

*A Traders Academy International Publication*

## Euro Absorbed Monti's Resignation News

EUR-USD extended its recovery from a 2-week low on Tuesday as nerves calmed over Italy's latest political turmoil and the prospects of more stimulus from the Federal Reserve pinned down the US Dollar.

EUR-USD settled at 1.29398, having climbed off the day's low of 1.28845. It has risen some 0.5 percent from Friday's 2-week trough around 1.28755.

EUR-USD found some support after Italian Prime Minister Mario Monti played down market fears over his decision to resign, saying there was no danger of a vacuum ahead of an election in the spring.

EUR-USD dip below 1.29000 proved to be short-lived suggesting notable resilience following news of Italian PM Mario Monti's imminent resignation.

Another factor keeping EUR-USD off its lows was reluctance by traders to aggressively buy the US Dollar, given expectations the Fed will replace its expiring 'Operation Twist' programme with another Treasury bond-buying plan at its December 11-12 policy meeting.

Many economists believe the U.S. central bank will announce monthly bond purchases of \$45 billion, although some think it could surprise with a bigger amount to press borrowing costs lower. Such an outcome could see the Dollar come under further pressure.

USD-JPY settled at 82.340, within easy reach of an 8-month peak of 82.820 set last month.

The prospect of fresh stimulus from the Fed and growing expectations the Bank of Japan could expand its asset-buying and lending programme at a meeting next week kept high-yielding currencies well bid, despite worries that bullish positions in USD-JPY were already stretched.

AUD-USD nears an 11-week high of 1.05134 set last week, while NZD-USD nears a 3-month high of 0.83512.

There is no major economic data out of Asia today. In Europe, the focus is likely to be on the monthly German analyst and investor sentiment survey from the Mannheim-based ZEW think tank.

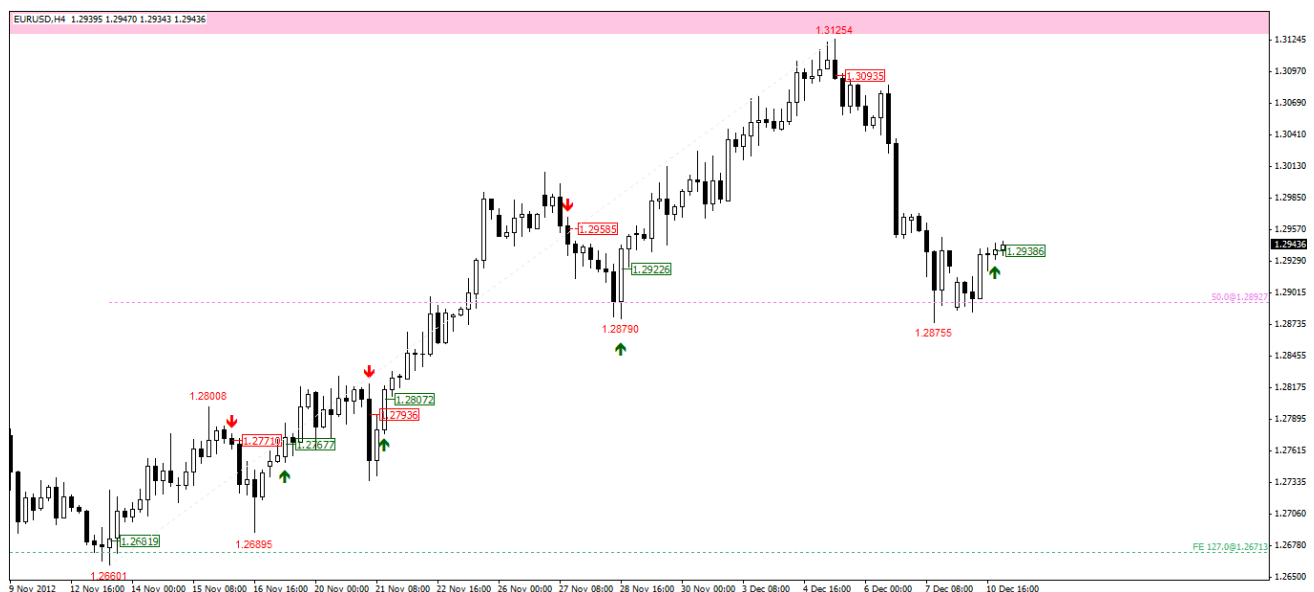
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## EUR-USD DAILY



