

FX

TRADER MAGAZINE

MOBILE
TRADING
APPS
REVIEW

DOLLAR
OUTLOOK

FOREX
VOLUME
PROXY

FX NEW ANTI
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PERFORMANCE
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inflation
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WHAT DRIVES INFLATION? HOW IS IT CORRELATED
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EURUSD, H4

Order	Time	Type	Size	Symbol	Price	S/L	T/P	Price	Commission	Profit
 76946	2011.02.09 09:03	buy	4.00	eurusd	1.37556	1.37756	1.37356	1.35998	0.00	-6232.00
 76947	2011.02.09 09:01	sell	4.00	eurusd	1.35998	1.35798	1.36198	1.36985	0.00	-3948.00
 76948	2011.02.09 08:59	sell	5.00	eurusd	1.37556	1.37356	1.37756	1.35998	0.00	7790.00
 76949	2011.02.09 08:55	buy	3.00	eurusd	1.36985	1.37185	1.36785	1.37545	0.00	1680.00
 76950	2011.02.09 08:52	sell	2.00	eurusd	1.37545	1.37345	1.37745	1.35998	0.00	3094.00

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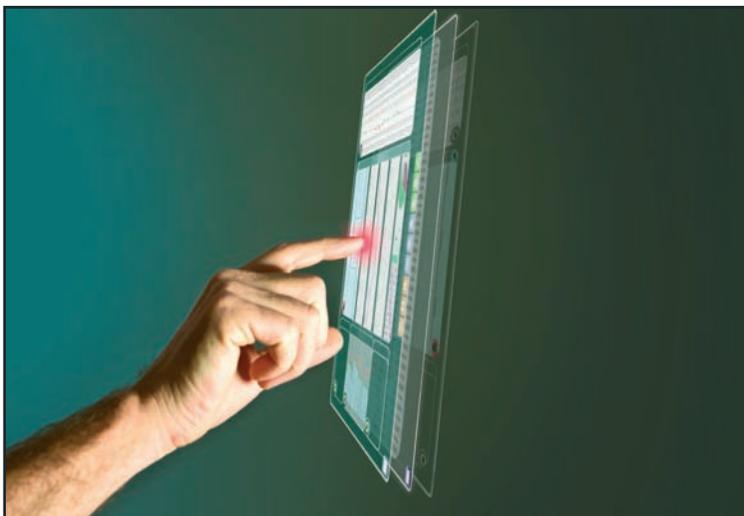


Currency Trading Goes Mobile

Before I go on to the latest FX mobile trends, let me first thank all of you who voted for us at the “Forex Best Awards 2011”. Thanks to your votes, FX Trader Magazine has been honored as “Best Magazine” of the Forex Best Awards, an event which highlights the best analysis, educational content and experts of the English-speaking forex market during 2010. The nominees of the twelve categories had been selected by FXstreet.com’s content team for their quality and popularity on the website. A total of more than 35 pieces of content as well as 60 different contributors had been chosen. The list was then submitted to a popular vote to determinate the winner of each category. This award attests that our editorial choice to give the floor to the industry’s specialists is what currency traders expected and value, and it encourages us in our commitment to deliver expert content, professional analysis, and actionable investment advice.

Now, in this new edition, I’d like to bring your attention to our review of Forex mobile trading applications. Mobile trading is a market segment of

the mobile industry which is still in its infancy, but which shows incredible growth potential. First of all because it is a market which traders need or like to follow 24 hours-a-day, 5 days a week, from wherever they are. It is often more of a passion than a business. And therefore it is, by essence, an ideal market for mobile products and services providers. Traders are very fond of



tools which enable them to continue following their positions, placing new orders, analyzing trends and patterns and getting better informed.

On the hardware side, tablets are offering traders a good enough screen size for charting and technical analysis purposes, as well as a light enough device. And most importantly, they also provide a touch-based trading

interaction, which is what really brings a new touch to trading.

Today, forex traders can enjoy multiple streaming chart templates, multi-touch zooming and scrolling, interactive graphical tools and technical analysis indicators, push-price alerts, single-tap trading, and even placing orders by sliding a finger on the chart. It’s all happening now.

We have tested 13 mobile apps for various mobile devices to give our readers a snapshot of what are currently the most popular and recently launched forex trading apps.

By the time we go to press there will already be new apps being launched on the market. So keep an eye on the new releases in the App

Store, Android Market, BlackBerry App World and Windows Mobile Marketplace. Get your preferred mobile device and start trading on the go.

We will continue reviewing more mobile apps on a regular basis to give you an overview of the FX mobile trading industry news, market trends and best trading tools.

Emmanuelle Girodet

Alessandro Balsotti, worked for several years as market maker of Italian Lira, Greek Dracma and Czechoslovak Koruna in JP Morgan. He was then in charge of the FX trading desk in Abax Bank and Caboto. He is currently responsible in JW Partners for the FX Single Manager strategies.

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Caspar Marney started his trading career as a spot currency trader and technical analyst with HSBC in London. He then moved to SBC Warburg (later UBS) as a proprietary trader and global head of technical analysis for FX and precious metals, where he became one of the banks most successful traders and a regular commentator on financial television. Having managed money for some of the worlds leading investment banks and financial institutions, he now runs a proprietary trading firm, Marney Capital Ltd.

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Investment and Trading training courses online and in person by qualified individuals. For more information, including further reading on the Food Crisis, Inflation, and Investing, visit <http://eliteforextraining.com>

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(continued from page 6)

Cross-rates are included, together with key FX emerging markets and Commodities. InterpretA is available as a stand-alone service or as an add-on to Maverick, Tradermade's flagship charting application. Updates are also available via Reuters. Recent enhancements include daily TV broadcasts at www.tradermade.tv, FX newsfeeds, plus break-out alerts based on weekly, monthly and yearly data. www.tradermade.com

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Are price updates a good proxy for actual traded volume in FX?

Introduction

The objective of this article is to analyse the relationship between actual traded volume in the FX markets and its relationship to price updates, or 'tick' volume, over both time and across currency pairs, to determine whether there is a high correlation between the two.

We do not believe that the research has been published before. Given the conclusive results, we hope it proves an interesting addition to the debate, as to whether tick volume can be used as a proxy for traded volume in the FX markets.

FX versus Futures markets

Volume information has been proven in many studies to provide an edge in trading. FX Traders have therefore been at a disadvantage to Futures traders, as volume information is not been readily accessible in the FX markets, let alone in real-time.

As discussed in previous articles, Futures markets, by definition, are traded on an exchange. Therefore, all transactions for a particular instrument are traded on a central exchange making

definitive, real-time, volume information readily available.

By contrast, the FX markets are incredibly fragmented, traded between banks, financial institutions, hedge funds, proprietary trading firms and individual traders

on a twenty-four hour basis through a vast array of Electronic Communication Networks (ECN's) and direct inter-bank relationships.

Therefore, there is no way to accurately record total FX volume in real time, as there is in the financial Futures markets, hence the debate as to whether the number of price updates can be used as a proxy for volume.

Price Updates as a Proxy for Volume

One way that activity can be gauged in the FX market is by recording the number of price updates, per unit of time, as more

trades should equate to more price updates. However, there has been a great deal of debate about the accuracy of price updates as a proxy for volume and there are



The FX markets are incredibly fragmented; therefore there is no way to accurately record total FX volume in real time



many valid reasons to suggest that there might not be a high correlation:

- The price may move without any volume; if for example, there has just been a news announcement.
- The price may change many times on light volume, or not at all on high volume, if a large buyer trades with a seller of equal size.
- If the range for a unit of time (represented by a bar on a chart) is high, then the price is more likely to change many times, to reflect the many changes in price, regardless of volume
- Similarly, if the range is small, then there will likely be relatively fewer price changes than a bar with equal volume that had a large change in price.

Actual Volume vs. Price Updates Analysis

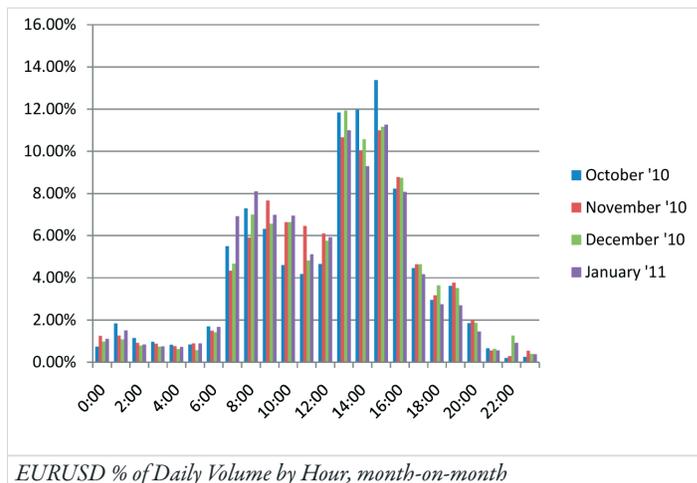
With volume analysis potentially able to provide such a significant edge to trading decisions, we were surprised that we couldn't find the research having been done anywhere before, to provide a definitive answer to the debate.

Therefore, with data from two of the world's largest ECN's, HotSpot® and EBS®, as well as one of the leading providers of price updates, Interactive Data, we had a large database of both actual traded volume data, as well as the respective price updates, to determine how high the correlation was between the two, and whether it was consistent over time.

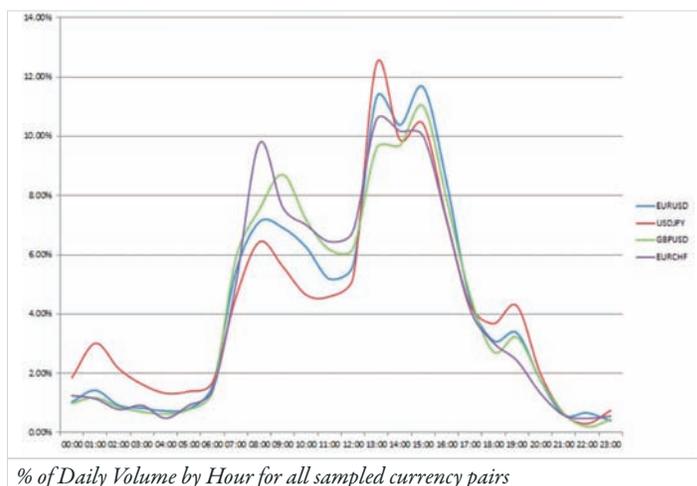
In order to establish conclusive correlation between tick volume and traded volume, it was decided that the data from two separate vendors would be analysed across a range of

currencies, both against the tick volume provided by eSignal and, in the case of HotSpot, against its own internal tick volume. The currencies chosen for this research were EURUSD, USDJPY, GBPUSD and EURCHF. We would look for correlation first visually, then through the use of traditional measures such as Pearson's product-moment coefficient.

Once the data provided by HotSpot and EBS had been cleaned and structured, the timestamp for each trade in any currency pair was used to determine which hour of the day the trade took place within. The volume of each trade was then placed in one of 24 'buckets', creating a histogram of traded volume by hour of day; readers familiar with the Marney Indicators™ will quickly recognise the profile. These profiles were created for each month and then combined to provide an overall profile across the whole data set:

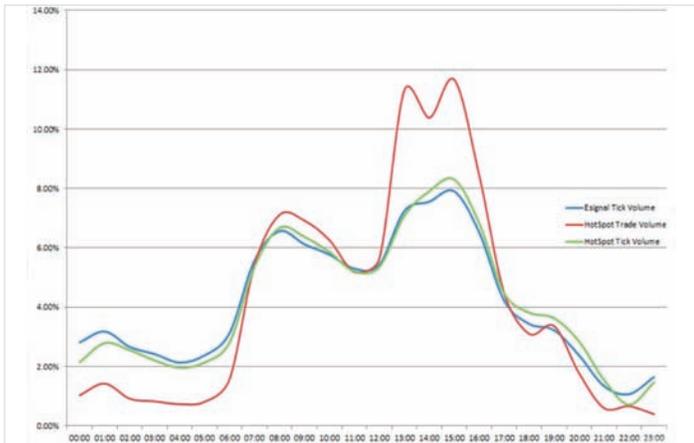


EURUSD % of Daily Volume by Hour, month-on-month

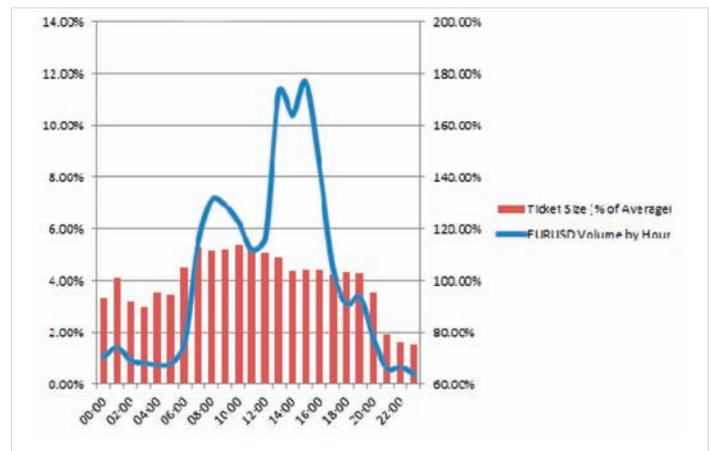


% of Daily Volume by Hour for all sampled currency pairs

Tick volume data was exported from eSignal, for the time periods determined by our trade volume data; upon its arrangement into the same buckets we were then able to look at the direct correlation between tick volume and the relevant trade volume:



EURUSD Trade Volume by Hour vs Internal and Market-wide Tick Volume



EURUSD Trade Volume against Average Ticket size by Hour

In order to confirm what can be seen visually, the correlation was analysed mathematically; results can be seen below:

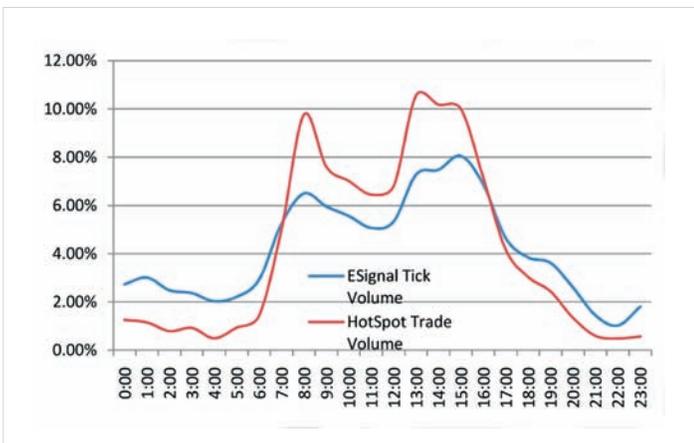
	EURUSD	USDJPY	GBPUSD	EURCHF
Pearson	0.9683	0.9583	0.9894	0.9714
r ²	93.8%	91.8%	97.9%	94%

**The Pearson product-moment correlation coefficient (typically denoted by r) is a measure of the correlation, or linear dependence, between two variables X and Y. r returns a value between +1 and -1 inclusive, with 1 and -1 values indicating absolute positive and negative correlation and zero indicating absolute independence.*

$$r = \frac{\sum_{i=1}^n (X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum_{i=1}^n (X_i - \bar{X})^2} \sqrt{\sum_{i=1}^n (Y_i - \bar{Y})^2}}$$

The square of the coefficient (r²) is equal to the percentage of the variation in X that is related to the variation in Y. An r value of 0.9683 tells us that 93.8% of the variance of tick volume in EURUSD is shared by trade volume.

It is clear from the results illustrated that there is a definite and constant correlation between trade volume in any hour and the number of tick updates within that time. Readers will note from the above charts that trade volume appears to outperform tick volume on a like-for-like basis during peak hours; we attribute to the fact that the average ticket size is greater during these hours, as shown below:



EURCHF Trade Volume by Hour vs Tick Volume by Hour

From our analysis of these four currency pairs, we could postulate that over 90% of movement in tick volume in any currency pair is reflected in the movement of actual traded volume, ie. If tick volume is seen to be increasing, traded volume will be increasing in a very similar manner.

From a statistical standpoint, participants in the foreign exchange markets should feel safe to use tick volume as a proxy for actual traded volume. This has fairly significant implications, as it allows traders to use volume-derived studies and measures in OTC markets that have previously been reserved for exchange-traded securities.

Conclusion

Despite the many very valid arguments, which suggest that price updates may not be highly correlated to actual traded volume, the correlation is actually very high, when looking at hourly data.

We can therefore conclude that using price updates as a proxy for actual traded volume in the FX markets is very valid over this time scale. More research is needed to determine the correlation

over shorter time periods.

It is this relationship that led to the development of the Marney Volume Indicator™ (MVI) and Marney Range Indicator (MRI), first published in FX Trader Magazine (July-September 2010 edition). We have found the indicators very useful additions to our own proprietary trading.

For those wishing to analyse volume further, both the MVI and MRI are now available on Trade Interceptor, MultiCharts and Tradermade.

Caspar Marney

I would like to thank HotSpot and EBS, without whose data the analysis would not have been possible and especially to my assistant, John Kinnell, for the many hours spent analysing the data and producing the illustrations.

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Global Forex Analysis Roundup

We go to press with stock markets hovering barely below 2011 highs despite vast uncertainty caused by a combination of significant events that include surging global energy costs, Middle East civil unrest and the recent tsunami in Japan, all of whose ultimate effects are as yet unknown, yet are bound to produce later events that could, on a worst-case basis, include another spike in food and energy prices leading to widespread economic slowdown, global famine and from a nuclear standpoint in Japan, the release of devastating radiation if the

reactors become critically damaged, and perhaps even a rethink on global nuclear policy, which could reignite global warning as the world reconnects to the traditional methods of energy creation. The ramifications are both real and disturbing on all levels and our thoughts extend to the countless millions of people affected by these extremely difficult conditions.

FX markets were already swinging wildly in January and February this year with plenty of driving issues from which to seek guidance yet with a conspicuously absent lack of any

clear trend, causing consternation among the trading community as currency rates would adhere to their correlations one day, then collapse the next, usually the sign of an imminent break-out from a trading range.

Fresh from absorbing reasonably strong US employment data, with the economy adding almost 200k jobs and the unemployment rate actually dropping below 9%, the USD remains stubbornly & counterintuitively soft at around 1.40 EUR, 1.62 GBP and 81 JPY with AUD & CAD both around

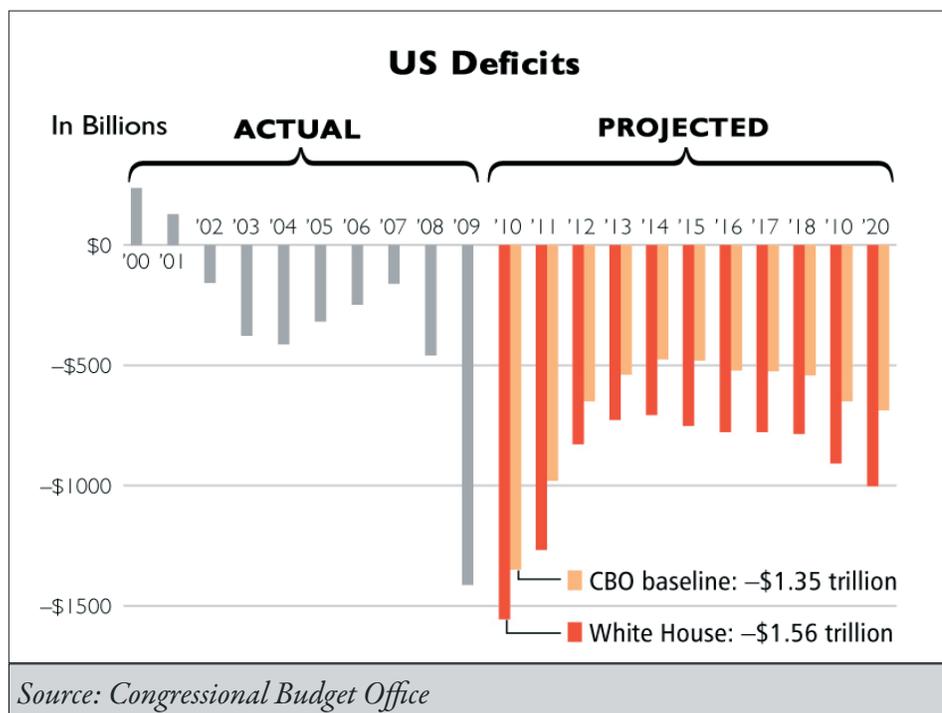
parity, respectively. Indeed, “so what?” has been the general consensus so far regarding gradual improvements taking place in the US labour market and this is definitely becoming a frustration for USD bulls, especially as the Greenback is both conceptually and theoretically supposed to do better and be stronger in times of global crises. On that note we are unfortunately beset by various fragilities creeping into the global economy both geopolitically and in terms of commodity related supply and demand. Middle Eastern tensions have raised the current price of crude to levels not seen since late 2008 at around \$100 per barrel and according to some theories based on another potential oil shock, this price may have much further upside. In Libya, civil unrest is widespread with unconfirmed reports indicating that Colonel Gaddafi may in fact step down under a negotiated settlement which would no doubt alleviate some of the

recent pressure on crude, but as always much depends on who succeeds and what then becomes required and necessary in terms of regional stability. Although we did not predict the upsets in the Middle East as the catalyst behind gains that were advocated in commodity currencies like NOK and CAD in earlier issues of FX Trader Magazine, these currencies have reached our objectives for now and we would expect some kind of profit-taking as very likely in the near future.

The somewhat sour mood towards the Dollar can perhaps also be better explained away by a brief look of the larger backdrop, with negative sentiment aided and abetted at least partially by the recurring theme of unsustainably large yet continuously growing US deficits, with a potential governmental shutdown thrown in for good measure. Politicians and Fed officials alike have been quite vocal on this issue of late and we expect this fiscal theme to become

dominant as the year unfolds, especially as the debt ceiling was just raised to around \$15 trillion, or almost 100% of US GDP in 2010, both amazingly large numbers. Many commentators theorise that the US would export more and thus reduce some of its trade deficit if it could compete more fairly in terms of exchange rates on the world stage, hence recent cries of benign neglect of the Dollar amid perceptions of currency wars or stealth devaluation.

When all is said and done it seems China will end up being blamed for these often-referenced ‘imbalances,’ with popular wisdom contending that if China’s exchange rate was more flexible, then fairer competition on the world stage would therefore be more achievable for other nations. The balancing act here of course is that the US still wants and needs to sell its paper to China and finance its burgeoning debt but with China’s current holdings slightly lower due to diversification but still close to \$1 trillion, it would be hard for the US to lobby too hard for a much stronger Yuan because of the hit that would be taken by China on existing Dollar holdings. It’s a little scary to think what could happen if China withdrew its interest from the US Treasury market and continued to expand its reserve holdings into other currencies more aggressively. That said, there are signs of cooperation emerging between these two powerhouse economies with GM selling more vehicles in China than it did on home turf last month and Boeing announcing as recently as this week receiving orders from Air China for new aircraft. It seems





The year of the rabbit could turn out to be a tricky one to negotiate

clear that the US will be patient in waiting for the CNY revaluation, especially since China has domestic issues to deal with as inflation takes hold in everything from property prices to food and this situation needs careful management, with interest rates already having risen several times in the last few months and more in the pipeline; the year of the rabbit could turn out to be a tricky one to negotiate. We have learned from reported comments by the commerce minister that China does in fact plan to reduce its trade surplus further in 2011 but prefers methods other than rapid currency appreciation to do so. For those wishing to play the CNY revaluation, we have been looking at the HKD as proxy. Right now the HKD is still pegged and reasonably autonomous from the Yuan; we wonder if this is sustainable, for example the USD is worth 7.7878

HKD when compared to 6.56 CNY. Abandoning the peg does not seem to be on the trading community's radar but we would maintain in the currency markets anything is possible, so there might be a nice opportunity to play the differential should HKD appreciation begin to play catch up with that already underway in CNY.

In Europe Greece's sovereign debt rating was cut again in early March 2011 amid bond market concerns forcing Irish and Portuguese downgrades as yield spreads over Bunds and Treasuries hit new highs. Greece and Portugal now have to pay more than 13 percent and 7 percent respectively to finance 10 year sector loans from the international capital markets, compare that to around 3 percent commanded by US Treasury paper in the same maturity

spectrum, amplified by just 0.25% in the 1 year for US T-bills and the confusion over why the Dollar continues to trade soft becomes a little easier to understand, pure interest rate differentials aside of course as yield is only a measure of perceived risk, after all.

