

*A Traders Academy International Publication*

## USD-JPY Hit 4-Month High On BOJ

USD-JPY climbed to a 4-month peak against the yen on Thursday, boosted by a rise in Treasury yields and expectations the Bank of Japan will ease monetary policy next week, although the Dollar's rally could fade given its recent gains. USD-JPY has gained 3 percent so far in October, its strongest monthly performance since February. Traders expect that the BoJ will take action on Tuesday to stimulate the Japanese economy.

U.S. benchmark Treasury yields touched a 5-week high a day after the Federal Reserve stuck to its monetary policy, prompting some bond market investors to book profits.

USD-JPY has become more sensitive to movements in U.S. bond yields because both low-yielding currencies compete as the market's favoured funding unit in carry trades. Traders tend to sell a low-yielding currency in order to purchase a higher-yielding unit. A rise in U.S. bond yields is making the cost of carry in the US Dollar more expensive, prompting investors to use the Japanese Yen as a funding currency.

Recently higher yields in U.S Treasuries have been feeding the better tone in USD-JPY. If tensions were to rise again in the Euro zone, it would be very hard for the Japanese authorities to fight against the tide of safe-haven Yen demand.

USD-JPY hit a peak of 80.327, its highest since June 25. That came despite reported heavy offers just above the 80 yen handle. It settled at 80.282 in New York, up 0.7 percent on the day.

The Fed last month launched a third round of bond-buying, known as quantitative easing. There are high expectations that the BoJ will expand the total size of its asset purchase program next week, with some speculating the size at ¥10 trillion (\$124.74 billion). If the speculation holds true, the increased size of the bond buying would be same amount announced by Japan's central bank in September and would mark a second straight month of policy easing.

EUR-JPY settled at 103.836, up 0.4 percent on the day, but below a 5-1/2-month peak of 104.576 hit earlier this week.

A string of U.S. data mostly favoured the US Dollar. Recent upbeat data has highlighted a growing economic disparity between the U.S. economy compared with Japan and the Euro zone. For instance, U.S. new orders for long-lasting manufactured goods increased during September. Other data showed a decrease in the number of Americans filing new claims for unemployment benefits last week.

Looking ahead, price action for the Dollar on Friday could be swayed by the first reading of third-quarter U.S. gross domestic product, forecast at 1.7 percent growth.

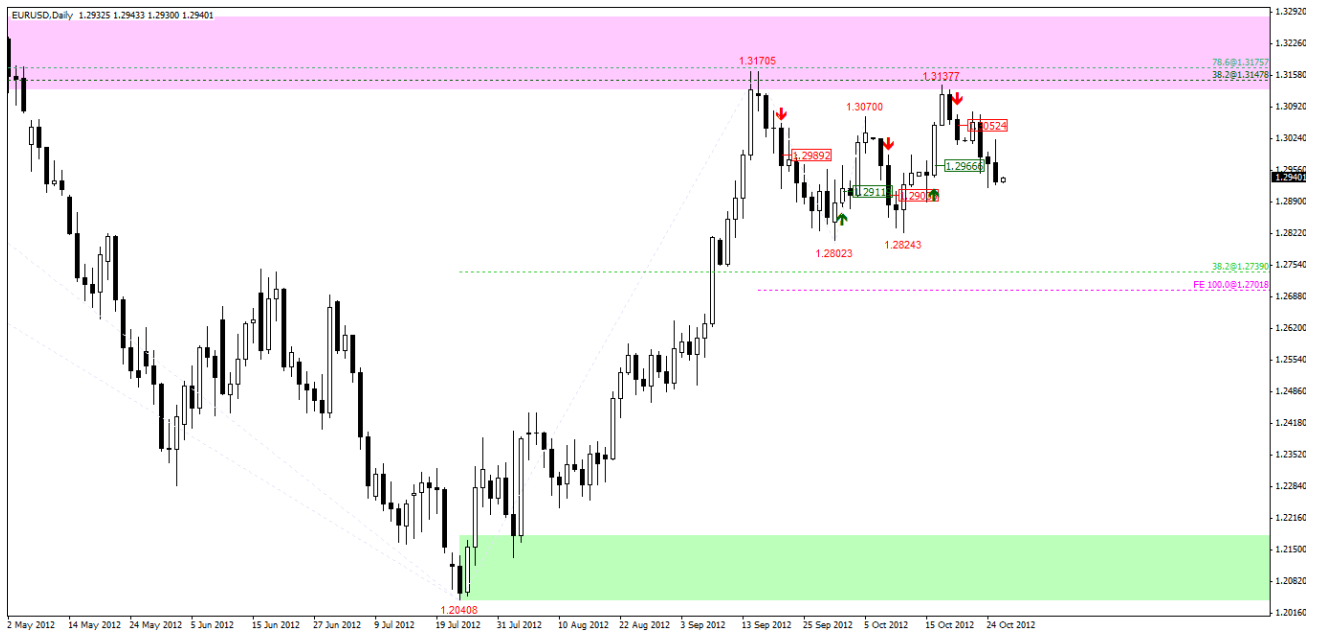
EUR-USD fell 0.3 percent to 1.29324, declining for a third straight session. The Euro's upside is widely seen as limited as long as uncertainty persists about whether Spain, the Euro zone's fourth largest economy, will seek a bailout. EUR-USD hit a 1-week low of 1.29191 on Wednesday on weak German business activity and sentiment data.

GBP-USD outperformed after third-quarter GDP figures showed the economy emerged from recession, lessening the chances of more monetary easing next month by the Bank of England. GBP-USD rose to 1-week high of 1.61416, although economists say one-off factors related to the London Olympic Games may mask underlying weakness and the negative influence of the Euro zone crisis. It settled at 1.61164, up 0.5 percent.

