# FOREX OUTLOOK

*A Traders Academy International Publication*

## EUR-JPY Rose To 33-Month Peak

EUR-USD hit a 14-month high and EUR-JPY a 33-month peak on Friday, the beneficiary of stronger-than-forecast Euro zone manufacturing data and expectations of easy monetary policy from Washington and Tokyo.

Friday's U.S. jobs data reaffirmed expectations the U.S. Federal Reserve will maintain its simulative monetary policy, thereby making the US Dollar less desirable.

EUR-USD has been bought for the last month on reduced tail risks in the Euro zone and a shrinking balance sheet of the European Central Bank is pushing short-term rates higher as a result. Everywhere else central banks are printing money; so on a relative basis, the ECB is tighter.

EUR-USD rose as high as 1.37101, its strongest since mid-November 2011. It settled at 1.36395, up 0.46 percent on the day. On the week, it gained about 1.4 percent.

News that banks will repay less than expected in European Central Bank three-year loans next week dented some demand for the Euro, but losses were limited by optimism the worst of the region's debt crisis is over.

Earlier, a Purchasing Managers' Index survey showed Euro zone factories had their most resilient month in nearly a year during January, helped by solid German output.

A rally in U.S. stocks added to the momentum as traders shed the safe-haven Japanese Yen and despite its modest economic growth, made the Euro more attractive on a relative basis.

The U.S. economy added 157,000 jobs last month, the Labour Department said, slightly below market expectations and the unemployment rate edged up to 7.9 percent. But job growth in the previous two months was revised higher. The latest data is a great mix for a broadening of the 'risk on' trade, with solid payrolls data showing underlying growth was robust into the fiscal cliff. The rise in the unemployment rate should be friendly for all trades that were fearful of an early Fed withdrawal from QE. The data should also weigh on the US Dollar, with the exception of USD-JPY.

The main take-away from the jobs report is that there's no major acceleration or deterioration in the labour market, so that keeps the Fed firmly on hold.

The Fed repeated Wednesday that it would keep overnight rates near zero until the unemployment rate hits 6.5 percent, as long as inflation does not threaten to exceed 2.5 percent. The Fed's bond-buying and loose monetary policies have pressured the US Dollar, and the Dollar will maintain a negative bias as long as the U.S. central bank continues on that path.

Bets the Bank of Japan will ease its monetary policy further extended the Japanese Yen's downturn, putting it at a 2-1/2-year low against the U.S. Dollar.

USD-JPY rose 1.18 percent to 92.776, just off a session high 92.945 late in New York trade. This is the pair best level since May 2010. For the week, USD-JPY rose 2 percent and after 12 straight weeks of gains is up 16.6 percent. USD-JPY extended gains after U.S. data showed the pace of manufacturing growth picked up in January to its highest level in nine months, while consumer sentiment unexpectedly improved in January.

Selling the Japanese Yen has become a one-way bet, with Japanese Prime Minister Shinzo Abe heaping relentless pressure on the Bank of Japan to ease monetary policy aggressively to jolt the economy out of a decade-long malaise.

EUR-JPY rose as high as 126.943, the best level since April 2010, and was last up 1.71 percent at 126.625.
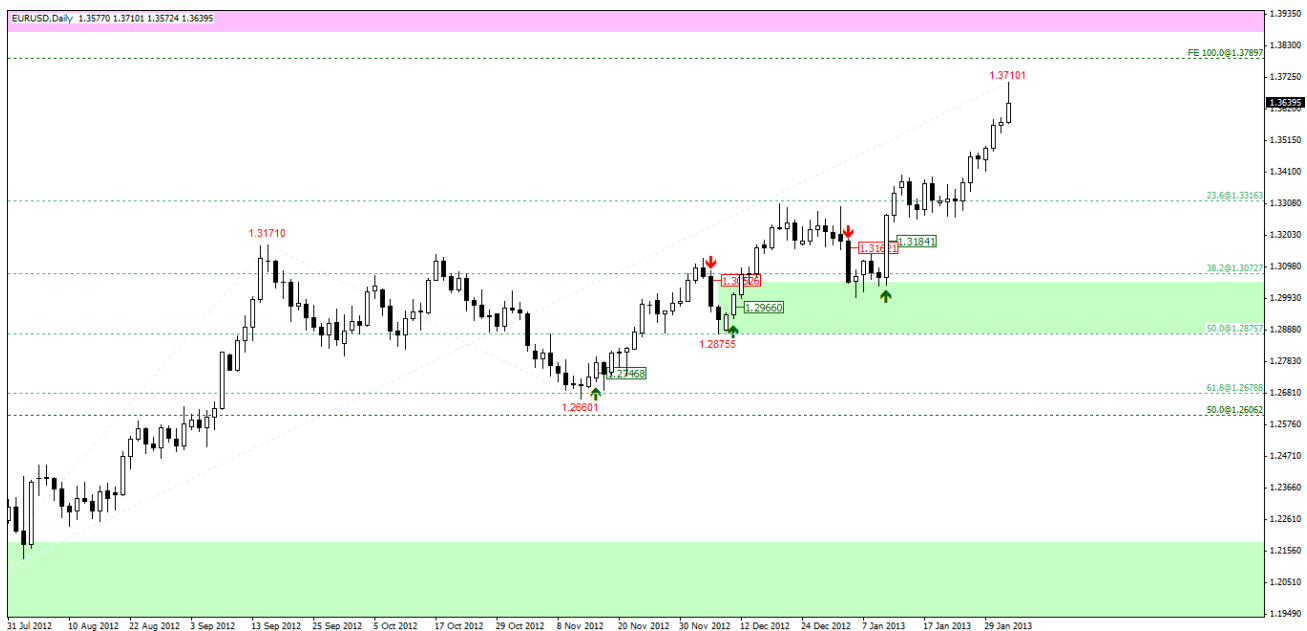
## EUR-USD MONTHLY



## 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. This fall may have terminated at 1.20414 already. If so, the break above last year's high of **1.34857** would confirm this bullish bias and pave the way towards the 1.50000 psychological level. This is what it did this week as the rally from 1.20414 extended above the 2012 high of **134857** and is poised to challenge the next sensitive Fibonacci cluster of 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897** and the 61.8% retracement of 1.49393 to 1.20414 at **1.38323** next.

## EUR-USD DAILY

EURUSD,Daily 1.35770 1.37101 1.35724 1.36395

## EUR-USD 4-HOURLY

EURUSD,H4 1.36701 1.36717 1.36382 1.36395
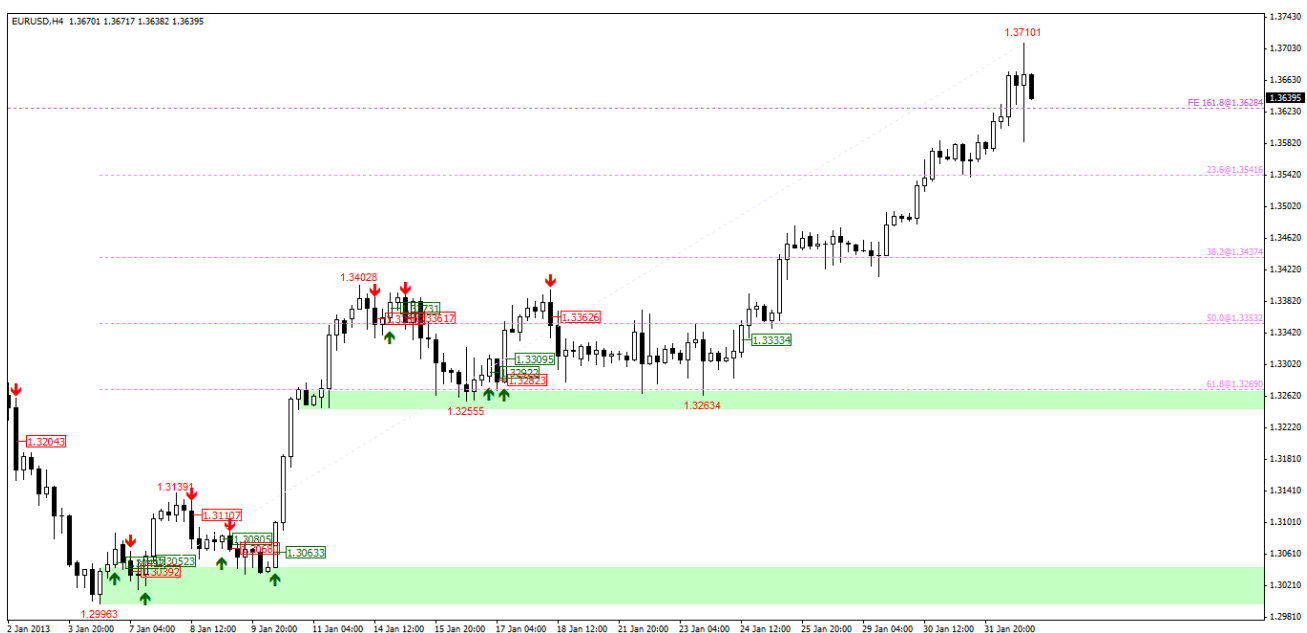
## EUR-USD Short Term Outlook