Had this spike in EU yields happened a year or so ago when the EUR was on the ropes at around 1.18, perhaps that much-discussed test of parity may have materialised. However due to the convincing performance of M. Trichet & co. managing to sway markets that the ECB is committed to pursuing its mandate and remaining vigilant on inflation, the prevailing mood towards the Euro is pretty bullish, at least for now, and perhaps more importantly this view is confirmed by data from the exchanges that shows volume of long EUR positions at their best levels in around three years. Continued diversification/accumulation by Sovereign Wealth Funds has been suspected of adding to the recent rally and if momentum continues, we expect resistance at around 1.4280, yet looking for the low 1.30s if the 1.3700 region succumbs with the market currently running the risk of being ahead of itself. The market seems rich not least because of the latest leg-up provided by nerves or expectations that the ECB will raise rates in April; although we don't disagree with the thinking behind idea, at best it seems a stretch to envision the ECB on a hiking cycle given global events, and any rise in rates would likely be a one-off, or normalisation, especially as the PIIGS are gradually coming into play on the periphery once more.

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The prevailing mood towards the Euro is pretty bullish, at least for now, and more importantly, this view is confirmed by data from the exchanges that shows volume of long EUR positions at their best levels in around three years



With such extreme positioning, the market could well be jumping the gun at 1.40 which could in turn make for a very interesting summer. What if the ECB realises that a rate rise could actually cause more long-term damage and becomes more sanguine on the rate outlook. Should this happen, markets' attention would turn to the Fed, whose most recent statement again implied that policy would remain accommodative, if global events were to pose a threat to the strength of the US economy. However, the ground is being paid for an end to QE2 and given consumption and associated rising food and energy prices it seems on balance more likely to us that the Fed may also raise the alert on inflation and any rate

rise here will not be a one-off.

The other natural disasters of earthquakes in New Zealand and floods in Australia have left marks that may not yet be fully accounted for by the FX market, which may leave the Antipodean Dollars both susceptible to a downturn. This theory may also be given some weight by extreme (long) market positioning in these currencies caused by insatiable hunger for yield and also payment for commodity demand, yet potentially offset by a latent but stark reality that in the currency market, valuations do not often sustain such swift appreciation exemplified by these two since late 2008, without significant corrections.

For example the AUD has risen from around 60 cents to parity, or 66 percent. Similarly although not as extreme is the Kiwi, which has risen from around 49 cents to 74 cents, or around 50 percent. Add to this mix that China is also on the point of tightening reserve requirements to stem domestic demand once again, and appetite for these currencies becomes implicitly lessened. If such a move by the Chinese were to trigger a slowdown in global activity it's probably fair to say, based on recent showings, that any subsequent risk-aversion would probably lead to investors abandoning at least temporarily some demand for these two currencies.

Not to be entirely negative on this region, only cyclically - for example in the big

picture we think food price inflation is going to be a real issue going forward and although pessimism is not on the menu - a large dose of reality might need to be served. New Zealand and Australia collectively produce vast quantities of food and will no doubt be bid on dips for this reason alone, regardless of the interest rates. The RBNZ cut rates by 50 bp this month to help offset some of the economic uncertainty caused by the \$15 billion of earthquake related damage.

Australia had areas the size of Germany and France combined underwater during its recent floods and even though anecdotal evidence maintains a steadfast and traditionally stoic attitude by the people, the RBA must surely take potential future ramifications of this natural disaster into account as far as its policy decisions and we therefore expect a respite from hikes in the near future.

Conversely, Latin American nations are seeing interest rate rises on the horizon due to increases in respective CPI caused by the high weight of food prices in those indices, requiring close monitoring by the monetary authorities. Annual inflation is up in Brazil, Argentina and Mexico while Peru has already raised interest rates. These inflationary problems now exist in many countries, with particular reference to the UK, the US and even China, in that latent inflation is running the risk of becoming entrenched. Debt chiefs in these nations have generally only had half an eye on the effect on monetary policy on exchange rates and it's a fair bet that monetary policy seems to rule the day at

the expense of the currency; witness the decline in buying power of the British Pound and the American dollar over the past few years as interest rate policies have subordinated exchange rate concerns. This past month Bank of England Governor Mervyn King had to write another letter to the Chancellor explaining why inflation is again above target, yet, interest rates are at zero, so we expect a rate rise in the UK soon, perhaps as early as Q2 of 2011.

Looking ahead and forecasting correctly right now is somewhat akin to reading tea leaves - there are so many variables out there that it's almost impossible to pick a winner or a trend. Tactically on trading we think it is wise to have smaller positions with associated stop-losses at levels comfortable enough to enable trades to have a chance of staying alive and making a profit, preserving capital if the trade goes sour. Through dialogue with the community we hear that more interest is arising from entities focused on hedging, particularly as the notion spreads that passive hedging of exposure is actually generating more risk. We welcome any communication on this subject and can generally suggest appropriate ideas with which to enable and sometimes improve efficiencies of execution and hedging.

Broadly speaking, in summary we think a tight, range-bound year for the majors is likely (EUR, GBP, JPY and USD) with any initial movements being rate-driven. Another bullish year ahead for



Bank of England Governor Mervyn King

LatAm currencies appears likely with an initial theme along the lines as discussed here, namely that higher interest rates naturally support the currencies, further bolstered by uncertainty in other parts of the world and underpinned by that most basic need of humankind, the necessity to eat as nutritiously as possible and, for most, as cost consciously as possible. JPY and CHF continue to flummox the bears, with a deteriorating demographic in Japan and the Swiss National Bank reported intervention both providing fodder to substantiate respective views but with prices languishing, another example of counter-trend performance and repatriation and/or risk aversion dominating price action. A typical example of the inconsistencies in FX is the strange comparison between depreciation of the New Zealand Dollar and appreciation of the Japanese Yen due to earthquakes in each region within the same month.



The natural disasters in New Zealand and Australia have left marks that may not yet be fully accounted for by the FX market

Among investment circles and socio-economic chat-room forums there is much discussion about gold being the ultimate investment, a popular topic with prices at record highs. In some circles there is even talk about a one-off super-revaluation of gold that could propel the price tag even further than current levels, with the end game being a massive revaluation of gold versus the paper or fiat currencies. Again, who knows and nothing can be ruled out but to us it's interesting that with stock markets now running the risk of pulling back, gold cannot get through \$1500 per ounce and in fact sold off when the Nikkei plummeted in early

March, perhaps a clue that positioning for now could be exhaustive and provide the bulls with cause for pause.

In fact on a fundamental level, in the same way that North America could arguably become self sufficient in everything from food to energy, it is not inconceivable that a paradigm shift in global food supply could take place over the next few years as traditional methods of wealth as reflected in the stored value of hard commodities like gold or platinum becomes redistributed via soft commodities. Like the prospect of higher interest rates in certain areas that do not have the overhang of debt or

deficits, this phenomenon would seem likely to attract interest and investment to the respective sources and the related currencies, at time of writing we are learning of governmental intervention on cocoa and coffee exports from the Ivory Coast that is bound to impact prices higher.

While nothing is certain in these times, such a notion may provide food for thought, at least.

Good luck in the FX markets, I welcome your comments and feedback.

Kevin Sollitt

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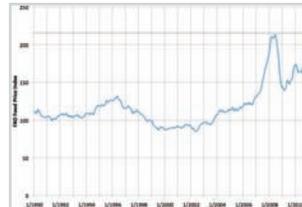


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The world economy is off on a course of radical currency devaluations.



What do devaluations and increasing food prices mean for investors?

FX, THE NEW ANTI ASSET-CLASS

As the global economic climate deteriorates, FX is becoming more and more relevant. Investors are becoming aware that while they may have positive returns in the markets, those returns are being eaten away by a combination of inflation and competitive devaluation of currencies.

Look at the recent example with Portugal. This is what Deutsche Bank's Mike Reid had to say about the situation: *"This is probably the first time we've seen ECB intervention for reasons as much due to the rising yield environment as much because of weak spread sentiment. It shows why keeping core bond yields down is so important across the developed world given the excessive debt burden that still lingers everywhere. It's not just a European issue as it was also interesting to see yesterday that Freddie Mac's average 30-year fixed rate US mortgage rate averaged 5.05% for the week ending 10th Feb (from 4.81% in the previous week) and now at its highest level since April 2010. When Bernanke introduced QEII, keeping yields down*

to help housing was one of the goals. So this is another thing to keep an eye on."

It seems the current trend in solving the global crisis is to print more currency. Before the crisis, this was a uniquely Japanese strategy. Then the Fed began Quantitative Easing, and finally QE2.

It seems the current trend in solving the global crisis is to print more currency

The SNB has joined the devaluation party, and broke records by purchasing puts of 78 billion CHF in one month.

"We would need to check my records a

little more careful but we suspect the SNB has set a new world record with its FX intervention in May. Data released by the Swiss Statistics Office and confirmed to us by the SNB puts intervention at CHF 78.8bn in May (yes, that is the change of reserves, not their level). To put this into perspective, this is nearly three times the previous largest monthly intervention and amounts to 15% of GDP in just one month. Current reserves are now CHF 232bn or 43% of GDP." (Extract from "JPM Ridicules SNB Intervention"⁴).

Other markets, such as Australia, and emerging markets such as India, are not much different. See a chart of another twist that many investors do not understand, while the



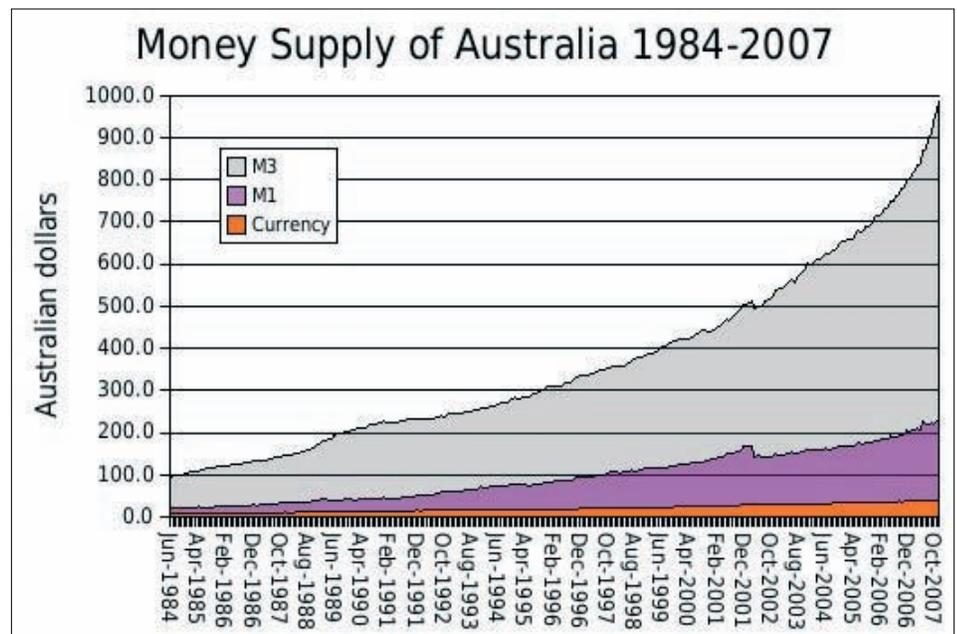
has risen 52 per cent, wheat 49 per cent and soybeans 28 per cent. Rising food prices have pushed an extra 44 million people into poverty in the past seven months, according to the World Bank. It's even being felt in the rich world. In Australia, the opposition hopes to capitalise on it: "The year will begin and end with Australian families facing an ever-rising cost of living," the Liberal Party's Joe Hockey said in a speech last week. Alarmed at spiking food prices, a score of countries, including big food suppliers such as Russia and Ukraine, have banned food exports to make sure they can feed their own people first. This has provoked further alarm. Britain's environment minister, Caroline Spelman, argued last month that it should be illegal for countries to halt food exports, even in an emergency. At the same time, the British government's chief scientific officer, Sir John Beddington, declared that "the case for urgent action in the global food system is now compelling"⁵

The SNB has joined the devaluation party, and broke records by purchasing puts of 78 billion CHF in one month

Money Supply of some currencies may not be expanding as fast as the USD, many of those currencies are 'backed' by the USD in the form of USD reserves. So their values are being deteriorated not only directly by their own printing, but by the deterioration of their reserve value. Since Currencies are valued only in terms of purchasing power and when traded with other currencies, the only real measure of this can be seen in the appreciation of commodities and other hard assets, and inflation.

Food and Agriculture Organisation. Over the past year the price of corn

There is a growing Food Crisis in the world. "But last month, global food prices actually broke the record, according to the experts at the UN's



It means that if you have any electronic assets, their value is being deteriorated by the world's central banks through the creation of new currency. You don't need an economics degree to understand that when there is more currency in circulation (although electronic) it is less valuable. It is no coincidence that Gold is trading at record levels, along with other commodities and business ventures.

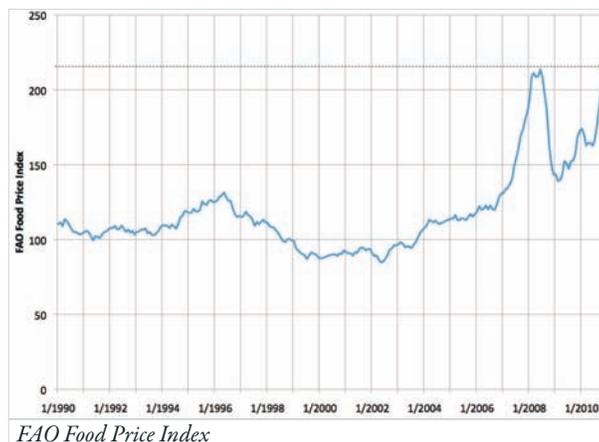
So if all currencies are being devalued, where should investors place their money? Recently released economic data says for the first time, US debt now equals the total US economy. *“President Obama projects that the gross federal debt will top \$15 trillion this year, officially equaling the size of the entire U.S. economy, and will jump to nearly \$21 trillion in five years’ time. Amid the other staggering numbers in the budget Mr. Obama sent to Congress on Monday, the debt stands out — both because Congress will need to vote to raise the debt limit later this year, and because the numbers are so large. Mr. Obama’s budget said 2011 will see the biggest one-year jump in debt in history, or nearly \$2 trillion in a single year. And the administration says it will reach \$15.476 trillion by Sept. 30, the end of the fiscal year, to reach 102.6 percent of gross domestic product (GDP) — the first time since World War II that dubious figure has been reached. In one often-cited study, two economists have argued that when gross debt passes 90 percent it hinders overall economic growth.”*⁶

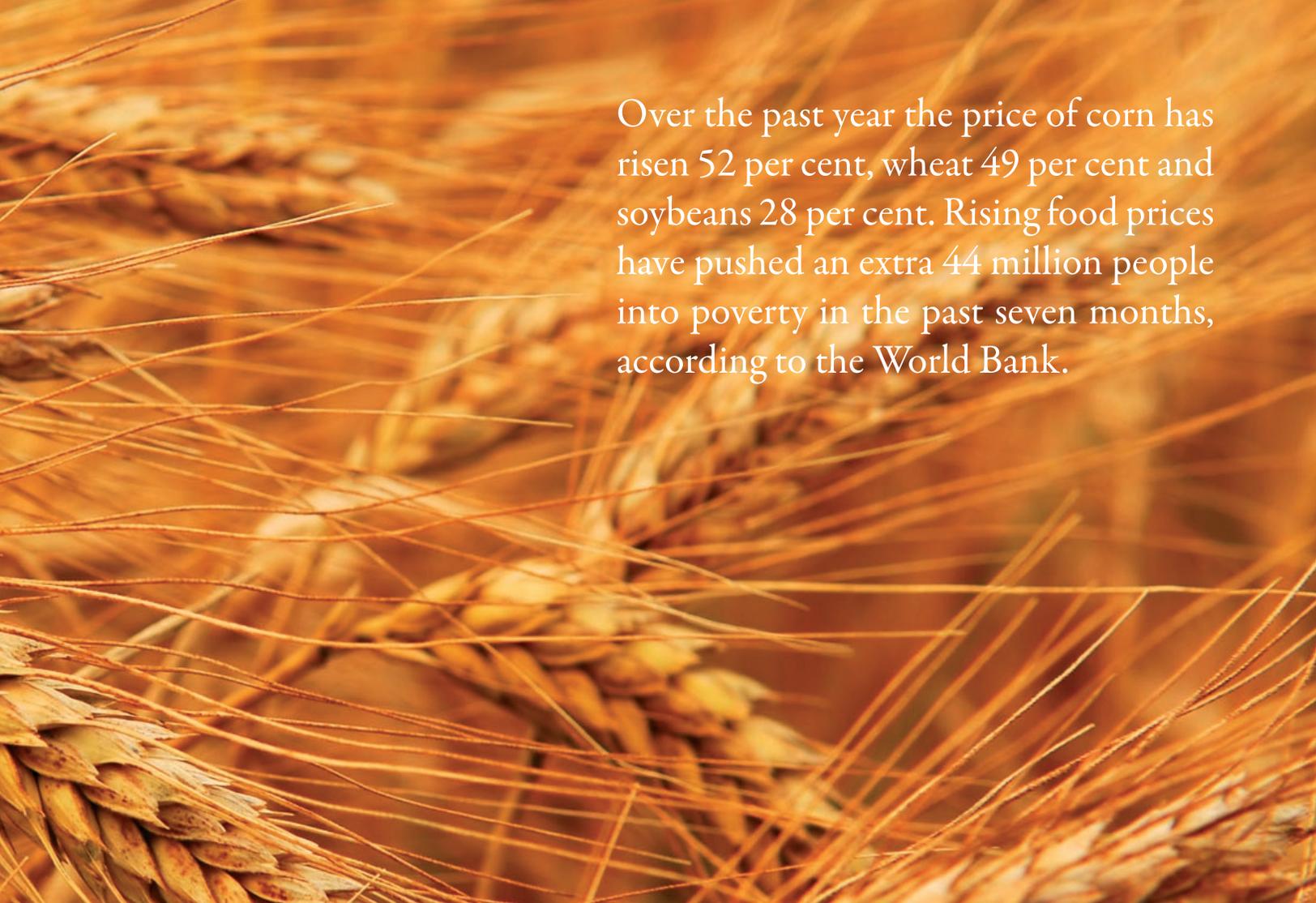
This indicates that there will be



WHAT DOES ALL THIS MEAN FOR INVESTORS?

increasing pressure on the Fed to monetize the debt by buying Treasuries and printing more currency, driving down the value of the US Dollar ever more. So if all currencies are bearish, then where to invest? Here are a few things investors should understand.





Over the past year the price of corn has risen 52 per cent, wheat 49 per cent and soybeans 28 per cent. Rising food prices have pushed an extra 44 million people into poverty in the past seven months, according to the World Bank.

Whether you are invested in currencies directly or not, you are always directly invested in currencies unless you do not have an electronic currency based account and conduct your transactions in gold and silver or by barter. That means if you have a stock account at TD Ameritrade, based in USD, you have a long position in USD. If you are from Europe, you are naturally long EUR. If you are from Britain, you are naturally long GBP, and so on. Under normal circumstances,

this is simply an accounting issue, minus a yearly fluctuation of currencies, which historically wasn't more than 10% - 20%. But

There will be increasing pressure on the Fed to monetize the debt by buying Treasuries and printing more currency, driving down the value of the US Dollar ever more

in an environment of competitive global devaluation, this means that by having a certain position you can lose as much as if you didn't have another one. If the USD goes

down by 10% but the EUR goes down by only 5%, by being in EUR you would have an actual 5% gain. This is a slippery slope to explain to investors, regulators, academics, and many in Finance. But those who are not wealthy understand this when they go to buy groceries and see prices increasing rapidly. Even the USDA admits that food inflation will accelerate in 2011⁷. Global leaders have recognized this situation and agreed to avoid

competitive devaluation⁸, but yet it continues. *“The recent intervention by the BOJ has quickly become the most contentious decision in global economic circles, with many wondering now that the world economy is off on a course of radical currency devaluation, who will be next, and how far will this game continue? If Albert Edwards, whose latest piece rhetorically asks (and answers) “what do devaluation, high unemployment, inequality and food prices spell? C-H-A-O-S” is correct, this could be the beginning of a rapid descent in which central banks around the world are all forced to use the nuclear option: ceaseless FX devaluation, but one coupled with an endless increase in the money supply a process which can only have one outcome – that predicted recently by Eric Spott when he said that “we are now paying for the funeral of Keynesian theory.” However, the biggest threat is that this most recent invocation of the nuclear option is coming at a time when the world is least prepared to handle it - social imbalances are at unprecedented levels, and if, as many predict, the price of key food products is about to surge (courtesy precisely of these failed central bank policies) to a point where the great unwashed end up on the wrong side of hungry, from there, to armed conflict, the line is very, very thin.”*

There are many great blogs,



websites, and resources, which are documenting the crisis and how FX is significant. But who is offering any solution, who is proposing any alternative to investing in Mutual

The recent intervention by the BOJ has quickly become the most contentious decision in global economic circles

Funds or Money Markets?

A growing number of investors is choosing to do their own investing. This however is not easy, as many of them are not trained in finance. Some of them, retired or otherwise out of work, may choose to do their own investing to save fees, because they enjoy it, or because they don't trust managers. Whatever the reason, they need information and education about the markets. Magazines and other information

sources should provide more education for investors and be less focused on 'news reporting' because, first of all, news is available 24/7 on the internet and through trading platforms, and secondly, it isn't a unique quality. When news breaks of any significance, it reverberates around the globe quickly. The focus should be on information dissemination and the development of online resources.

In conclusion, investors should educate themselves, and be their own money managers, where possible, because there isn't any 'silver bullet' solution that any single money manager can offer, no matter what their philosophy. In a complicated environment, one needs appropriate strategies, not necessarily portfolio 'blanket approaches' that may not be relevant to certain individuals or may not work at all. An active approach should be taken towards investing, one that involves a level of knowledge not previously required or needed.

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John Floyd

founder and CEO of Floyd Capital Management LLC

interviewed by JW Partners for FX Trader Magazine

John Floyd has been trading currencies for almost 20 years. He has traveled the world working for several leading financial institutions and collaborated with renowned trainers. He explains how he started his own capital management firm and describes his discretionary strategy and how he focuses on generating asymmetric risk return profiles to deliver

investment returns for clients.

John believes that, due to the confluence of the current global economic and geopolitical events, 2011 could see a substantial rise in global risk aversion, a situation which would offer market conditions and opportunities that have been well suited to his company's strategy.



JW

Tell us about yourself. How long have you traded foreign exchange for, and what first attracted you to this industry?

JF

Trading as a profession, and in particular foreign exchange, is something that is a very natural fit for me. I have always had an interest in what makes markets move and the valuable role of the speculator in this process. Winning in trading I believe results from the cultivation of a diverse group of personal qualities from many different sources that provide the foundation for success. I find the parallels between life and trading striking in that both require discipline, planning, self-

knowledge, and a focus on winning. In the words of Gichin Funakoshi "You must be deadly serious in training." Throughout my life I have traveled to and lived in many diverse places throughout the world such as Japan, the United Kingdom, and the Caribbean. While I have

been trading currencies for close to 20 years I always had in mind to start my own firm. I had excellent mentors along the path at some of the institutions I worked such as Merrill Lynch, Swiss Bank Currency Fund, Deutsche Bank, and Argonaut Capital. Trading in currencies is a real

FLOYD CAPITAL MANAGEMENT

<i>Strategy</i>	<i>Floyd Currency Trading</i>
<i>Location</i>	<i>New York City</i>
<i>Assets Under Management</i>	<i>30 mln Usd</i>
<i>Type</i>	<i>Macro</i>
<i>Style</i>	<i>Discretionary</i>
<i>Instruments</i>	<i>FX Spot and Fwd, Vanilla Options and Futures</i>
<i>Traded Currencies</i>	<i>80% Developed Markets/20% Emerging Markets</i>

complement to both my life and some of the other pursuits and passions I have. I have been studying traditional Japanese karate for the past 15 years under a grand master, rode my motorcycle solo across the United States, collect rare trees, surfed in Iceland, and most recently become a chess pupil of a grandmaster.

JW

In which way do you consider trading currencies different from trading other financial instruments?

JF

Foreign exchange is like no other market in the world. Currencies are something that people touch and feel every day of their lives, the markets are open continuously from Sunday to Friday afternoon in New York, liquidity and volumes are enormous, and participants are diverse. Currencies reflect relative factors and put the strengths and weaknesses of countries against each other. Currencies are also impacted by so many different forces that drive capital and trade flows, such as interest rates, inflation, economic growth, asset prices, and Central Bank flows. I think the current macroeconomic environment is particularly conducive for these forces to cause large moves in currency prices relative to other products such as commodities, equities, and interest rates. Currencies will now likely become the main vehicles, which help macroeconomic imbalances find equilibrium as other adjustment mechanisms have run their course.

JW

When was Floyd Capital created? How is the company structured, and which authority regulates the firm?

JF

I founded Floyd Capital in 2007. The starting of the firm was a natural step of personal development, goals, and opportunity.

