

*A Traders Academy International Publication*

## Obama Threatens Sequestration

Traders are also likely to take their cue from a batch of Asian data on Friday, including inflation data from Japan, South Korea's trade figures and a survey on China's manufacturing sector. Any disappointment in these reports could further dampen risk appetite.

Following a choppy session driven by month-end positioning, EUR-USD settled at 1.30551, back near a 7-week trough of 1.30171 plumbed earlier in the week. EUR-USD has lost about 4 percent in February, its biggest monthly slide in nine months.

Traders said benign inflation data on Thursday gave the European Central Bank room to cut interest rates, which further diminished the allure of the Euro.

EUR-USD had been given a slight reprieve mid-week when a relatively smooth Italian government bond auction helped offset unease about an inconclusive election result.

But comfort from Italy's successful bond sale was fast fading on concerns that the sequestration which mandate mandatory sweeping budget cuts worth \$85 billion across U.S. federal government agencies will hit growth in the world's biggest economy. The International Monetary Fund has said it will likely cut its U.S. and global growth forecasts if those automatic spending cuts take effect on Friday, and warned that the U.S.'s biggest trading partners would be hardest hit.

Not surprisingly, traders gave commodity currencies a wide berth, knocking AUD-USD down towards 1.02000 from a high near 1.03000. It settled at 1.02129.

The Japanese Yen, usually bought in times of heightened market stress, continued to underperform a day after Prime Minister Shinzo Abe nominated an advocate of aggressive policy action to head the Bank of Japan.

USD-JPY settled at 92.543, extending a recovery from this week's fall to 90.85 and heading back towards a 33-month peak of 94.550 set on Monday.

EUR-JPY, however, saw its recovery stall. It settled at 120.824, off its overnight high of 121.803.

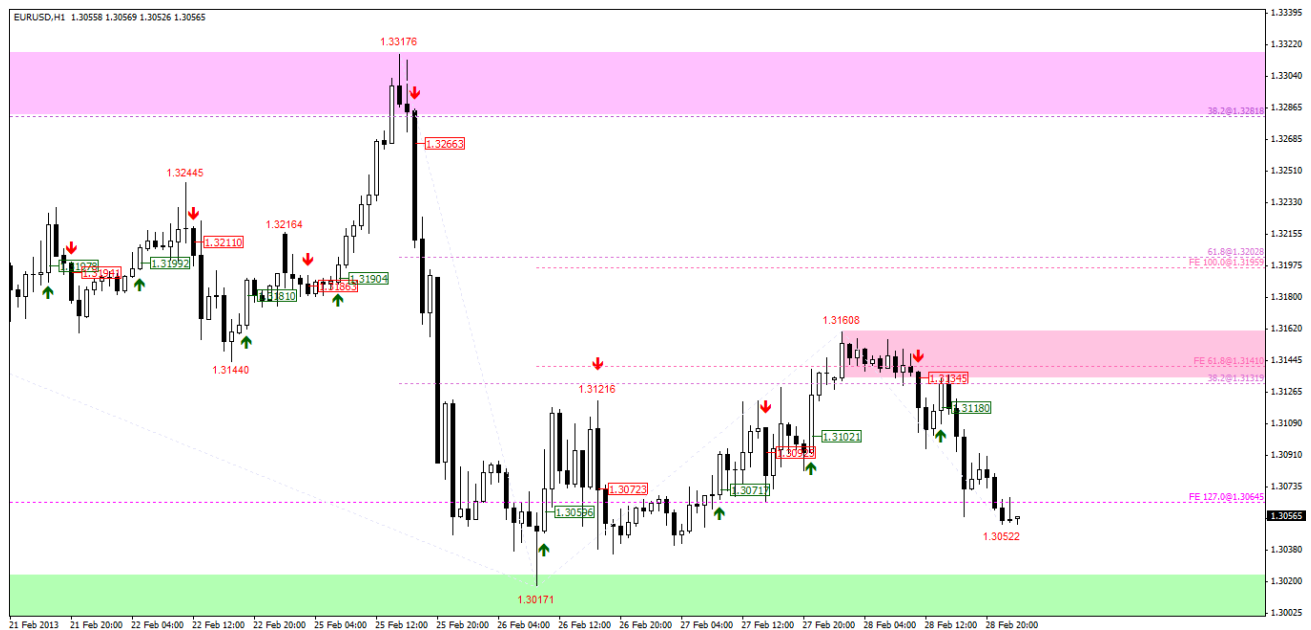
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This market lost almost all its gains since Tuesday on lingering worries over the political gridlock in Italy. At the point of writing, Tuesday's low of 1.30171 remains un-violated. If this last night low of **1.30522** holds and this market rallies from there, there is still a possibility that price action may be doing 100.0% projection of 1.30171 to 1.31608 from 1.30522 at **1.31959** in a zig zag 3-wave correction. This level is stacked just below the 38.2% retracement of 1.37101 to 1.30171 at **1.32028**. Alternatively, this market may only manage a rebound to the minor supply pocket at **1.31345-1.31608** where the 61.8% projection from 1.30171 to 1.31608 from 1.30522 at **1.30792** lies. On the other hand, should this market takes out Tuesday's low of **1.30171**, the next area where this fall may be arrested is in between the 161.8% projection of 1.37101 to 1.33523 from 1.35189 at **1.29400** and the 50.0% retracement of 1.20414 to 1.37101 at **1.28758** (see D1 chart).

