

*A Traders Academy International Publication*

## BoJ Disappoints and USD-JPY Tanked

USD-JPY fell 1 percent on Tuesday after the Bank of Japan said its open-ended commitment to buy assets would kick in only next year, disappointing traders who had expected more aggressive monetary easing. But EUR-USD pared some losses and EUR-USD recovered after a German ZEW survey showed that economic sentiment was at the highest since May 2012.

EUR-USD and EUR-JPY had fallen to a session low on speculation that some large German banks could be asked to split their investment banking operations, driving European shares lower. But the biggest mover was in USD-JPY, with the Bank of Japan once again falling short of expectations. USD-JPY fell in the aftermath, even as some traders said the move lower would be limited.

A dominate Yen outshined its rivals after actions by the Bank of Japan were considered by many to be underwhelming and disappointing. Japan's central bank, which has been under intense political pressure to overcome deflation, doubled its inflation target to 2 percent, as had been widely expected. It also said it had decided to switch to an open-ended approach of buying a certain amount of assets each month next year, without setting a deadline for completing the purchases.

USD-JPY was down 0.9 percent at 88.689. Earlier, it had fallen past reported stops at 88.500 to hit a session low of 88.347.

Traders cited bids at 88.000-88.200. USD-JPY rose to 90.124 immediately after the BOJ decision, not far from its 2-1/2-year high of 90.235 but later retreated.

Analysts believe the Japanese Yen's recovery was likely to be short-lived and USD-JPY would rise in the coming months. The general upward move in USD-JPY will continue due to expectations of more easing after a new BoJ governor is appointed in April and USD-JPY could rise to 92.000 in the next few months.

Current BoJ Governor Masaaki Shirakawa's term ends in April and markets are positioned for further yen weakness as most expect him to be replaced by someone whose stance on aggressive policy easing matches that of Prime Minister Shinzo Abe's.

EUR-JPY was down 1 percent on the day at 118.170 though off a session low of 117.304. EUR-JPY was hurt by a German newspaper report saying Germany's regulator had ordered large banks to simulate a break-up.

A report showing U.S. home resale unexpectedly fell in December added to volatility and pressure on EUR-USD, though the data was not seen as enough to derail the boost housing will likely provide to the U.S. economy this year.

EUR-USD was little changed at 1.33213. While EUR-USD has struggled to break above the 1.34000 level since it hit a near 10-month high a week ago, strategists said it was likely to remain firm as concerns around the Euro zone crisis ease.

The German ZEW figures beat all expectations, a sign that the Euro zone crisis was no longer hitting Europe's largest economy as hard as it was last year. EUR-USD can cross the 1.34000 mark to reach 1.35000 as early as the end of this week if data out of Germany continues to be strong but the failure to breach 1.34000 level may mean a near term-top is in place for the Euro.

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EURUSD, H4 1.33224 1.33232 1.33197 1.33214

1.32939  
1.32825  
1.32985  
1.32043  
1.31576  
1.31648  
1.31391  
1.31107  
1.30805  
1.30633  
1.30523  
1.30592  
1.29963

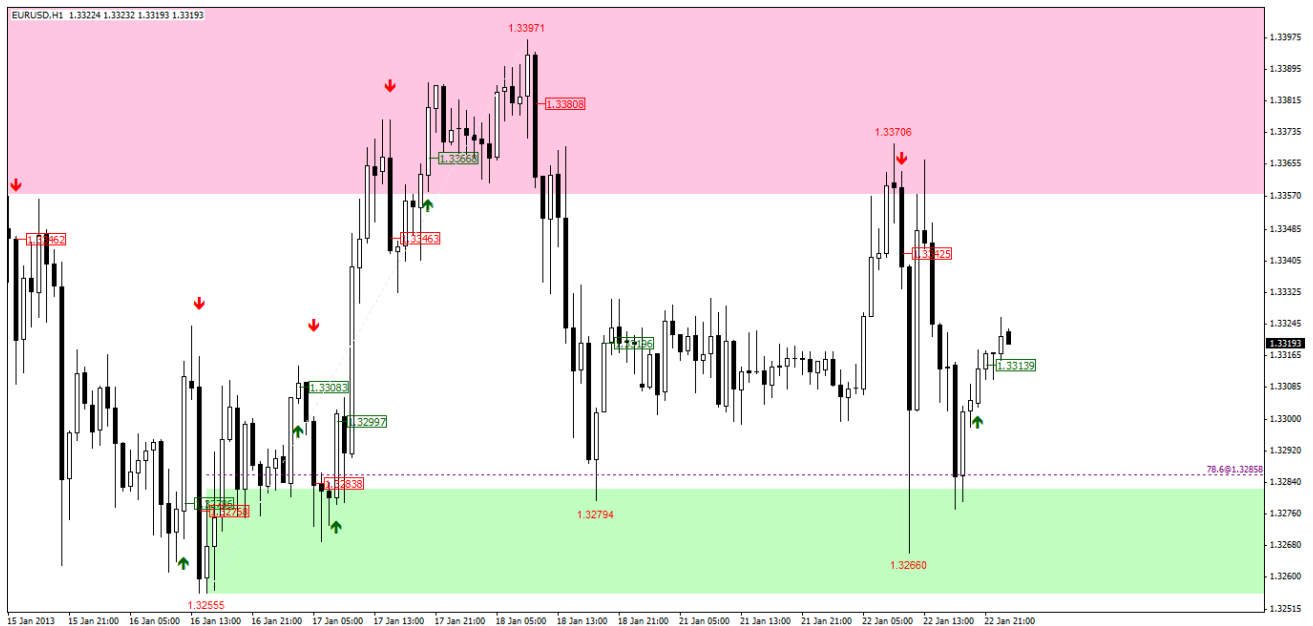
1.34028  
1.33706  
1.33626  
1.33517  
1.33098  
1.32972  
1.32823  
1.32555  
1.32660

