



***FX Trader Professional** is a subscription-based trading information and analysis serviced designed to level the playing field retail FX traders, by sharing market moving information from the inside networks of hedge funds and global banks. Below is a daily recap of the FXTraderProfessional.com Virtual Trading Desk. It's an unedited copy of scrolling, real-time FX and global market analysis and deal flow. Many relevant charts that are referenced in the text are omitted from this recap. The session begins between 4 and 4:15 EST with an audio introduction to the session, and then continues throughout the U.S. trading session.*

April 22, 2013

03:53 am) Mark Coe:Good morning

(04:01 am) Mark Coe:How are you Damian?

(04:03 am) Mark Coe:Pretty quiet Data day. Euro Zone Govt Debt /GDP due at 5 am EST, 1 hr from now. Chicago Fec at 830, EURO Zone Consumer Confidence 10 AM, US Existing Home Sales 10 am

(04:07 am) Mark Coe:Overnight, Chinese stocks barely negative, Japanese stocks up 251@ 13,568 as Yen flirts with 100

(04:07 am) Mark Coe:Gold up 17.51 @ 1421.60

(04:08 am) Mark Coe:US 10 yr yielded 1.7202

(04:22 am) Mark Coe:G20 gave Japan a green light for policy aimed at domestic price stability

(04:22 am) Mark Coe:USD-JPY within reach of 100.00 after G20 endorsed BoJ policy

(04:23 am) Mark Coe:Asian stocks headed higher; Japan outperformed after G20 backing

(04:23 am) Mark Coe:Commodities rallied; oil and gold firmer, but copper weighed by Chinalosses

(04:32 am) Mark Coe:Japanese names on top of USDJPY here for size

(04:58 am) Mark Coe:Damian, I don't agree with that comment. I don't think buyers up here are new to the market. Most have been in this trade for some time and won't be experiencing much pain with a

move a couple hundred pips lower. There will be good buy stops on the other side of 100 and option barriers at that level so we have seen quite a battle to get through.

(05:00 am) Mark Coe:Just a couple weeks ago we were trading under 93, so a fall from 99.77 isn't what I would describe as a pain trade. I agree with you, market is very long USDJPY but it would take a much bigger move to really inflict pain to longs. I think also many would see this as a decent level to take profit as we have come close to 20 big figures.

(05:47 am) Mark Coe:Fairly quiet price action since I walked in.

(05:49 am) Mark Coe:Hi Patricia, I dont have it on my email yet.

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(06:12 am) Mark Coe:Just going over my longer term charts this weekend, I have a cluster of levels including MVA's and Fibs that all come between 1.3028-1.3065, so need to clear this are to see further downside, and we had a test of 1.30 lows last week, so buyers have been willing to step in so far. Again still believe we are in a range market for now.

(06:13 am) Mark Coe:1.27 -1.32 for me is the range I am anticipating.

(06:17 am) Mark Coe:As highlighted previously the G20 did not signal explicit criticism of the Japanese policy stance, hence providing renewed upside impetus in Yen crosses as a result. However, having again failed to crack Y100 it will be the intentions of the Japanese life companies that could be pivotal in the peeling away the layers of resistance around the Y100 region.

(06:18 am) Mark Coe:All the big life companies are set to underline their investment intentions this week. Already we have heard from Asahi Life who have suggested that they will look to add JPY50bn of overseas bond holdings, cutting JGB's. Nippon Life talk of raising unhedged foreign bond holdings, when the time is right; so not suggesting they are looking to rush in.

(06:19 am) Mark Coe:The surprise in the recent MoF weekly capital flow data has been the reticence of investors to buy foreign bonds, but it appears investors were merely assimilating the ramifications of the great BoJ experiment, prior to any decision. Hence Japanese life company rhetoric will be pivotal any breach of Y100. Domestic investors could be forgiven for now keeping funds on shore in view of the Nikkei gaining more than 50% in the last six months.

(06:21 am) Mark Coe:DJ NIPPON LIFE: WILL IMPROVE STOCK PORTFOLIO FOCUSING ON GROWTH; MAY SHIFT FROM DOMESTIC TO FOREIGN STOCKS

(06:21 am) Mark Coe:NIPPON LIFE MAY BUY MORE FOREIGN DEBT IF JAPAN YIELDS STAY LOW

(07:13 am) Mark Coe:Big focus coming into today is can USDJPY take out 100, lots of interest up here.

