Fri, Mar 22, 2013 Weekday Edition

# **FOREX OUTLOOK**



A Traders Academy International Publication

# **Traders Unwind Yen Shorts**

The Japanese Yen held firm on Friday as traders scrambled to cover bearish positions after the new Bank of Japan governor played down the chances of an emergency meeting, while dour economic news and Cyprus debt crisis kept the Euro pressured.

USD-JPY is at 94.890 in early Asia trading, having fallen more than 1 percent on Thursday. The moves came after new BOJ governor, Haruhiko Kuroda, was coy about whether he would call a meeting ahead of the scheduled April 3-4 policy review. At his inaugural media conference on Thursday, Kuroda said the bank was ready to use all means available to beat deflation.

Traders, who had been speculating on an emergency meeting, were quick to reverse short positions that saw the Yen rise across the board. USD-JPY is up around 9 percent this year, highlighting the extent of bearishness already priced in.

Over the next few days, USD-JPY strength could be tempered by repatriation flows as Japan's fiscal year-end on March 31 looms.

While Japan has laid the groundwork for some serious action to stimulate its economy, Cyprus continued to scramble for a solution to its debt crisis.

Trying to speed things along, the European Union gave Cyprus till Monday to raise the billions of Euros it needs to secure an international bailout. Failing that, it could face a collapse of its financial system that could push it out of the Euro currency zone.

Not helping sentiment, Standard & Poor's cut Cyprus credit rating deeper into junk status and a survey showed the Euro zone's economic downturn has deepened this month, even before Cyprus's bailout debacle.

Euro bulls may have beat a hasty retreat but they have not completely given up on a last minute deal to save Cyprus. EUR-USD eased to 1.28939 but managed to keep off a 4-month trough around 1.28432 set on Tuesday.

Also helping the euro, demand rose and costs fell at a Spanish bond sale, suggesting yield-hungry investors are unconcerned that the financial turmoil in Cyprus might spread to other parts of the Euro zone.

Still, analysts said the risk for the Euro is to the downside. While some expect a constructive solution to emerge in the coming days, EUR-USD is likely to continue to face headline risk as capital controls will likely need to be imposed once banks re-open. There is also near-term risk for the Euro from softer economic data.

Commodity currencies were among the best performers overnight with AUD-USD hitting a 6-week high near 1.04573. NZD-USD climbed to a 2-week high of 0.83424 after strong Chinese manufacturing data on Thursday pointed to on-going demand for commodity exports from the two countries. NZD-USD was further supported by data showing surprisingly strong growth in the fourth quarter.

There is no major economic data due in Asia on Friday, leaving the focus squarely on developments in Cyprus. Lawmakers there will on Friday debate emergency legislation tabled by the government to confront the island's financial crisis.

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#### **DAYLIGHT SAVINGS TIME**

Starting Monday, 11 March, the U.S. session has reverted at 8:00pm Singapore time; marking the start of Daylight Savings in the U.S.

U.K. and Switzerland will only revert to DST on 31 March 2013; followed by Australia will on 7 April 2013.

# **EUR-USD DAILY**



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



# **EUR-USD 1-HOURLY**



# **EUR-USD Short Term Outlook**

Considering the extreme negativity surrounding Cyprus, EUR-USD is holding out pretty well. Previously, prices rallied into the overhead supply pocket at **1.29653-1.29951** and promptly retreated. Prices were softer overnight with short-term focus on the demand pocket at **1.28432-1.28575**. However, in the medium-term, because prices are still a sufficient demand zone, this market may see sustained biddings going forward (see D1 chart). This conflict of signals should be resolved very soon. A daily close above **1.29571** would invariably trigger a buy signal in the D1 chart; shifting bias to the upside – at least for the immediate future. The more likely scenario is for prices to fall aggressively below **1.28432** and closes below this level; signaling the resumption of fall from 1.37101. Should this happens, focus would shift towards the demand pocket at **1.26610-1.27090** where the 61.8% retracement of 1.20416 to 1.37101 at **1.26790** is located.

