

A Traders Academy International Publication

All Eyes On Today's ECB Meeting

EUR-USD slid on Wednesday as traders booked profits in the aftermath of weeks of sharp gains the day before a European Central Bank meeting that has the potential to sway the direction of the Euro.

The Euro will likely fall if ECB President Mario Draghi voices concerns about the recent swift and sharp rise of the common currency. If Draghi comments on the potentially harmful impact of a stronger Euro, it could be seen by the market as a kind of verbal intervention, but most believe he will avoid commenting on the currency. Draghi is expected to recognize an improvement in the euro zone outlook and in market sentiment while acknowledging the region still faces many hurdles.

Supportive comments from Draghi last month helped set the stage for a sharp Euro rally this year, lifting it to a 14-month high against the US Dollar, a 34-month peak against the Japanese Yen and 15-month top on Sterling.

Today could be eventful, especially if the ECB hints at a future interest rate cut in the coming months.

Political uncertainty in Spain and Italy has given the Euro a slightly bearish tone over the past few days, but the Euro zone's economy is showing signs of improvement, which diminishes chances of another ECB rate cut.

The ECB is expected to leave interest rates on hold.

EUR-USD settled at 1.35215, down 0.45 percent on the day and below last week's peak of 1.37101, its highest since November 2011.

French President Francois Hollande called on Tuesday for a target exchange rate to protect the Euro from "irrational movements", although the idea ran into immediate opposition from Germany.

EUR-USD pared losses on comments by German government spokesman Steffen Seibert, who said the Euro was not over-valued and that long-term competitiveness could not be achieved via exchange rates.

EUR-JPY was last down 0.6 percent at 126.587, off a 34-month peak of 127.683 touched in Asian session, with the Yen remaining under selling pressure on expectations of aggressive monetary easing in Japan. The pair is up nearly 2.5 percent this year.

USD-JPY settled at 93.620, down 0.12 percent on the day. It reached a peak of 94.042 in Asian trade, its highest since May 2010. USD-JPY is up about 7.8 percent this year.

News on Tuesday that current Bank of Japan Governor Masaaki Shirakawa will step down three weeks earlier than planned spurred the latest bout of Yen selling.

Japanese Prime Minister Shinzo Abe, who has put the BOJ under pressure to do more to spur the economy, has made it clear he wants a governor who will be bold in easing monetary policy.

Content:

EUR-USD	2
GBP-USD	4
USD-CHF	6
USD-JPY	8
AUD-USD	10
Performance	11

EURUSD Daily 1.35207 1.35240 1.35196 1.35218

1.38305
1.37330
1.36355
1.35380
1.35218
1.34405
1.34405
1.33405
1.33405
1.32430
1.32430
1.31455
1.31455
1.30480
1.30480
1.29505
1.29505
1.28530
1.28530
1.27555
1.27555
1.26580
1.26580
1.25580
1.24605
1.23630
1.22655
1.21680
1.20705

FE 100.0@1.37897
23.6@1.33163
38.2@1.30727
50.0@1.28757
61.8@1.26788
50.0@1.26062

1.31710
1.26601
1.28755
1.29660
1.31613
1.31841
1.35658
1.37101

7 Aug 2012 17 Aug 2012 29 Aug 2012 10 Sep 2012 20 Sep 2012 3 Oct 2012 12 Oct 2012 24 Oct 2012 5 Nov 2012 15 Nov 2012 27 Nov 2012 7 Dec 2012 19 Dec 2012 2 Jan 2013 14 Jan 2013 24 Jan 2013 5 Feb 2013

EURUSD, H4 1.35207 1.35242 1.35196 1.35220

1.37850
1.37380
1.36900
1.36430
1.35960
1.35490
1.35020
1.34550
1.34080
1.33610
1.33140
1.32670
1.32200
1.31730
1.31260
1.30790
1.30320
1.29850
1.29380

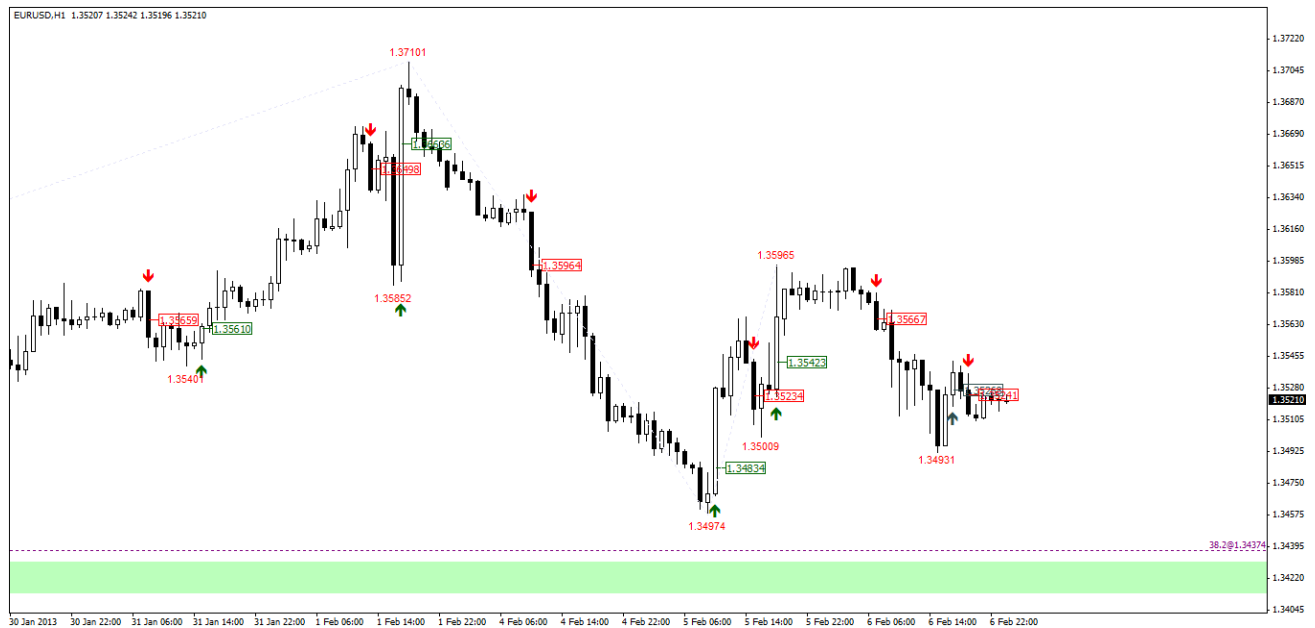
1.37101
1.36170
1.35965
1.35135
1.35165
1.34574
1.34028
1.33617
1.33620
1.33759
1.33334
1.32967
1.32555
1.32834
1.31407
1.30658
1.30633