The current structure reflects the principles on which the firm was founded. I personally spend most of my time and energy focused on delivering investment returns for clients. To that end all back office operations are extremely streamlined and automated. Although I have a fund in place many investors prefer managed accounts as they provide total transparency to trade activity and positions. In addition to myself, there is one other person in the office on a day-to-day basis, a business manager, an economist, accounting firm and legal counsel. The firm's primary office is in New York City and I have an office in New Jersey that serves as a disaster recovery site. The firm is a member of the National Futures Association (NFA). It complies with all of the documentation that they require in regards to procedures, compliance, risk management and disaster recovery. Regular review of this provides an opportunity to ensure that the fund's internal procedures are at their best.

JW

How would you describe your investment/management strategy?

JF

It is a multi-faceted process that integrates macroeconomic, geopolitical, and technical analysis as well as market sentiment and risk management. The core methodology has been built over my years of experience in the financial markets trading not just currencies but many different products. It is often the case that feedback mechanisms in one asset class drive market moves in others. An important part of the process is also to determine "the message of the markets". For example, do markets respond as expected to a given event or perhaps that event is already priced in and other factors become the primary market drivers as correlations are constantly changing.

JW

Risk, an exciting yet dangerous word. How do you manage it?

JF

Yes, I think that is very true. Risk can be dangerous and it can be exciting. I think the way to view risk is you want it to work in your favor and not against you. Risk should be the "friend" of the exceptional trader. In that way I focus on generating asymmetric risk return profiles by striving to correctly choose when to increase or decrease risk and what products or currencies to trade. I also measure portfolio risk and trade risk through several different methods and have strict limits in place. To further increase my understanding of risk, several years ago I sought out and worked closely with the noted trading coach Dr. Ari Kiev and was involved



Trading in currencies is a real complement to both my life and some of the other pursuits and passions I have. I have been studying traditional Japanese karate for the past 15 years under a grand master, rode my motorcycle solo across the United States, collect rare trees, surfed in Iceland, and most recently become a chess pupil of a grandmaster.

in his book “The Psychology of Risk”.

JW

Do you use a blend of strategies for diversification or one only?

JF

I use a single discretionary strategy that incorporates many tools as inputs in decision-making. The tools employed are constantly sharpened and honed depending on the particular market dynamics. Diversification is also achieved by paying particular attention to the correlation of positions within the portfolio. The ideal situation is where I can construct a portfolio of a few independent themes with low correlation. Furthermore, I try to diversify the portfolio through a combination of medium to long term positions and shorter term tactical trades.

JW

Do you work with specific time frames or do you diversify across a range of them?

JF

What is your average trade duration, and how high is the trading frequency? Historically, more medium-to-long-term strategies have been best suited to my performance and trading style. In this type of environment, trades are typically held for at least a week. One area of focus and improvement has been to increase the number of shorter-term tactical trades that may last several hours to a few days, particularly if

markets are in tight ranges.

JW

How does liquidity impact the efficiency of your strategies? Have you already explored to what AUM limit the strategies would allow you to grow to?

JF

The currencies I trade are very liquid and my style of trading is such that liquidity would only become an issue at AUM of several billion. I would view AUM of US\$500 million as the first goal and level to make sure performance was not jeopardized by asset size.

JW

Do you use less mature currencies, or do you plan to add them to your studies and trading?

JF

I rarely use less mature currencies and have no plans to change that in the future. In trading, it is critical to immerse yourself in the market and I find that the lack of transparency and geopolitical risk make it very difficult to develop an investment edge that justifies the risk and dilution of time from other opportunities.

JW

Do you believe in “ever-valid rules”, or do you think that every strategy loses its accuracy sooner or later?

JF

Yes, there certainly are “ever-valid rules”. The first and most important

is “the rule of survivorship” and this comes from risk management discipline. I do believe that no one market is exactly the same but as with many things in life there are patterns that repeat themselves. As George Santayana said; “Those that cannot learn from history are doomed to repeat it.”

JW

Could you give us an example of a trade you might have done in the past but you would never repeat today? and which lesson you learnt from it?

JF

A very specific example comes from 1997 when I was long the Indonesian Rupee. The trade was both a carry trade and a hedge against short positions in other Asian currencies. I completely misdiagnosed official policy, transparency, and the extent of corporate indebtedness. I learned several lessons from this experience and have incorporated them in my investment methodology. Today, I rarely trade markets with low transparency and if I do so, it is only with very strong fundamental support, extensive research, smaller position size, and often via long option exposure.

JW

How do you see your performance over time? Under which market conditions do you generally perform the best, or the worse?

In addition to the European situation, two other key themes will be: the ongoing geopolitical uncertainty in the Middle East and the risk that an overheated Chinese economy could experience a hard landing. The confluence of these global events leads me to believe that 2011 could see a substantial rise in global risk aversion.



JF

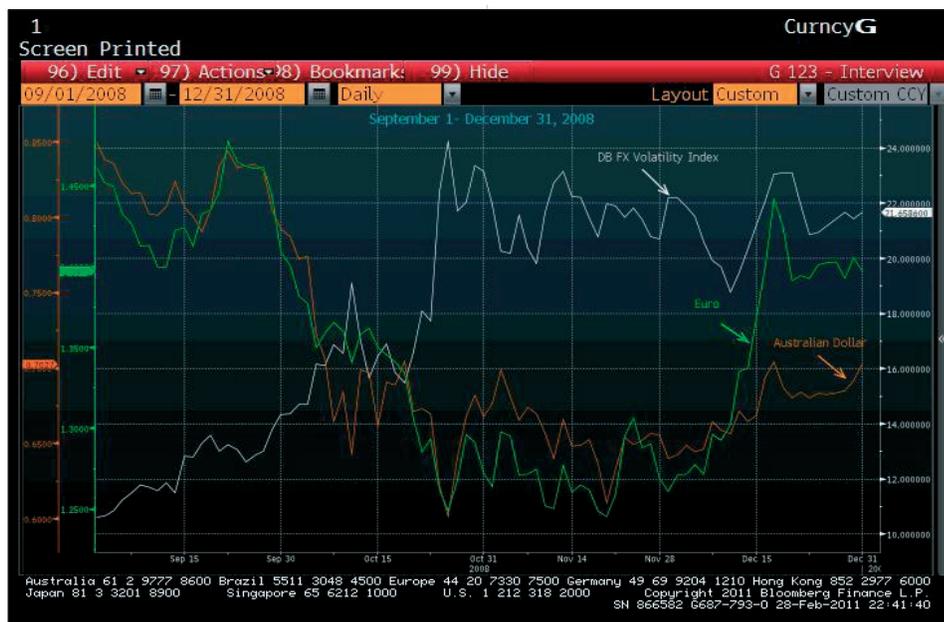
If you look at my performance since the beginning of my career there are a few notable features. First, my best performance has come when markets have large price moves generated by the resolution of macro-economic imbalances. Examples of this would be in the Asian debt and currency crisis of the late 1990's and the most recent credit crisis in 2008. Second, my flat and losing periods of performance have typically been when markets are in ranges. The latter type of market is one where I have strived to improve performance through such things as increasing short term tactical trading and focusing on more immediate drivers of market price.

JW

Can you give some recent examples of where you have made a unique winning decision?

JF

I think the best example to look at would be October 2008. While the month was very profitable from a performance standpoint it also highlighted several very important factors. First, the profits resulted from long held and well researched investment views. Second, the portfolio was positioned across a spectrum of currencies through both spot and options. And third, risk management was essential in initial position sizing, increasing overall risk, and then reducing positions and risk in very difficult market conditions.



JW

How do you expect the Eur/Usd to move over the next 6 to 12 months?

JF

To correctly navigate global markets over the next several months one of the most important questions to consider is what is going to happen in Europe. I believe the markets are much too sanguine about Europe's issues and I expect the crisis to intensify in 2011. The Euro acts as a "straightjacket" to the peripheral countries and prevents them from redressing public finances without living through a prolonged deep recession. There is 2 trillion USD of sovereign debt among Greece, Portugal, Spain, and Ireland, mainly held by European banks; this is comparable in magnitude to the U.S. debt crisis of 2008. I predict the Euro to weaken toward 1.00 as economic growth slows, political will is questioned, and debt restructurings occur within the region. In addition to

the European situation, two other key themes will be the ongoing geopolitical uncertainty in the Middle East and the risk that an overheated Chinese economy could experience a hard landing. The confluence of these global events leads me to believe that 2011 could see a substantial rise in global risk aversion. Historically, this is the type of market conditions and opportunities that have been well suited to my strategy.

JW

What's the best advice you would give to an individual trader and to a semi-professional trader who wants to enter the FX fund management industry?

JF

The path to success requires full commitment, hard work, discipline and constantly challenging yourself outside your comfort zone. It's not luck or chance that makes great traders.



Negative Dollar Outlook for 2011

But don't take the Dollars demise for granted



revolution of January, 2011. However, the Index failed to move higher during the February Libya crisis, implying coming weakness in the USD caused by the cancelling effect of a big spike in oil prices (energy and the USD are negatively correlated.)

A failure at the rising support line (circled) would imply a broadly weaker dollar in 2011. Very bullish for commodities and equities. This is the probable scenario. Interest rate differentials between the FED and its counterparts will justify the drop.

MACD, stochastics and RSI continue to trend lower and the U.S. Dollar Index may test all-time lows in 2011. Historically, the USD gains in a flight to safety (actually,

the phenomenon results from the sale of commodities and equities denominated in USD, not a purchase of USD per se) during international political crises, e.g. the November 2010 Korean crisis and the Egyptian

Some believe the USD is losing its status as the world's reserve currency. I doubt it, and the USD will surely strengthen with merciless ferocity when

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The franc, highly correlated to gold and a rival repository during times of doubt and uncertainty, has nearly doubled in strength in a decade (sign of a troubled world?) and has formed a monthly bullish candle above previous resistance. The rise of the Yen and Franc is fuelled by deflationary pressures, e.g. collapsing real estate prices worldwide (a USD positive), unwinding carry trades (good for the USD, CHF and JPY) and soaring gold prices (USD negative). The net effect is USD volatility.

the \$VIX jumps above its 50 and 200 week moving average during a future crisis which will probably not be long in coming. That's when Nouriel Roubini and Marc Faber will get a lot of attention in the financial press. The Double Dip will have finally arrived, albeit behind schedule. Dollar Bears beware.

their positions in the market, there is no one left to push the trend further.

The drop in the Baltic Dry

Recall that when market sentiment approaches unanimity, a turning point is near. Why? Because additional volume is required to sustain a trend, and once all market participants have expressed their views via



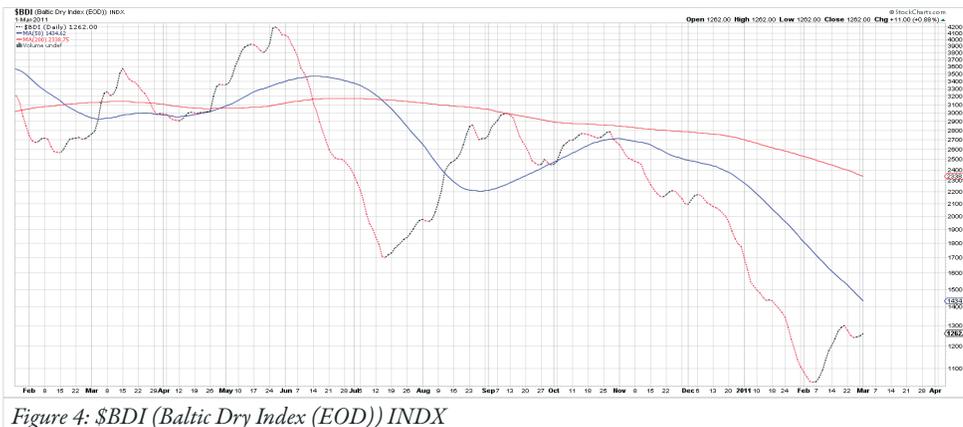


Figure 4: \$BDI (Baltic Dry Index (EOD)) INDX

Index (a measure of shipping levels is a bad omen for costs and hence world trade) equities and could support towards November 2008 the Dollar.

To balance a long equities and commodities portfolio and profit from market downturns, look for opportunities to take profits when the \$VIX tests support around 15. Go long the USD, but cover quickly at early signs of weakness. If the trend is down, don't fight it. May 2011 is a likely stock market dip date. Mark your calendar.

Daniel Bruno



MetaTrader 5 | BUSINESS LUNCH

iPhone

0\$

This is an excellent dish of the highest quality. Its ingredients include a wide variety of trade orders, fresh charts and news, as well as a large portion of technical indicators. Savour MetaTrader 5 iPhone to enjoy the lightness and simplicity of this speciality. To be served with big and small apples only.

AVAILABLE NOW!



Android

0\$

A perfect dish for trade professionals on the go. A splendid choice of trading, analytics and fresh news – served with MetaTrader 5 Android to fit it in your pocket. Our chef is working with the best ingredients to serve the delicious sensations to you. This universal dish goes well with a variety of robots.

ON THE MENU FROM MAY 2011



BlackBerry

0\$



ATED TRADING
IONSHIP 2011

QL 5
community



FOREX BROKERS APPS

A review of the mobile apps offered by leading FX brokers as well as some of the most recently launched mobile solutions.



INDEPENDENT MOBILE TRADING PLATFORMS

The mobile apps for iPhone, iPad, Android, and Windows mobile OS which offer connection to various forex brokers.

MOBILE APPS



TRENDS IN THE MOBILE DEVICE INDUSTRY

The increasing importance of mobile devices has triggered intense competition amongst software giants such as Google, Microsoft, and Apple, as well as mobile industry leaders Nokia, Research In Motion (RIM), and Palm, in a bid to capture the largest market share. With the release of the iPhone in 2007, Apple significantly disrupted the mobile industry and effectively ushered in a new era of smartphone operating systems that focus on user experience and rely on touch-based interaction. In November 2007, Google formed an alliance with 79 other hardware, software, and telecom companies to make inroads into the smartphone market through its new Android operating system. Since the launch of both Apple's iOS and Google's Android, the smartphone market has exploded in popularity and in May 2010, accounted for more than 17.3% of all mobile phones sold.

Mobile platforms are in the nascent stage and any projection regarding market growth is hard to make at the present time. However, a clear trend is the surging growth of mobile operating systems which are developed for smart devices, rather than for feature phones. As of February 2011, Nokia has announced a partnership with Microsoft which effectively ends the development

of Symbian OS, the most popular feature phone OS, by the end of 2011 in favor of Windows Phone.

With the release of the iPad, Apple disrupted once again the mobile devices industry, taking the lead with an 83% share in 2010 tablet computers sales. Tablet sales will continue to increase in 2011 with expected sales of 50 million units (according to market research firm IDC), at the expense of notebooks and netbooks, (according to a report from DRAMeXchange). The booming market for tablet computers is expected to grow to \$120 billion over the next

Operating system	2011 Market Share	2015 Market Share	2011-2015 CAGR
Android	39.5%	45.4%	23.8%
Symbian	20.9%	0.2%	-65%
iOS	15.7%	15.3%	18.8%
BlackBerry	14.9%	13.7%	17.1%
Windows phone7/Windows mobile	5.5%	20.9%	67.1%
Others	3.5%	4.6%	28%
Total	100%	100%	100%

Source: IDC Worldwide Quarterly Mobile Phone Tracker, March 29, 2011

Worldwide Smartphone Operating System Market Share and 2011-2015 CAGR

four years. The recent release of the iPad2 is another aggressive leap for a brand new product. The new version is remarkably thin and light, and it is currently so popular that it is difficult to buy.

Although other players have entered the tablet industry with products such as the Motorola Xoom, Samsung Galaxy Tab, or Dell Streak 7, and RIM - the BlackBerry maker - is expected to put its new PlayBook tablet on sale within weeks, Apple is still expected to maintain 70%-80% market share

throughout 2011.

WHICH MOBILE APPS FOR FOREX TRADING?

Forex trading is one of the business sectors which will benefit the most from the booming mobile industry, as traders need to keep in touch with the markets 24 hours a day, 5 days a week. But despite the huge market potential and new forex mobile apps being released every month, this market segment is still in its infancy, and, at the moment, only a few apps offer functionalities which can be comparable to desktop trading applications.

FX brokers have started to launch mobile trading apps. Most of them currently provide reliable trading functionalities and only a few offer advanced charting and technical analysis functionalities.

Independent software companies are also focusing on this market such as MetaQuotes, which recently launched MT5 Mobile for iPhone and announced that MetaTrader 5 will soon support Android and BlackBerry OS.

Forex trading on tablets is expected to become a huge market considering that these devices offer functionalities which are more and more comparable to desktop applications'. The main advantage that they offer to traders is the freedom to trade from everywhere. We expect iPhone, Android and iPad tablets to get dominant market shares of the Forex mobile trading industry.

FOREX BROKERS APPS

OANDA

Main Features

- One-tap execution on market trades and limit orders
- 24/7 trading on 54 currency pairs and 4 precious metal pairs
- Trade from Rates, Buy/Sell, Positions, and Trades; close your open trades in the Trades and Positions screens
- Limit orders available: take profit, stop loss, trailing stops, lower and upper bounds
- Custom views of real-time exchange rate data
- Charts with swipe access to historical data
- Landscape color charting
- Dynamic account values available any time: unrealized/realized P&L; margin used/available; net asset value
- Notification messages and sounds for order triggers and margin calls
- OANDA customer service support accessible by email from inside the app

fxTrade for Android and iPhone

Oanda's Android and iPhone apps offer a clean and user-friendly interface displaying streaming quote updates, which are easy to select and rearrange on the screen.

Charts can be displayed in landscape mode but charting features remain basic: only 1 chart type and the last price update doesn't appear on the price axis. Compared to the iPhone version, the Android version has a horizontal grid, which helps to better visualize levels on the screen.

The app provides 6 time frames: 5s, 30s, 5min, 15min, 1h, and daily. No technical indicators are available.

Placing and modifying orders is intuitive and easy to handle. Take Profit, Stop Loss, Trailing Stop order types are available, as well as Lower Bound and Upper Bound orders.

Comprehensive trade reports include open orders, pending orders, consolidated trade positions for each currency pair, and account status information such as Balance, Realized P&L, Unrealized P&L, NAV, Margin Used and Margin Available and number of Open Trades and Orders.



fxTrade supports:

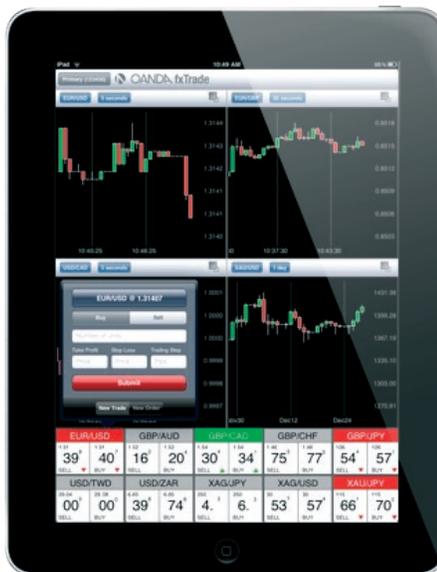
 iPhone, iPad, Android and BlackBerry

Summary : ★★★★★

 A good mobile trading app, which offers clean and well designed screen views, a userfriendly real time quote grid, intuitive trading, functional portfolio management and comprehensive trading reports, but provides limited charting functionalities.

OANDA

FOREX BROKERS APPS

**fxTrade supports:**

 iPhone, iPad, Android and BlackBerry

Summary: ★★★★★

 This iPad app offers an innovative real-time quote ticker display, useful multiple charts layout with multiple timeframes and good trading functionalities, but charting features remain limited.

fxTrade for iPad

Oanda's iPad application provides an improved version of the iPhone app. It offers trading on all major currency pairs, popular exotic crosses, and 4 precious metal pairs.

Currency prices and spreads are displayed in a ticker style and are easy to select and scroll back and forth. Placing an order can be done through a single tap from the currency quote or from the chart.

The charting layout takes full advantage of the iPad's screen size, allowing to display up to 4 charts and graphs in both portrait or landscape modes. Available timescales are: 5s, 10s, 30s, 1m, 5m, 15m, 3h, Daily. No technical indicators.

Placing and modifying orders is intuitive. Take Profit, Stop Loss, Trailing Stop types are available, as well as Lower Bound and Upper Bound orders.

A nice feature is the possibility to use the app as a ticker display.

Main Features

- 24/7 currency trading at interbank rates
- Live streaming rate feed
- Central display of trade, market, and rate data
- Scrollable charts in multiple timeframes; display up to 4 charted pairs at once or expand a single chart
- Market orders: take profit, stop loss, trailing stops
- Dynamic account details: unrealized/realized P&L; margin used/available; net asset value

FOREX BROKERS APPS

DUKASCOPY

Main Features

- Real-time quotes
- Low FX spreads (starting from 0.5 pips)
- ECN liquidity (100-200 mio on majors)
- Wide range of trading orders (including stop / limit / bid & offer)
- OCO / merge functionality
- Trading reports
- Live Charts with technical analysis
- FX Market News
- Economic Calendars
- Dukascopy TV
- Daily High/Low
- Movers & Shakers
- Pivot Point Levels

Swiss Forex Trader for iPhone

Dukascopy's iPhone app provides an intuitive interface, which is packed with plenty of useful settings and features. A context help allows for fast understanding of each screen's functionalities. The "Market" section is full of features such as "Update frequency", "Default Order Parameters", toggles for "Order Confirmation", or "Live Market News".

Charts provide sharp graphic resolution and a good choice of time frames: tick, 10sec, 1, 5, 10, 15, 30min, 1h, 4h, D, W. Chart types include Bar, Candle, Line, Point and Figure. Charts are scrollable and can display up to 500 price updates, but unfortunately they aren't updated in real time. Users can add 9 technical analysis indicators, but only on the lower pane. Indicators can't be used on the main chart, therefore it is not possible to use Moving Averages, for example.

Trading features offer many options such as setting SL and TP as well as slippage level of tolerance. There are also options for other order types including GTC, Good For, and Good Till. A Level II book displays the closest 5 limit orders to the market. Being an ECN, Dukascopy permits to place both buy and sell orders on the Bid and Ask.

Portfolio Management is functional and offers good account reports.

Other useful features include news, calendars, Dukascopy's ForexTV, Daily High/Low amplitude, FX Movers and Shakers, SWFX Sentiment Index, and Pivot Point levels.



Swiss Forex Trader supports:

iPhone

★★★★★

Summary :

A comprehensive app offering good mobile trading functionalities, useful trading activity reports and additional features such as real-time news, calendars and videos.

There is room for improvement on the charting side, especially to provide zooming options, more technical analysis indicators and tools.

But overall a very good mobile trading app.

Price: Free.

There is also a free non-trading version

FXCM

FOREX BROKERS APPS



Mobile Trading Station supports:

iPhone, BlackBerry, Windows Mobile and Android

Summary : ★★☆☆☆

Mobile TSII offers intuitive and functional trading features, as well as useful price and news alerts, but the app still shows real-time connection problems with the data server. Charting functionalities are basic and don't provide any technical analysis indicators and tools.

Price: Free.

Mobile TSII for iPhone

Mobile Trading Station II allows FXCM's Standard, Micro and Practice Account holders to keep track of their account, place trades, watch market breaking news and view interactive charts.

Nicely designed, this iPhone app has an intuitive menu for easy browsing of the various app sections.

Quotes updates can be very slow. The single pair view is not streaming and sometimes remains frozen. The spread is clearly visible and displayed on both the multi-pair quote grid and the single pair view.

Charts display BID & ASK line charts, which are updated every 5 minutes.

Functional trading features include placing market or pending orders as well as TakeProfit, StopLoss orders and OCOs. No Trailing Stops are available. In the section "View Order", it is possible to visualize all pending and OCO orders.

One of the nicest features of the FXCM app is the possibility to set price and news alerts from a comprehensive real-time news feed.

The app also gives good views of Equity, Balance, Usable Margin and Used Margin.

Main Features

- Live rates and spreads
- Market and entry orders can be placed with a few clicks
- Real-time P/L. Close all or a portion of live trades
- Stop and Limit orders
- View of balance, equity and margin levels on one screen
- Real-time news
- 5 minute line charts
- Price and news alerts
- Funds deposits via MyFXCM

FOREX BROKERS APPS

FOREX.COM

Main Features

- 59 currency pairs, including spot gold and silver.
- order types include market, limit stop, OCO, If then, If then OCO, and trailing stops.
- news from Dow Jones Newswire
- FOREXInsider market commentaries and analysis.
- daily and weekly research reports
- candlestick and line charts with multiple timeframes
- economic calendar
- account balances, P&L, and other trade reports

FOREXTrader for iPhone

Though FOREX.com offers an optimized version of their website to be used with most Smartphones including iPhone, Android, BlackBerry Torch, and Palm devices, they also released FOREXTrader, a specifically designed app for iPhone, which is well organized and easy to use.

The quote grid offers a nice overview of 4 selected real-time quotes and a reduced chart view. Users can scroll the grid to visualize more currency pair quotes.

The chart screen can be expanded in landscape view and offers good visualization of the candlesticks' levels and last price, and a useful vertical cursor. The app offers a choice of 7 timescales (1m, 5m, 15m, 30m, 1h, 4h, and daily). No technical indicators are available.