What a difference 24 hours make. As this market approaches the 2012 high of 1.34857, buyers became cautious. This explained why trading activities was relatively subdued the day before after last Friday's impressive closing. The rally from 1.29963 charged past the 161.8% projection of 1.26601 to 1.31254 from 1.28755 at **1.36284** to register a 14-month high with a print at 1.37101. As mentioned in previous updates, focus has shifted to the 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897** as well as the 61.8% retracement of 1.49393 to 1.20414 at **1.38323** (see W1 chart). On the downside, a closing below Wednesday's opening of **1.34903** would suggest the onset on profit-takings.

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# EUR-USD 1-HOURLY
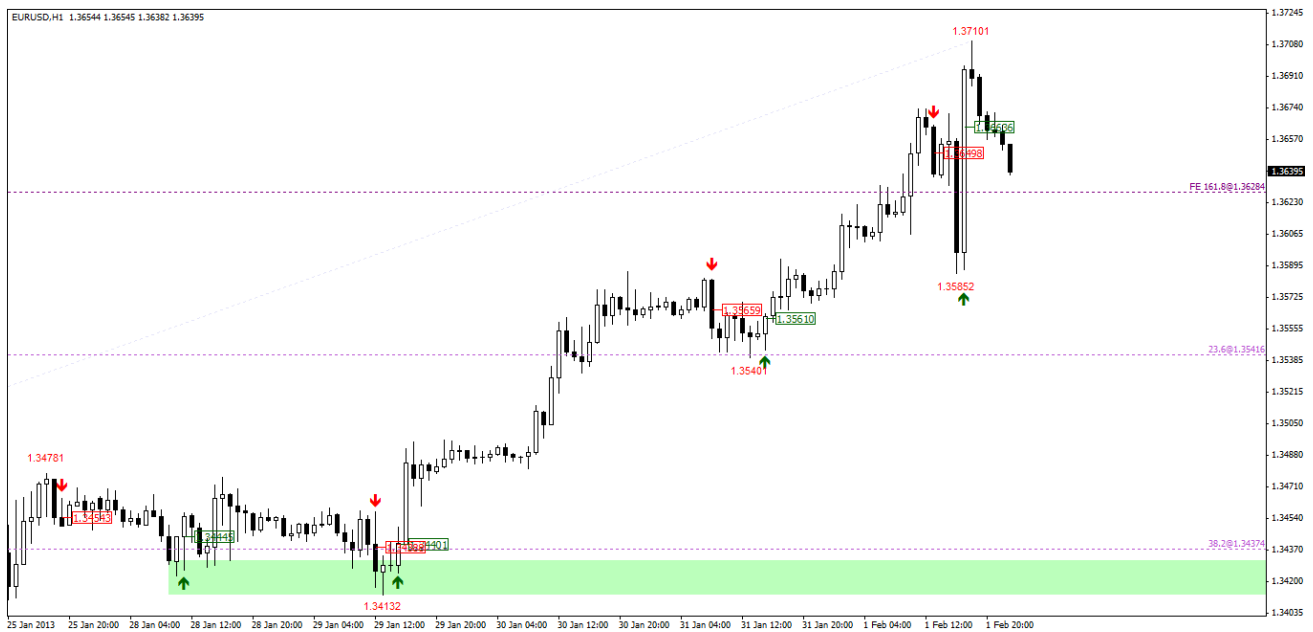


# TRADE IDEAS

| 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 | + / - ($) | Pips | + / - ($) | % | $ |
| **2013.01.25** | | | | | | | | | | 1.49 | **10,149.10** |
| 2013.01.22 17:50 | 0.02m | 1.32874 | 2013.01.31 23:59 | 0.02m | 1.36395 | 704.2 | 704.20 | | | | |

## GBP-USD MONTHLY



## GBP-USD WEEKLY



# GBP-USD Long Term Outlook

In the longer-term, price actions from the 2009 low of 1.35025 are treated as consolidations to the longer-term downtrend from 2.11610. This view remains unchanged. Though there are possibly other interpretations of the price actions since, the main takeaway is the idea that this downtrend has yet to be completed. In the longer-term, last month's fall of some 400 pips set the stage for the extension of the leg E in the triangle pattern seen in the MN chart. Previously, the spike to 1.63799 suggested the E leg of the triangle formation may be in place. If so, the implication is huge. The break below last November's low of **1.58273** added confidence that a precipitous fall below the rising trend-line extending from the 2009 low of 1.35025 to last June low of 1.52673 is possibly in motion. Next week could be pivotal for GBP-USD. Should this market break below the longer-term triangle pattern; the nearest target is the 61.8% projection of 2.11610 to 1.35025 from 1.70423 at **1.23093**. This level is roughly equidistant of the widest part of the triangle formation. Now we wait and see if the lower trend line in the triangle pattern holds.

