

*A Traders Academy International Publication*

## USD-JPY Rebound On G20 Omission

USD-JPY fell earlier this week on expectations officials from the G20 would express disapproval of Japan's policy. It recovered on Friday after three days of losses as a draft statement from the Group of 20 nations did not single out Japan for undertaking policies that have weakened its currency. That was a signal for traders to keep selling the Japanese Yen, which has already fallen more than 7 percent this year versus the US Dollar following losses of 11.3 percent in 2012.

The Yen had gained this week on expectations the G20 countries, which are meeting in Moscow, would echo a statement made by the Group of Seven this week and censure Japan for the Yen's sliding trend. The final communiqué is not due until Saturday and could change. But for the time being, traders have responded positively to what appears to be less constraint on Japan from G20 nations by buying the Dollar and Euro against the Yen.

In late New York afternoon trading, USD-JPY rose 0.67 percent to 93.478 after hitting a one-week low of 92.208. It had set a 33-month high of 94.447 on Monday. USD-JPY has gained 0.83 percent this week, strengthening in 13 of the last 14 weeks. Although trading could be choppy at these levels, the bullish trend remains intact..

EUR-JPY settled up 0.67 percent at 124.918, after earlier falling to 122.874, its lowest since January 30. It hit a 34-month high of around 127.683 last week.

Yen shorts declined further as of Tuesday, data from the Commodity Futures Trading Commission on Friday showed, given the uncertainty about the G20 meeting at that time. But betting against the Yen should pick up again as the G20 decided not to make a big deal about the currency's weakness.

Federal Reserve Chairman Ben Bernanke on Friday said the United States is acting in line with the position of the G7 by using domestic policy tools to boost growth and reduce unemployment.

U.S. data released on Friday, meanwhile, also helped drive gains in USD-JPY. Manufacturing got off to a weak start this year as motor vehicle production tumbled, but a rebound in factory activity in New York state this month suggested the decline would be temporary.

US consumers were a bit more upbeat early this month even as they paid more for gasoline and their pay-checks were reduced by higher taxes, other data on Friday showed.

ECB chief Mario Draghi on Friday also criticized recent "chatter" on currencies and said the Euro's exchange rate was in line with long-term averages. Like ECB policymaker Jens Weidmann, who spoke earlier, Draghi resisted pressure from some Euro zone politicians to target the Euro's exchange rate on the ground that it is overvalued.

EUR-USD remained slightly under pressure a day after the release of data showing the Euro zone sinking more deeply into recession than forecast. The grim picture is likely to keep alive expectations of an ECB interest rate cut.

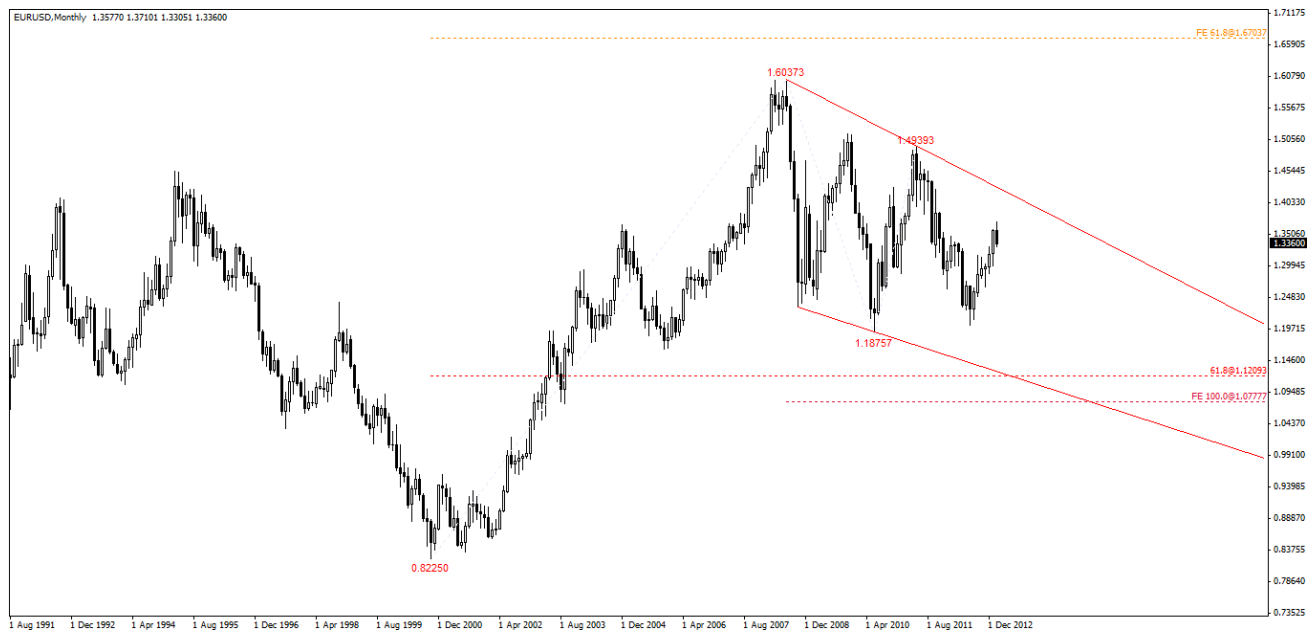
Euro zone money market rates are also likely to ease in coming weeks, which should keep the Euro well away from its recent high of 1.37101 struck on February 1. EUR-USD settled flat at 1.33600.

The Italian election on February 24 and news on the repayments by Euro zone banks of loans to the ECB would be the key drivers for the Euro in the upcoming week. The expectation is that the bank repayments would be lower than last month and should slow the pace of the decline in the ECB's balance sheet. That should be viewed as Euro negative.

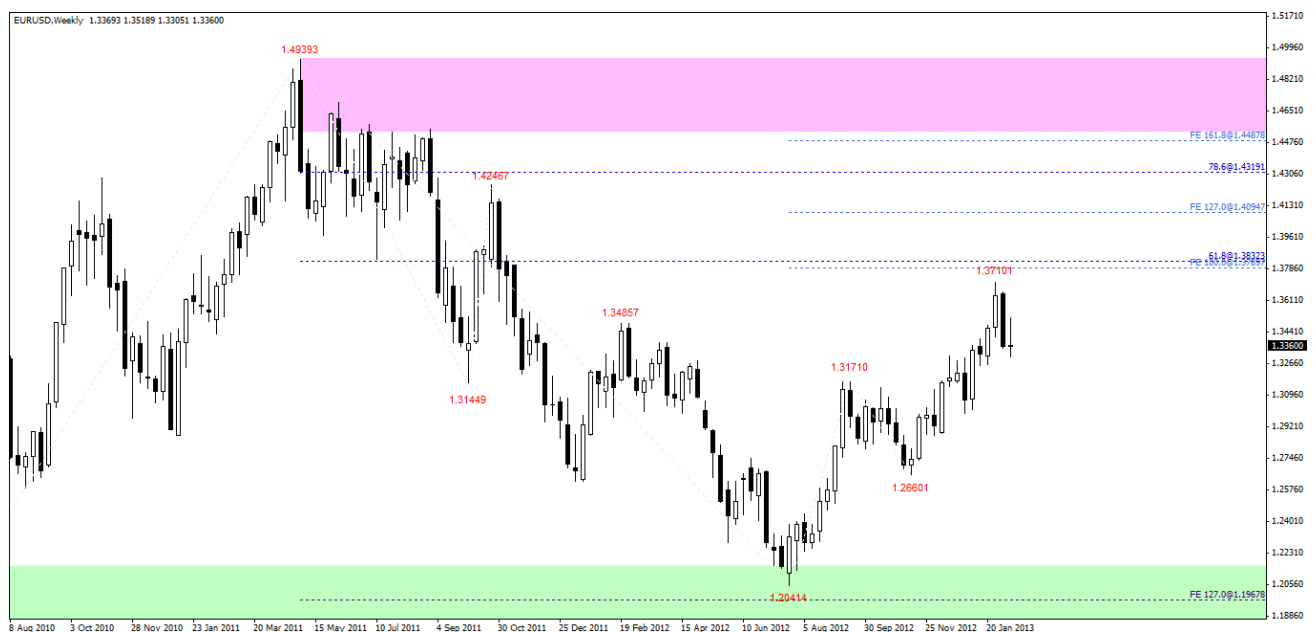
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## EUR-USD MONTHLY



