

A Traders Academy International Publication

Bernanke Defends QE

EUR-USD and USD-JPY were relatively flat on Tuesday, recouping early losses with the help of U.S. central bank assurances that a bond-buying stimulus program will remain in place, limiting the attractiveness of holding the US Dollar.

Political gridlock in Italy, the Euro zone's third-largest economy, following an inconclusive election is expected to keep the Euro's short-term gains in check.

Italy's political turmoil is a major concern. Wednesday's scheduled auction of €6.5 billion worth of five- and 10-year bonds in Italy could prove a crucial element in determining investor sentiment. The Italian stock market plunged while state borrowing costs rose after a stunning election in which a comedian's protest party led the poll and no group secured a clear majority in parliament. Euro zone shares sank to three-month lows. Any coalition administration that may be formed must have a working majority in both houses in order to pass legislation. This will result in a hung parliament. The lower and upper houses of parliament share power; thus, when each branch breaks into different ideological directions, the country is essentially at an ungovernable impasse.

Despite its spurt higher in afternoon New York trade, EUR-USD has been steadily losing ground. It is off a 15-month high. That is a swift turnaround from the start of 2013, when the Euro rallied on hopes the worst of the Euro zone debt crisis was over.

EUR-USD settled at 1.30600, down 0.01 percent on the day. It touched 1.30171, its weakest since Jan. 7.

USD-JPY recouped its losses in a late day rally, helped by a rebound in U.S. Treasury yields following a steep drop on Monday due to the Italian election turmoil. Yields have a strong impact on USD-JPY and are supportive of a higher Dollar. USD-JPY settled at 91.960, up 0.18 percent on the day; not far from 90.853 on Monday, its lowest in nearly a month.

EUR-JPY reversed its course as well, finishing the day in the 120.121, down 0.15 percent. It had been trading near Monday's one-month low of 118.712 when it posted its single biggest percentage loss since early May 2011.

U.S. Federal Reserve Chairman Ben Bernanke adamantly defended the economy-boosting benefits of an \$85 billion per month bond-buying program in testimony to the U.S. Congress.

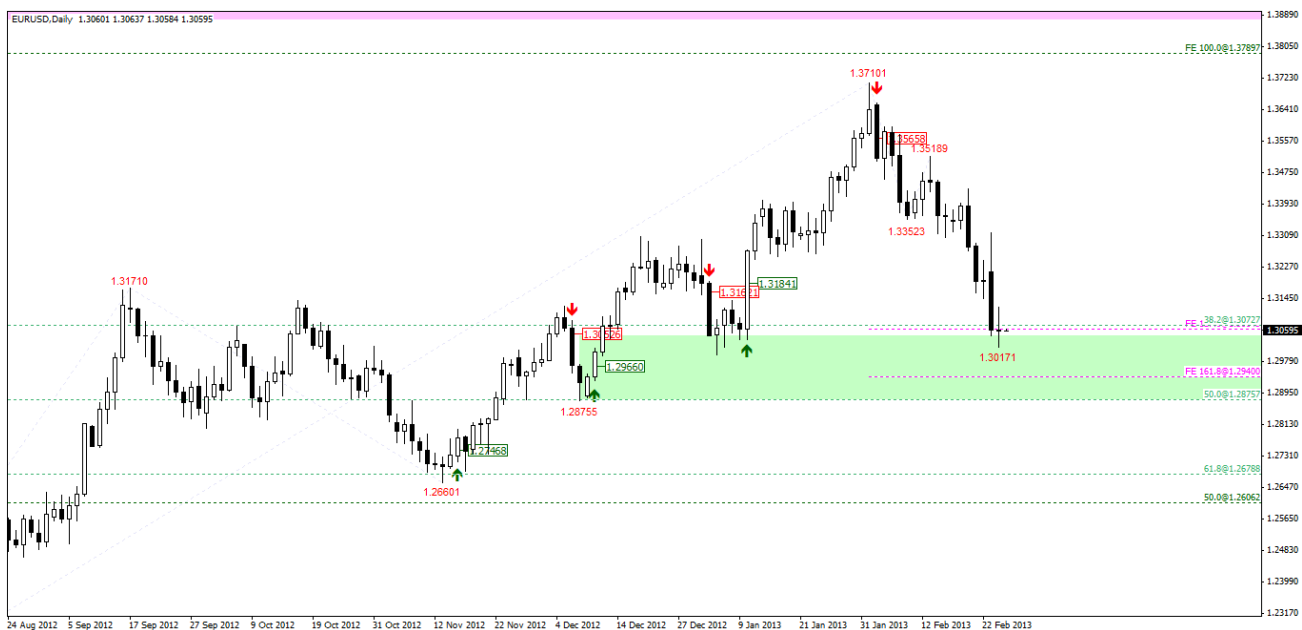
Bernanke strongly defended the U.S. central bank's bond-buying stimulus, saying its benefits clearly exceed possible costs. He also urged lawmakers to avoid the sharp spending cuts set to take effect on Friday, which he warned could combine with earlier tax increases to create a "significant headwind" for the economic recovery.

The focus on Italy temporarily took a backseat to U.S. economic data. U.S. home prices closed out 2012 with the biggest annual gain in more than six years, according to the S&P/Case Shiller index, while government data showed sales of new homes spiked in January, the latest sign that the long-suffering housing market was on the mend. Consumer confidence rose more than expected this month as Americans shrugged off worries about fiscal policy.