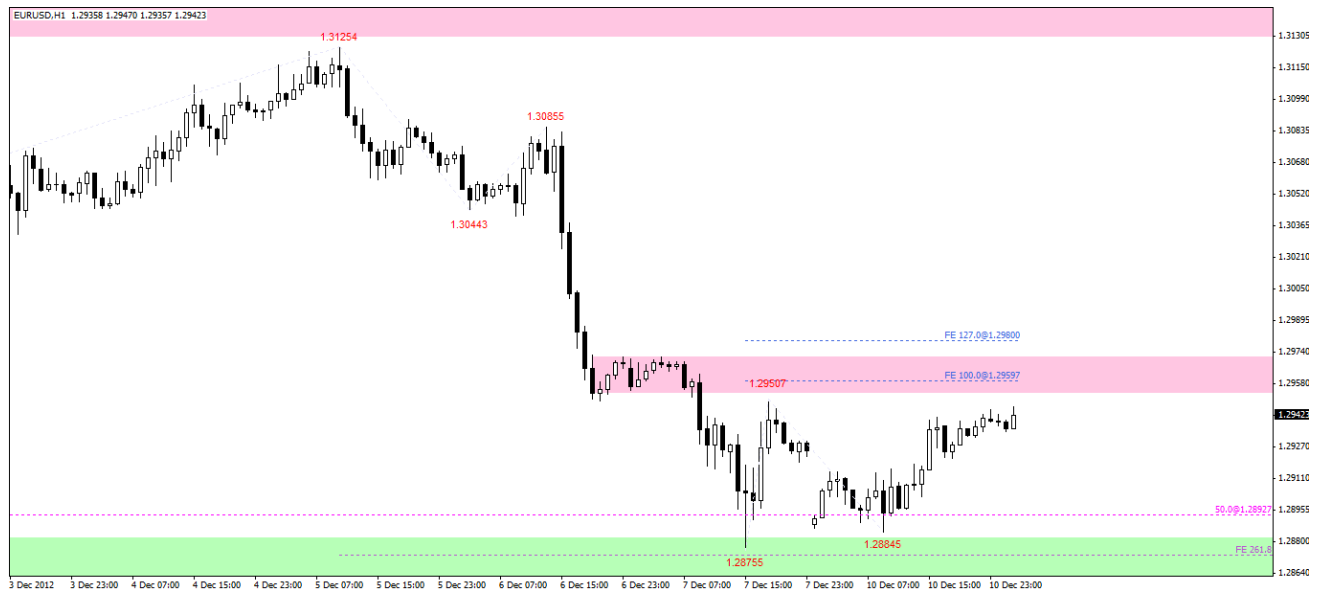
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

After last Thursday's and Friday's selloff, the wind was taken out of most buyers. Monday was a relatively tame affair with price action locked within a trading range of some 60 pips. The week begun with a gap to the downside but found demand just above last Friday's low of 1.28755 and rebounded. Price action is now just below a supply pocket at **1.29532-1.29714** where the 100.0% projection of 1.28755 to 1.29507 from 1.28845 at **1.29597** is located (see H1 chart). The fact that this market now has a clear 5-wave down structure and the relative lack of momentum in this rebound suggests that topside potential may be rather limited. As such, should price action trades into the supply pocket at **1.29532-1.29714**, selling pressure is likely to re-emerge. That said, though weakened, the medium-term bullish bias is still intact. It is, therefore, imperative that last Friday's low at 1.28755 holds. This is because the rally from 1.26601 is seen as part of a larger degree rally from way back in November 13. With last Friday's massive fall, though the 5<sup>th</sup> wave scenario is impaired, the overall price structure is not. As noted, last Friday's low hit a minor demand pocket at **1.28563-1.28818** and rebounded. This may be a minor demand pocket but its significance is correspondently larger as last Wednesday's low is also located within this price pocket. However, if this price pocket is unable to hold the line, the bullish case may be invalidated. At any rate, failure to clear the supply pocket at **1.29532-1.29714** would see a return of selling interests and if Friday's low at 1.28755 also fails to hold the line, focus will shift to the demand pocket at **1.26601-1.27533**.