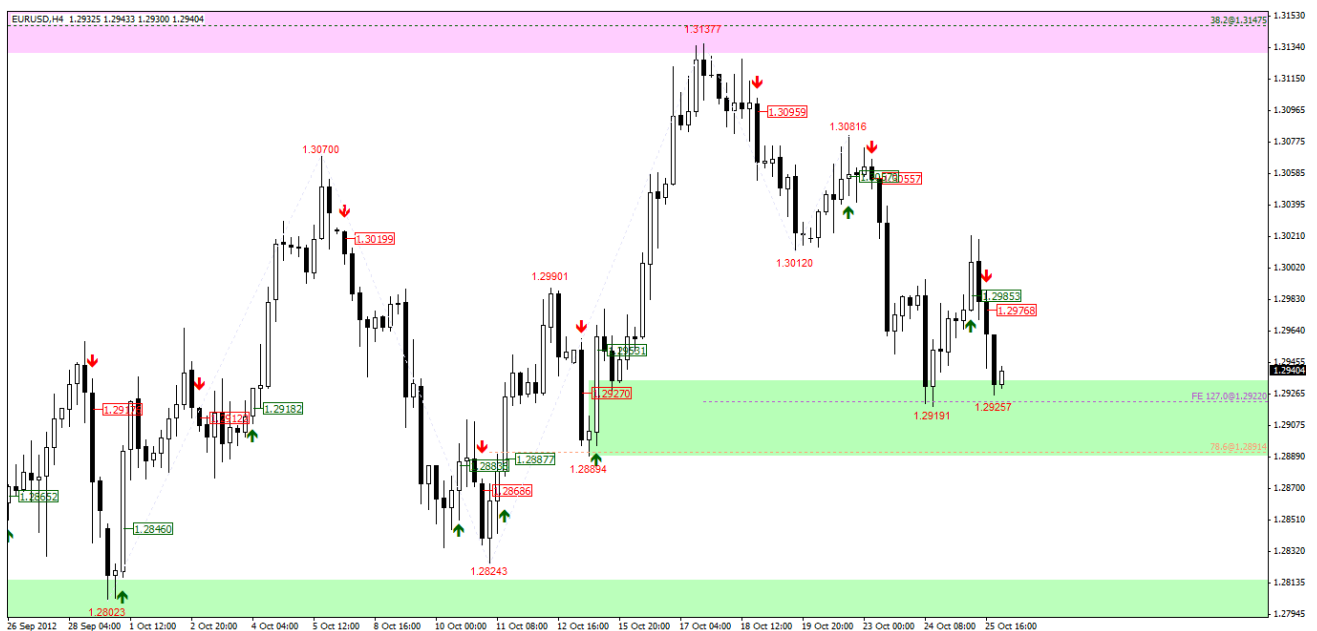
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## EUR-USD DAILY



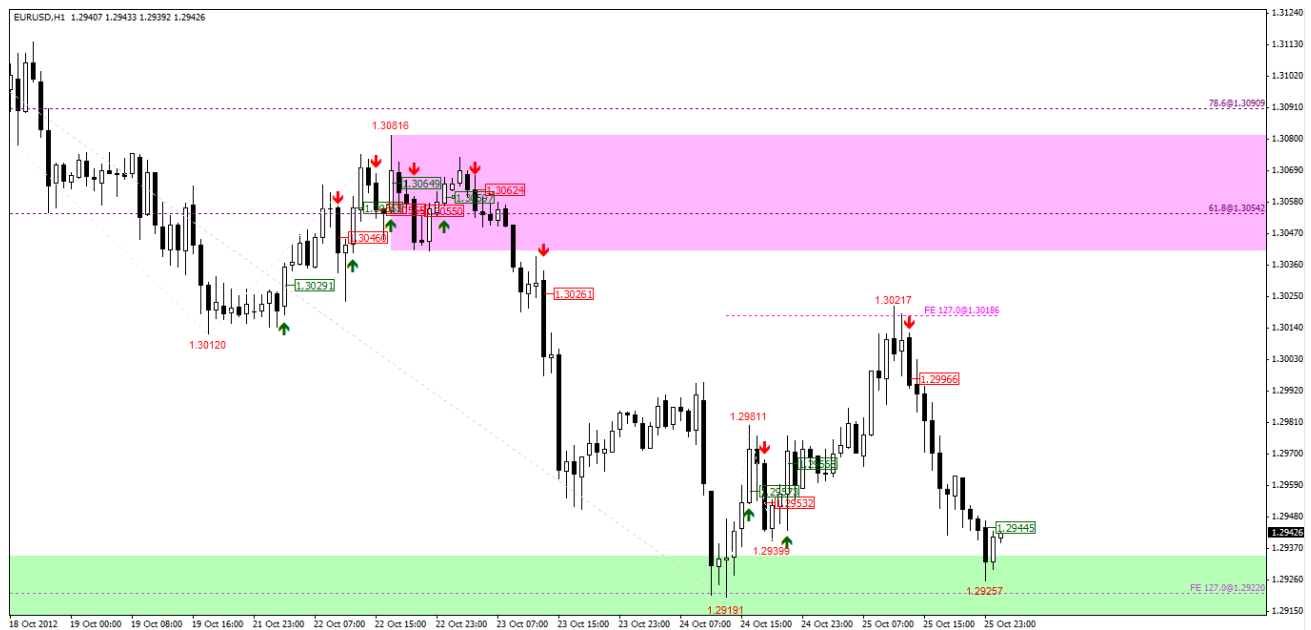
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

The rebound from the minor demand pocket at **1.28894-1.29346** fizzled out just below the 50.0% retracement of 1.31377 to 1.29191 at 1.30284 with a print at 1.30217 in early London session. This level is incidentally near the 127.0% projection of 1.29191 to 1.29811 from 1.29399 at **1.30186**. The rebound though was a little stronger than anticipated as yesterday's update allured to the potential that this rebound maybe capped at the 38.2% retracement of 1.31377 to 1.29191 at **1.30026**, near where the 100.0% projection of 1.29191 to 1.29811 from 1.29399 at **1.30019** is located. At any rate, the idea that the fall from 1.31377 is likely to attempt the lows above the 1.28000 remains unchanged. In fact, yesterday's rebound presented another opportunity to add to short positions with the initial target at the minor demand pocket at **1.28894-1.29346**. Sustained fall may take price action to the next demand pocket at **1.27533-1.28159**; located just above the 38.2% retracement of 1.20408 to 1.31705 at **1.27390**. In the meantime, a close above **1.29445** in the H1 chart would trigger a buy signal, suggesting the onset of profit-takings.

## EUR-USD 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.30261	1.29347 Realized	1.28159	Break-even
Sold @ 1.29966	1.29347 Realized	1.27390	Exit on H1 close above 1.29445