## EUR-USD WEEKLY

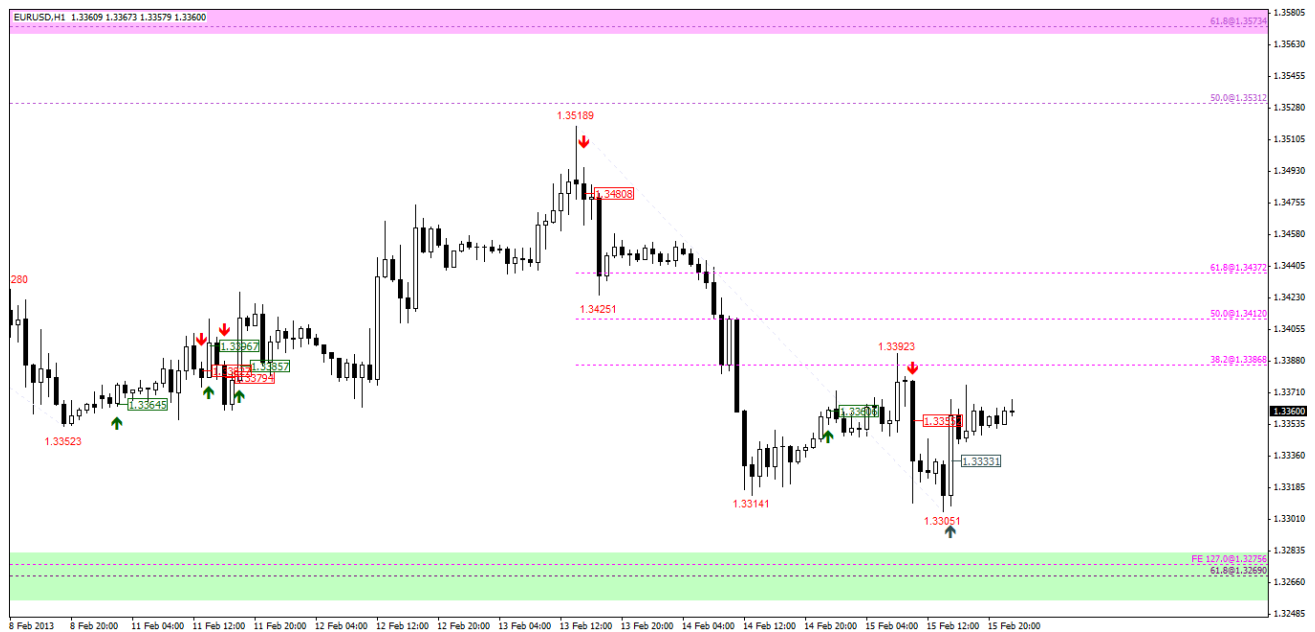


## EUR-USD Long Term Outlook

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 on July 24 2012. What followed was 6 months of consecutive back-to-back gains that have extended above the 2012 high of **134857**. This momentum, if left unchecked, is setting the stage for a rally towards the Fibonacci cluster of the 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897** and the 61.8% retracement of 1.49393 to 1.20414 at **1.38323**. However, sentiment soured last week, resulting in the largest single week loss since July 2012. Further losses this Thursday threatened to unravel its solid gains. However, by the end of the week, a *long-legged shadow doji* has appeared. Despite these two weeks of losses, it is premature to bury the bulls. Only a close below **1.33090** in the W1 chart would suggest that the rally is over. Until and unless that happens, focus remains locked on the Fibonacci confluence of the 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897** and the 61.8% retracement of 1.49393 to 1.20414 at **1.38323**.

Price action registered a marginal low overnight after breaking below last Friday's low of 1.33523 in Thursday's trading. At any rate, it was earlier noted that the entire up move from 1.20414 has a 3-wave structure, suggesting that the rally from last July is probably a larger degree correction of the fall from 1.49393 from way back in 2011 (see D1 chart). Only a sustained rally above the Fibonacci cluster of the 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897** as well as the 61.8% retracement of 1.49393 to 1.20414 at **1.38323** would require a re-look at this correction scenario (see W1 chart). Now that this market has fallen below last week's low, a secondary area in which this fall may be held is the 61.8% retracement of 1.29963 to 1.37101 at **1.32690** and the 127.0% projection of 1.37101 to 1.34574 from 1.35965 at **1.32756**; which incidentally sits just above demand pocket at **1.32452-1.32676** (see H4 chart). Since the long-term trend is still up, this price cluster offers opportunities to re-position long positions for another jab at 1.37101. Only a close below **1.33090** in the W1 chart would suggest that the 3-wave corrective rebound from 1.20414 is over and bears are fully in charge.

## EUR-USD 1-HOURLY



## TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on buy signals between 1.32452-1.32765		1.32352	1.35258	1.36690	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	+ / - (\$)	%	\$
2013.02.08										5.35	10,534.90

GBPUSD,Monthly 1.58552 1.58768 1.54601 1.55147

2.26985  
2.21375  
2.15765  
2.10320  
2.04710  
1.99265  
1.93655  
1.88045  
1.82600  
1.76990  
1.71545  
1.65935  
1.60490  
1.55147  
1.49270  
1.43825  
1.38215  
1.32770  
1.27160  
1.21715

2.16610

1.78423

1.35025

A B C D E?

50.00173372

FE 51.00123093

1 Aug 1991 1 Dec 1992 1 Apr 1994 1 Aug 1995 1 Dec 1996 1 Apr 1998 1 Aug 1999 1 Dec 2000 1 Apr 2002 1 Aug 2003 1 Dec 2004 1 Apr 2006 1 Aug 2007 1 Dec 2008 1 Apr 2010 1 Aug 2011 1 Dec 2012

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. Previously, the spike to 1.63799 suggested the E leg of the triangle formation may be in place. If so, the implication is huge. Over the last three weeks, each time prices came close to the ascending support-line of this triangle formation, it has managed to pull back. This week's fall below this psychologically important line, has set the stage for a precipitous multi-year fall extending from the 2009 high of 1.70423. As a target, this multi-year tailspin may only be arrested at the 61.8% projection of 2.11610 to 1.35025 from 1.70423 at **1.23093** which is roughly equidistant of the widest part of the triangle formation. Over the horizon, the last line of defense for the bulls is perhaps the demand zone at **1.52327-1.53578** (see W1 chart).