The app also offers an Insider/News section and a Detail section, which includes information such as Daily High/Low or % change.

Trading features provide Market and New order execution options and numerous order types: Limit, SL, OCO, If Then, If Then OCO, as well as Tailing Stops.

The Account Summary gives access to the account balance, Realized and Unrealized P/L, as well as scale for Remaining Margin.

The "Tools" section provides data about Recent Activity, Order History, Rollover History and Realized P/L. The app also gives access to FX educational material and videos.



FOREXTrader supports:

iPhone

Summary : ★★★★★

Overall a good mobile app offering a rich choice of order types, useful educational features, a nice Rollover History log and good trading account reports. Charting remains basic and doesn't offer technical analysis instruments. Trading is easy and intuitive.

Price: Free

METATRADER

MOBILE PLATFORMS

**MT4 supports:**

Windows Mobile based devices available.

Summary: ★★★★★

This is currently the most comprehensive Windows Mobile app, which offers advanced charting and technical analysis functionalities, good user-friendliness and reliable trading.

It is designed for Windows Mobile 6 and unfortunately it won't work on Windows Phone 7.

Price: 7 day free trial.

\$45 one-off license

Some brokers offer it for free.

MT4 for Windows Mobile

MetaTrader 4 Mobile is designed to work on mobile devices running Windows Mobile. The mobile terminal allows analyzing market situation, conducting transactions and monitoring the state of your account. Technical indicators and analytical objects available enable full-fledged technical analysis. Real-time quotes and news keep give traders up-to-date market information on the palm.

The MT4 mobile app is straightforward and easy to use. It offers some of the most advanced charts with the possibility to visualize candlesticks, bar or line charts, zoom in and out, choose chart color schemes and select various chart customization options. Users can choose between 9 timescales (1 min, 5 min, 15 min, 30 min, 1h, 4h, Day, Wk, Mon) and draw graphical objects such as trend lines, vertical and horizontal lines, and Fibonacci retracements. All of these tools are highly customizable. About 30 technical indicators can be added to the charts.

Trading is intuitive and functional and includes good order management functionalities and trade history.

Main Features

- Real-time streaming quotes
- Real-time streaming charts
- 30 technical analysis indicators
- Interactive graphical tools
- 9 time frames
- Trading History
- All types of orders
- Financial Market News
- VGA mode support

MOBILE PLATFORMS

METATRADER

Main Features

- Real time quotes of financial instruments
- Instant order execution
- Full set of trade orders, including pending orders
- Trade reports
- Trading Journal
- History of trading operations
- Offline mode (prices, current positions, all trading history)

MT5 for iPhone

As Windows Mobile OS is now left behind the rapidly growing Apple iOS and Android OS, MetaQuotes released MetaTrader 5 Mobile for iPhone, which runs on iPhone 4.

This application is free. At the moment, it only offers real-time quotes and instant execution trading functionalities. No charts or technical analysis are available, but MetaQuotes says that charts and analytics will be released soon. The company also intends to release new versions of the MT5 mobile platform for Android and BlackBerry.

This application is well designed and easy to use. The quote grid is clean. Unfortunately, it doesn't show the spread. It has good trade reports and a nice history log. Other features include a Trading Journal.

The iPad app has not been specifically designed for iPad. It is simply an iPad compatible version of the iPhone app.



MT5 supports:

iPhone 4 and iPad

Summary : ★★☆☆☆

This is one of the first versions of MT5 mobile terminal for iPhone. It has been nicely designed but, at the moment, it cannot be used by traders who need charts and technical analysis.

It requires iOS 4.0 or later. There is no proper iPad application. The iPad app is simply the iPad-compatible version of the iPhone app.

Price: Free

TRADE INTERCEPTOR

MOBILE PLATFORMS



Trade Interceptor supports:

iPhone, Android and iPad.
Non-trading apps are available for BlackBerry and Windows Mobile

Summary : ★★★★★

Great app for trading currencies on the go. The streaming charts offer good technical analysis features. Chart trading is only limited by the screen size, but lenses still allow for accurate chart interaction. You can receive price alert notifications even when you are logged off. The real time synchronization with the desktop application is a very useful feature.

Price: free

Trade Interceptor for iPhone and Android

Trade Interceptor Mobile trading platform supports iPhone, Android and iPad. It also offers non trading apps for Windows Mobile and BlackBerry.

The iPhone and Android trading apps offer advanced charting, including a wide choice of technical analysis indicators and tools, and the possibility to trade and manage orders from the charts. In the quote grid, users can select currencies from various FX broker feeds and compare Bid/Ask prices and spreads.

Charts are streaming. They offer good resolution and landscape views. Charting options include candlestick, line and bar charts, color templates, 3D candlestick effect. Charts are scrollable, and zooming can be done through multi-touch control. Available time frames are 1, 2, 3, 5, 10, 15, 30min, 1, 2, 3, 4, 8h, D, Wk, Mn.

The app offers 70 customizable technical indicators. Graphical tools include CrossHair, trend lines and Fibonacci tools.

The trading interface is userfriendly. Pending orders, SL and TP can be set and modified directly on the charts.

The app allows users to manage multiple trading accounts from various forex brokers. Supported brokers demo account registration can be done directly from the app.

Main Features

- Real-time streaming quotes
- Real-time streaming charts
- Multi-broker trading and account management
- Trading from the charts
- 70 technical analysis indicators
- Interactive graphical tools
- 15 time frames
- Pending orders, SL, TP
- Push price alerts
- Single tap trading option
- Market News
- Economic calendar
- TV, videos and education
- Synchronized with desktop application

MOBILE PLATFORMS

TRADE INTERCEPTOR

Main Features

- Real-time streaming quotes
- Real-time streaming charts
- Multiple Charts layouts
- Multi-broker trading and account management
- Chart trading
- 70 technical analysis indicators
- Interactive graphical tools
- 15 time frames
- Pending orders, SL, TP
- Push price alerts
- Single tap trading option
- Market News
- Economic calendar
- TV, videos and education
- Synchronized with desktop application

Trade Interceptor for iPad

This is a very nice iPad app, with improved visualization of the charts compared to the iPhone and Android versions: it supports full-screen charts and offers multiple charts layout options. The iPad screen size allows to easily modify orders, Stop Losses and Take Profits directly on the charts, by sliding a finger to a new level, while watching real-time chart updates.

Like the iPhone and Android apps, the iPad app currently offers 5 broker feeds (FXCM, Dukascopy, GFT, FXSolutions, MBTrading). Live trading is possible with FXCM and Dukascopy. Riflexo - the software company which develops Trade Interceptor - says that 10 leading FX brokers will be available for live trading by the end of 2011.

The 3D candles and high resolution of charts make it a very nice app to work on.

Charts are scrollable and zooming can be done through multi-touch control. 15 time frames are available. 70 customizable technical analysis indicators can be used and graphical tools include CrossHair, trend lines and Fibonacci tools.

The trading interface is intuitive and has good trade reports. Supported brokers demo account registration can be done directly from the app.



Trade Interceptor supports:

 iPhone, Android and iPad.
 Non-trading apps are available for BlackBerry and Windows Mobile

Summary : ★★★★★

 The most advanced FX mobile trading app at the moment. Many charting features and touch-screen interaction functionalities. The "Touch-Chart-Trading" features offer an innovative way to trade from the charts.

Although the number of available brokers within the platform is still limited right now, traders will appreciate the possibility to manage multiple trading accounts from a single interface.

Price: free

GO MARKETS

FOREX BROKERS APPS



Go Markets supports:

iPhone, Android and Windows Mobile

Summary : ★★★★★

This app provides connection to MT4. It offers a nice real-time quote grid, intuitive trading and functional portfolio management with good trading reports. It is a clean and well designed app, but lacks charting and technical analysis functionalities.

Go Markets for iPhone

Go Markets has recently launched Go Markets Trader, a mobile app solutions for iPhone, which offers connection to MT4. This is the main advantage of this application.

The interface is user-friendly and easy to use.

The quote grid offers a view of the last price, % Change for Day, and % Change for Week.

Charts offer basic zooming functionalities and are updated every minute. No technical analysis indicators or tools are available.

Trading is intuitive and functional and allows to place market and pending orders. The order screen offers a useful view of both the trading panel and a reduced chart, which display, your Stop Loss, Take Profit and Limit order levels.

The app offers comprehensive views of live orders and order history reports.

Other tools include Economic Calendar, Fibonacci Retracement Calculator, Profit Calculator, and Pivot Point Calculator.

Main Features

- Trading from a real-time live tick chart
- Ability to use all symbols available
- Place Buy and Sell orders
- Place Pending orders
- Set Stop-Loss and Take-Profit
- Close and Modify Existing Orders
- View Real Time Profit/Loss of Live Trades
- View Past history
- Real-time interactive currency charts
- Real-time market price overview
- Fibonacci Retracement Calculator
- Pivot Point Calculator
- Profit Calculator



Tom Hougaard

Clem Chambers

Martin Pring

Malcolm Pryor

David Paul

Andrei Pehar

David Norman

Clive Corcoran

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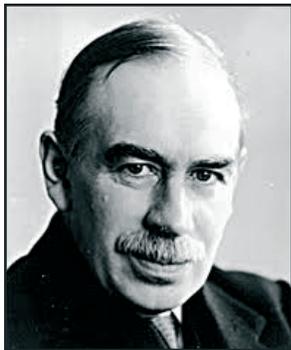
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Driving the risings is a feeling that the regimes have deprived the public of political and economic rights.



Instability in the Arabian Peninsula has huge implications, from energy supply to US military operations dynamic.



INFLATION and REVOLUTION

“By a continuing process of inflation, government can confiscate, secretly and unobserved, an important part of the wealth of their citizens.”

(John Maynard Keynes, Economic Consequences of Peace)

WHAT DRIVES INFLATION?

Rising inflation is usually toxic for financial markets, therefore it is a topic of great importance to investors. Currently, after a few months of improving economic conditions from Western economies and the menace of deflation having diminished, the debate is as hot as ever: is inflation rearing its ugly head after being for several years off market players radar screens ?

For some the combination of extremely easy monetary policies, huge government deficits and rising commodity prices are classic signals that a serious inflation problem is inevitable. The alternative view is that lots of slack in labor and goods markets will keep a tight lid on price pressures

in the developed economies for the foreseeable future.

Economic theories are obviously not as deterministic as physics' theories. Inflation in particular is a difficult beast of its own. In a 2007 speech then Federal Reserve Vice Chairman Don Kohn said that: “we should always keep in mind how little we know about the economy...we face a number of sources of uncertainty about the nature of the inflation process...we do not yet have a consensus structural model of inflation dynamics that satisfactorily explains all the important aspects of the empirical data...it is clear to me that our understanding of the inflation process still has far to go”. Even the

most powerful central bankers in the world admit that they don't really know what causes inflation.

To summarize, it is possible to classify three different, but interrelated, views of what drives inflation:

- Monetarism: inflation is caused by too much money chasing too few goods.
- Cost-push: rising input prices (e.g. commodities and wages) force companies to boost prices.
- Demand pull: a strongly-growing economy gives companies more pricing power and employees more wage bargaining power.

Clearly, there are linkages between

these approaches. If the economy is growing strongly, then there is a good chance that money growth will be rapid and commodity prices and wages will be under upward pressure. And if all of these forces are moving strongly in the same direction, then the inflation implications are obvious. It gets more complex when there are divergences.

The present case is actually complicated when looking at developed economies. Central banks (all of them, even though the Fed and BOE in a more explicit manner) have kept the tabs of liquidity wide open (picture below) to make sure that post crisis economies were not sucked into a deflationary spiral. As Milton Friedman famously stated (monetarism point of view) “inflation is always and everywhere a monetary phenomenon”. But

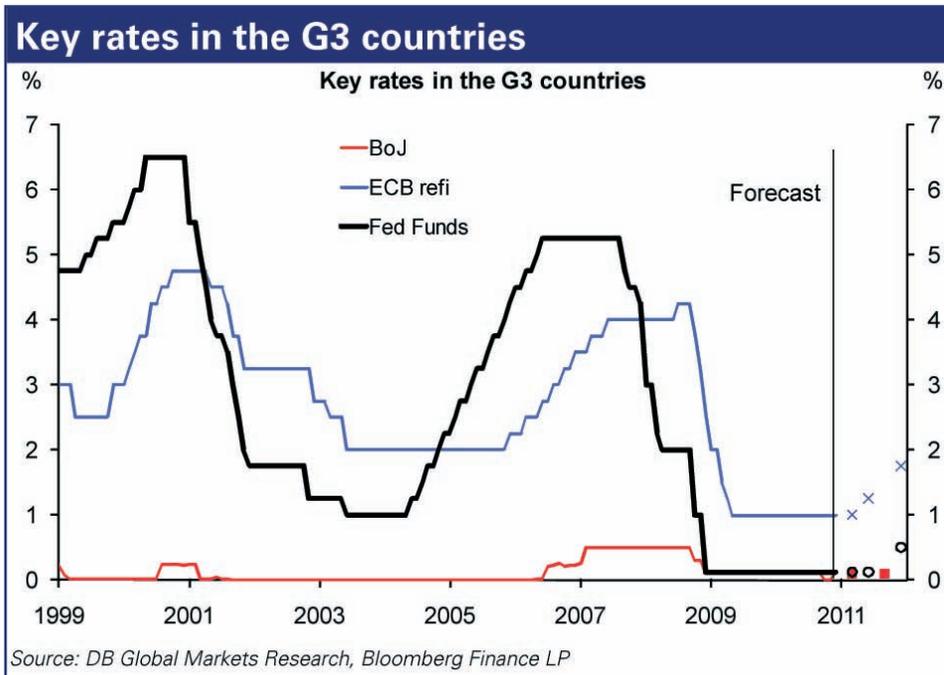


Don Kohn, Former Vice Chairman, Board of Governors of the Federal Reserve System

“It is clear to me that our understanding of the inflation process still has far to go”

an analysis of monetary aggregates and velocity of money tells us that all this liquidity is finding it very difficult to flow into the real economy. Moreover the heritage of the 2008-2009 crisis in the developed world is a structural situation of a wider output gap generating weak demand-pull conditions. On the other end rising commodity prices could be pushing inflation up: according to the cost-push approach inflation could soon become a problem.

If we move to observe emerging markets (or “growth economies” as it is becoming more fashionable to call them), we can say that all the forces are pulling in the same direction. Internal demand is vigorous. Commodities prices are not only rising but, their impact on the consumer in those countries in much



bigger: for example food accounts for 13.7% of the US CPI basket and for 33% in China. Besides, central banks did not implement the same aggressive accommodative policy (conventional and unconventional) as their Western counterparts, but trying to prevent an appreciation which they would deem excessive (or an appreciation at all) of their currency against the Dollar (or the Euro) they are ending up linking their monetary policy to the ZIRP (Zero Interest Rate Policy) pursued by the Federal Reserve.

The above analysis paints a relatively benign inflation picture for the developed countries: the private sector is still deleveraging and the

abundant liquidity is mostly trapped in the financial system. The emerging economies are in a very different position. There is excess money growth and the absence of slack implies that higher commodity and energy costs will push up wages and the overall prices of goods and services. Thus far, inflation is edging higher, not spiraling out of control. Nevertheless, policymakers need to get ahead of the curve by raising rates and, where necessary, allowing exchange rates to appreciate. The higher emerging country inflation goes, the more chance of it leaking into developed country inflation via higher traded goods prices and exchange rate moves.

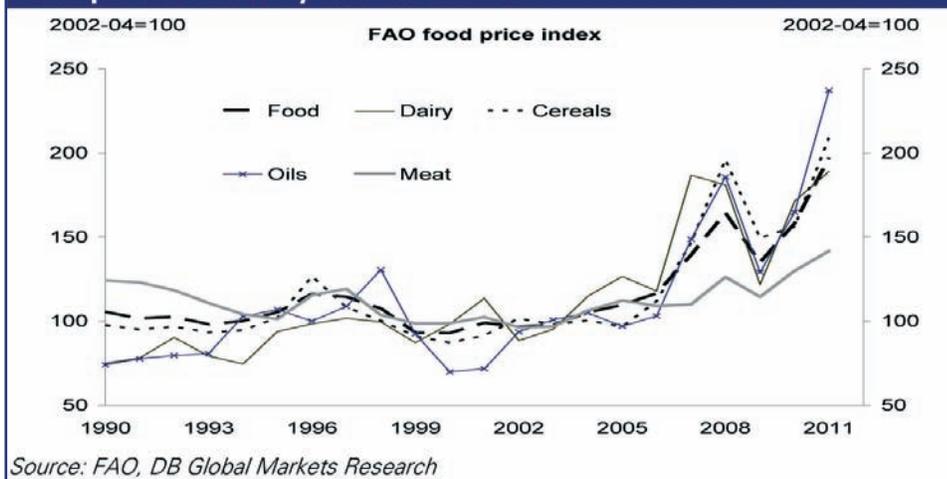
Only history will tell how this situation will evolve. Anyway, the more troublesome situation of emerging markets (as far as inflation risk is concerned) has already triggered (or at least contributed to) historical events.

AN INFLATION TRIGGERED REVOLUTION

In looking at the current rising, the geographic area is clear: The Muslim countries of North Africa and the Arabian Peninsula have been the prime focus of these risings, starting from Tunisia and then extending to Egypt and Libya.

The powder keg blew up when a young man in Tunisia dowsed himself in petrol and set fire to himself. He had no hope left. Demonstrations followed and the dominos fell in quick succession. There is no doubt that the rapid rise in food prices over the past six months has been a catalyst

Food prices: currently above 2007-08



for the uprising. Maybe it was the final straw. In the so-called developed countries, we spend approximately 10-15% of our income on food. In the non developed countries this can rise to around 75%. A doubling of food price has a devastating impact on the lives of the poor.

Trying to go deeper, behind what has been a final trigger (food inflation),

In Egypt, it was against the person of Hosni Mubarak. In Bahrain the rising is of the primarily Shiite population against a predominantly Sunni royal family. In Libya, it is against the regime and person of Moammar Gadhafi and his family, and is driven by tribal hostility.

More than anything, if we want to define this wave of unrest, particularly in North Africa, it is a rising against regimes — and particularly individuals — who have been in place for extraordinarily long periods of time. And we can add to this that they are people who were planning to maintain family power and money by installing sons as their political heirs. The same process, with variations, is under way in the Arabian Peninsula. This is a rising against the revolutionaries of previous generations.

Situation was probably mature for a change since a long time. Rising food prices and a rising in Tunisia, particularly when it proved successful, was the spark that caused it to spread.

Common features

Many of the protests sprouting up in these countries have a common thread, and that alone is cause for concern for many of the region's regimes. High youth unemployment, a lack of political representation, repressive police states, a lack of housing and rising commodity prices are among the more common complaints voiced by protesters across the region. Social media has been used both as an organizing tool for protesters and a surveillance enabler by regimes.

Regime responses to those complaints also have been relatively consistent, including subsidy handouts; changes to the government, in many cases cosmetic; promises of job growth, electoral reform, and a repeal of emergency rule; and in the case of Egypt, Yemen and Algeria, public dismissal of illegitimate succession plans. Anti-regime protesters in many of these countries have faced off with mostly for-hire pro-regime supporters tasked with breaking up the demonstrations, the camel cavalry in Egypt being the most vivid example of this tactic.

Very different local situations

While the circumstances at first glance appear dire for most of the regimes, each of these states also has unique circumstances. While Tunisia can be considered a largely organic, successful uprising, for most of these states, the regimes retain the tools to suppress dissent, divide the opposition and maintain power. In others, those

engaging in the civil unrest are pawns in behind-the-scenes power struggles. In all, the assumed impenetrability of the internal security apparatus and the loyalties and intentions of the army remain decisive factors in determining the direction of the unrest.

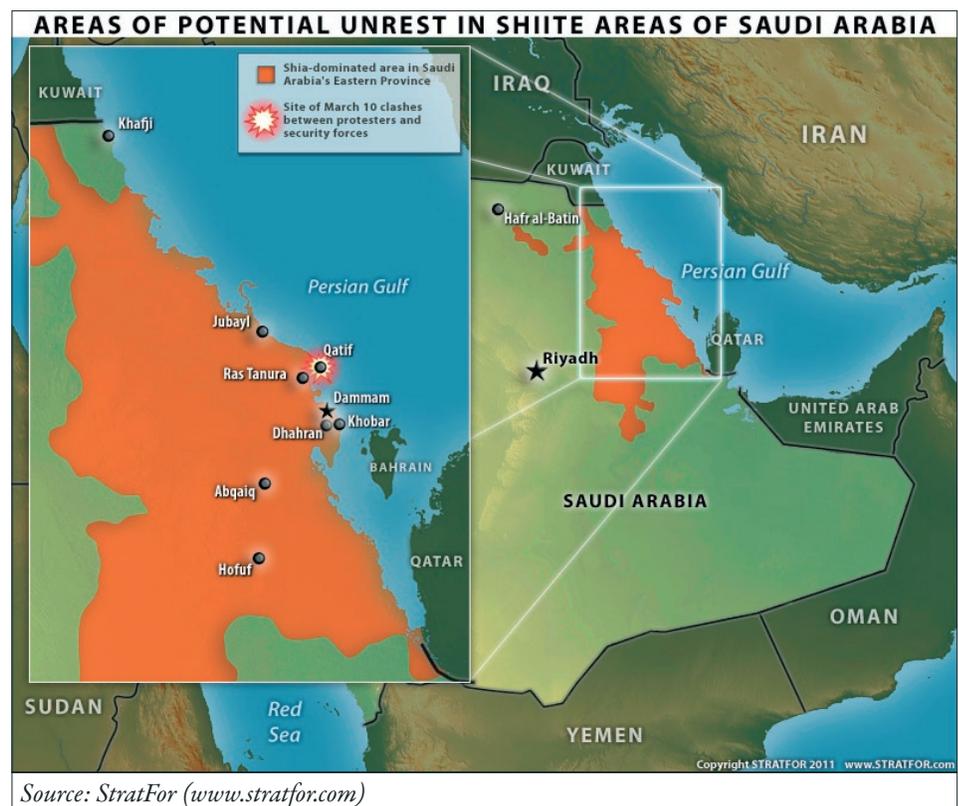
The Persian Gulf: a completely different game

While the world's attention is still on Libya because of the fighting over

there, the slow-simmering situation in the Persian Gulf is far more important. We've already seen Bahrain and Yemen erupt, then Oman was in play, and this is forcing other states like Kuwait, the UAE, Qatar and, most significantly Saudi Arabia, to engage in pre-emptive measures.

The countries on the Arabian Peninsula are very complex entities. First of all, there are many of them, and each of them has its own unique dynamic

While the world is still focused on Libya, there is a need to shift focus to the Persian Gulf where the stakes are much higher and the situation much more complex





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The real game changer would be if Saudi Arabia gets dragged into the situation. We all know that the global price of oil hangs precariously on the stability of the House of Saud.

internally that will then shape any potential unrest. If we look at what's happened in the Persian Gulf area so far, what we have seen is Bahrain and Yemen picking up the North African relay. In Bahrain, there were protests that the government was tolerating, and the same situation is in Yemen but, so far negotiations did not lead to any sort of a compromise. Eventually that compromise is going to be a slippery slope in terms of the state making concessions.

Later on the contagion spread to Oman, where there has been violent unrest, and there we saw the government trying to deal with the situation, both using security forces as well as other incentives to ensure that any unrest could be contained.

Meanwhile, in other places like the United Arab Emirates, Qatar, Kuwait, and more importantly, Saudi Arabia, we governments are trying to deal with the situation in a pre-emptive manner. Not only are they trying to sort things out internally within their own respective countries, but they're also moving on a regional level, hoping that they can contain what is taking place in Oman, and in Bahrain, and in Yemen before it hits their countries.

Instability in this part of the world has huge implications. There is the obvious repercussion for the world's energy supply — some 40 percent of total global energy output via sea comes through the Persian Gulf — but it's not just about oil. Each one of those states, from Oman all the way up to Kuwait,

houses major American military installations. They are very vital for U.S. military operations in this part of the world, particularly at a time when the United States is in the process of withdrawing its forces from Iraq, which is expected to be completed by the end of this year.

In addition to just the general nature of American military operations in the region, unrest in the Persian Gulf complicates the U.S.-Iranian dynamic. The United States is already withdrawing from Iraq, which allows Iran to flex its muscles, and if, in addition, we see unrest destabilizing the Persian Gulf states, that gives Iran further room to maneuver and project power, not just on its side of the Persian Gulf but also across into the Arabian

Peninsula. Thus, while the world is still focused on Libya, there is a need to shift focus to the Persian Gulf where the stakes are much higher and the situation much more complex.

The Iranian government is very much in a position to take advantage because prior to the unrest we had a situation where Iran was able to lock down Lebanon and Iraq. In Iraq, it was able to engineer a Shiite dominated government and limit the power of the Sunnis there, which are backed by the United States and Saudi Arabia. And likewise a pro-Western, pro-Saudi government in Beirut was toppled through a Hezbollah-engineered move and so Iran, moving forward, is in a comfortable position.

