

A Traders Academy International Publication

Traders Cautious Ahead Of BoJ Meeting

USD-JPY rose on Wednesday, resuming the up-trend that drove the pair to a 2-1/2-year high on expectations of more forceful Bank of Japan policy and the possibility the central bank will raise its inflation goal.

The Japanese Yen should remain volatile as the BoJ Jan. 21-22 policy meeting nears, with USD-JPY roughly 1.2 percent pullback in the previous two sessions viewed as an opportunity to buy at lower levels.

EUR-JPY, which also rose, was weighed by the prospect of the BoJ raising its inflation target at its next meeting as well as fears of a downgrade on its government debt. EUR-JPY settled up 0.7 percent at 114.777, but was still below an 18-month high of 115.972 set on January 2.

At Friday's peak, USD-JPY had gained nearly 12 percent since early November and traders said the rally was due for a pause. But any consolidation will be short-lived. From a macro view, with a huge change of policy taking place in Japan and the government determined to drive the Yen lower, many are looking at USD-JPY hitting 100 yen during the course of this year. USD-JPY settled at 87.863, up 0.95 percent on the day and well above a near one-week low of 86.809 hit earlier in the session. Last Friday, it reached a 2-1/2-year high of 88.395.

The BoJ is likely to adopt a 2 percent inflation target at the meeting, double its current goal, and issue a statement with the government promising bold monetary easing steps. The BoJ will also consider easing monetary policy again this month, probably through an increase in its ¥101 trillion (\$1.2 trillion) asset buying and lending program.

A move toward a higher inflation target - Abe is seeking an increase to 2 percent - would require even more aggressive accommodation from the BoJ and would likely provoke additional weakness in the Japanese Yen. On Wednesday, Abe repeated his call to the BoJ to take sufficient steps to achieve a 2 percent inflation target while Finance Minister Taro Aso called for aggressive measures to beat deflation.

Expectations that Japan's newly elected government led by Prime Minister Shinzo Abe would push the BoJ to adopt more forceful monetary stimulus measures have driven the Japanese Yen sharply lower in recent months. The US Dollar and Euro eased against the Yen recently as traders locked in profits after steep gains.

The Japanese economy is expected to recover a little in 2013 if Prime Minister Shinzo Abe's policies of massive fiscal spending, aggressive monetary easing and a weaker Japanese Yen produce the momentum needed to lift Japan from stubborn deflation.

EUR-USD, however, fell for a second straight session ahead of a European Central Bank meeting on Thursday. While the ECB may keep its interest rates on hold on Thursday, some economists believe rates will be cut later this year.

Comments from European Central Bank President Mario Draghi after the central bank's interest rate announcement will have the potential to sway currency sentiment.

Also on the radar screen this week are the first bond auctions of the year from Spain and Italy on Thursday and Friday.

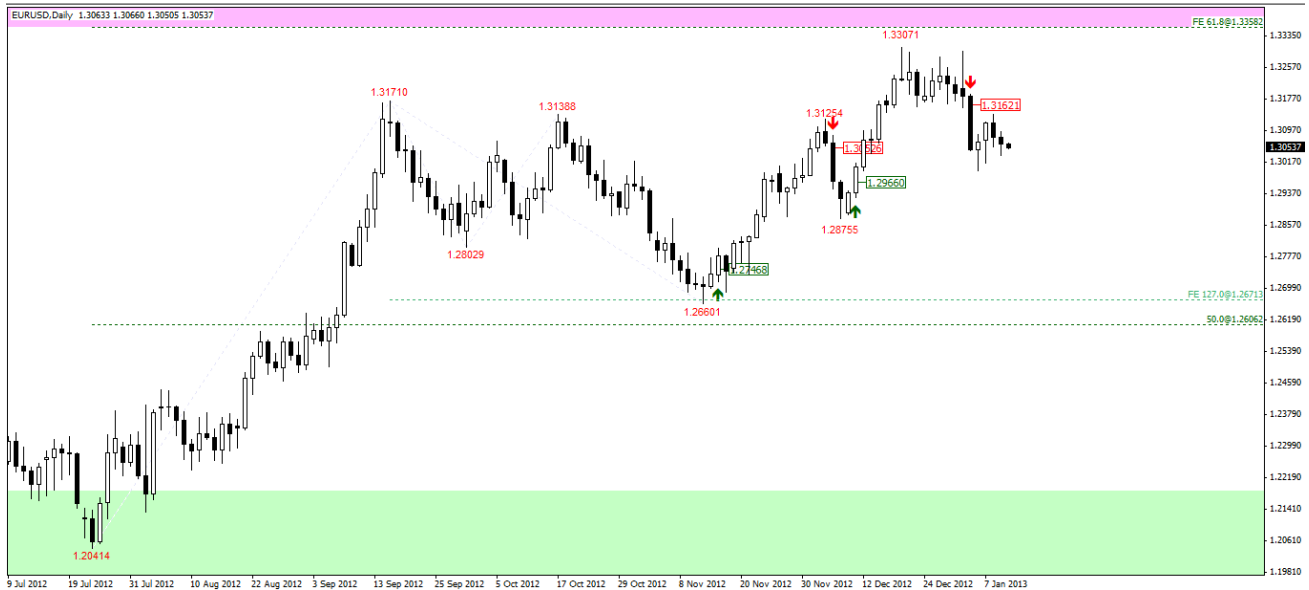
The risks of disappointment have increased and if this is confirmed, headwinds for the Euro could intensify. Decent auction results could help the Euro consolidate in the very near term. That said this could be only temporary. That is because further sustained improvement in periphery sentiment could come after a bailout request from Spain and more clarity on the political outlook in Italy.

EUR-USD settled at 0.1 percent lower at 1.30632.

