

A Traders Academy International Publication

Markets Shrug Off Sequestration

The wide-ranging U.S. spending cuts that automatically kicked in on Friday and threatened to dampen economic growth did little to diminish a U.S. Dollar rally which was aided by upbeat economic data. The U.S. government hurtled toward making deep spending cuts that threaten to hinder economic recovery, after Republicans and Democrats failed to agree on an alternative deficit-reduction plan.

EUR-USD sank to a 2-1/2-month low before quickly rebounding while increased speculation the new leadership of the Bank of Japan will move quickly to loosen monetary policy sent the Japanese Yen reeling.

Speculation that the European Central Bank may take action to curb economic deterioration gathered pace, with EUR-USD dropping below the 1.30000 handle for the first time since December as data showed weakness in the European manufacturing sector while growth in Asia cooled. Poor euro zone data, along with cooling inflation and the risk that political instability in Italy may push up borrowing costs for struggling countries, could exert pressure on the ECB to lower interest rates in coming months.

The pace of growth in U.S. manufacturing rose to its fastest rate in over a year and a half in February while U.S. consumer sentiment rose in February as Americans were more hopeful that the jobs market will improve.

The US Dollar's status as a safe haven also worked in its favour against the backdrop of sweeping U.S. spending cuts enacted on Friday. The International Monetary Fund has warned that the cutbacks could knock at least 0.5 percentage point off U.S. economic growth this year and slow the global economy.

Interest rate spreads between two-year U.S. government bonds over their German counterparts gave traders another reason to buy the US Dollar. Some expect the Federal Reserve to slow its asset purchase program, called quantitative easing, later in the year as the U.S. labour market shows signs of improvement.

In contrast, joblessness in the Euro zone rose to an all-time high while business surveys showed manufacturing activity was sluggish in February.

The Euro zone is beset by high unemployment, barely any growth, apart from Germany, and rising debt levels. What the Euro zone needs is growth, easier monetary conditions and a weaker currency. The U.S. data in comparison is much better than Europe.

In late New York trade, EUR-USD settled at 1.30185, off 0.28 percent, closing out its fourth consecutive week of losses. Earlier it hit a low of 1.29655, its worst point since early December.

USD-JPY surged more than 1.11 percent in value to 93.573, its best one day gain in three weeks.

Disparate factors played to the US Dollar favour on Friday, including a positive contrast of U.S. economic data against weak reports from the Euro zone and Asia.

Factory activity in China cooled in February to a five-month low while British manufacturing shrank unexpectedly last month. In the last quarter of 2012, a plunge in factory output contributed to a drop in economic activity and put Britain within sight of its third recession since the 2008 crisis. GBP-USD collapsed to a fresh 2-1/2-year nadir on disappointing economic data, briefly dropping below the 1.50000 handle before settling 0.82 percent lower at 1.50371.