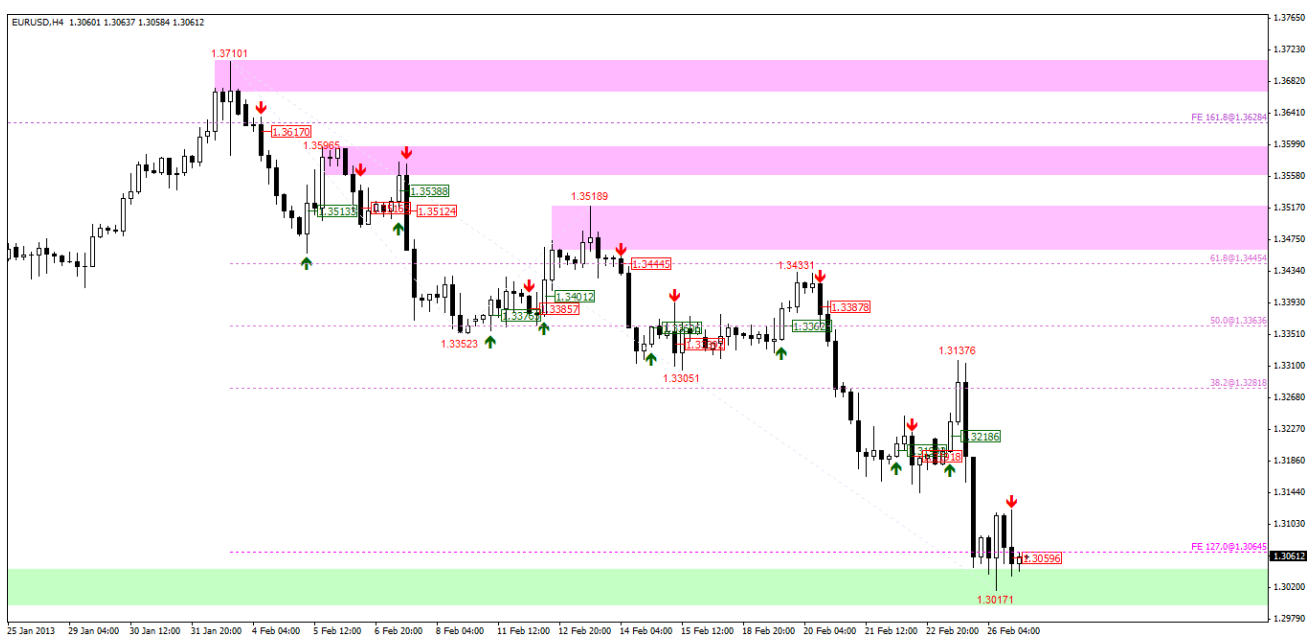
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EUR-USD DAILY



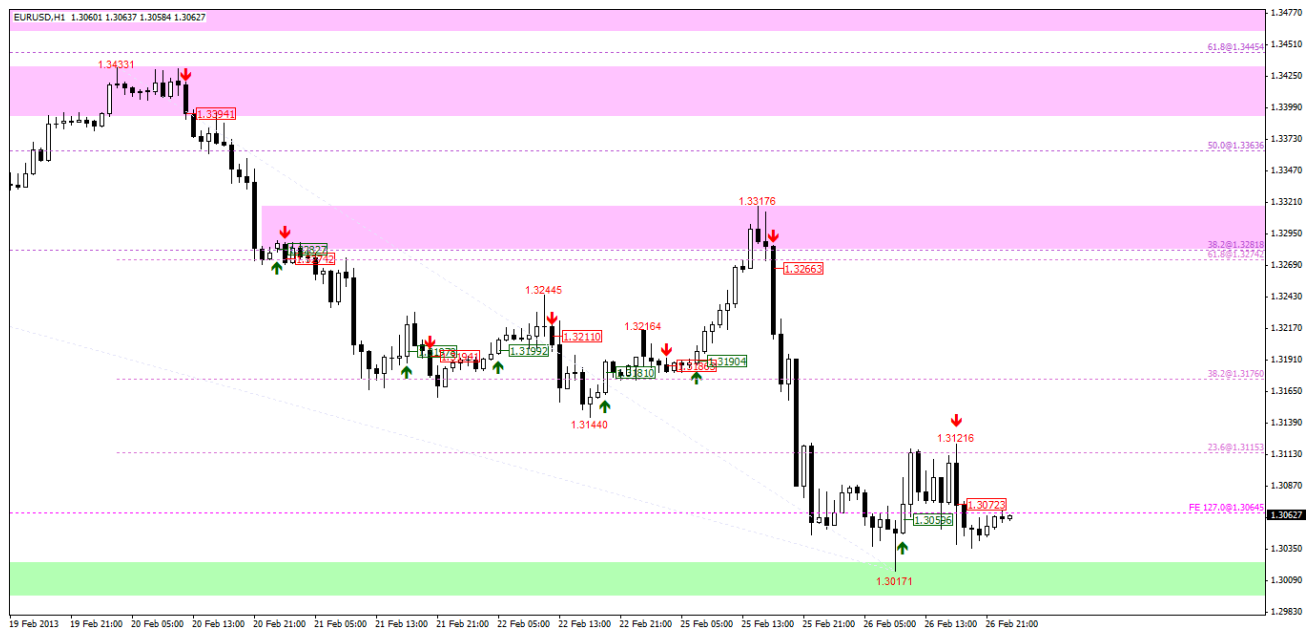
EUR-USD 4-HOURLY



EUR-USD Short Term Outlook

Euro remained pressured largely due to the possibility of a hung parliament in Italy. Price action closed unchanged after dipping briefly into a significant demand zone at **1.29963-1.30439** with a print at 1.30171 (see H4 chart). As noted, this market is vulnerable to a rebound and so far price action has held firm around this price pocket. Also worth noting is the fact that prices have hit a Fibonacci cluster at the 38.2% retracement of 1.20414 to 1.37101 at **1.30727** and the 127.0% projection of 1.37101 to 1.33523 from 1.35189 at **1.30645** in the D1 chart. With Tuesday ending as long-legged shadow doji, the stage is set for a meaningful rebound – if prices close above **1.32152** in the D1 chart going forward. That said, another dip into **1.29963-1.30439** is a distinct possibility. If this price bracket holds, the immediate target is **1.32827-1.33176**, just above where the 38.2% retracement of 1.37101 to 1.30171 at **1.32818** and the 61.8% retracement of 1.34331 to 1.30171 at **1.32742** are located. Today is the second last business day for February. Should this market closes below **1.29826** by tomorrow, it would invariably trigger a sell signal in the monthly chart as well and that's a big deal. That would essentially cement the longer-term bearish bias.