1.34320  
1.34080  
1.33840  
1.33605  
1.33365  
1.33125  
1.32885  
1.32645  
1.32410  
1.32170  
1.31930  
1.31690  
1.31450  
1.31210  
1.30975  
1.30735  
1.30495  
1.30255  
1.30015  
1.29775

50.081.3275  
50.081.3199  
50.081.3158  
50.081.29836

Trading was choppy in EUR-USD overnight as news from BoJ response disappoints and traders scrambled to unwind Yen crosses position. In a move not directly aimed at the Euro, the unwinding of long EUR-JPY positions had a ripple effect on EUR-USD. This coupled with the better than expected German data caused traders to jump back into Euro caused a second run of gyrations. Overall, the pullback from 1.34028 appears to have terminated having retraced to near the 38.2% retracement of 1.29963 to 1.34028 at **1.32475** with a print of 1.32555 last Tuesday. Yesterday's update highlighted this market's inability to rally above last Monday's peak of **1.34028** may open up the possibility another dip into the demand pocket at **1.32555-1.32823**. That was exactly what this market did overnight. Price action dipped once again into the demand pocket and rebounded sharply – twice. The give-away clue to the resumption from 1.32555 is when price action sustains above the overhead SZ at **1.33575-1.34857**. If so, immediate focus is the 127.0% projection of 1.26601 to 1.31254 from 1.28755 at **1.34664**. On the medium to long-term, the upside target is the 100.0% projection of 1.20414 to 1.31710 from 1.26601 at **1.37897** (see D1 chart). On the downside, the idea of a resumption of the rally would be compromised if and when we have a close below **1.32692** as by then the bearish engulfing bar seen in the D1 chart would have triggered a sell signal (see D2 chart).

## EUR-USD 1-HOURLY



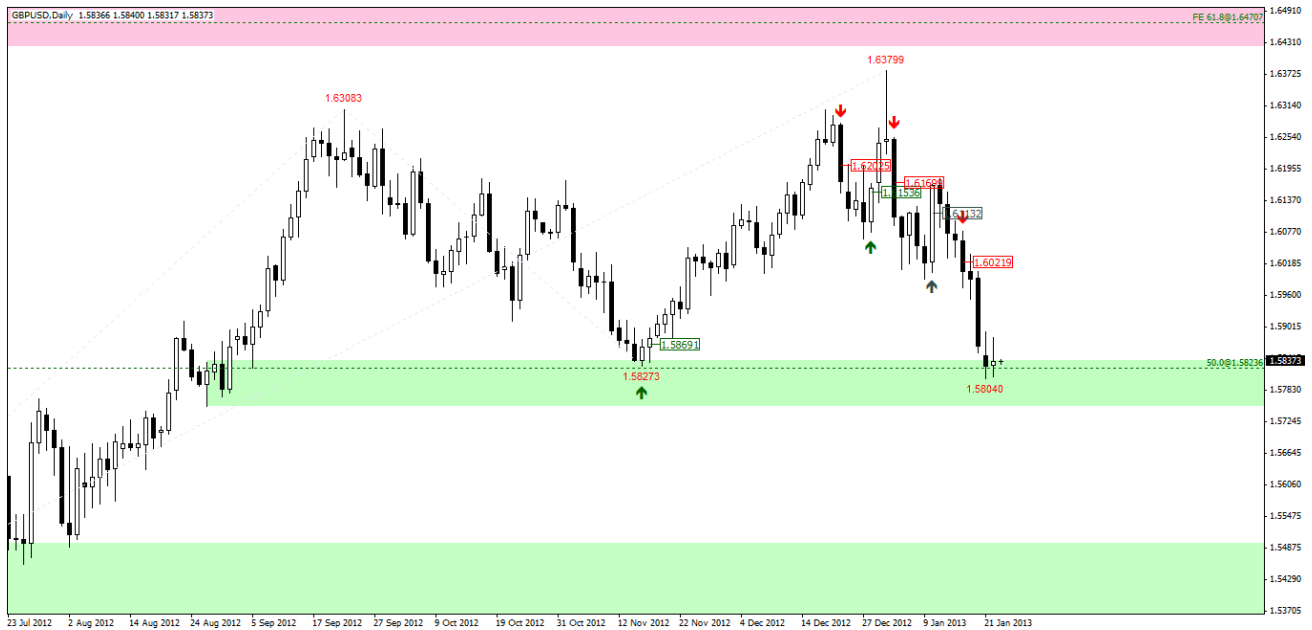
## TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.32874	1.32455	1.33575	1.37897	3	0.03m