There are a few hiccups. One has to do with the Green Movement in Iran trying to take advantage of the unrest and create problems for the Iranians. If they can keep that in check, then they have the bandwidth to project power across the Persian Gulf, particularly in places like Bahrain, Kuwait and, in the near future, Saudi Arabia — assuming that the unrest continues to sweep the Arabian Peninsula.

Bahrain is the main example: the Shiite population is about 70 percent and it is ruled by a Sunni monarchy and the whole sectarian demographics and the call for the rule of law or a constitutional monarchy is working to the advantage of the Iranians and the Iranians have, to varying degrees, influence amongst the various groups that constitute the Shiite landscape within Bahrain.

Obviously the real game changer would be if Saudi Arabia gets dragged into the situation. We all know that the global price of oil hangs precariously on the stability of the House of Saud. Though opposition groups have called for greater political and press freedoms, no mass demonstrations have erupted so far in the oil kingdom. Saudi petrodollars continue to go a long way in keeping the population pacified, and the regime under Saudi King Abdullah in particular has spent recent years engaging in various social reforms that, while limited, are highly notable for Saudi Arabia's religiously conservative society. Critically, the House of Saud has had success since 9/11, and particularly since 2004, in co-opting the religious establishment, which has enabled the regime to contain dissent while also keeping tabs on Al-Qaeda activity bubbling up from Yemen. The main cause for concern in Saudi Arabia is centered on the succession issue, as the kingdom's aging leadership will eventually give way to a younger and more fractious group of royals. Saudi Arabia will offer assistance where it can to contain unrest in key neighbors like Bahrain and Yemen trying to stay as immune as possible from the issues afflicting much of the region.

WHICH KIND OF REVOLUTION ARE WE WITNESSING?

The situation remains fluid, and there are no broad certainties. It is a country-by-country matter now, with most regimes managing to stay in power to this point. When looking back with an historian eye, there could be three broad outcome possibilities when these kind of 'viral revolutions' strike.

1) A revolution that overthrew no regime even temporarily and left some cultural remnants of minimal historical importance. Something similar happened with the 1968 global cultural movements.

2) A broad rising that will fail for lack of organization and coherence but, that will resonate for decades. Like what happened in the 'Spring of Nations', the European revolutions of 1848 when the immediate political effects of the revolutions were largely reversed but, the long-term reverberations of the events were far-reaching.

3) A revolution that overthrew the political order in an entire region, and created a new order in its place, like in former Soviet states after the collapse of the Berlin wall in 1989.

With all likelihood we are already beyond case 1. Maybe the third outcome is more appealing if you are blindly in love with the romantic ideal of 'exporting democracies'. But we need to keep in mind a common feature of revolutions. The people who finally take power are frequently those who are the most coherent and well-organized groups. Whereas the

initial demonstrators lose power because, while they are able to bring down the regime, they're not able to create a replacement. Unfortunately, revolutions open the door to the best organized and most ruthless.

Alessandro Balsotti

MAJORS ANALYSIS

with Ichimoku Kinko Hyo

The new year started with some significant moves on the major currency pairs, and also on the dollar index charts. This article analyzes these moves with the Ichimoku Kinko Hyo charting system, and determines the possible future directions, support and resistance levels.

For a better understanding of Ichimoku Kinko Hyo analysis, please refer to the author's introductory article in the October 2010 edition of FX Trader Magazine.

EURUSD Retrospect

On the EURUSD Weekly chart at the beginning of the year the price tried to break out from the Kumo on the downside without success. As the bottom of the Kumo represents a very strong support level, it turned the price back into the opposite direction. With this up bounce the Tenkan-sen crossed up the Kijun-sen and the future Kumo turned bullish too. Finally in the middle of January the price broke out from the Kumo on the upside, however it wasn't a valid Kumo breakout as the Chikou Span hasn't confirmed the move.

On the EURUSD Daily



Figure 1: EURUSD Weekly



Figure 2: EURUSD Daily

chart the new year started with a bearish Tenkan-sen/Kijun-sen cross. This cross indicated a down move, however when it reached the Weekly Senkou Span A line on the 10th of January the down movement was stopped and the price started to move up. The future up movement was indicated by the bullish price/Kijun-sen cross on the 13th of January and by the bullish Tenkan-sen/Kijun-sen cross a few days later. The price marched through the Kumo quite smoothly and broke out from it on the

upside on the 24th of January, however the breakout was confirmed by the Chikou Span only a few days later. At this point – because of the quick up movement – the price left behind the Kijun-sen significantly what usually indicates disequilibrium on the market. The Kijun-sen turned flat and attracted the price back a bit to create equilibrium again. Then the price could finally continue it's way up with the support of all Ichimoku components. On the 17th of February the price crossed up the Tenkan-

sen, and also a bullish Kumo breakout happened. On the next day the Chikou Span confirmed the up direction too, so at this point the Ichimoku system indicated a safe and strong bullish signal. As the signal was valid the price easily reached the 1.4000 level on the 7th of March. This level wasn't touched since last November. Because of the quick movements, smaller disequilibrium happened here again, so the Kijun-sen turned flat and attracted the price back again a bit in the middle of March.

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EURUSD Prospect

The EURUSD Daily chart shows a clearly bullish picture. Tenkan-sen is above Kijun-sen; price is above the Kumo and Kijun-sen; Chikou Sen is above the price and all other Ichimoku components; and the future Kumo is bullish too.

On the Weekly EURUSD chart the picture is nearly the same, however it is very important that the Weekly Chikou Span is still moving under the Kumo and the Tenkan-sen is currently staying below the Kijun-sen. However the future Kumo is bullish; the price is above the Kumo and Kijun-sen; and Chikou Span is above the price.

The Daily and Weekly charts are showing a mostly bullish picture. It is very interesting that on the Monthly chart the picture is nearly the opposite of the two lower timeframes, as the price is below the Kumo and the future Kumo is bearish too. But the facts that Chikou Span is still above the price and Kumo, and price is above Kijun-sen are indicating that no bearish movements are confirmed yet, and – as the current Monthly Kumo is very thin – if there would be enough volume in the future up movements, it

would be very easy for the price to break out on the upside. The most important resistance levels to watch for are the Monthly Senkou Span A line and the Monthly Kijun-sen line. If the price closes above the Senkou Span A level, it would mean that a fully confirmed bullish Kumo breakout happens and that would indicate future up movements on the lower timeframes too. If there won't be enough volume to make this breakout happen, and the price crosses down

the Kijun-sen on the Monthly chart, that would be the sign of future down movements, however it will be confirmed fully only if Chikou Span also breaks out from the Kumo on the downside.

GBPUSD Retrospect

On the GBPUSD Weekly chart the year started with a spectacular up Kumo breakout with the confirmation of a strong Tenkan-sen/Kijun-sen cross and a bullish Kumo twist. By the beginning



Figure 3: GBPUSD Weekly



Figure 4: GBPUSD Daily

of February the Chikou Span also confirmed the up move. Currently, all lines are pointing into the same direction and showing a very bullish picture.

On the Daily chart a bullish Tenkan-sen/Kijun-sen cross happened on the 13th of January, and a few days later the price also broke out from the Kumo cloud on the upside. At that point the Chikou Span hadn't confirmed the breakout yet, and because the quick up move created disequilibrium, the Kijun-sen turned flat and attracted the price back to create harmony on the market. After this tiny back bounce the price could finally continue its way up with the support of Kijun-sen, and on the 31st of January Chikou Span also confirmed the Kumo breakout, so this was a very strong sign of the possible future bullish movements. From that point the price marched up more than 330 pips, then turned a bit down and currently it is moving between the Kumo and the Kijun-sen line. The Chikou Span has also crossed the price down, first time this year on this timeframe.

GBPUSD Prospect

The Daily chart is a little bit



Figure 5: USDJPY Weekly



Figure 6: USDJPY Daily

mixed. The picture is still mostly bullish, but the facts that the price is between the Kumo cloud and the Kijun-sen line and Chikou Span crossed the price back indicates some uncertainty in the future direction. But very important that the Monthly chart is clearly bullish, and here the Kijun-sen level represents a very strong support level. On the Monthly chart the Tenkan-sen is above the Kijun-sen, the price is above the Kijun-sen, the Chikou Span is above the price. But the price and Chikou Span

are still below the Kumo. These facts are showing that future bullish movements are possible, but the price has to cross the thin Kumo – especially the Senkou Span B line – first. The other important level is the Kijun-sen line. If price closes below this line and Chikou Span crosses down the price too, it is probable that the down movements will continue.

USDJPY Retrospect

On the Weekly USDJPY chart the bearish trend was

confirmed by all Ichimoku components from the end of last year's June. After beating the lowest low of the last fourteen years in October 2010 the price started to range a bit. In the beginning of 2011 the bearish trend was still valid, however the new year started with a price/Kijun-sen up cross, and then the price crossed up the Kijun-sen line two more times till the middle of March. All other Ichimoku components are still supporting the down movements, but this fact indicates some early indecision in the future direction.

On the Daily chart the price was only ranging up and down from the beginning of this year. Two confirmed but still false Kumo breakouts happened at the beginning and at the end of February. However, at least one of it could have been filtered out by trading only in the direction of the higher timeframes.

USDJPY Prospect

The Daily timeframe is very undecided. The future Kumo is bullish and the price is above the Kumo, but Chikou Span is still moving in the body of the Kumo, and Tenkan-sen is below Kijun-

sen. The Weekly and Monthly charts are clearly bearish. All Ichimoku components are pointing into the same direction, however there are some weak signs of indecision too. The next strong resistance level is the Monthly Kijun-sen line, and the next support level is 79.75, the lowest low of 1995.

USDCHF Retrospect

The trend on the Weekly

USDCHF is bearish since the August of 2010. In the beginning of 2011 the bearish trend continued and the price hit it's new low record. All Ichimoku components were clearly supporting this bearish direction and movement.

On the Daily chart the new year started with some up movements. On the 11th of February the price tried to break out from the Kumo cloud on the upside, but - because the Chikou Span never confirmed this breakout, and because of the quick



Figure 7: USDCHF Weekly



Figure 8: USDCHF Daily

movements disequilibrium happened and the Kijun-sen turned flat - the price finally fell back and started to move in the direction of the higher timeframe's trend. On the 17th of February a confirmed bearish Kumo breakout happened, and from this point price fell down nearly 300 pips till the middle of March. At this point the Kijun-sen turned flat and attracted the price a bit back to create harmony on the market.

USDCHF Prospect

Both Daily, Weekly and Monthly Ichimoku charts are still clearly bearish. The nearest resistance levels are the Weekly and Monthly Kijun-sen lines. Possible future down movements are well supported.

USDX Retrospect

It is very important to consider the dollar index too with the analysis of the major currency pairs. On the Weekly chart of the USDX the price bounced back from the bottom of the Kumo in the beginning of 2011, so another down trend was indicated right there as price also crossed down the strong support Kijun-sen line. Two weeks later a strong



Figure 9: USDX Weekly



Figure 10: USDX Daily

bearish Tenkan-sen/Kijun-sen cross happened, and then the Chikou Span also confirmed the bearish signal at the beginning of February. The Kumo future was bearish too, so the down movement of the USD was easily predictable and well supported.

On the Daily USDX chart a fully confirmed bearish Kumo breakout happened on the 24th of January. After the quick down movements, the price left behind Kijun-sen, so it turned flat and attracted the price back. By the 18th of February the

equilibrium was restored and a new strong Tenkan-sen/Kijun-sen cross indicated that the bearish trend will continue.

USDX Prospect

The picture is quite bearish on all higher timeframes; therefore future down movements are possible and well supported by the Ichimoku components. The nearest resistance levels are the Daily, Weekly and Monthly Kijun-sen lines.

Gabor Kovacs



Sport, Trading and Poker

Where High Performance Meet

Winning at professional sport... Profitable financial trading... Successful poker...
What is the connection?

The answer is that there are many different connections between the three which I have been able to see first hand in my work as a former sports psychology consultant who has for the last six years specialised in working with financial traders and more recently added poker players to the roster as well. In this article I would like to share with you a few insights into some of the psychological and performance factors that successful people in all three areas share and to provide you with some of the coaching techniques and strategies that I utilise with my own clients to help you to raise your own trading game.

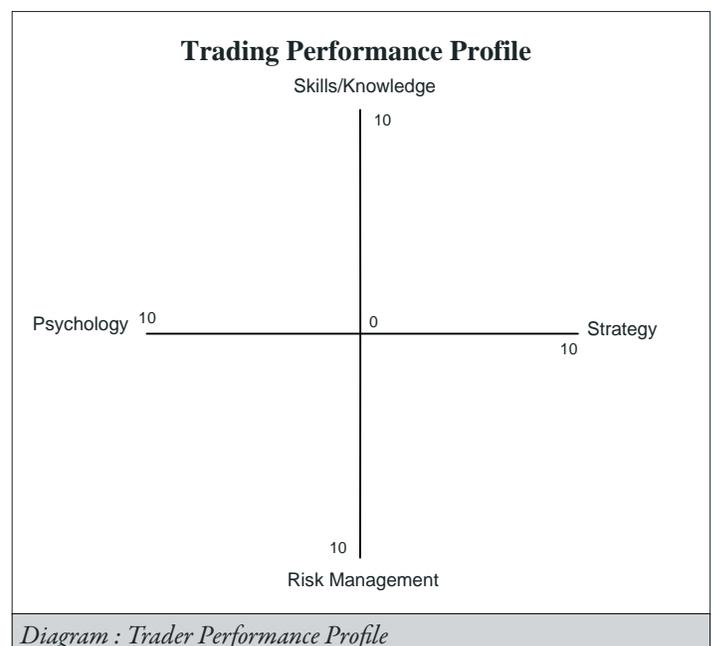
High Performance Is Multi-Dimensional

At the highest levels performance in sports, trading and poker are not simply about skill, there are other factors that determine success.

In sports we can look at performance across four areas or pillars:

- skills/technical
- physical/fitness
- tactical/strategic
- mental/psychological

I utilise a similar framework in trading where the categories are skills/knowledge, strategy, risk management and psychology (see 'Trader Performance Profile below) and I also apply this to poker with risk management becoming staking.



The best athletes, traders and poker players are all willing to take risk, to step out of the comfort zone



☑ RAISE YOUR GAME

Complete the Trading Performance Profile by rating your current abilities out of a maximum of 10 on the diagram, where a 10 would be your 'best possible'.

Once you have marked your score on each of the four scales join the points together to create a diagram that gives a visual representation of your overall scores (see below).

Look at your relative areas of strength and areas for development,

1. Build on your strengths.
2. Address the key areas for development. Take action. Implement new ideas, read, ask people, get some training, mentoring, coaching.

In the book 'Think Like A Winner' author Yehuda Shinar talks about 'creating the conditions and opportunities for success', what I often refer to as 'stacking the odds in your favour'. When you turn up to play in sports or poker or trade the markets even before you start there are things that you can do or not do that will either increase your chances of success or decrease them. One of the most basic and fundamental performance processes that I try and instil within my clients is to ensure that they 'warm-up' or 'prepare'. In trading this means the research and analysis you do, planning and strategy development, looking at possible scenarios that may occur and how you will react to them ('What If Scenario' planning), and also ensuring that you are mentally and physically ready, in a positive state.

☑ RAISE YOUR GAME

What can you do before trading that 'stacks the odds in your favour'?

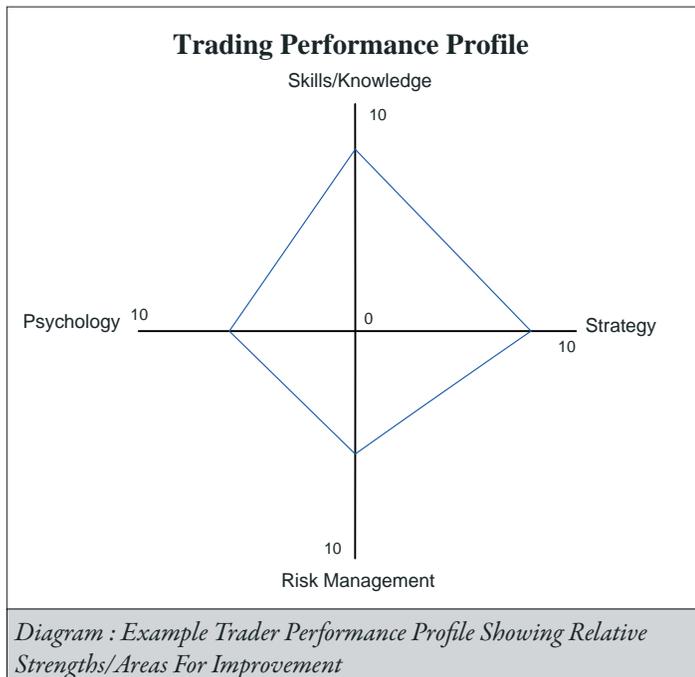
How can you prepare most effectively to trade the markets?

Have you considered the 'What If's'?

Performance Is State Dependent

It's the last few seconds of the game and the basketball player has the ball on the free throw line to make the winning shot. What influences whether he scores or misses?

It's a fast moving market and the financial trader has a few seconds to make a decision as to whether to place his trade or not, and if he does, to execute it correctly. What influences whether the trader executes well or not, maybe even fat fingers?



Create The Conditions and Opportunity For Success

"Victorious warriors win first and then go to war, while defeated warriors go to war first and then seek to win."

Sun Tzu (From The Art of War)

It's a key hand in poker and the player has to decide whether to play or fold. What influences what the player does?

In all the above cases the one common denominator is their mindset. In all three it is important to have the required skills, abilities and knowledge to perform to a high level, however at the moment of execution the most important factor is what is going on internally and how this makes them feel. Our feelings, our state, underpin our performances. When a professional golfer misses a short putt to win a big tournament or a tennis player double faults on match point it is not because of a lack of a skill or ability – it is because their state has changed and their performance is inhibited. When traders don't pull the trigger, pull the trigger too often, trade too big, cut profits, run or chase losses it is not because they do not know what to do, but because they are 'unable' to do so because their state has changed, and their ability to act in rational and logical ways is compromised through a process known as cortical inhibition where blood flow to the frontal lobes – smart brain - is reduced and the emotional brain takes over. Discipline trading is as much a function of emotional management as anything else.

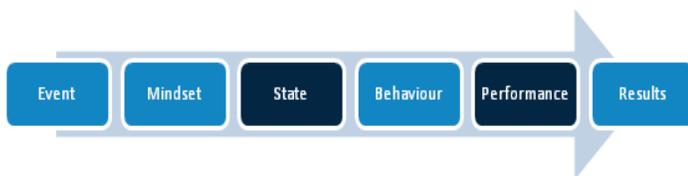


Diagram : Our Performance Is Underpinned By Our State

“Poker is math, intuition, nerves and analytical thinking. The moment that emotion enters the equation is usually the exact moment when the trader and the poker player start to lose money.”
Peter Karroll, CEO of IAM Corp.

Our emotions have a big impact on how we think and this means that being able to make the best decision under pressure can be difficult. The best poker players and traders are able to make their decisions based on logical, strategic thought, with minimal interference from their emotions. Being able to learn to keep cool and coherent under pressure is a key skill to acquire.

In the world of high performance sport the need to help players to regulate their emotions is widely recognised as being critical to success and many teams/nations are now beginning to utilise biofeedback and neurofeedback training alongside traditional sports psychology interventions to assist with this. This is a process that I am currently utilising myself with my own clients, enabling them to develop the ability to establish performance enhancing states on demand and to build resilience to cortical inhibition and what is sometimes termed as emotional ‘hijacking’.

RAISE YOUR GAME

One very simple way to begin to manage your emotions is to begin to create an awareness of how you are feeling and the impact on your trading throughout the day.

On a 1-10 scale where 10 is your ‘Ideal Trading State’ (how you feel when you are trading at your best) and 1 is the other end of that scale, regularly ‘check in’ and gain awareness of how you are feeling.

1 ←————→ 10

Good questions to ask yourself to increase your awareness are:

- Where would I rate myself right now 1-10?
- What is it I am feeling that lets me give myself that score?
- What am I doing to feel this way?
- What is the potential impact of this on my trading?
- What, if anything, do I want to change?

Confidence Is Key

Whenever I work with sports people, traders or poker players and we are discussing mental or emotional states it is an absolute given that the word confidence will appear. Confidence is probably the key ingredient cited by my clients as being critical to performing well.

In sport, confidence enables you to play your best and put yourself into game winning situations - you are willing to step-up. In poker, when you have good cards, confidence allows you to back yourself and even to go 'All In' where required. In trading, confidence enables you to back your own judgement, to take good trades, but also importantly confidence enables you to have the discipline to be selective in your trades, to wait for opportunities.

Interestingly one of the key outcomes of being confident is a greater willingness to take risk.

Learn to attach confidence to how well you have traded and not just to how much money you have made

The best athletes, traders and poker players are all willing to take risk, to step out of the comfort zone. This risk taking is not reckless, it is calculated and intelligent. Embracing risk is a key factor visible not just in top traders and poker players but in successful people across all spectrums of life. Psychologically however

most people prefer comfort and safety to risk. People who lack confidence are less willing to take risk, they are more prone to staying comfortable and safe, and as a result rarely perform to

their potential.

Decisions Making – Know When To Hold Em, Know When To Fold Em

There is a large element of randomness in poker - you do not get to choose the cards that you are dealt – and variance is high. It is possible

☑ RAISE YOUR GAME

Here are 5 steps that you can take to develop and build confidence:

- Develop your trading skills and knowledge – competence is the key underpinning to confidence
- Be prepared – the feeling of being ready and prepared plays a big part in creating confidence
- Learn to attach confidence to how well you have traded and not just to how much money you have made. A tough one for traders, but for those who make the transformation it is a powerful and positive one.
- Become aware of the self-talk you use – your thoughts when negative can be very destructive to your feelings of confidence; aim for a more positive and optimistic explanatory style
- Build on your strengths and successes.

☑ RAISE YOUR GAME

In his book 'Success Principles' Jack Canfield introduces the following formula:

$$E + R = O$$

Events + Reactions = Outcome.

We cannot control the events that happen to us, but we can control our reaction to those events and therefore we can influence the outcome. It is important to recognise that sometimes we have to let go of 'ideal' outcomes as the events we are encountering will not allow for them, and so the goal when faced with any given event is go for the 'Best Possible Outcome'. Having the mental flexibility to be able to react in more positive and performance enhancing ways is a skill shared by top performers, after all our experience of any event we encounter is purely in relation to our own perception of that event.



Susquehanna has held in-house poker tournaments to recruit traders and monitor decision-making skills

to have runs of ‘bad cards’ and likewise runs of ‘good cards’ and all you can do at anytime is play them as best as you can. Likewise in sport and in trading we cannot always determine what events and opportunities come our way, we cannot predict the cards as such, so the real skill, and the key to success is how you respond to those events when they occur.

Focussing on the decisions made, and not the results of them, is one of the fundamentals of enhancing trading performance. The key to success in any performance arena is an ability to be able to focus on the process – the how of performance – and to be able to separate out the process and the outcome when you come to evaluating your performance. You can play well in sport and lose and you can play badly and win. Likewise in poker and trading where the decisions you make do not always have an equal reaction on the result or guarantee success.

POKER AS A TOOL FOR TRAINING TRADERS

Susquehanna International Group (A US trading group) has been using poker to teach its new traders since it was founded in 1987, said Pat McCauley, who heads the privately held firm’s trader-development program.

Susquehanna has held in-house poker tournaments to recruit traders and monitor decision-making skills.

The trainees learn to use information they see in the marketplace to infer what motivates others, helping them make better prices. It’s the same way poker pro Phil Ivey, considered among the game’s greats, makes bets based on what he sees among his opponents, McCauley said.

“What professional poker players are really good at is taking this information that’s relatively subjective, quantifying it and making it objective, and that’s what trading is about,” McCauley said.

Source: Bloomberg News: “Harvard Poker Pro Says Texas Hold ‘Em Can Teach Traders to Fold”

Ask yourself not just ‘How much money have I made or lost?’ but ‘How well have I traded?’

“The impact of the coaching has been that I am more at ease and confident. I am making better trading decisions. This has lead to a leap in P&L as the result of consistent good trading is positive P&L over time.”

Trader, FX Forwards, Deutsche Bank

Resilience – Learn To Handle Losses Like A Winner

Very few people in sport win all the time; good traders can be wrong at least half of the time; in poker the variance is so great that very few people at the top level win consistently. On top of this, athletes may also face not getting picked, or getting injured, traders may face extended periods of drawdown and poker players likewise can often have long periods without a good finish – especially in tournament play. What this means is that dealing with losses and setbacks is a key part of the game and this requires a person to be resilient, to be able to ‘bounce back’, and ideally as quickly as is possible.

RAISE YOUR GAME

I see trading resilience existing on three levels, and ideally you want all three to be strong. Take some time to check your resilience and address any areas possible to raise your threshold.