## EUR-USD 1-HOURLY



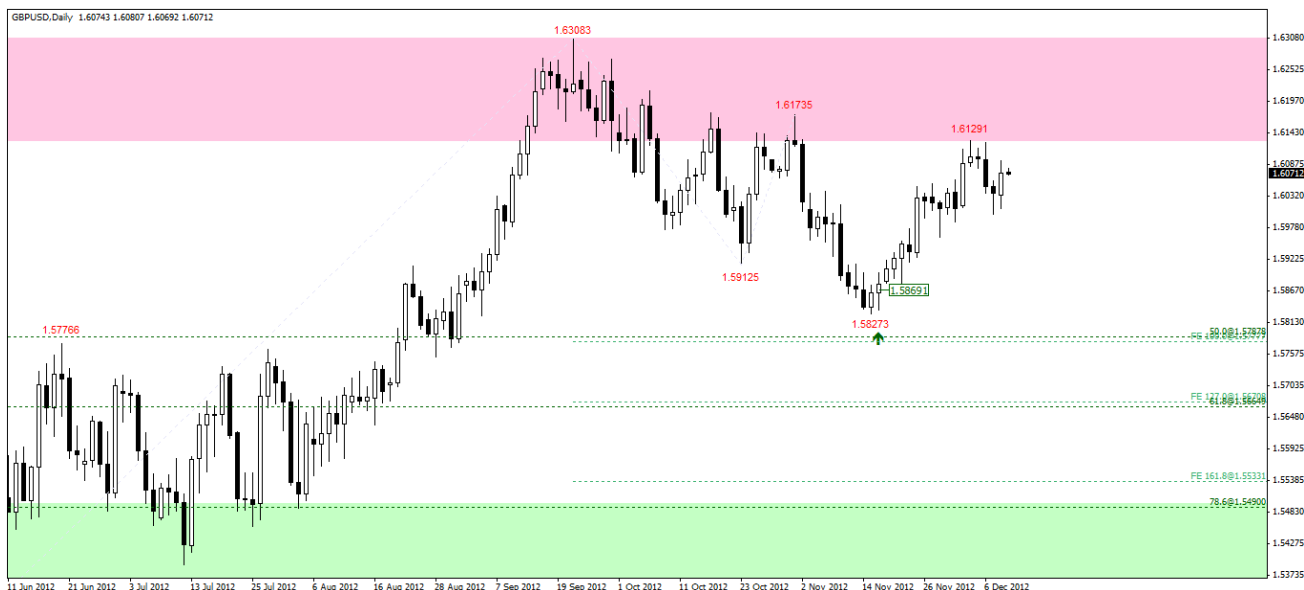
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.28995 (M5 chart)	1.29532	1.30662	1.28655 STOP

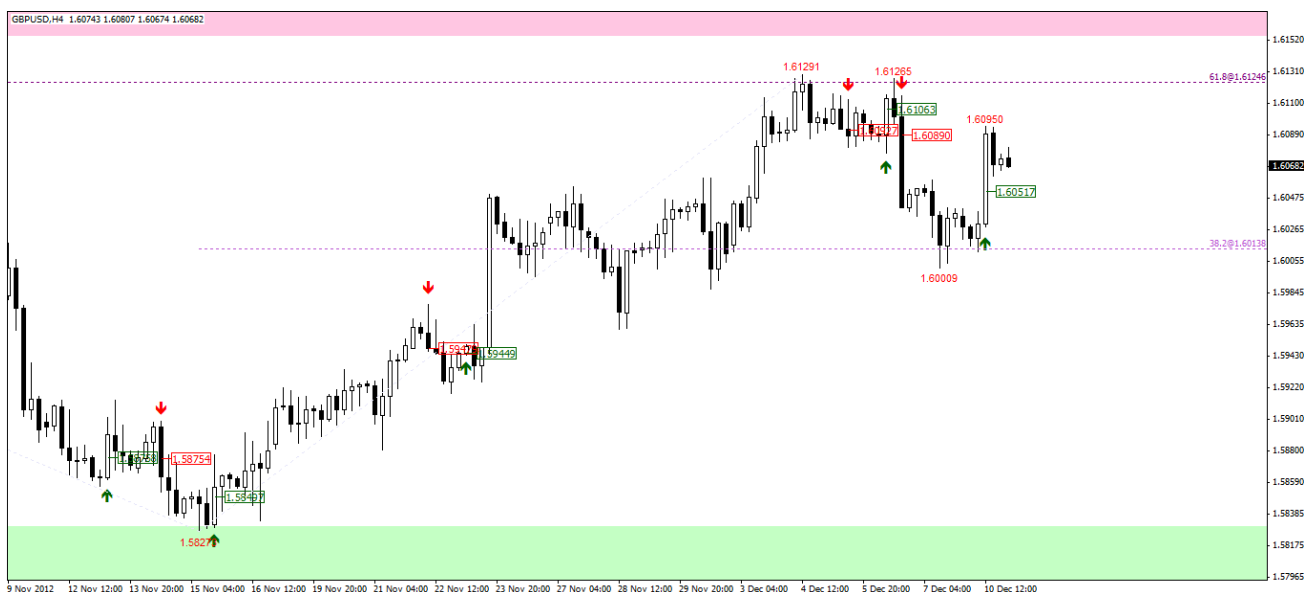
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 07-12-2012								\$75,491.00
EUR-USD	07-12-2012	1.0	1.28995	10-12-2012	1.0	1.29398	+\$403.00		
EUR-USD	07-12-2012	1.0	1.28995	10-12-2012	1.0	1.29398	+\$403.00		
Unrealized							+\$806.00		