FE 161.8@1.36284
FE 162.8@1.35965
FE 163.8@1.35135
FE 164.8@1.34574
FE 165.8@1.34028
FE 166.8@1.33617
FE 167.8@1.33620
FE 168.8@1.33759
FE 169.8@1.33334
FE 170.8@1.32967
FE 171.8@1.32555
FE 172.8@1.32834
FE 173.8@1.31407
FE 174.8@1.30658
FE 175.8@1.30633

8 Jan 2013 9 Jan 16:00 11 Jan 00:00 14 Jan 08:00 15 Jan 16:00 17 Jan 00:00 18 Jan 08:00 21 Jan 16:00 23 Jan 00:00 24 Jan 08:00 25 Jan 16:00 29 Jan 00:00 30 Jan 08:00 31 Jan 16:00 4 Feb 00:00 5 Feb 08:00 6 Feb 16:00

As suspected, it was premature to confirm the return of solid buying interests based on Tuesday's rebound. Overnight those gains were erased as the Euro softened. Yesterday's update mentioned that the rebound from 1.34974 has a 3-wave structure and that this market is vulnerable to selling pressure. Unless and until this rebound extends aggressively above **1.37101**, short-term bias is to the downside. Even so, the entire move from 1.20414 has a 3-wave structure which suggests this rally from last July is a larger degree correction of the fall from 1.49393 from way back in 2011. At any rate, even if 1.37101 is taken out, this rally may yet be stopped in its track near the 100.0% projection of 1.20414 to 1.37110 from 1.26601 at **1.37897** which lies just below an overhead supply zone at **1.38074-1.38687**. Tuesday saw price action fell close to the 38.2% retracement of 1.29963 to 1.37101 at **1.34374** which lies just above minor demand pocket at **1.34132-1.34313** and reversed. As noted, there is a good chance this price pocket may hold. However should this price pocket fails to hold, a more formidable demand pocket lies at **1.32452-1.32676**. This price pocket is just below the 61.8% retracement of 1.29963 to 1.37101 at **1.32690**. Only a close below **1.33090** in the W1 chart would suggest that the 3-wave corrective rebound from 1.20414 is over and bears are fully in charge.

EUR-USD 1-HOURLY



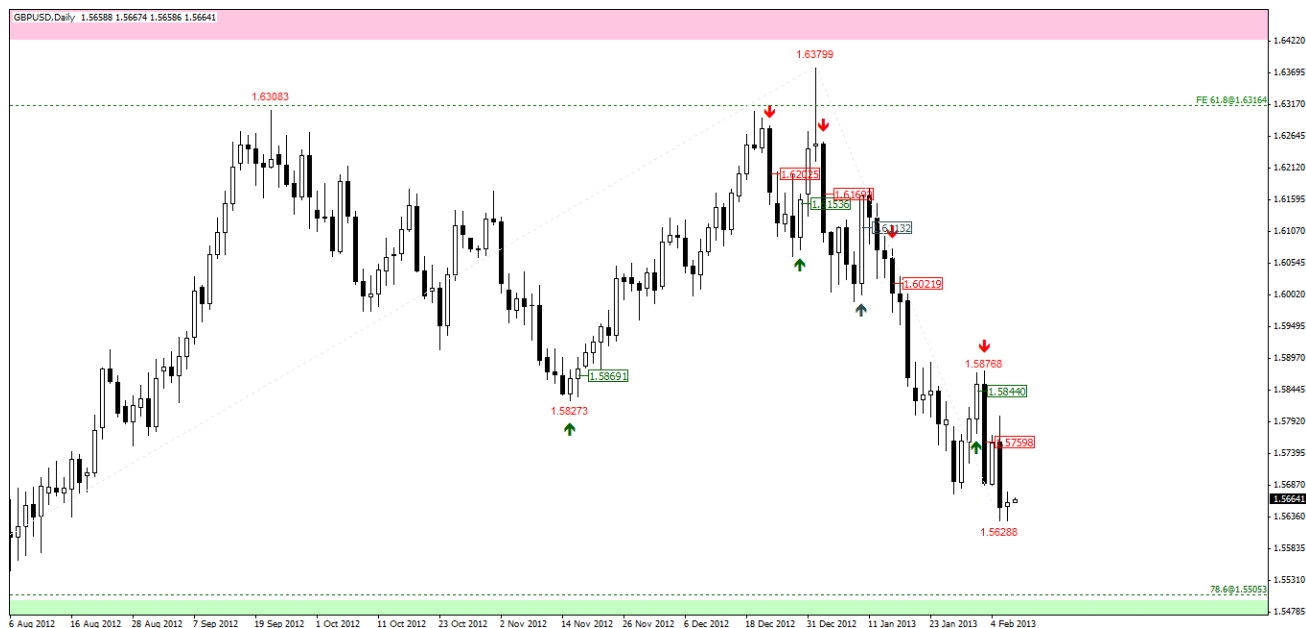
TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	D1 close below 1.34903.	1.32874	1.34803	1.33575 Realized	1.37897	3	0.03m