EUR-USD 1-HOURLY



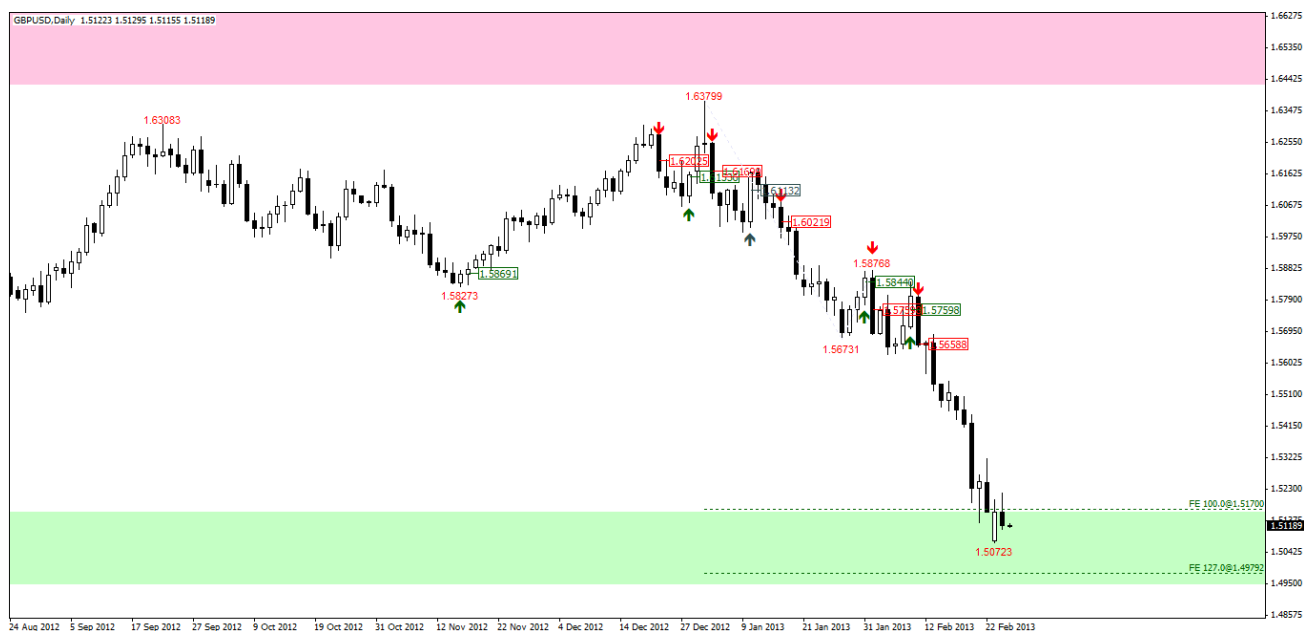
TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.30237	1.29863	1.31760	1.32818	3	0.03m
Sell	Sell on sell signals between 1.32827-1.33176		1.33276	1.30439	1.27214	3	0.03m

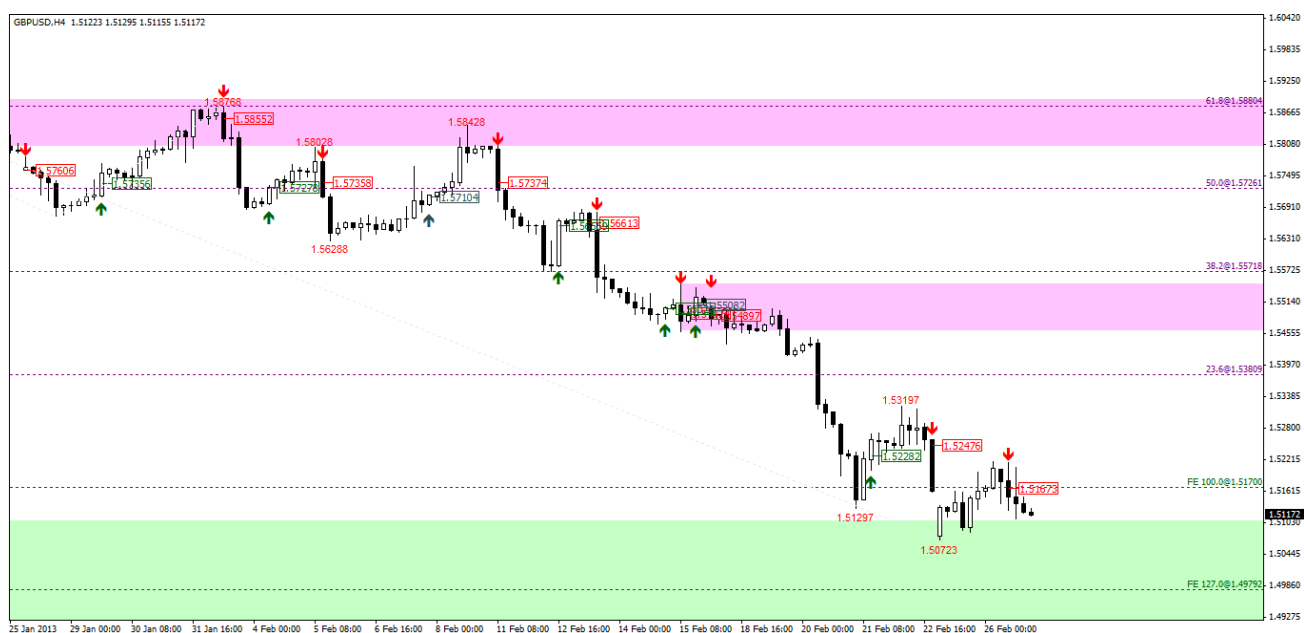
TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.22										4.14	10,414.30
2013.02.26 09:26	0.03	1.30237	2013.02.26 23:59	0.03	1.30600	108.9	108.90				

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

This market opened with a massive gap to the downward on Monday on news that Moody's has downgraded UK AAA credit rating in late NY trading on Friday. From a 3-year high in January to 31-month low this week, the entire price structure in this market is decidedly bearish. For those who managed to sell on the brief rebound last Friday at the minor supply pocket at **1.52955-1.53161**, caution is warranted as this market nears the 127.0% projection of 1.63799 to 1.56731 from 1.58768 at **1.49792**; where the demand pockets at **1.48730-1.49830** is located. Should this price pocket fail to arrest the fall; the medium-term target is the demand pocket at **1.42300-1.43422**. On the topside, the minor supply pocket at **1.52955-1.53161** is an immediate barrier to higher prices. This is followed by the next supply pocket at **1.54526-1.55481**.