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EUR-USD MONTHLY



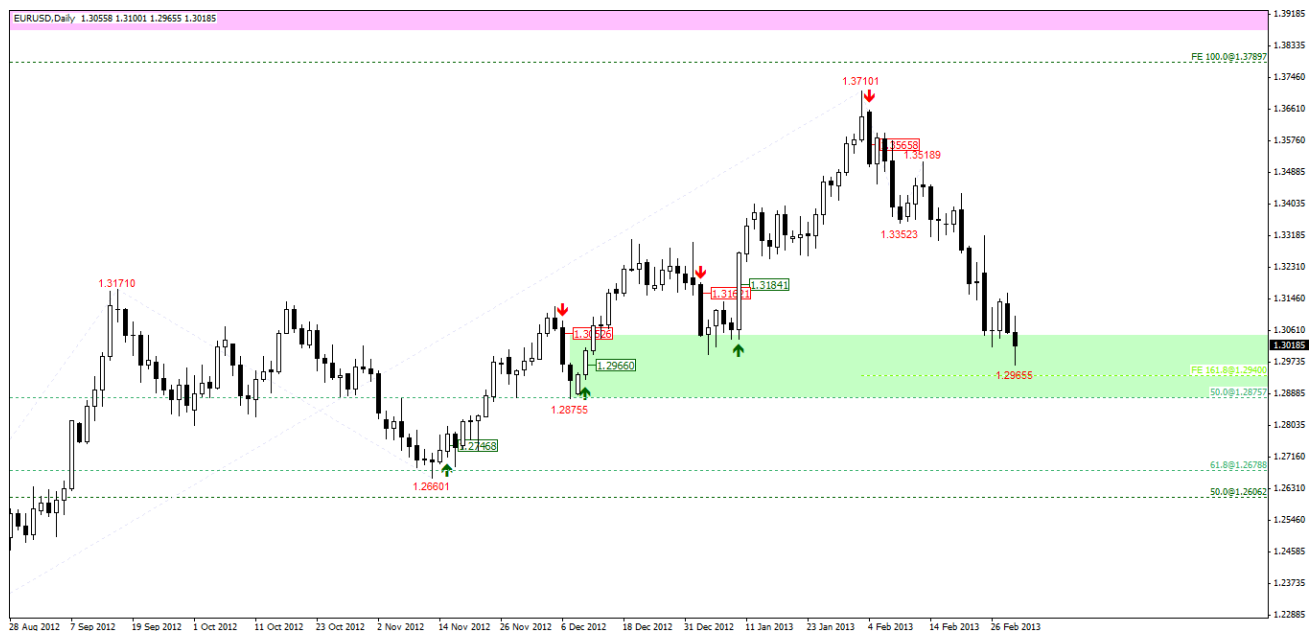
EUR-USD WEEKLY



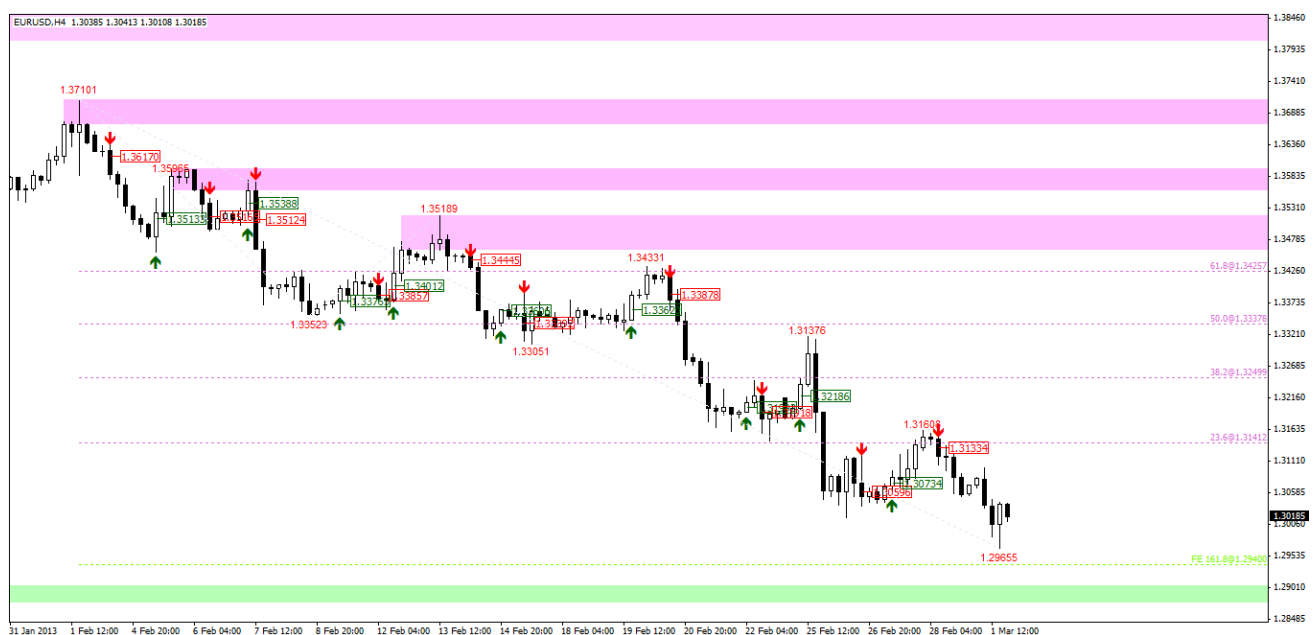
EUR-USD Long Term Outlook

In the longer-term, the fall from 1.49393 is treated as the falling leg inside the consolidation pattern which started from the 2008 high of 1.60373. The contention that this fall may have terminated at 1.20414 on July 24 2012 may prove to be premature. Sentiments have soured over the last two weeks after the largest single week loss since July 2012 at the start of the February. With a close below **1.33090** in the W1 chart this week, the rally is truly over. All eyes will be on **1.26601**. Should this level fail to hold the line; focus would shift to the demand zone at **1.16390-1.21554** where the 61.8% projection of 1.49393 to 1.20414 from 1.37101 at **1.19192** is located.

EUR-USD DAILY



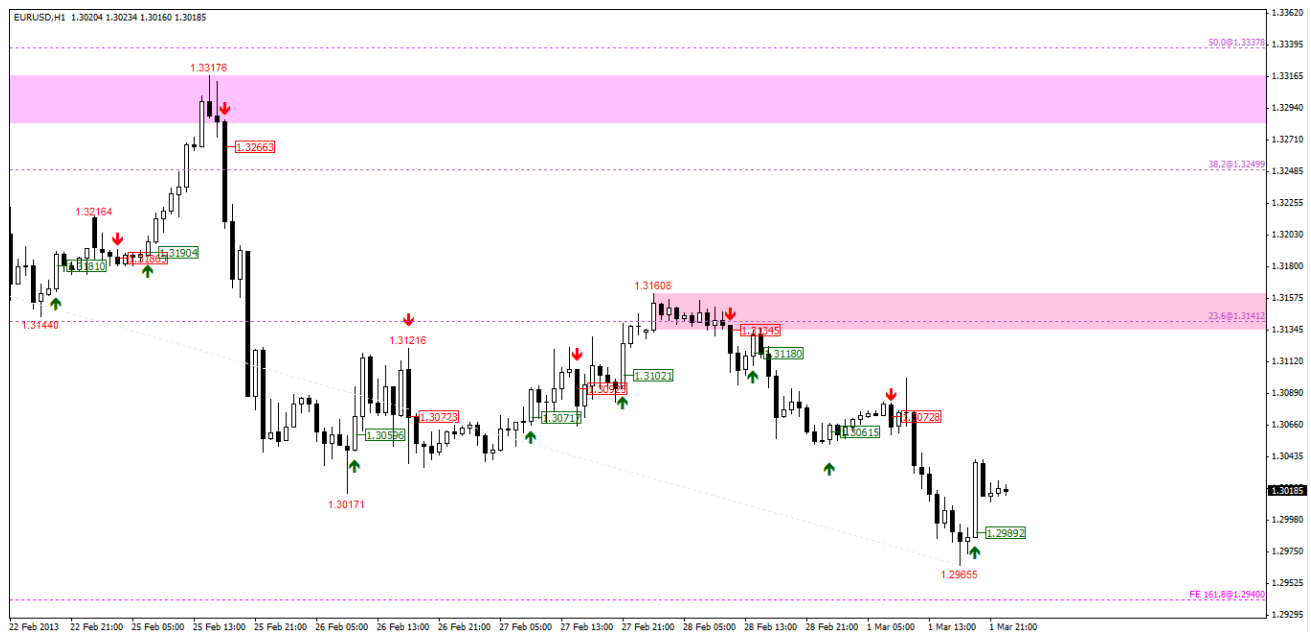
EUR-USD 4-HOURLY



EUR-USD Short Term Outlook

Monday's sizable fall set the tone for the week as this market continues to lost ground, dipping momentarily into the demand zone at **1.2877-1.30475** (see D1 chart). By taking 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). This is the second time this year prices have dipped below the 1.30000 handle. However, the midday recovery in NY above the 1.30000 handle may yet save the day. Going forward, a close above **1.30811** in the H4 chart would shift short-term bias back to the upside. That said, topside potential is probably limited to the 23.6% retracement of 1.37101 to 1.29655 at **1.31412** where a minor supply pocket at **1.31345-1.31608** is located (see H1 chart). If so, a low risk selling opportunity may arise within this price bracket – assuming there is no acceleration in this nascent recovery.

EUR-USD 1-HOURLY



TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signals between 1.31345-1.31608		1.31708	1.29400	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	2013.03.01 16:6	0.03	1.29863			-112.2	-112.20	3.02	10,302.10

