

A Traders Academy International Publication

Euro Slump On Italy Worries

EUR-USD fell to a more than 6-week low on Monday, while USD-JPY fell broadly as worries about political gridlock in Italy spurred traders to seek refuge in the U.S. Dollar and Japanese Yen.

With more than two-thirds of the vote counted, the projections suggested the centre left could have a slim lead in the race for the lower house of parliament in Italy. But no party or likely coalition appeared to be able to form a majority in the upper house or Senate. A deadlocked parliament could threaten Italy's economic reforms and reignite the Euro zone debt crisis. Optimism the worst of the region's crisis was over benefited the Euro earlier this year.

EUR-JPY, at one point, fell more than 3 percent and 2 percent in USD-JPY. Steep losses in the Japanese Yen in recent months on bets of further monetary easing in Japan have made it vulnerable to sharp reversals.

Considering the substantial short Yen positioning, last night's unravelling of short Yen positions should not be a complete surprise. However, focus was really on EUR-JPY.

EUR-JPY hit 118.712, the weakest since January 24. It settled at 119.940, down 2.68 percent. EUR-USD fell as low as 1.30467, the lowest since January 10. It settled down 1.01 percent at 1.30611.

The deputy head of Italy's centre-left Democratic Party (PD) dismissed talk of new elections on Monday and said his coalition should win a lower house majority and would have the responsibility of trying to form a government, despite deadlock in the Senate.

Besides Italy's elections, Fed Chairman Ben Bernanke's speech and a flurry of economic data from the major countries this week also contributed to a more cautious attitude by traders.

The Euro could continue to lose ground if risk appetite abates. U.S. President Barack Obama and Congress remain deadlocked over how to prevent \$85 billion in automatic government spending cuts set to start taking effect on March 1.

USD-JPY lost 1.72 percent to 91.795, reversing earlier gains that drove it to a more than 33-month high of 94.550 at Sydney opening. The initial spike in USD-JPY came after news that Japan's prime minister is likely to nominate an advocate of aggressive monetary easing, Asian Development Bank President Haruhiko Kuroda, as the next central bank governor to step up his fight to finally rid the country of deflation.

Abe's repeated calls for more forceful central bank action are largely behind the Japanese Yen's nearly 20 percent loss in value against the US Dollar since November.

The news all but ensures that the BoJ will continue on an expansionary path of monetary easing to help kick-start the world's number three economy.

Despite Monday's losses, the Japanese Yen would remain on a weakening trend, although the US Dollar would face resistance at the psychologically important level of 95 yen level. The Japanese Yen tends to get a boost between late February and mid March as Japanese companies repatriate cash ahead of Japan's fiscal year end in March.

GBP-USD remains unchanged at 1.51615, after trading at its lowest level at 1.50723 since July 2010 in early Sydney session after the UK lost its prized triple-A credit rating on Friday. Moody's cut Britain's rating by one notch to Aa1 from Aaa, citing weak prospects for economic growth.

GBP-USD also looked vulnerable on expectations the Bank of England could expand its quantitative easing further to bolster the fragile UK economy.

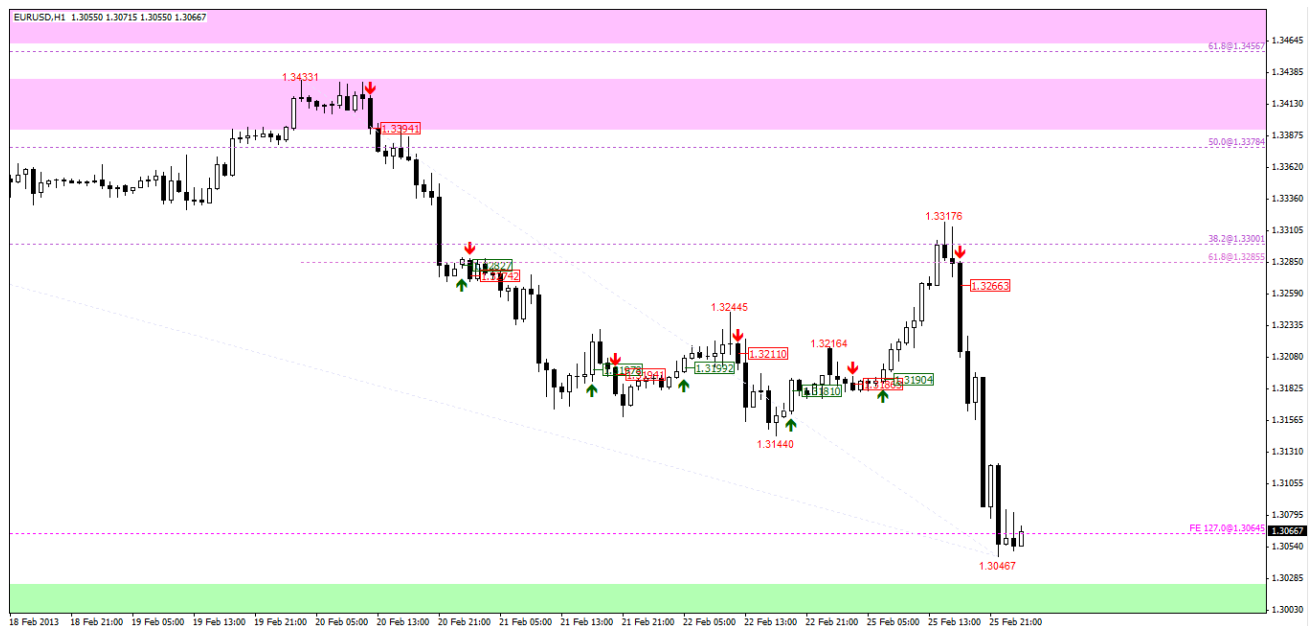
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The Euro reacted negatively to news that the Italian election may end in a gridlock. This market edged up cautiously for most part of the day to an intraday high of 1.33176 before unraveling; falling heavily to a fresh 6-week low at 1.30467 in late NY trading. This is decidedly lower than last Friday's low of 1.31440; below minor demand pockets at **1.31745-1.31800** or **1.31440-1.31694** – without triggering any buy signal. The original idea was to buy within these price pockets for a test of the supply pocket at **1.32715-1.32891**; where the 23.6% retracement of 1.37101 to 1.31440 at **1.32776** was located and anchoring shorts there for a challenge of demand pocket at **1.29963-1.30439** or even **1.28755-1.29041**. Instead this market spiked upwards first before unravelling. For those who somehow managed to sell at/near **1.32715-1.32891**, well and good. But for those who did not, fret not. Even for those who did sell, where prices are like right is vulnerable to a rebound. Prices are right now just above a significant demand zone at **1.29963-1.30439** (see H4 chart). Worth noting is the fact that prices has hit a Fibonacci cluster at the 38.2% retracement of 1.20414 to 1.37101 at **1.30727** and the 127.0% projection of 1.37101 to 1.33523 from 1.35189 at **1.30645** (see D1 chart).

