Sat, Mar 9, 2013 Weekend Edition

# **FOREX OUTLOOK**



A Traders Academy International Publication

#### **US Dollar Surged On Good NFP**

USD-JPY surged to its highest in more than three years, bolstered by a report showing the U.S. economy created more jobs than expected last month, pushing the unemployment rate to a four-year low. This is the best weekly performance in two months.

The jobs report, suggesting the economy has developed enough momentum to withstand the blow from higher taxes and deep government spending cuts, fuelled speculation that the U.S. Federal Reserve will tone down its ultra-loose monetary policy sooner than anticipated. Data showed that non-farm payrolls surged in February, with employers adding 236,000 jobs, handily beating economists' expectations for a gain of 160,000. The jobless rate fell in February to 7.7 percent, the lowest since December 2008, from 7.9 percent in January. The data fits the story of an economy that has weathered the early stages of the fiscal drag extremely well.

EUR-USD fell, erasing gains from Thursday when European Central Bank President Mario Draghi gave less dovish policy signals than expected. It dropped as low as 1.29544, its weakest level since December 11 and settled down 0.78 percent at 1.30032.

USD-JPY climbed as high as 96.553, its strongest level since August 2009. It settled at 95.979, up 1.24 percent, its best daily performance in almost a month.

The Japanese Yen seems likely to remain under pressure as traders, looking past the Bank of Japan's decision to hold policy steady on Thursday at its April meeting, expect new officials to take aggressive action to beat deflation. If the BoJ expands its stimulus program next month, that could open the way for a test of 100 yen.

The summation of the recent weeks suggests market participants have been increasingly favouring the US Dollar, which is no longer out of favour during risk-on investor sentiment, while still retaining its safe-haven allure during bouts of risk aversion.

EUR-JPY rose 0.5 percen to 124.812, with the session peak at 125.947, the highest since February 13.

Expectations of future rate cuts in the Euro zone, however, remained a focal point, reinforced by comments from International Monetary Fund head Christine Lagarde, who said the ECB should lower rates.

The results of the Italian elections has so far failed to cause significant disruption in peripheral bond markets but the impact has the potential to breed uncertainties for weeks and even months. In addition, Morgan Stanley analysts said in a note to clients that the downward revision of Euro-zone growth forecasts and the below-target inflation forecast continued to provide the ECB with flexibility for future cuts in interest rates. They said any rebound in EUR-USD was an opportunity to sell for an eventual decline toward 1.27000/1.28000.

#### **DAYLIGHT SAVINGS TIME**

Sunday, 12 March marks the start of Daylight Savings in the U.S. till 3 November 2013. Starting Monday, 11 March, the U.S. session will commence at 8:00pm Singapore time.

#### **NOTE**

Different pricing in this report is a result of using a different broker's platform.

#### Content:

EUR-USD	2
GBP-USD	5
USD-CHF	8
USD-JPY	11
AUD-USD	14
T & C	17
Performance	18

#### **EUR-USD MONTHLY**



#### **EUR-USD WEEKLY**



## **EUR-USD Long Term Outlook**

In the longer-term, the fall from 1.49398 is treated as the falling leg inside the consolidation pattern which started from the 2008 high of 1.60380. The contention that this fall may have terminated at 1.20416 on July 24 2012 may prove to be premature. Sentiments have soured since July 2012 at the start of the February. With a close below **1.33090** in the W1 chart three weeks ago, the rally is truly over. Based on symmetry, this fall is part of the longer-term consolidation consisting of a series of 3-waves moves that may ultimately terminate at/near the Fibonacci cluster of the 100.0% extension of 1.60380 to 1.18758 from 1.49398 at **1.07776** and the 100.0% extension of 1.49398 to 1.20416 from 1.37101 at **1.08119** (see W1 chart). Of immediate concern is how this market will reaction as it edges towards last November 13 low of **1.26610** where the demand zone at **1.26610-1.27090** where the 61.8% retracement of 1.20416 from 1.37101 at **1.26790** is located.