## EUR-USD 1-HOURLY



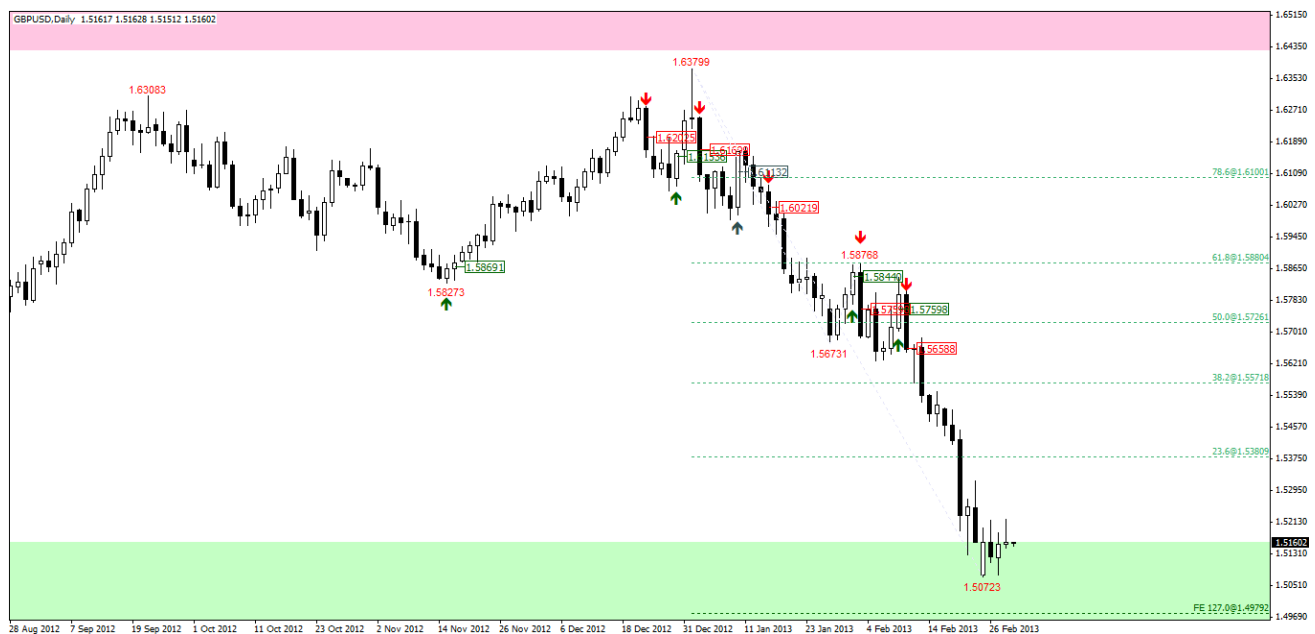
## TRADE IDEAS

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
Buy	Buy on buy signals between 1.28757-1.29400		1.28655	1.31345	1.32818	3	0.03m