[illegible]

GBPUSD, H4 1.55223 1.55242 1.55095 1.55147

1.62030  
1.61560  
1.61090  
1.60620  
1.60150  
1.59670  
1.59200  
1.58730  
1.58260  
1.57790  
1.57320  
1.56850  
1.56370  
1.55900  
1.55430  
1.54960  
1.54490  
1.54020  
1.53550  
1.53070

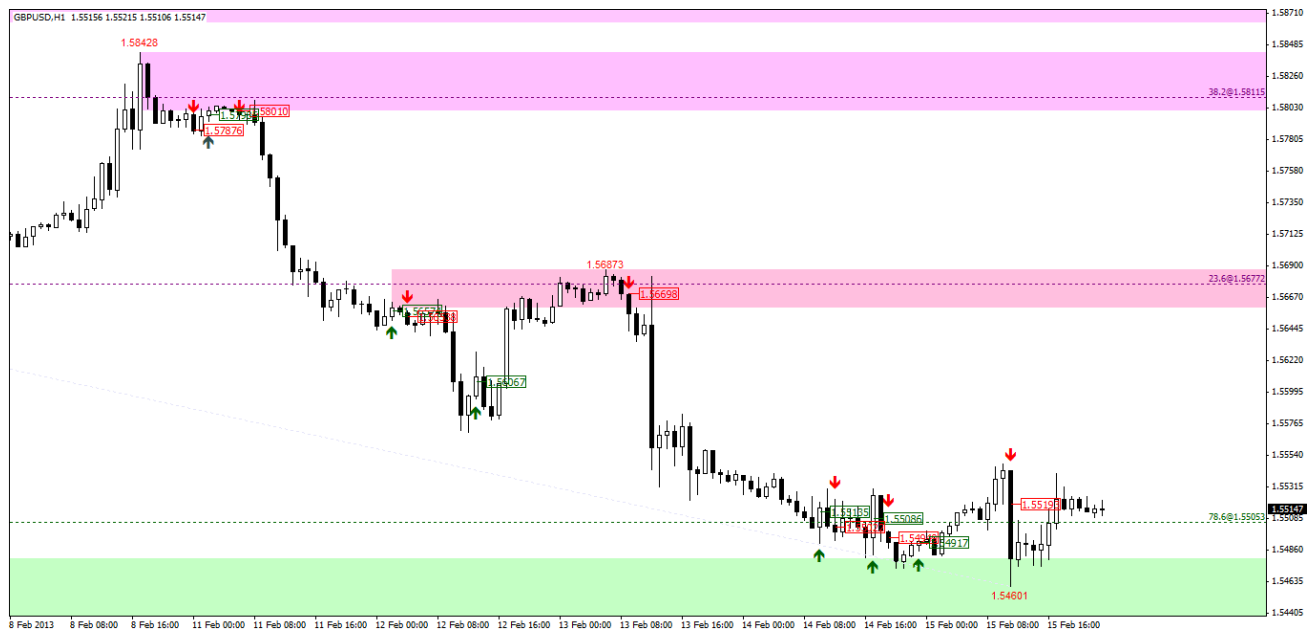
61.8@1.60285  
50.0@1.59200  
38.2@1.58115  
78.6@1.55053

1.57998  
1.57928  
1.57726  
1.57606  
1.57456  
1.56731  
1.58788  
1.58552  
1.58028  
1.57278  
1.57358  
1.57102  
1.58428  
1.57374  
1.56813  
1.56624  
1.55982  
1.54801

17 Jan 2013 18 Jan 2013 21 Jan 2013 23 Jan 2013 24 Jan 2013 25 Jan 2013 29 Jan 2013 30 Jan 2013 31 Jan 2013 4 Feb 2013 5 Feb 2013 6 Feb 2013 8 Feb 2013 11 Feb 2013 12 Feb 2013 14 Feb 2013 15 Feb 2013

Prices continues its downward spiral and traded into the demand pocket at **1.53922-1.54800** which lies just below the 78,6% retracement of 1.52672 to 1.63799 at **1.55053** and registered a marginal 7-month low at 1.54601 in overnight trading. The fact that this market has closed below the psychological support line seen in the triangle formation has some very serious bearish implications. A breakout of this nature will precipitate in a violent sell-off that may ultimately take prices into uncharted territory into the low 1.20000s. That's a 3,500 pips drop! Of course, this monstrous drop will stretch over months, if not years. There will be intermittent attempts to rally back into the triangle but prices are likely to be capped at the previous support line now turned resistant line. In the short-term, the demand pocket at **1.53922-1.54800** where price action is hovering right now is, as noted, a potential area in which buying interests may emerge. If so, any rebound is likely to be capped at the 23.6% retracement of 1.63799 to 1.54601 at **1.56772** where the immediate supply pocket at **1.56595-1.56873** is.

## GBP-USD 1-HOURLY



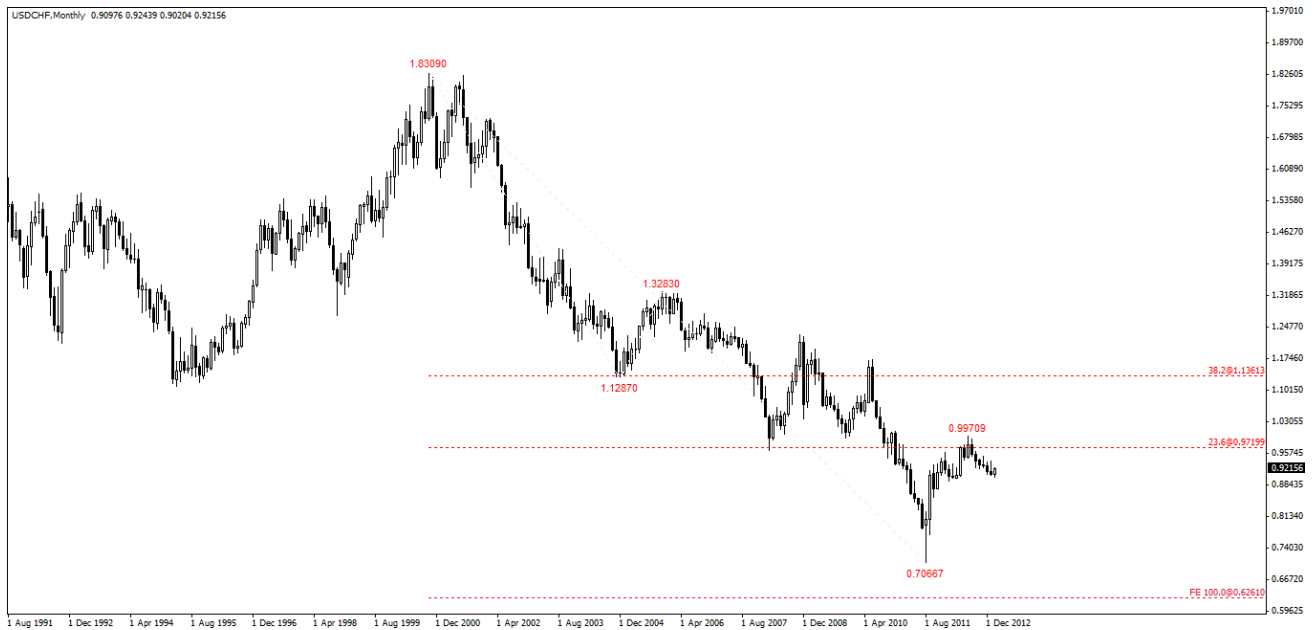
## GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold	Exit on D1 close above 1.55394	1.58750		1.56749 Realized	1.53475	3	0.03m