EUR-USD 1-HOURLY



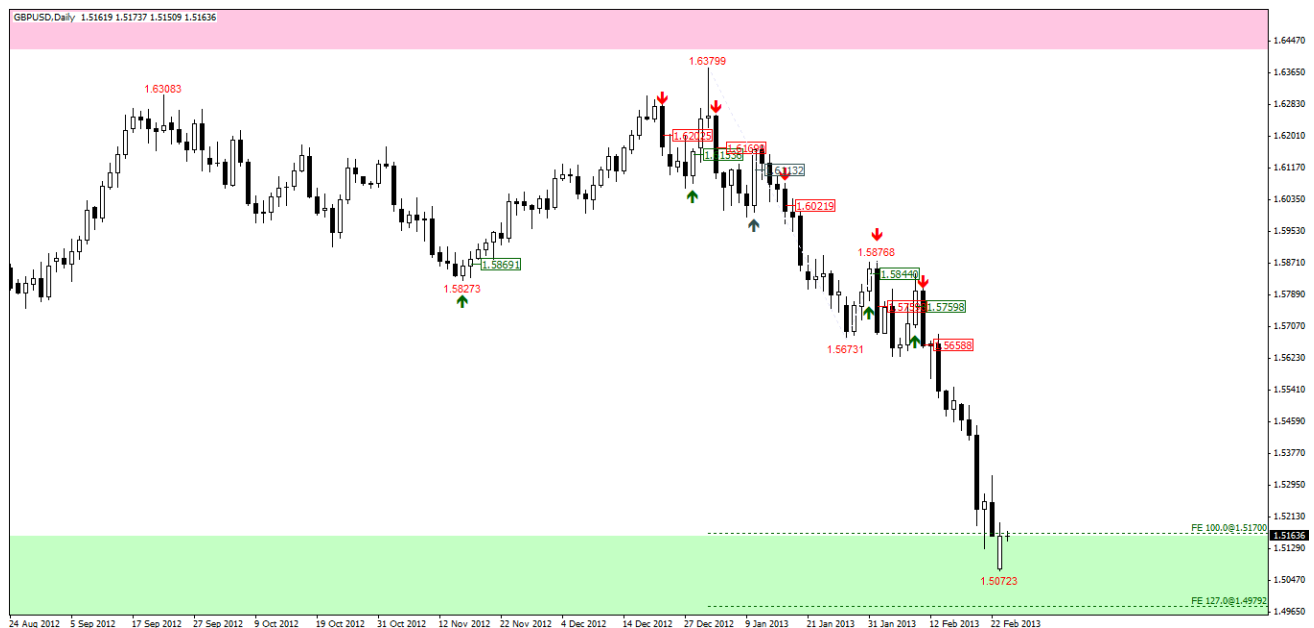
TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Buy	Buy on buy signals between 1.29963-1.30439		1.29863	1.31694	1.32855	3	0.03m