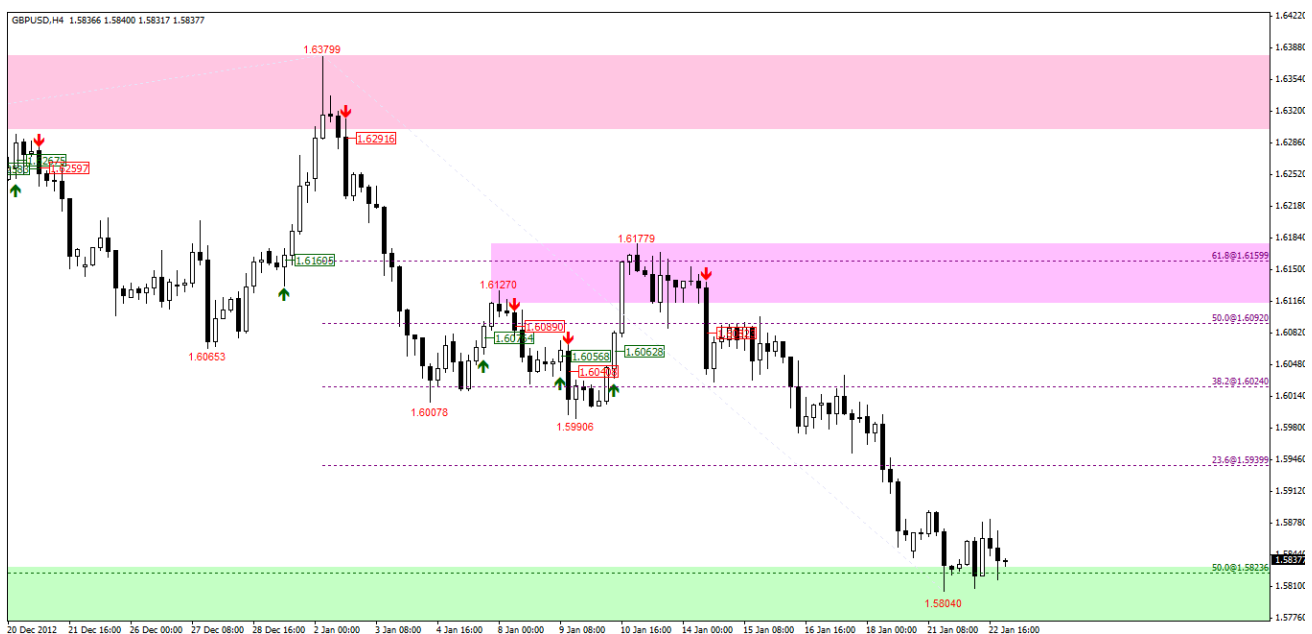
# TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.18											10,079.00
2013.01.16 15:10	0.02m	1.32692	2013.01.22 11:20	0.02m	1.32692			-	-		10,079.00
2013.01.22 17:50	0.03m	1.32874	2013.01.22 23:59	0.03m	1.33213	101.7	101.70				

## GBP-USD DAILY



## GBP-USD 4-HOURLY



## GBP-USD Short Term Outlook

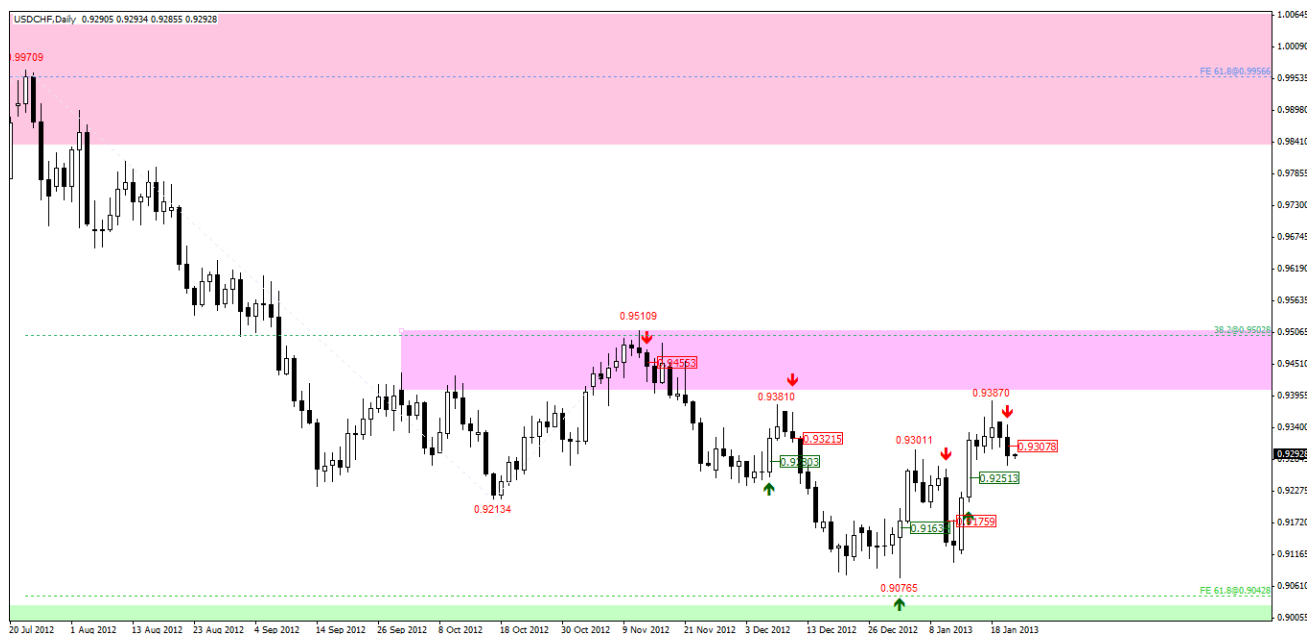
The fall from 1.63799 continues stalled at the demand pocket **1.58040-1.58377** (revised) located just above a significant demand zone at **1.57531-1.58303**. On balance, price action is more likely to attract buying interests. While the demand zone at **1.57531-1.58303** is expected hold, a fall through this price pocket will have deeper bearish implications. (Read weekend's longer-term view). On the upside, should this market rebound from current level, the immediate target is the overhead supply pocket at **1.59847-1.60081** followed by another at **1.60269-1.60525** which lies just below the 38.2% retracement of 1.63799 to 1.58521 at **1.60537**.