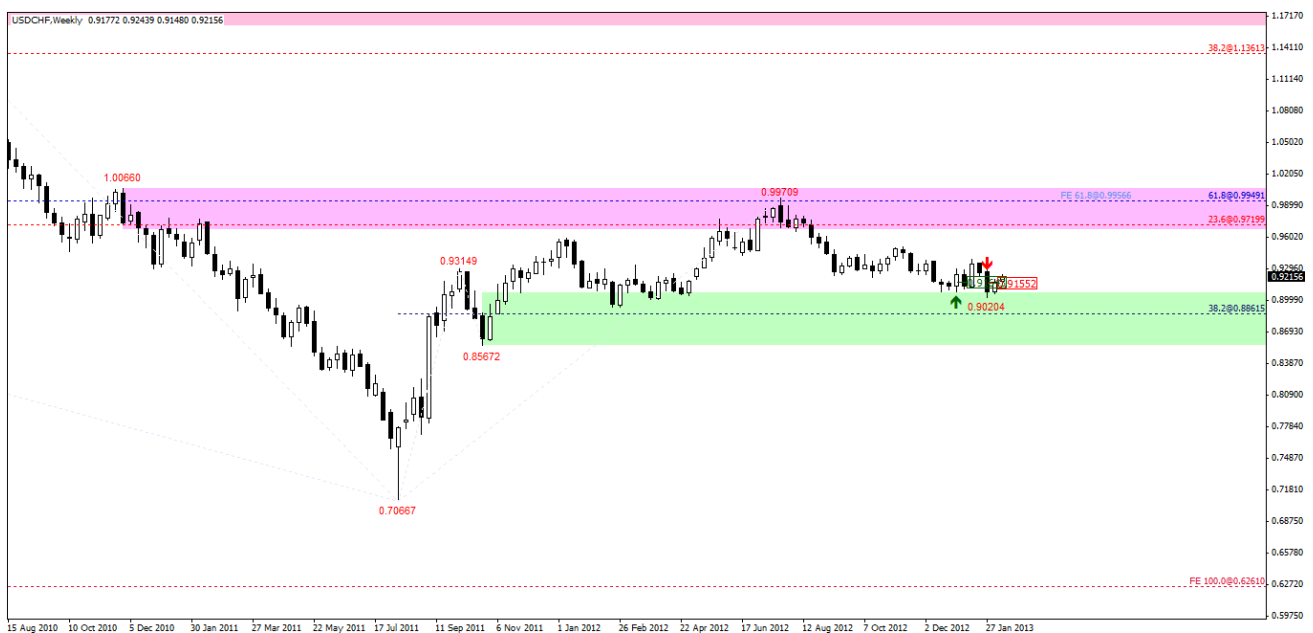
## GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.08										-3.41	9,659.50
2013.02.01 09:39	0.02m	1.58750	2013.02.15 23:59	0.02m	1.55147	720.6	720.60				