# GBP-USD DAILY
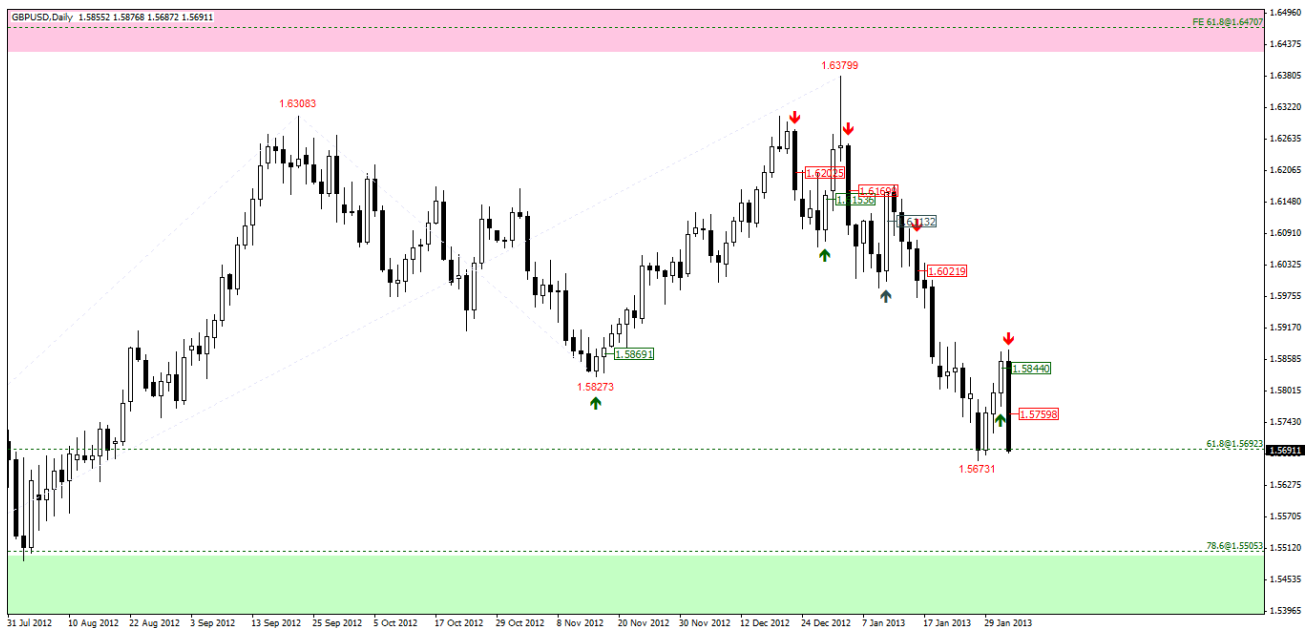


# GBP-USD 4-HOURLY
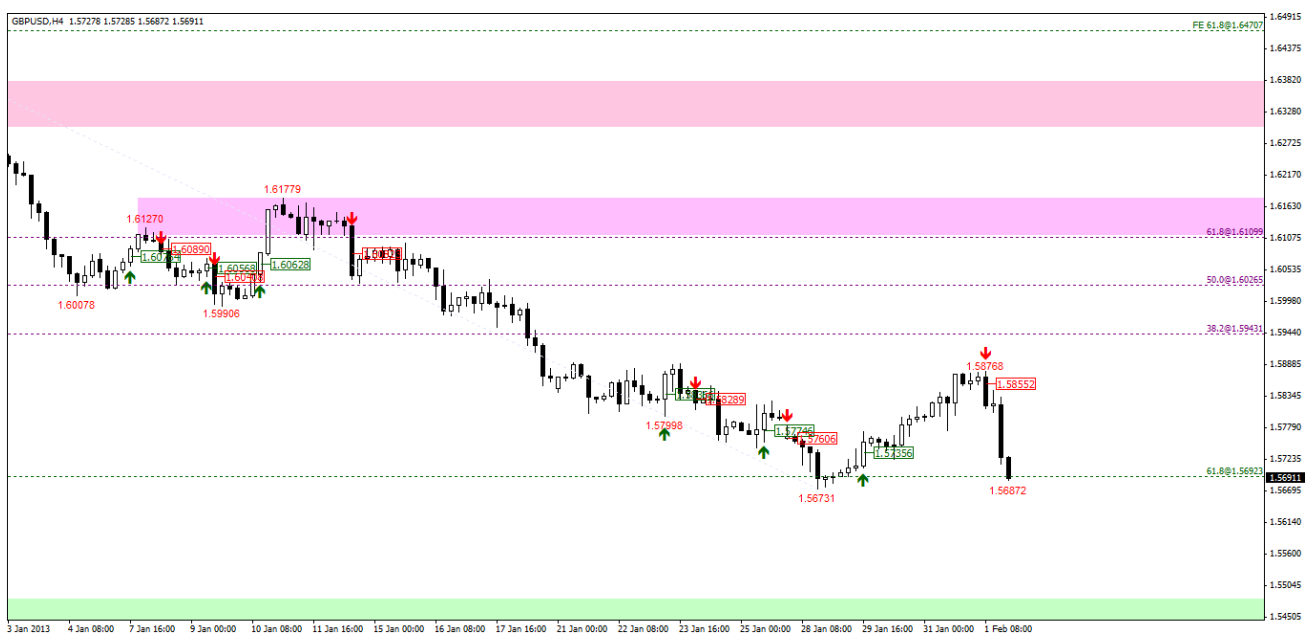


# GBP-USD Short Term Outlook

In a case of having cold feet, the original idea on selling on rebound within the supply pocket at **1.58643-1.58915** was re-looked into as the recovery from Monday's low of 1.56731 was stronger than expected. So strong was the recovery that a buy signal was triggered in the D1 chart by Thursday's NY closing. It is thus prudent to adopt a wait and see attitude. Previously it was noted that this market is fast approaching the lower trend-line of the triangle formation seen in the monthly chart and that caution has set in. It was also noted that should last week's fall accelerates below the **1.56000** level; it will all but confirm the breakout from the longer-term triangle pattern developing since August 2009. Given this extreme bearish outlook, selling on rebound was a no-brainer. This view never wavers. And just as well. Yesterday's London opening provided the primer for the day's trading actions. London opened tentatively and then fell purposefully below the pocket at **1.58643-1.58915,** triggering short-term sell signals. When buying interests tried to take price action back into the supply pocket and failed, the next sell signal was all that was needed to jump onto the sell bang-wagon. The ensuing sell-off was even sharper than that seen two Fridays ago. This market promptly fell more than 1% or 164.2 pips, diverging dramatically from the EUR-USD.

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## 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 | Sell on sell within 1.58643-1.58915 | 1.58750 | 1.59105 | 1.58024 Realized | 1.56749 | 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 | + / - ($) | Pips | + / - ($) | % | $ |
| **2013.01.25** | | | | | | | | | | -4.13 | 9,586.90 |
| 2013.02.01 09:39 | 0.01m | 1.58750 | 2013.02.01 16:33 | 0.01m | 1.58024 | | | 72.6 | 72.60 | -3.41 | 9,659.50 |
| 2013.02.01 09:39 | 0.02m | 1.58750 | 2013.02.01 23:59 | 0.02m | 1.56911 | 367.8 | 367.80 | | | | |

## USD-CHF MONTHLY

USDCHF,Monthly 0.90976 0.91073 0.90204 0.90772

## USD-CHF WEEKLY

USDCHF,Weekly 0.92685 0.92908 0.90204 0.90772
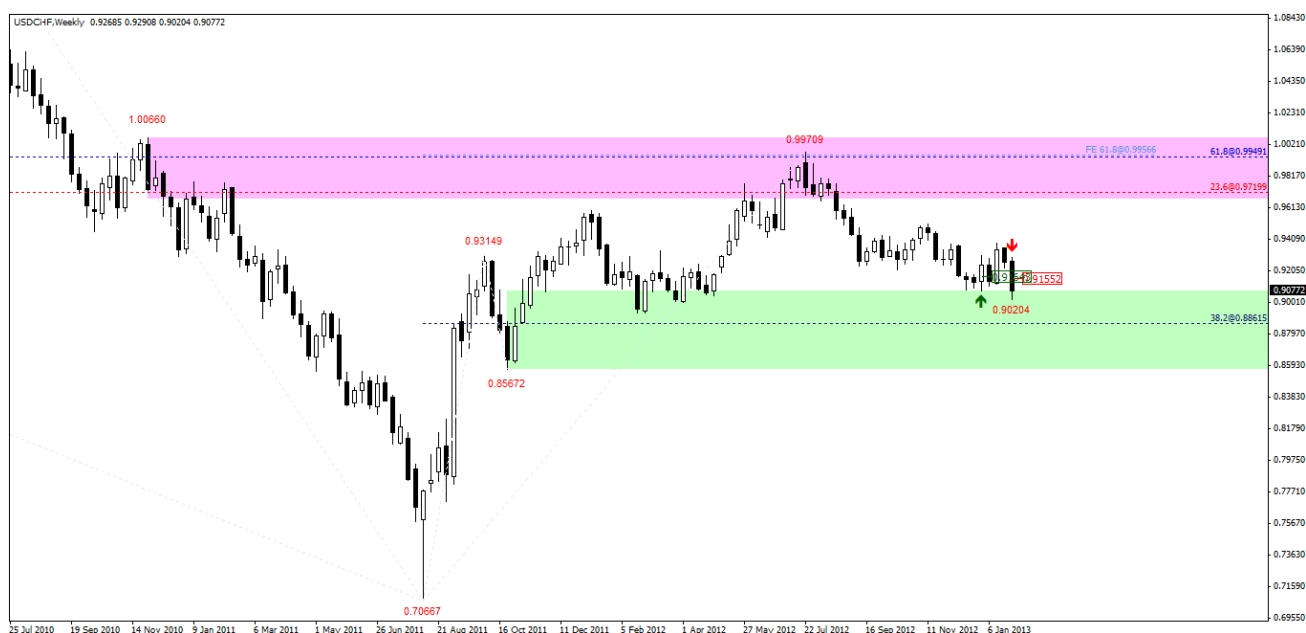
## USD-CHF Long Term Outlook

In the longer-term, the rebound from the 2011 low of 0.70667 is viewed as a correction and the first leg may have been completed at 0.99709. This level is just above the confluence of the 61.8% retracement of 1.17307 to 0.70667 at 0.99491 and the 61.8% projection of 0.70667 to 0.93149 from 0.85672 at 0.99566. A rally above **0.99709** would, however, pave the way for the extension of the correction from 0.70667 to perhaps the 38.2% retracement of 1.83090 to 0.70667 at **1.13612** and beyond. In the long-term, the decline from 0.99709 is initially expected to extend target the 38.2% retracement of 0.70667 to 0.99709 at **0.88615**. Should the longer-term fall resumes below **0.70667**, the longer-term target is the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62613**.