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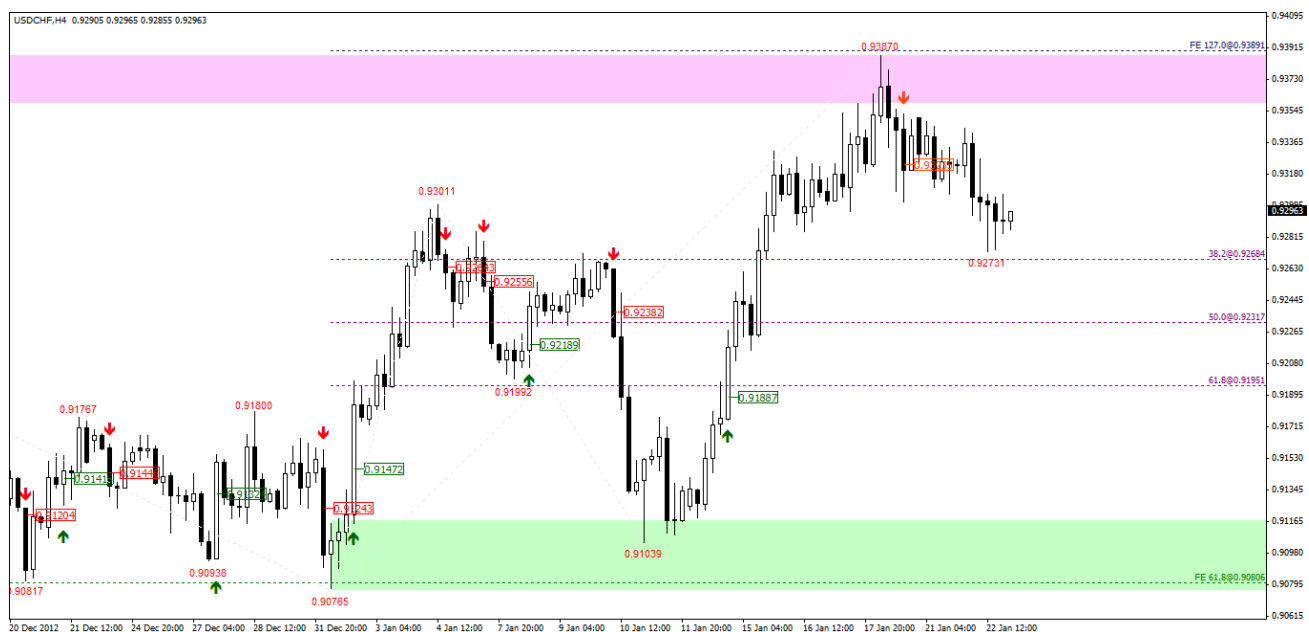
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Bought		1.58324	1.57940	1.61137	1.63012	3	0.03m