## USD-CHF MONTHLY



## USD-CHF WEEKLY

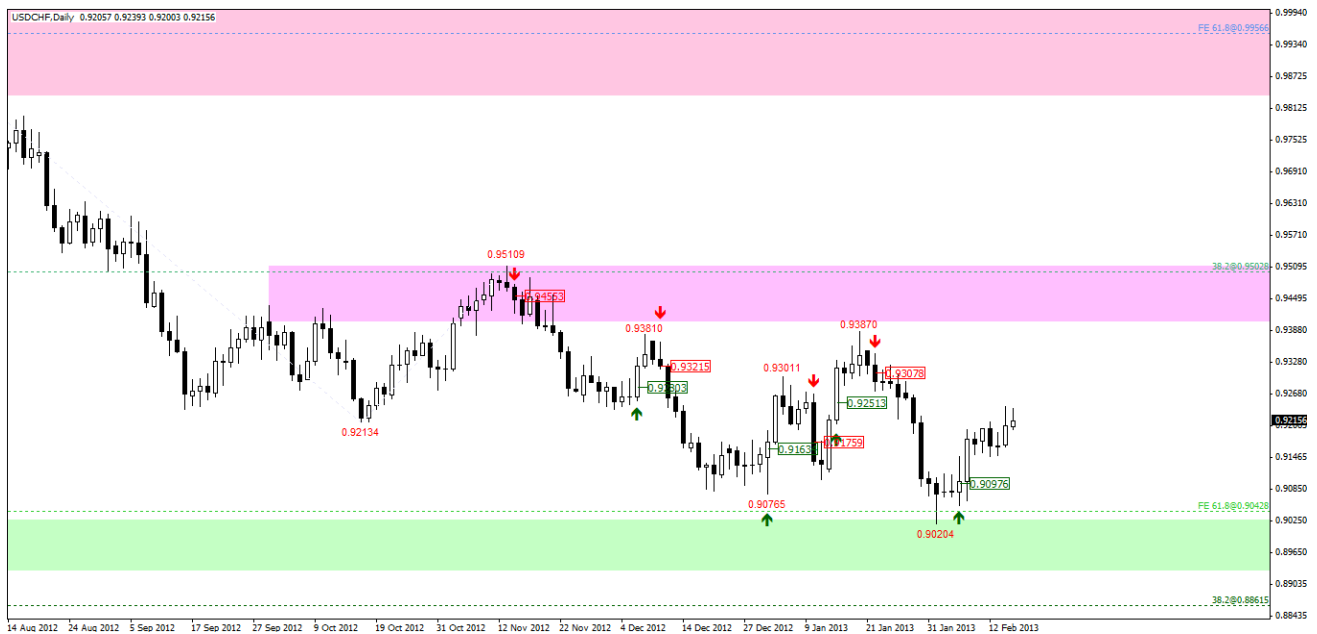


## USD-CHF Long Term Outlook

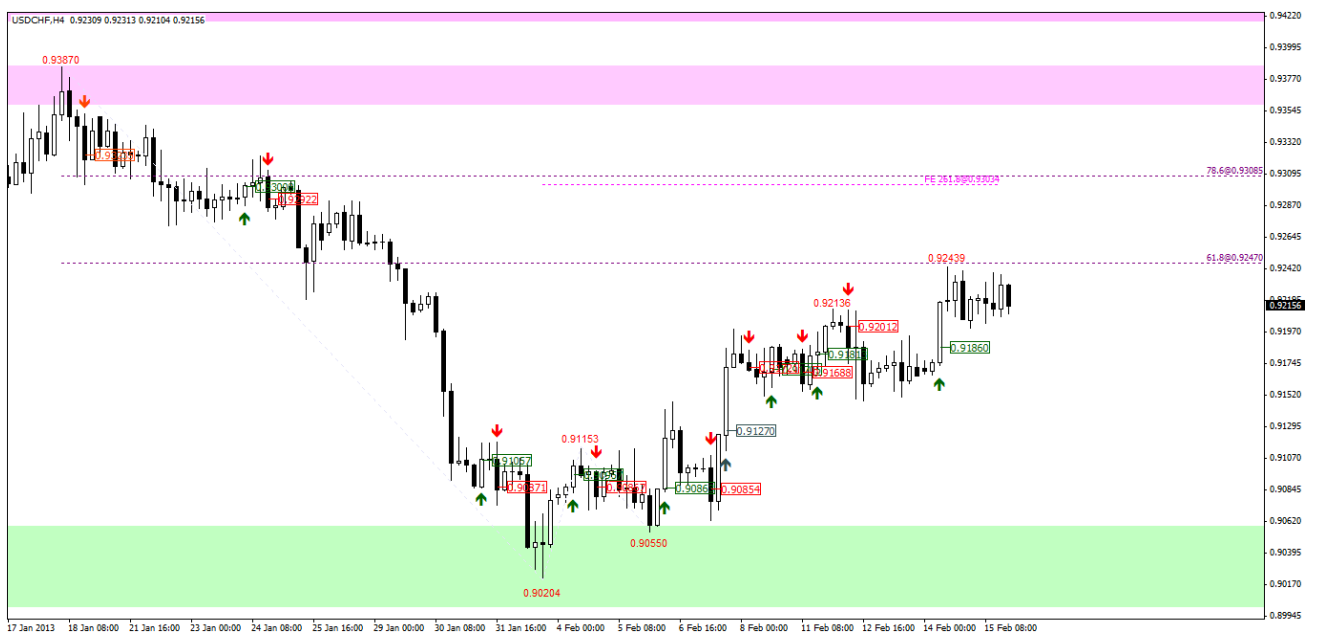
In the longer-term, the rebound from the 2011 low of 0.70667 is viewed as a correction and the first leg may have been completed at 0.99709. This level is just above the confluence of the 61.8% retracement of 1.17307 to 0.70667 at 0.99491 and the 61.8% projection of 0.70667 to 0.93149 from 0.85672 at 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 target the 38.2% retracement of 0.70667 to 0.99709 at **0.88615**. So far there have been only half-hearted attempts to challenge this level. This month's low of 0.90204 was the lowest this market has traded before buying interests emerged. 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**. In the meantime, bias appears to favor the upside.



## USD-CHF DAILY



## USD-CHF 4-HOURLY



## USD-CHF Short Term Outlook

After one week of doing practically nothing and staying below the Fibonacci cluster of the 50.0% retracement of 0.93870 to 0.90204 at **0.92037** and the 161.8% projection of 0.90204 to 0.91153 from 0.90550 at **0.92085**, this market eventually came alive and resolved to the upside. This came as no surprise as it was noted all along that this market has a slightly bullish bias, what with the D1 chart having triggered a buy signal since last Wednesday. In the medium-term, last week's rebound from the demand zone at **0.90010-0.90587** remains bounded by the SZ at **0.94058-0.95109** (see D1 chart). However, the immediate barrier to higher prices is the Fibonacci cluster of the 78.6% retracement of 0.93870 to 0.90204 at **0.93086** and the 261.8% projection of 0.90204 to 0.91153 from 0.90550 at **0.93034** (see H4 chart). For the adventurous, a speculative short from there may see a re-test of the demand pocket at **0.90010-0.90587** or at a minimum target of **0.91752**.

## 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 sell signal between 0.93034-0.93086		0.93330	0.91752	0.90587	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	+ / - (\$)	%	\$
2013.02.08										2.79	10,246.36
2013.01.17 20:44	0.02m	0.93520	2013.02.14 18:44	0.02m	0.92349			234.2	253.60	5.00	10,499.96

USDJPY, Monthly 91.692 94.447 91.595 93.478

Date	Price	Type
1998-08-01	147.680	Peak
1999-08-01	101.220	Trough
2000-10-01	135.160	Peak
2007-10-01	124.120	Peak
2009-03-01	75.563	Trough
2010-03-01	77.119	Trough
2011-07-01	84.172	Peak
2011-07-01	75.156	Trough

93.478

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. All the while, the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048** was targeted. With sustained trading above this primary target, focus has shifted to the 2010 high of **94.979**. This week saw this market registered a 33-month high at 94.447 and eased for the most part of the week before recovering some 50% of its earlier losses hours before the weekend. Should this rally extends beyond **94.979**, focus would shift towards the 261.8% projection of 75.563 to 84.172 from 77.119 at **99.657**; which is roughly near the stated goal of the new Japanese government of 100 yen per dollar. This level is not far from the longer-term target of the 38.2% retracement of the 1998 peak of 147.680 to 75.563 at **103.112**.

USDJPY Daily 92.858 93.824 92.208 93.478

FE 261.8@99.657

99.175

97.645

96.070

94.540

92.965

91.435

89.860

88.330

86.755

85.225

83.650

82.120

80.590

79.015

77.485

75.910

74.380

72.805

71.275

100.750

99.657

94.447

84.447

83.447

82.721

81.672

79.983

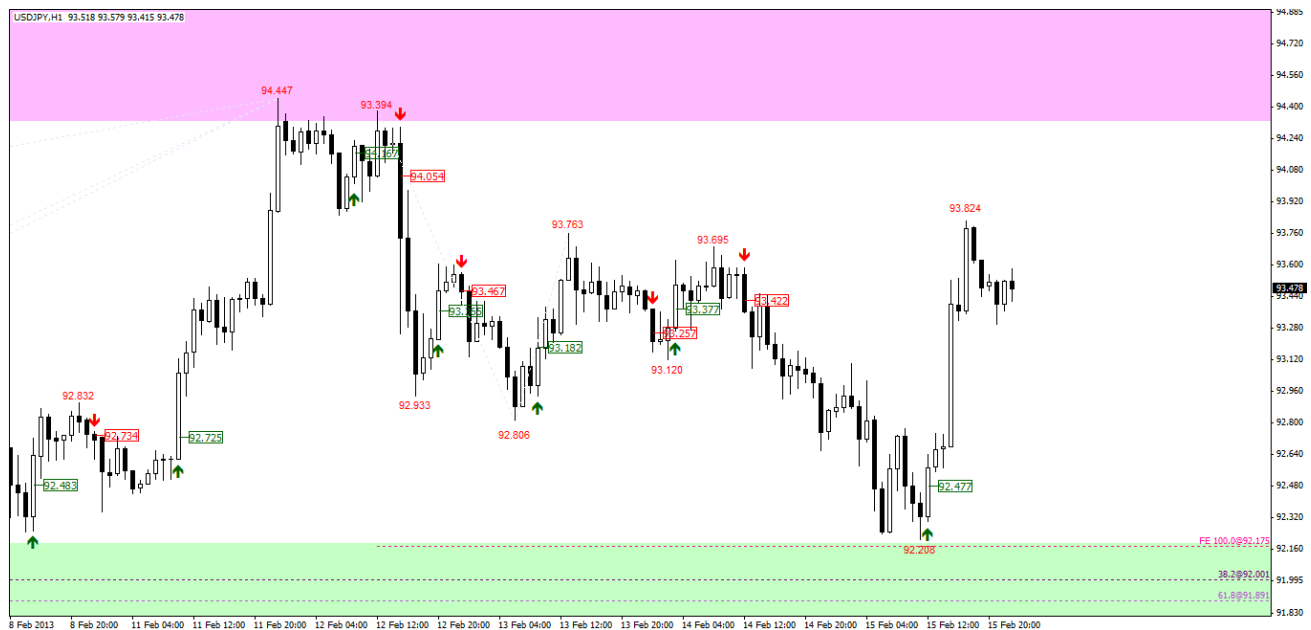
79.061

77.119

14 Aug 2012 24 Aug 2012 5 Sep 2012 17 Sep 2012 27 Sep 2012 9 Oct 2012 19 Oct 2012 31 Oct 2012 12 Nov 2012 22 Nov 2012 4 Dec 2012 14 Dec 2012 27 Dec 2012 9 Jan 2013 21 Jan 2013 31 Jan 2013 12 Feb 2013