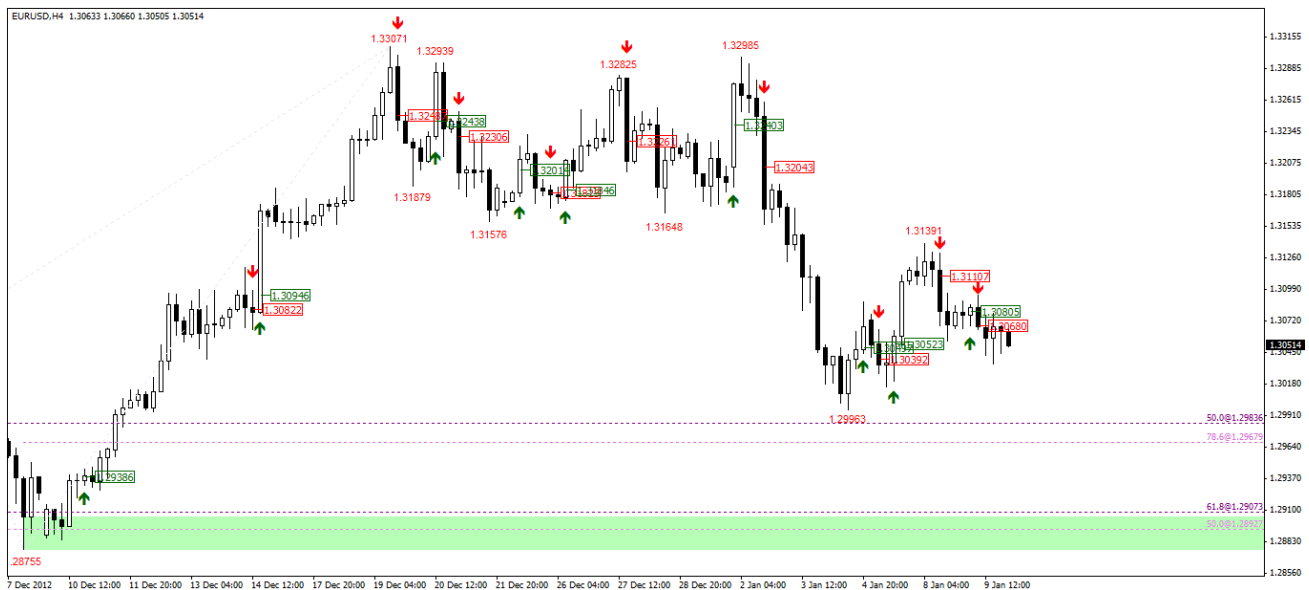
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EUR-USD DAILY



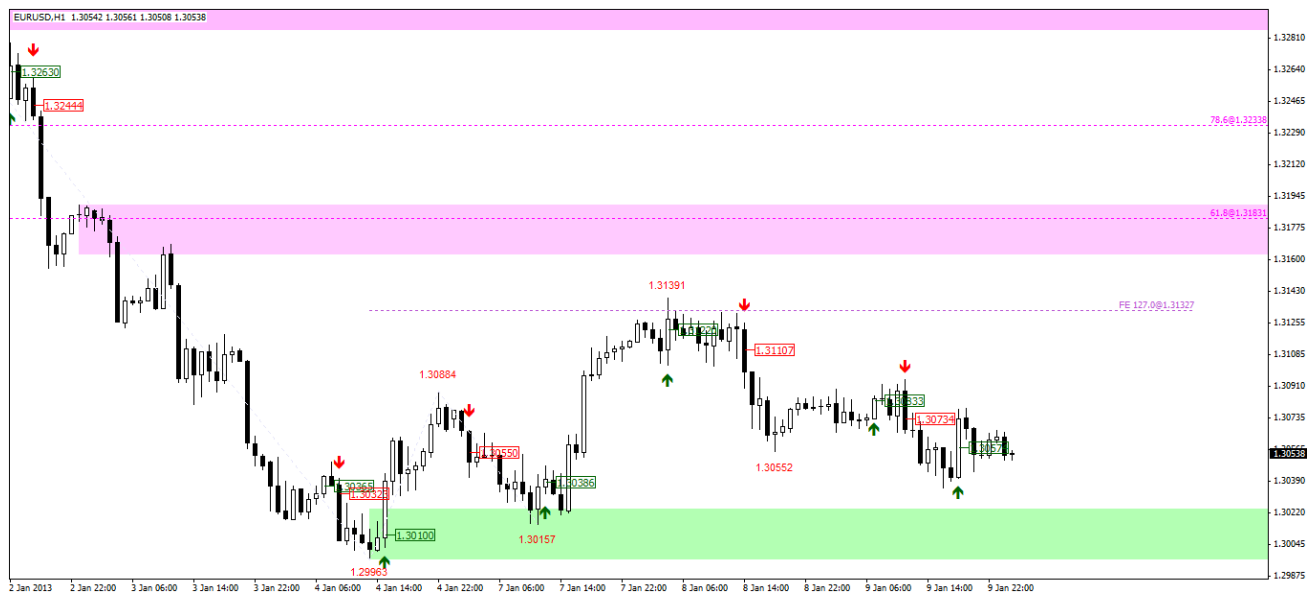
EUR-USD 4-HOURLY



EUR-USD Short Term Outlook

After last week's fall to near the 50.0% retracement of 1.26601 to 1.33071 at **1.29836** with a print of 1.29963 and rebounded, this market has gone into hibernation. Correction is still on-going with another day of consolidation seen in overnight trading. The counter-trend rally on Tuesday and registered a high at 1.31327 – just above the 127.0% projection of 1.29963 to 1.30884 from 1.30157 at 1.31327 with a print at 1.31391 before easing. In view of the on-going corrective moves, price action may yet extend towards the supply pocket at **1.31628-1.31897** where the 61.8% retracement of 1.32985 to 1.29963 at **1.31831** is located. This price pocket is expected to contain this rebound and bring about the resumption of the fall from 1.32985. Strong support may emerge from near the December 7 low of **1.28755**. However, the D1 chart suggests that there is more downside to this market than upside. Should the December 7 low of **1.28755** fail to hold; focus will shift to the November 13 low of **1.26601** where the demand zone at **1.26601-1.27214** lies.