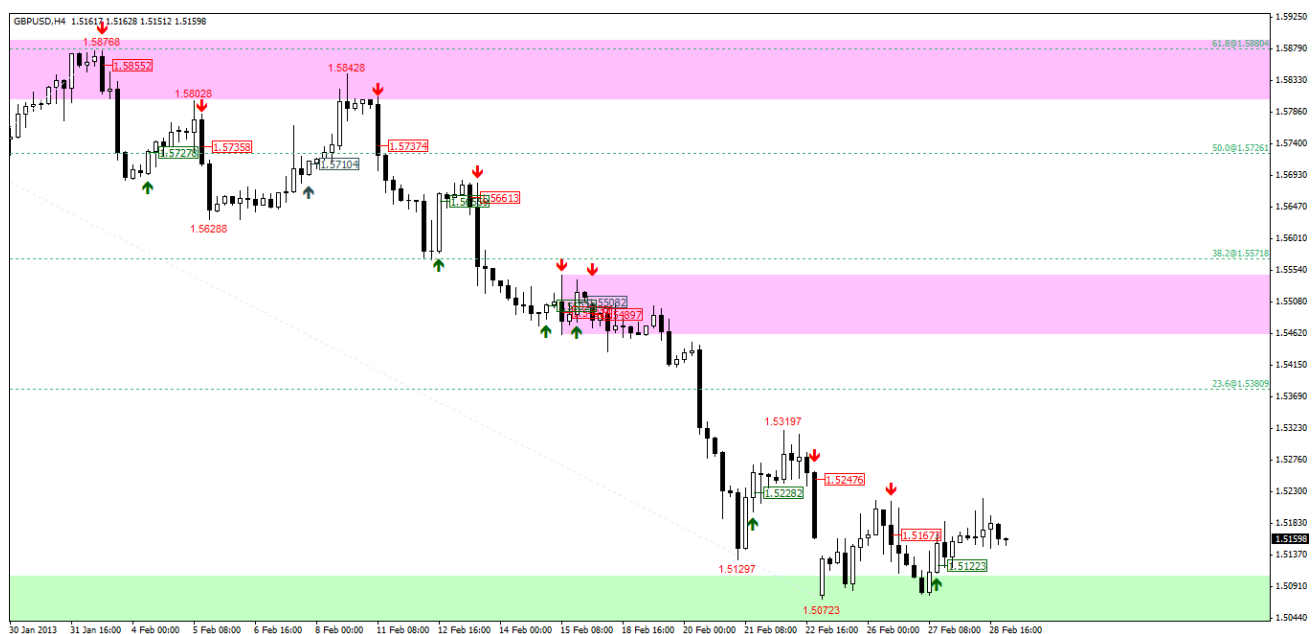
## TRADE JOURNAL

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	2013.02.28 23:59	0.03	1.30551	94.2	94.20				