The pullback from the supply zone at **93.129-94.979** dipped into the minor demand zone at **91.962-92.672** where 88.044 to 94.447 at **93.498** is located and rebounded (see H4 chart). Allowance is for this pullback to retrace to the demand zone at **86.908-88.326** where the 38.2% retracement of 77.119 to 94.447 at **87.828** is located (see D1 chart). Unless there is acceleration below this price pocket, this market should stabilize there and rebound. Though price action has rebounded strongly in overnight NY session, only a sustained rally above the SZ at **93.129-94.979** would suggest the resumption of the rally. In the longer-term, this incredible bull-run has a target at the 261.8% projection of 75.563 to 84.172 from 77.119 at **99.657** where the supply zone at **99.140-103.057** resides (see D1 chart).

## USD-JPY 1-HOURLY



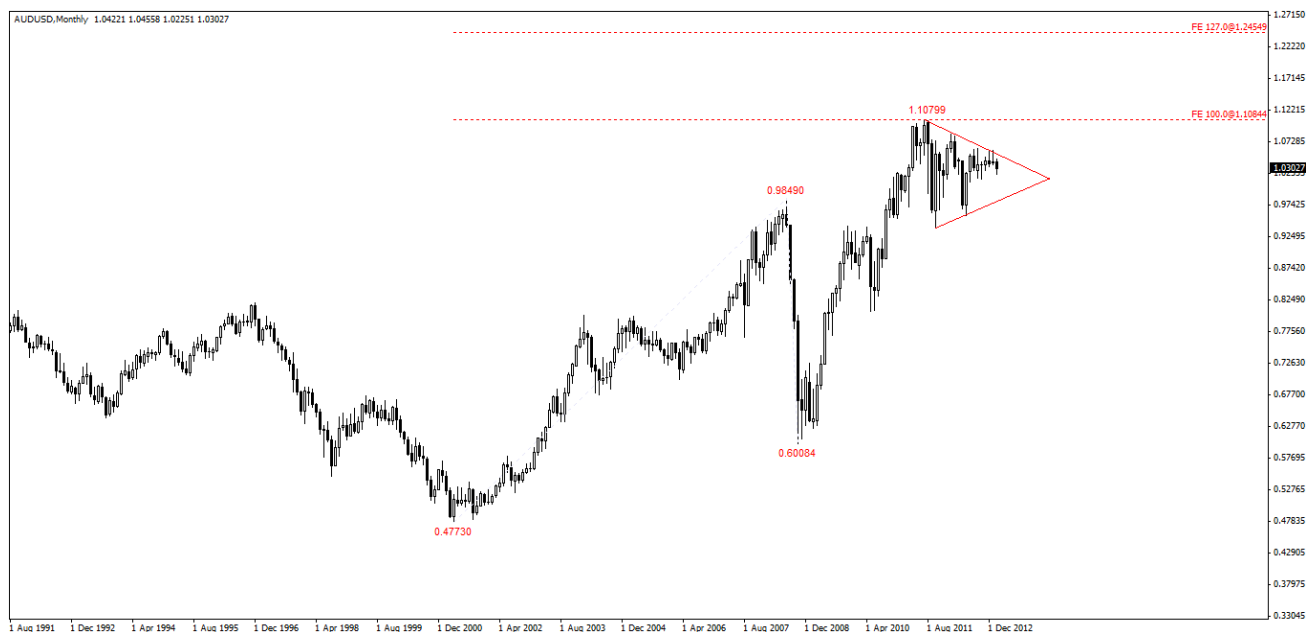
## USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Exit on D1 close below 92.725	90.487		92.583 Realized	99.657	3	0.03

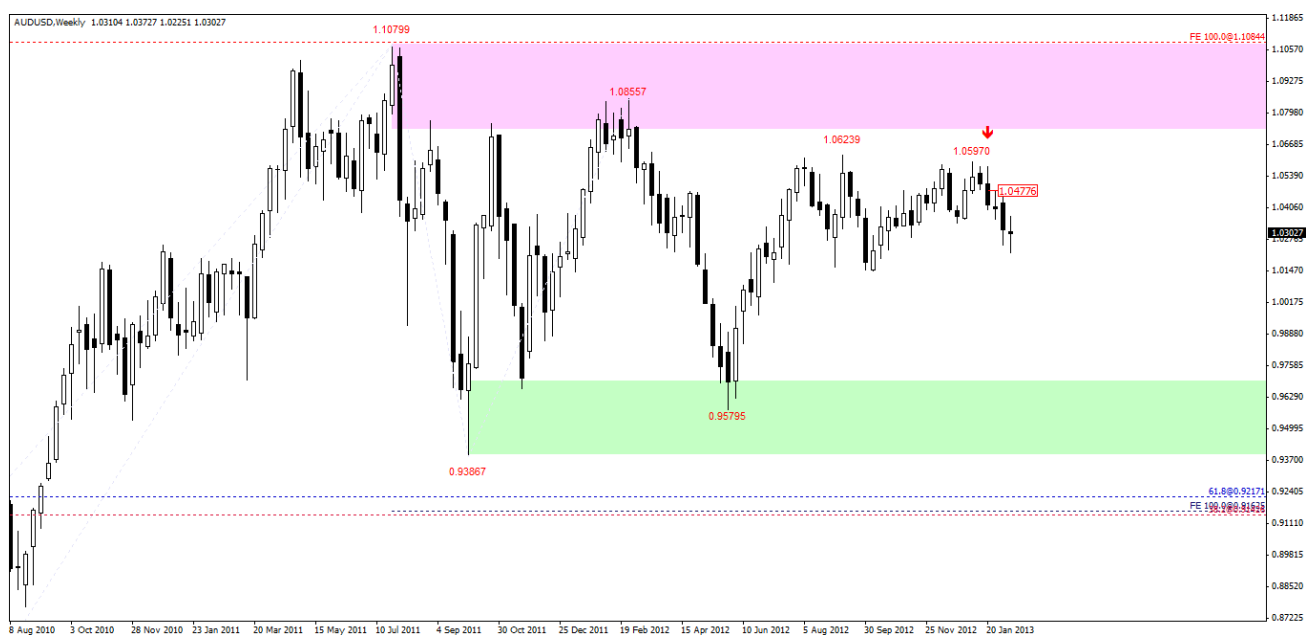
## USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.08										23.74	12,374.07
2013.01.28 01:32	0.02m	90.487	2013.02.15 23:59	0.02m	93.478	598.2	598.20				

