EUR/USD Tips and Trading Strategies

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How to be a Smart Trader
Smart Money
Does NOT
Buy Dips & Sell Rallies
Smart Money Knows WHAT To Trade
Smart Money Knows WHEN To Trade
2 Most Actively Traded Currencies:

United States Dollar
Euro

EUR/USD
Smart Money Understands that....
3 Ingredients in a Perfect Trade
#1 Fundamentals
#2 Technicals
#3 Sentiment
Trading

Forex vs. Stocks
What Moves Stocks?

- Corporate news and earnings
- Economic data
- Interest rates / comments by Central Banks
- Commodity prices
- Market sentiment
What Moves FX?

- Corporate news and earnings
- Economic data
- Interest rates / comments by Central Banks
- Commodity prices
- Market sentiment
Stock Trading

1. Trade the Story - *Valuation*
2. Trade the News – *Corporate Announcements*
3. Trade the Charts – *Technical Analysis*
Forex Trading

1. Trade the Story – *economic outlook, interest rates*

2. Trade the News – *economic data*

3. Trade the Charts – *technical analysis*

*OR combination of*

*Technical & Fundamental Analysis*
Background

• Symbol €

• Our Currency Without a Country

• 17 Members in the Eurozone*

• Collectively the Largest Economy in the World

• Germany is the Largest and Most Important Country in the Eurozone

*As of May 2012
Central Bank

- European Central Bank (ECB)
- Mandate: Price Stability – Keep Inflation Below 2%
- Created: 1998
- Central Bank Chairman: Mario Draghi
- Frequency of Central Bank Meetings/Year: 12
When to Trade

3:00AM ET / 7:00 GMT  
London Open

4:00AM ET / 8:00 GMT  
Economic Releases

8:30AM ET / 12:30 GMT  
US Economic Releases
Euro Trading Tips

• Most Actively Traded Currency in the World (>1 Trillion/Day)
• Tends to Trend more than Range
• Correlates with Risk Assets Unless Focus on EZ Credit
Big Moves by Central Banks
Rev Up the Printing Presses
OMT by ECB
Outright Monetary Transactions
“OMT”
Step #1

Country X

EU IMF
Step #2
Step #2

2 Choices:

A) Full Macroeconomic Adjustment Program

B) Precautionary Program
Step #3
Bond Price and Yield Relationship
Will this be enough to Save Europe?

Probably Not.
But OMT HAS stabilized the financial markets
Risks Ahead of Euro
United States Dollar
• Symbol US$

• Nickname – Greenback, Buck

• 80%+ of all Currency Transactions Involve the US Dollar.

• The World’s Primary Reserve Currency

• More Than 25 Currencies of Other Countries Peg Their Currency to the US Dollar.
Central Bank

- US Federal Reserve (FOMC)
- Mandate: Price Stability and Sustainable Growth
- Created: 1913
- Central Bank Chairman: Ben Bernanke
- Frequency of Central Bank Meetings/Year: 12
When to Trade

- 3:00 AM ET / 7:00 GMT  London Open
- 8:30 AM ET / 12:30 GMT  US Economic Releases
USD Trading Tips

- Positive US Data has been *Hurting* the Dollar Except against the Yen

- USD/JPY Used to Trade on Interest Rate Differentials But Now Trades on QE Policy

- Trading Observation - USD Flows May Reverse When EU Markets Close at 12 Noon ET
QE3
Rev Up the Printing Presses
What Did We Get from Fed?

1. $40B Per Month – No End Date
2. Pledge to do MORE if Labor Market Doesn’t Improve
3. Low Rates Pledge Extended to Mid 2015
4. Commitment to Keep Monetary Easy “For a Considerable Time” after Recovery
Impact of QE

Stocks

Currency
But has that been the case?

No.

USD up, Stocks down since Sept 13
How is the US Economy Doing?
Risks Ahead of US Dollar
FOUR MORE YEARS
4 Ways Obama’s Reelection Impacts the USD

1. General Economic Policies
2. Fiscal Cliff
2. Bernanke
3. China Policy
EUR/USD 1.15 or 1.45?
How are Entries / Exits Determined?
Trend is YOUR friend -

Double Bollinger Bands
What are double Bollinger Bands?

20 Period, 2 Standard Deviation
20 Period, 1 Standard Deviation

2 BB = Outer Lines
1 BB = Inner Lines
In FX:
Horizontal Lines Are MORE Important than Vertical Lines
Trading Tips

Round Numbers are difficult to break 1st time around

BUT...

When they are broken, it can be BIG!
Trading Tips

Sentiment is KEY

You want it on your side, but if its extreme any adverse news will trigger massive selloffs!
If there is only 1 thing you take away....
You WANT
Fundamentals...
Technicals...
Sentiment...
On YOUR Side
For EVERY Trade
What we do at BKForex.com
Trading Signals for the Everyday Trader
✓ POSITION TRADING
✓ DAY TRADING
✓ NEWS TRADING
✓ POSITION TRADING

#1 Short Term Swing Trades – Trend & News

Step 1 -- Establish a view on economic data
Step 2 -- Check to see if view is consistent with the overall risk appetite & sentiment
Step 3 -- Identify key levels for entry
Step 4 -- Identify best time to enter the trade
Day Trading - We Trade EUR Everday! 