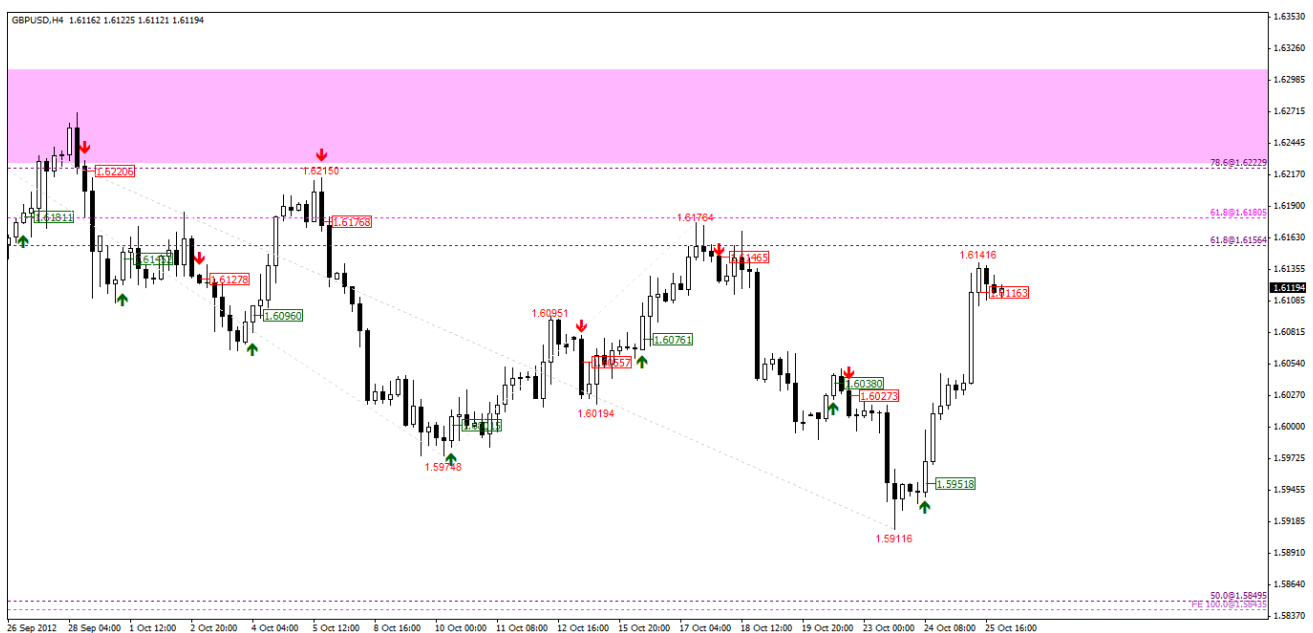
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from								\$69,464.00
	19-10-2012								
EUR-USD	22-10-2012	1.0	1.30291	23-10-2012	1.0	1.30261	-\$30.00		\$69,434.00
EUR-USD	22-10-2012	1.0	1.30291	23-10-2012	1.0	1.30261	-\$30.00	-\$60.00	\$69,404.00
EUR-USD	24-10-2012	1.0	1.29347	23-10-2012	1.0	1.30261	+\$914.00	+\$914.00	\$70,318.00
EUR-USD	25-10-2012	1.0	1.29347	25-10-2012	1.0	1.29966	+\$638.00	+\$638.00	\$70,956.00
EUR-USD	25-10-2012	1.0	1.29328	23-10-2012	1.0	1.30261	+\$933.00		
EUR-USD	25-10-2012	1.0	1.29328	25-10-2012	1.0	1.29966	+\$638.00		
Unrealized							+\$1,571.00		

## GBP-USD DAILY



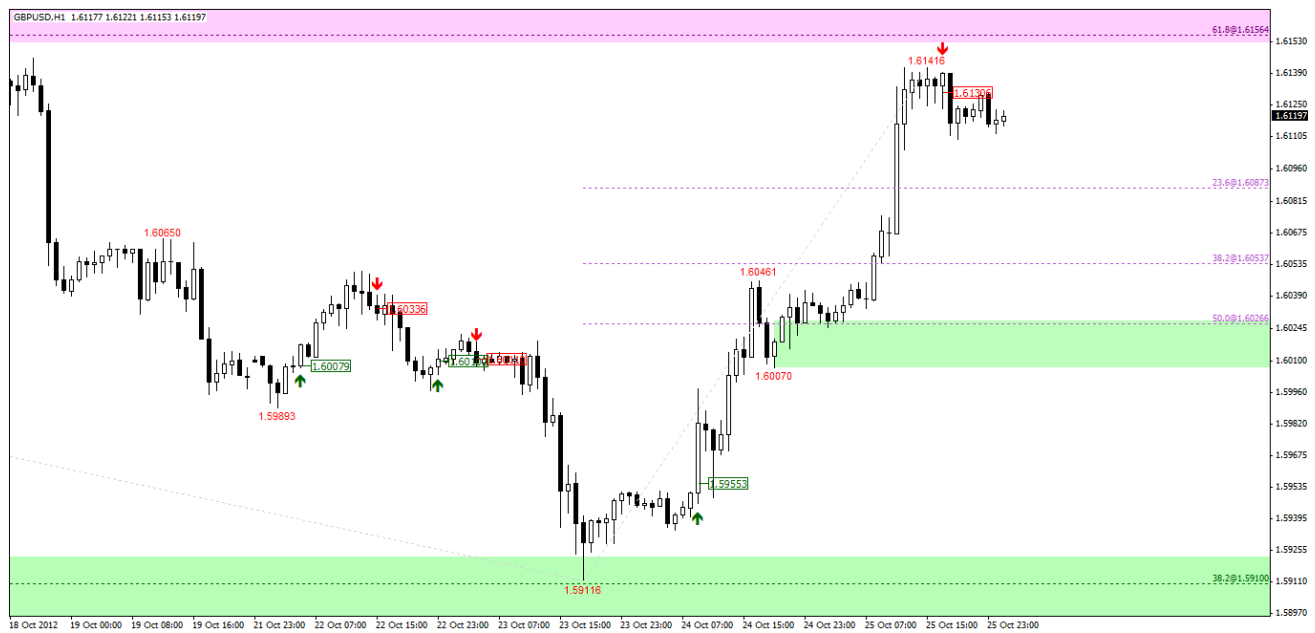
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

The rebound from the minor demand pocket at **1.58800-1.59223** (where the 38.2% retracement of 1.52666 to 1.63077 at **1.59100**) extended beyond the minor supply pocket at **1.60440-1.60650** where the 38.2% retracement of 1.63077 to 1.59116 at **1.60629** was located – without triggering any sell signal. This came about on the back of a surprise Q3 GDP in the UK which recorded a 1% growth largely attributed to the London Olympic Games. Structurally, it would appear there may be further upside potential left for this run. Immediate focus is the minor supply pocket at **1.60440-1.60650**. Extended rally beyond **1.61764** would suggest that the correction from 1.63077 is over. This would confirm that the pullback to recent low at 1.59116 was part of the 4<sup>th</sup> wave of the rally from 1.52666 and the next act is a challenge of the **1.63077** peak. However, should selling interests emerged around current level and accelerates; we could see price action retracing as much as 50.0% of the rise from 1.59116 to **1.60266**.