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## USD-CHF DAILY



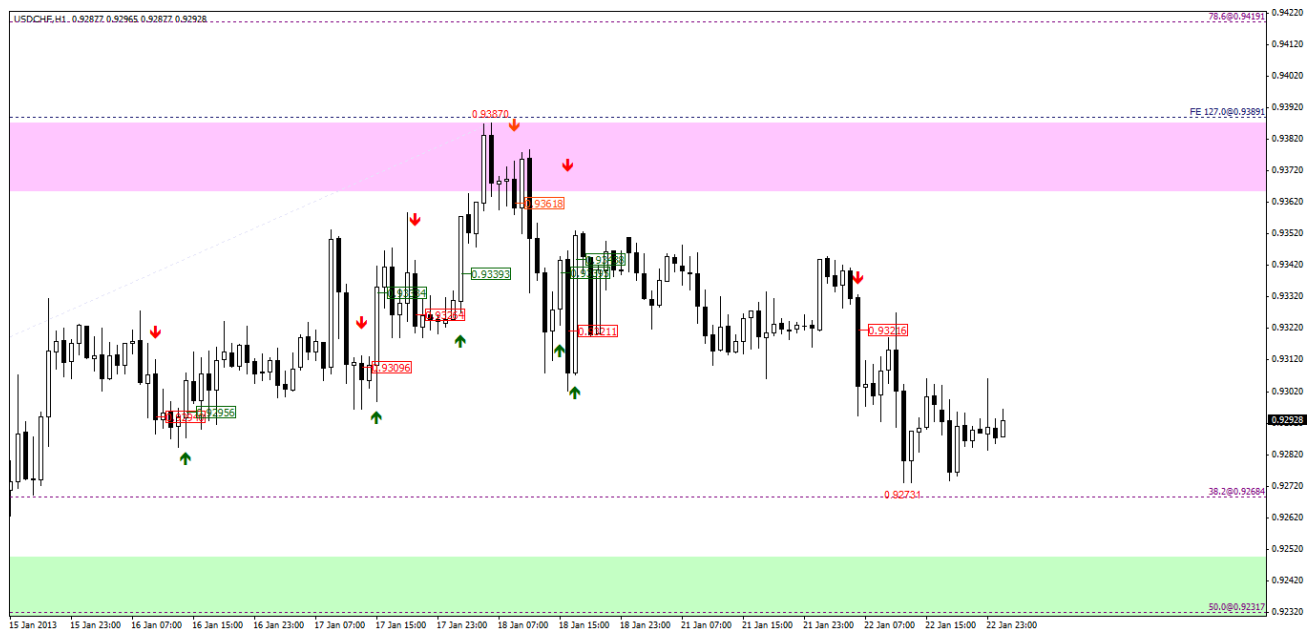
## USD-CHF 4-HOURLY



## USD-CHF Short Term Outlook

The rebound from 0.91039 rallied into the supply pocket at **0.93407-0.93810**, hit the 127.0% projection of 0.90765 to 0.93011 from 0.91039 at **0.93891** with a print at 0.93870 on Friday and is showing early sign of unraveling. With all attention focused on the Japanese Yen and Euro, trading on Swiss Franc was relatively quiet in overnight session. In the medium to long-term, the supply pocket at **0.94058-0.95109** stacked above yet another supply pocket at **0.93407-0.93810** should cap any adventurous rallies going forward. In the short-term, the supply pocket at **0.93407-0.93810** is the immediate barrier to higher prices. Should the bearish bias pans out, the immediate focus is **0.91039** and the area around the 61.8% projection of 0.99709 to 0.92134 from 0.95109 at 0.90428 as well as the demand zones at **0.90010-0.90587** and **0.89211-0.89847**.

## USD-CHF 1-HOURLY



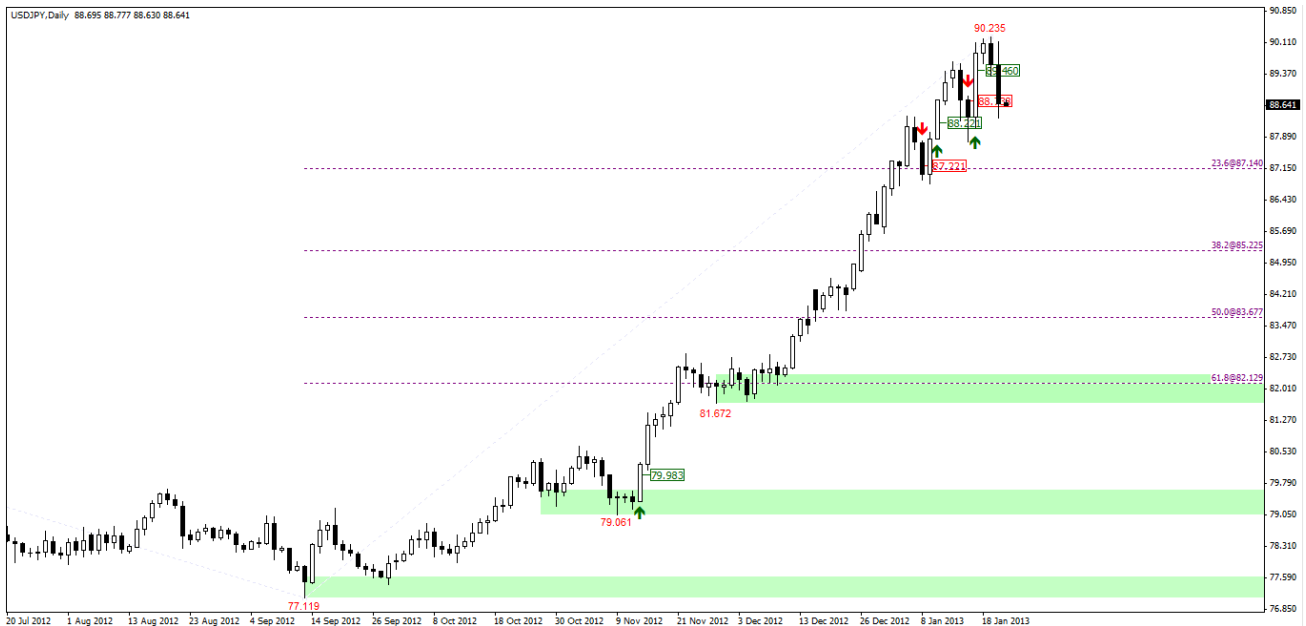
## USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		0.93520	0.93910	0.90587	0.89847	3	0.03