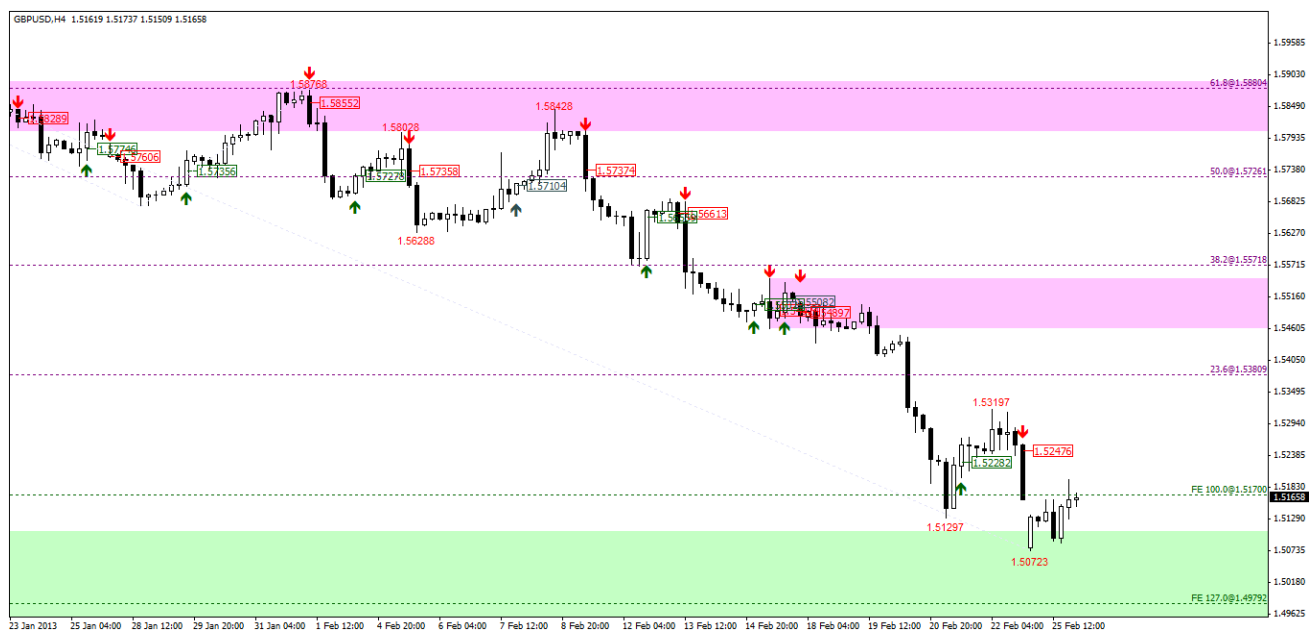
TRADE JOURNAL

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

GBP-USD DAILY



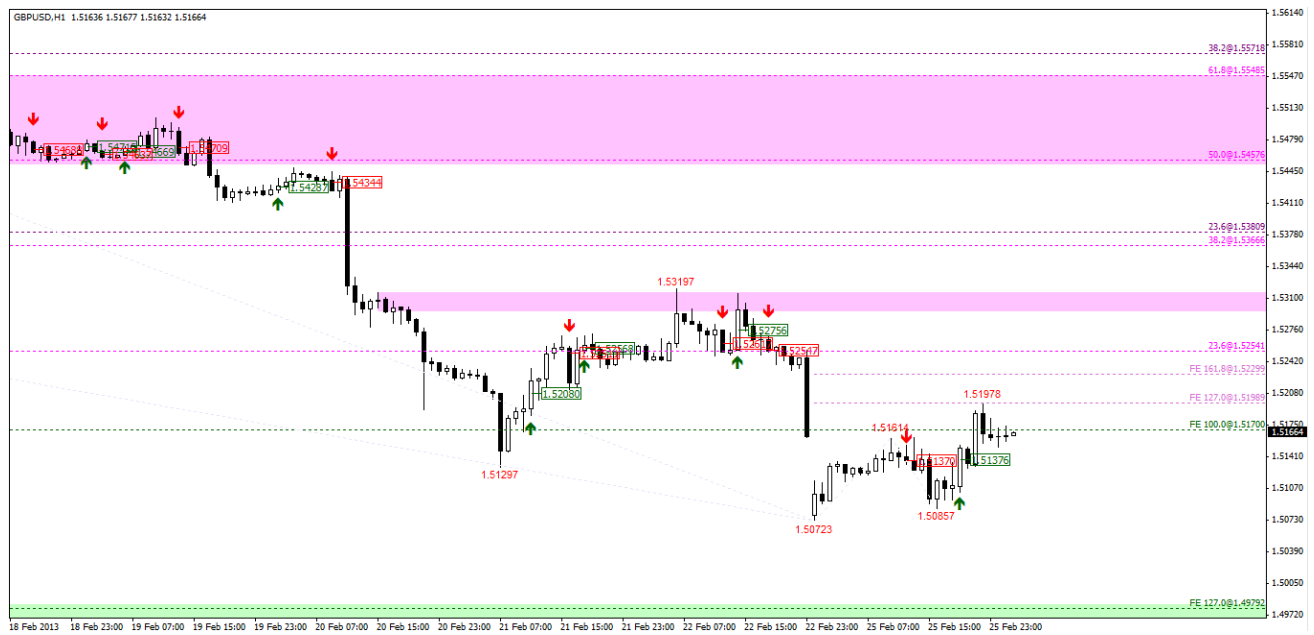
GBP-USD 4-HOURLY



GBP-USD Short Term Outlook

This market opened with a massive gap to the downward on Monday morning on news in Sydney that Moody's has downgraded UK AAA credit rating in late NY trading on Friday. In perspective, at the beginning of 2013, this market was riding high – having registered a 3-year in January. But at the overnight low of 1.50723, this market is at a fresh 31-month low! Followers of this report have been warned on the potential of a precipitous fall for a very long time. As late as the end December 2012, it was speculated that the