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.52999	Break-even	1.49792	1.43422	3	0.03m

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.22										13.4	11,340.10
2013.02.22 06:23	0.03m	1.52999	2013.02.26 23:59	0.03m	1.51237	528.6	528.60				

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USDCHF, H4 0.93173 0.93210 0.93144 0.93153

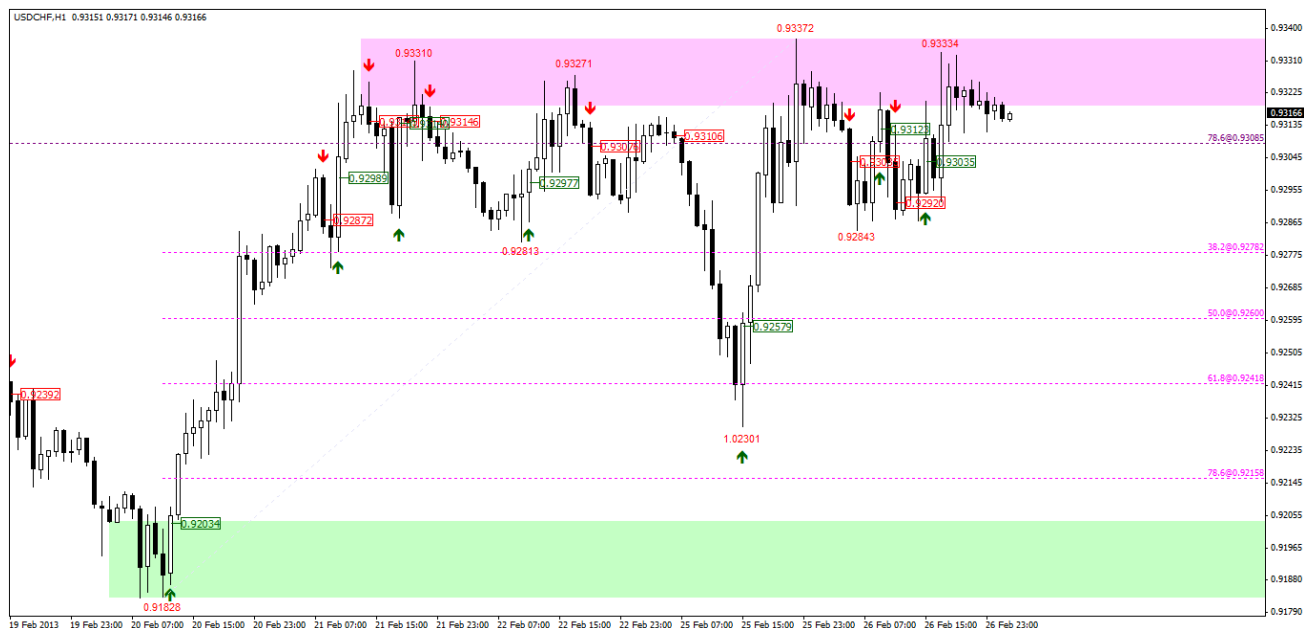
0.93785
0.93580
0.93370
0.93153
0.92960
0.92755
0.92550
0.92345
0.92140
0.91930
0.91725
0.91520
0.91315
0.90905
0.90700
0.90490
0.90285
0.90080
0.89875

0.93310
0.93372
0.93147
0.93133
0.92921
0.92301
0.92238
0.91828
0.91860
0.92012
0.91688
0.91270
0.91153
0.91067
0.90859
0.90550
0.90204

28 Jan 2013 29 Jan 12:00 30 Jan 20:00 1 Feb 04:00 4 Feb 12:00 5 Feb 20:00 7 Feb 04:00 8 Feb 12:00 11 Feb 20:00 13 Feb 04:00 14 Feb 12:00 15 Feb 20:00 19 Feb 04:00 20 Feb 12:00 21 Feb 20:00 23 Feb 04:00 26 Feb 12:00

This market has been crisscrossing the 78.6% retracement of 0.93870 to 0.90204 at **0.93085** since last Thursday. After an early fall on Monday to 0.92843, this market breached last week's high at 0.93310 with an overnight high at 0.93334 and is poised to mount a challenge at the supply zone at **0.94058-0.95109**. If so, this may well presents a selling opportunity. In perspective, this market is bounded by the demand zone at **0.90010-0.90587** and the supply zone at **0.94058-0.95109** (see D1 chart). As this market is trading broadly in a sideways market with no sign of exceptionally strong momentum so far, positioning speculative short position there made sense; especially near the 50.0% retracement of 0.99709 to 0.90204 at **0.94957** (see D1 chart). Should this bearish scenario pan out; primary target is the demand pocket at **0.92641-0.92825**, with the possibility of this market testing the demand pocket at **0.90010-0.90587**.