## GBP-USD DAILY



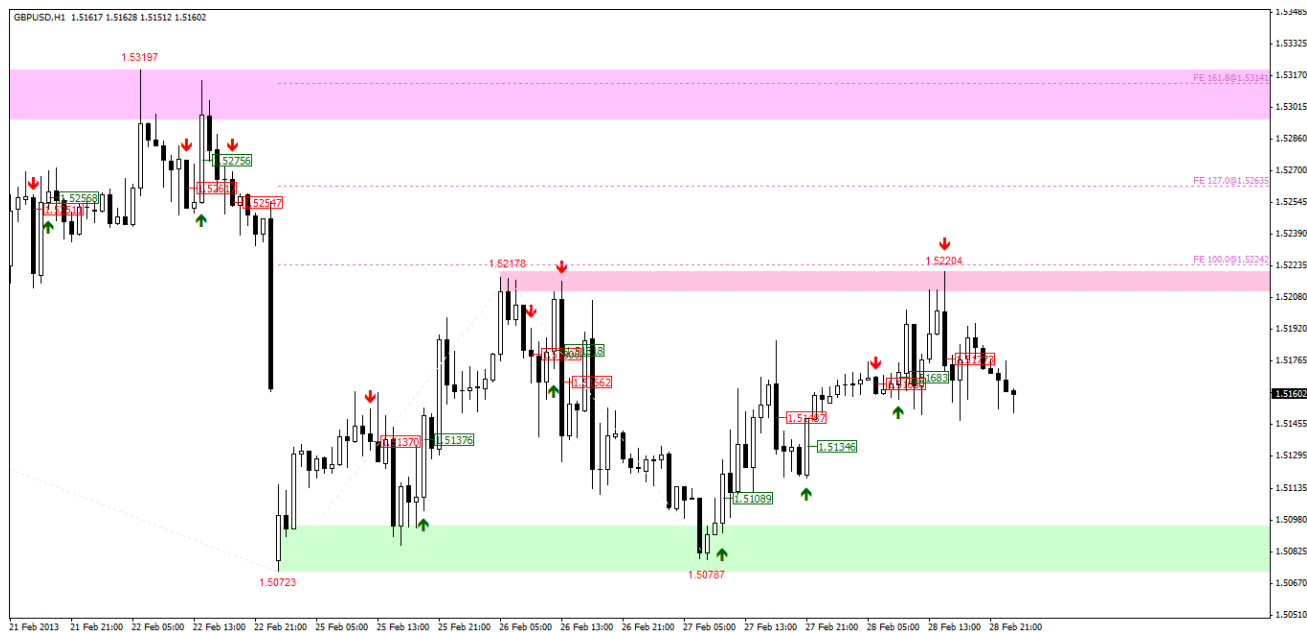
## GBP-USD 4-HOURLY



## GBP-USD Short Term Outlook

After failing to take out Monday's low of 1.50723 on Wednesday and rebounded once again from within **1.50723-1.50954**, this market may now instead test the upper boundary marked by a minor supply pocket at **1.52104-1.52204**. To put this things in perspective, this market has fallen from a 3-year high from as early as January to a 31-month low this week is a reflection of the ferocity of this fall. Other than the Japanese Yen, the Sterling Pound is now the second weakest major currency. For those who managed to sell on the brief rebound last Friday at the minor supply pocket at **1.52955-1.53161**, the longer this market fails to take out Monday's low of **1.50723**, the greater the risk that this market may attempt to re-test the week's high. On the topside, the minor supply pocket at **1.52955-1.53161** act as an immediate barrier to higher prices. This is followed by another at **1.54526-1.55481**. Even if the weeks low is taken, 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 (see H4 chart). Should this price pocket fail to arrest the fall at the demand pockets at **1.48730-1.49830**; the medium-term target is the next demand pocket at **1.42300-1.43422**.

## 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		1.52999	Break-even	1.50954	1.43422	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	+ / - (\$)	%	\$
2013.02.22										13.4	11,340.10
2013.02.22 06:23	0.03m	1.52999	2013.02.28 23:59	0.03m	1.51615	415.2	415.20				

USDCHF.Daily 0.93664 0.93678 0.93599 0.93629

Line Chart

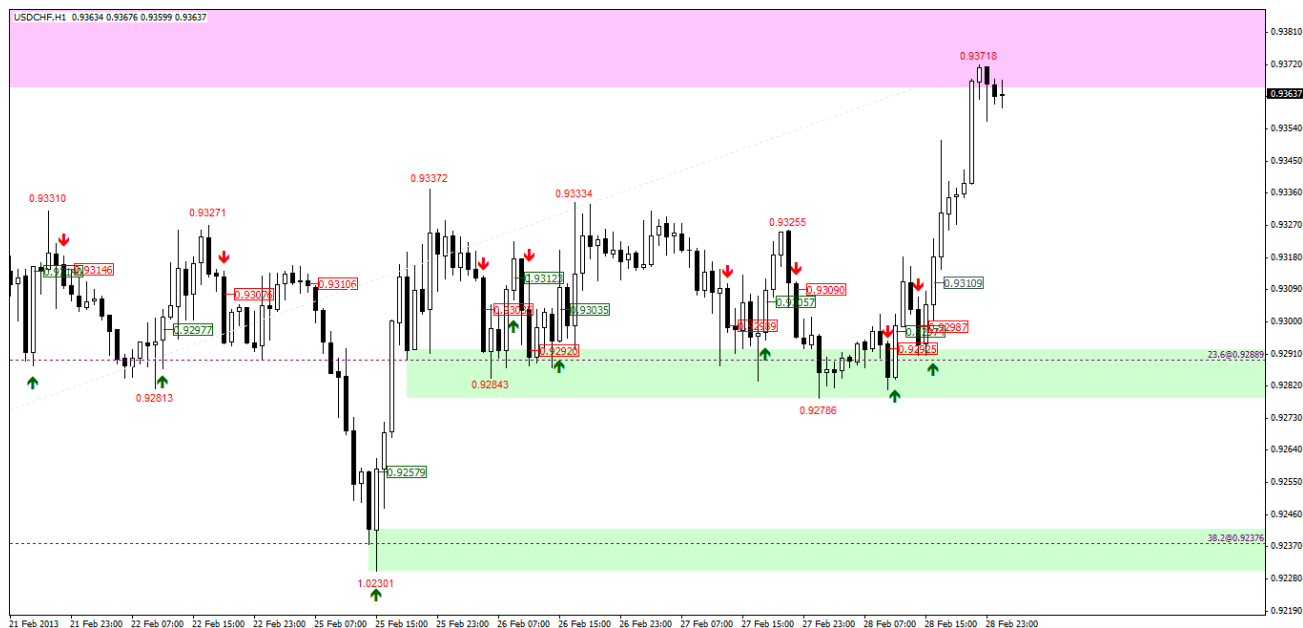
0.95109  
0.94563  
0.93810  
0.93718  
0.93011  
0.93078  
0.92752  
0.92513  
0.92134  
0.91752  
0.91633  
0.91503  
0.91210  
0.90940  
0.90785  
0.90204