final E leg of the triangle formation may be in place and what may follow is a sheer drop of some 3,000 pips over the course of a multi-year fall. The bottom finally fell out of this market when it closed below the triangle formation a fortnight ago. For those who managed to sell at the minor supply pocket at **1.52955-1.53161** last Friday, caution is warranted as this market nears 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. Should this fall sustains below this price pocket, a secondary medium-term target is the demand pocket at **1.42300-1.43422**.

GBP-USD 1-HOURLY



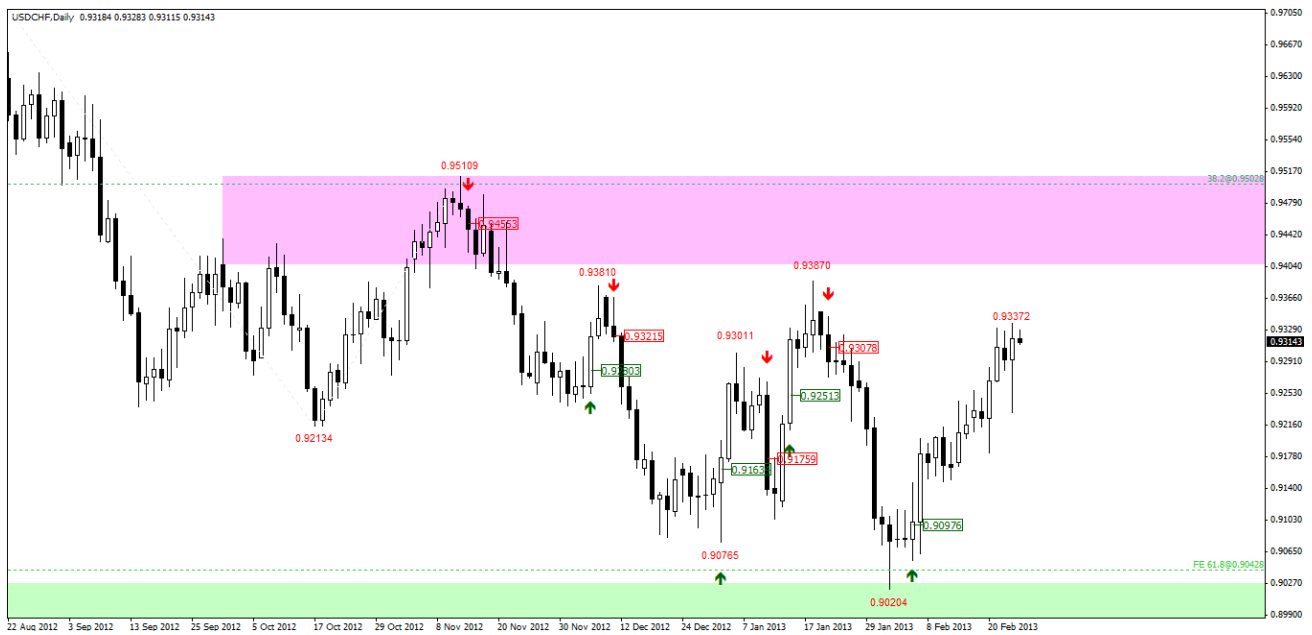
GBP-USD TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sold		1.52999	Break-even	1.49792	1.43422	3	0.03m