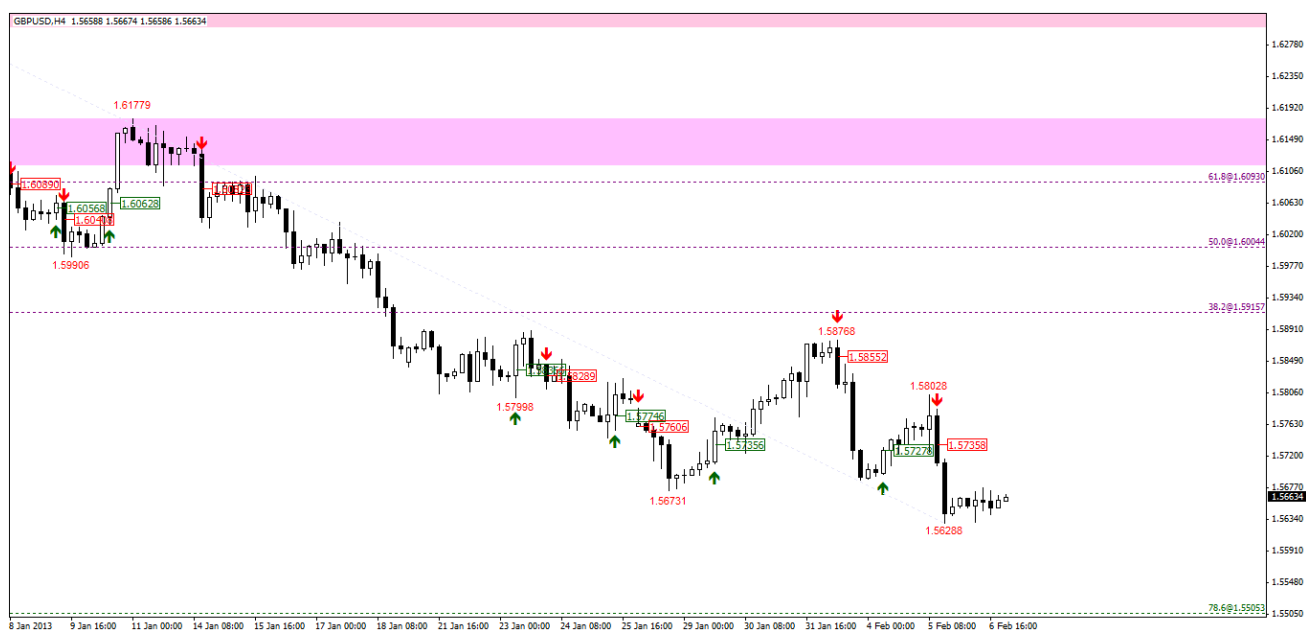
TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.01										1.49	10,149.10
2013.01.22 17:50	0.02m	1.32874	2013.02.06 23:59	0.02m	1.35215	468.2	468.20				

GBP-USD DAILY



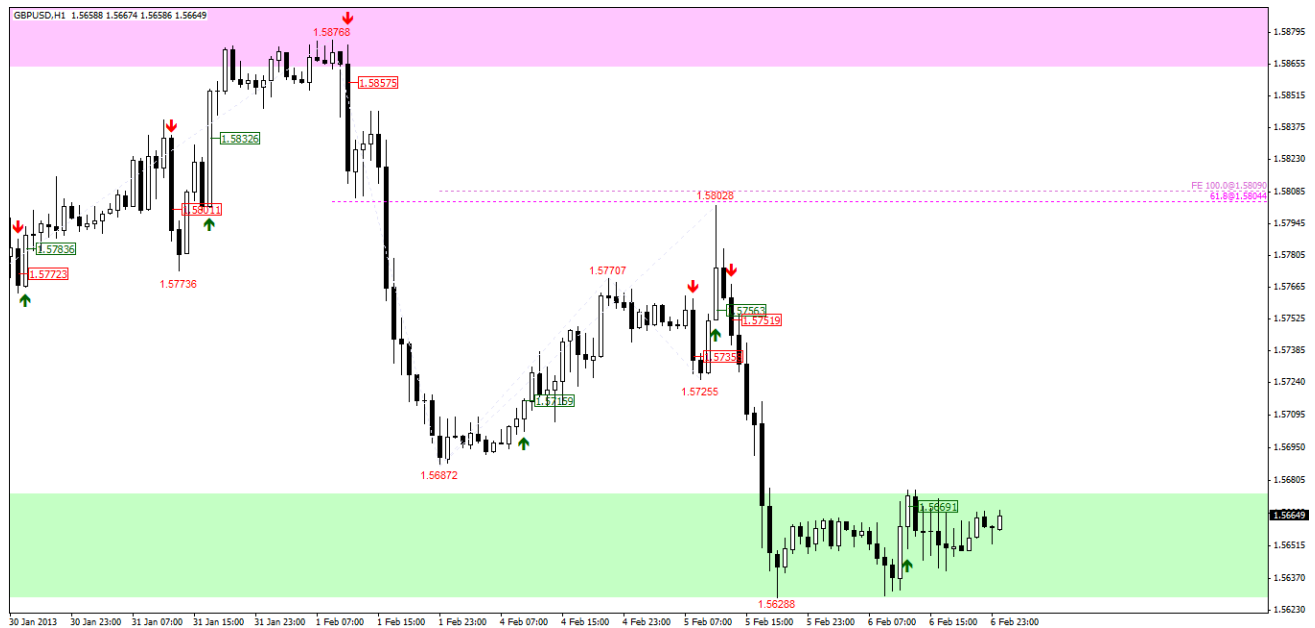
GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

Tuesday's steep decline hit a minor demand pocket at **1.56354-1.56749** and stalled. As this market nears the longer-term ascending support line within the triangle formation, traders have turned cautious. Should this fall accelerate below the **1.56000** level; it will all but confirm the breakout from the longer-term triangle pattern developing since August 2009 with serious bearish implications. To get an idea on the longer-term bearish implications of this scenario, refer to the weekend report. Something potentially huge is brewing in this market. Stay vigilant.