EUR-USD 1-HOURLY



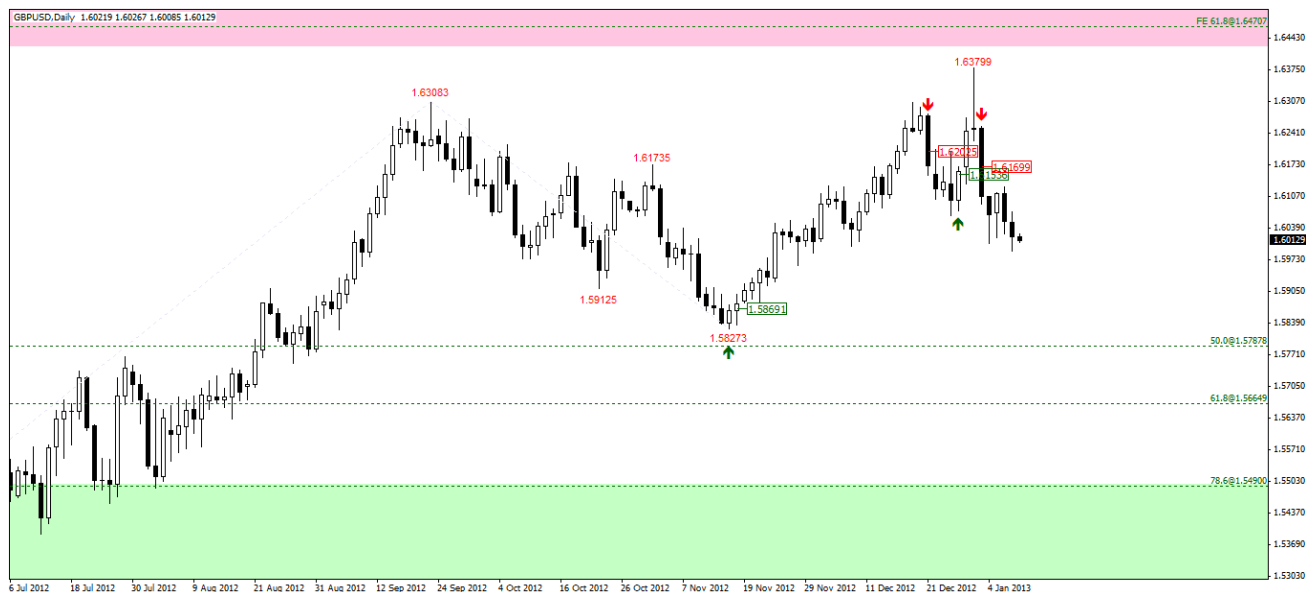
TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on reversal signal within 1.31628-1.31897		1.31997	1.30237	1.27214	3	0.03m

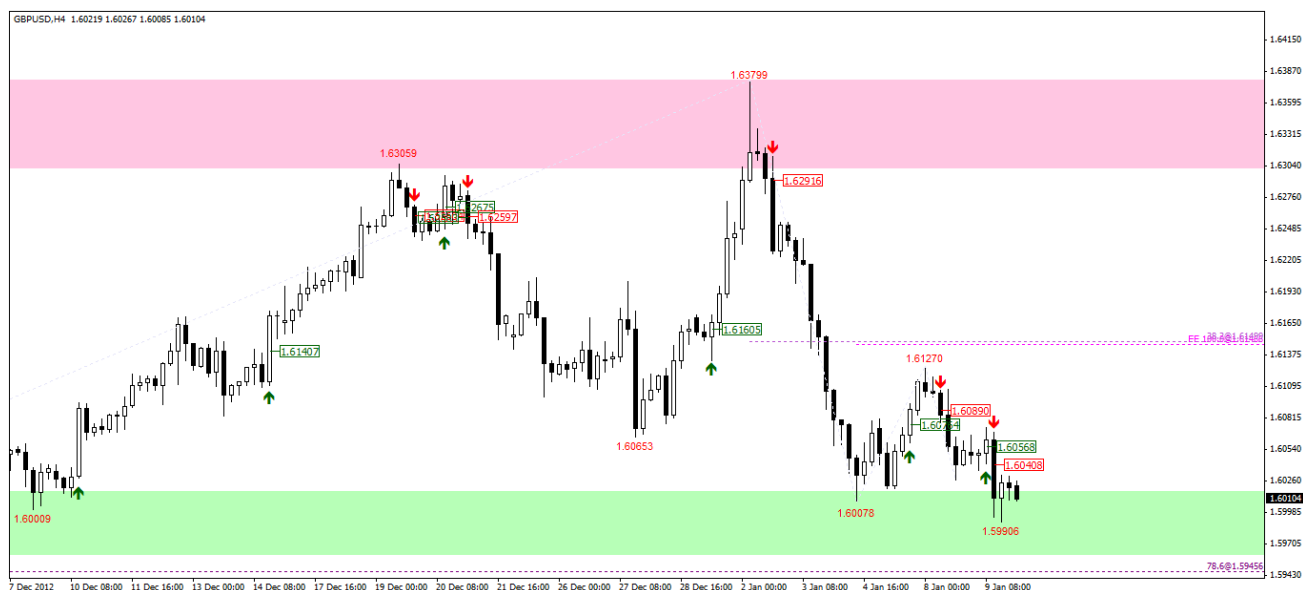
TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											9,698.50