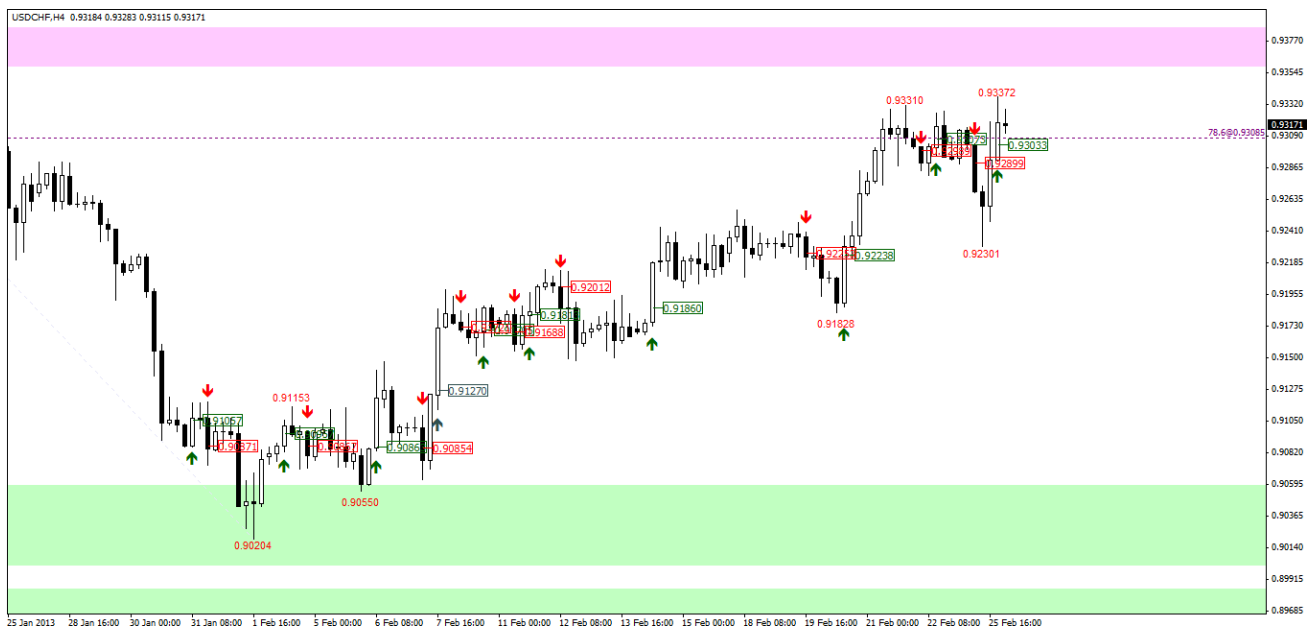
GBP-USD TRADE JOURNAL

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	2013.02.25 23:59	0.03m	1.51615	415.2	415.20				

USD-CHF DAILY



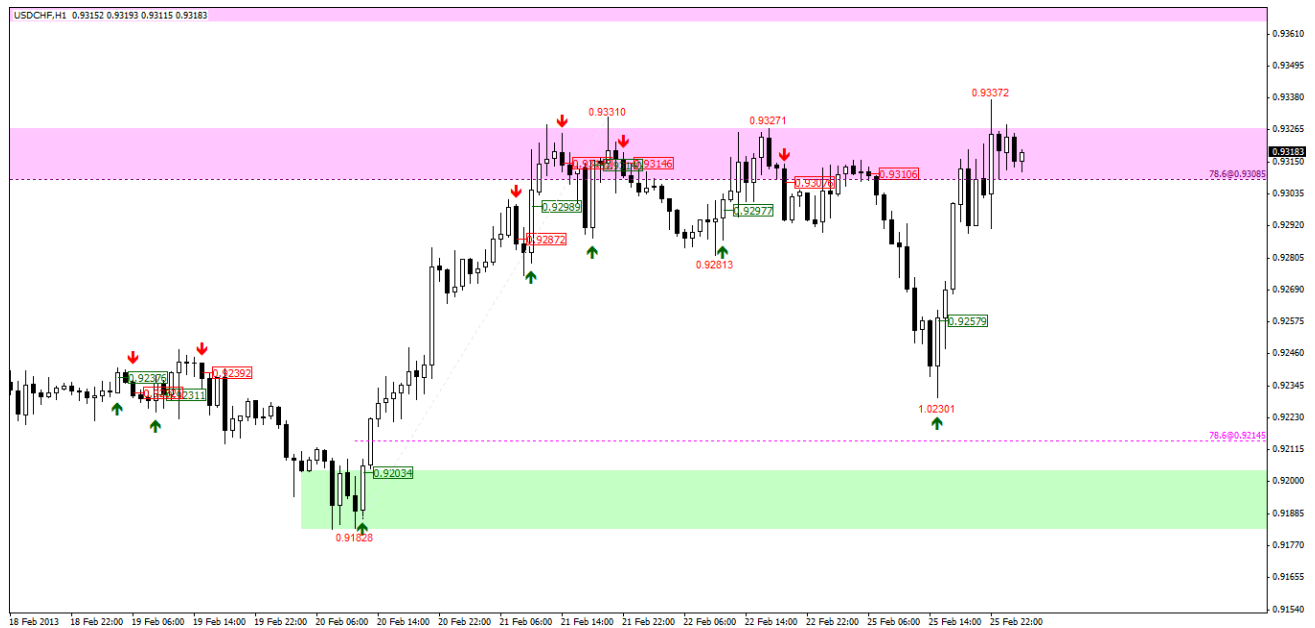
USD-CHF 4-HOURLY



USD-CHF Short Term Outlook

This market has been crisscrossing the 78.6% retracement of 0.93870 to 0.90204 at **0.93085** since last Thursday. After an early fall on Monday, this market is once tested this sensitive Fibonacci retracement level. As noted in earlier updates, the odd of a challenge of the supply zone at **0.94058-0.95109** is a high possibility and presents yet another selling opportunity going forward. 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). As this market is trading broadly in a sideways market and there is no exceptionally strong momentum in this rally so far, positioning speculative short position there made sense. Immediate 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**. That said, the underlying bias still favors the upside. Speculative shorts must be covered on the first sign of strong buying interests.