## GBP-USD 1-HOURLY



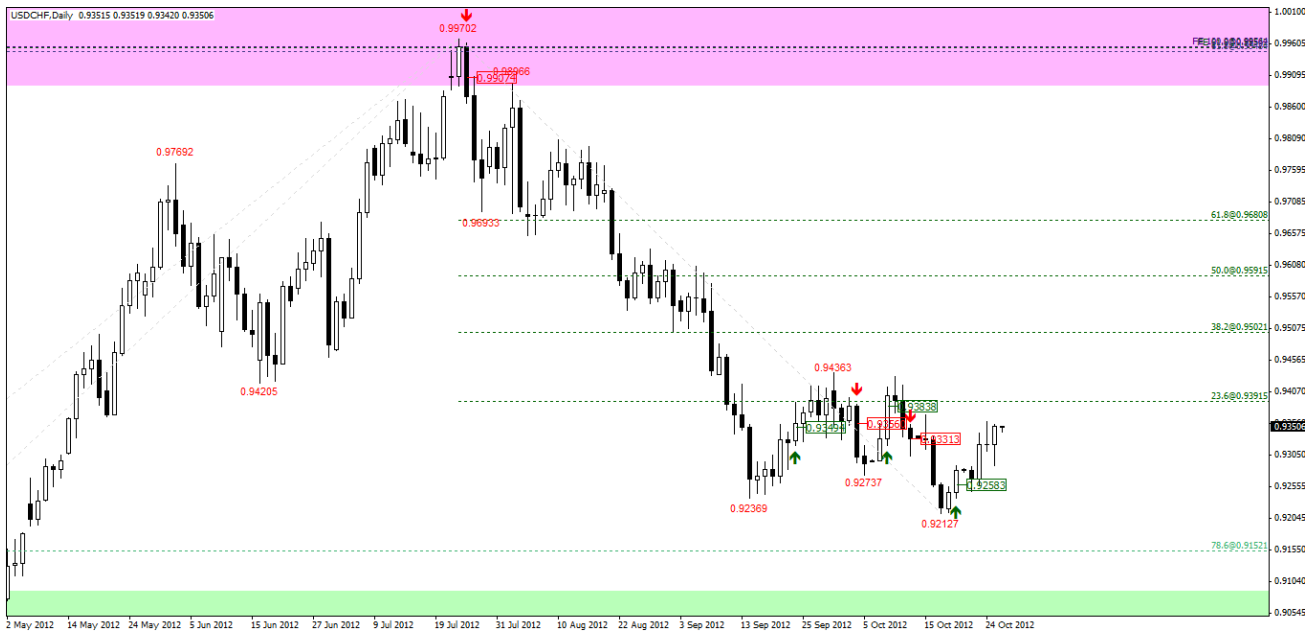
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal within 1.61525-1.61764	1.60873	1.60280	1.61864 STOP

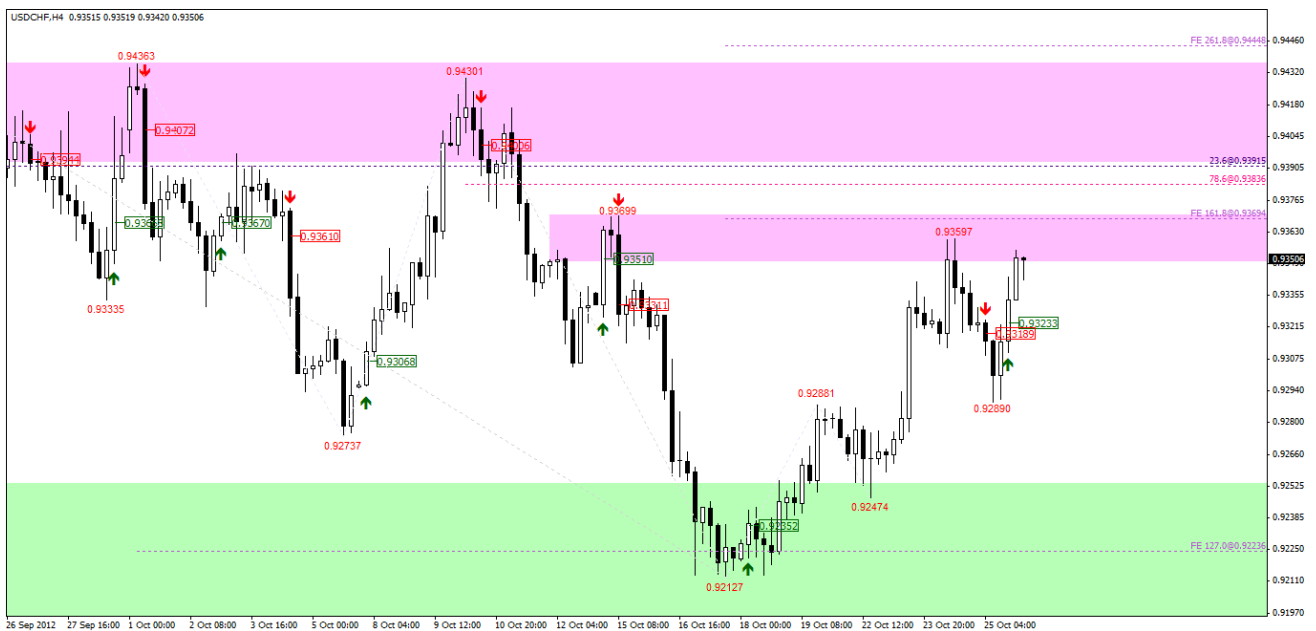
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 19-10-2012								\$48,222.00
GBP-USD	23-10-2012	1.0	1.59748	22-10-2012	1.0	1.60336	+\$588.00	\$588.00	\$48,810.00
GBP-USD	24-10-2012	1.0	1.60331	22-10-2012	1.0	1.60336			
Unrealized							\$0.00		

## USD-CHF DAILY



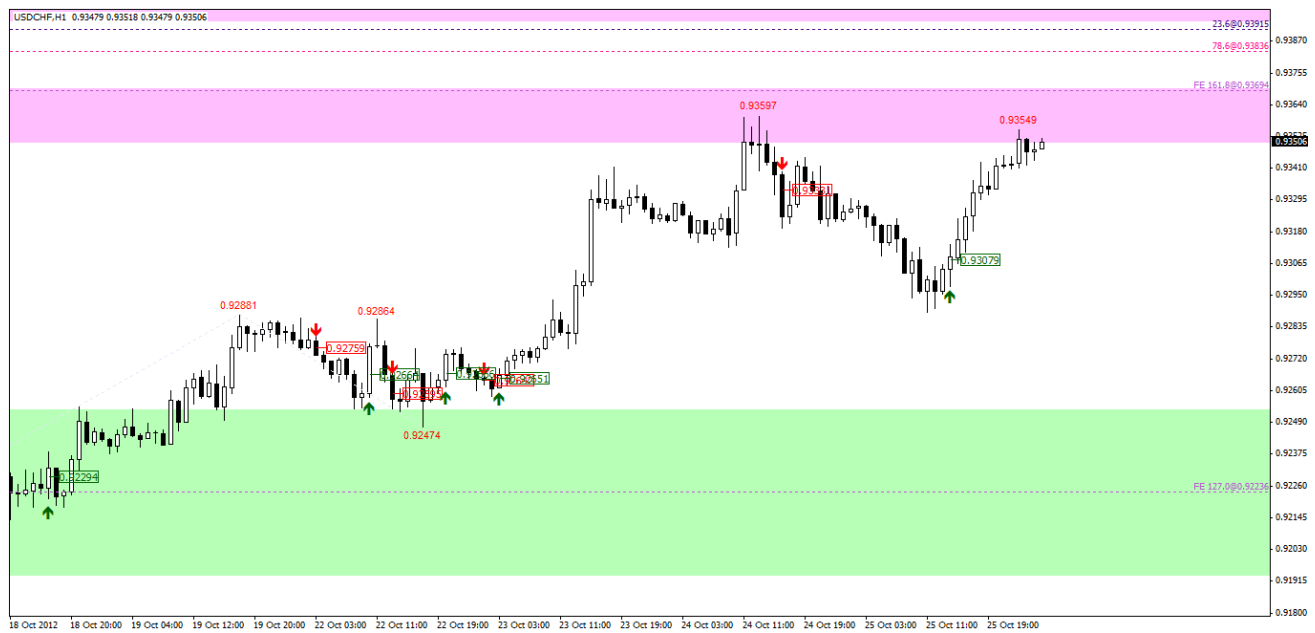
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