1. Financial Resilience

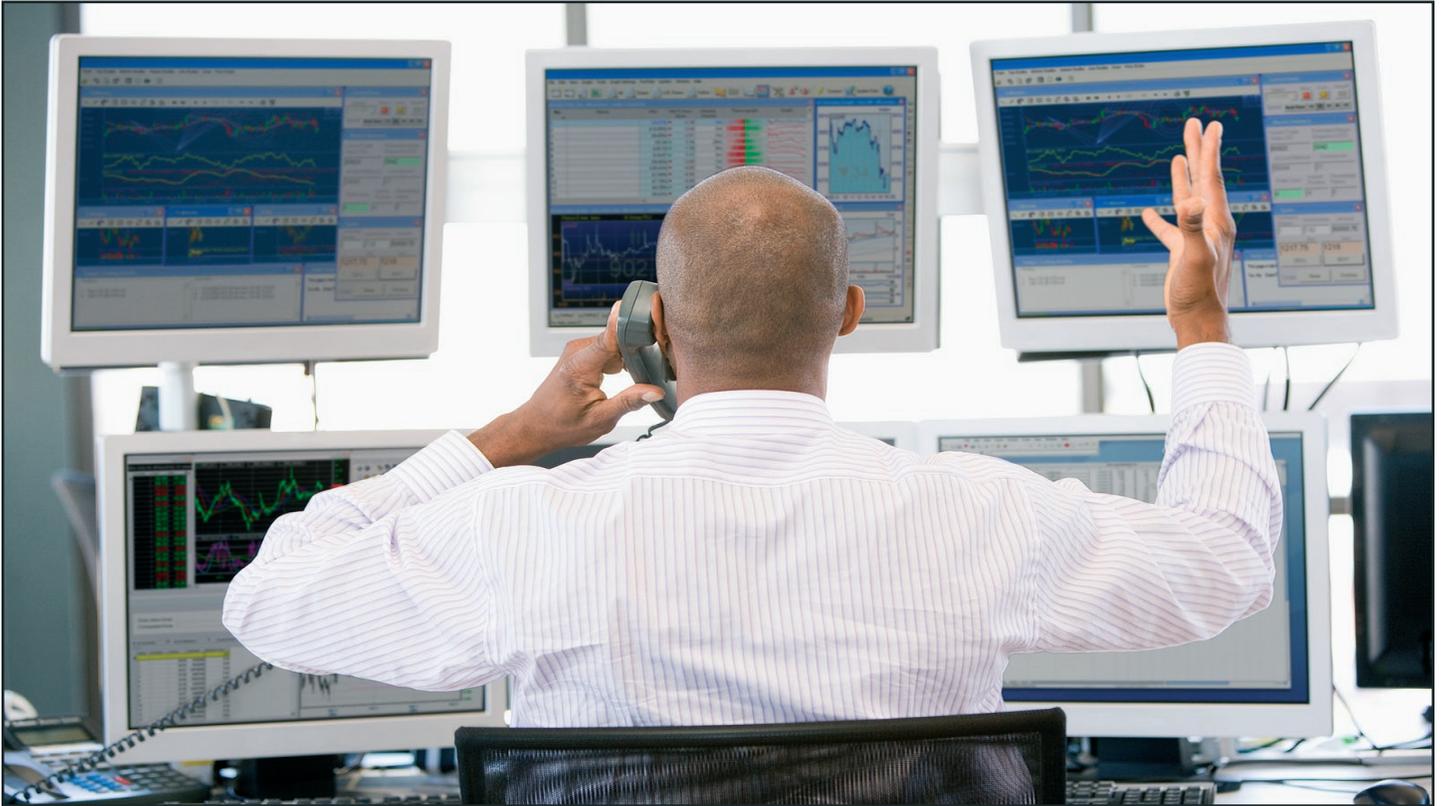
How much capital you have available.

2. Physical Resilience

How much physical energy you have available.

3. Psychological Resilience

Your ability to mentally and emotionally deal with losses and setbacks.



Dealing with losses and setbacks is a key part of the game and this requires a person to be resilient

No one likes to lose, our ego certainly doesn't like it, and so learning to accept this and be able to move on, is a key skill, but not necessarily an easy one.

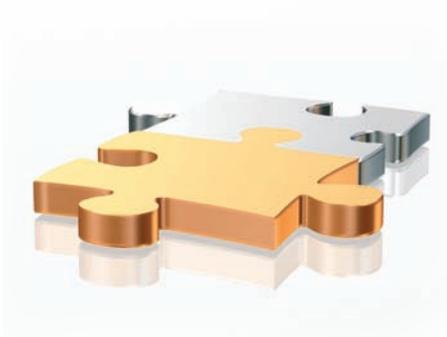
Conclusion

Success in sports, poker and trading are very rarely accidental and random, it is instead a function of developing the required skills, knowledge and importantly mindset. In any high performance arena there will be some commonalities amongst the highest performers as is evident across our three areas here and as the similarities of the arenas close

together as with poker and trading where making decisions under risk and uncertainty are key then the cross over becomes even more significant. Sports psychology has been used to help traders and poker players. Poker psychology has been used to help traders. Traders have used their skills and abilities to become successful at poker.

Whatever your 'game' you can raise it by focussing on and developing your approach to performance and the mental and emotional component of it.

Steve Ward



Fusing Fundamental and Technical Approaches

It was November of 2004. I was sitting in a room surrounded by trading terminals glancing busily at the quotes streaming across the large ticker display hanging on the front wall – WTI crude oil: \$51.00/bl...XAU/USD: \$450/oz...S&P500: 1170. The screens directly in front of me were littered with charts, news, and positioning data for a myriad of commodities and currencies. It would be fair to assume that I was sitting on the floor of a major trading institution. However, that was not the case. Instead, this was the moment that started my affinity for trading.

I remember it as if it were yesterday, as most people do with moments that define their future career paths. It was lunch break during my senior year in college. Most of my friends had left campus to partake in our customary lunch get-togethers. I, however, had decided to stroll over to the mock trading floor - at the time there were only a few such facilities available on campuses nationwide. From that day on, I was frequently absent from lunch outings and much of my free time

was spent within the confines of the trading room. The purpose for this personal anecdote is two-fold. First, it serves as my introduction to you, since I'm of the mindset that thinks personal experiences allow for a more intimate understanding of an

individual rather than his/her career statistics. Second, it's a reflection of an essential ingredient, in my humble opinion, to the development of a successful trading strategy – passion for studying, following and trading financial markets.

Personal experiences allow for a more intimate understanding of an individual than career statistics



Approximately seven years have passed and here I sit at FOREX.com surrounded by trading terminals glancing busily back and forth between ticker displays and the multiple screens in front of me. Many things have changed since 2004, gold prices are in the quadruple digits; oil prices are in triple digit territory; and the S&P 500 was rocked to triple digits before recovering to current levels back up to quadruple digit territory. So too has my 20/20 vision which has deteriorated substantially from seven years of staring at multiple screens on a daily basis. My philosophy on trading, however, has experienced the most extensive changes along with the physical locale of my multiple screen set-up. Both have evolved from the many years of positive and negative experiences throughout my trading career. While I can't promise that adopting what I believe to be the fundamental tenets in developing a successful trading strategy will be life-altering for all, I can speak for myself and confidently state that they were for me.

Trading is a numbers game. During my fledgling years as a trader, I was focused on being right as much as possible. So much so that it skewed my outlook on markets

and subsequently my bottom line. Eventually, I came to the realization that simple mathematics held the foundation to developing an efficient trading plan. The problem with an 'accuracy-centric' trading mentality, beyond the fact that it makes one directionally biased even when developing price action evidences otherwise, is that it only focuses on a part of the 'equation': $\text{Net P/L} = (\% \text{ Correct} \times \text{Average Gain}) + (\% \text{ Incorrect} \times \text{Average Loss})$.

The part of the equation that I had overlooked was simply placing

Initially, I turn to fundamental analysis. After developing a firm directional view, I implement a technical approach.

trades that had a positive reward skew relative to risk. Consider the following scenario, for simplicity sake let's assume Trader A places 100 trades within a given year on a \$100,000 account. Trader A's probability of being right (% correct) is 40% with an average risk/reward ratio of 2:1 and a maximum risk of -2% on any given trade. Inputting these variables into the 'equation,' $[(40 \times \$4000) + (60 \times -\$2000)] = +\$40000$, yields an ROI of +40% on the year. This is a healthy return measured against

any standards; although a +40% accuracy rate may not always be attainable. At an accuracy rate of 35%, the return on investment falls substantially to an annual yield of just +10%. While risk management depends on the economics of the individual trader, it's hard to deny the significance of improving upon both key variables within the 'equation.'

Making strides to the 'accuracy rate' variable is heavily dependent on the type of analysis being implemented. This is where the controversial debate between fundamental analysis and technical analysis comes to play. Fundamental types tend to downplay the predictive capacity of technical analysis while technicians view the study of historic

rates as the more effective method to analyzing price fluctuations. My preference, however, is to fuse both methodologies. Initially, I turn to fundamental analysis – correlation studies and macro-economic drivers, to name a few – for determining direction. After developing a firm directional view, I implement a technical approach to effectively manage risk/reward ratios through the careful selection of entry and exit levels.

Following is an excerpt from

a research note I authored for FOREX.com on January 11, 2011. The purpose for its inclusion is to serve as an example of a practical application for the combined fundamental/technical analysis based approach:

Since posting the note above, direction in FX has persistently been dominated by respective central bank policy outlooks. GBP/USD has subsequently traded above the technically implied measured move objectives

to current levels, 1.6280 at the moment of writing, as expectations of policy directions between the Fed and BoE have continued down the path of divergence.

Admittedly, a trading strategy premised on the fusion of both fundamental and technical analysis does not always render such accurate results as evidenced by the preceding research note. However, there is not one strategy that is unconditionally flawless. We now exist in an era flooded with information. Advances in technology have resulted in market participants gaining access to data and techniques that were once reserved for a trading minority. With that in mind, it has become especially critical for market participants to adapt along with the trading environment on both a fundamental and technical level. Such adaptations may take the form of constant observations of shifting fundamental relationships or consistent application of emergent western and eastern technical approaches. Nevertheless, taking part in such diligent upkeep would only result in equipping traders with a full arsenal of analysis techniques to better navigate the precarious waters of the current trading environment.

Diverging interest rate expectations & technical developments constructive for sterling

“Recent developments in the UK (VAT tax hikes leading to near term upside price pressures) alongside negative data surprises in the US (mainly NFP) have seen diverging expectations for the future direction of interest rates between the two respective central banks. Futures markets are gradually pricing out Fed rate hikes for the latter part of 2011 since the disappointing NFP print while expectations for overnight UK rates have been marked forward to Q3 (expected rate hike was for 2012 just a few months back). A continuation of this emergent trend in diverging BOE/Fed interest rate expectations is likely to be cable supportive versus the buck.

On the technical front, GBP/USD has currently traded into a declining wedge formation within a broader triangle on daily charts (see charts below):

- Wedge resistance comes in at 1.5625, a key level on shorter term charts as well (see 60 min. chart).
- RSI has prematurely broken above its respective trendline for the same timeframe suggesting a correspondent move higher in price.

A break above declining wedge resistance (1.5625) would have a measured move objective towards triangle resistance & the neckline for a potential inverted H&S pattern above the 1.6000 figure.”



Daniel Hwang

Jane Foley

Interviewed by Maud Gilson

“The beauty of this business for me is that there is almost always something fresh to write about.” Jane Foley is an economist with over 20 years of experience and whose writing on fundamental analysis has garnered a lot of attention.

She was appointed as Senior FX strategist at Robobank in August 2010, after working as Research Director at Gain Capital from April 2009. Before that, Foley spent eight years at Barclays Capital as Director of FX strategy where she analyzed and commented on FX markets, advising traders, salespeople and clients on FX trading ideas. She has also held research roles at Redtower Asset Management, NSS Asset Management, Samba Asset Management and S&P’s MMS International.

In this “Women in Forex” exclusive interview series from FXstreet.com, Jane tell us about her first days in the markets, about trading and about her experience as a woman. Along her career, she has seen how the imbalance between men and women and sexism have evolved... She remembers a day when she was in her mid-twenties, when a male banker asked her what she did for a living: “I replied that I was an economist [and] I was laughed at and informed that I would need to have a degree to be an economist – to which I was able to reply ‘just as well I have two then.’ I doubt such a conversation would take place now.”



**More than any other market
FX provides a window on
the world**

MG: How did your career in the financial markets start?

JF: I studied economics to masters level having found it an A'level to be a subject that suited the way I thought. The mixture of analytics with a certain amount of conjecture is still exciting to me as is the fact that the ground is always moving in economics. I had next to no knowledge of the financial markets when I started my first graduate job working for S&P's MMS International. I remember reading the job advert over and over again because although aspects of the advert drew my attention and although I seemed very suitable for the job specification, I didn't really understand much of the terminology and thus didn't fully understand what I was applying for.

MG: What do you remember from your first days at Standard & Poor's?

JF: I'll never forget in my third day of employment being told that I had half an hour to write some analysis about the USD. I had no idea what to write about so I stood up and shouted in a loud voice "can

somebody help me please?". It got easier after that, but the beauty of this business for me is that there is almost always something fresh to write about.

MG: When did your attention turn to foreign currency markets?

JF: Earlier in my career I was employed as an active fixed income fund manager. The team was also charged with the currency overlay business of the equity fund managers. It is largely the same fundamentals

I had no idea what to write about so I stood up and shouted in a loud voice 'can somebody help me please?'

which drive government bonds and foreign exchange but I was attracted by the dynamism of the FX market. When I joined Barclays Capital in 1997 it was as an FX strategist.

MG: You've been in companies taking on an expansion or a challenge. Is this by choice?

JF: I enjoy working in a challenging environment,

though Gain and Barclays are clearly very different companies. Possibly the fact that I enjoy engaging with the media may have helped secure my employment by firms wanting to expand.

MG: It seems your media exposure sky-rocketed during your time as Director of FX Strategy at Barclay's. How was it to suddenly have such a public profile?

JF: It is an exaggeration to say I have a public profile beyond the borders of the fx market. That said, it is odd to meet someone for the first time only to find that they already know who you are.

MG: Do you remember your first appearance on television?

JF: I was a very shy child. In reaction to this my mother sent me to drama lessons. I have never had any ambitions about being an actress (I know my limitations) but my teacher for six years was a very experienced Rada trained professional. My first TV appearance was for CNN. I was petrified, so I went into character as I had been taught. Also the fact that the

set wobbled, that wires were stuck to the floor with sticky tape and that for the first time I witnessed a man applying make-up to himself took a lot of the magic out of the TV experience for me, making it easier for me to relax.

MG: To get back to Barclay's and Gain, have you ever felt any particular pressure being a high-ranked woman in male-dominated institutional trading circles?

JF: Maybe women have to be a little more determined to prevail in a male-dominated work environment, but generally as long as you do your job conscientiously I don't think it makes much difference whether you are a man or women.

MG: Do you agree with the stereotype that women are more risk adverse than men?

JF: The research that I have read seems to suggest that women tend to be less sure of themselves when it comes to taking risk. As a consequence it has been reported that the women who do take risk are usually better researched and better prepared.

MG: And what would happen in the Forex market if women become the majority?

JF: This would suggest that the market may be less volatile if women were the dominate players since many knee jerk reactions to data and events would probably be dampened. This would suit central bankers but would provide less opportunity for some investors.

MG: A Forex trading training instructor wrote in an article that women have more

Different and exceptional qualities make a star bike rider and quite likely the same can be said of star traders.

patience and a tendency to really learn thoroughly before trading. These qualities would make them better traders. Do you agree?

JF: I have never met enough women in FX trading to make my own mind up as to whether they possess better qualities than men for the role. Interestingly, the conclusion of this Forex instructor (that

women make better traders than men because they are more patient and have a tendency to learn thoroughly, while men tend to learn something partially and attempt to act on it immediately) is exactly the same as that made my motorcycle instructor as to why women are easier to teach and can make safer riders. However, different and exceptional qualities make a star bike rider and quite likely the same can be said of star traders.

MG: Do you think the unbalanced presence between men and women in the financial markets is going to evolve differently in the future?

JF: When I went to university in the 1980s there were 2 men enrolled for every woman. I understand that the ratio has moved significant in favor of woman now. There were also only 2 women (including me) reading single honors economics in my year group at university. I would like to think that there are now more women considering taking courses which were previously considered to be preserved for men. Attitudes have also

changed massively since my early days. I remember being asked by a male peer of mine (a banker) when I was in my mid-twenties what I did for a living. When I replied that I was an economist I was laughed at and informed that I would need to have a degree to be an economist – to which I was able to reply ‘just as well I have two then’. I doubt such a conversation would take place now. I think young men are all too aware nowadays that young woman are on the whole better qualified than they are. Happily I never came across such overt sexism within any of the teams in which I worked. While there used to be plenty of banter I would still consider most of my former colleagues to be my friends. None of the banter was ever meant to upset me and none of it did..

MG: How have you managed to balance a private life with a so demanding career as yours?

JF: It is not easy for anyone to manage a private life with a fast paced career, but the compromises can be especially demanding for mothers. I took a career break for a couple of years when my children were

very young. I shall always be grateful that the City re-opened its doors to me even though I had been away.

MG: Let’s talk about trading... Do you think a currency trader can do as well using mostly or exclusively fundamental analysis?

JF: It would be unwise for anyone trading foreign exchange to ignore technical

It would be unwise for anyone trading foreign exchange to ignore technical indicators

indicators. Many traders take the view that they are more important than fundamentals particularly over the short-term. Even as an economist I would admit that they are always useful and sometimes the most important influence on the market.

MG: Which technical analysis tools work best for a fundamental trader?

JF: There are so many different technical techniques that it is almost impossible to

make a judgment as to which is best. The answer will almost certainly vary over time and according to specific currency pairs. At the very least fundamental traders should make themselves familiar with key support and resistance levels.

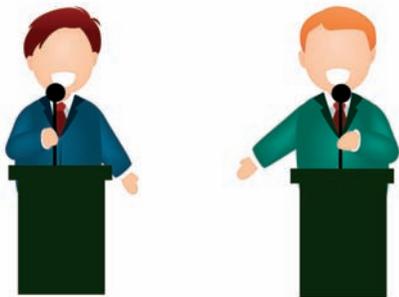
MG: To finish with... How does FX compare to other traded products in your eyes?

JF: Embedded in the price level of EUR/USD and USD/JPY and the rate at which they change is an enormous amount of information about the global economic and political backdrop. More than any other market foreign exchange provides a window on the world. I find that very exciting.

PROFILE: Jane Foley

- Current Job: Senior FX strategist at Rabobank.
- Career: Over 20 years in the Bonds and Forex Market, 10 years for Barclay’s.
- Age: 43

FXSTREET.COM
The forex market



When Fundamental and Technical Analysis Align

The FX market is the most liquid of financial markets with a plethora of diverse participants each with their own strategy developed for benefiting from the inherent fluctuation and volatility. The two most commonly known approaches, and the subject of this article, are fundamental and technical analysis.

Fundamental or Technical Analysis?

Traders basing decisions on fundamental analysis focus on economic data, events and sentiment in order to derive a bias that will provide them with an 'edge'. A fundamentalist will consider an economy's GDP, inflation, capital flows, and interest rates amongst other things to attempt to put a value to a currency. There are numerous successful traders that base decisions on the underlying economics and perceived value. However, despite the clear benefits of understanding what may be driving the price of a currency, traders adopting technical analysis disregard fundamentals as an educational pursuit by a person more interested in being

right than making money. On the flipside, technical analysts focus their attention on price, whilst incorporating tools such as support and resistance and trend-line analysis. Traders basing their decisions on technical analysis care little for the underlying driver of price, but understand how to react to the volatility.

Each school of thought, though different, has equal value and can be the basis for a successful trading

no disputing the value of each one. Essentially the sole purpose of a trader is to generate profit from the market, how, is not important, but your P&L is.

The purpose of this article is to highlight a specific trade in which the fundamental and technical analysis drew the same conclusions demonstrating how beneficial an understanding of both concepts can be. After reading this article your bias

towards either approach will not have changed, but we may have opened your eyes to the potential of making decisions based on both.

Fundamental vs. Technical analysis will be an ongoing debate



Eur/Nzd trade analysis example

Between January 10th 2011 and March 7th 2011 Eur/Nzd has rallied from 1.6931, to a high of 1.9002, an unbelievable 2071 points in 2 months. This pair moved close to 74% of the entire 2010 range in the first quarter of this year. The power of making trading decisions

strategy. After all, some of the biggest and most successful funds are technical or fundamental based, so there is

based on both fundamental and technical analysis could not be more evident than in this trade - here is the break down.



After a period of tepid, but gradual expansion from 2009 to the end of 2010, the New Zealand economy produced a negative growth figure for the 3rd quarter, and fears of recession came to the forefront again. Whilst the New Zealand Economy struggled to expand the RBNZ raised interest rates by 50bps exacerbating the slow down further. With a commercial and residential property market in a downtrend it seemed the RBNZ were premature in tightening monetary policy. On top of a fragile economy the country was shook by a devastating earthquake that could potentially, according to some analysts, shave 1% off GDP figures for this year. The fundamental picture for the New Zealand economy is one that is on the edge of recession, hit by natural disaster, and in desperate need of both fiscal and monetary support.

From the fundamental state of the New Zealand economy it was a straightforward sell signal, the next step was to identify an off-set currency. With the Eurozone showing signs of improvement, and without a sovereign debt crisis of a peripheral nation in the headline, analyst began focusing on

the higher inflationary pressures stemming from the rising commodity prices. It is no secret that the ECB has a mandate that prioritises price stability before anything else, and with inflation above their target

When both views are aligned, the intensity and conviction of the move can lead to significant profits in relatively short period of time

range it was a matter of when, not if Chairman Jean-Claude Trichet would produce a hawkish statement in relation to interest rate hikes. Despite the divergence in economic prosperity between the stable German economy and the peripheral nations, traders used this opportunity to begin pricing in an interest rate hike. The decision to buy the Eur/Nzd was fundamentally based on the contrasting situation they faced.

From a charting perspective the uptrend is self evident. After spending the best part of the last two years in a strong downtrend, the Eur/Nzd bottomed out at the 1.6900 level. After a brief relief rally up to the 1.7500 level the pair then continued its downtrend only to be halted at the 1.7150 number thus forming a higher low. A few

days later a new higher high was formed breaking the previous high at 1.7500 officially confirming the new uptrend. On a break of this level the pair rallied aggressively before entering a period of price consolidation where the other market participants gradually accepted the new direction for the pair and started buying into Dips, pushing the pair to further highs of 1.8040, 1.8491, 1.8687 and finally the most recent high of 1.9020. This price action indicates strong positive sentiment towards the Euro which is in stark contrast to the extremely negative sentiment held towards the New Zealand Dollar.

The debate over fundamental versus technical analysis will be on-going and disputed. As mentioned earlier, each approach carries its own merits and is implemented with equal success. However, I am confident that there is little argument that when both views are aligned, not only are the chances of success dramatically increased, but the intensity and conviction of the move can lead to significant profits in relatively short period of time.

Alex Ong & Nicky Ong

Triffany Hammond

Interviewed by Maud Gilson

“Though it has been difficult at times (there’s no harder reality check than a depleting account), I’ve enjoyed the process of self discovery. I’ve learned a lot about myself through learning to trade currencies.” says Triffany Hammond, professional currencies trader and coach. Triffany quit her last job as a PC Technician for the City of Boulder (Colorado) in 1999 to support her husband’s growing business and raise her son, who was born in the summer of that same year, until she discovered Forex in 2002. Since then she worked from home and has found in trading the perfect way to realize herself.

In this “Women in Forex” exclusive interview series from FXstreet.com, Triffany Hammond discusses her career, her perceptions of Forex Trading and being a woman in the business. Triffany does not feel very comfortable stereotyping differences between women and men in regard to trading skills. She thinks there may be something very specific to the neurology of the brains of each gender, but in the end “we need to know our own propensities and tendencies in order to trade around (or with) them. Is the overconfident trader any better or worse than the fearful one? No. We just have to find a way for them to trade well.”

Being a mother and trader at the same time has been a challenge, but she managed it with success: “Just like I lay down those boundaries for my kids, I lay down boundaries for myself.” Her advice to other retail traders? “If you love trading, keep at it. If you don’t, then find something else.”



**Understanding ourselves
helps us understand our
trading decisions**

MG: What feeling do you get when you trade Forex?

TH: I used to feel anxious and excited when I had a trade on. That's a dangerous combination, but I think it is an unavoidable part of everyone's learning curve. Now, I find it satisfying. I view my dollars-at-risk as my little employees out there working for me. As long as I've taken a well planned-out trade it feels right to have my capital at work.

In the larger scheme of things, I've learned a lot about myself through learning to trade currencies. Though it has been difficult at times (there's no harder reality check than a depleting account) I've enjoyed that process of self discovery. I still enjoy it...I'm always learning.