50.080.94956  
38.180.93835  
FE 61.880.90428

28 Aug 2012 7 Sep 2012 19 Sep 2012 1 Oct 2012 11 Oct 2012 23 Oct 2012 2 Nov 2012 14 Nov 2012 26 Nov 2012 8 Dec 2012 18 Dec 2012 31 Dec 2012 11 Jan 2013 23 Jan 2013 4 Feb 2013 14 Feb 2013 26 Feb 2013

This market finally resolved to the upside after spending the good part of the last two weeks zipping in and out of the 78.6% retracement of 0.93870 to 0.90204 at **0.93085** and convincingly cleared above the supply pocket at **0.93186-0.93372**. As noted, this market appears 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). Unless and until this rally from 0.90204 accelerates, positioning speculative short position within the supply zone at **0.94058-0.95109** made sense; especially near the 50.0% retracement of 0.99709 to 0.90204 at **0.94957** (see D1 chart). Should this 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** in due time.

## 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

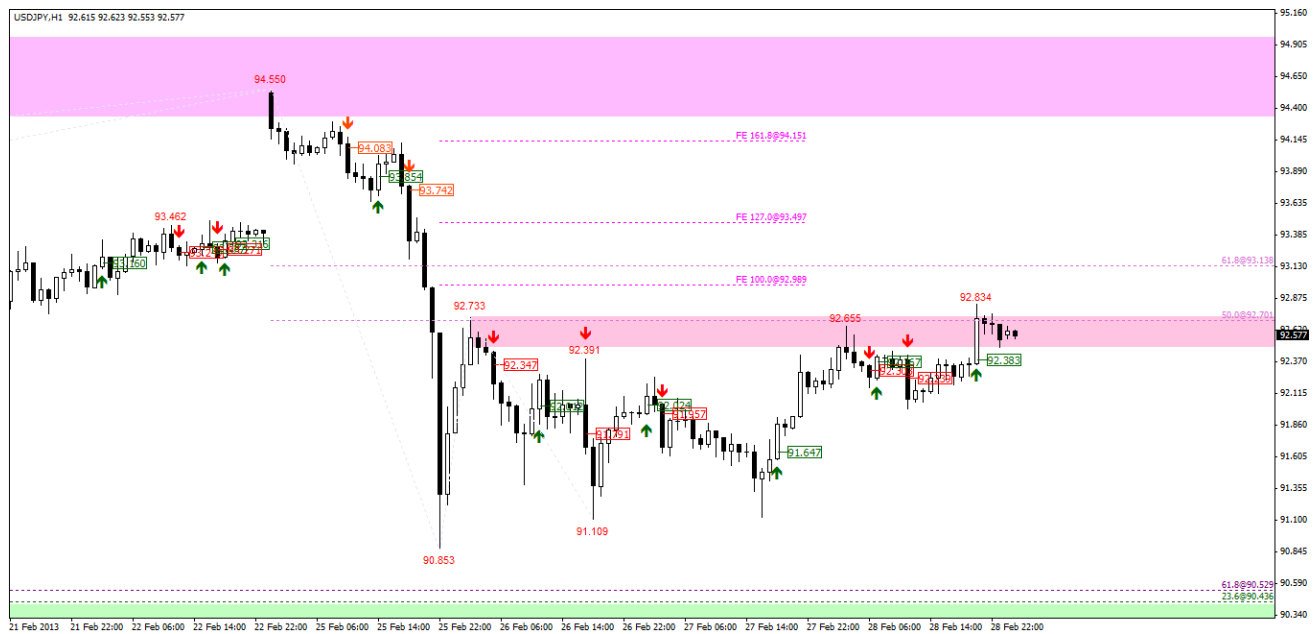
Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.22										5.00	10,499.96
2013.02.21 19:02	0.01m	0.93140	2013.02.25 11:18	0.01m	0.92825			31.5	33.93	5.34	10,533.89
2013.02.21 19:02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

[illegible]

Monday is not a classic example of traders reacting to news and paying dearly for doing so, it was also an excellent example of an exhaustion price gap in action. The massive sell-off seen on Monday was one of the most aggressive seen in the last two years – possibly breaking the back of this almost 6-month rally. As noted in earlier updates, only a sustained rally above the SZ 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 – yet. 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). As mentioned in Tuesday's update, 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). On the upside, only a sustained rally above the SZ at **93.129-94.979** would suggest the resumption of the rally.