### **TRADE IDEAS**

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold	Exit on D1 close above 1.29571	1.29643		1.27090	1.25103	3	0.03m

#### **TRADE JOURNAL**

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	-	Unrealized P/L		ized /L	Accumulative Balance			
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$		
2013.03.15										10.55	10,553.50		
2013.03.18 07:59	0.03m	1.28885	2013.03.19 23:39	0.03m	1.28658			-68.1	-68.10	10.49	10,490.40		
Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Unrealized Price P/L								mulative alance
2013.03.19										10.49	10,490.40		
2013.03.20	0.03m	1.29643	2013.03.21 23:59	0.03m	1.28939	211.2	211.20						

# **GBP-USD DAILY**



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





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

Volatility has certainly picked up lately. Overnight, the upward momentum seen the previous two days carried this market into the minor supply pocket at **1.51795-1.52210** once again; hitting the 23.6% retracement of 1.63801 to 1.48305 at **1.51962** along the way with a print at 1.50288. In the bigger picture, last Friday's close above **1.50761** may have set the stage for an extension of this rebound to test the previous support-line (now turned resistance) of the triangle pattern (see D1 chart). Such a view would gain credence should price action clears above the supply pocket at **1.51795-1.52210**. That said, this market remains within Tuesday's low of 1.50258 and the 161.8% extension of 1.48305 to 1.49806 from 1.49064 at **1.51493**. As such, until and unless the latest run-up in prices continues beyond the supply pocket at **1.51795-1.52210**, selling is still the preferred choice. Short-term target is the demand pocket at **1.50258-1.50456**.

### **GBP-USD TRADE IDEAS**

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.51731	1.52310	1.50456	1.48516	3	0.03m

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

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	-	ealized P/L	Realized P/L		Accumulative Balance			
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$		
2013.03.15										21.20	12,120.20		
2013.03.19 10:44	0.01	1.50793	2013.03.20 14:47	0.01	1.50577			-21.6	-21.60	20.99	12,098.60		
Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	-	Unrealized P/L		Unrealized P/L		ized /L		mulative alance
2013.03.20										20.99	12,098.60		
2013.03.20 16:26	0.03	1.51731	2013.03.21 23:59	0.03	1.51679	15.6	15.60						

# **USD-CHF DAILY**



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



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



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

Though the short-term undertone of this market is firm, momentum is still lacking. This plus the fact that this market is now stuck roughly in the middle of a demand pocket and supply pocket makes trading at current level unattractive. That said, the massive wave of long liquidations seen late last week may return at any time. Last Friday's selloff may have been broken the back of this rally. In the meantime, it's best to stand aside until a clearer picture emerges.

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

Actio	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
						3	0.03m

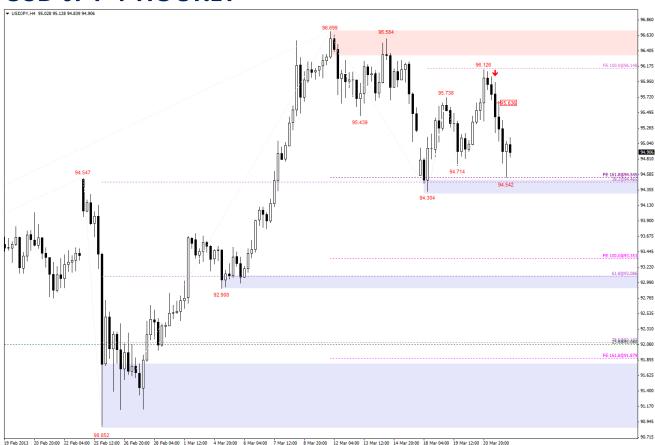
### **USD-CHF TRADE JOURNAL**

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	_	Unrealized P/L				Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$	
2013.03.18										4.93	10,493.17	

# **USD-JPY DAILY**



# **USD-JPY 4-HOURLY**



### **USD-JPY 1-HOURLY**



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

The notion that this market may either consolidates or falls deeper came to pass. Prices after hitting the redefined supply pocket at 96.049-96.266 and fell purposefully towards the first target at the 261.8% extension of 96.699 to 95.439 from 96.584 at 93.285 only to be denied by 161.8% extension of 96.699 to 95.439 from 96.584 at 93.285. The original idea to sell back into the supply pocket at 96.049-96.266 did not quite made it but a subsequent sell signal below 95.907 was triggered on the way down (see H1 chart). Beside the 261.8% extension of 96.699 to 95.439 from 96.584 at 93.285, secondary targets include (2) 100.0% extension of 96.699 to 94.304 from 95.591 at 93.196 and (3) 61.8% retracement of 90.852 to 96.699 at 93.086. Sited just above all these is a minor demand pocket at 92.908-93.047. Together, these areas represent an excellent area to re-position long positions.