MG: So learning is one of the things that attracted you in Forex...

TH: I had been studying the equities markets for years. At first it was kind of a personal challenge. I wasn't raised in a household that spoke an economic language yet I was fascinated by the marketplace as the underpinnings of our government. Because I had become more and more involved in political issues that mattered to me, I found the Capitalistic Democracy model absolutely fascinating. I was at a fresh crossroads in my life when my kids were growing from toddlers to preschoolers and I realized that I

had the chance to refocus my energy on learning something that would broaden me as they headed into longer and longer school days. As it often happens in life, that is about the same time that Forex became available to the retail trader. I was immediately hooked.

MG: Indeed, from the mid-90's, internet opened the Forex market to many more people, including women, by making trading from home possible...

TH: Definitely! I'm one of those women! I knew, when I decided to have children, that I wanted to be at home

Trading doesn't build anything. It doesn't contribute in and of itself.

for them as long as it was possible. I quickly realized, however, that a lot of my self was getting lost in being their Mom. I needed something that was wholly mine and would still help the family. I also wanted something that was going to financially aid other passions I have in my life. Odd school schedules and the need to be available during the day hindered my options. I was really grateful to find trading. It was difficult at first and there were times I wondered if I was just wasting my time. Thank goodness my husband

is so supportive and patient because it would have been a lot easier to go get a 'real job' that had an immediate, albeit capped, paycheck. I'm very happy I stuck with trading.

Now, I get the best of both worlds – I love my work AND I get to watch my kids grow up, first hand. I'm extremely lucky.

MG: Why have you decided to dedicate yourself to educating other traders?

TH: Trading doesn't build anything. It doesn't contribute in and of itself. I'm able to be a better wife and Mother as a result, but that is still a contribution to the small bubble around me. I make a difference in lives all around the world as a teacher. My students are some of the most wonderful people I've ever had the honor of knowing. To think

what they may do with their trading profits someday – build a school, start a business, aid their community – and I had the privilege of helping them get there?! That's amazing.

MG: And you've never considered working for a bank or broker?

TH: I've actually received similar offers and I'm really not interested. I think if I had other people's money at risk I'd revert back to the anxious/excited trader that still had a lot to

learn. I'm in a comfort zone now.

MG: How do you think you trade/analyze the Forex Market differently from men?

TH: I don't know. I'd say that on the surface, analysis is analysis. But I do think there is a big difference between the way that I approach the process of learning to trade/analyze the Forex market. I knew that I didn't have an economic or trading background so I didn't go into it with all kinds of assumptions – I was willing to be wrong and learn from my mistakes. It seems, at least in the U.S., that there is an assumption that a good business man should just know economics and that does show through when a man doesn't want to face the things that are hurting his trading...the biggest thing is usually himself, but it hurts him to admit it. It didn't hurt me to admit I was my own biggest obstacle because I didn't expect to just know anything in the first place.

MG: The only financial business still alive (and profitable!) in Iceland after the country's economy collapsed was its only female-run bank. People began quoting it as an example of how more female traders would be better for the economy because they are more

risk averse. What do you think?

TH: I think it is oversimplifying to say that women are better because they're more risk averse. I think that we do tend to be much more cautious when it comes to our livelihood, but I think the real caution comes from a different starting point. It seems that men are assumed to be good at this sort of thing and women aren't (or aren't really thought of at all). Women are still working hard to overcome old stereotypes about what we can and cannot do. That makes us much more cautious when we approach industries where people expect a man to show up.

I didn't have an economic or trading background so I didn't go into it with all kinds of assumptions – I was willing to be wrong and learn from my mistakes.

MG: The CEO of a retail forex trading training course says his women have three qualities which make them better traders than men. Do you agree?

- i) women's stronger sense of risk aversion
- ii) women's increased patience, which lets them follow through on

trading plans better than men

iii) women's tendency to really learn thoroughly before trading, while men tend to learn something partially and immediately

TH: I've heard it said many times that women make better traders. If that's true, I think there may be something very specific to the neurology that differs between men's brains and women's brains. Men can be very good at many things... just not many things at once. They're single-focused and if you throw too many things at them at one time it paralyzes their ability to process information.

Women, on the other hand, have more neuro-pathways in their brain and, as a result, we are natural multi-taskers. That innate ability to juggle allows us to process a whole spectrum of information at once and that goes a long way toward our decision making in any facet of life, but especially in trading.

Men's fight or flight instinct is also much stronger than ours. That makes trade planning harder for men because they're fighting their nature, to some degree. Where women have had the luxury of being methodical and patient so we come pre-programmed, to a degree, to be able to wait for the right trade setup.

MG: How do you feel about these differences?

TH: I find the differences interesting and that's about it. I feel it is important to recognize those differences because understanding ourselves is the biggest component to understanding our trading decisions. We need to know our own propensities and tendencies in order to trade around (or with) them. But I approach it the same way I approach each student. Is the overconfident trader any better or worse than the fearful one? No. We just have to find a way for them to trade well. The solution will be different for each trader, but that's ok, there is still a solution.

MG: What would be your advice for a private female trader to find success in Forex and at the same time a good quality of life?

TH: My main piece of advice would be: if you love trading, keep at it. If you don't, then find something else. Don't stick with trading just because it is something that you can do from home and seems like it should be convenient.

Make no mistake, trading is a JOB. It is a very difficult and time-consuming job. My busiest hours are the overlap of Euro-NY

sessions (right when I'm trying to get my kids off to school) and the beginning of Asian session (right when my kids are coming home from school) I'm not even going to talk about the complexities of their summer break. That can make the juggle extremely difficult. But I

Men's fight or flight instinct is also much stronger than ours. That makes trade planning harder for men because they're fighting their nature, to some degree.

love trading and my family knows it. We've got an agreement that this is what I do for a living and it should be respected just like Daddy's job or their schoolwork. But if I didn't love trading I would've lost a lot of money and a lot of time that I could've used finding something that I did love.

MG: In that sense you recommend to all your students to "Be good to themselves"...

TH: Yes. I believe that when we act in our own highest good we act in THE highest good. So many times people make decisions in their life based on what they think other people want or believe. Breaking out of that is very difficult to do, but it is SO important.

Sometimes we don't even know, at first, what "be good to yourselves" would mean. We don't stop to consider, "What could I do today that is good for me?" For one person it may mean that they spend some time with a friend and refill themselves energetically. For someone else it may mean that they leave a toxic work situation therefore giving them an opportunity to find a healthy one (possibly even trading). Yet even another person might decide that being good to themselves means finally putting together their trading goals.

When someone takes the time to do something that is good for them, they're better equipped to do good in general. When we're doing good in general (and no longer at the expense of ourselves) everything improves... even our trading.

PROFILE: Triffany Hammond

- Current Job: Professional Trader and Coach, Founder of TrifFX.com
- Career: Full-time trader in the FX retail market since 2002. Previous jobs as PC Technician.
- Age: 37

FXSTREET.COM
The forex market



TECHNICAL OUTLOOK

MAJOR TRENDS AND TARGETS FOR THE MAJOR FX RATES

	Current level	Major trend	Major target	Trend change level
EUR/USD	1.4000	Sideways		1.2874 / 1.4280
USD/JPY	82.00	Down	74.69 & 70.00	85.91
USD/CHF	.9250	Down	.8864 & .8108	1.0066
GBP/USD	1.6225	Sideways		1.5299 / 1.6457
USD/CAD	.9725	Down	.9061 & .7500	1.0854
AUD/USD	1.0150	Up	1.0740 & 1.1449	.8771
NZD/USD	.7375	Up	.8212 & .8701	.6951
EUR/JPY	115.00	Sideways		105.46 / 127.92
EUR/CHF	1.2960	Down	1.2224 & 1.0400	1.3834
EUR/GBP	.8630	Sideways		.8286 / .8940
EUR/NOK	7.7550	Down	7.2500 & 7.1000	7.9695
EUR/SEK	8.8650	Down	8.0000 & 7.2825	9.4253

MAJOR TRENDS AND TARGETS FOR FX EMERGING MARKETS

	Current level	Major trend	Major target	Trend change level
EUR/CZK	24.200	Down	23.711 & 22.925	25.387
EUR/HUF	271.75	Sideways		260.96 / 291.97
EUR/PLN	397.50	Sideways		3.8238 / 4.2454
EUR/RON	4.1960	Up	4.6455 & 4.9363	4.1450
USD/ILS	3.5925	Down	3.3729 & 3.2043	3.8404
USD/RUR	28.185	Down	26.251 & 23.130	30.791
USD/TRL	1.6000	Sideways		1.3874 / 1.6293
USD/ZAR	6.8700	Down	6.4318 & 5.9563	7.4358

Date: 8th March 2011

USD/CHF

USD/CHF has broken down to new all-time lows over recent months following last May's failed upwards break-out through the top the (purple) potential bearish channel and the (blue) falling 260 week (5 year) moving average. The speed and extent of the reversal from the 1.1728 recovery peak, which failed at even attempting to build a higher low over the (brown) .9651-.9918 recovery uptrend in September, pointed at an early retest of the March 2008 low, and similarly this also gave way without a fight. The initial slide to .9465 in October 2010 was followed by a lower top at 1.0066 in November 2010, this being almost spot-on the broken (brown) support line, indicative of the strength of the downtrend. There has

been a subsequent failed base at .9302 / .9329 and the latest slide from a .9783 / .9775 recovery double top is potentially the start of a significant further decline over coming weeks and months. The 13, 52 & 260 week moving averages are bearishly aligned and falling and for now MACD remains entrenched within bearish territory. .8864 & .8108 are the next major measured move targets, these being 100% lower from the .9465-1.0066 rally and 100% lower from the larger .9918-1.1728 recovery phase. To avert the immediate risk of a continued decline over coming weeks towards the .8864 level we would first need to see a rebound gain a foothold over the former floor at .9465, and then start to chip away at the recent .9783 / .9775 double top.



AUD/NZD

AUD/NZD slid from the (July) 2008 recovery peak at 1.2965 to reach 1.0654 in October 2008, where a higher low was left just above the December 2005 all-time traded low at 1.0435. A failed downwards break was left below the (July) 2007 double bottom at 1.0912 / 1.0917. The speed / extend of the rebound from 1.0654 left a “V-shaped” bottom which marked the start of a new uptrend. Although a double top was initially left during the first half of 2009 just below 1.2965 at 1.2931 / 1.2935, higher lows were subsequently left at 1.1936 & 1.2105 and price action has gathered bullish momentum. The latest advance has pierced not only an almost 5 year resisting trend-line, but also the key 1.3664 peak established in

(September) 2000, to reach the highest levels since 1992 (on the retreat from a 1.4265 peak, below the 1989 all-time high at 1.4804). We see scope for a minimum extension towards the 1.4217-1.4265 area over coming weeks, this marks the 100% projection of the 1.0654-1.2935 advance from the 1.1936 higher low and the aforementioned (April) 1992 peak. A run-up towards the top of the bull channel drawn off 1.0654 & 1.2105 lows, connecting with the initial high at 1.2931 (now at 1.4587, rising .0016 per week), currently appears possible further out. Ideally an initial correction lower will now be supported by former resistance in the 1.3218-1.3233 area, which close to the mid-point of the previous 1.3515-1.2783 setback.



EUR/CZK

EUR/CZK has spent the majority of the time since the EURO inception at the start of 1999 trading within a downtrend. Apart from the mid 2002 to early 2004 recovery from 28.865-33.395 and the mid 2008 to early 2009 bounce from 22.925-29.671, a succession of lower tops and bottoms has been the dominant feature throughout this period. The second of those recoveries left a failed upwards break above the (purple) downtrend line connecting the 1999 & 2004 peaks at 38.705 & 33.395, and the (blue) falling 260 week (5 year) moving average, the rate of descent of those “trend-lines” being very similar. A steady unwinding of the 22.925-29.671 recovery has occurred over the past two years, with the recent break below 24.353-24.517 (last November’s low / 76.4% retracement of 22.925-29.671) having

increased the likelihood of a return to 22.925 over coming months, with the 19.257-19.357 area our longer-term extension target. This lower target area marks a 100% projection of the 33.395-22.925 decline measured from 29.671, as well as a 50% fall in value from the 1999 all-time traded high. 23.934 has so far been tested, the 13 week (3 month), 52 week (1 year) and 260 week (5 years) moving averages are bearishly aligned and falling, with MACD showing signs of turning down again from just under the pivotal zero line. Attempts to stage an initial bounce are now favoured to leave a lower top below last December’s one at 25.387, ideally by former support at 24.971-25.019.

Steve Jarvis



MAJORS REPORT



TREND EURO, US DOLLAR, YEN, BRITISH POUND

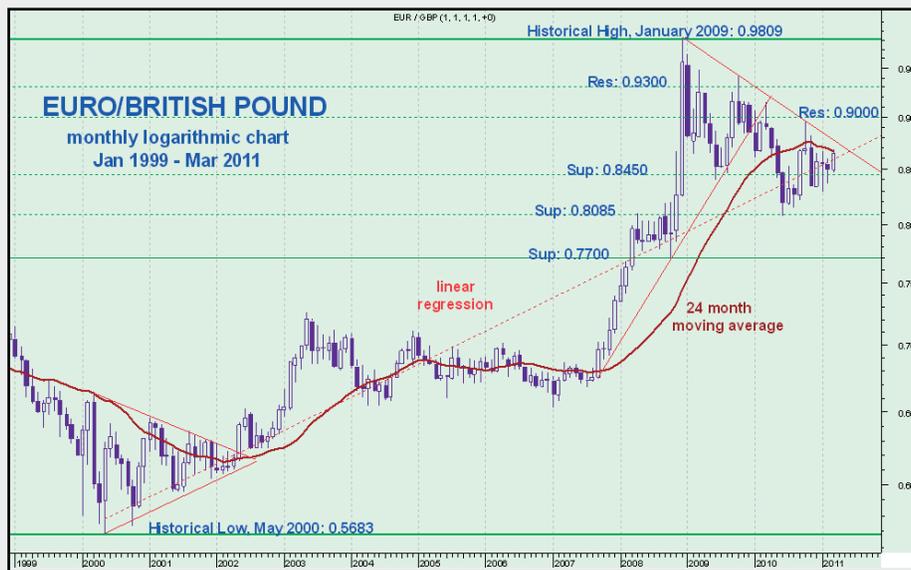
SPOT PRICE	15/03/2011	01/01/2010	Δ%	01/01/2009	Δ%
EURUSD	1.3975	1.4331	-2.5%	1.3952	0.2%
USDJPY	80.67	93.14	-13.4%	90.79	-11.1%
EURJPY	112.77	133.22	-15.4%	126.65	-11.0%
EURGBP	0.8688	0.8858	-1.9%	0.9573	-9.2%

EURO/GBP

The cross euro/gbp was first traded in January 1999, at around 0.7100, and fell to a historical low at 0.5683 in May 2000. From the bottom, the euro began moving upwards, entering progressively a major up-trend, and reaching a historical high at 0,9809 on January 1st, 2009 (+72.6% vs. the May 2000 low). From that peak a strong correction drew the cross down to a low at 0.8070 in June 2010, followed by a bounce to a top at 0.8940 in October 2010. In the last months the cross has been moving sideways, with

a barycentre around 0,9500.

A directional signal for the coming months would only come with a break outside the 0.8285 – 0.8800 trading-range. If the resistance at 0.8800 should be overcome, the cross could rise to 0.9000 and then towards the strong resistance at 0.9300, where sells are to be expected. Loss of momentum below 0.8450 for a test of 0.8285: a break below this support (premature) would trigger a bearish signal for the coming months.

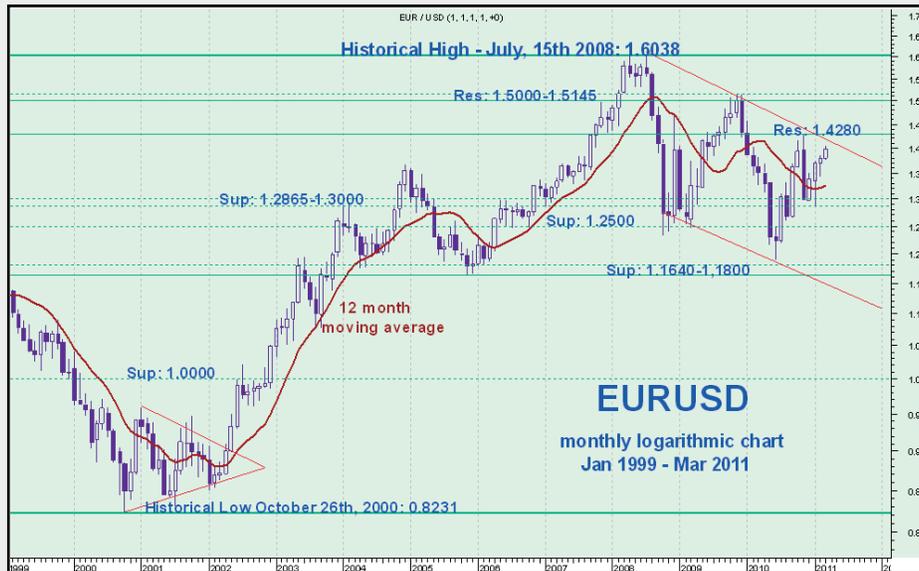


TREND		SUPPORTS		SPOT PRICE	RESISTANCES	
Trend 3-6 months	side	S1	0.8450	0.8688	R3	0.9300++
Trend 6-12 months	side	S2	0.8285+		R2	0.9000+
Trend 12-18 months	down-side	S3	0.8085++		R1	0.8800

EUR/USD

Euro/dollar was first traded in January 1999, at around 1.1800-1.1900 and fell to a historical low at 0.8231 on October 26th, 2000. From that bottom, the euro began accumulating and – since summer 2002 – moving upwards, entering progressively a major up-trend and reaching a top at 1.6038 on July 15th, 2008 (+95% vs. the historical low). The fall below the strong support at 1.5275 on August 8th, 2008 (level that had supported the pair in the period April-July) caused a major reversal, with a strong decline and a new bottom at 1.2330 at the end of October, 2008 (during the worsening of the financial crisis). Since March 2009 the euro tried to recover and reached a peak at 1.5145 at the end of November 2009. From that level the pair started to decline again, with a sell-off at the break of 1.3000 and a new low at 1.1876 on June 7th 2010, on the levels of beginning 2006. Then the euro started rising again, with a top at 1.4282 on November 4th, 2010. The following correction exhausted at 1.2867 on January 10th, 2011. In the last 2 months, a new rally brought the pair towards the resistance at 1.4000 (top at 1.4036 on March 7th).

Last 2 years' market action reflects a sort of stabilization of the pair euro/dollar, due to the influence of two antagonistic drivers: on one side, the structural weakness of the US dollar, worsened by Fed' quantitative easing I and II; on the other side, the euro area's intrinsic fragility due to the peripheral countries' debt problems. The consequence is a sort of impasse, an unstable equilibrium between the 2 currencies, that remain both very weak in comparison with the major world currencies. From a chart point of view, as long as the pair keeps moving in the wide side-way range between 1.2500 and 1.4500, the aren't directional signals in strategic terms; tactically, an intermediate resistance is at 1.4280, while a support is in the 1.3300-1.3400 area and then in the 1.2865-1.3000 area. A break below 1.3300-1.3400 would signal rising tensions against the euro, confirmed by a break below 1.2865-1.3000 (premature): the perforation of such strong support would signal a new wave of speculative attacks against the euro, the peripheral debt and banking system. The tensions would become very high below the key support at 1.2500.



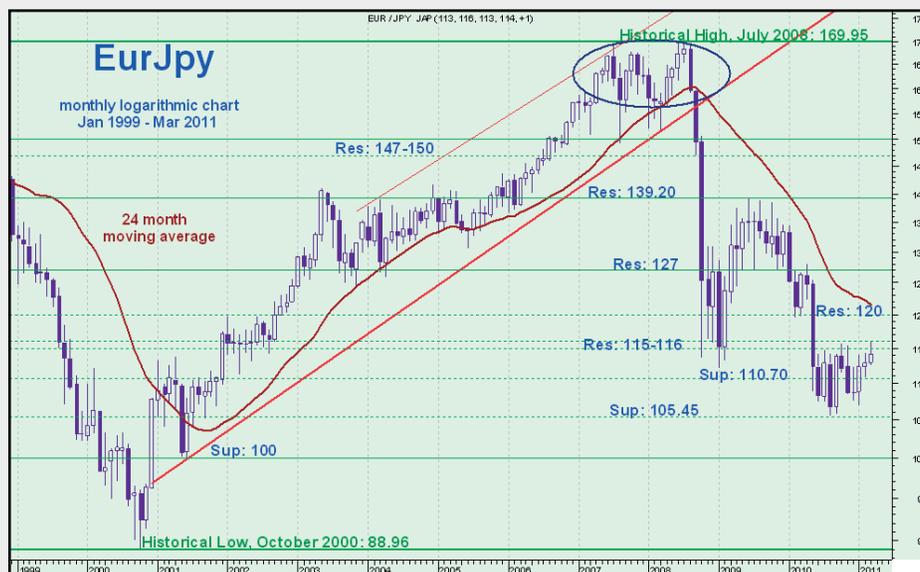
TREND		SUPPORTS		SPOT PRICE	RESISTANCES	
Trend 3-6 months	side	S1	1.3700/50+	1.3975	R3	1.4500++
Trend 6-12 months	up-side	S2	1.3300-1.3400+		R2	1.4280+
Trend 12-18 months	side	S3	1.2865-1.3000++		R1	1.4050

EUR/JPY

The cross euro/yen was first traded in January 1999, at around 132.50-135.50, and fell to a historical low at 88.96 in October 2000. From the bottom, the euro began moving upwards, entering progressively a major up-trend, and reaching a historical high at 169.95 in July 2008 (+91% vs. the October 2000 bottom). The strong depreciation of the yen during the years 2002 – 2007 has been mainly caused by the so called “carry trade”, i.e. the funding in low-yield currencies like the Japanese yen with the contextual reinvestment in asset classes in other currencies (i.e. stocks and bonds in euro, Australian and American dollars, etc.). After the burst of the real estate and financial bubble – begun in the 2007 summer, with an acceleration after September 2008 – a progressive strong disinvestment from Stock Exchanges around the world led to massive yen buying in order to square up carry trade positions. That provoked a crash of euro vs. yen, driven by a double source: the fall of euro against the US dollar

and, at the same time, the decline of the US dollar versus the yen. After the break of 156 in September 2008 – in correspondence with the trendline that sustained the major up trend), the cross collapsed to a low at 112.11 in January 2009: the following bounce ran out of steam in the 138.50-139.20 area, during summer 2009; then the cross started going down again, with a bottom at 105.44 in August 2010 (-38% from the historical high). In the last semester the cross has been recovering, pushing up towards the resistance area 115-116.

A break above 116 would push the rally up towards the strong resistance at 120, buy only above that level (premature) a more convinced bullish signal would be triggered, targeting the key resistance at 127 that must be overcome in order to provide a positive signal for the coming months. Loss of momentum below 110.70 and renewed weakness below 108, targeting the lows at 105.45.



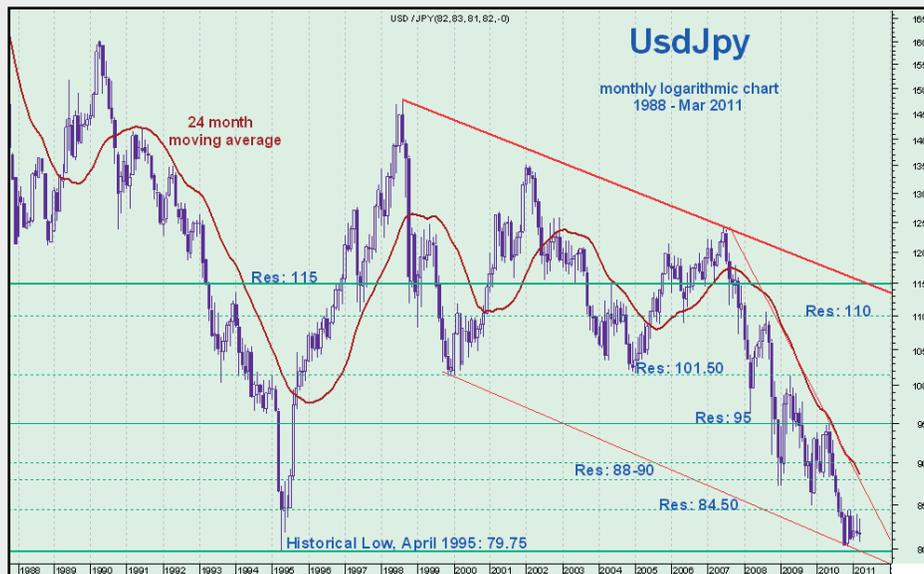
TREND		SUPPORTS		SPOT PRICE	RESISTANCES	
Trend 3-6 months	down	S1	108.10+	112.52	R3	127++
Trend 6-12 months	down	S2	105		R2	120
Trend 12-18 months	down	S3	100++		R1	115

USD/JPY

Dollar/yen has been moving in a major down-trend for several decades: at the beginning of the seventies it was trading at around 350, since the mid-eighties it went stably below 175. After having collapsed to a historical low at 79.75 in April 1995, the dollar started a strong reversal, reaching a top at 147.65 in August 1998. From that level, the major down-trend resumed, with a series of falling highs and “raids” below the key support at 115 (a level repeatedly supported by the Bank of Japan’s interventions). The dollar reached a bottom at around 101.35/85 at the end of 1999, support tested again at the end of 2004. The break of that support during 2008 caused a new sell-off, that led the dollar to a new bottom at 84.83 at the end of November 2009. Afterwards the pair started moving sideways below the resistance at 95; since September 2010 the downtrend resumed to a bottom at 80.22 on November 1st, 2010. In the last 4 months the pair moved sideways below 84.50.