#### **EUR-USD DAILY**



#### **EUR-USD 4-HOURLY**



### **EUR-USD Short Term Outlook**

The fall from 1.37101 is into the 5<sup>th</sup> week and Thursday's rebound proved to be unsustainable. After spiking to a high of 1.31337 in NY, this market fell sharply in reaction to the better than expected job numbers in the NFP. Immediate focus is the demand pocket at 1.28758-1.28922 where a Fibonacci cluster of the 50.0% retracement of 1.20416 to 1.37101 at 1.28759 and the 78.6% retracement of 1.26610 to 1.37101 at 1.28855 reside. As far, this market is unable to close decisively below the psychological 1.30000 handle. Each time it dipped below this level, it got bought back up. Yesterday was the fifth time this had happened; suggesting the presence of smart money and their determination to defend the 1.30000 handle at all cost. Despite the overnight fall, the medium-term bias has turned positive with a close above 1.30558 in the D1 chart on Thursday. That said, overhead resistance is formidable as can be seen clearly in the H4 chart. Friday's report call to sell at/near the 23.6% retracement of 1.37101 to 1.29657 at 1.31414 where a minor supply pocket at 1.31157-1.31608 is sited was right on. Traders may now move stops to break-even level to safe guard these latest short positions.

# **EUR-USD 1-HOURLY**



### **TRADE IDEAS**

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.31120	1.31708	1.28922	1.27090	3	0.03m

### **TRADE JOURNAL**

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L				Accumulat Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01										3.02	10,302.10
2013.03.08	0.03m	1.31120	2013.03.08	0.03m	1.30032	326.4	326.40				
13:57			23:59								

#### **GBP-USD MONTHLY**



#### **GBP-USD WEEKLY**



# **GBP-USD Long Term Outlook**

In the longer term, the breakout from the fourth wave seen in the triangle pattern from 1.35019 suggested that the fifth wave of the longer-term five wave sequence from 2.11610 is unfolding right now. If so, this means 1.35019 would not hold and a new low is expected. Two possible scenarios may play out next. (1) Once 1.35019 is taken out, the minimum requirement of a fifth wave down move is technically fulfilled. As such, this market is vulnerable to a swift counter-trend recovery. (2) This fifth wave fall may extend towards the Fibonacci cluster of the 61.8% extension of 2.11610 to 1.35019 from 1.70422 at 1.23089 and the 161.8% extension of 1.70422 to 1.42298 from 1.67462 at 1.21957 - which is roughly equidistant to the widest part of the triangle formation (see W1 chart). Overnight we have seen this market tested a sensitive Fibonacci extension level at the 100.0% extension of 1.67462 to 1.52674 from 1.63801 at 1.49013 with a print at 1.48842. It remains to be seen if there is going to be a reaction here. Based on the strong downward momentum, this is unlikely. Even if there is a rebound here, any recovery may prove to be fleeting.

### **GBP-USD DAILY**



#### **GBP-USD 4-HOURLY**



### **GBP-USD Short Term Outlook**

This market continued its downward trajectory after a brief rebound seen in Thursday NY session. As noted, the overall bias in this market is decidedly to the downside and overnight, this fall hit the 100.0% extension of 1.67462 to 1.52674 from 1.63801 at 1.49013 with a print at 1.48842. It remains to be seen if there is going to be a reaction here. Based on the strong downward momentum, this odd of this happening is low and even if there is a rebound here, any recovery may prove to be fleeting. Realistically, only a close above 1.51250 in the D1 chart would suggest the onset of a more meaningful correction. Below Friday's low of 1.48842, the next target is the 127.2% projection of 1.67462 to 1.52674 from 1.63801 at 1.44991. This level is, in turn, located just above a demand zone at 1.42298-1.44750. On the upside, the minor supply pocket at 1.50400-1.50820 should cap any adventure to the north.

## **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 1.51250	1.52999		1.50954 Realized	1.43422	3	0.03m

### **GBP-USD TRADE JOURNAL**

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price					umulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01										15.4	11,544.60
2013.02.22 06:23	0.02m	1.52999	2013.03.08 23:59	0.02m	1.49162	767.4	767.40				

#### **USD-CHF MONTHLY**



#### **USD-CHF WEEKLY**



### **USD-CHF Long Term Outlook**

In the bigger picture, the rebound from 0.70667 is viewed as a corrective rebound and should have completed after hitting the Fibonacci confluence of the 61.8% retracement of 1.17304 to 0.70614 at **0.99468** and the 61.8% extension of 0.70614 to 0.93150 from 0.85676 at **0.99603** with a print at 0.99709. Development from this year's low of 0.90212 suggests that this market is potentially developing into a sideway consolidation pattern. That said, the medium-term bias favours the upside. This means a retest of **0.99709** remains a distinct possibility but only a sustained break above there would suggest an extension of the rebound from the all-time of 0.70614. If so, this on-going correction may extends to the 38.2% retracement of 1.83040 to 0.70614 at **1.13561**; which is located just below the 127.2% extension of 0.70614 to 0.93150 from 0.85676 at **1.14342** (see W1 chart).