## USD-JPY 1-HOURLY



## USD-JPY TRADE IDEAS

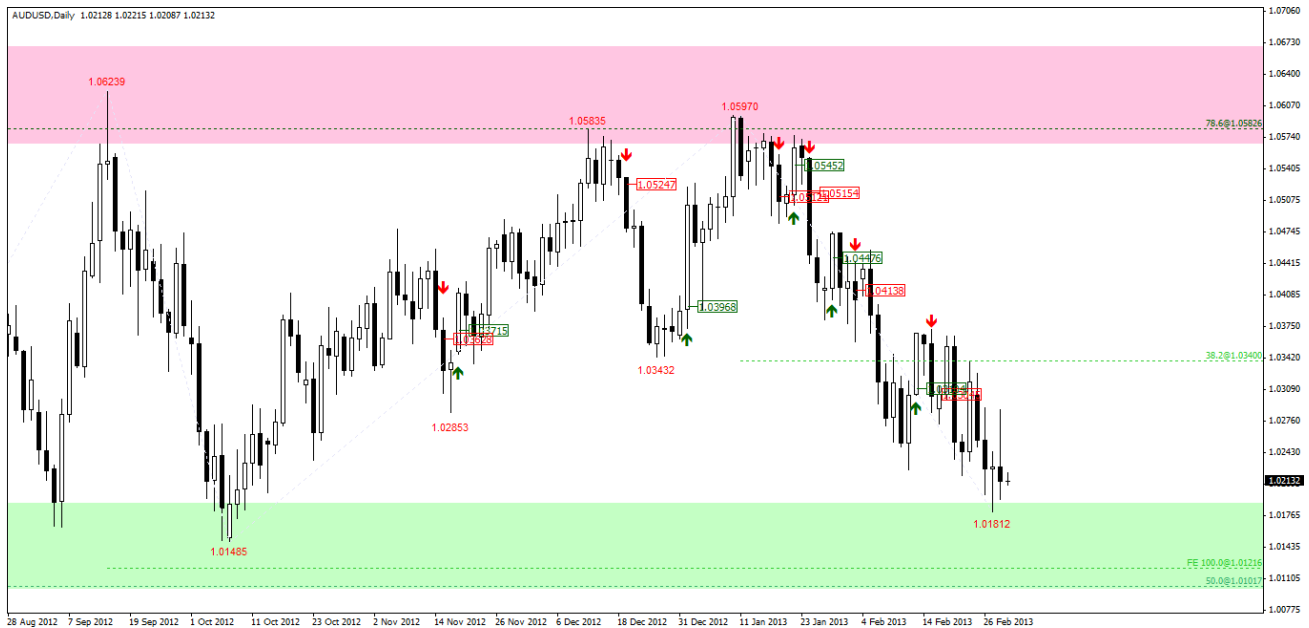
Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		92.699	93.274	90.529	86.908	3	0.03

## USD-JPY TRADE JOURNAL

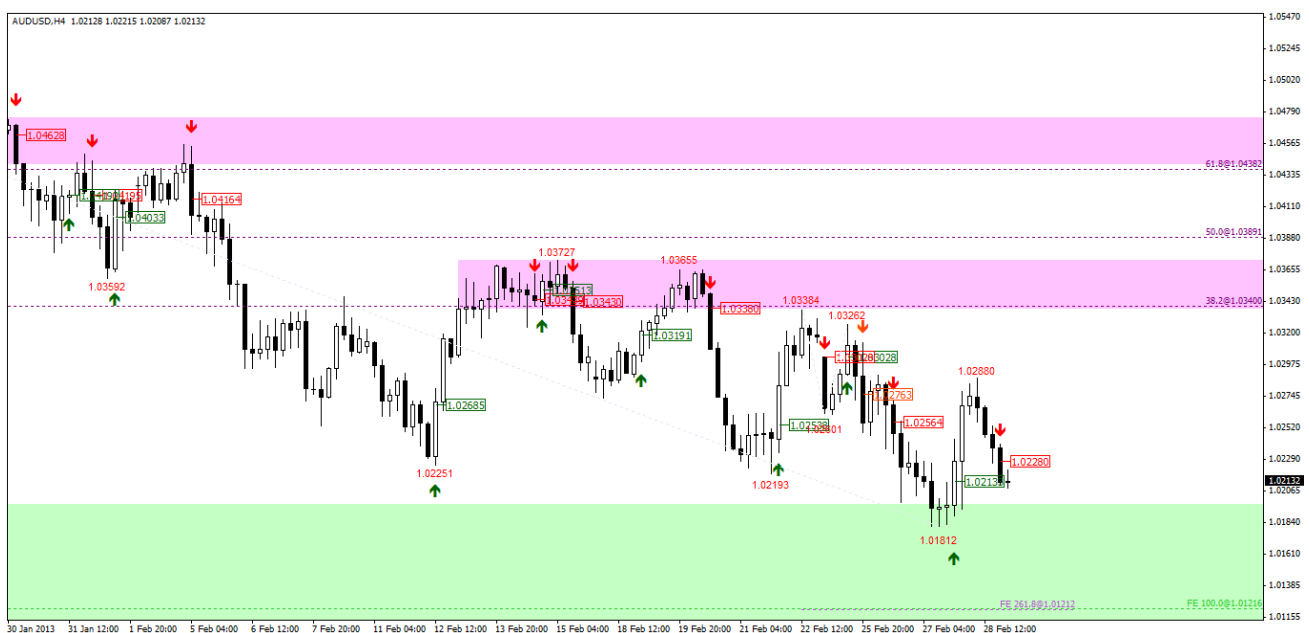
Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.22										23.74	12,374.07
2013.01.28 01:32	0.02m	90.487	2013.02.25 21:00	0.02m	92.725			447.6	482.72	28.57	12,856.79