USD-CHF 1-HOURLY



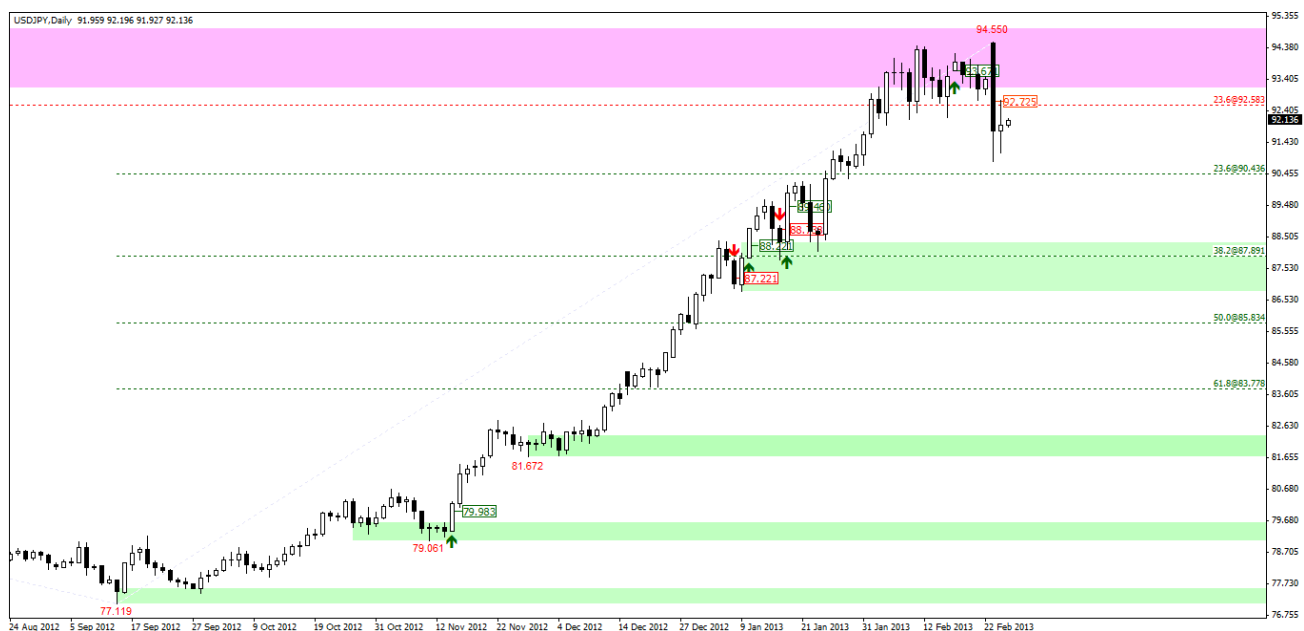
USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 0.94058-0.95109		0.95209	0.91752	0.90587	3	0.03

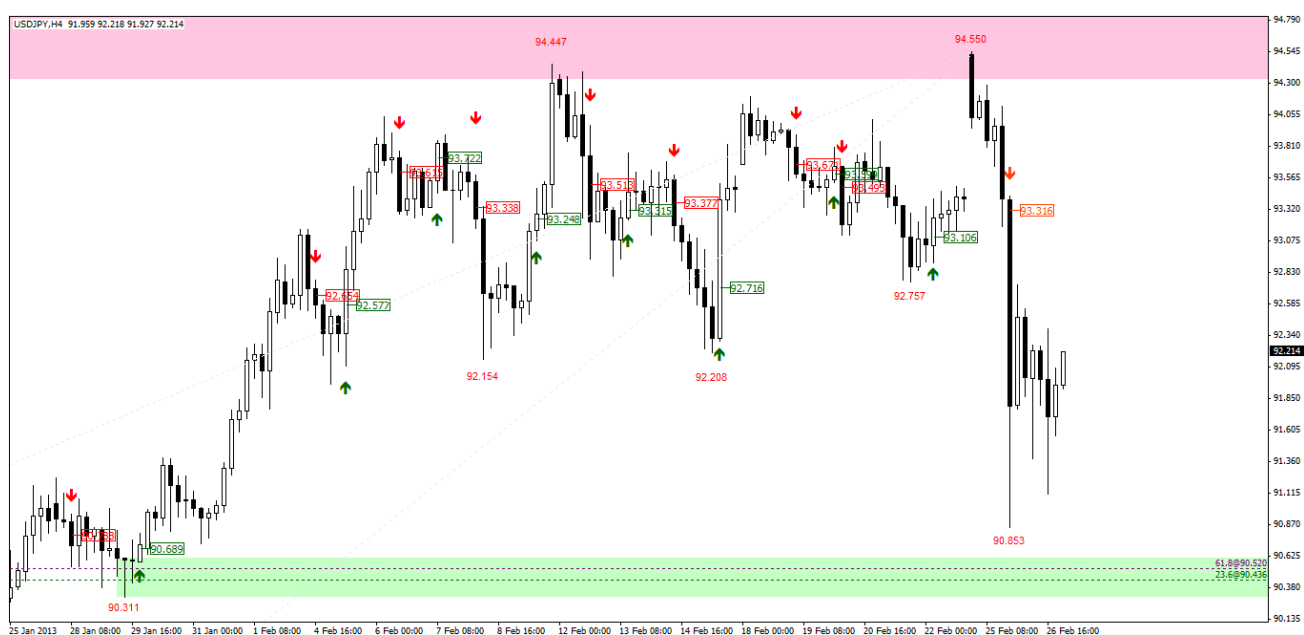
USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.22										5.00	10,499.96
2013.02.21 19:02	0.01m	0.93140	2013.02.25 11:18	0.01m	0.92825			31.5	33.93	5.34	10,533.89
2013.02.21 19:02	0.02m	0.93140	2013.02.25 22:50	0.02m	0.93330			-38.0	-40.72	4.93	10,493.17