#### **USD-CHF DAILY**



#### **USD-CHF 4-HOURLY**



#### **USD-CHF Short Term Outlook**

This market rallied strongly to a 26-month high on the back of a much better than expected NFP on Friday. If there was any lingering doubt about where this market is heading, Friday's sharp rally has all but dispelled any remaining bearish bias. Friday's strong rally has reinforced the idea that the longer-term correction from the all-time of 0.70614 is still on-going. The obvious target is the high of 0.99709 registered last July. However, there are a number of barriers ahead. Immediate resistance may emerge from the overhead supply pocket at 0.96086-0.96346 where the 61.8% retracement of 0.99709 to 0.90212 at 0.96081 is sited. This followed by another at 0.97867-0.98085. However, the barrier to beat is the supply zone at 0.99178-1.00659. This is because the previous rally stalled at this very price bracket where a Fibonacci cluster made up of the 61.8% extension of 0.70614 to 0.93150 from 0.85676 at 0.99603 and the 61.8% extension of 0.85676 to 0.99709 from 0.90212 at 0.98884 reside. On the downside, demand is likely located between the price bracket of 0.93925-0.94165. The question is will prices fall back there first or zoom straight for the first overhead barrier at 0.96086-0.96346.

## **USD-CHF 1-HOURLY**



### **USD-CHF TRADE IDEAS**

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
						3	0.03m
Buy	Buy on buy signal between <b>0.93925-0.94165</b>		0.93825	0.96086	0.99178		

#### **USD-CHF TRADE JOURNAL**

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price					umulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01										4.93	10,493.17
2013.03.01	0.02m	0.94491	2013.03.08	0.02m	0.94491						
17:27			15:30								

### **USD-JPY MONTHLY**



#### **USD-JPY WEEKLY**



# **USD-JPY Long Term Outlook**

In the longer-term, the break above the 2011 high of 85.518 served as the confirmation of the long-term trend reversal. In retrospect, the entire fall from the 2007 peak of 124.130 may have terminated on the first day of November 2011 at 75.565. This week's strong rally has discredited the earlier idea that a correction of this 6-month long rally is unfolding. Focus is now on the psychological level of 100 yen. In this regard, the 261.8% extension of 75.565 to 84.170 from 77.126 at **99.654** is a viable target. This is also where the 50.0% retracement of 124.130 to 75.565 at **99.848** is located. Augmenting these levels is the supply zone at **99.227-101.437**. Together, this barrier should prompt some to take profits and possibly a trend reversal.

#### **USD-JPY DAILY**



#### **USD-JPY 4-HOURLY**



## **USD-JPY Short Term Outlook**

As expected, the fuel provided by the NFP ignited an explosive move in this market resolving a medium-term dilemma as a result of the massive selloff seen two Mondays ago. Now that this market has resumes its upward trajectory from 77.126, focus has shifted to the longer-term target at the Fibonacci cluster at the 261.8% extension of 75.565 to 84.170 from 77.126 at 99.654 and the 50.0% retracement of 124.130 to 75.565 at 99.848 where the supply zone at 99.227-101.437 is located. On the downside, the immediate demand pocket at 95.487-95.722 is probably all this market can pull back to (see H1 chart). For those still looking to chase this rally, a word of caution is timely. Bear in mind that this almost 6-month long rally, impressive as it is, has yet to have any meaningful correction to date; notwithstanding the 370 pips fall on 25 Feb two weeks ago. Continued chasing of this rally offers poor odds at this elevated level. Be safe. That said, selling still offers better risk/reward probabilities. Aggressive traders may consider scaling in speculative short positions within the supply zone at 99.227-101.437 beginning from the Fibonacci cluster of the 261.8% extension of 75.565 to 84.170 from 77.126 at 99.654 and the 50.0% retracement of 124.130 to 75.565 at 99.848.