(07:47 am) Mark Coe:Stepping out for a few minutes

*** Bryan Rich, Welcome to FX Trader Professional

*** The chat is now in Privatized mode.

(08:09 am) Bryan Rich:good morning

(08:17 am) Mark Coe:morning

(08:19 am) Bryan Rich:after a busy week last week, quiet open... the notable movers today, gold up 2%, and stocks up nicely across the world (japan up almost 2% overnight, european stocks up over half a percent) .. S&P futures up about half a percent

(08:20 am) Bryan Rich:quiet data day today... the highlights this week will be gdp reports out of the euro zone, uk and US

(08:23 am) Bryan Rich:we also get another boj meeting on monetary policy at the end of the week... just 22 days after Kuroda delivered on getting his deflation beating plan up and running

(08:24 am) Bryan Rich:lot of focus continues on usdjpy and things continue to point to the G20's lack of criticism of Japan... but that's old news..that was evident on Thursday

(08:26 am) Bryan Rich:so usdjpy up here, obviously trades like a huge barrier defended at 100....

(08:31 am) Bryan Rich:with that the majors this morning trading more on the crosses

(08:35 am) Bryan Rich:plenty of news and write ups on europe this weekend...including some resolution in theitalian elections... we look at yields this morning... yields in the riskier ez area all lower... yields slightly higher in the US and Germany...so bond markets telling us all is calm

(08:39 am) Bryan Rich:eurusd: continues to follow our script.... with this right shoulder forming nicely. if you recall we were looking for this potential wehn eurUSD was down in the 1.27 area... so we come into this weekend...and the CFTC market position report shows us that this move up to near 1.32 has shaken out plenty of shorts... "the quickest paring of euro shorts since Dec of last year"... what does that tell us? it tells us that there is fuel for the downside again as people rebuild shorts

(08:42 am) Bryan Rich:for now 1.30 is the level on the downside, expect bids in front of that level and good stops below. On top good sell interest on the way up starting at 1.3075-85...and up to 1.3130-40. Given the structure of order books and views of traders and lack of a clear catalyst in the next few days, things look more likely to range trade

(08:43 am) Bryan Rich:we have a little bearish head and shoulders in the eurUSD here..with the left shoulder developed in back aorund April 11...and a neckline down at 1.30

(08:44 am) Bryan Rich:Hi Terry, no I was unable to get the Big Picture piece wrapped up over the weekened. I'll likely have it out this afternoon.

(08:44 am) Bryan Rich:apologies

(08:49 am) Bryan Rich:gbpusd: last week fading strength into 1.54 continued to be rewarding...and then we get the UK downgrade which led a good slide in cable. Hearing good buying interest down here this morning into 1.5200, but good stops on the breach. Again, good interest to fade strength on top. We get UK GDP numbers this week, my contacts like being short gbp, likely want to go into the GDP number short looking for a negative surprise

(08:50 am) Bryan Rich:expect good selling interest from 1.5260 up to 1.5300

(08:53 am) Bryan Rich:usdjpy: again, like we talked about late last week, given the move higher in japanese gov bond yields (which should be moving lower given the boj policy)..it gives pause to usdjpy longs..and a reason to take profit especially seeing the 100 barrier hold firmly

(08:53 am) Bryan Rich:the reason: higher bond yields gives a message that perhaps the market doesn't think the boj can do what they have planned

(08:54 am) Bryan Rich:so shouldn't be surprising to see pple lighten up here if 100 can't break.... and look to buy them back lower... but they would certainly re-establish on the break of 100

(08:55 am) Bryan Rich:on the downside, there is a good line that comes in from the April 15 lows... comes in at 99.15-20

(08:55 am) Bryan Rich:so expect any dip to be bought into those levels

(08:56 am) Bryan Rich:also of note, in the market position report last week from the cftc...yen shorts were at cyclical highs..so another reason to think that we could fade back again from the 100 level