## GBP-USD DAILY



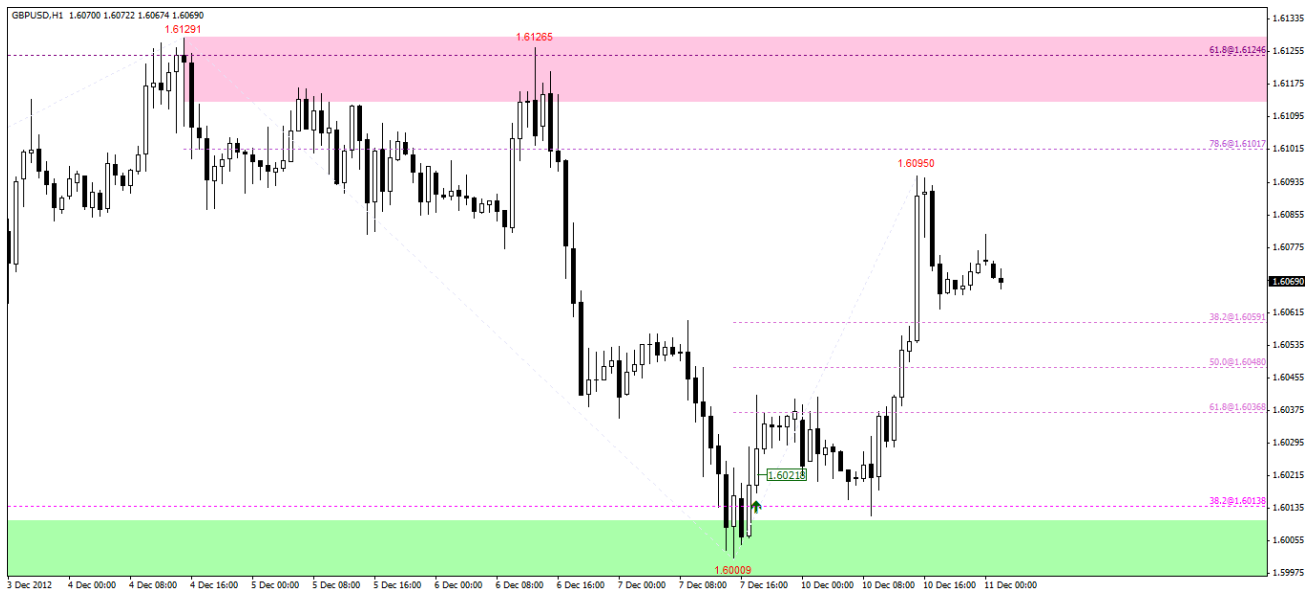
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

This market topped out just below the medium-term supply zone at 1.61546-1.62161 and fell in sympathy with the EUR-USD in the last 2 sessions of last week. Last Thursday's rout in EUR-USD threatened to take GBP-USD along with it - if it had closed below **1.60165** in the D1 chart. That would have compromised the medium-term bullish bias in this market. Monday begun where it settled last Friday and rallied strongly in the NY session overnight. As noted, the medium-term was not compromised despite last week's sell-off. However, to maintain its overall bullish bias, price action need to immediately rally beyond last week's high of **1.61291**. Heavy resistance is expected above this level as a major supply zone at **1.61302-1.63005** lies ahead (refer to D1 chart).