The fact that the D1 chart is still under a buy signal dictates that going long on pullbacks is the way to trade this market. Having risen from 0.92127, the rally hit a minor supply pocket at **0.93500-0.93699**, where the 161.8% projection of 0.92127 to 0.92881 from 0.92474 at **0.93694** is located. As noted, selling interests may emerge from there. As we have it, profit-takings did indeed occur from within this zone. By London midday, buying interests were seen returning to this market (giving traders another chance to re-establish long positions) and promptly took price action back into the minor supply pocket at **0.93500-0.93699**. An explosive rally (should it happens) beyond the 261.8% projection of 0.92127 to 0.92881 from 0.92474 at **0.94448** would cement the bullish case and laid waste to the correction scenario. Today being a Friday adds an interesting spin to what this market will do going forward. This is because Wednesday ended as a long-legged shadow doji (a classic reversal signal) in the D1 chart and the high that day at 0.93597 has been un-violated so far. If price action cannot break above this high and settled below this pivotal level by NY closing tonight, selling interests may emerge en mass early next week.

## USD-CHF 1-HOURLY



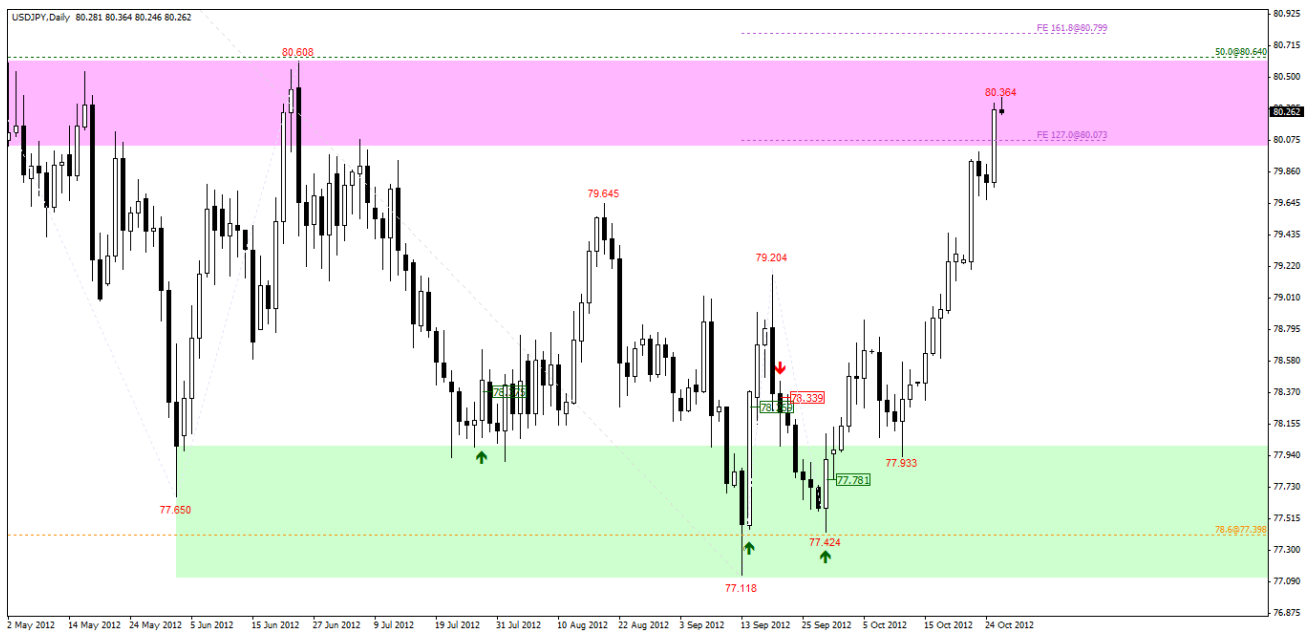
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 0.92352	0.93214 Realized	0.93941	Exit on D1 close below 0.92454
Bought @ 0.93079	0.93500 Realized	0.96073	Break-even

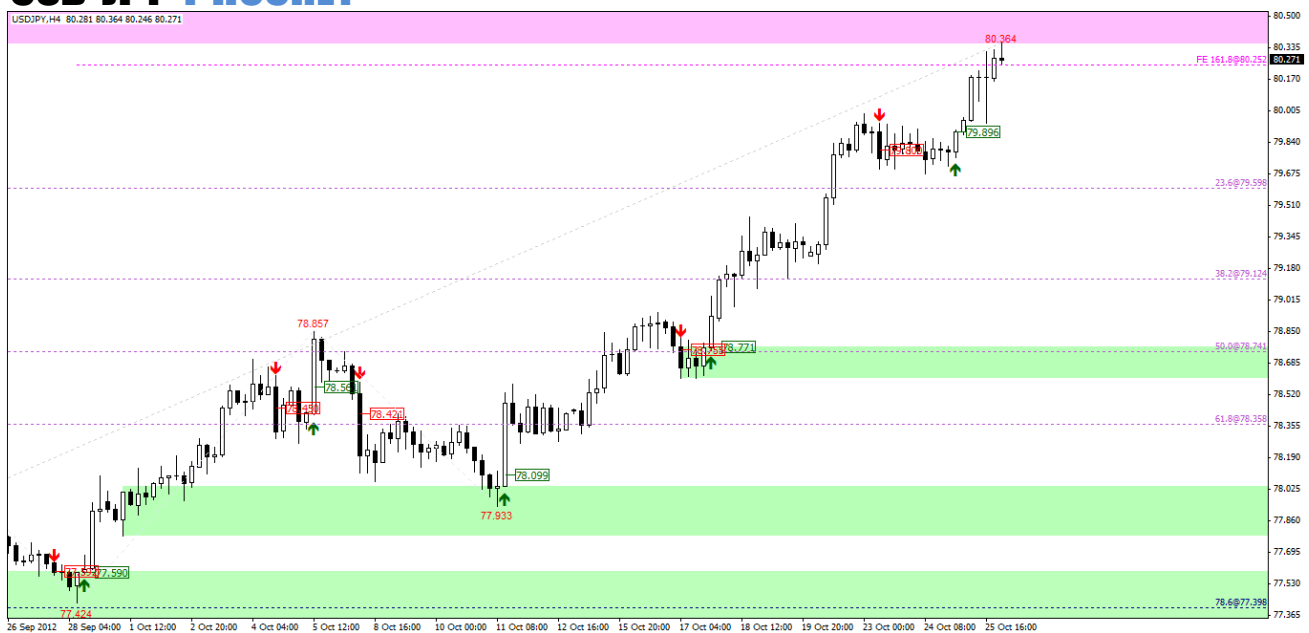
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 19-10-2012								\$32,141.31
USD-CHF	18-10-2012	1.0	0.92352	23-10-2012	1.0	0.93214	+\$924.75	+\$924.75	\$33,066.06
USD-CHF	25-10-2012	1.0	0.93079	25-10-2012	1.0	0.93500	+\$450.27	+\$450.27	\$33,516.33
USD-CHF	18-10-2012	1.0	0.92352	25-10-2012	1.0	0.93514	+\$1,242.59		
USD-CHF	25-10-2012	1.0	0.93079	25-10-2012	1.0	0.93514	+\$465.17		
						Unrealized	+\$1,707.76		