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.25										28.57	12,856.79
2013.02.28 02:55	0.03m	92.699	2013.02.28 23:59	0.03m	92.543	46.8	50.57				

## AUD-USD DAILY



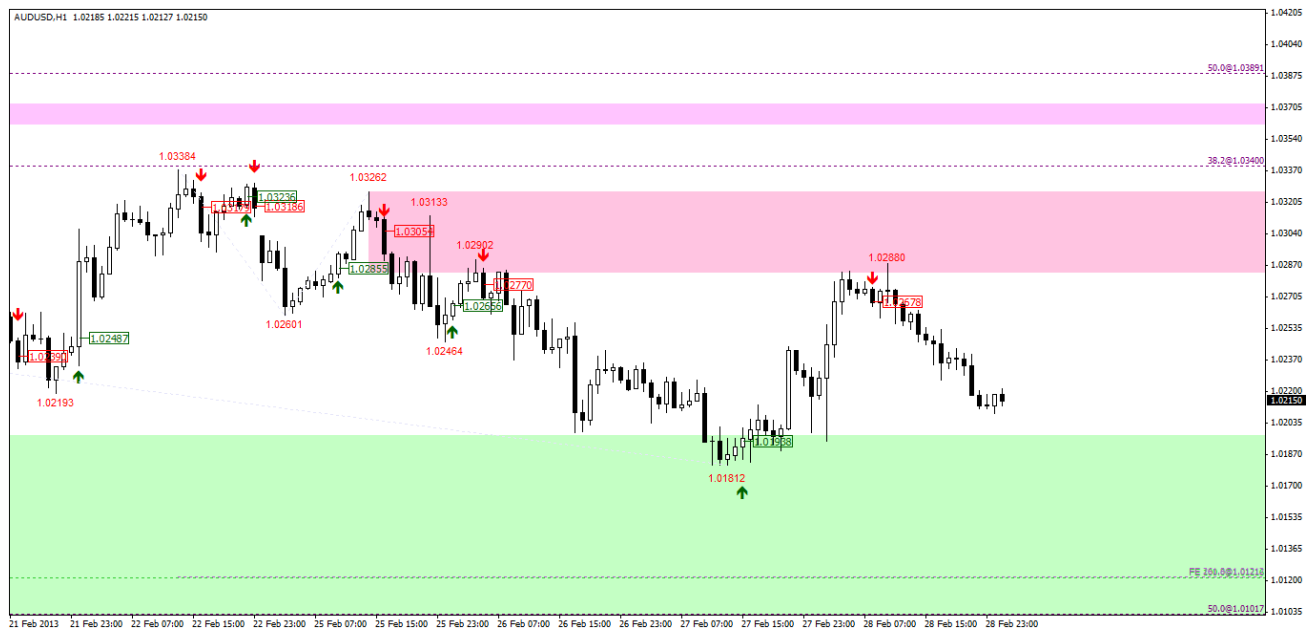
## AUD-USD 4-HOURLY



## AUD-USD Short Term Outlook

This market does have a problem keeping its recent gains as selling interests re-emerged overnight in NY. This market appeared poised to challenge the 20-week low at 1.01812 within the immediate demand pocket at **1.00995-1.01917** going forward. Incidentally, this market is within striking distance of last August's 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). As noted in recent updates, though sentiment remain bearish, selling is not very attractive option at current levels as potential demand is possibly lurking at/near the immediate demand pocket at **1.00995-1.01917**. Immediate barrier to higher prices is the immediate supply pocket at **1.04416-1.044749** where the 61.8% retracement of 1.05970 to 1.02193 at **1.04527** is located. On the downside, should this market slides below **1.01812**, a potential target 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**. If so, this is an excellent area to position a counter-trend trade by going long.