(08:56 am) Bryan Rich:ultimately it will go, just a matter of when

(09:00 am) Bryan Rich:audusd: aussie is finally starting to show some relative weakness after a hit last week on weaker china data and a gold trade that got taken apart...gold is higher today, but aud is lower. with usdjpy unable to breach 100, i think the first place you look to fade is audjpy (aud lower)

(09:01 am) Bryan Rich:keep an eye on the 101.85 level in audjpy, expect good stops/selling on the break

(09:02 am) Bryan Rich:not much support to look at down here in audusd, we've cleared the key fib retracement points of the move from 1.0115 up to 1.0580

(09:03 am) Bryan Rich:1.0350 remains the longer term area to sell against, looking for good downside opportunities

(09:08 am) Bryan Rich:some confidence numbers out of europe at 10am this morning, and existing home sales in the US

(09:17 am) Mark Coe:1.2999 Key low from last week.

(09:17 am) Mark Coe:Sorry, In EURUSD I am referring to for 1.2999

(09:32 am) Mark Coe:US Stocks open positive on the day, up small. Gold up \$24 , US 10 yr yields back below 1.70

(09:36 am) Mark Coe:EURUSD trades to a new low on the day but still holding above last weeks lows (1.2999) for now

(09:36 am) Mark Coe:Expect stops under those lows

(09:38 am) Mark Coe:USDJPY, trendline from April 15 lows comes in just above 99.20

(09:39 am) Mark Coe:This area 99.20/35 was also resistance until Friday afternoon where we got the spike into the weekend, so would expect to see some bids in front.

(09:41 am) Mark Coe:US Existing Home Sales in 20 mins

(09:49 am) Mark Coe:AUDUSD- 4 hr chart look here, showing Divergence, lower price higher MACD.

(10:01 am) Mark Coe:Existing home sales miss estimates of 5m, comes in at 4.92M

(10:01 am) Mark Coe:EZ Cons Confidence -22.3 vs Exp of -24.0

(10:24 am) Mark Coe:USDJPY back to the area we saw most of Friday morning, trading between 99.10 and 99.32

(10:25 am) Bryan Rich:that line in audjpy we talked about this morning at 101.85 gives way.. and slides nicely

(10:25 am) Mark Coe:German 10 yr Yields outpacing US 10 to the downside this morning, pressuring EURUSD lower,

(10:39 am) Mark Coe:USDCHF tested support in the low .92 area and bounced well, now that we have cleared the .9330/40 area looking for further upside initially .9400 and then the key .9565

(10:41 am) Mark Coe:USDJPY breaking the trendline from April 15 lows, I am watching a 60 min chart and still waiting to see if we close below. Think weak longs are being taken out but not real damage to longer term positions.

(10:43 am) Mark Coe:A little over an hour into US Equity open , DJIA -73, Gold +16, US 10 Yr Yielding 1.6826, European Stocks lower.

(11:00 am) Mark Coe:USDJPY looks like it is not going to manage a close below the trendline

(11:11 am) Mark Coe:99.36 was the area that held Friday before the afternoon elevation, you see the horizontal line I have at that level.

(11:11 am) Bryan Rich:nice little potential right shoulder

(11:50 am) Mark Coe:USDJPY holds the trendline and cant break the 36 resistance. I still like the upside test in this pair.

(12:16 pm) Mark Coe:Stepping out for a few minutes.

(12:49 pm) Mark Coe:Back

(01:05 pm) Mark Coe:The big story of the day has been USDJPY and the test of 100 where Japanese Bank offers were seen capping the topside and of course plenty of talk of options and barriers and stops. the one point I would take away from reading all of this analysis is that everyone has the same opinion here, we eventually take out 100. From a positioning standpoint important to remember if you are playing USDJPY up here as moves to the downside can be quick as we saw this morning. Bottom line is there is much more room to the downside to prove you are wrong if you take a long USDJPY position.

(01:06 pm) Mark Coe:The pain in this trade is not to the downside at these areas. We have seen buyers on dips and money chasing the upside afraid to miss the move through 100.

(01:10 pm) Mark Coe:AUDUSD the downside is the side being talked about but I think you have to pick your spots in this one. 1.0350-80 offers decent opportunities at the moment.

(02:57 pm) Mark Coe:I am calling it an afternoon here, see you all tomorrow. French and German PMI tomorrow.