GBPUSD, Monthly 1.51617 1.51844 1.49843 1.50371

2.16810

1.70423

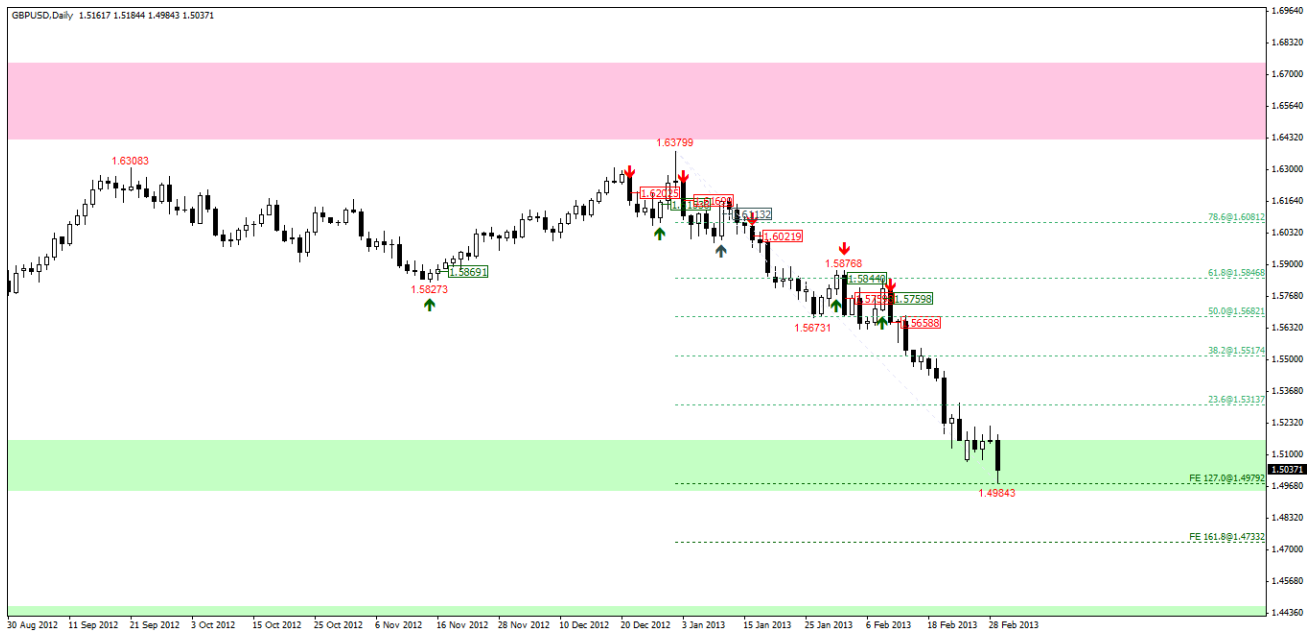
1.35025

1.50371

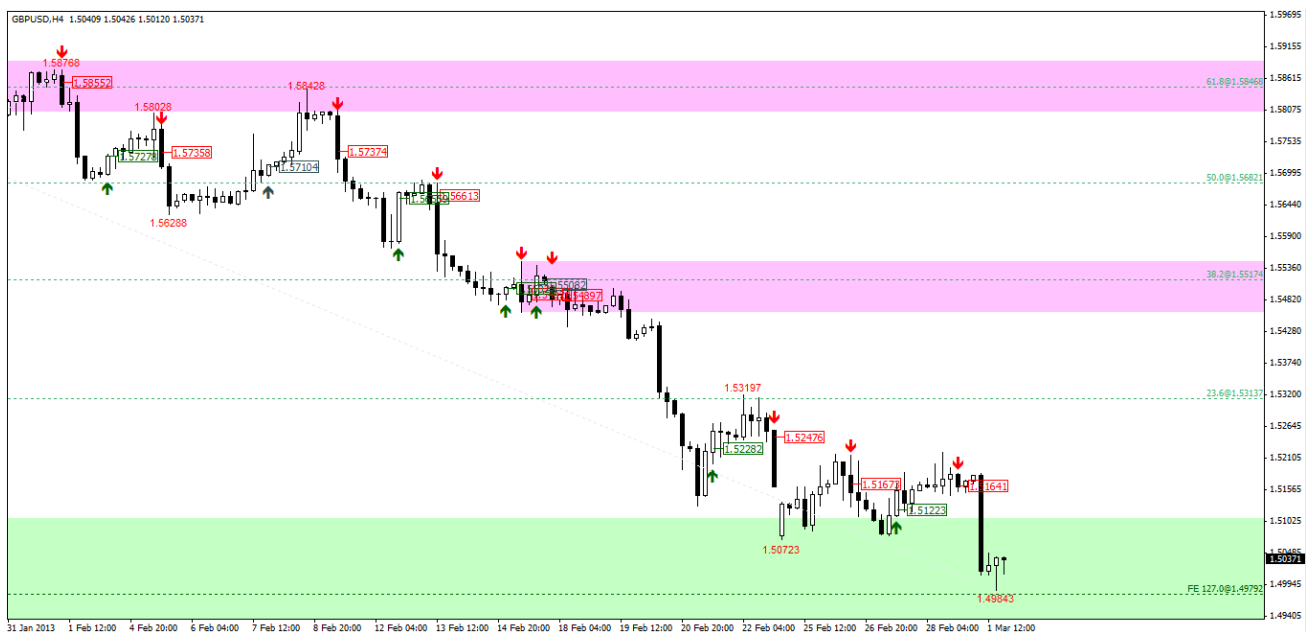
FE 61.8 @ 1.23093

In the longer term, the triangle pattern from 1.35025 from the beginning of 2009 suggested that the fourth wave of the five wave sequence from 2.11610 is unfolding. If so, this means 1.35025 would not hold and a new low is expected. Two possible scenarios may play out next. (1) Technically, in so long as 1.35025 is taken out, it would have fulfilled the fifth wave scenario. In this scenario, a swift recovery is anticipated shortly after this low is taken out. In the other scenario, this fifth wave fall may extend towards the 61.8% projection of 2.11610 to 1.35025 from 1.70423 at **1.23093** which is roughly equidistant to the widest part of the triangle formation. Whatever the case, an intermediate rest point in both scenarios is the demand zone at **1.42282-1.44575** (see W1 chart).

GBP-USD DAILY



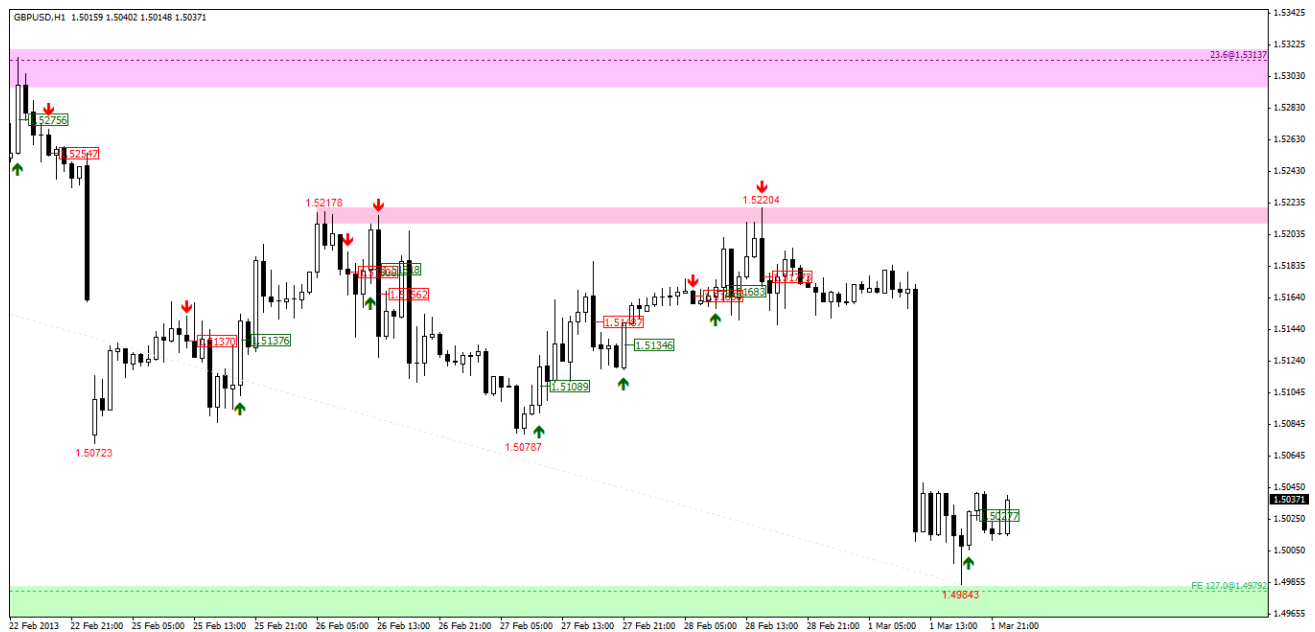
GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