#### **USD-JPY TRADE IDEAS**

A	Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
	Sold		95.907	96.366	94.838 Realized	93.047	2	0.02m

## **USD-JPY TRADE JOURNAL**

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price		ealized P/L		alized P/L		mulative alance
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.03.15										22.59	12,258.68
2013.03.19 02:55	0.02	95.485	2013.03.19 04:10	0.02	95.691			-41.2	-43.06	22.16	12,215.62
2013.03.19 04:22	0.02	95.687	2013.03.20 0:09	0.02	95.838			-30.2	-31.51	21.84	12,184.11
2013.03.21 06:15	0.01	95.907	2013.03.21 20:03	0.01	94.838			106.9	113.27	22.97	12,297.38
2013.03.21 06:15	0.01	95.907	2013.03.21 23:59	0.01	95.029	87.8	92.39				

# **AUD-USD DAILY**



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



# **AUD-USD 1-HOURLY**



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

In a total reversal of sentiment relative to decidedly weak Monday's opening, this market powered up past the overhead supply pocket at 1.03972-1.04128 where the 61.8% retracement of 1.05972 to 1.01143 at 1.04127 is located and into the supply pocket at 1.04425-1.04755 in overnight actions. Earlier, prices just missed dipping into the minor demand pocket at 1.03360-1.03474 from which it was originally thought that such a rebound might unfold. Despite the strong overnight showing, the fact remains that price actions this week is locked within demand pocket at 1.03360-1.03474 and into the supply pocket at 1.04425-1.04755. Until and unless this supply pocket is convincingly taken out, selling into this zone is preferred. However, in the medium-term, focus is on the resistance line of the triangle pattern – at roughly the 1.05500 level (see W1 chart). Sustained trading above 1.06240 would, for all intents and purposes, debunk the triangle pattern scenario and open up the possibility of an imminent challenge of the all-time high at 1.10796.

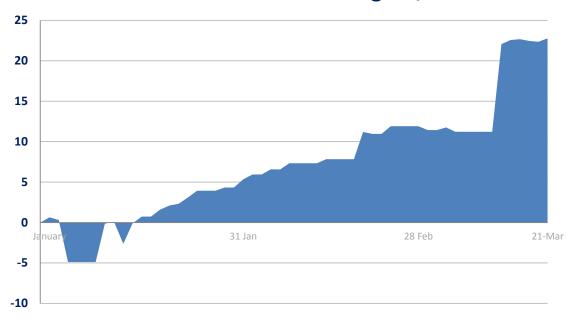
#### **AUD-USD TRADE IDEAS**

Action	Entry Condition	Entry	Stop-Loss	Profit	Profit	Exposure	Exposure
		Price		Target 1	Target 2	%	Units
Sold		1.04479	1.04855	1.03474	1.02921	3	0.03m
Buy	Buy on buy signal between 1.03360-1.03474		1.03260	1.03972	1.04425	3	0.03m

### **AUD-USD TRADE JOURNAL**

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	-	ealized P/L		lized /L	Accumulative Balance							
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$						
2013.03.15										15.86	15,859.00						
2013.03.18 03:42	0.02m	1.03482	2013.03.18 18:02	0.01m	1.03972			49.0	49.00	15.91	15,911.00						
2013.03.18 03:42	0.01m	1.03482	2013.03.21 16:40	0.01m	1.04425			94.3	94.30	16.01	16,005.30						
Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price		Unrealized P/L								lized /L		mulative alance
2013.03.21										16.01	16,005.30						
2013.03.21 16:40	0.03m	1.04425	2013.03.21 23:59	0.03m	1.04339	25.8	25.80										

# **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.