GBP-USD 1-HOURLY



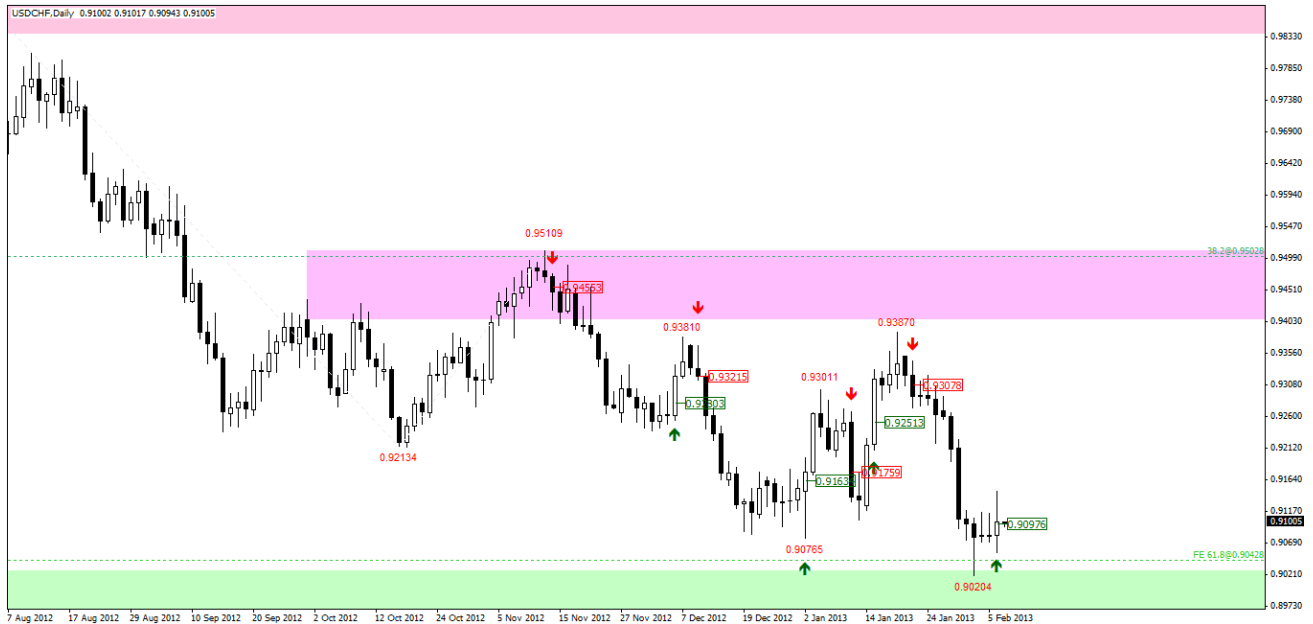
GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.58750	Break-even	1.56749 Realized	1.54800	3	0.03m

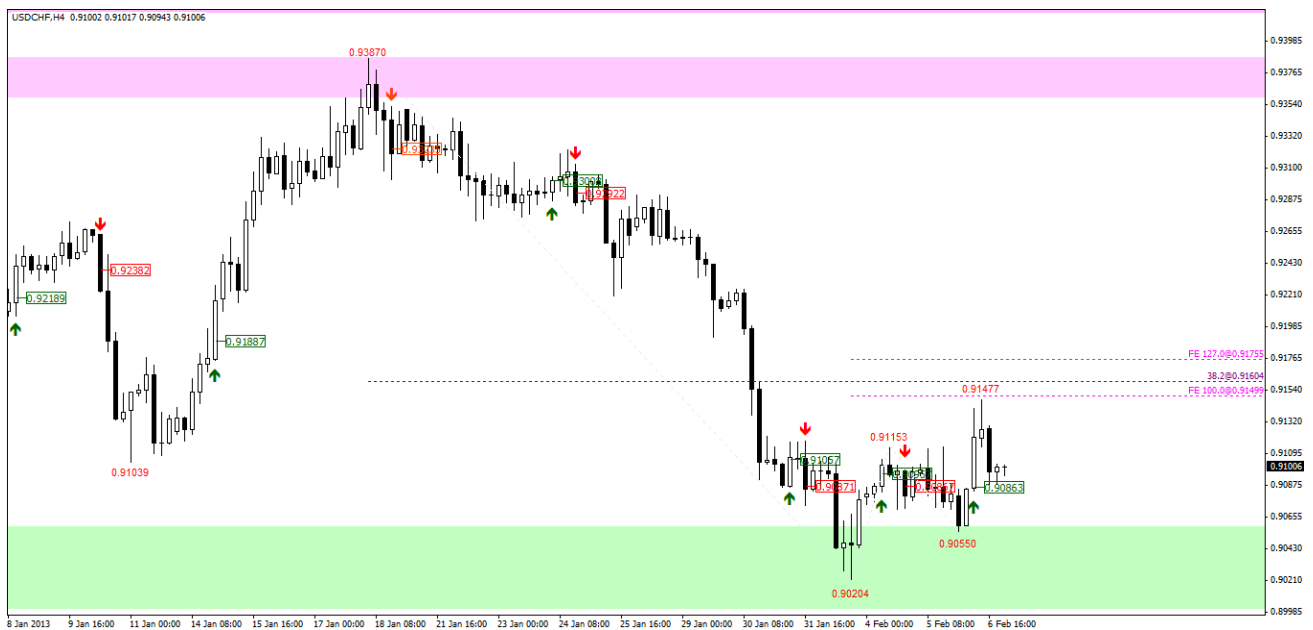
GBP-USD TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.01										-3.41	9,659.50
2013.02.01 09:39	0.02m	1.58750	2013.02.06 23:59	0.02m	1.56599	430.2	430.20				

USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

The sharp fall from last Friday's high of 0.98370 accelerated to the demand zone at **0.90010-0.90587** on Tuesday and rebounded. So far this rebound has a 3-wave structure and hit a high at 0.91477 and eased. As noted, this rebound is expected to be capped at the 38.2% retracement of 0.93870 to 0.90204 at **0.91604**; which is stacked just below the 100.0% projection of 0.90204 to 0.91153 from 0.90707 at **0.91656**. If this market recovers above this Fibonacci cluster, a look at the D1 chart should provide some perspective. Overall, the medium to long term picture suggests long-term trading may be confined to the lower demand zone at **0.89301-0.90278** and the upper supply zone at **0.98372-1.00660**. However, should the fall resumes below **0.90204**, focus will shift towards the next DZ at **0.89211-0.89847**. Acceleration below this price pocket would invariably triggers a ton of sell-stops accumulated below this level resulting in another selloff (see D1 chart). From the perspective of the W1 chart, sustained trading below the next DZ at **0.85672-0.86934** would suggest the correction from 0.70667 is practically over and the longer-term downtrend from 1.83090 from way back in 2000 has resumed.