## GBP-USD 1-HOURLY



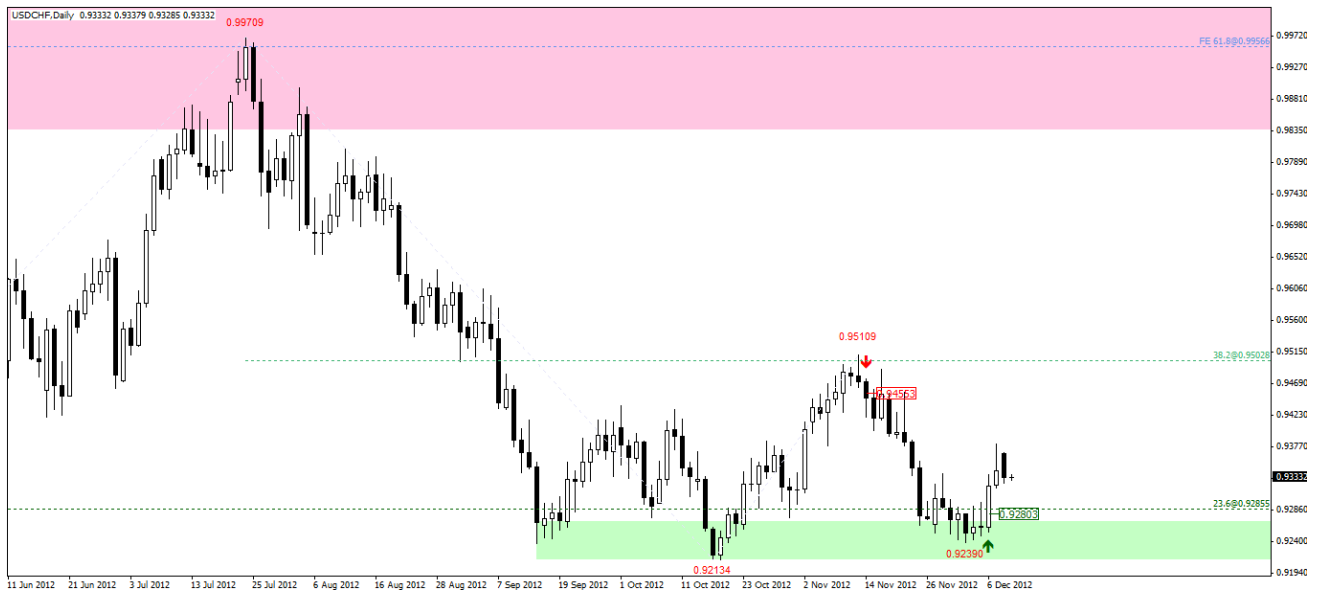
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on D1 close below 1.60165
Bought @ 1.59825	1.61546	1.62589	

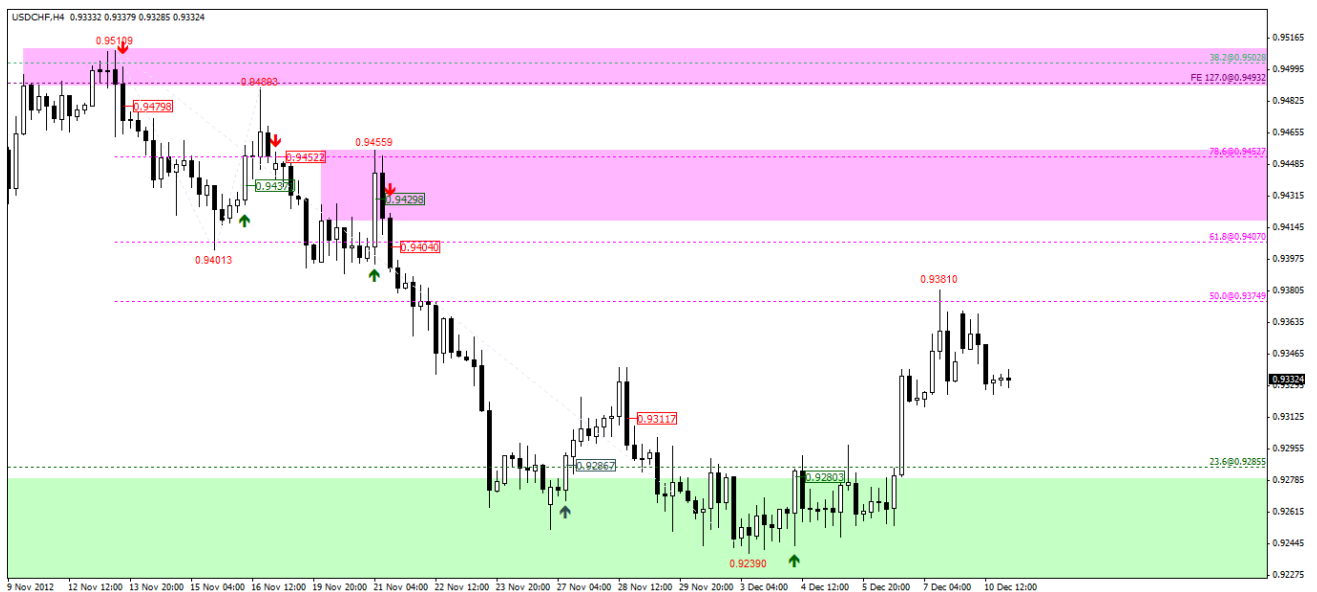
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$50,309.00
GBP-USD	21-11-2012	1.0	1.59037	10-12-2012	1.0	1.60734	+\$1,697.00		
GBP-USD	28-11-2012	1.0	1.59825	10-12-2012	1.0	1.60734	+\$909.00		
GBP-USD	28-11-2012	1.0	1.59825	10-12-2012	1.0	1.60734	+\$909.00		
Unrealized							+\$3,515.00		