# **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	Scale in selling between 99.227-101.437 at 100 pips interval	101.637		93.047	91.296	3	0.03m

## **USD-JPY TRADE JOURNAL**

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L					mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01										25.28	12,528.38
2013.03.04	0.01	93.560	2013.03.07 18:42	0.01	95.070			-151.0	-158.83	23.70	12,369.55
2013.03.07 15:46	0.02	94.543	2013.03.07 18:42	0.02	95.070			-105.4	-110.87	22.59	12,258.68

#### **AUD-USD MONTHLY**



#### **AUD-USD WEEKLY**



# **AUD-USD Long Term Outlook**

In the longer-term, price actions from the 2011 high of 1.10796 are treated as a consolidation pattern in the longer-term up-trend which 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 1.05972 may well be the D leg of this triangle pattern and should extend lower towards the lower trend-line. The fall since is probably working its way towards the E leg of this triangle pattern. A probable target is the Fibonacci cluster between the 61.8% extension of 1.10796 to 0.93871 from 1.08850 at **0.98390** and the 61.8% extension of 1.08850 to 0.95805 from 1.06240 at **0.98178**. Once the E leg is in place, that is hold above the lower trend-line; an explosive rally is expected to take out the all-time high of **1.10799**. The fall in GBP-USD (mirror image) offers a glimpse of how persistent such a rally may pan out. Primary target is the Fibonacci cluster between the 127.2% extension of 0.60090 to 0.94046 from 0.80709 at **1.23901** and the 127.2% extension of 0.47730 to 0.98490 from 0.60090 at **1.24657**.

#### **AUD-USD DAILY**



#### **AUD-USD 4-HOURLY**



#### **AUD-USD Short Term Outlook**

The recovery from 1.01143 having hit the 38.2% retracement of 1.05972 to 1.01143 at **1.02988** with a print at 1.03001 on Wednesday pulled back in a 3-wave corrective retracement to just above the 100.0% extension of 1.03001 to 1.02180 from 1.02888 at **1.02067** with a print at 1.02102 on Friday. With the H1 chart having triggered a buily signal, this market appeared poised to resume its counter-trend rally going forward (see H4 chart). However, if the corrective fall extends in an impulsive manner and close below **1.01940** in the D1 chart and sustained trading below the demand pocket at **1.00992-1.01378**, the fall from 1.05970 is deemed to have resumed. In the meantime, the supply pocket at **1.03628-1.03738** located just above the 50.0% retracement of 1.05972 to 1.01143 at **1.03558** may prove to be a more stubborn barrier to surmount (see H4 chart).

# **AUD-USD 1-HOURLY**



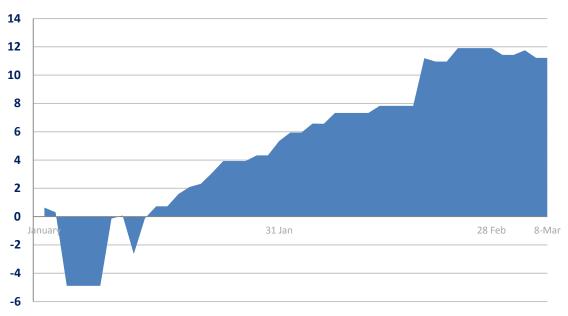
# **AUD-USD TRADE IDEAS**

	Action	Entry Condition	Entry	Stop-Loss	Profit	Profit	Exposure	Exposure
			Price		Target 1	Target 2	%	Units
	Bought		1.01205	Breakeven	1.02831	1.03372	3	0.03m
ı					Realized			
	Sell	Sell on sell signals between 1.03372-1.03727		1.03827	1.02184	1.01917	3	0.03m

## **AUD-USD TRADE JOURNAL**

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price					mulative alance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.01										8.49	10,849.00
2013.03.01 09:33	0.01m	1.01205	2013.03.06 03:-6	0.01m	1.02831			162.6	162.6	11.01	11,011.60
2013.03.01 09:33	0.02m	1.01205	2013.03.08 23:59	0.02m	1.02331	225.2	225.20				

# **Accumulative Percentage P/L**



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#### **Page 19 of 20**

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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.