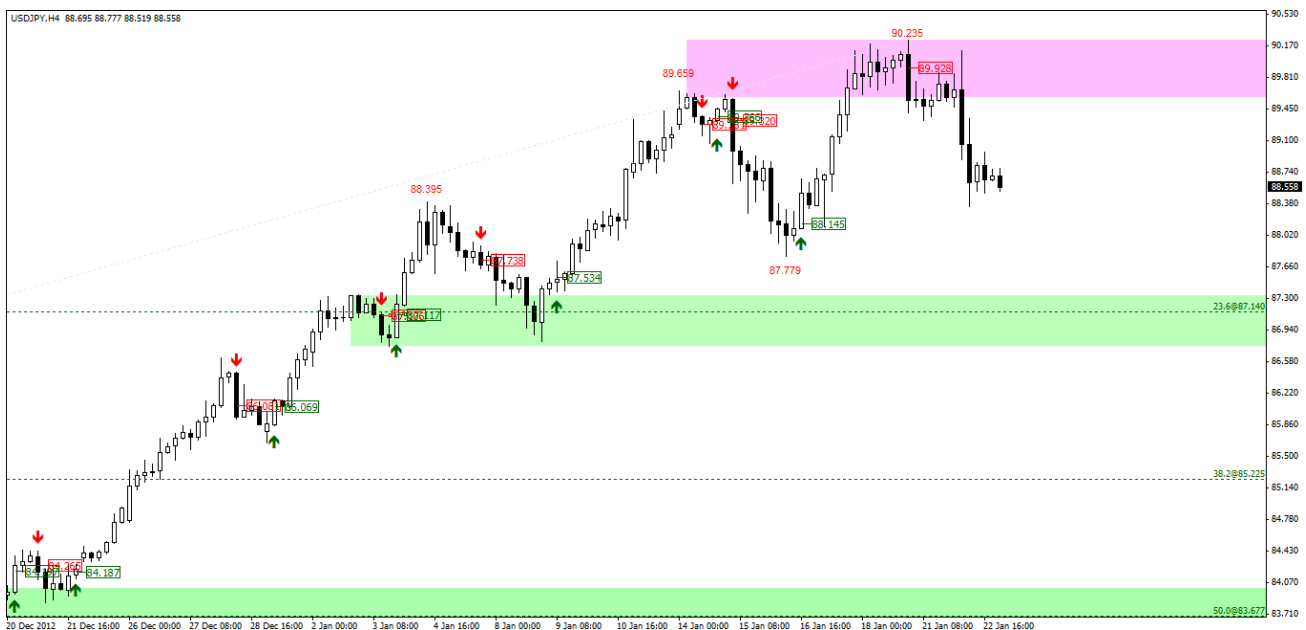
## USD-CHF TRADE JOURNAL

Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.18										-0.31	9,968.76
2013.01.17 20:44	0.03m	0.93520	2013.01.22 23:59	0.03m	0.92908	183.6	197.61				

## USD-JPY DAILY



## USD-JPY 4-HOURLY

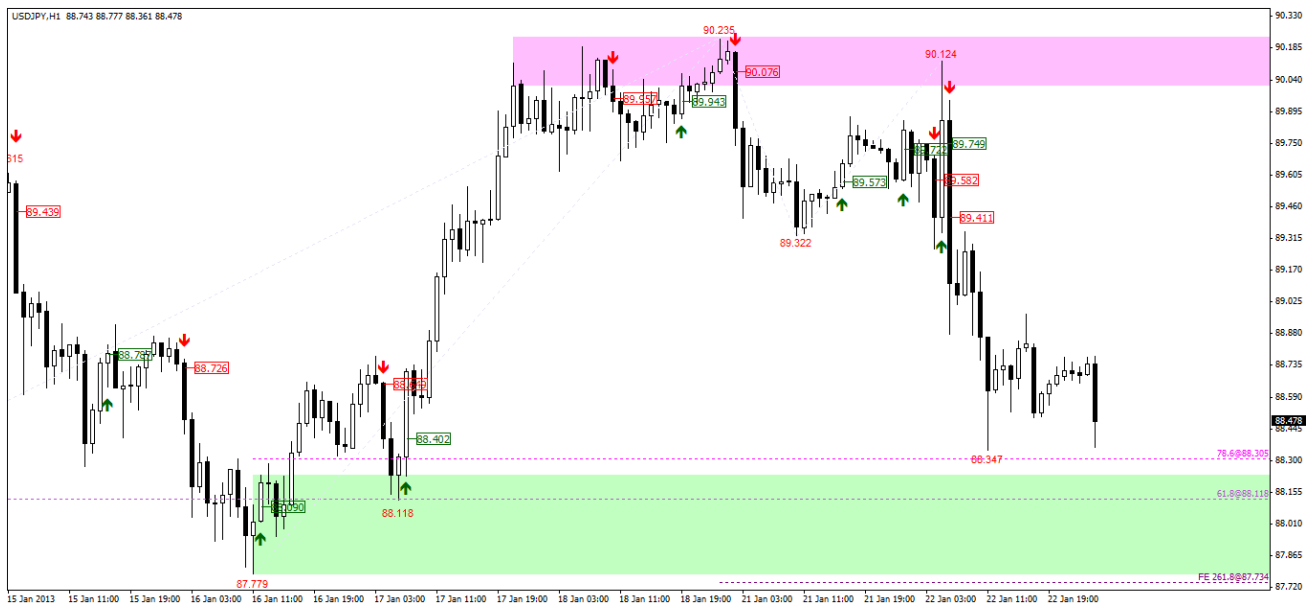


## USD-JPY Short Term Outlook

The day most currency traders have waited finally came and gone but the result was not exactly what they expected. Traders have bought USD-JPY aggressively since mid-November in anticipation of a massive flood of liquidity. The new LDP-led government of Prime Minister Shinzo Abe was voted in on the stated platform of rolling back the effect of deflation which has plagued the Japanese economy for more than a decade. The threat to remove the independence of the BoJ unless it toes the new monetary policy was one way in which the new Premier intends to achieve this. Thus the decision by the BoJ to leave the monetary policy open-ended while agreeing to aim for a 2% inflation target was clearly not the strong endorsement traders were looking for. The result was massive liquidations of long USD-JPY positions overnight. This did not come as a surprise. In fact, yesterday's update has allured to this very possibility regardless of the outcome of BoJ decision (*read 22 Jan report*). This unwinding of long positions looks set to continue in the near future with demand likely to emerge only at/near the demand pocket at **87.779-88.233**. This level is just above the 78.6% retracement of 87.779 to 90.235 at **88.305**. Likewise, where the demand pocket is, is also where the 61.8% retracement of 86.809 to 90.235 at **88.118** is sited. That said, this market may even edge a little lower to the **86.754-87.329** where the 23.6% retracement of 77.119 to 90.235 at **87.140** is located (see H4 chart). Overall, the long-term bullish bias is not damaged as yet unless, of course, this market closes below **88.113** this Friday.