## AUD-USD 1-HOURLY



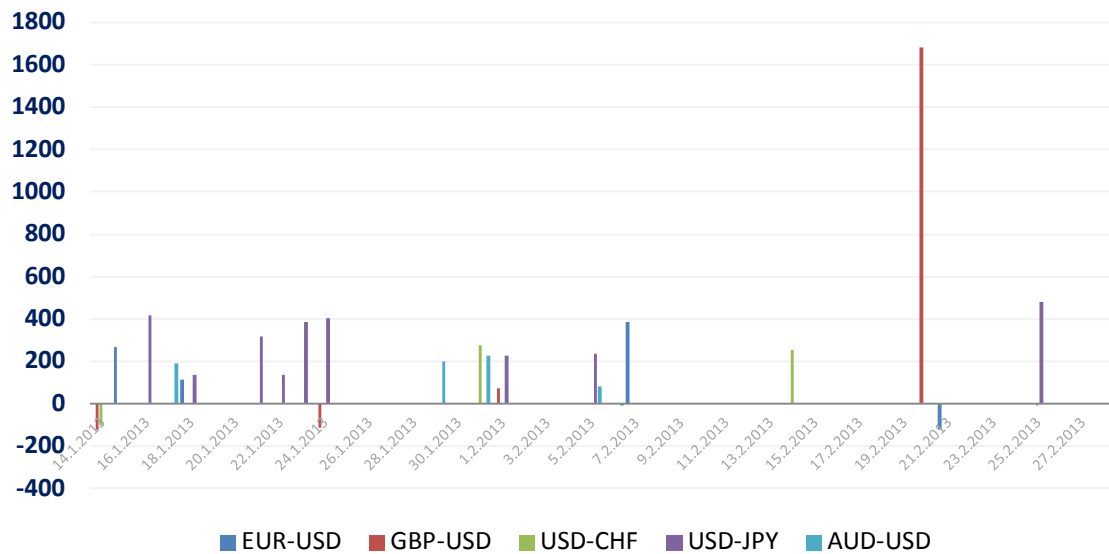
## AUD-USD TRADE IDEAS

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

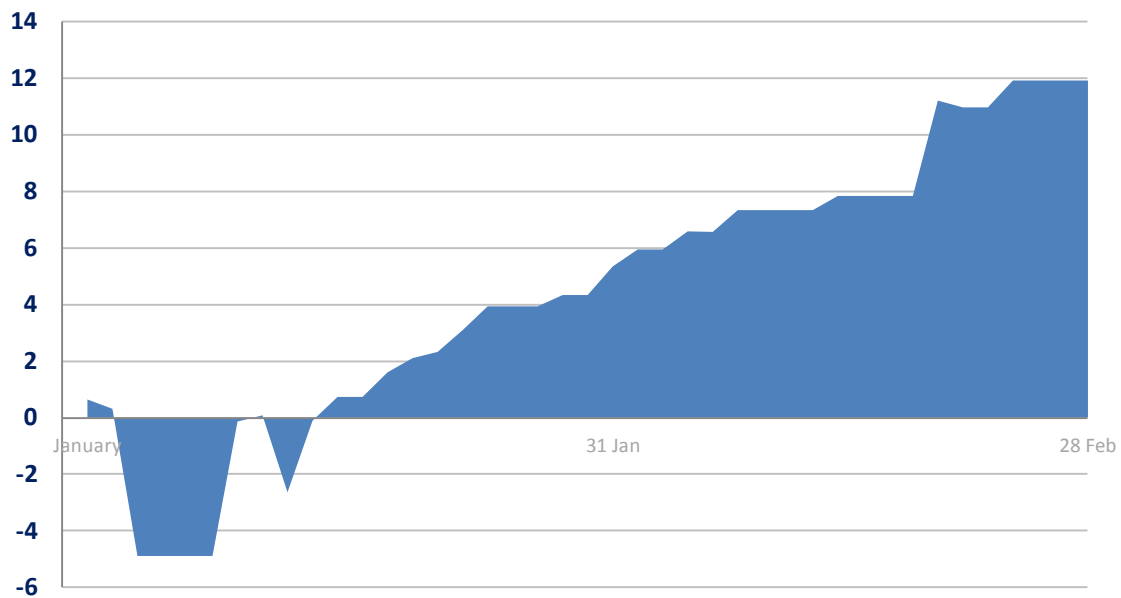
## AUD-USD TRADE JOURNAL

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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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.