USD-JPY DAILY



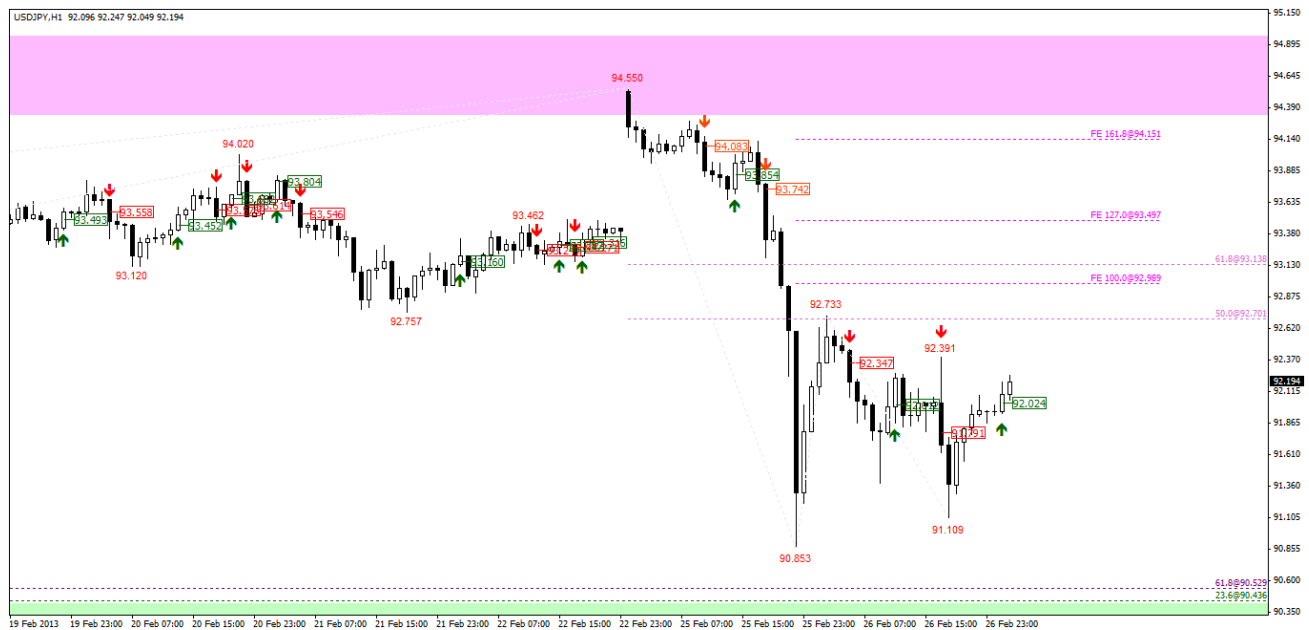
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

Monday is another classic example of traders reacting to news and paying dearly for doing so. News that Haruhiko Kuroda may be the next Bank of Japan governor caused traders to bid USD-JPY aggressively to a 40-month high on the belief that he will follow-through on Shinzo Abe's pledge to re-inflate the moribund Japanese economy by targeting a 2% inflation. Those who did came to grief almost immediately as this market witnessed the single largest day fall since the earthquake/tsunami that hit Japan almost 2 years ago. This did not come as a complete surprise. Followers of this report were alerted of a sizable correction for sometimes now. As noted in earlier updates, only a sustained rally above the S2 at **93.129-94.979** would suggest the resumption of the rally. Also noted was the view that a close below **92.725** in the D1 chart would suggest the onset of a more robust pullback with the potential to retrace all the way 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). Despite the massive fall on Monday, the long-term bullish bias is not compromised. 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). In the near-term, the price bracket between the 50.0% and 61.8% retracement of 94.550 to 90.853 at **92.702-93.138** as well as the 100.0% projection of 90.853 to 92.733 from 91.109 at **92.989** offers an opportunity to position speculative short positions for a test of the Monday's low of **90.853** as well as the 61.8% retracement of 88.044 to 94.550 at **90.529** and the 23.6% retracement of 77.119 to 94.550 at **90.436**. This Fibonacci cluster, in turn, lies just above a minor demand pocket at **90.272-90.420** (see H1 chart).

USD-JPY 1-HOURLY



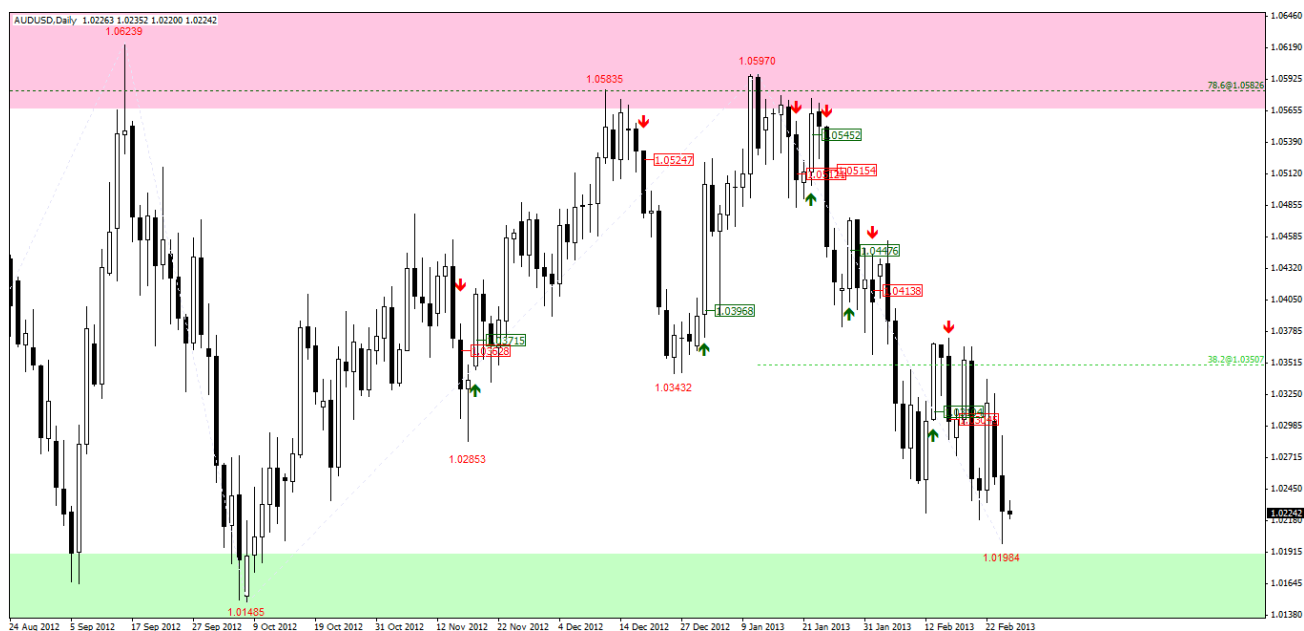
USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 92.702-93.138		93.274	90.529	86.908	3	0.03