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## USD-CHF DAILY
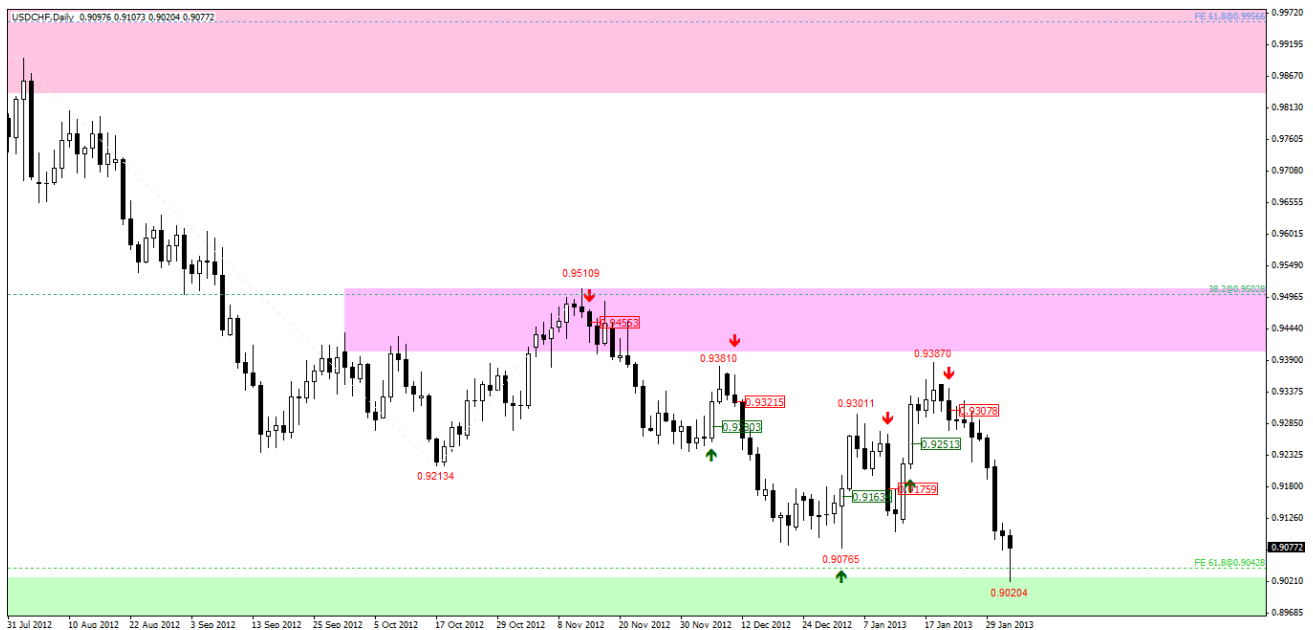


## USD-CHF 4-HOURLY
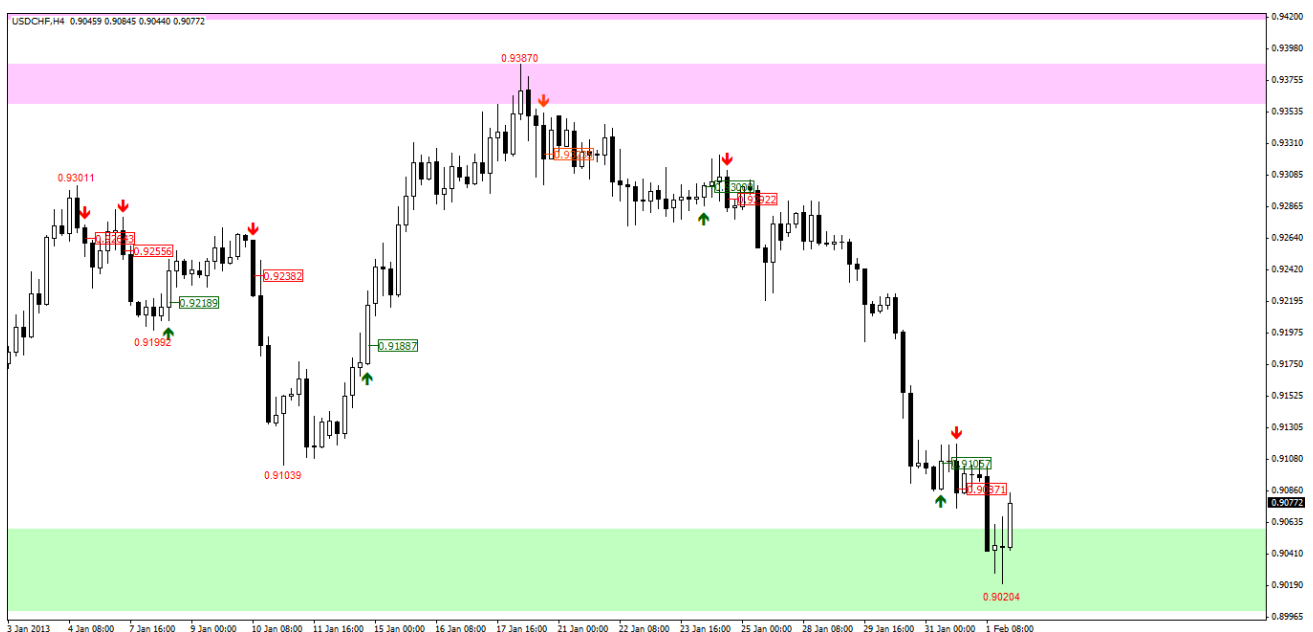


## USD-CHF Short Term Outlook

The sharp fall from last Friday's high of 0.98370 accelerated to the pre-determined demand zone at **0.90010-0.90587** in NY overnight. Depending on the strength of the late recovery in the second half of the NY session, this market is on track to challenge the next DZ at **0.89211-0.89847**. Should this fall accelerate below the DZ at **0.89301-0.90278**; sell-stops accumulated there should result into another selloff from there (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. On the upside, the nascent recovery seen in late NY trading is likely to be capped below **0.91220**; just above the 38.2% retracement of 0.93870 to 0.90204 at **0.91604**.