USDCHF, H1 0.91002 0.91017 0.90943 0.90985

0.91760
0.91670
0.91580
0.91490
0.91400
0.91310
0.91220
0.91130
0.91040
0.90950
0.90860
0.90770
0.90680
0.90590
0.90500
0.90410
0.90320
0.90230
0.90140

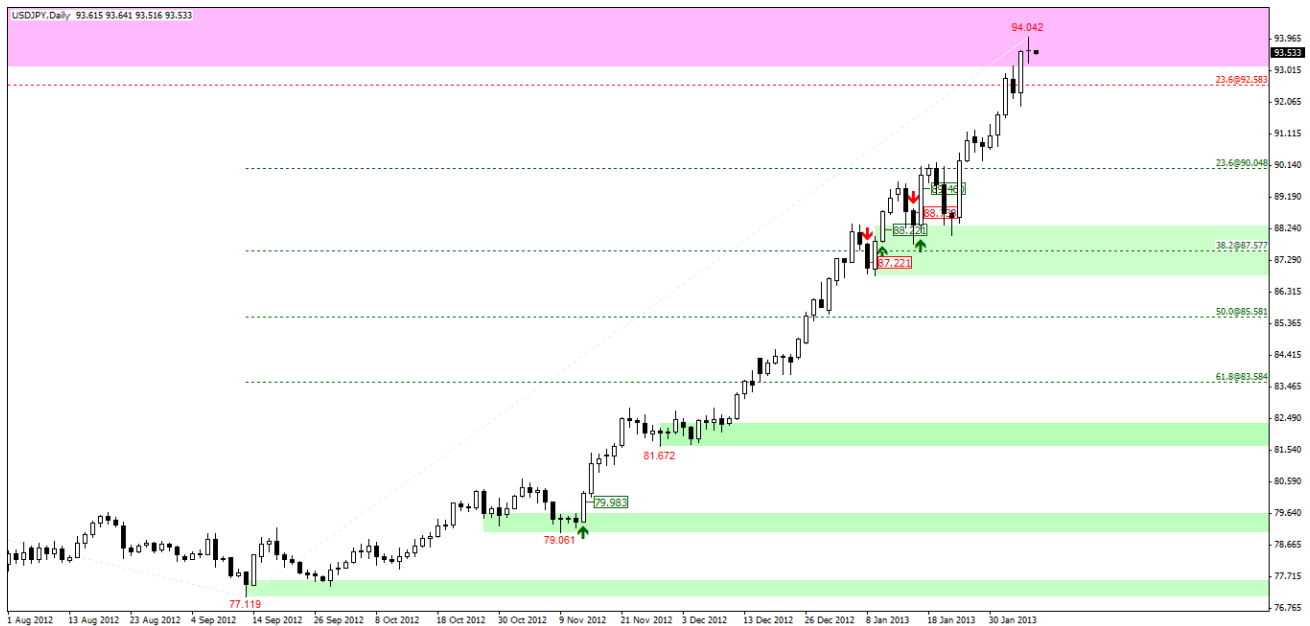
FE 127.000.91755
38.290.91604
FE 100.000.91499
0.91477
0.91153
0.91018
0.90953
0.90924
0.90988
0.90923
0.90970
0.90943
0.90726
0.90550
FE 61.800.90438
50.000.90678
0.91067
0.90552
0.90542
0.90204

30 Jan 2013 30 Jan 22:00 31 Jan 06:00 31 Jan 14:00 1 Feb 06:00 1 Feb 14:00 1 Feb 22:00 4 Feb 06:00 4 Feb 14:00 4 Feb 22:00 5 Feb 06:00 5 Feb 14:00 5 Feb 22:00 6 Feb 06:00 6 Feb 14:00 6 Feb 22:00

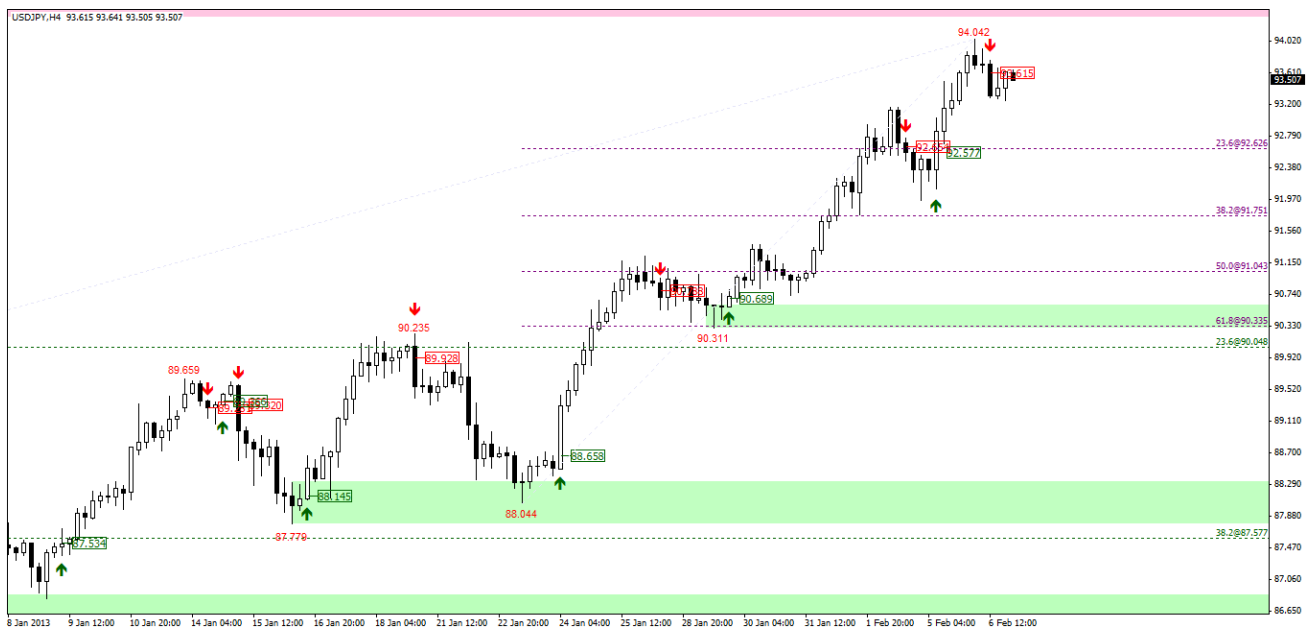
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		0.93520	0.92349	0.90587 (covered)	0.89847	3	0.03

