market players already expecting drastic measures at the April 3-4 BOJ meeting, the Japanese Yen could rebound if policymakers fail to produce a decision that matches those expectations.

While Japanese policymakers have repeatedly expressed their preference for a weaker local currency in recent months, undercurrents of risk aversion emanating from the Euro zone crisis have led to a good number of traders either taking profits on short-Yen positions or even entering long-Yen trades on a tactical basis.

Yen weakness was also limited by worries about the Euro zone. The yen tends to benefit in times of market uncertainty as traders shed riskier investments funded by cheap borrowing in the Japanese Yen. Flows related to Yen repatriation ahead of Japan's fiscal year-end in March could also support the yen in the coming days.

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DAYLIGHT SAVINGS TIME

Starting Monday, 31 March, U.K. and Switzerland will revert to DST. As such, Zurich will open at 2:00pm and London at 3:00pm Singapore time. Australia will revert to DST on 7 April 2013.

EUR-USD DAILY



EUR-USD 4-HOURLY



EUR-USD 1-HOURLY



EUR-USD Short Term Outlook

With the fall 1.37101 probably resuming, this market managed a marginal low at 1.28276 overnight. For the time being, market has stabilized in the aftermath of Cyprus securing a last minute bailout from the EU. Even though the issue of Cyprus has been 'settled' for the time being, the damage to the European banking system may come back to haunt them sometime in the near future. If there is run on the banks when there are opened later today, the panic may quickly spread to the other heavily indebted European nations. As such, this market is still bearish and immediate focus is on the demand pocket at 1.26610-1.27090 where the 61.8% retracement of 1.20416 to 1.37101 at 1.26790 is located. Any rebound is still seen as selling opportunities; especially within the immediate supply pocket at 1.30097-1.30476.

TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 1.30097-1.30476		1.30476	1.28923	1.27221	3	0.03m

TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)					mulative alance		
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.22										5.13	10,512.00
2013.03.25 08:26	0.01m	1.30294	2013.03.25 16:34	0.01m	1.28916			137.8	137.80	6.50	10,649.80
2013.03.25 08:26	0.02m	1.30294	2013.03.25 18:34	0.02m	1.28575			343.8	343.80	9.94	10,993.60

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD 1-HOURLY



GBP-USD Short Term Outlook

As noted, the late sell-off on Monday suggested that the rebound from last Tuesday's bottom at 1.48305 may have run its course and this market is set to resume its southward trajectory. To confirm this bearish assessment, prices need to break below the immediate demand pocket at 1.50258-1.50798. If this price bracket holds, then perhaps this potentially bearish assessment has to be deferred. If so, the stage is set for an extension of the rebound to test the previous support-line (now turned resistance) of the triangle pattern (see D1 chart). Regardless of its next move, even if prices continue to rise, the idea of scale-in selling remains in force. The next level to sell (if it happens) is the price bracket between the 127.2% extension of 1.48305 to 1.51756 from 1.50258 at 1.54648 and the 38.2% retracement of 1.63801 to 1.48305 at 1.54224. This is the extreme area in which the rebound from 1.48305 is expected to be capped.

GBP-USD TRADE IDEAS

Ac	ction	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
S	old	Scale in selling between 1.52570-1.53193	1.52570	Break-even	1.50456	1.48516	3	0.03m

GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	·				lized /L		mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.22										19.25	11,924.90
2013.03.25	0.01	1.52570	2013.03.26	0.01	1.51574	99.6	99.60				
01:40			23:59								

USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF 1-HOURLY



USD-CHF Short Term Outlook

The fall from 0.95658 has a distinct 3-wave structure and as such is corrective in nature. Monday's fall to 0.93515 may have completed this corrective move and there is a very chance this market is poised to resume its larger degree rebound from 0.70614 from way back in August 2011 (see W1 chart). At this point in time, there is no definitive confirmation that the correction from 0.95658 is over. Clearance above the supply pocket at 0.95266-0.95658 would help clear the short-term uncertainty (see H1 chart). However the litmus test in the medium-term is the 61.8% retracement of 0.99709 to 0.90212 at 0.96081 where a significant supply zone at 0.96086-0.96346 awaits. Failure to clear this barrier may see an unraveling of this rally from 0.90212.

USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		0.93844	Break-even	0.94759	0.95266	3	0.03m

USD-CHF TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price				Realized P/L		umulative Balance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.18										4.93	10,493.17
2013.03.25	0.01	0.93844	2013.03.25	0.01	0.94759			91.5	96.56	5.90	10,589.73
01:58			16:46								
2013.03.25	0.02	0.93844	2013.03.26	0.02	0.94825	196.2	206.91				
01:58			23:59								

USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY 1-HOURLY



USD-JPY Short Term Outlook

The fall from within the supply pocket at **96.049-96.266** extended only to the first target where the Fibonacci cluster comprising the 50.0% retracement of 90.852 to 96.699 at **93.775** and the 100.0% extension of 96.699 to 94.304 from 96.126 at **93.731** are located on Monday and rebounded. It was originally thought that this corrective pullback from 96.699 may somehow extends all the way to test the Fibonacci cluster comprising the 61.8% retracement of 90.852 to 96.699 at **93.086** and the 127.2% extension of 96.699 to 94.304 from 96.126 at **93.080**; which is situated just above the demand pocket at **92.908-93.047**. At any rate, we'll maintain our short positions for the possibility of another jab at these levels and ideally take profit there and re-position long positions for another assault on the year's high and beyond. In so long as this market does not close above **95.028** in the D1 chart, selling into the supply pocket at **94.915-95.128** is smart speculative play. On the other hand, should prices rally and close above this price pocket, then perhaps, the correction from 96.699 may be over and the rally from 77.126 has resume in earnest.

USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold	Exit on D1 close above 95.028	95.907		94.838 Realized	93.086	2	0.02m
Buy	Buy on buy signal between 92.908-93.086		92.808	94.911	96.472	3	0.03m

USD-JPY TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price		Unrealized P/L		red Realized P/L		mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.22										22.97	12,297.38
2013.03.21 06:15	0.01	95.907	2013.03.26 23:59	0.01	94.165	174.2	1847.99				

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD 1-HOURLY



AUD-USD Short Term Outlook

The last trading sessions have seen this market surged to a fresh 9-week high at 1.04957 yesterday. This is just a touch higher than the 78.6% retracement of 1.05972 to 1.01143 at 1.04939 and the 161.8% extension of 1.01143 to 1.03001 from 1.02027 at 1.05033. In a slight revision of the bearish case, unless and until price actions sustain above 1.05033 instead of the supply pocket at 1.04425-1.04755, selling is still the preferred course of action. In the medium-term, focus is on the resistance line of the triangle pattern — at roughly the 1.05500 level (see W1 chart). In the event that prices rallied above 1.06240, this would effectively debunk the triangle pattern scenario and open up the possibility of an imminent challenge of the all-time high at 1.10796 and beyond. Until that happens, selling within 1.04740-1.4957 offers better odds.

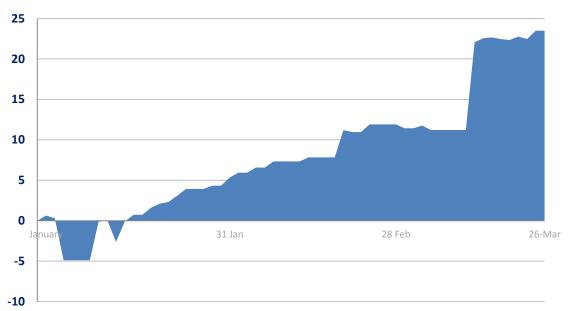
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.04479	1.05133	1.03474	1.02921	3	0.03m
Buy	Buy on buy signal between 1.03360-1.03474		1.03260	1.03972	1.04425	3	0.03m

AUD-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	,		ealized P/L	Real P			mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.21										16.01	16,005.30
2013.03.21 16:40	0.03m	1.04479	2013.03.26 23:59	0.03m	1.04799	-96.0	-96.00				

Accumulative Percentage P/L



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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.