# USD-CHF 1-HOURLY



# USD-CHF TRADE IDEAS

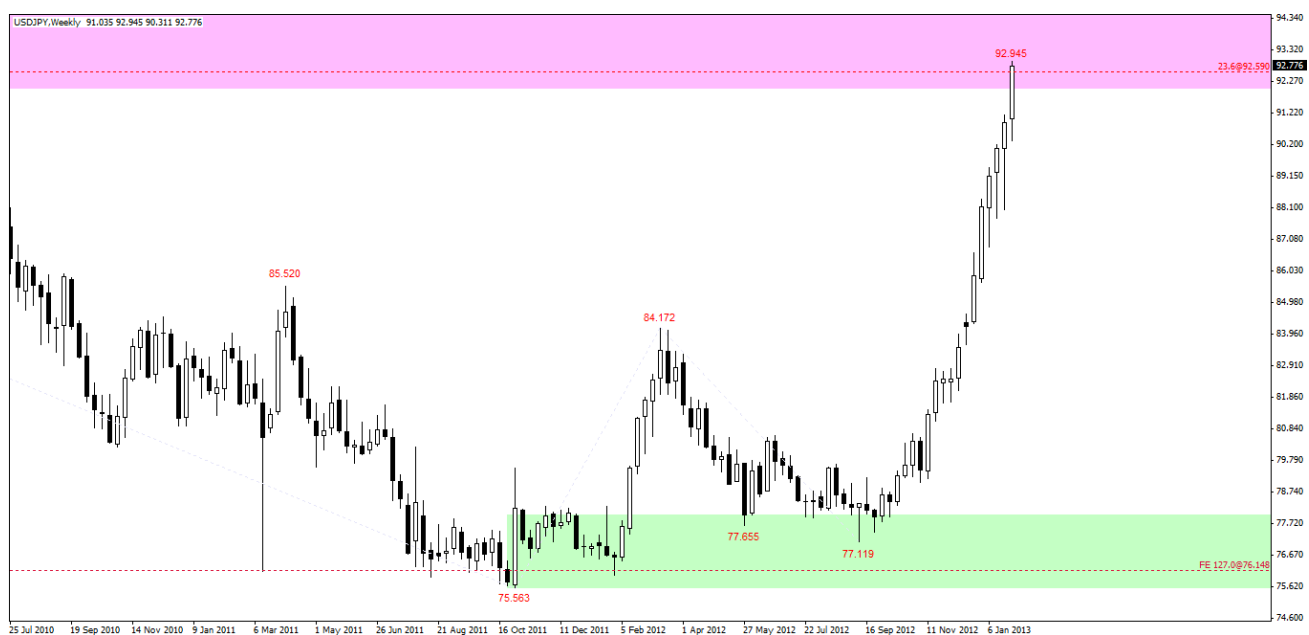| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|-----------------|-------------|-----------|-----------------|-----------------|------------|----------------|
| **Sold** |  | 0.93520 | 0.92349 | 0.90587 (covered) | 0.89847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

# 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 | + / - ($) | Pips | + / - ($) | % | $ |
| **2013.01.25** | | | | | | | | | | -0.31 | **9,968.76** |
| 2013.01.17 20:44 | 0.01m | 0.93520 | 2013.01.31 08:23 | 0.01m | 0.90994 | | | 252.6 | 277.60 | 2.79 | 10,246.36 |
| 2013.01.17 20:44 | 0.02m | 0.93520 | 2013.02.1 23:59 | 0.02m | 0.90772 | 549.6 | 605.47 | | | | |

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## USD-JPY MONTHLY

USDJPY,Monthly 86.688 91.178 86.525 90.900

## USD-JPY WEEKLY

USDJPY,Weekly 91.035 92.945 90.311 92.776

# 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 have terminated on the first calendar day of November 2011 at 75.563. With this market now having hit the longer-term 23.6% retracement target of 147.680 to 75.563 at **92.583** and is currently within a longer-term supply zone at **92.034-94.979**, this market is vulnerable to a sizable correction. However, should this rally extends, 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.**

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## USD-JPY DAILY
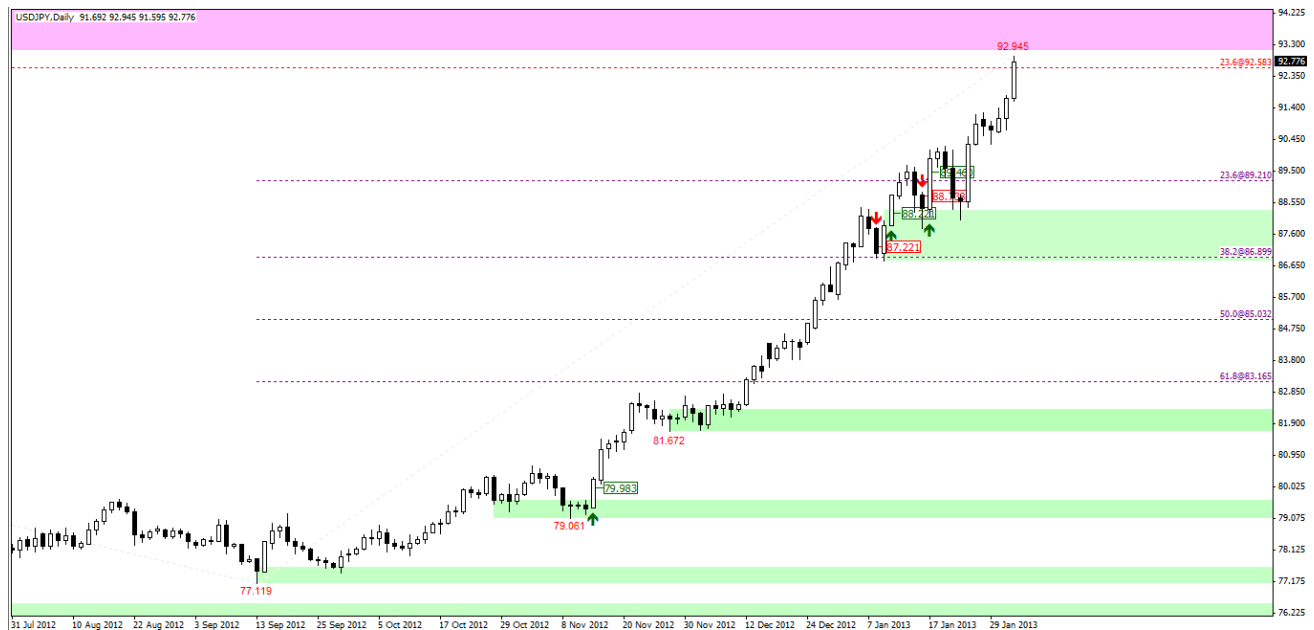