## USD-JPY DAILY



## USD-JPY 4-HOURLY

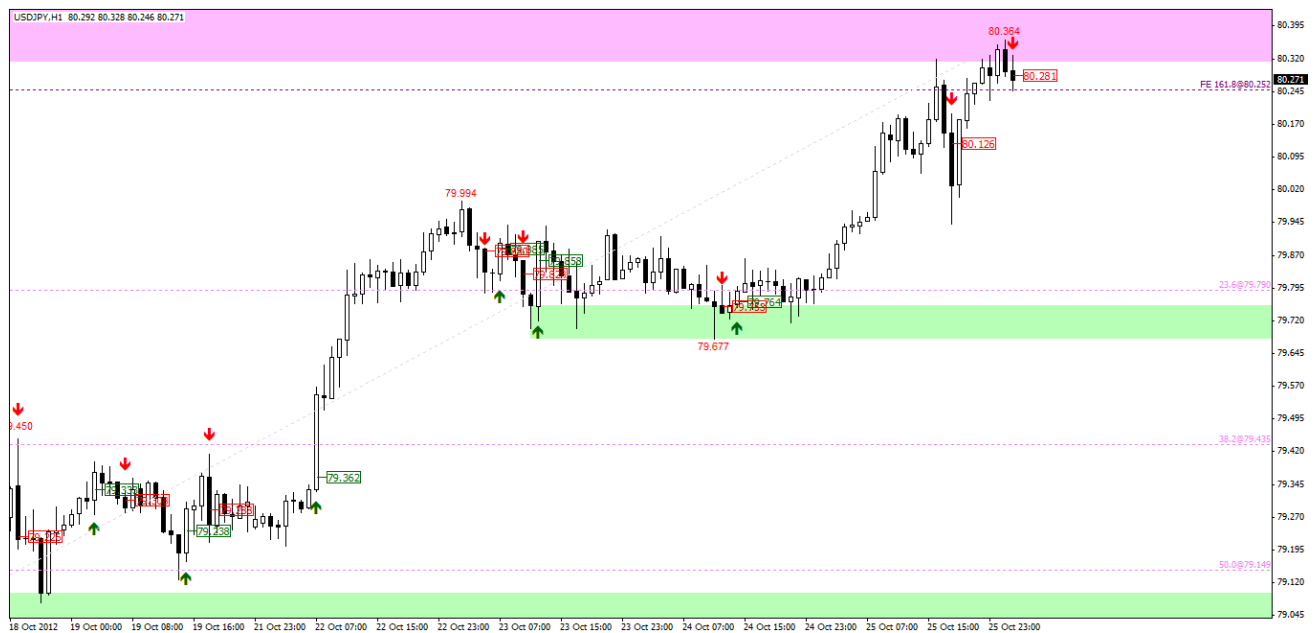


## USD-JPY Short to Medium Term Views

Yesterday's update noted that profit-takings were light and the lack of aggressive profit-takings may prompt a resumption of the rally. After two days of light profit-takings, the rally from 77.933 resumed with a vengeance. By early this morning in Tokyo, price action was at 80.364. The overnight rally was explosive as it demolished a major supply pocket at **79.747-80.082** where three Fibonacci ratios reside. In the big picture, this market is consolidating between the June 25 high of **80.608** and September 13 low of **77.118**. This band can be further refined as between the supply pocket at **80.357-80.608** and demand pocket at **77.118-77.592**. This morning has seen price action traded into the upper band of this consolidative pattern. This being the last trading session before the weekend, this market is vulnerable to a more meaningful profit-taking in the hours ahead; especially after NY midday. A close below **80.281** in the H1 chart may signal the onset of profit-takings.



## USD-JPY 1-HOURLY



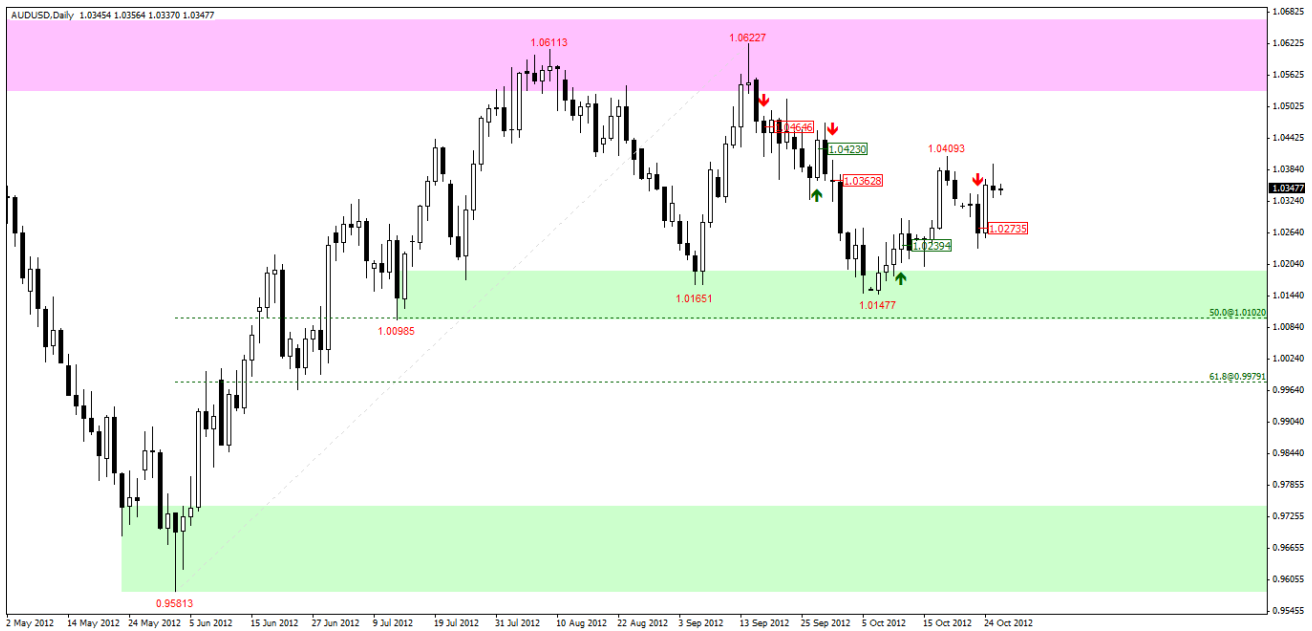
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on H1 close below 80.281	79.754	79.189	80.708 STOP