Despite opening the week on a decidedly weak note on knee-jerked reactions to UK losing its pried Aaa rating, this market somehow managed to hold out reasonably well for the most part of the week considering the negative impact this development have on GBP-USD. But alas, it was to no avail as traders in NY decided to take this market lower on the last trading session of the week. To put things in perspective, this market has fallen from a 3-year high in January to a 32-month low in just two months. Such was 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**, a close above **1.51619** in the D1 chart may signal the onset of a more robust recovery. If so, the minor supply pocket at **1.52955-1.53161** is an immediate barrier to higher prices. This is followed by another at **1.54526-1.55481**. Friday's update warned of this market holding out at 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). The rebound from 1.49843 on Friday is testament to the relevance of this price bracket. However, if the demand pocket at **1.48730-1.49830** fails to hold the line, the medium-term target is the next lower rung 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	Exit on D1 close above 1.51619	1.52999	Break-even	1.50954 Realized	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	2013.03.01 11:32	0.01m	1.50954			204.5	204.50	15.4	11,544.60
2013.02.22 06:23	0.03m	1.52999	2013.03.01 23:59	0.02m	1.50371	525.6	525.60				

Traders Academy International

USDCHF.Daily 0.93664 0.94612 0.93499 0.94298

0.95109
0.94563
0.93818
0.93218
0.93011
0.93078
0.92513
0.91759
0.9163
0.90765
0.90204
0.94612
0.92134
50.060.94955
0.94298

This week saw this market finally resolved to the upside after two weeks of consolidation. Over the last two days, there appears to be an acceleration in the rally from the February 1 low of 0.90204. At this rate of climb, this market is poised to challenge the supply zone at **0.94058-0.95109** where the 50.0% retracement of 0.99709 to 0.90204 at **0.94956** is located. If so, this may present 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 beyond the supply zone at **0.94058-0.95109**, positioning speculative short positions there 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.

USDCHF.H1 0.94398 0.94359 0.94222 0.94298

0.95065
0.94900
0.94735
0.94570
0.94400
0.94235
0.94070
0.93900
0.93735
0.93570
0.93400
0.93235
0.93070
0.92900
0.92735
0.92570
0.92408
0.92235
0.92070
0.91905

0.93271
0.93071
0.93106
0.93372
0.93255
0.93334
0.93127
0.93035
0.93255
0.93090
0.93109
0.9287
0.92824
0.92786
0.92301
0.92483
0.92575
0.92624
0.92639
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0.92786
0.92824
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0.92908
0.94612
0.94408

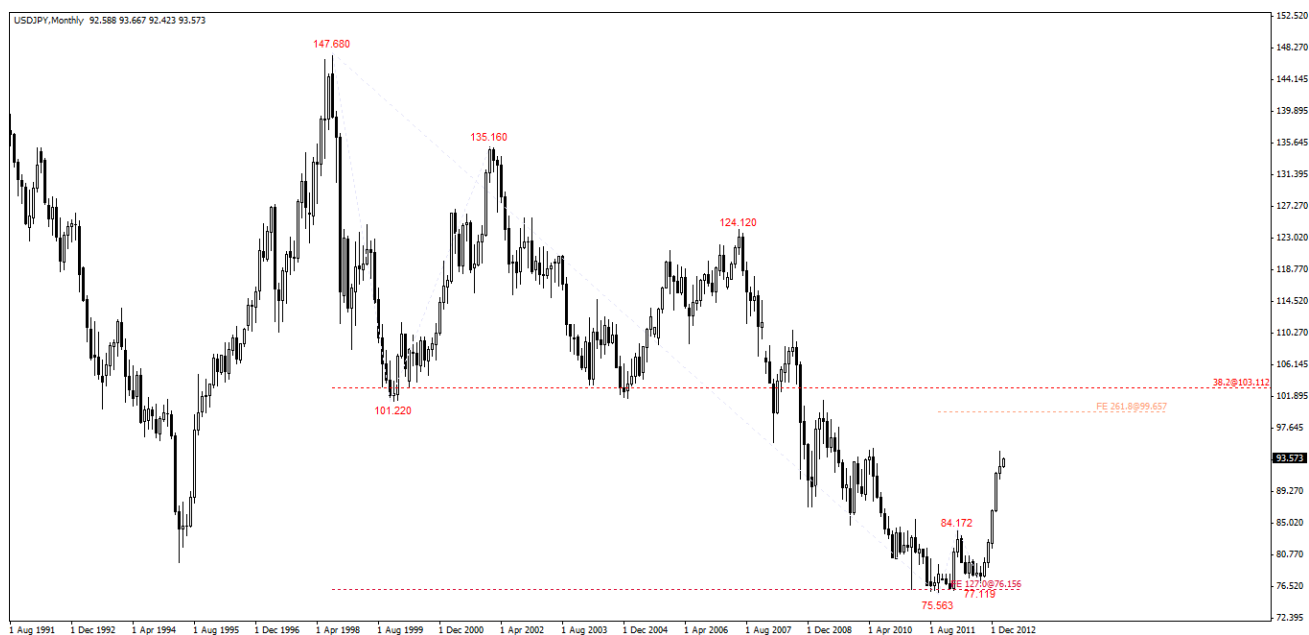
22 Feb 13:00 22 Feb 21:00 25 Feb 05:00 25 Feb 13:00 25 Feb 21:00 26 Feb 05:00 26 Feb 13:00 26 Feb 21:00 27 Feb 05:00 27 Feb 13:00 27 Feb 21:00 28 Feb 05:00 28 Feb 13:00 28 Feb 21:00 1 Mar 05:00 1 Mar 13:00 1 Mar 21:00