## USD-JPY 4-HOURLY
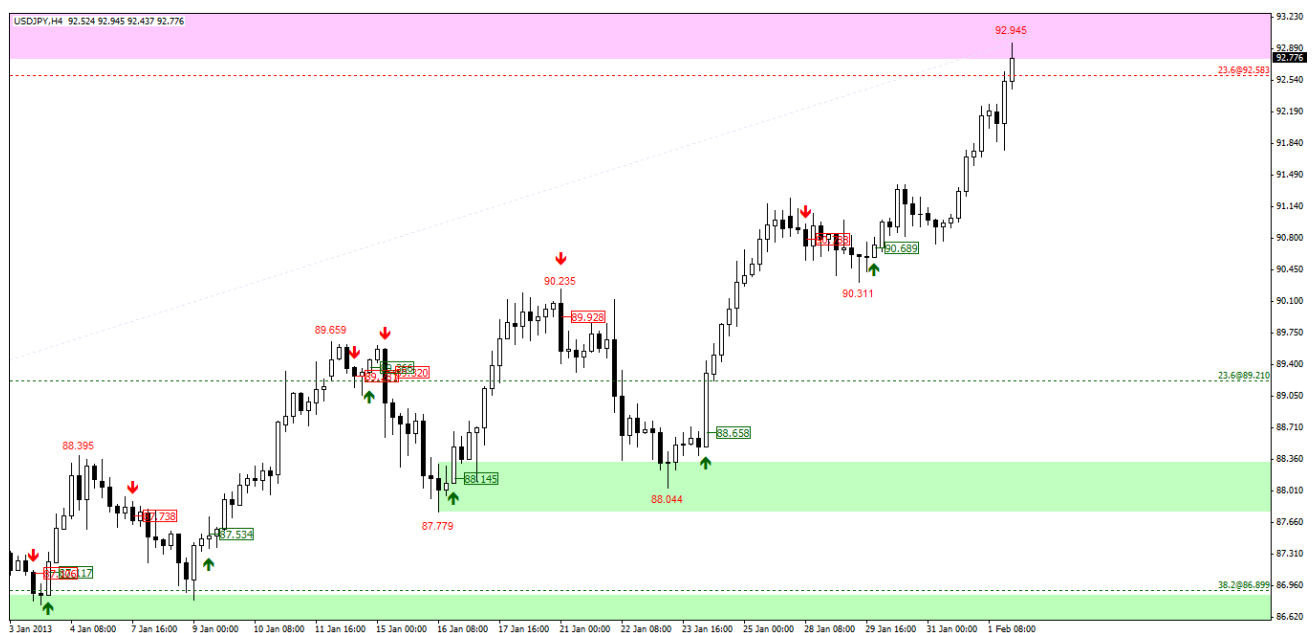


## USD-JPY Short Term Outlook

This market continues to extend and after a brief loss of momentum on Wednesday, the rally has resumed to beyond the longer-term target of 23.6% retracement target of 147.680 to 75.563 at **92.583**. Price action is currently within the overhead supply pocket at **92.770-93.610** and is vulnerable to profit-takings. As mentioned, the next supply zone at **93.129-94.979** will be formidable and heavy selling interests are expected to emerge enforce within this major supply zone (see W1 chart). If so, a sizable correction may ensue. In so long as any correction does not take out the demand pocket at **86.908-88.326**, the overall up-trend is not threatened. Stay alert of sell signals within the current supply pocket at **92.770-93.610** or the next at **93.129-94.979.** Considering that demand is likely to only emerge somewhere at/near the demand pocket at **86.908-88.326**, any counter-trend sell signal is worth taking.

# USD-JPY 1-HOURLY
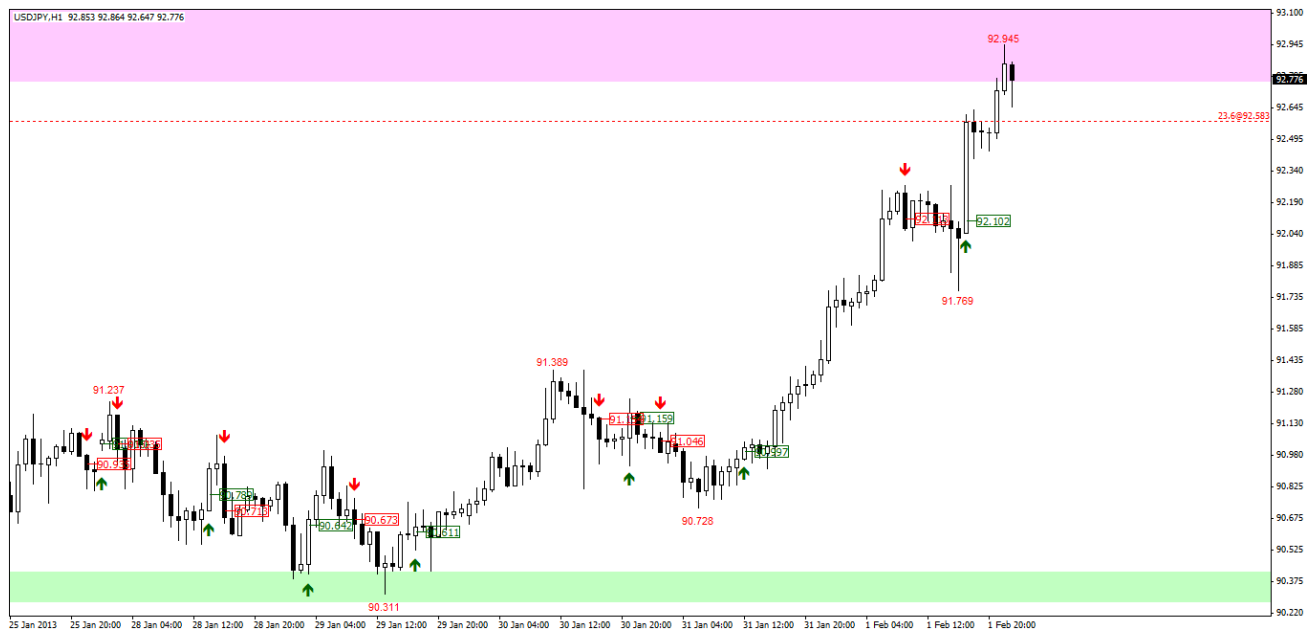


# USD-JPY TRADE IDEAS

| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|-----------------|-------------|-----------|-----------------|-----------------|------------|----------------|
| Bought | Buy on buy signal within 90.272-90.420 | 90.487 | Break-even | 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 | + / - ($) | Pips | + / - ($) | % | $ |
| **2013.01.25** | | | | | | | | | | 19.10 | **11,907.90** |
| 2013.01.28 01:32 | 0.01m | 90.487 | 2013.02.01 17:59 | 0.01m | 92.583 | | | 209.6 | 228.86 | 21.14 | **12,136.76** |
| 2013.01.28 01:32 | 0.02m | 90.487 | 2013.02.01 23:59 | 0.02m | 92.776 | 457.8 | 493.45 | | | | |

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## AUD-USD MONTHLY



## AUD-USD WEEKLY
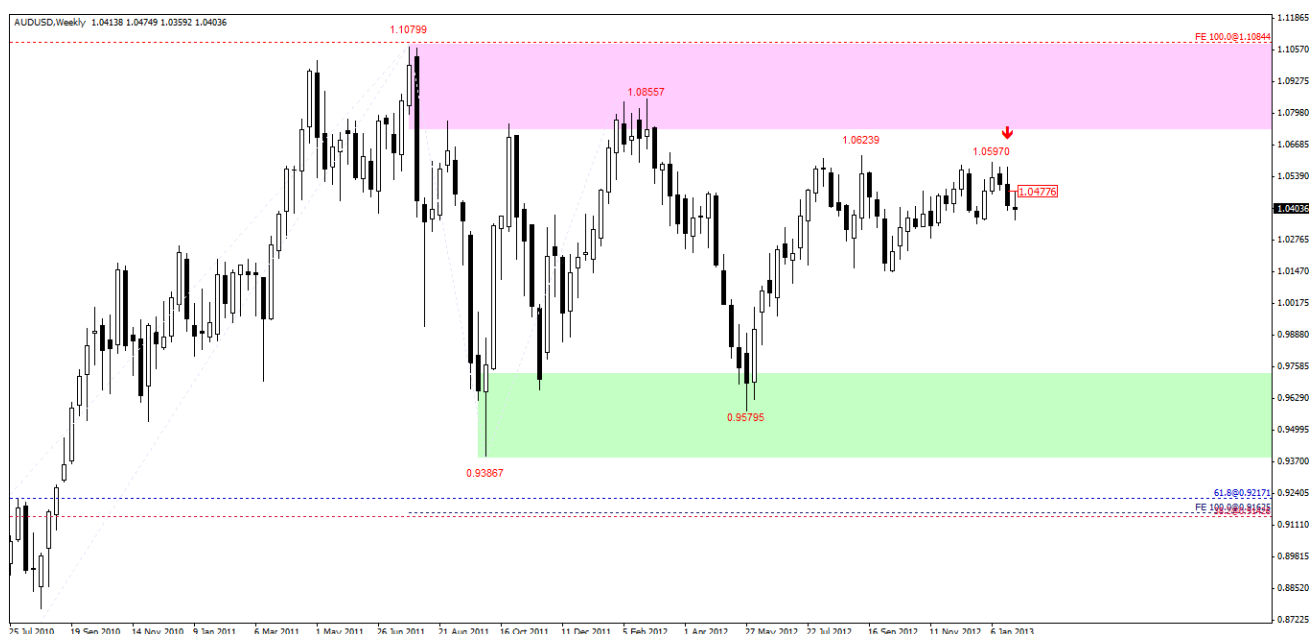


## AUD-USD Long Term Outlook

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. Price pattern since July 2011 appears to be in the form of a triangle. Though this market appeared poised to break to the upside last Thursday's 100 pips fall has complicated the bullish structure somewhat. This week saw further weakness but the overall bullish structure remains largely intact. From the perspective of the weekly chart, the fall from last September high of 1.06239 may well be the last leg of the triangle pattern and should extend lower towards the demand zone at **0.93867-0.97326** (see W1 chart). A break below last October low of **1.01485** would shift bias to the downside. However, should the lower trend-line of this triangle pattern holds; price action is anticipated to rally beyond the all-time high of **1.10799** with a tentative target price of **1.24549** (being the 127.0% projection of 0.47730 to 0.98490 from 0.60084).