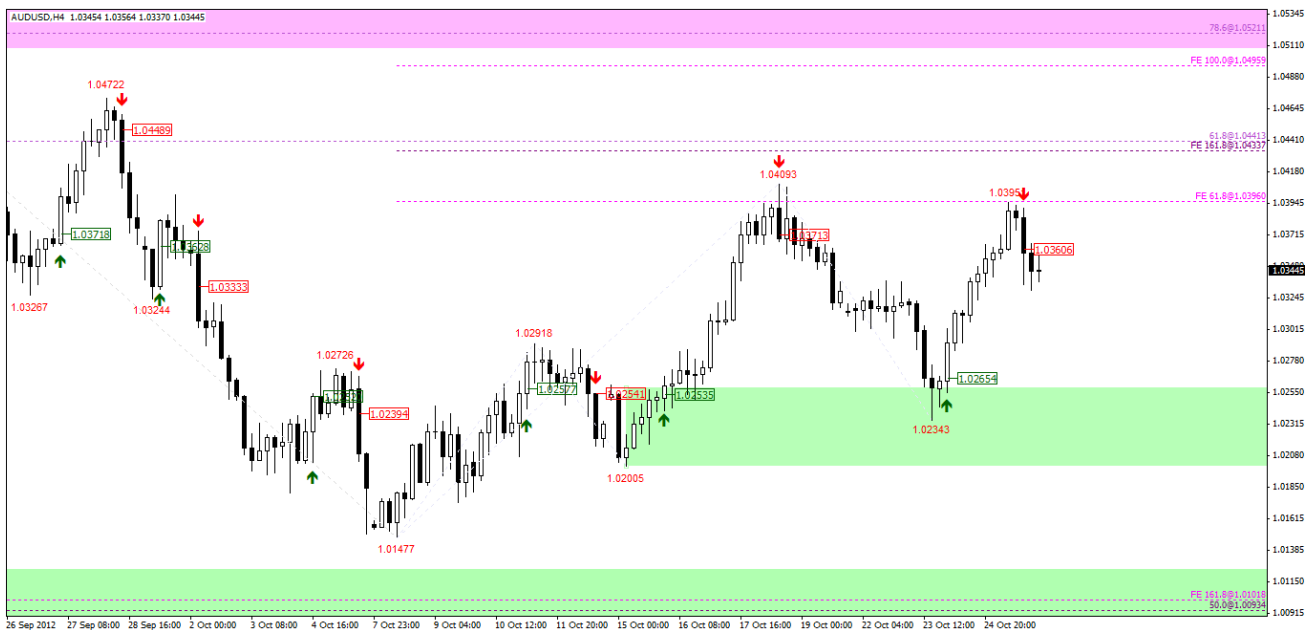
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 19-10-2012								\$25,556.69
USD-JPY	25-10-2-12	1.0	80.182	23-10-2012	1.0	79.880	-\$376.64		\$25,180.05
USD-JPY	25-10-2-12	1.0	80.182	23-10-2012	1.0	79.880	-\$376.64	-\$753.28	\$24,803.41
Unrealized							\$0.00		

## AUD-USD DAILY



## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

The rebound from the 78.6% retracement of 1.02005 to 1.04093 at 1.02452 on Wednesday, extended to the minor supply pocket at 1.03722-1.04011 in overnight action, where a couple of Fibo ratios reside: (1) the 61.8% projection of 1.01477 to 1.04093 from 1.02343 at **1.03960**, (2) the 50.0% retracement of 1.04093 to 1.02343 at **1.03218** and (3) the 127.0% projection of 1.01477 to 1.02918 from 1.02005 at **1.03835**. After this rally, selling becomes once again attractive as an other attempt on the demand pocket at **0.99671-1.01244** is anticipated. This is the most ideal outcome outcome but the risk of another rally remains real as in the medium to long-term view, where the market is right right now is smack in between a well defined boundaries marked by the demand pocket at **1.00985-1.01911** and the supply pocket at **1.05317-1.06677** (see D1 chart). If so, price action may carry this market back to the major supply pockets at **1.06010-1.06677** and **1.07334-1.08542** respectively (see H4 chart). For the meantime, profit-takings favors the downside.