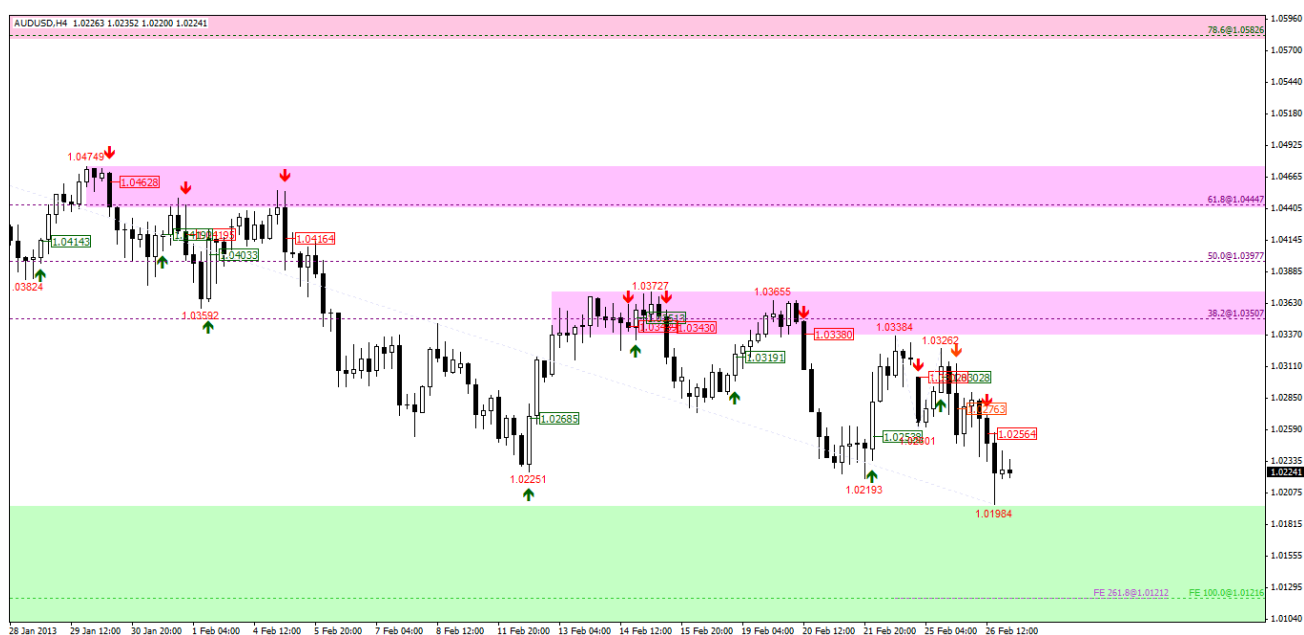
USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.22										23.74	12,374.07
2013.01.28 01:32	0.02m	90.487	2013.02.25 21:00	0.02m	92.725			447.6	482.72	28.57	12,856.79

AUD-USD DAILY



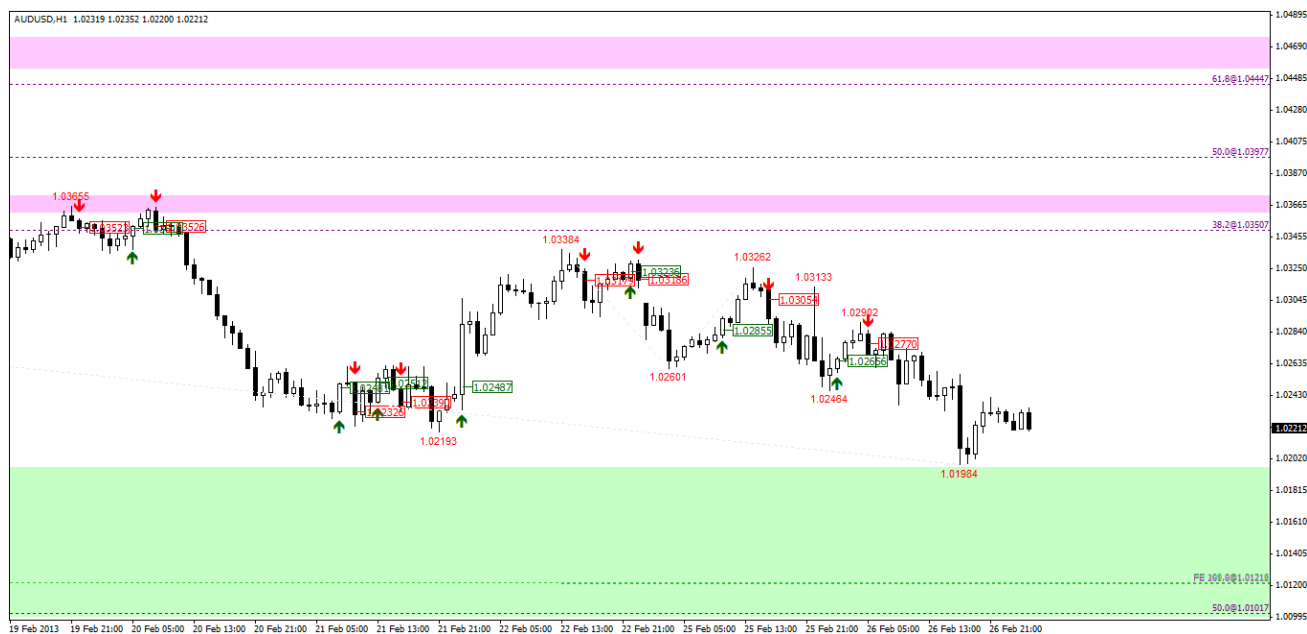
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