GBP-USD DAILY



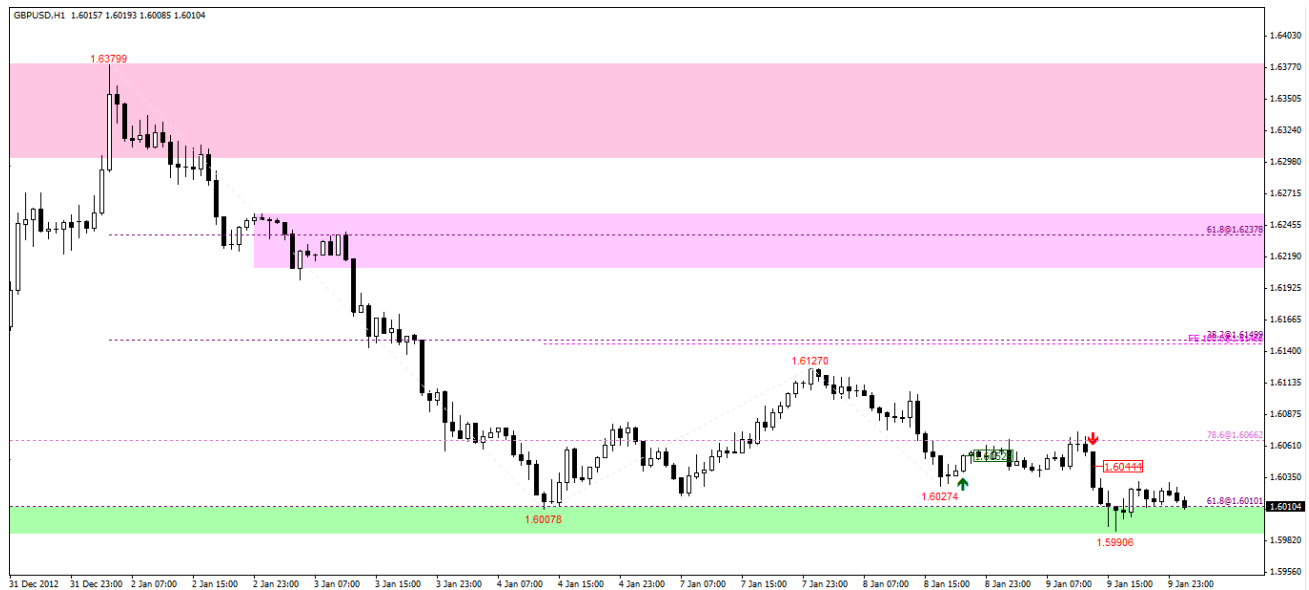
GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

Unlike EUR-USD, this market actually makes a marginal new low at 1.59906 in overnight trading. After registering a 17-month high at 1.63799 last week, the pullback is now below the December low of 1.60009. Price action is back within a minor secondary demand pocket at **1.59875-1.60105**. With last night's fall, it is likely the corrective phase is over and this market is set to resume its fall from 1.63799. Below the demand pocket at **1.59875-1.60105**, focus will shift towards the November low of **1.58273**, where the demand zone at **1.57531-1.58303** lies.

GBP-USD 1-HOURLY



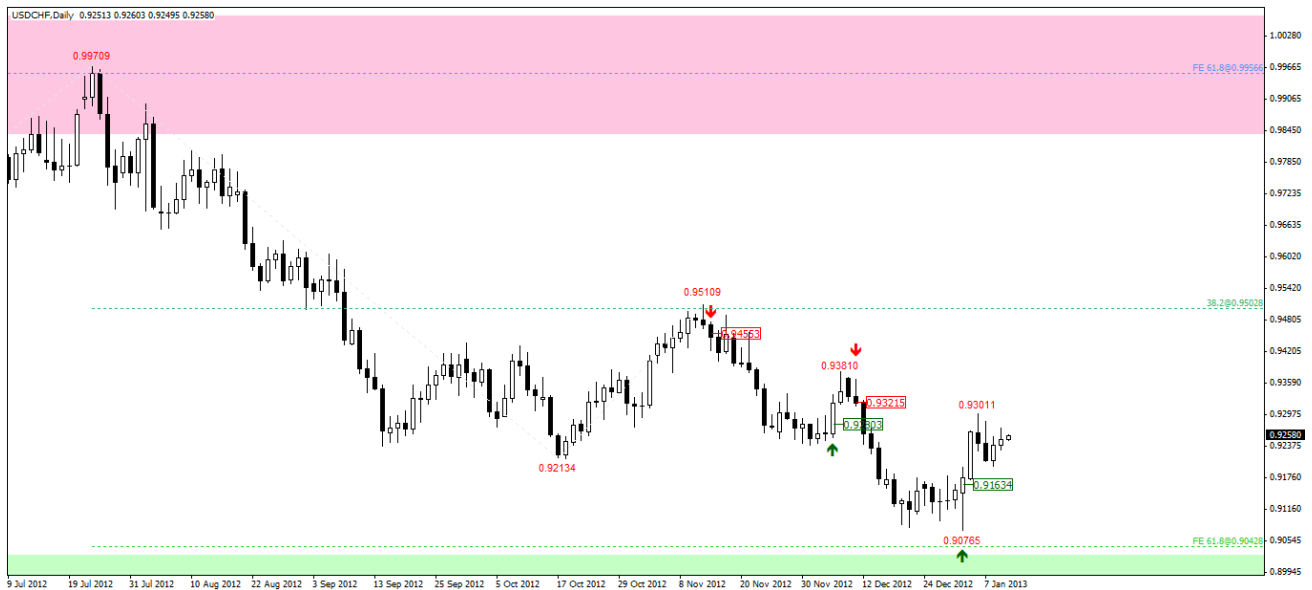
GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on reversal signal between 1.61499-1.61939		1.62039	1.59268	1.58303	3	0.03m