USD-CHF 1-HOURLY



USD-CHF TRADE IDEAS

Action	Entry Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 0.94058-0.95109		0.95209	0.91752	0.90587	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	+ / - (\$)	%	\$
2013.02.22										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

USDJPY, H4 91.799 92.689 91.774 92.676

94.447

94.645

94.390

94.135

93.880

93.625

93.370

93.115

92.860

92.605

92.350

92.095

91.840

91.585

91.330

91.075

90.820

90.570

90.315

90.060

90.853

92.757

93.106

93.316

93.425

93.450

93.535

93.377

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93.338

93.722

92.154

92.208

92.716

92.482

92.577

90.683

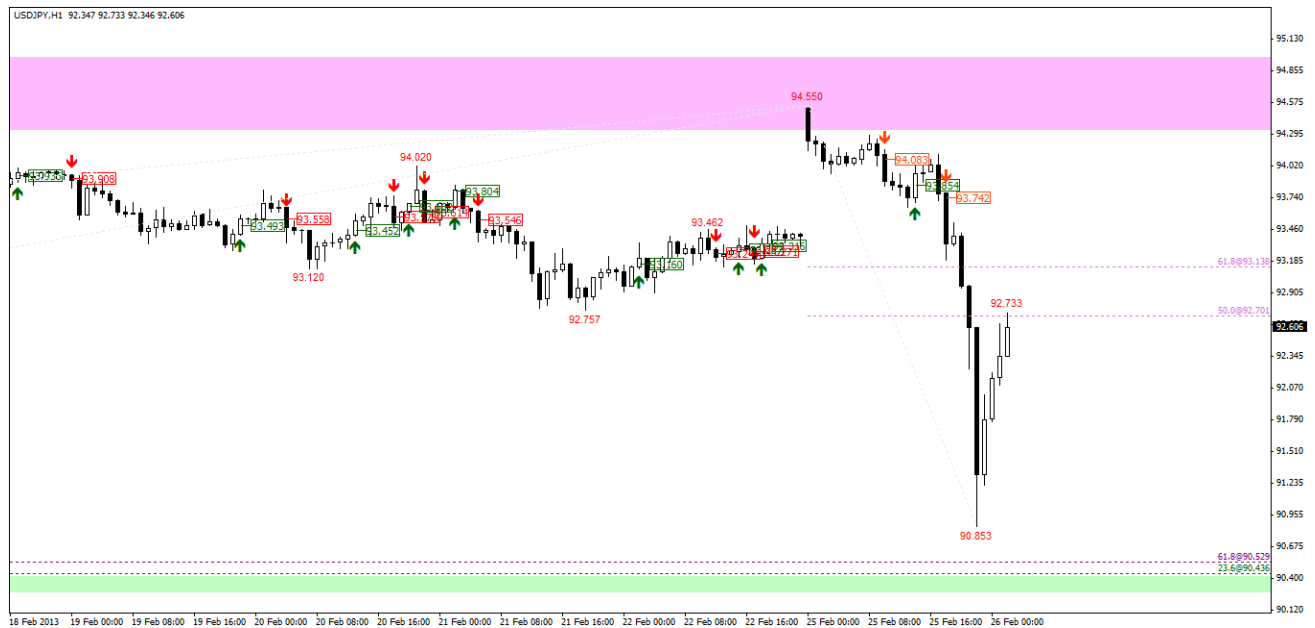
90.311

91.799 92.689 91.774 92.676

25 Jan 2023 28 Jan 2023 29 Jan 2023 31 Jan 2023 1 Feb 2023 4 Feb 2023 7 Feb 2023 8 Feb 2023 12 Feb 2023 13 Feb 2023 14 Feb 2023 18 Feb 2023 19 Feb 2023 20 Feb 2023 22 Feb 2023 25 Feb 2023

This market had an explosive opening on Monday but initial reaction can be misleading. Shortly after opening, this market took out the 33-month at 94.447 last traded on February 11 to a new high at 94.550 – and promptly lost it all and a lot more. As noted in earlier updates, only a sustained rally above the SZ at **93.129-94.979** would suggest the resumption of the rally. Also noted was the view that a close below **92.725** in the D1 chart would suggest the onset of a more robust pullback and as stated in previous updates, allowance is for this market to retrace all the way to the demand zone at **86.908-88.326** where the 38.2% retracement of 77.119 to 94.447 at **87.828** is located (see D1 chart). This it did and although there is a strong rebound in early Asian trading this morning, the sentiment has turned negative – at least in the medium-term. However, in the longer-term, this incredible bull-run has a target at the 261.8% projection of 75.563 to 84.172 from 77.119 at **99.657** where the supply zone at **99.140-103.057** resides (see D1 chart). In the near-term, the price bracket between the 50.0% and 61.8% retracement of 94.550 to 90.853 at **92.702-93.138** offers an opportunity to position speculative short positions for a test of the overnight low of **90.853** as well as the 61.8% retracement of 88.044 to 94.550 at **90.529** and the 23.6% retracement of 77.119 to 94.550 at **90.436**. This Fibonacci cluster, in turn, lies just above a minor demand pocket at **90.272-90.420** (see H1 chart).