This market edged lower overnight, taking out last week's low at 1.02193 to a fresh 20-week low at 1.01984. This is within striking distance of last August low of **1.01485**. In the medium-term, this market remains locked between the demand pocket at **1.00995-1.01917** and the supply pocket at **1.05675-1.06692** (see D1 chart). Materially, nothing has changed. With all time frames favoring the downside, the obvious choice is to remain short but at current level, selling is not very attractive option as potential demand is possibly lurking at the immediate demand pocket at **1.00995-1.01917**. Should this market falls further from current levels, a potential target within the immediate demand pocket at **1.00995-1.01917** is the price bracket between the 100.0% projection of 1.06239 to 1.01485 from 1.05970 at **1.01216** cum the 261.8% projection of 1.03384 to 1.02601 from 1.03262 at **1.01212** and the 50.0% retracement of 0.95795 to 1.06239 at **1.01017**. This is an excellent area to position a counter-trend trade by going long. Alternatively, should this market rebounds from current levels, position shorts at the immediate supply pocket at **1.04416-1.04749** where the 61.8% retracement of 1.05970 to 1.02193 at **1.04527** is located is also an option. At this point in time, there is no telling if this market can trade to this level but if it does, this is a more comfortable level to sell than where prices are now.

AUD-USD 1-HOURLY



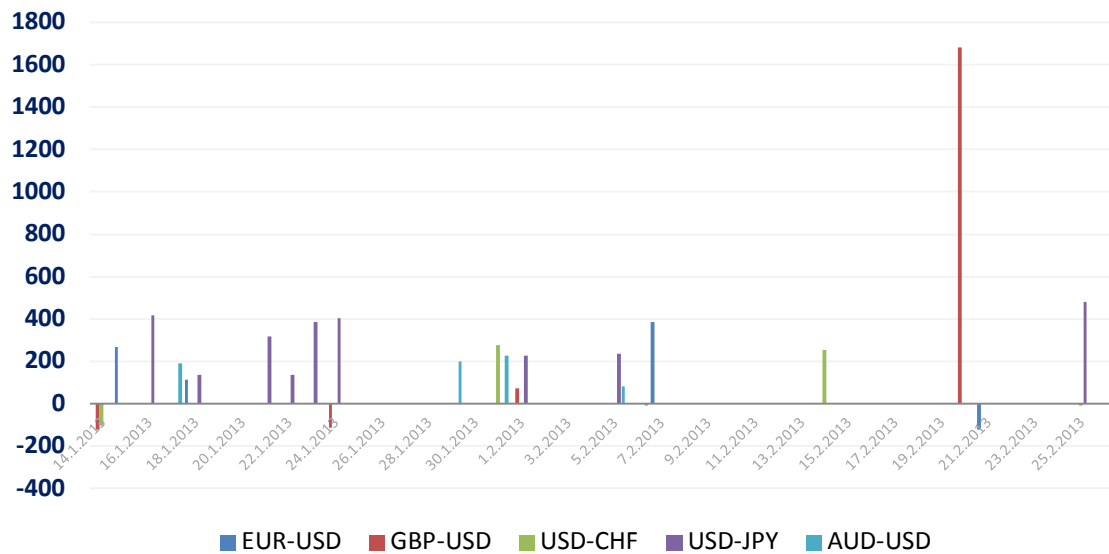
AUD-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signals between 1.04416-1.04749		1.04849	1.02705	1.01967	3	0.03m
Buy	Buy on buy signal between 1.01017-1.01216		1.00895	1.03156	1.04416	3	0.03m

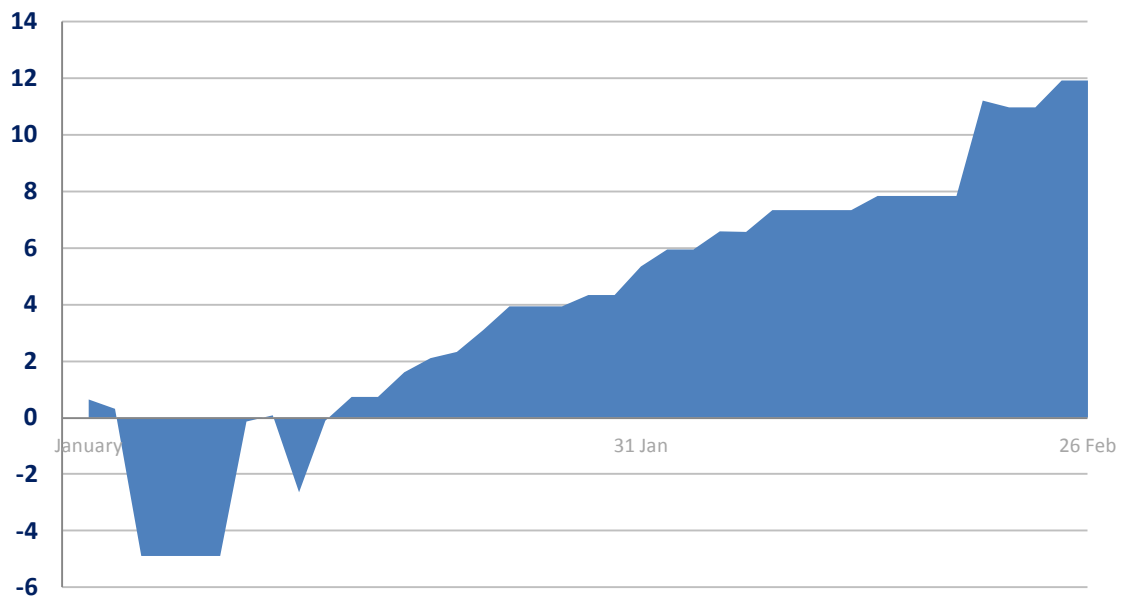
AUD-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L	Realized P/L	Accumulative Balance
						Pips + / - (\$)	Pips + / - (\$)	% \$
2013.02.22								8.49 10,849.00

Daily Realized P/L



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.