## AUD-USD MONTHLY



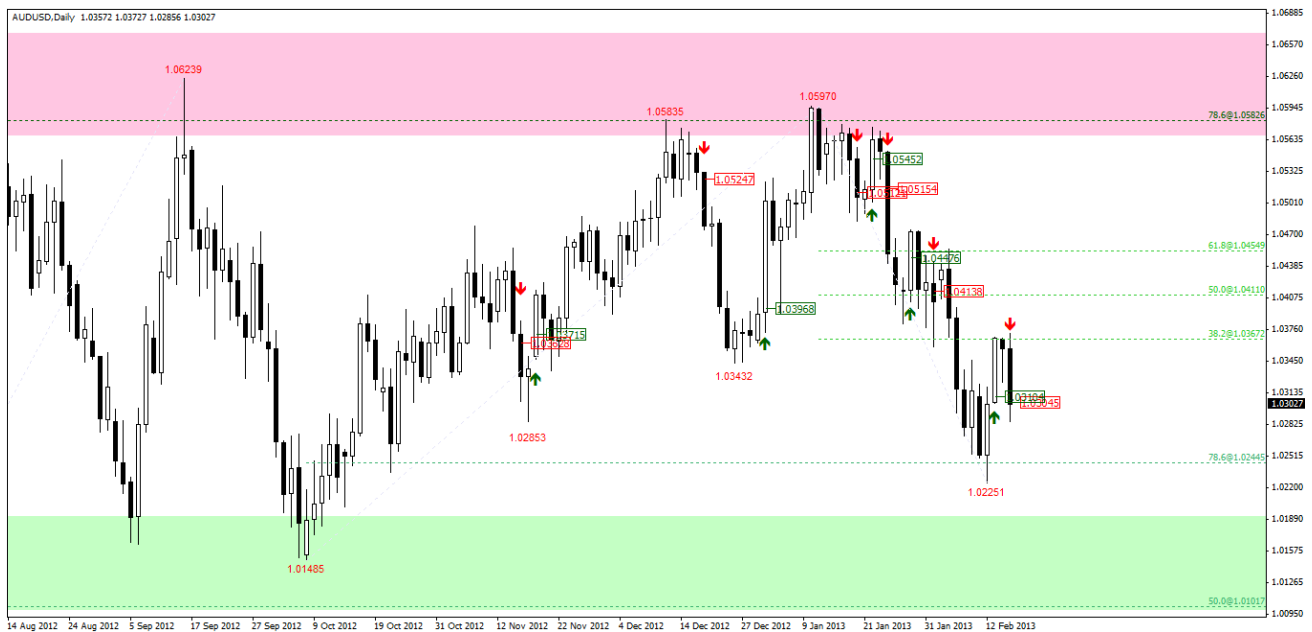
## AUD-USD WEEKLY



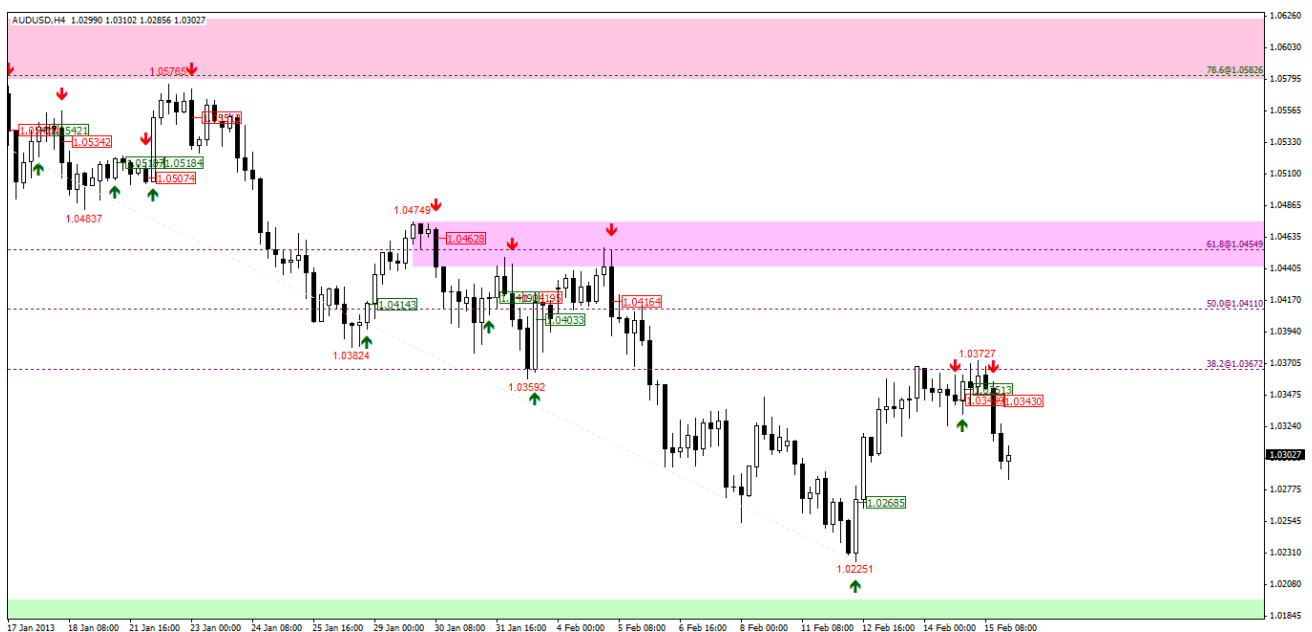
## AUD-USD Long Term Outlook

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. The longer-term up-trend is very much intact. Price pattern since July 2011 appears to be in the form of a triangle. Overall, the fall from last September high of 1.06239 may well be the last leg of this pattern and should extend lower towards the demand zone at **0.93867-0.97326** (see W1 chart). A break below last October low of **1.01485** would confirm the immediate bearish assessment. Once the last leg of this triangle is done with, that is hold above the lower trend-line; the ensuing rally is anticipated to rally beyond the all-time high of **1.10799**.