## AUD-USD DAILY
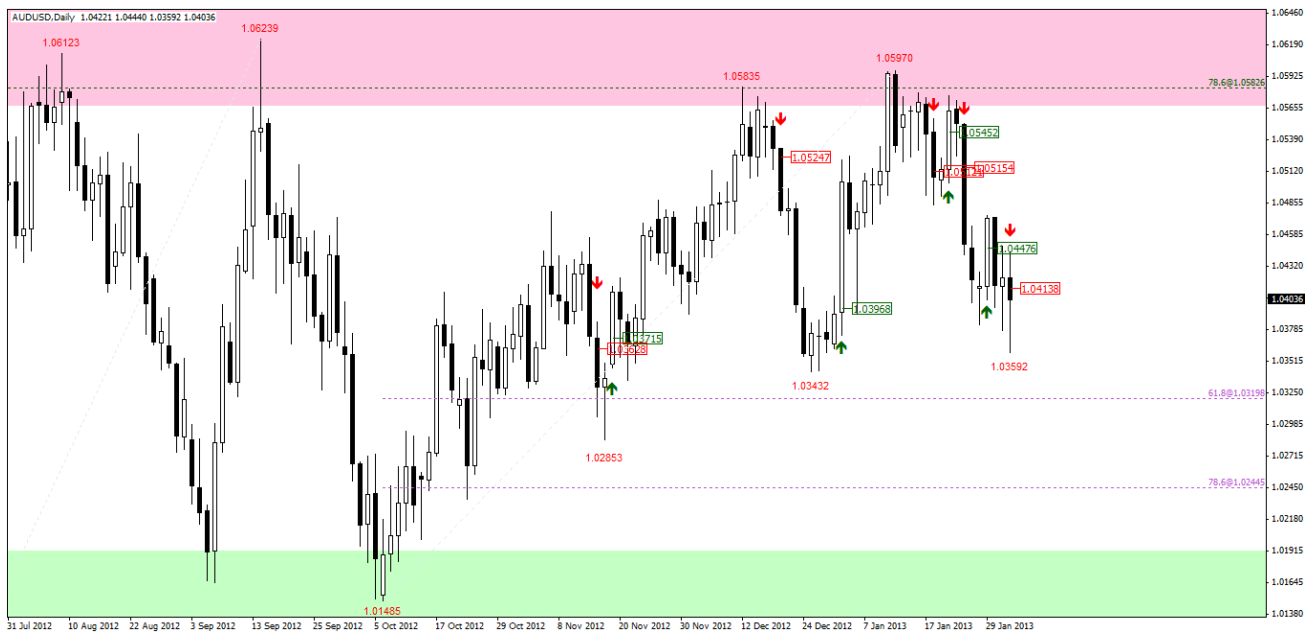


## AUD-USD 4-HOURLY
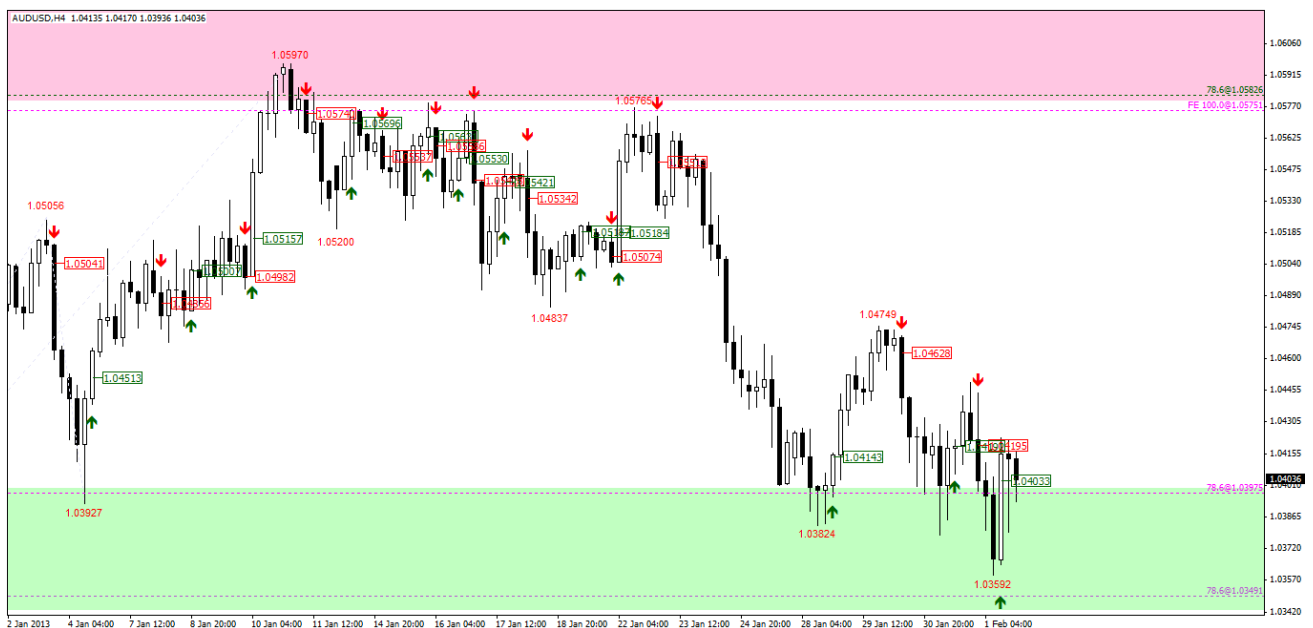


## AUD-USD Short Term Outlook

Though the worst case bearish scenario at the end of January dod not pan out as anticipated, it was close. With the weekly chart under a sell signal, the prospect of further losses appears good.  After a brief rebound, this market dipped back into the demand pocket at **1.03432-1.03997** and rebounded somewhat. As noted, should price action falls back into this zone again, buying on dips is a viable option and this is exatly what the market did overnight. Overhead, the immediate overhead supply pocket at **1.04549-1.04727** may prove to be major hurdle to hgher prices. If price action should somehow rally into this price action without any impulsivness, this could well provide another selling opportunity for the adventurous. Either that or a much better choice is to position shorts within the supply pocket at **1.05796-1.06239** or better yet at **1.07292-1.10799** (see W1 chart).
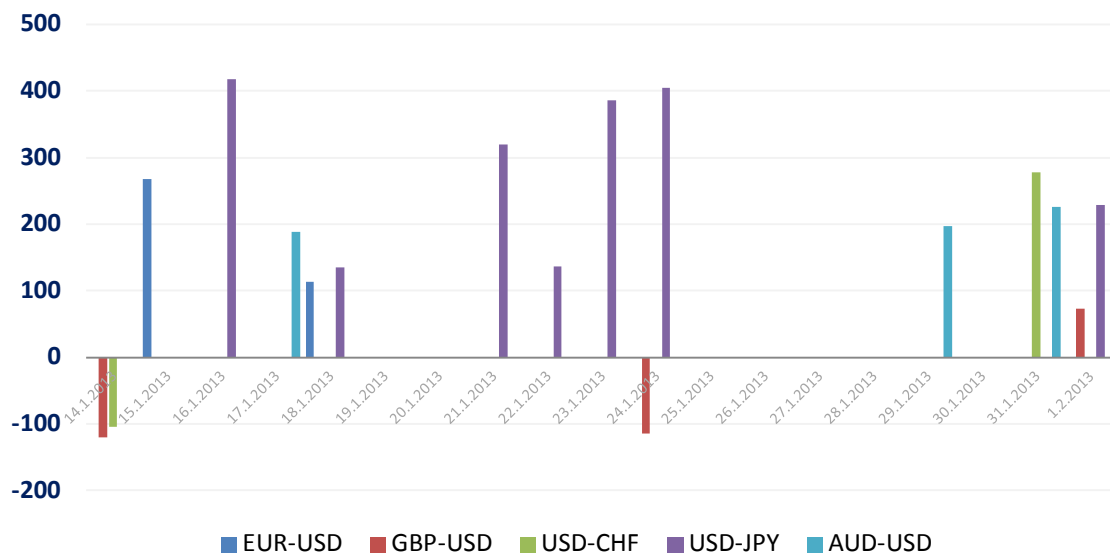
# AUD-USD 1-HOURLY
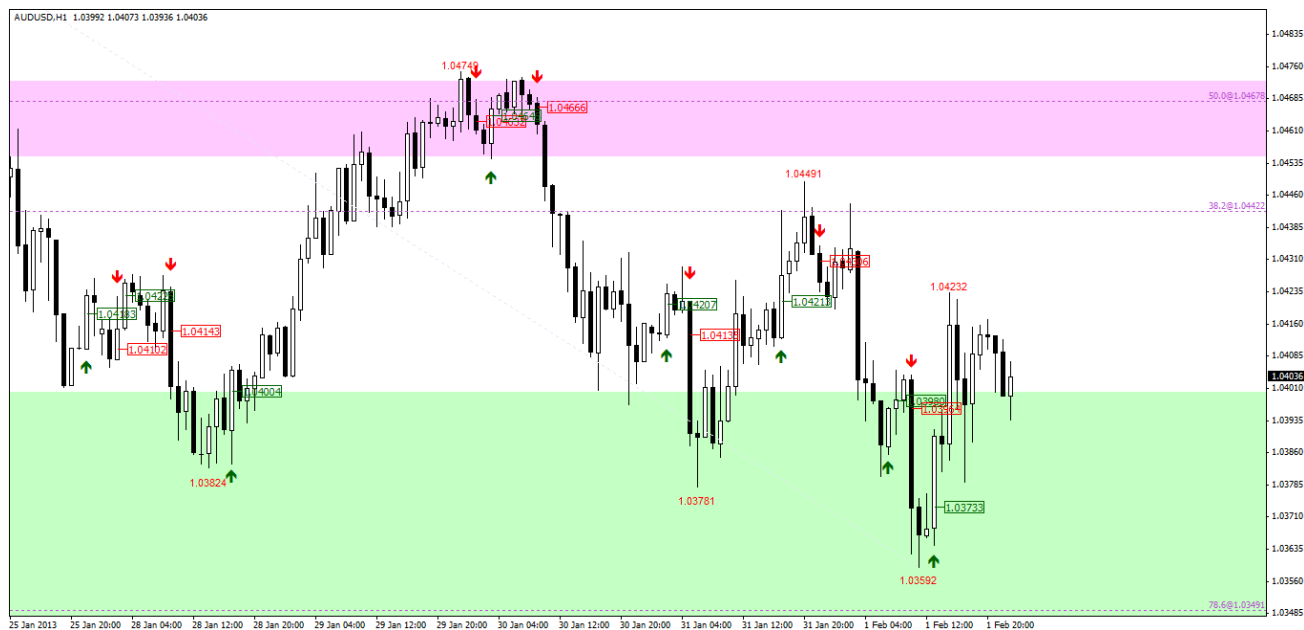


# AUD-USD TRADE IDEAS

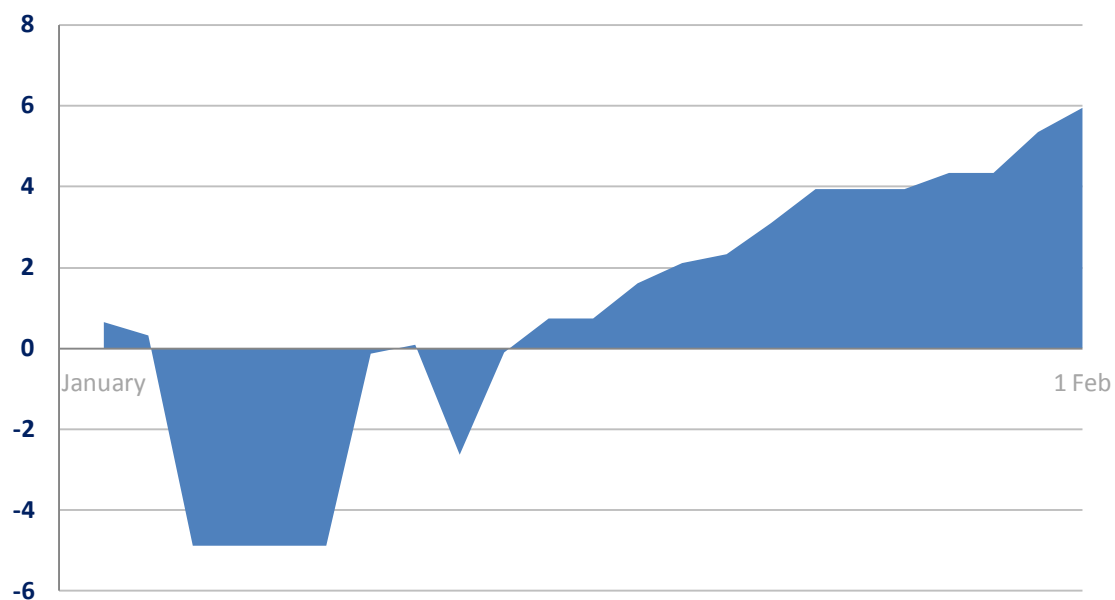| Action | Entry Condition | Entry Price | Stop-Loss | Profit Target 1 | Profit Target 2 | Exposure % | Exposure Units |
|--------|-----------------|-------------|-----------|-----------------|-----------------|------------|----------------|
| Bought |                 | 1.03733     | 1.03681   | 1.04549         | 1.05796         | 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 | + / - ($) | Pips | + / - ($) | % | $ |