50.080.94956
21.690.93572
38.280.92928
50.080.92408
61.880.91885

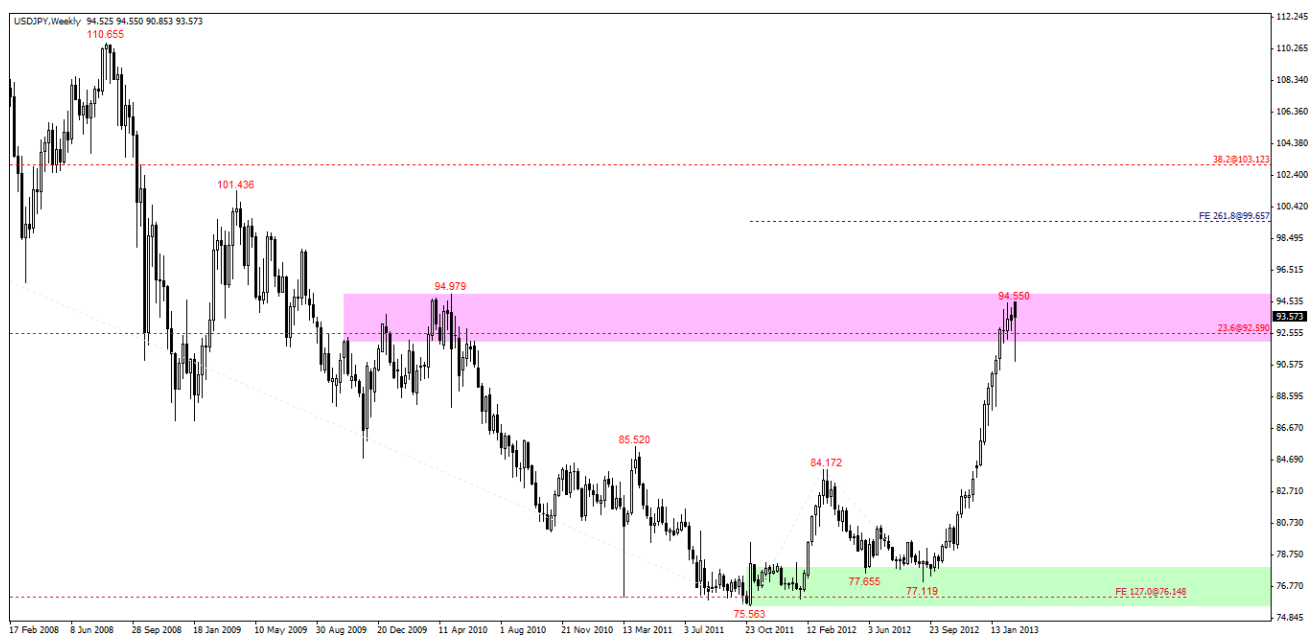
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		0.94491	0.95209	0.93572	0.92928	2	0.02m

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
2013.03.01 17:27	0.02m	0.94491	2013.03.01 23:59	0.02m	0.94298	57.9	61.40				