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.01										2.79	10,246.36
2013.01.17 20:44	0.02m	0.93520	2013.02.06 23:59	0.02m	0.91005	503.0	552.72				

USD-JPY DAILY



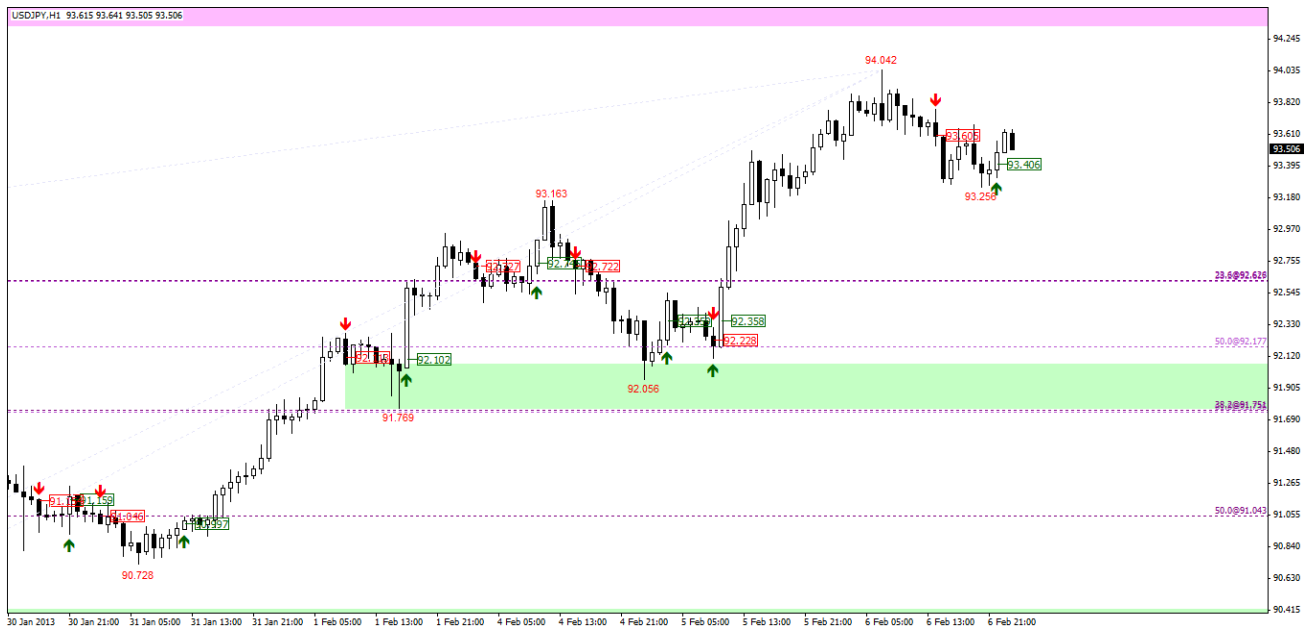
USD-JPY 4-HOURLY



USD-JPY Short Term Outlook

This market continues to extend its amazing run yet again to another marginal new 32-month high at 94.042 after recovering from a round profit-taking earlier on in the week. Price action remains within the supply zone at **93.129-94.979** and as mentioned in previous updates, this price pocket is formidable and heavy selling interests are expected to emerge enforce within this major supply zone (see W1 chart). So far, selling pressure is met with even stronger buying interests. As bullish as this market is right now, danger of a sizable correction cannot be ruled out. After all, this bull-run is into its 5th month and after almost 17 yen rally and with prices now within a major supply pocket at **93.129-94.979**, this market is increasingly vulnerable to a sizable correction. As such, counter-trend sell signals within the supply zone at **93.129-94.979** are worth taking - considering the size of this rally and the potential for a chunky 6 yen correction – at least in the medium-term. Last night's closing ended as a long-legged shadow doji. Should this market close below **92.359** in the D1 chart; it would invariably trigger a sell signal.

USD-JPY 1-HOURLY



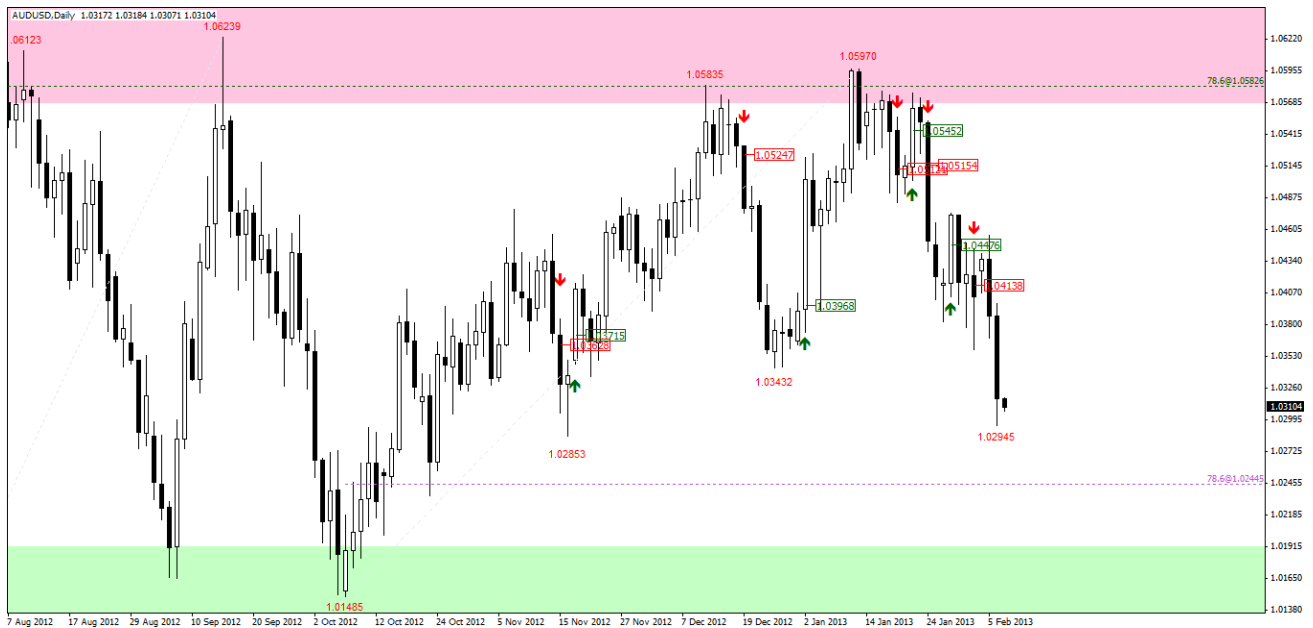
USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought	Exit on D1 close below 92.359	90.487	92.349	92.583 Realized	99.657	3	0.03