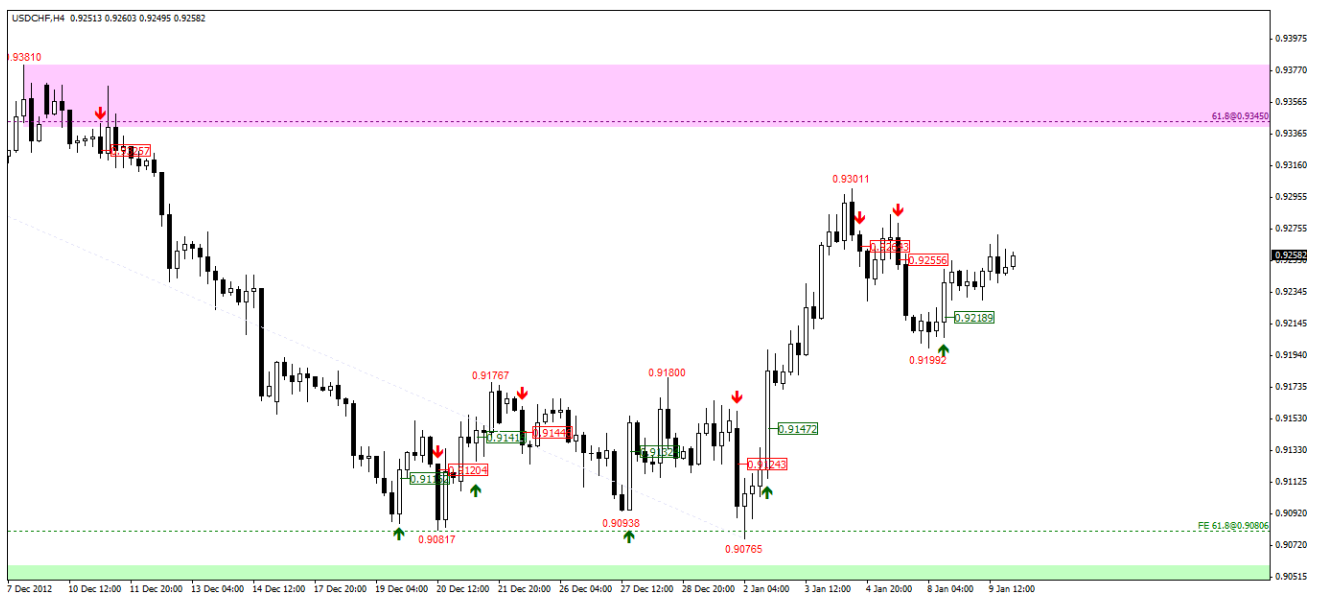
GBP-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											9,919.90

USD-CHF DAILY



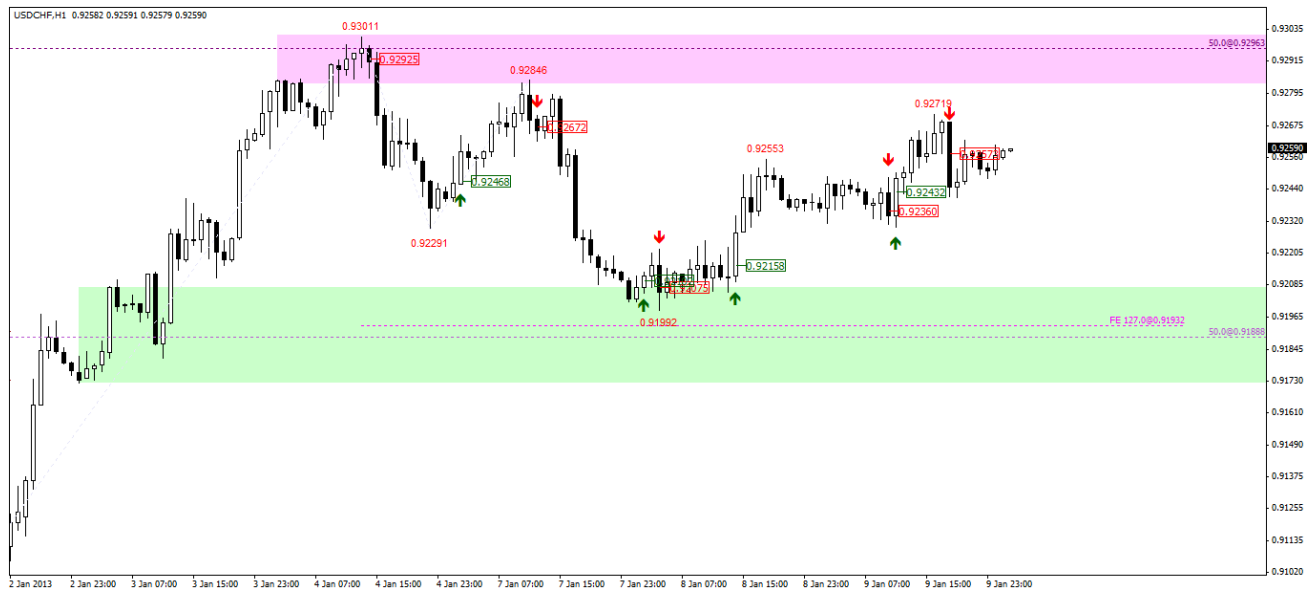
USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

Correction in this market is on-going as can be seen in the H1 chart. The rebound from last Wednesday's low of 0.90765 topped out at 0.93011 last Friday and has remained unchallenged so far. The pullback has terminated at 0.91992 and is likely to resume towards the supply pocket at **0.93407-0.93810**. If so, this price pocket is expected to cap this rally. Short-term resistance may emerge from the immediate overhead supply pocket at **0.92833-0.93011**. Position traders may wish to re-position shorts within the supply pocket at **0.93407-0.93810** – assuming sell signals are triggered in the H1 and H4 charts then. In the unlikely event that the rally extends beyond this price pocket, focus will shift to **0.94908-0.95109** instead. On the downside, below **0.91723-0.91978**, a challenge of this week's low at **0.90765** can be expected.