USD-JPY MONTHLY



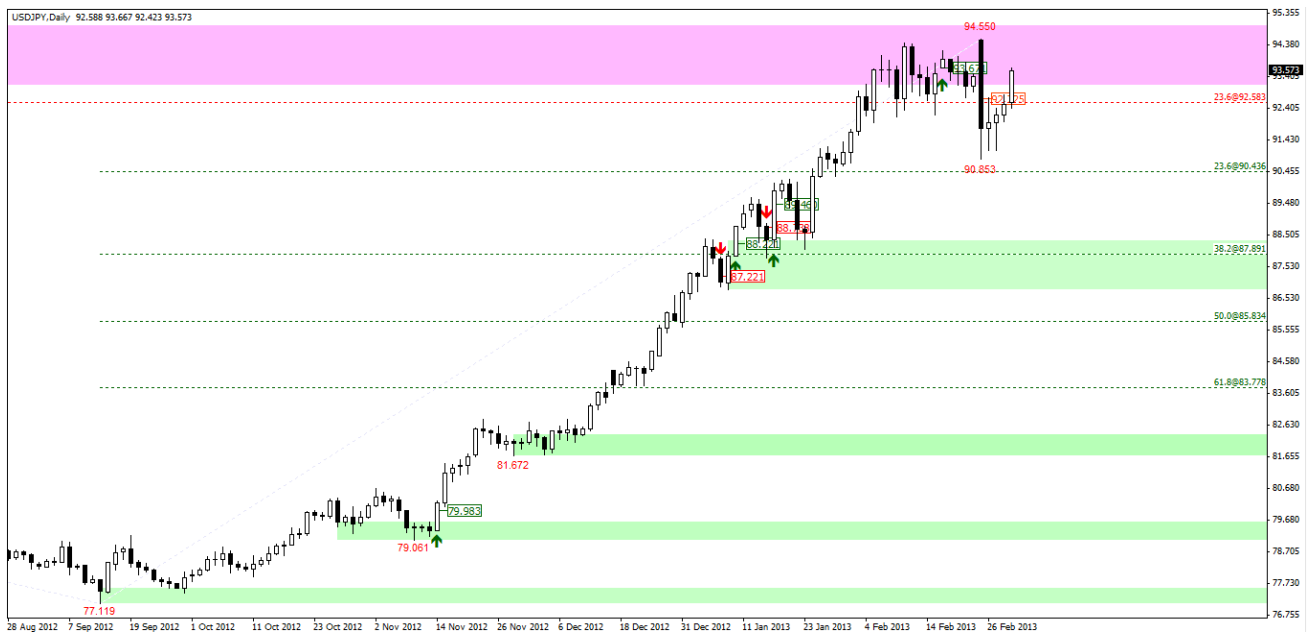
USD-JPY WEEKLY



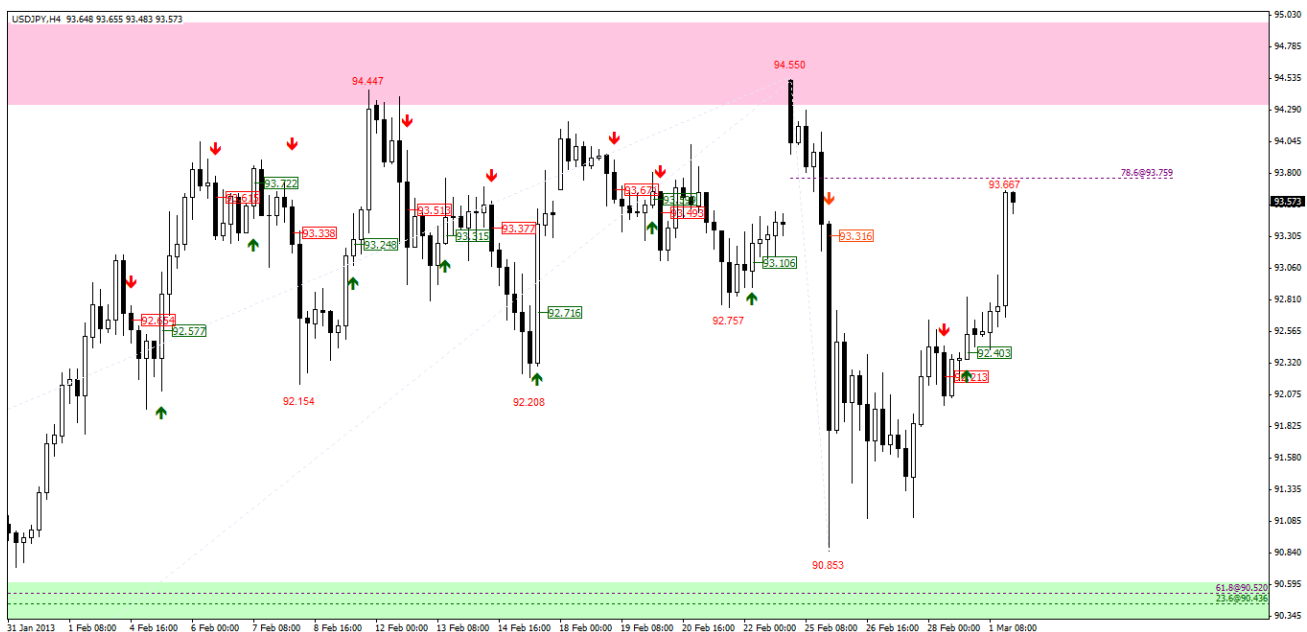
USD-JPY Long Term Outlook

In the longer-term, the break above the 2011 high of 85.520 served as the confirmation of the long-term trend reversal. In retrospect, the entire fall from the 2007 peak of 124.120 may have terminated on the first day of November 2011 at 75.563. With sustained trading above the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048**, focus has shifted to the 2010 high of **94.979**. This week saw this market soared to yet another 34-month high at 94.550. Should this rally extends beyond **94.979**, focus would shift towards the 261.8% projection of 75.563 to 84.172 from 77.119 at **99.657**; which is roughly near the stated goal of the new Japanese government of 100 yen per dollar. This level is not far from the longer-term target of the 38.2% retracement of the 1998 peak of 147.680 to 75.563 at **103.112**.

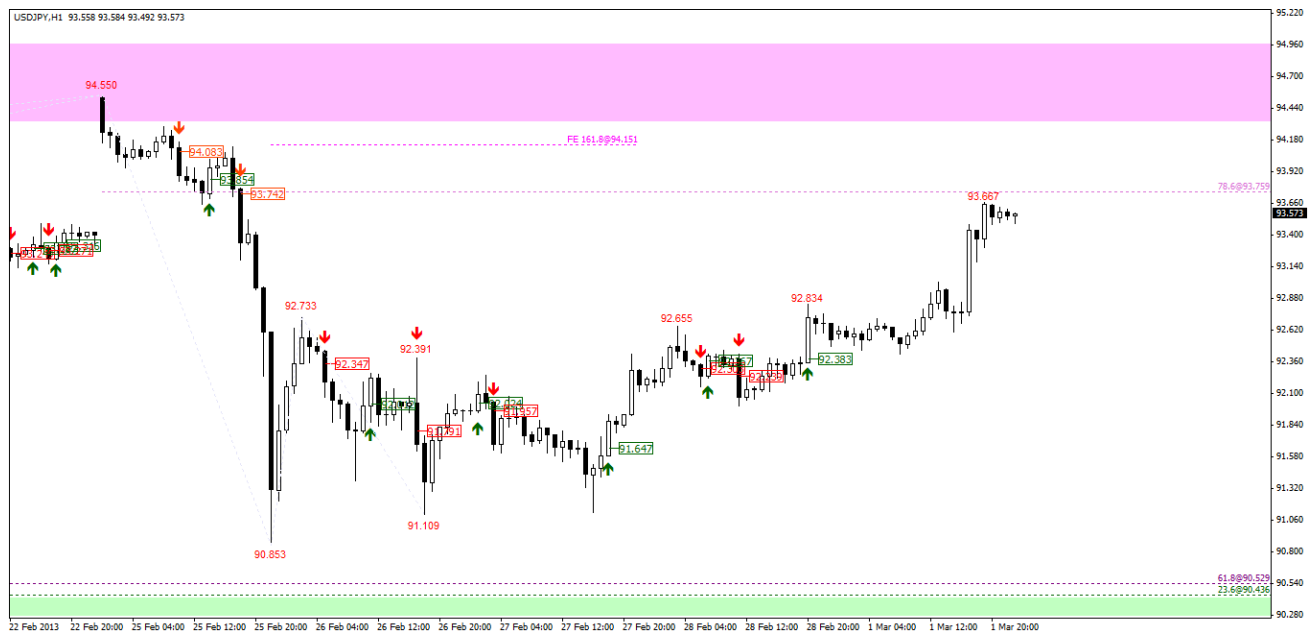
USD-JPY DAILY



USD-JPY 4-HOURLY



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 signals between 93.129-94.979		95.079	92.173	90.529	3	0.03

USD-JPY TRADE JOURNAL

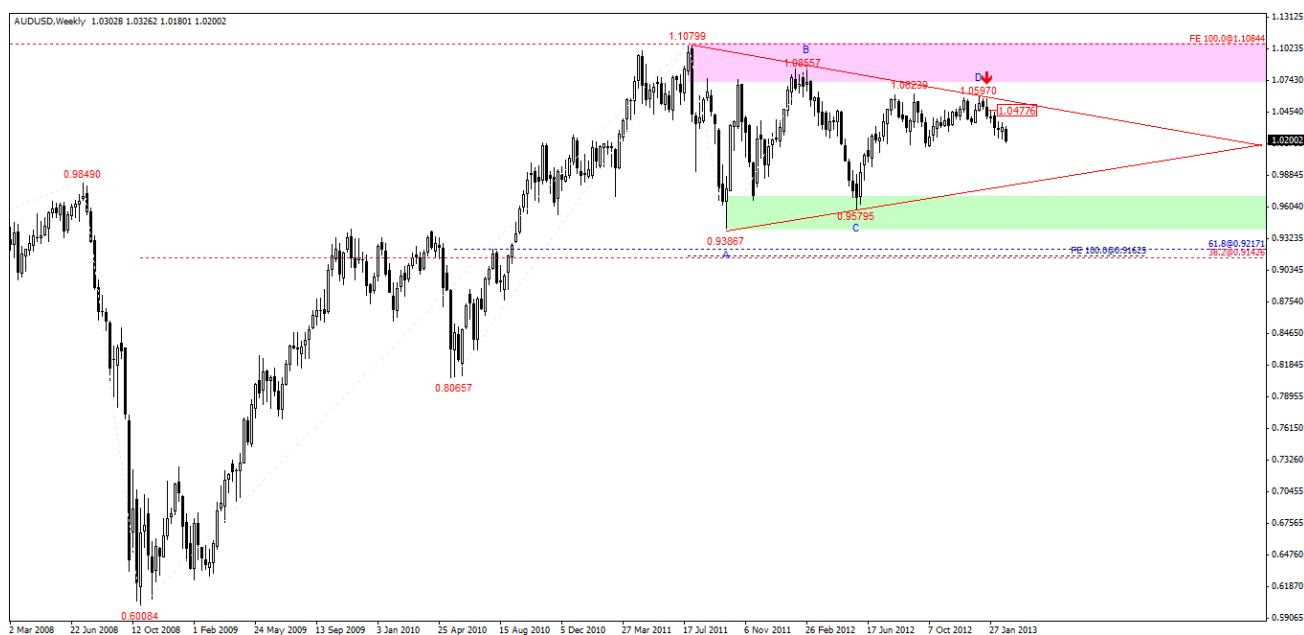
Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.02.22										23.74	12,374.07
2013.01.28 01:32	0.02m	90.487	2013.02.25 21:00	0.02m	92.725			447.6	482.72	28.57	12,856.79