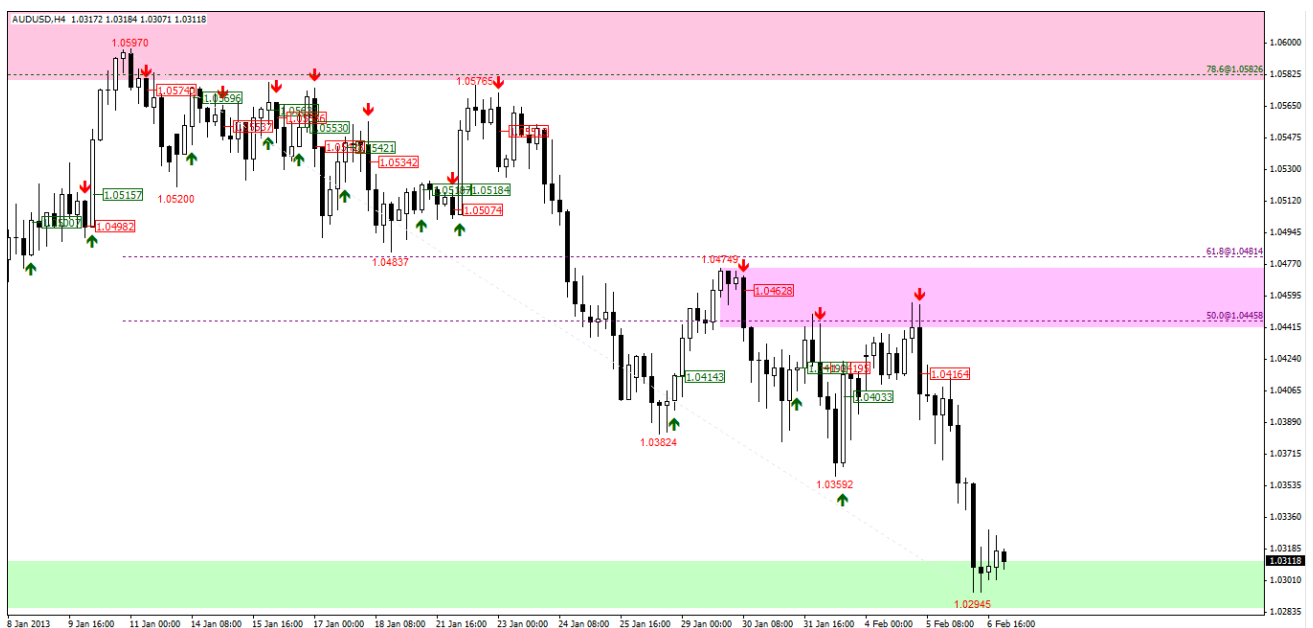
USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.01										21.14	12,136.76
2013.02.05 00:58	0.02m	92.024	2013.02.05 13:21	0.02m	93.129			221.0	237.31	23.74	12,374.07
2013.01.28 01:32	0.02m	90.487	2013.02.06 23:59	0.02m	93.620	626.6	669.30				

AUD-USD DAILY



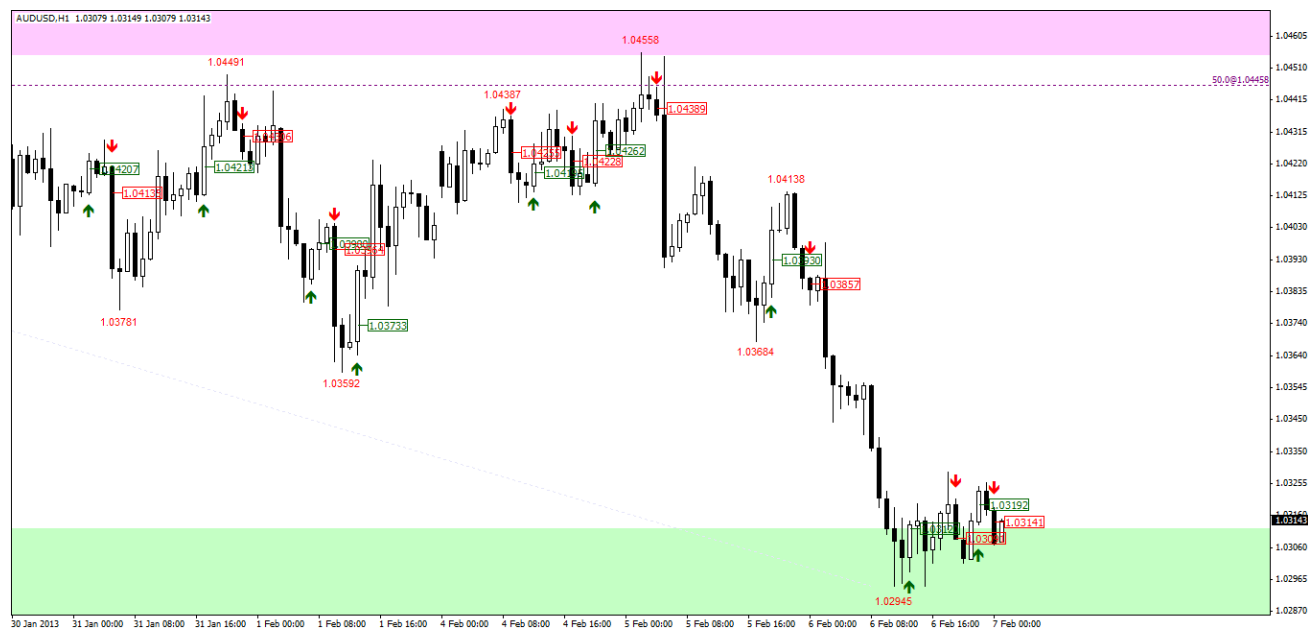
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