## USD-JPY 1-HOURLY



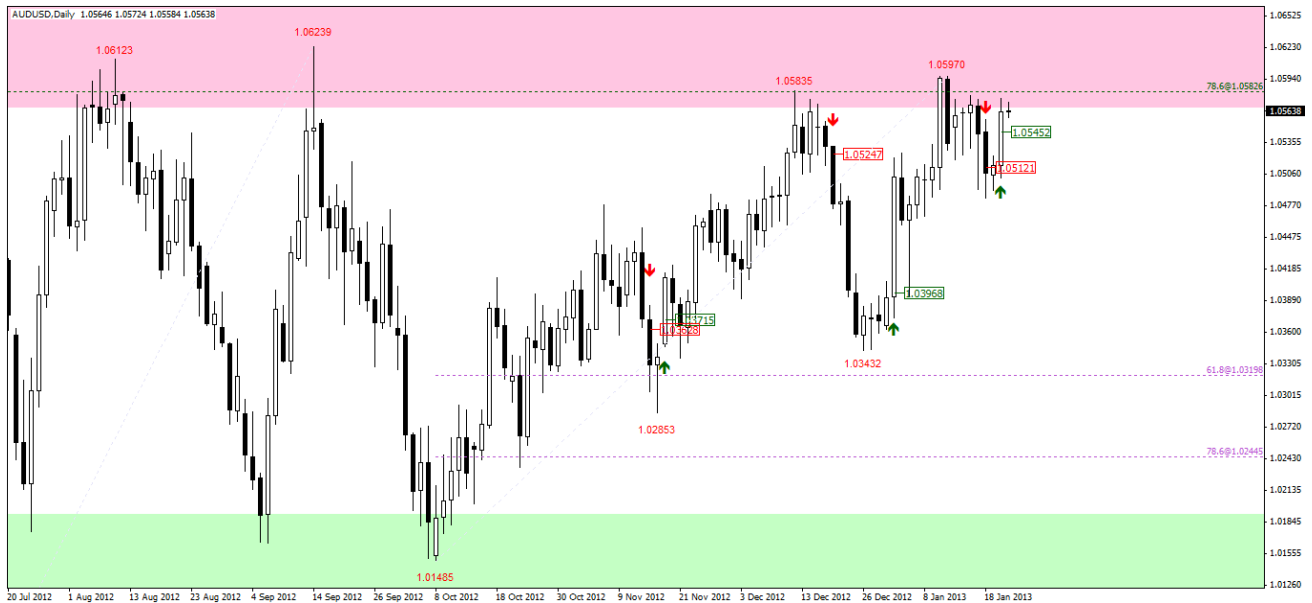
## USD-JPY TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		89.933	Break-even	88.717 Realized	88.233	3	0.03

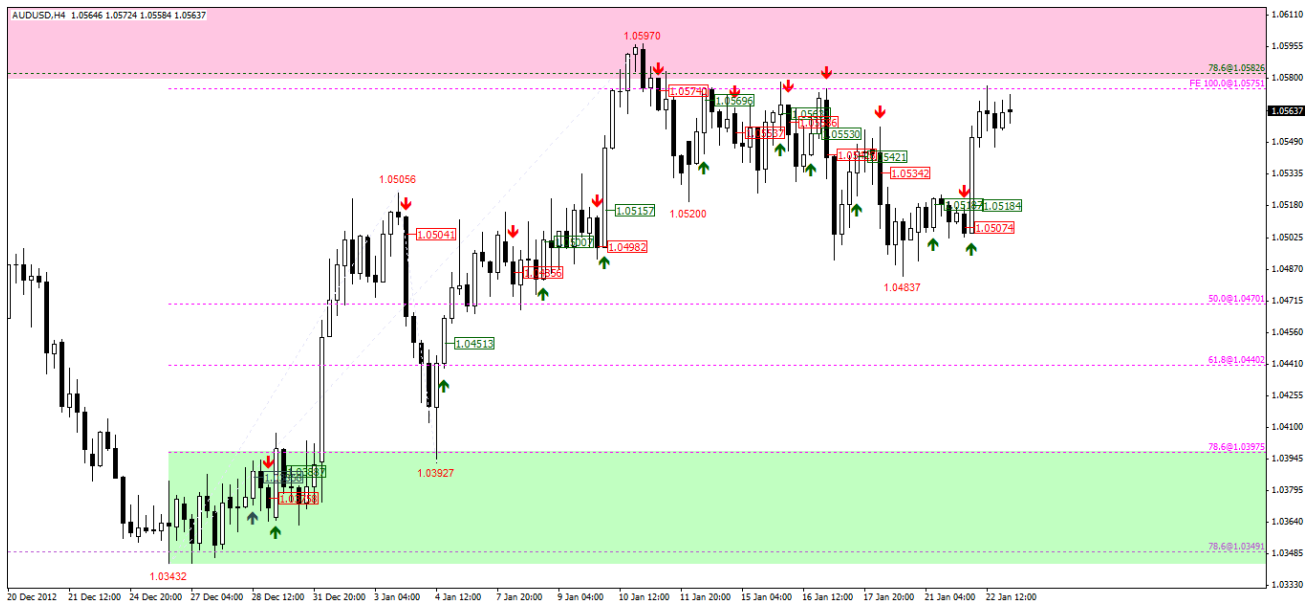
## USD-JPY TRADE JOURNAL

Open Date	Buy (units)	Open Price	Close Date	Sell (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
						Pips	+ / - (\$)	Pips	+ / - (\$)	%	\$
2013.01.18											10,598.74
2013.01.16 12:10	0.02m	88.090	2013.01.21 03:14	0.02m	89.520			286	319.48	3.01	10,918.22
Open Date	Sell (units)	Open Price	Close Date	Buy (units)	Close Price	Unrealized P/L		Realized P/L		Accumulative Balance	
2013.01.22 05:55	0.01m	89.933	2013.01.22 11:04	0.01m	88.717			121.6	137.07	1.26	11,055.29
2013.01.22 05:55	0.02m	89.933	2013.01.22 23:59	0.02m	88.347	317.2	350.90				