AUDUSD, H1 1.03497 1.03497 1.03413 1.03444

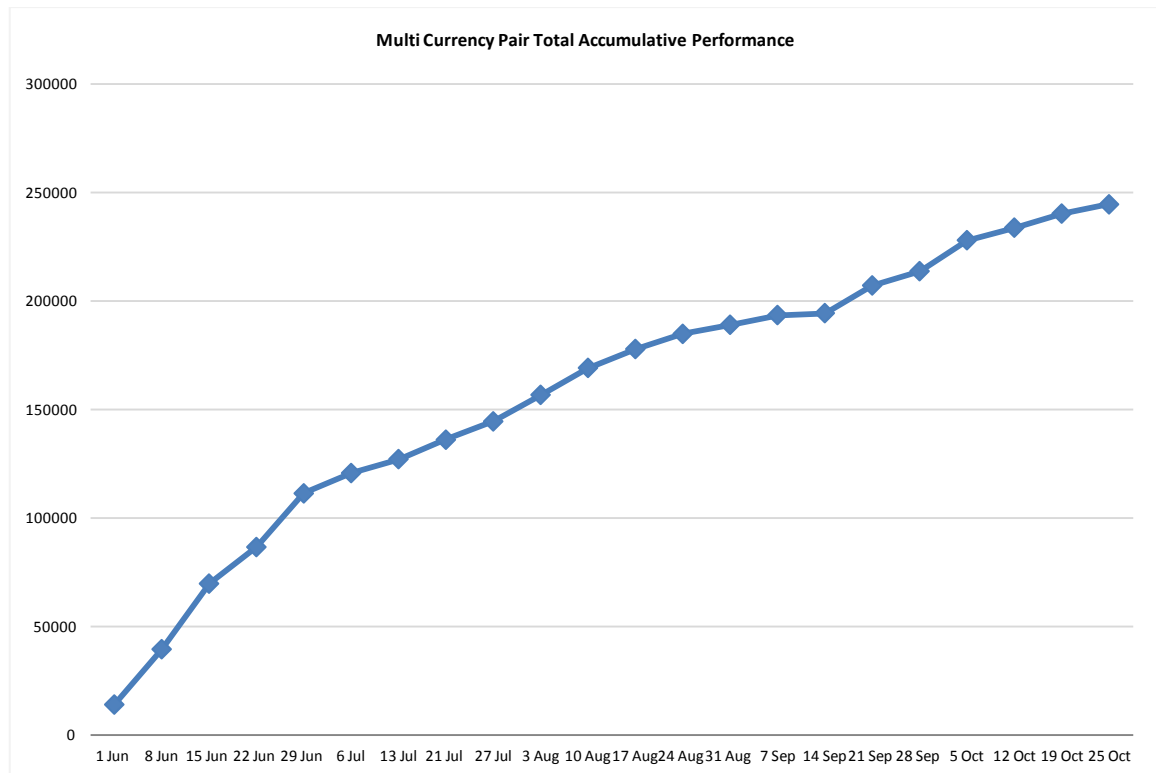
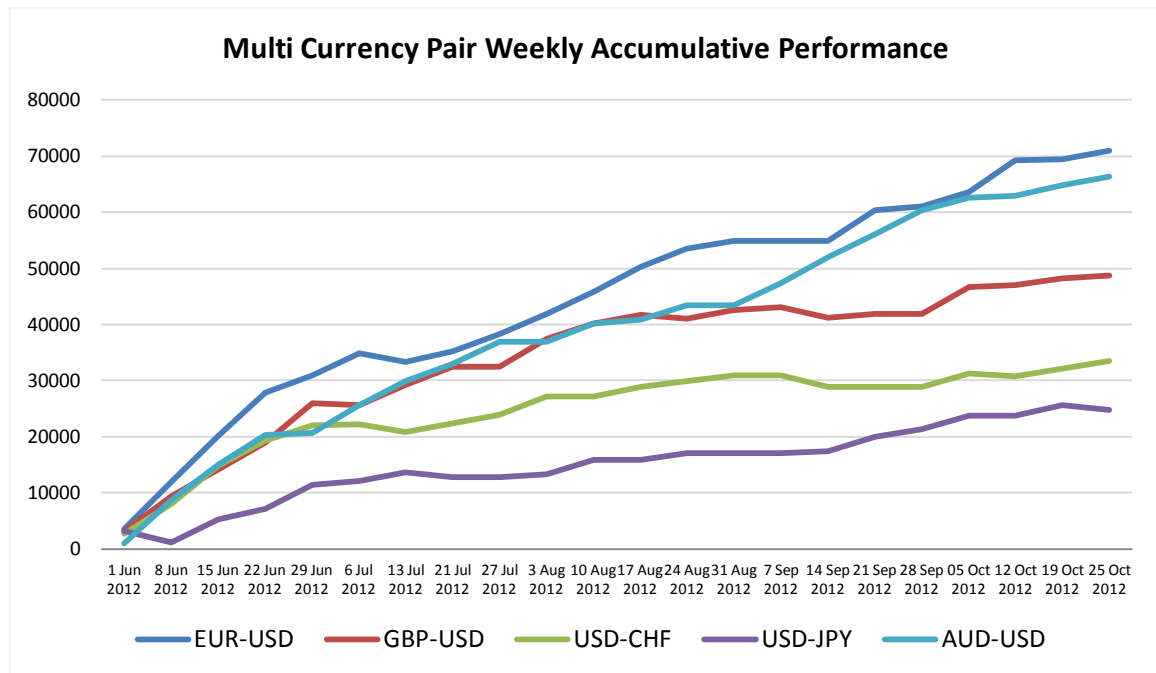
1.04060  
1.03965  
1.03865  
1.03770  
1.03670  
1.03575  
1.03475  
1.03444  
1.03380  
1.03280  
1.03185  
1.03085  
1.02990  
1.02890  
1.02795  
1.02695  
1.02600  
1.02500  
1.02400  
1.02300

1.03951  
1.03817  
1.03643  
1.03583  
1.03307  
1.03256  
1.03154  
1.03058  
1.02948  
1.02823  
1.02723  
1.02623  
1.02500  
1.02343

FE 61.8@1.03965  
FE 59.0@1.03851  
38.2@1.03137  
59.0@1.03147  
61.8@1.02957  
78.6@1.02687  
78.6@1.02452

ACTION	Target 1	Target 2	EXIT
Sold @ 1.03817	1.02583	1.01244	1.04111 STOP

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 19-10-2012								\$64,824.00
AUD-USD	23-10-2012	1.0	1.02647	19-10-2012	1.0	1.03713	+\$1,066.00	+\$1,066.00	\$65,890.00
AUD-USD	24-10-2012	1.0	1.03226	19-10-2012	1.0	1.03713	+\$487.00	+\$487.00	\$66,377.00
AUD-USD	25-10-2012	1.0	1.03449	25-10-2012	1.0	1.03817	+\$368.00		
AUD-USD	25-10-2012	1.0	1.03449	25-10-2012	1.0	1.03817	+\$368.00		
						Unrealized	+\$736.00		



Website under development

## Traders Academy International

Traders Academy International is an independent organization with no affiliation with any brokers or organizers of our events. From the onset, this policy of non-affiliation has served us well as we do not believe our students' interests will be served if we have a separate agenda. This is in contrast with industry practice. Our objective has been and will continue to be to educate the trading public our time-tested and highly effective methodologies to take on the markets in an easy-to-understand format.

We have never advertised our services but words of mouth have spread far and wide. Over the last three years or so, demands for our trading workshops are so high that we have to turn away some due to scheduling.

### Non Affiliation Policy

The people behind Traders Academy International are seasoned veterans in the financial service industry. Our trainers have individually over 25 years in both exchange-traded and OTC derivative financial products including but not limited to the foreign exchange market.

They bring with them unique market insights from their years in the brokerage and hedge fund business and education is a natural progression for traders as their accumulated knowledge of the market should be shared and continue to benefit those who are keen to learn the secrets and techniques used by successful traders.

One of who is still active in the hedge fund business.

The rise of the retail traders has also given rise to the demand for professionally run coaching courses on the art of trading the financial markets. This is a healthy and natural development. However, most of these so-called coaching courses are doing more harm and good. This is because students enrolled in such courses have unrealistic expectations. This is made worse by the quality of such courses.

Most, if not all, teach some form of technical analysis. In our humble opinion, they are more hype than sustenance. Over the years, we realized the methodologies touted by most traders and coaches alike are inherently ineffective to the point the signals generated by technical indicators lag so badly behind price action that they cannot beat the markets on a consistent basis.

We believe, trading methodologies and strategies should be simple and easy to implement on a daily basis that laymen with basic numeric ability should be able to grasp.