As long as the pair keeps moving sideways in the 80.20 – 84.50 trading-range, there aren’t any directional signals. A break above 84.50 would trigger a fast bounce towards the strong resistance in the 88-90 area. Anyway, only above 90 would we have a more convincing buy signal for the coming months. Strategically speaking, a positive signal would only come with a break above the key resistance level at 95 (unlikely), targeting the strong resistance at 101.50. A break below the support at 80.20 would push the pair down towards the April 1995 historical low at 79.75, where a technical reaction is to be expected. The next strong support is at 75.50.

Maurizio Milano



TREND		SUPPORTS		SPOT PRICE	RESISTANCES	
Trend 3-6 months	side	S1	80,20+	80.67	R3	95++
Trend 6-12 months	down	S2	79.75+++		R2	88-90+
Trend 12-18 months	down	S3	75.50		R1	84.50



FX SPOT MONITOR

Country	Flag	USD Spot	Last vs USD	% Ch 3M	% Ch 12M	12mth High	12mth Low
Eurozone		EUR=	1.4173	8.0%	6.7%	1.4226	1.1914
UK		GBP=	1.6117	4.5%	8.8%	1.6366	1.4301
Japan		JPY=	80.980	-2.3%	-12.6%	94.62	78.130
Switzerland		CHF=	0.9082	-5.3%	-15.4%	1.1634	0.8978
Australia		AUD=	1.0209	1.6%	12.5%	1.0209	0.8092
Canada		CAD=	0.9762	-3.3%	-4.7%	1.0704	0.9686
New Zealand		NZD=	0.7485	0.2%	6.4%	0.7966	0.6588
Sweden		SEK=	6.3190	-7.7%	-13.0%	8.1217	6.2609
Norway		NOK=	5.5480	-7.1%	-9.0%	6.7080	5.5363
Iceland		ISK=	114.10	-2.2%	-12.4%	132.39	108.49
Israel		ILS=	3.5550	-1.0%	-5.0%	3.9020	3.5190
South Africa		ZAR=	6.8100	1.5%	-8.8%	7.9450	6.5978
Egypt		EGP=	5.9500	2.5%	8.1%	5.9520	5.6670
Saudi Arabia		SAR=	3.7501	0.0%	0.0%	3.753	3.7485
Czech Rep.		CZK=	17.274	-10.2%	-9.5%	21.778	17.130
Poland		PLN=	2.8302	-6.3%	-3.4%	3.4852	2.7442
Hungary		HUF=	190.60	-9.9%	-4.2%	240.70	190.25
Russia		RUB=	28.276	-7.5%	-4.5%	31.856	29.161
Turkey		TRY=	1.5508	0.4%	0.7%	1.6192	1.3936
China		CNY=	6.5580	-1.3%	-3.9%	6.8323	6.5510
Hong Kong		HKD=	7.7942	0.2%	0.4%	7.8039	7.7500
Singapore		SGD=	1.2602	-3.5%	-10.5%	1.4173	1.2602
Taiwan		TWD=	29.515	-1.0%	-7.3%	32.415	28.820
India		INR=	44.650	-0.9%	-1.7%	47.490	43.900
South Korea		KRW=	1118.6	-2.9%	-2.1%	1253.2	1099.0
Thailand		THB=	30.240	0.3%	-6.6%	32.620	29.480
Malaysia		MYR=	3.0265	-2.8%	-8.7%	3.3650	3.0255
Indonesia		IDR=	8716.0	-3.6%	-4.4%	9345.0	8716.0
Philippines		PHP=	43.410	-1.6%	-4.8%	47.250	42.340
Mexico		MXN=	11.938	-3.4%	-4.9%	13.186	11.894
Brazil		BRL=	1.6588	-1.8%	-8.8%	1.8814	1.6465
Chile		CLP=	479.70	2.2%	-9.9%	548.00	465.50
Venezuela		VEB=	2244.6	0.0%	0.0%	2144.6	2146.6
Colombia		COP=	1864.4	-3.6%	-3.1%	2033.0	1785.0

Levels Date:25-Mar-11

Source: Thomson Reuters



CENTRAL BANKS

Country	Flag	Central Bank	Rate Name	Actual	Previous
USA		FED	Fed funds	0.25	0.25
Eurozone		ECB	Refi	1.00	1.00
UK		BOE	Bank Repo	0.50	0.50
Japan		BOJ	O/N Call	0.10	0.10
Switzerland		SNB	3 mth Libor	0.25	0.25
Australia		RBA	Cash	4.75	4.75
Canada		BOC	O/N Funding	1.00	1.00
New Zealand		RBNZ	Cash	2.50	3.00
Sweden		Riksbank	Repo	1.50	1.25
Norway		Norges Bank	Depo	2.00	2.00
Iceland		CBI	Policy	4.25	4.25
Israel		BOI	Short Term Lending	2.50	2.50
South Africa		Reserve Bank	Repurchase	5.50	5.50
Egypt		CBE	O/N Depo	9.75	9.75
Czech Rep.		CNB	2 Week Repo	0.75	0.75
Poland		NBP	28 Day Intervention	3.75	3.75
Hungary		MNB	2 Week Depo	6.00	5.75
Russia		CBR	Refinancing	8.00	8.00
Turkey		TCMB	O/N Borrowing	6.25	6.25
China		PBC	1 Year Lending	6.06	5.81
Taiwan		CBC	Discount	2.50	2.25
India		RBI	Repo	6.75	6.50
South Korea		BOK	O/N Call	2.99	2.75
Thailand		BOT	Repo	6.25	6.25
Indonesia		BI	BI	6.75	6.75
Philippines		BSP	Repo	4.25	4.00
Mexico		BDM	Target	4.50	4.50
Brazil		BCB	Selic	11.75	11.25
Chile		CBC	MPR	4.00	4.00

Levels Date: 25-Mar-11

Source: Thomson Reuters



ECONOMIC DATA

	GDP	CPI	Industrial Production	Unemployment
	y-o-y	y-o-y	y-o-y	level
USA	0.40	2.10	-0.10	8.90
Eurozone	2.00	2.40	0.30	9.90
UK	1.70	4.40	0.50	8.00
Japan	-0.30	-0.30	1.30	4.90
Switzerland	3.10	0.50		3.40
Australia	2.70	2.70		5.00
Canada	3.30	2.20		7.80
New Zealand (participation)	0.80	4.00		67.9 (participation)
Sweden	7.30	2.50	4.10	7.90
Norway	2.40	1.20	0.60	3.00
South Africa	3.80	3.70	1.30	24.00
Czech Rep.	2.60	1.00	16.90	9.60
Poland	4.40	3.60	10.70	13.20
Hungary	1.90	4.10	13.40	11.20
Russia	4.40	0.80	5.80	7.60
China	9.80	4.90	14.10	
India	8.60		3.70	
Mexico	4.60	0.40	6.60	5.38
Brazil	5.00	0.80	2.50	6.40

Levels Date: 25-Mar-11

Source: Thomson Reuters

FX POLL

3 Month	Days since Poll	Poll Median	Poll Min	Poll Max	Poll Mean	Std Deviation	Spot@Poll Date
EurUsd	23	1.34	1.2	1.725	1.345	0.071	1.3775
GbpUsd	23	1.61	1.446	1.69	1.599	0.056	1.6261
AudUsd	23	1	0.86	1.05	0.995	0.036	1.0135
UsdJpy	23	85	70	89	84.3	2.6	81.83
UsdChf	23	0.961	0.9	1.1	0.969	0.038	0.9287
UsdCad	23	0.984	0.94	1.08	0.987	0.029	0.974
EurJpy	23	113.1	99.2	122.4	113.2	4.4	112.76
EurChf	23	1.299	1.158	1.587	1.301	0.056	1.2797
EurGbp	23	0.84	0.798	1.075	0.841	0.036	0.847
GbpJpy	23	135.6	112.4	144.4	133.8	5.6	133.05
1 Year	Days since Poll	Poll Median	Poll Min	Poll Max	Poll Mean	Std Deviation	Spot@Poll Date
EurUsd	23	1.35	1.15	2.325	1.355	0.154	1.3775
GbpUsd	23	1.62	1.41	1.825	1.622	0.089	1.6261
AudUsd	23	0.98	0.76	1.13	0.976	0.07	1.0135
UsdJpy	23	90	55	100	88.8	6.7	81.83
UsdChf	23	0.992	0.83	1.19	1.003	0.074	0.9287
UsdCad	23	1	0.92	1.15	0.998	0.044	0.974
EurJpy	23	119	97.8	142.1	119.4	8.2	112.76
EurChf	23	1.35	1.18	2	1.35	0.109	1.2797
EurGbp	23	0.826	0.754	1.472	0.836	0.09	0.847
GbpJpy	23	144.3	86.9	163.8	143.9	12.1	133.05

Levels Date: 25-Mar-11

Source: Thomson Reuters



THOMSON REUTERS

MARKETS VIEW

Stock Indices	Last	% Ch 6M	% Ch 12M
MSCI World	1323.53	12%	11%
Dow Jones Ind.	12170.56	12%	12%
S&P 500	1309.66	14%	12%
Nasdaq 100	2312.09	14%	19%
Eurostoxx 50	2918.85	5%	-1%
UK FTSE 100	5897.69	5%	3%
Dax	6969.39	11%	14%
Cac 40	3976.78	5%	-1%
FT MIB	22038.33	7%	-4%
Swiss SMI	6337.6	0%	-8%
Nikkei 225	9536.13	1%	-12%
Australia AORD	4840.31	4%	-1%
HK Hang Seng	23158.67	5%	11%
Shanghai Comp.	2977.814	13%	-1%
Singapore StraitT.	3075.22	-1%	6%
India BSE30	18735.72	-7%	7%
Brazil Bovespa	67532.97	-1%	-1%
Russia RTSI	2024.43	36%	34%

Levels Date: 25-Mar-11

Commodities	Last	% Ch 6M	% Ch 12M
Gold	1433	11%	31%
Silver	37.47	75%	126%
Brent DTD	116.3	46%	49%
WTI	104.99	41%	31%

Bonds	Last	% Ch 6M	% Ch 12M
5Y Euro	2.53	70%	16%
10Y Euro	3.258	39%	4%
10Y US Treasury	3.407	31%	-12%
30Y US Treasury	4.483	18%	-6%
10Y UK Gilt	3.588	18%	-11%
10Y CH Govt Bond	1.839	31%	-4%

Money Markets	Last	% Ch 6M	% Ch 12M
US 6M Depo	0.4600	-1%	5%
EUR 6M Depo	1.5060	32%	59%
GBP 6M Depo	1.1231	10%	29%
CHF 6M Depo	0.2533	3%	-25%
JPY 6M Depo	0.3463	-19%	-23%

Source: Thomson Reuters

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APRIL, MAY, JUNE 2011

GMT London Time

April			
1 Fri	-	GBP	Halifax HPI m/m
	4:30am	GBP	Manufacturing PMI
	8:30am	USD	Non-Farm Employment Change
	8:30am	USD	Unemployment Rate
	10:00am	USD	ISM Manufacturing PMI
4 Mon	6:00pm	NZD	NZIER Business Confidence
	9:30pm	AUD	Trade Balance
5 Tue	12:30am	AUD	Cash Rate
	12:30am	AUD	RBA Rate Statement
	4:30am	GBP	Services PMI
	10:00am	USD	ISM Non-Manufacturing PMI
6 Wed	4:30am	GBP	Manufacturing Production m/m
	10:00am	CAD	Ivey PMI
	2:00pm	USD	FOMC Meeting Minutes
	9:30pm	AUD	Employment Change
	9:30pm	AUD	Unemployment Rate
	-	JPY	Monetary Policy Statement
	-	JPY	Overnight Call Rate
7 Thu	-	JPY	BOJ Press Conference
	7:00am	GBP	Asset Purchase Facility
	-	GBP	MPC Rate Statement
	7:00am	GBP	Official Bank Rate
	7:45am	EUR	Minimum Bid Rate
	8:30am	EUR	ECB Press Conference
	8:30am	USD	Unemployment Claims
	9:30pm	AUD	Home Loans m/m
8 Fri	4:30am	GBP	PPI Input m/m
	7:00am	CAD	Employment Change
	7:00am	CAD	Unemployment Rate
	8:15am	CAD	Housing Starts
11 Mon	8:30am	CAD	Building Permits m/m
	10:00am	CAD	BOC Business Outlook Survey
	10:00am	CNY	CPI y/y
12 Tue	-	CNY	Trade Balance
	3:15am	CHF	Retail Sales y/y
	4:30am	GBP	CPI y/y
	5:00am	EUR	German ZEW Economic Sentiment
	8:30am	CAD	Trade Balance
	8:30am	USD	Trade Balance
	9:00am	CAD	BOC Rate Statement
	9:00am	CAD	Overnight Rate

13 Wed	4:30am	GBP	Claimant Count Change
	8:30am	USD	Core Retail Sales m/m
	8:30am	USD	Retail Sales m/m
14 Thu	8:30am	USD	PPI m/m
	8:30am	USD	Unemployment Claims
	10:30am	CAD	BOC Monetary Policy Report
	11:15am	CAD	BOC Press Conference
15 Fri	8:30am	USD	Core CPI m/m
	9:00am	USD	TIC Long-Term Purchases
	9:55am	USD	Prelim UoM Consumer Sentiment
17 Sun	6:45pm	NZD	CPI q/q
18 Mon	9:30pm	AUD	Monetary Policy Meeting Minutes
19 Tue	4:00am	EUR	German Ifo Business Climate
	7:00am	CAD	Core CPI m/m
	8:30am	USD	Building Permits
20 Wed	4:30am	GBP	MPC Meeting Minutes
	4:30am	GBP	Public Sector Net Borrowing
	10:00am	USD	Existing Home Sales
	9:30pm	AUD	PPI q/q
21 Thu	4:30am	GBP	Retail Sales m/m
	8:30am	CAD	Core Retail Sales m/m
	8:30am	USD	Unemployment Claims
	10:00am	USD	Philly Fed Manufacturing Index
	10:30pm	CNY	GDP q/y
25 Mon	5:30am	CHF	KOF Economic Barometer
	10:00am	USD	New Home Sales
26 Tue	10:00am	USD	CB Consumer Confidence
	9:30pm	AUD	CPI q/q
	11:00pm	NZD	NBNZ Business Confidence
27 Wed	-	GBP	Nationwide HPI m/m
	4:30am	GBP	Prelim GDP q/q
	8:30am	USD	Core Durable Goods Orders m/m
	2:15pm	USD	FOMC Statement
	2:15pm	USD	Federal Funds Rate
	5:00pm	NZD	Official Cash Rate
	5:00pm	NZD	RBNZ Rate Statement
-	JPY	Monetary Policy Statement	
28 Thu	-	JPY	Overnight Call Rate
	-	JPY	BOJ Press Conference
	8:30am	USD	Advance GDP q/q
	8:30am	USD	Unemployment Claims
	10:00am	USD	Pending Home Sales m/m

29 Fri	8:30am	CAD	GDP m/m
	12:30pm	USD	Fed Chairman Bernanke Speaks
May			
1 Sun	9:00pm	CNY	Manufacturing PMI
2 Mon	-	GBP	Halifax HPI m/m
	4:30am	GBP	Manufacturing PMI
	10:00am	USD	ISM Manufacturing PMI
	6:45pm	NZD	Labor Cost Index q/q
3 Tue	12:30am	AUD	Cash Rate
	12:30am	AUD	RBA Rate Statement
4 Wed	4:30am	GBP	Services PMI
	8:15am	USD	ADP Non-Farm Employment Change
	10:00am	USD	ISM Non-Manufacturing PMI
	6:45pm	NZD	Employment Change q/q
	6:45pm	NZD	Unemployment Rate
	9:30pm	AUD	Building Approvals m/m
	9:30pm	AUD	Retail Sales m/m
5 Thu	7:00am	GBP	Asset Purchase Facility
	-	GBP	MPC Rate Statement
	7:00am	GBP	MPC Rate Statement
	7:45am	EUR	Minimum Bid Rate
	8:30am	EUR	ECB Press Conference
	8:30am	USD	8:30am
	10:00am	CAD	Ivey PMI
	9:30pm	AUD	Home Loans m/m
	9:30pm	AUD	RBA Monetary Policy Statement
6 Fri	4:30am	GBP	PPI Input m/m
	7:00am	CAD	Employment Change
	7:00am	CAD	Unemployment Rate
	8:30am	USD	Non-Farm Employment Change
	8:30am	USD	Unemployment Rate
9 Mon	8:15am	CAD	Housing Starts
	8:30am	CAD	Building Permits m/m
	9:30pm	AUD	Trade Balance
10 Tue	5:00am	AUD	Annual Budget Release
	5:00am	NZD	RBNZ Financial Stability Report
	10:00pm	CNY	CPI y/y
11 Wed	-	CNY	Trade Balance
	5:30am	GBP	BOE Gov King Speaks
	5:30am	GBP	BOE Inflation Report
	8:30am	CAD	Trade Balance
	8:30am	USD	Trade Balance
	9:30pm	AUD	Employment Change
	9:30pm	AUD	Unemployment Rate

12 Thu	3:15am	CHF	Retail Sales y/y
	4:30am	GBP	Manufacturing Production m/m
	8:30am	USD	Core Retail Sales m/m
	8:30am	USD	PPI m/m
	8:30am	USD	Retail Sales m/m
	8:30am	USD	Unemployment Claims
13 Fri	7:50pm	JPY	Prelim GDP q/q
	8:30am	USD	Core CPI m/m
15 Sun	9:55am	USD	Prelim UoM Consumer Sentiment
	10:00pm	NZD	Annual Budget Release
16 Mon	9:00am	USD	TIC Long-Term Purchases
	9:30pm	AUD	Monetary Policy Meeting Minutes
17 Tue	4:30am	GBP	CPI y/y
	5:00am	EUR	German ZEW Economic Sentiment
	8:30am	USD	Building Permits
	6:45pm	NZD	PPI Input q/q
18 Wed	4:30am	GBP	Claimant Count Change
	4:30am	GBP	MPC Meeting Minutes
	2:00pm	USD	FOMC Meeting Minutes
19 Thu	4:30am	GBP	Public Sector Net Borrowing
	4:30am	GBP	Retail Sales m/m
	8:30am	USD	Unemployment Claims
	10:00am	USD	Existing Home Sales
	10:00am	USD	Philly Fed Manufacturing Index
	-	JPY	Monetary Policy Statement
	-	JPY	Overnight Call Rate
	-	JPY	BOJ Press Conference
20 Fri	4:00am	EUR	German Ifo Business Climate
	7:00am	CAD	Core CPI m/m
	8:30am	CAD	Core Retail Sales m/m
	8:30am	CAD	Core Retail Sales m/m
23 Mon	11:00pm	NZD	Inflation Expectations q/q
24 Tue	5:00am	GBP	Inflation Report Hearings
	10:00am	USD	New Home Sales
25 Wed	4:30am	GBP	Revised GDP q/q
	5:30am	CHF	KOF Economic Barometer
	8:30am	USD	Core Durable Goods Orders m/m
	9:30pm	AUD	Private Capital Expenditure q/q
26 Thu	8:30am	USD	Prelim GDP q/q
	8:30am	USD	Unemployment Claims
27 Fri	-	GBP	Nationwide HPI m/m
	10:00am	USD	Pending Home Sales m/m
30 Mon	9:30pm	AUD	Building Approvals m/m
	11:00pm	NZD	NBNZ Business Confidence
31 Tue	8:30am	CAD	GDP m/m

31 Tue	9:00am	CAD	BOC Rate Statement
	9:00am	CAD	Overnight Rate
	10:00am	USD	CB Consumer Confidence
	9:00pm	CNY	Manufacturing PMI
	9:30pm	AUD	GDP q/q
June			
1 Wed	4:30am	GBP	Manufacturing PMI
	8:15am	USD	ADP Non-Farm Employment Change
	10:00am	USD	ISM Manufacturing PMI
	9:30pm	AUD	Retail Sales m/m
	9:30pm	AUD	Trade Balance
2 Thu	-	GBP	Halifax HPI m/m
	8:30am	USD	Unemployment Claims
3 Fri	4:30am	GBP	Services PMI
	8:30am	USD	Non-Farm Employment Change
	8:30am	USD	Unemployment Rate
	10:00am	USD	ISM Non-Manufacturing PMI
6 Mon	8:30am	CAD	Building Permits m/m
	10:00am	CAD	Ivey PMI
7 Tue	12:30am	AUD	Cash Rate
	12:30am	AUD	RBA Rate Statement
	9:30pm	AUD	Home Loans m/m
8 Wed	5:00pm	NZD	Official Cash Rate
	5:00pm	NZD	RBNZ Press Conference
	5:00pm	NZD	RBNZ Rate Statement
	9:30pm	AUD	Employment Change
	9:30pm	AUD	Unemployment Rate
9 Thu	-	GBP	Asset Purchase Facility
	-	GBP	MPC Rate Statement
	7:00am	GBP	Official Bank Rate
	7:45am	EUR	Minimum Bid Rate
	8:15am	CAD	Housing Starts
	8:30am	CAD	Trade Balance
	8:30am	EUR	ECB Press Conference
	8:30am	USD	Trade Balance
	8:30am	USD	Unemployment Claims
10 Fri	4:30am	GBP	Manufacturing Production m/m
	4:30am	GBP	PPI Input m/m
	7:00am	CAD	Employment Change
	7:00am	CAD	Unemployment Rate
	9:55am	USD	Prelim UoM Consumer Sentiment
12 Sun	10:00pm	CNY	CPI y/y
13 Mon	-	CNY	Trade Balance
	-	JPY	Monetary Policy Statement

13 Mon	-	JPY	Overnight Call Rate	
14 Tue	-	JPY	BOJ Press Conference	
	4:30am	GBP	CPI y/y	
	8:30am	USD	Core Retail Sales m/m	
	8:30am	USD	PPI m/m	
	8:30am	USD	Retail Sales m/m	
15 Wed	3:15am	CHF	Retail Sales y/y	
	4:30am	GBP	Claimant Count Change	
	8:30am	USD	Core CPI m/m	
	9:00am	USD	TIC Long-Term Purchases	
16 Thu	3:30am	CHF	Libor Rate	
	3:30am	CHF	SNB Monetary Policy Assessment	
	3:30am	CHF	SNB Press Conference	
	4:30am	GBP	Retail Sales m/m	
	8:30am	USD	Building Permits	
	8:30am	USD	Unemployment Claims	
17 Fri	10:00am	USD	Philly Fed Manufacturing Index	
	4:00am	EUR	German Ifo Business Climate	
	20 Mon	4:30am	GBP	Public Sector Net Borrowing
		9:30pm	AUD	Monetary Policy Meeting Minutes
21 Tue	5:00am	EUR	German ZEW Economic Sentiment	
	10:00am	USD	Existing Home Sales	
22 Wed	6:45pm	NZD	Current Account	
	4:30am	GBP	MPC Meeting Minutes	
	7:00am	CAD	Core CPI m/m	
	2:15pm	USD	FOMC Statement	
	2:15pm	USD	Federal Funds Rate	
23 Thu	6:45pm	NZD	GDP q/q	
	8:30am	USD	Unemployment Claims	
	10:00am	USD	New Home Sales	
24 Fri	8:30am	CAD	Core Retail Sales m/m	
	8:30am	USD	Core Durable Goods Orders m/m	
	Day 2	ALL	G8 Meetings	
27 Mon	-	GBP	Nationwide HPI m/m	
28 Tue	4:30am	GBP	Current Account	
	5:30am	CHF	KOF Economic Barometer	
	10:00am	USD	CB Consumer Confidence	
29 Wed	8:15am	USD	ADP Non-Farm Employment Change	
	10:00am	USD	Pending Home Sales m/m	
	7:50pm	JPY	Tankan Manufacturing Index	
	11:00pm	NZD	NBNZ Business Confidence	
30 Thu	8:30am	CAD	GDP m/m	
	8:30am	USD	Unemployment Claims	
	9:00pm	CNY	Manufacturing PMI	

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