USD-JPY 1-HOURLY



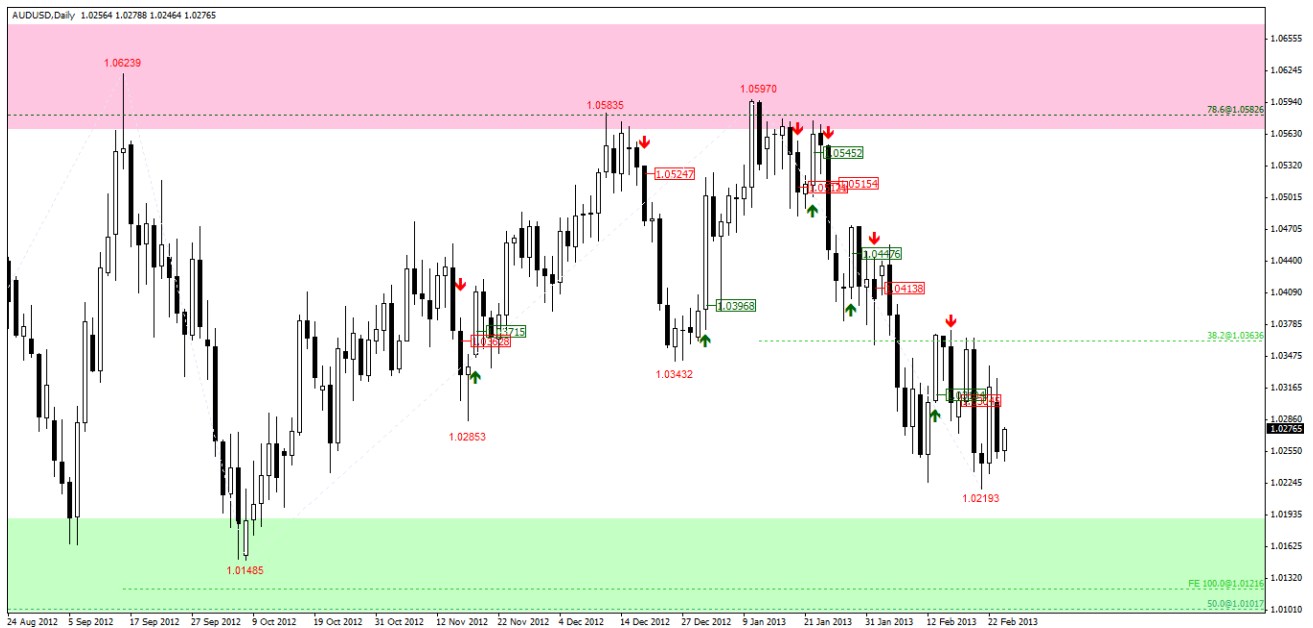
USD-JPY TRADE IDEAS

Action	Exit Condition	Entry Price	Stop-Loss	Profit Target 1	Profit Target 2	Exposure %	Exposure Units
Sell	Sell on sell signal between 92.702-93.138		93.238	90.529	86.908	3	0.03

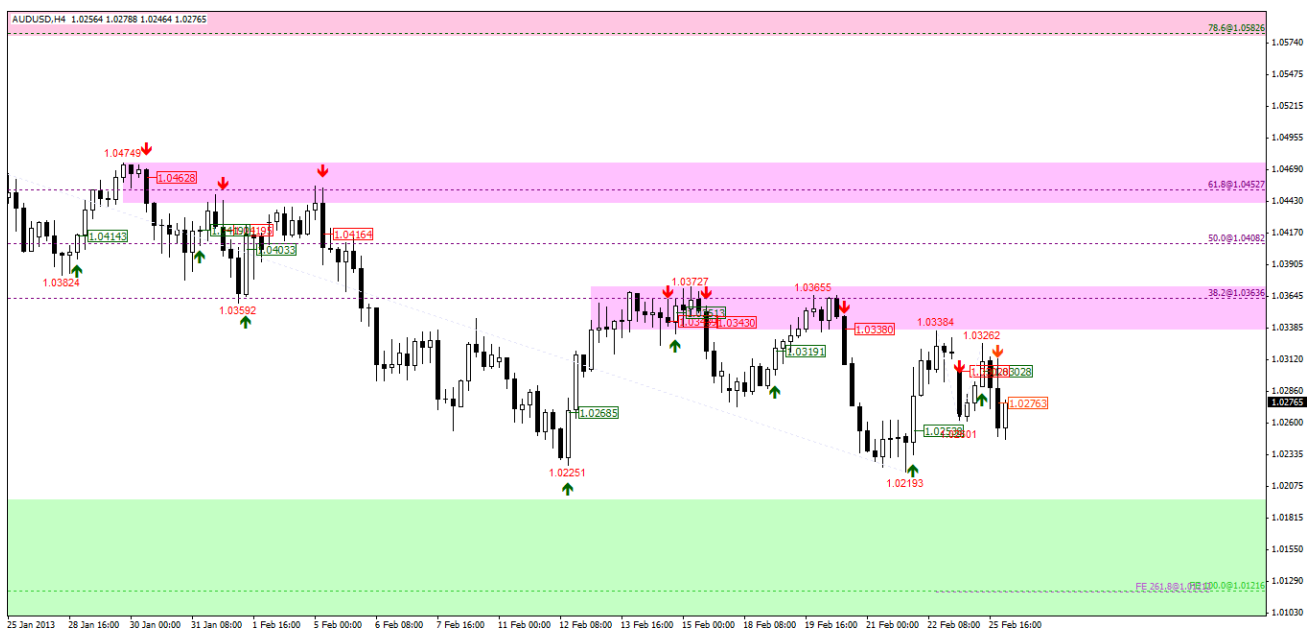
USD-JPY TRADE JOURNAL

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

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD Short Term Outlook

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). Not much has changed overnight and bias remains neutral for the time being. With the all time frames trend favoring the downside, the obvious choice to be remain short in this market but at current level, selling does not made for a very attractive option as potential demand is possibly lurking at the immediate demand pocket at **1.00995-1.01917**. A better play would be to position shorts at the supply pocket at **1.04416-1.04749** where the 61.8% retracement of 1.05970 to 1.02193 at **1.04527** is located. Of course, there is no telling if this market will trade to this level but if it does, this is a more comfortable level to sell relatively. Let the market tells us what to do.