Past performance is not indicative of future results.
Day Trading - We Trade EUR Flow!

#1 -- Day Trades that Enter at Market

BK FLOW - Enter Long $EURUSD at market currently 1.2905 Stop 1.2855 Target 1.2935

#2 -- Day Trades that Enter When Certain Key Levels are Triggered

BK FLOW - Putting sell orders at 1.2350
#1 NEWS TRADING BATTLE PLAN (WEEKLY)
### BKFOREX EVENT RISK TRADING CALENDAR 09/24/2012 - 09/28/2012

<table>
<thead>
<tr>
<th>Tier 1 Data: Very Market Moving, Tradeable</th>
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EXAMPLE: NZD/USD – Will GDP Trigger an Upside Breakout?

NZD/USD Daily Chart

NZ GDP @ 6:45pm ET / 22:45 GMT

Break Above to Target 6 Month High of 0.8356

Good Data Could Prompt Rally to 0.83

Weaker GDP Could Drive Sell-off to 0.8225

Break Below Could Drive Move to 0.8085
Every Trading Signal
Based on
Fundamentals, Technicals & Sentiment
Every Trade Comes with

1. What we trade?
2. Why we trade?
3. Stops and Limits

Updates along the way!
We are dedicated to providing you with useful and actionable education. You can look forward to DAILY Webinars, Charts and our FX Insiders Note. We also have an EXCLUSIVE education section dedicated to our Members. All of our information will be emailed to you but here’s the gateway to accessing all of our exclusive content.

- **Webinar**
- **Daily Trader Education Live!**
- **Chart of the Day**
- **Top 5 Hot Ideas – Every Day!**
- **Exclusive Trading Strategies**
Monday Morning Game Plan
October 8, 2012

***Double Click on Video to Enlarge

Prepare for the start of each week with our unique bullish and bearish calls on micro and macro economic data in the G-10 calendar.
Play the USD/JPY Range, Look for a Rally to 79.50-80.60 Range

Aug 15, 2012

Whenever we evaluate trades, we analyze the opportunity from 3 perspectives – Fundamentals, Technicals and Sentiment

FUNDAMENTAL

Looking for Less Pessimism from Bernanke at Jackson Hole
Top 5 Hot Ideas Every Day

#2 AUD/USD – Struggling Under the Weight of China

FUNDAMENTALS – Chinese flash PMI numbers are due for release this evening at 10:30pm ET / 2:30 GMT. These are the HSBC numbers which economists find more reliable than the official government data. Generally speaking, Chinese growth has been slowing and it is likely that the HSBC data will confirm that. The Australian economy and rally in Australian dollar has been constrained by the threat of slower Chinese growth. If the data surprises to the upside, it will lift the AUD, but if it disappoints, the AUD could drop back towards 1.04.

TECHNICALS – Having risen to a 5 month high last week, AUD/USD is now struggling to hold onto its gains. If the currency manages to rise above 1.0525, which is comfortably above the psychologically significant 1.05 level, we could see a rise towards 1.06. If the slips below the 50-day SMA at 1.0415 however, the sell-off could extend as far down as the former breakout point and first standard deviation Bollinger Band at 1.0275.

SENTIMENT – The AUD isn’t holding up nearly as well as the NZD but as a risk currency, as long as equities hold onto their gains, the AUD should hold steady. However if stocks begin to crash, AUD will probably fall more quickly than NZD.

#3 EUR/USD – Bargain Hunting?

FUNDAMENTALS – It’s a busy day for Europe tomorrow with German producer prices (2AM ET / 6GMT), Eurozone flash PMIs (3:30AM ET / 7:30 GMT) and the Spanish bond auction on the calendar. The EUR/USD’s inability to extend its gains has a lot to do with the ongoing challenges posed by political differences. Investors are starting to realize that even the most ambitious effort from the ECB won’t be enough to save the Eurozone or the euro without serious political concessions from European governments. There’s little in the way of big event risks this week, which is why the PMI numbers could make or break the euro. With German industrial production and factory orders rising strongly, we have good reasons to believe that the PMI numbers will surprise to the upside. German investor confidence declined but expectations improved and for these reasons, we believe the odds favor EUR positive data.
Double Bollinger Bands
Use the Bands to Identify Trend vs Range,
Join the Trade and Fade the Move

Trading Strategy #2
Picking Short Term Tops and Bottoms

Trading Strategy #3
Trading Strategy #3

Trading Strategy #4
Trading Strategy #4

Trading Strategy #5
Trading Strategy #5

Trading Strategy #6
Trading Strategy #6

Trading Strategy #7
Trading Strategy #7

Trading Strategy #8
Trading Strategy #8

Double Bollinger Bands

Double-click to watch the video full screen

Double Bollinger Bands provide the basis of our trading. In this video, we walk you through 3 different ways to use the Bollinger Bands from identifying trend vs. range, picking tops and bottoms and areas to join the trend.
Want the Slides?

Text "BKFX" to 42828
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