USD-CHF 1-HOURLY



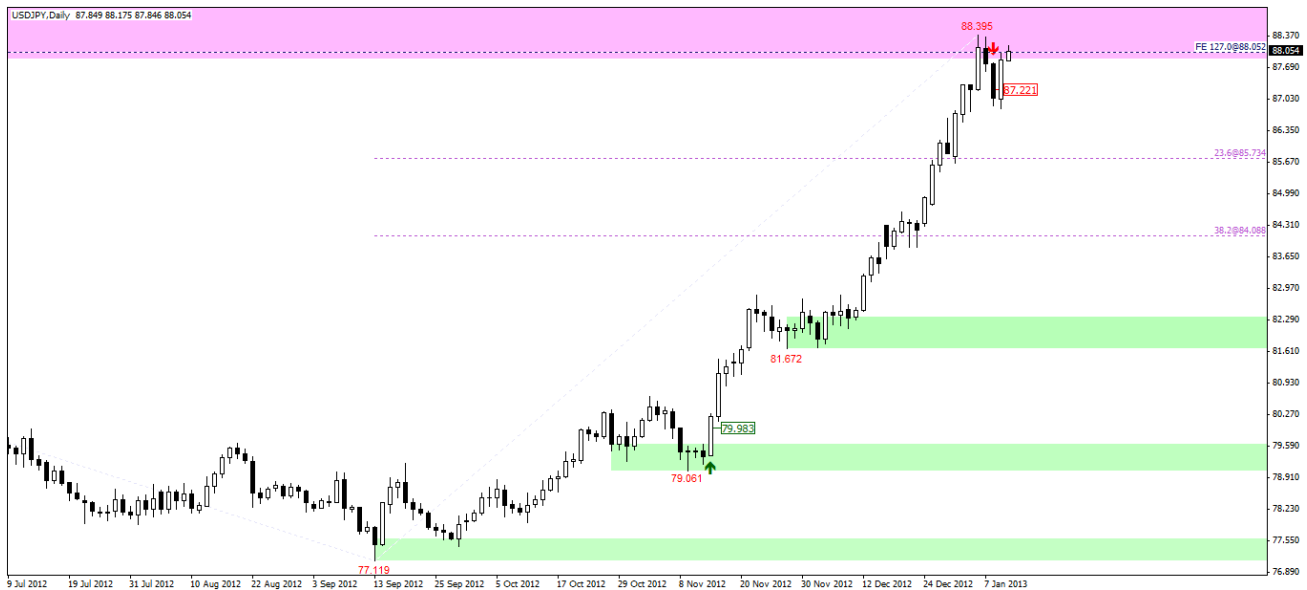
USD-CHF TRADE IDEAS

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

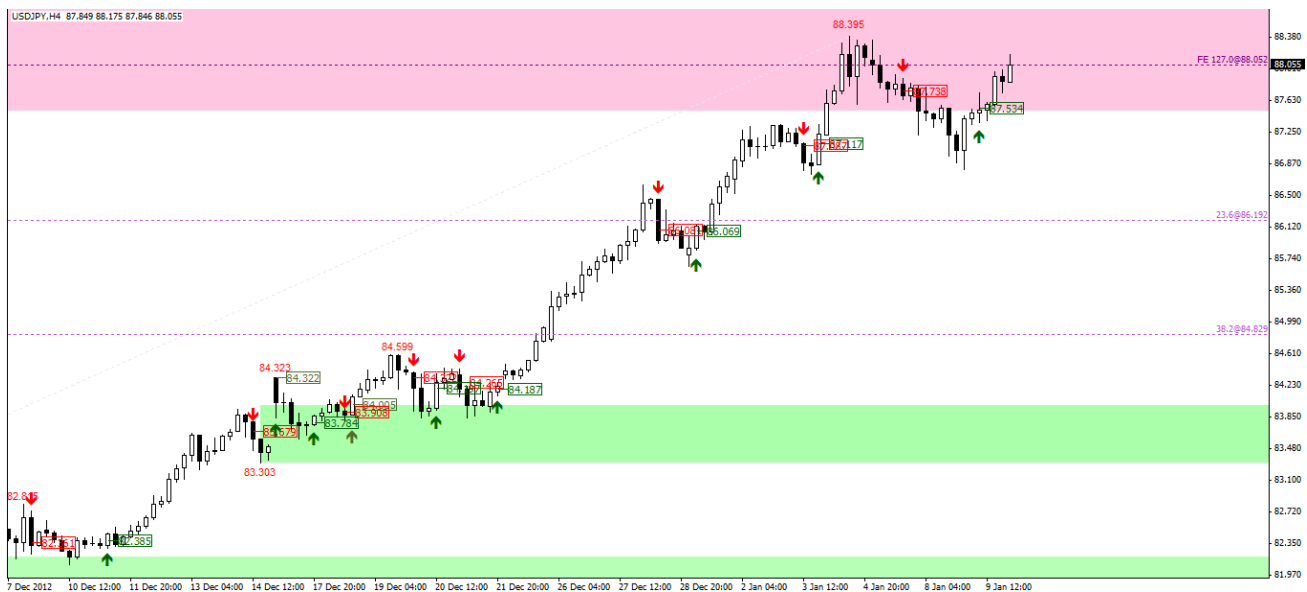
USD-CHF TRADE JOURNAL

Close Date	Buy (units)	Close Price	Open Date	Sell (units)	Open Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											10,073.91

USD-JPY DAILY



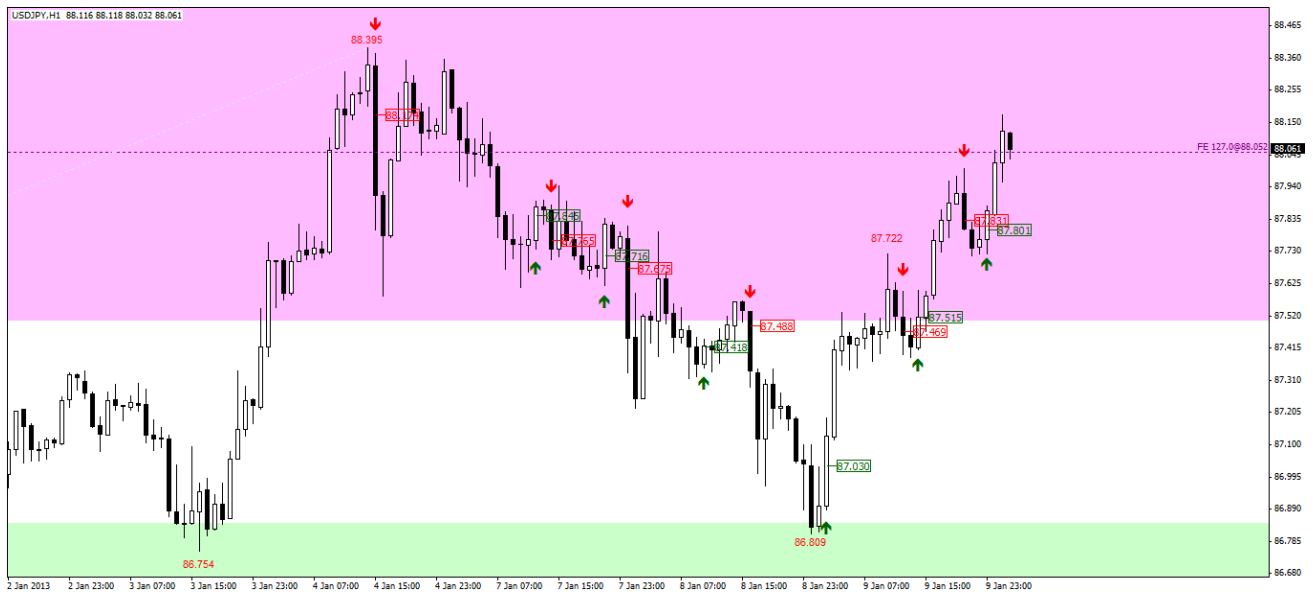
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