| 2013.01.25 | | | | | | | | | | 3.54 | **10,354.30** |
| 2013.01.28 13:15 | 0.03m | 1.03891 | 2013.01.29 09:49 | 0.03m | 1.04549 | | | 197.4 | 197.40 | 5.52 | **10,551.70** |

| Open Date | Sell (units) | Open Price | Close Date | Buy (units) | Close Price | Unrealized P/L | | Realized P/L | | Accumulative Balance | |
|-----------|--------------|------------|------------|-------------|-------------|------|---------|------|---------|------|------|
| 2013.01.30 00:05 | 0.01m | 1.04695 | 2013.01.31 06:11 | 0.01m | 1.03800 | | | 89.5 | 89.50 | 6.41 | **10,641.20** |
| 2013.01.30 00:05 | 0.02m | 1.04695 | 2013.01.31 10:59 | 0.02m | 1.04012 | | | 136.6 | 136.60 | 7.78 | **10,777.80** |

| Open Date | Buy (units) | Open Price | Close Date | Sell (units) | Close Price | Unrealized P/L | | Realized P/L | | Accumulative Balance | |
|-----------|-------------|------------|------------|--------------|-------------|------|---------|------|---------|------|------|
| | | | | | | Pips | + / - ($) | Pips | + / - ($) | % | $ |
| 2013.01.25 | | | | | | | | | | 7.78 | **10,777.80** |
| 2013.02.01 13:15 | 0.03m | 1.03733 | 2013.02.01 23:59 | 0.03m | 1.04036 | 90.9 | 90.90 | | | | |

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## Daily Realized P/L



Legend: ■ EUR-USD ■ GBP-USD ■ USD-CHF ■ USD-JPY ■ AUD-USD

## Accumulative Percentage  P/L

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Check out our website at

www.tradersacademyonline.com

# 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.