## AUD-USD DAILY



## AUD-USD 4-HOURLY



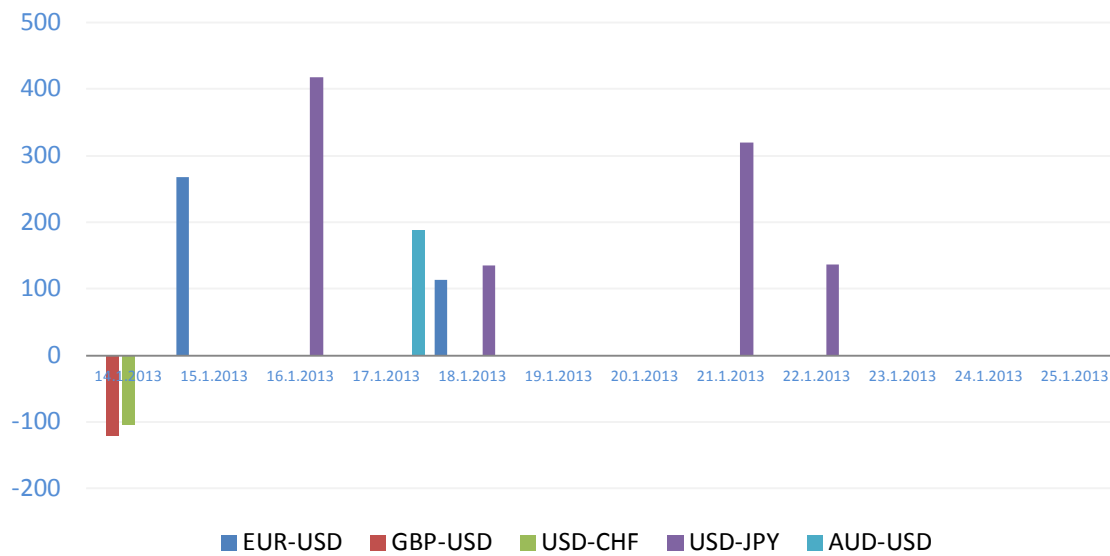
## AUD-USD Short Term Outlook

The rally from 1.01485 peaked within the overhead supply pocket at **1.05796-1.06239** with a print of 1.05970. The resulting correction is series of 3-waves pullbacks. After hitting the week's low at 1.04837 last Friday, nothing much have changed overnight. Structurally, this market appears poised to resume its rally from 1.01485. However only a rally above the supply pocket at **1.05796-1.06239** would suggest that the correction phase is over and the rally has resumed. On the downside, should the pullbacks continues, the 100.0% or 127.0% projection of 1.05970 to 1.05200 from 1.05755 at **1.04985** or **1.04777** are of interests as they coincide with the 50.0% and 61.8% retracement level of 1.03927 to 1.05970 at **1.04949** and **1.04707** respectively.

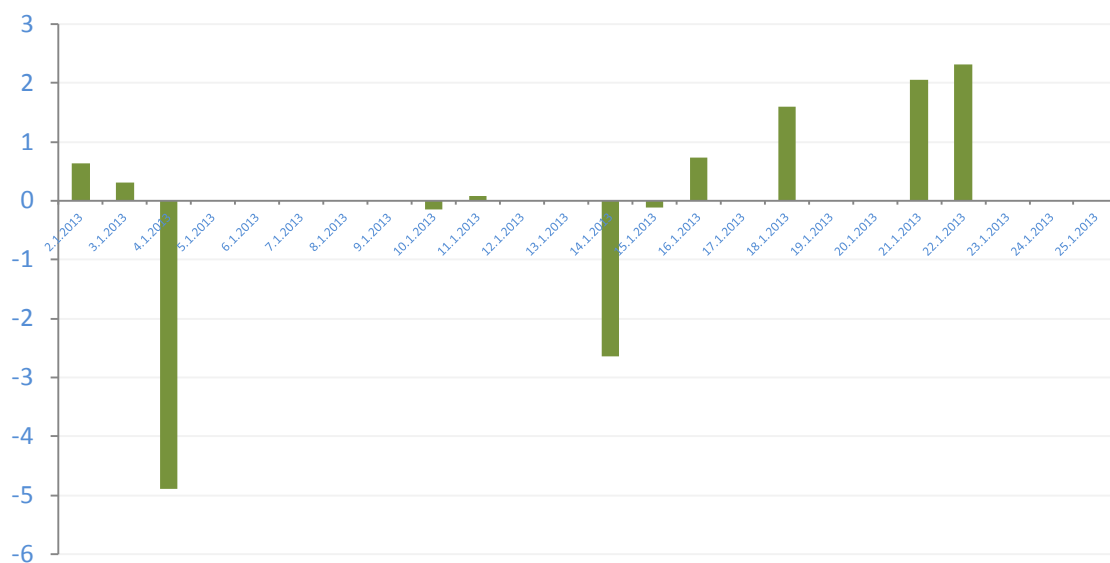
Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 1.05796-1.06239		1.06339	1.04985	1.04777	3	0.03

[illegible]

## Daily Realized P/L



## Accumulative Realized % Gain



## Traders Academy International

Check out our website at  
[www.tradersacademyonline.com](http://www.tradersacademyonline.com)



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.