This market is poised to resume its rally from 77.119. After initially stalling at the 127.0% projection of 75.563 to 84.172 from 77.119 at **88.052** with a print at 88.395 last Friday, the recent pullback retreated to the minor demand pocket at **86.525-86.842** and rebounded. Above **88.395**, this market may gun 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). 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



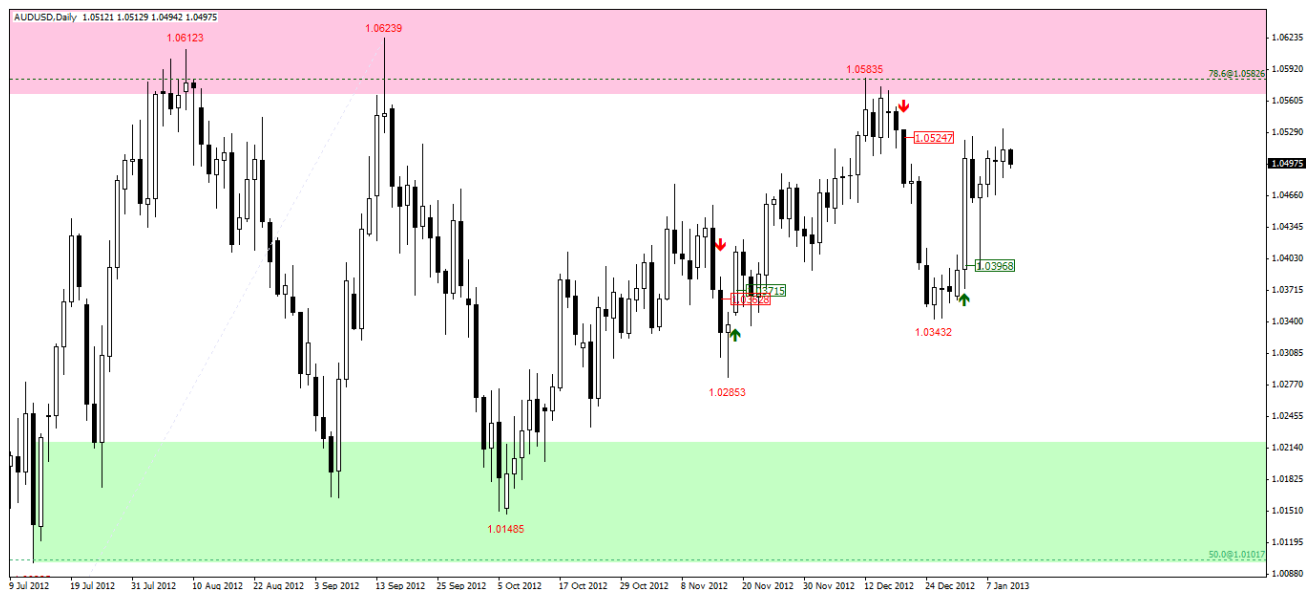
USD-JPY TRADE IDEAS

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	Break-even	88.052 Realized	91.048	3	0.03

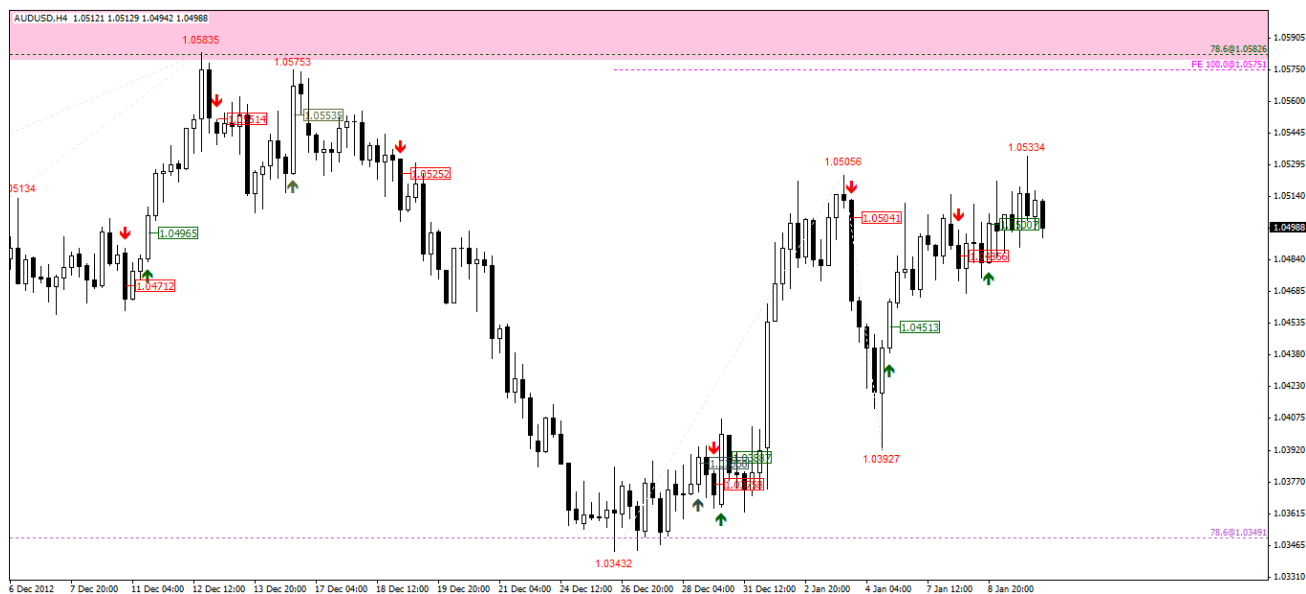
USD-JPY TRADE JOURNAL

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											10,045.48
2013.01.02 15:06	0.02m	86.882	2013.01.09 23:59	0.02m	87.863	196.2	223.30				