## AUD-USD DAILY



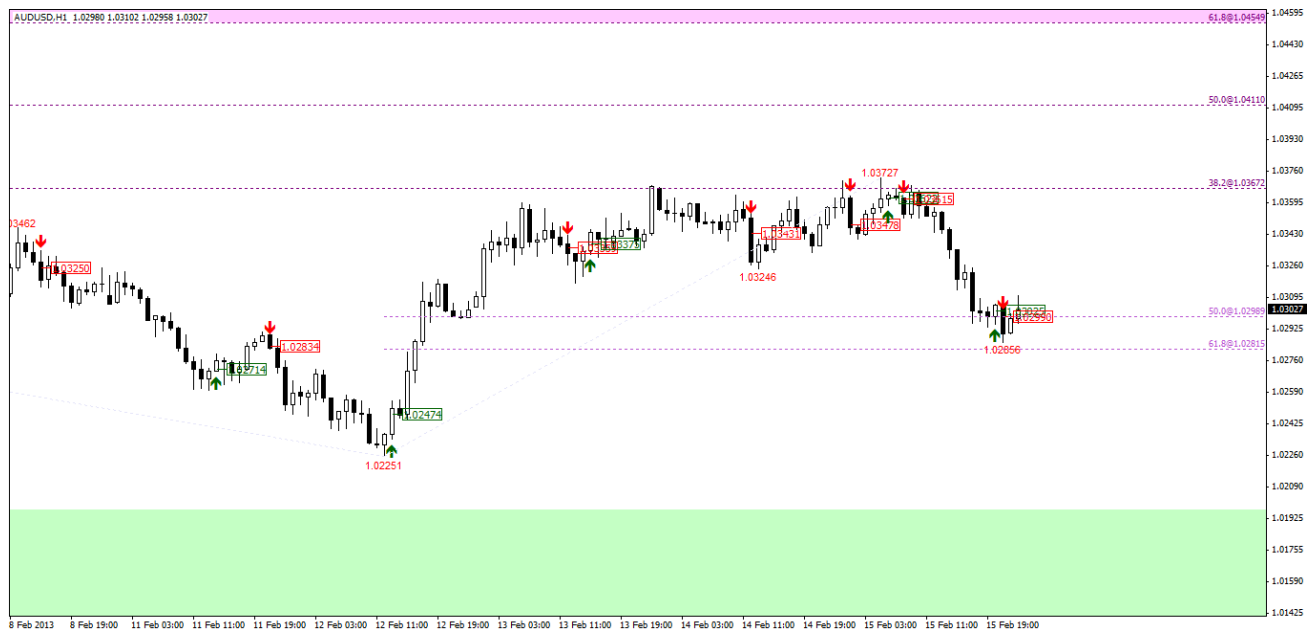
## AUD-USD 4-HOURLY



## AUD-USD Short Term Outlook

From the perspective of the weekly chart, this market remains hemmed in by the upper supply zone at **1.07292-1.10799** and the lower demand zone at **0.93867-0.96983**. Likewise, it is also range-bounded between the demand pocket at **1.00995-1.01917** and the supply pocket at **1.05675-1.06692** (see D1 chart). The current rebound from Tuesday's low at 1.02251 has lost its momentum after hitting the 38.2% retracement of 1.05972 to 1.02251 at **1.03672** and is easing once again. That said, the expected rally towards the supply pocket at **1.04549-1.04749** may still happen provided the demand pocket at **1.00995-1.01917** holds. In the previous update, it was mentioned that this market may retrace a little; possibly into the bracket between the 38.2% and 50.0% retracement of 1.02251 to 1.03687 at **1.02969-1.03138**. Retraced it did but it was a little deeper than anticipated. Prices dipped to between the 50.0% and 61.8% retracement of 1.02251 to 1.03687 at **1.02969** and **1.02800** instead. This created a dilemma. Before Friday's pullback, the medium-term bias favors the long side. However, Friday's closing below **1.03045** triggered a sell signal in the D1 chart. As a result all time frame charts have turned negative including those seen in the monthly chart. In light of this new development, any sharp rebound into the supply pocket at **1.04416-1.04749** (see H4 chart) is deemed to be a selling opportunity on the understanding that on a daily close-to-close basis, there is no closing above **1.03669** in the D1 chart. If there is, bias will turn neutral.

## AUD-USD 1-HOURLY



## AUD-USD TRADE IDEAS

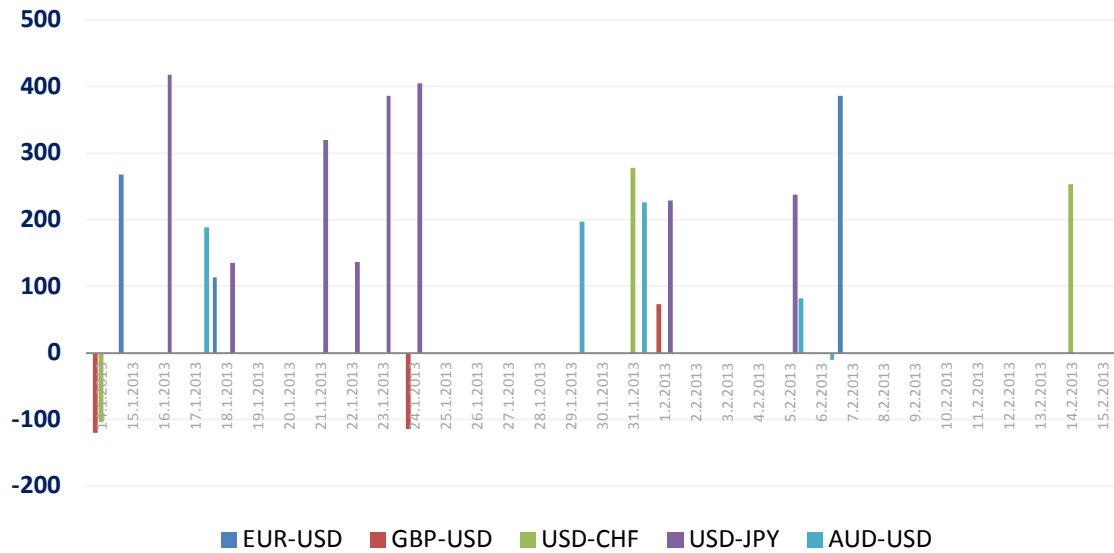
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 1.04416-1.04749		1.04849	1.01917	0.96983	3	0.03

## AUD-USD TRADE JOURNAL

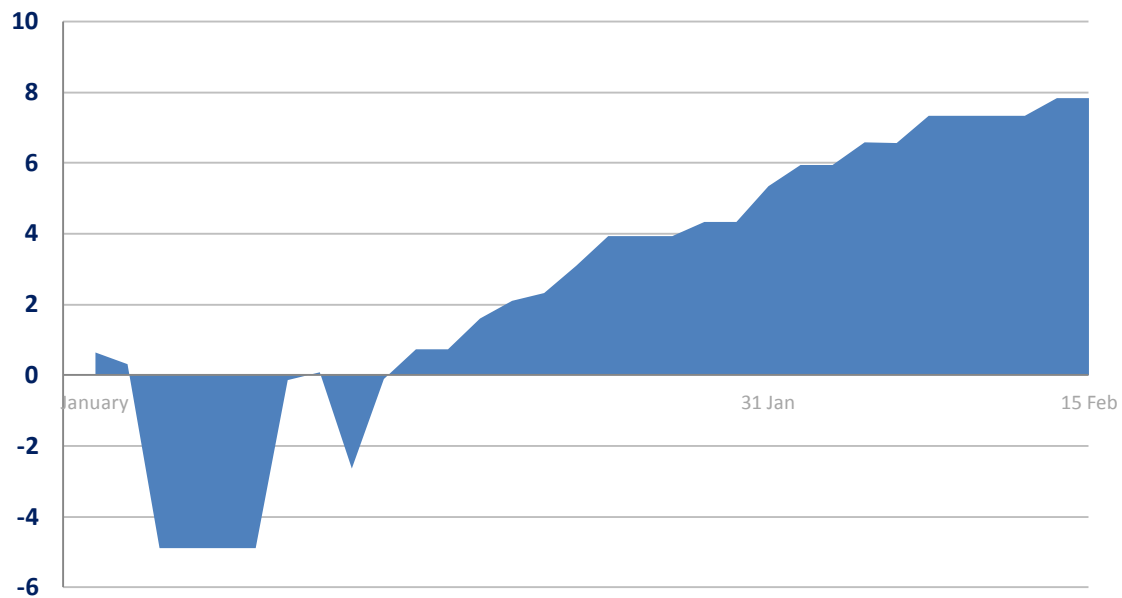
Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.08										8.49	10,849.00



### Daily Realized P/L



### Accumulative Percentage P/L



## 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.