As suspected, the path of less resistance is to the downside. Overnight, price action fell through the demand pocket at **1.03432-1.03997** into another set of demand pocket at **1.02853-1.03118**. Going forward, selling on rebounds is perhaps the way to go. To gain a perspective of the long-term trading potential, refer to the W1 chart. Based on the weekly time frame, this market is hemmed in by the upper supply zone at **1.07292-1.10799** and the lower demand zone at **0.93867-0.96983**. As such, there is a lot of room for this market to fall. Presently, the supply pocket at **1.04549-1.04749** is proving to be a major hurdle to higher prices. Should prices ever bounce back into this price pocket, selling there on reversal signals would be ideal.

AUD-USD 1-HOURLY



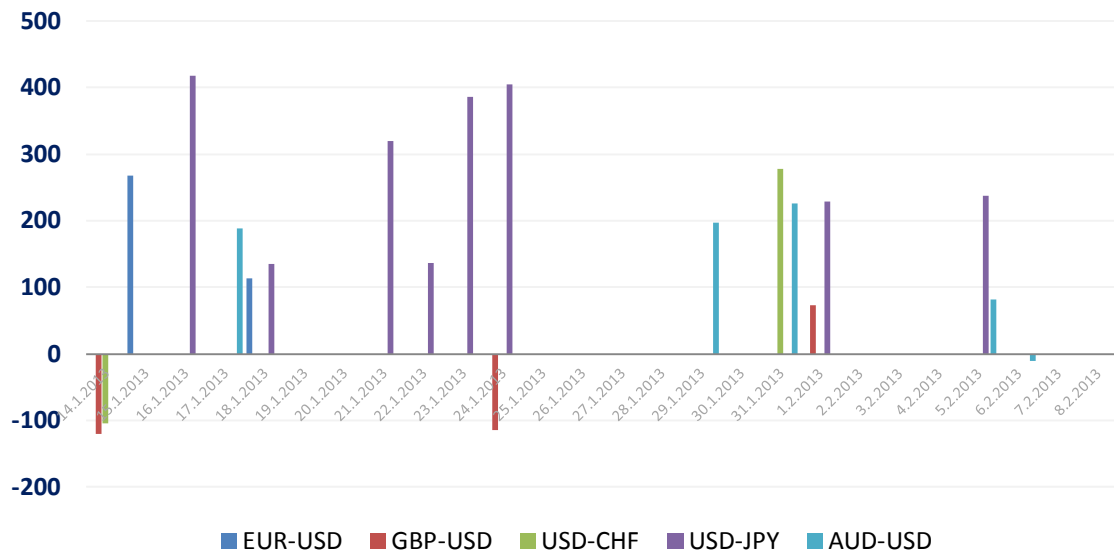
AUD-USD TRADE IDEAS

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

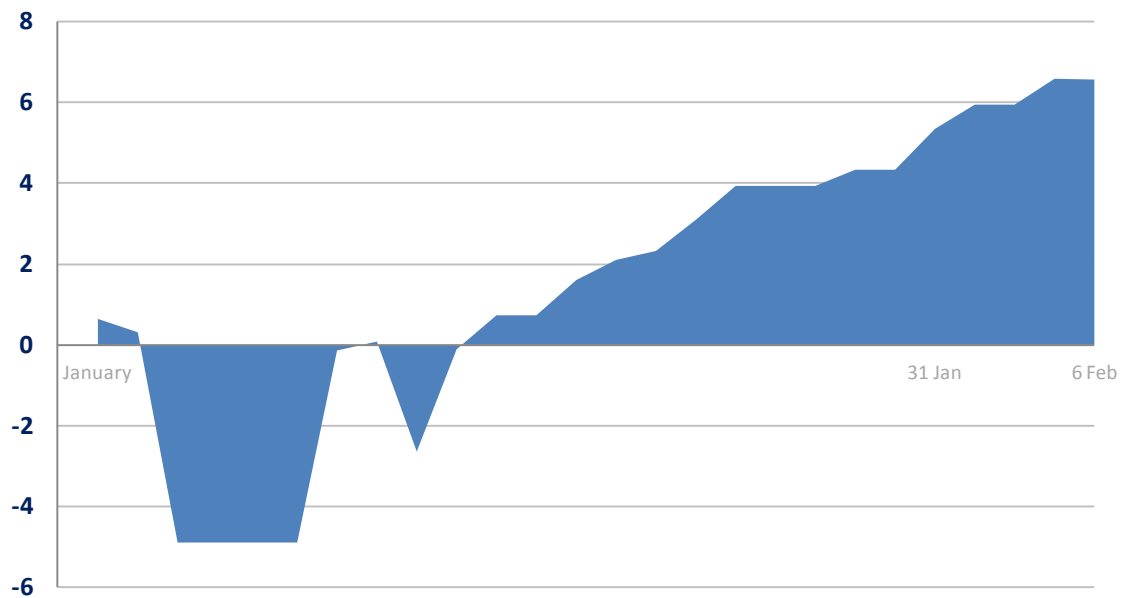
AUD-USD TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.01										7.78	10,777.80
2013.02.01 13:15	0.01m	1.03733	2013.02.05 02:42	0.01m	1.04549			81.6	81.60	8.59	10,859.40
2013.02.01 13:15	0.02m	1.03733	2013.02.06 02:30	0.02m	1.03681			-10.4	-10.40	8.49	10,849.00

Daily Realized P/L



Accumulative Percentage P/L



Check out our website at



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.