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	2013.03.01 17:23	0.03m	93.725			-307.8	-328.41	25.28	12,528.38

AUD-USD MONTHLY



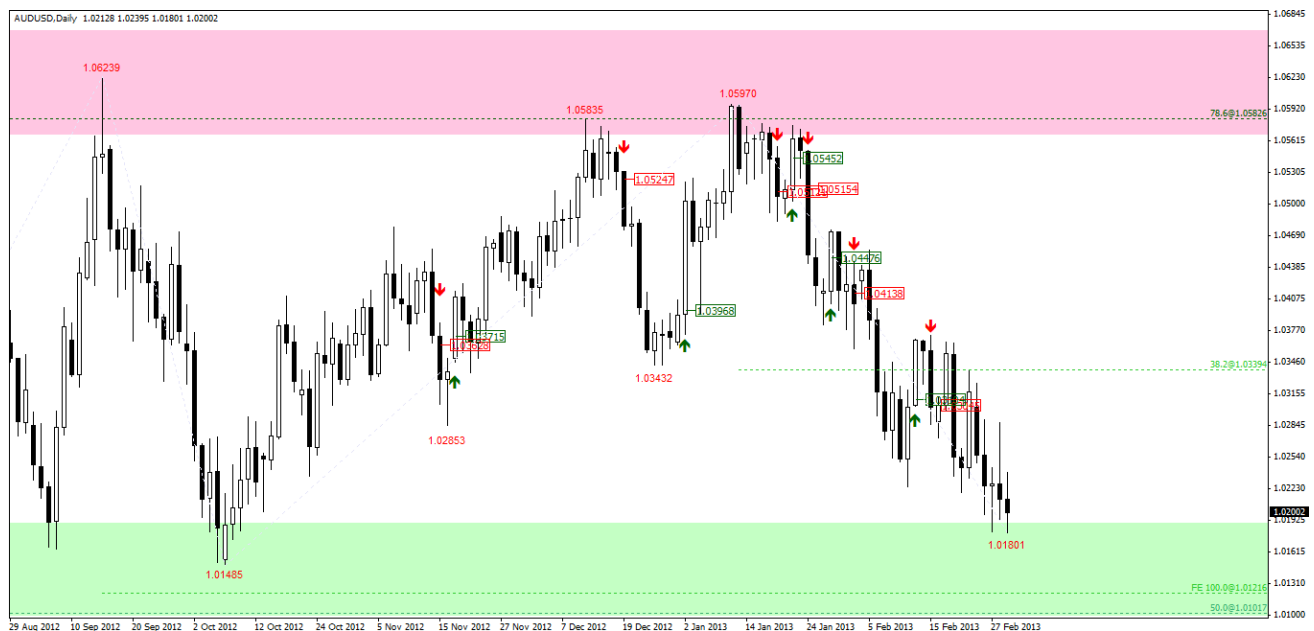
AUD-USD WEEKLY



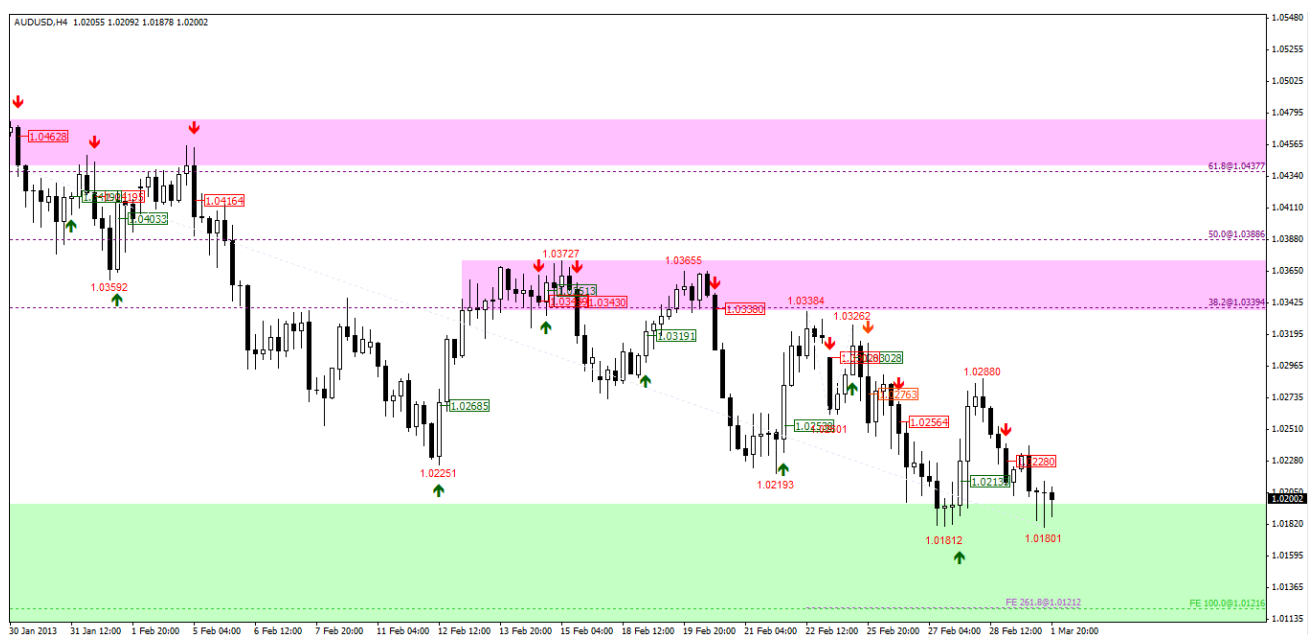
AUD-USD Long Term Outlook

In the longer-term, price actions from the 2011 high of 1.10799 are treated as a consolidation pattern in the longer-term up-trend. The longer-term up-trend 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 1.05970 may well be the D leg of this triangle pattern and should extend lower towards the lower trend-line. A break below last October low of **1.01485** would confirm the immediate bearish assessment. Once the E leg of this triangle is in place, that is hold above the lower trend-line; the ensuing rally is expected to take out the all-time high of **1.10799**. Primary target is the 127.0% projection of 0.47730 to 0.98490 from 0.60084 at **1.24549**.