AUD-USD DAILY



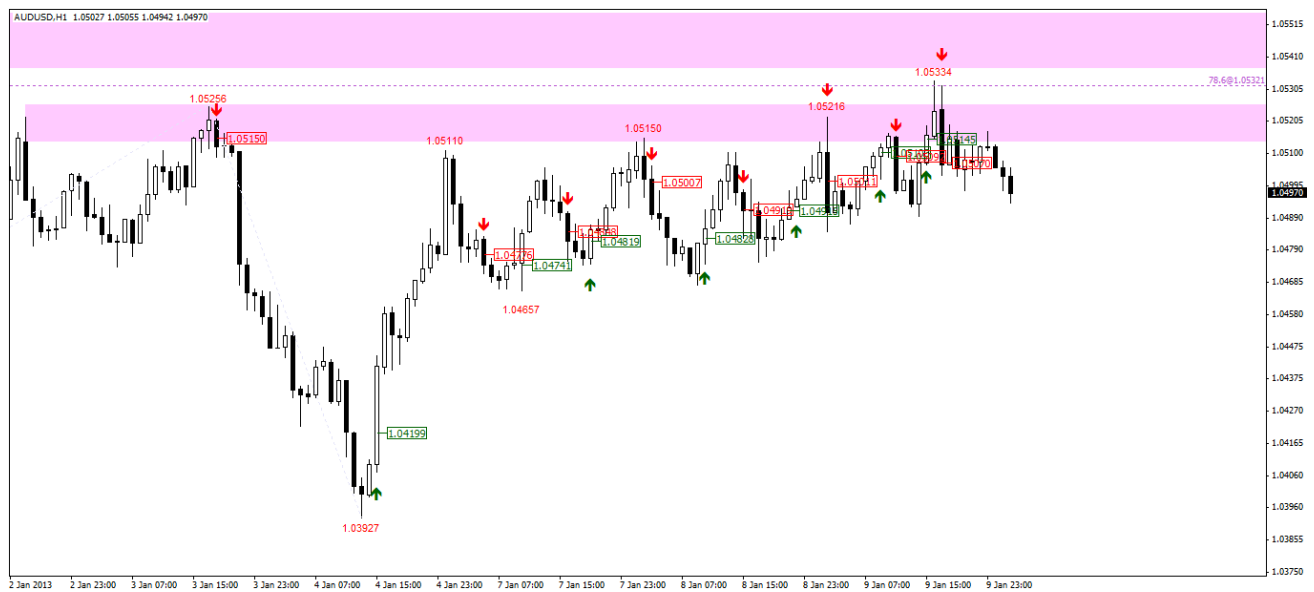
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

Trading remains choppy. This market continues to edge higher despite triggering sell signal in the H1 chart earlier. At any rate, with no acceleration to the upside and with upside potential limited by the overhead supply pockets, odds of a fall from current level is good. Last night saw this market hit of the 78.6% retracement of 1.05835 to 1.03432 at **1.05321** with a print at 1.05334 and triggered a sell signal (again) in the H1 chart with a close below 1.05070. As noted, below the December low of **1.03432** focus would shift 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 between 1.05138-1.05256	1.05110	1.05356	1.04128	1.03822	3	0.03

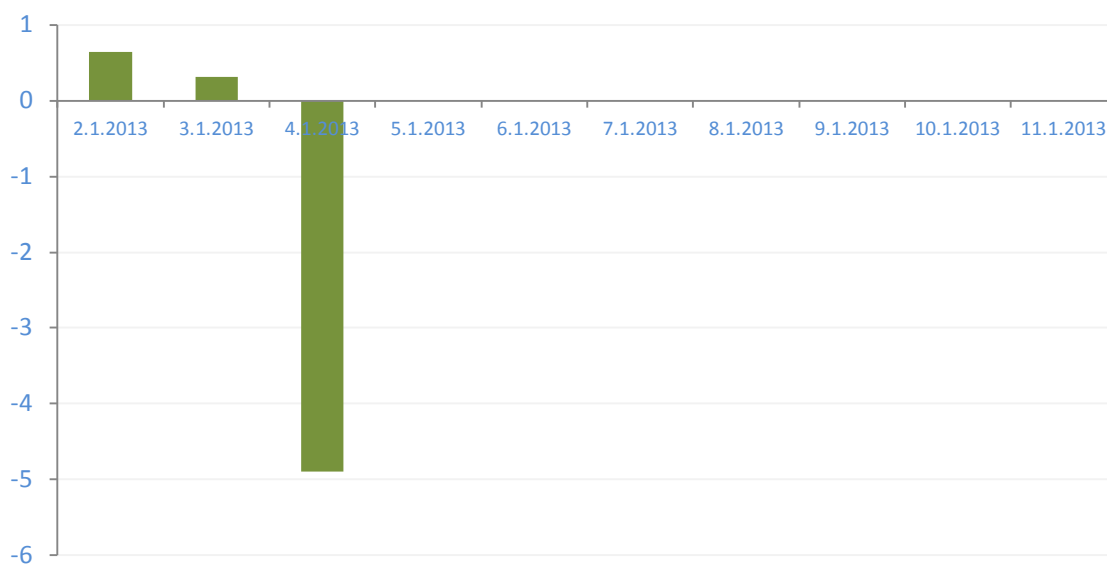
AUD-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.04											10,198.50
2013.01.08 02:08	0.02m	1.05150	2013.01.03 17:56	0.02m	1.05150						
2013.01.09 23:59	0.03m	1.05122	2013.01.09 02:30	0.03m	1.05110	-2.4	-2.40				

Daily Realized P/L



Accumulative Realized % Gain



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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.