AUD-USD 1-HOURLY



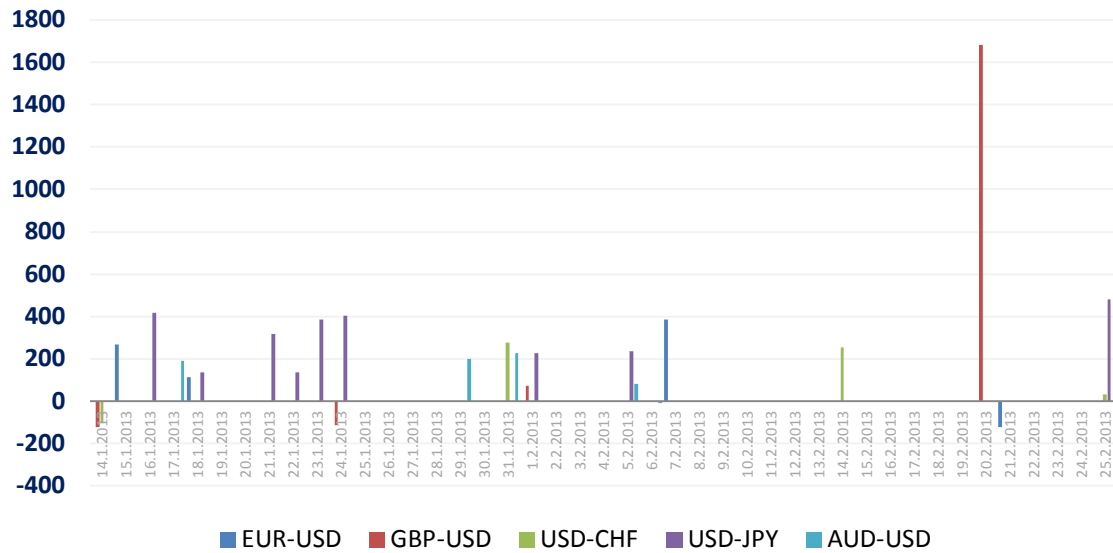
AUD-USD TRADE IDEAS

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	0.03

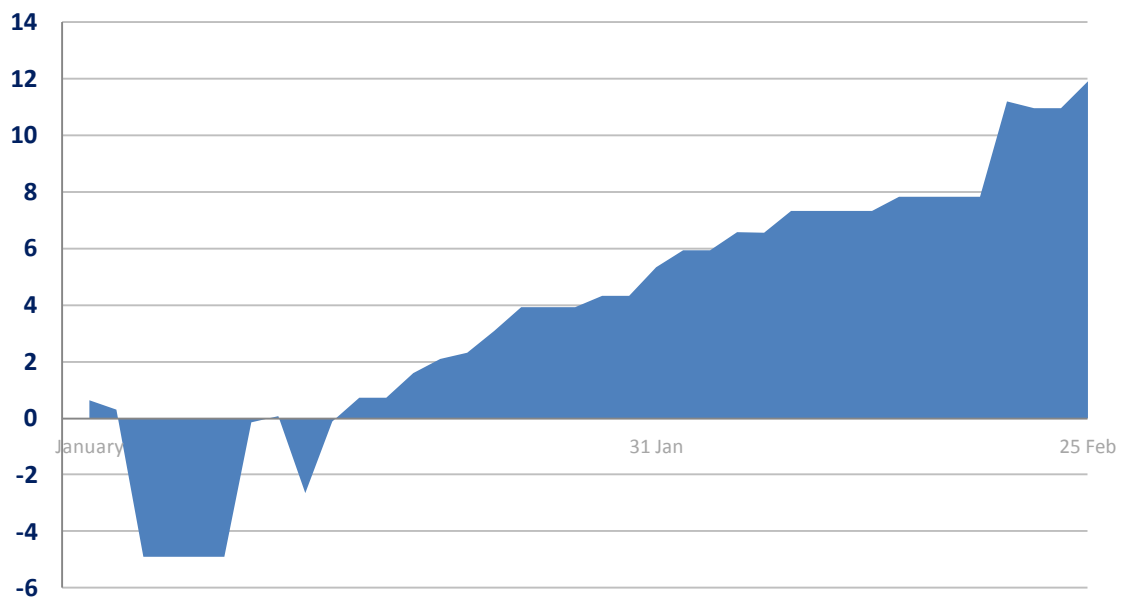
AUD-USD TRADE JOURNAL

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.