AUD-USD DAILY



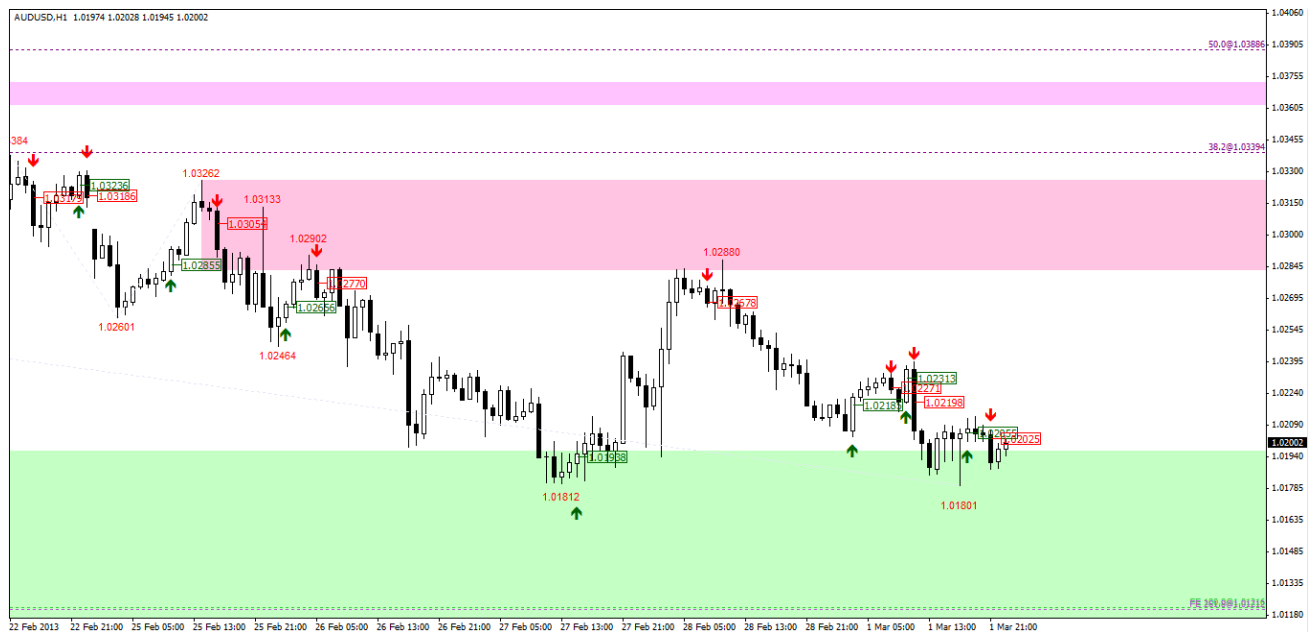
AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

This market does have a problem keeping its gains as selling interests once again re-emerged on Thursday and carried forward into Friday's session. 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



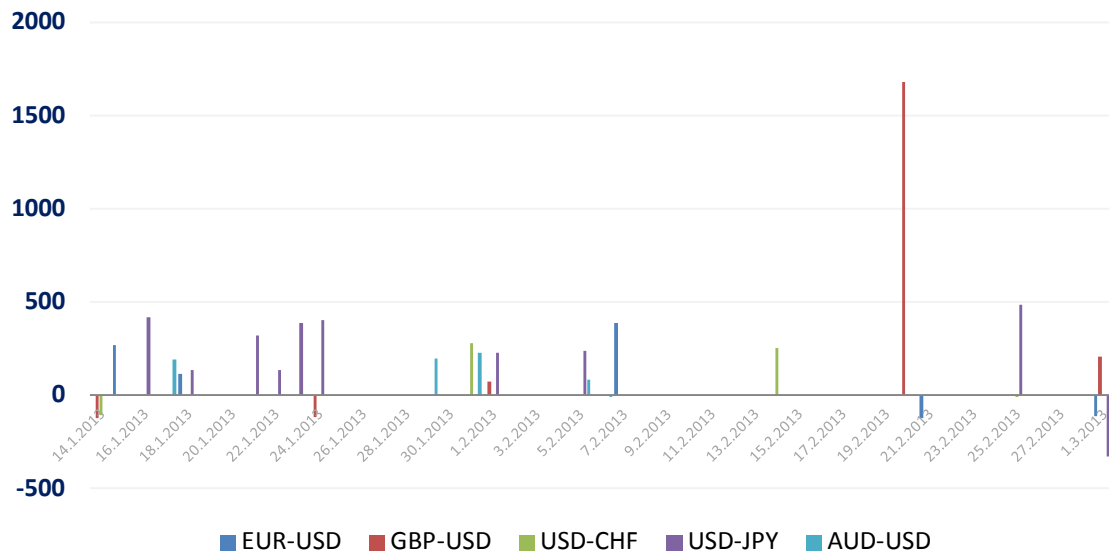
AUD-USD TRADE IDEAS

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

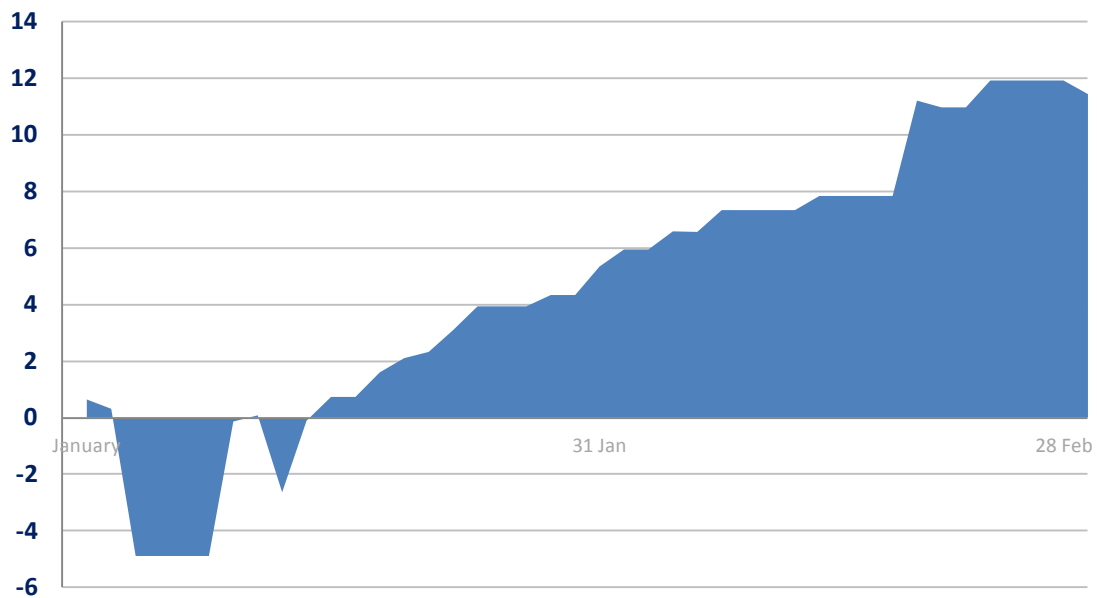
AUD-USD TRADE JOURNAL

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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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.