## USD-CHF DAILY



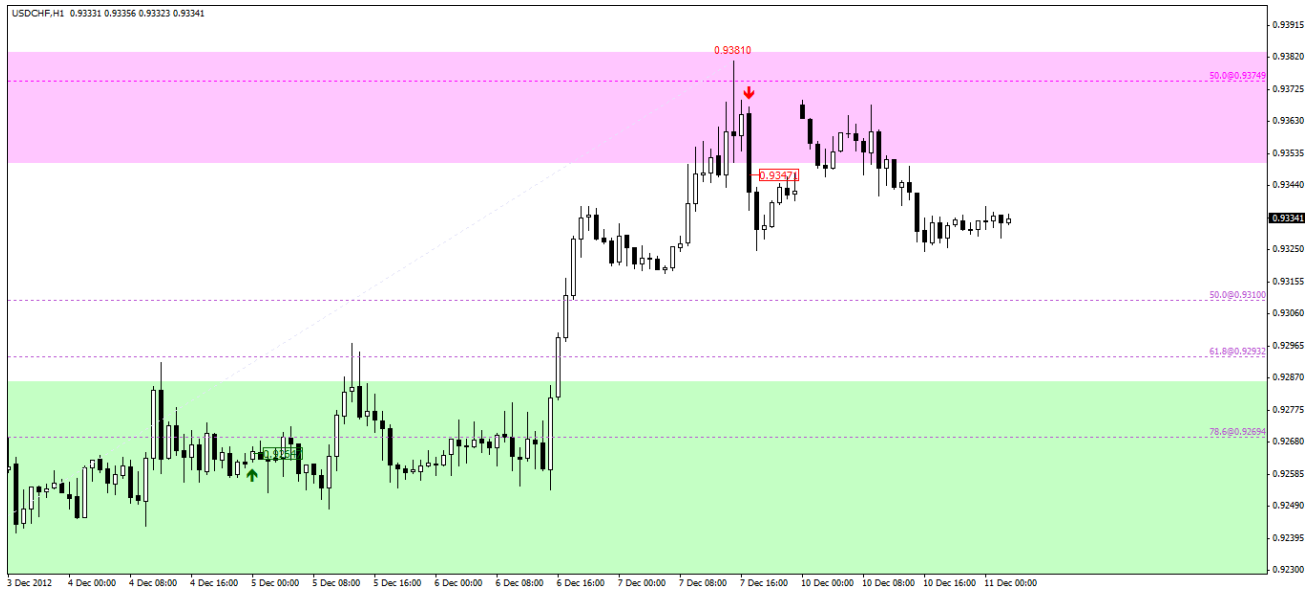
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

3 days for consolidation ended with an explosive rally to the upside last Thursday and carried price action strongly to the 50.0% retracement of 0.95109 to 0.92390 at **0.93750** with a print at 0.93810 before easing on Friday. However, there was no follow-through buying yesterday and no new high was registered in overnight trading actions. This market opened with a vacuum to the upside on Monday but was quickly capped and for the rest of the day, profit-takings were featured – right till the end of NY session. Provided last Thursday's low at **0.92390** holds, another rally towards the 78.6% retracement of 0.95109 to 0.92390 at **0.94527**; which is located within the supply pocket at **0.94180-0.94559** is very probable.

## USD-CHF 1-HOURLY



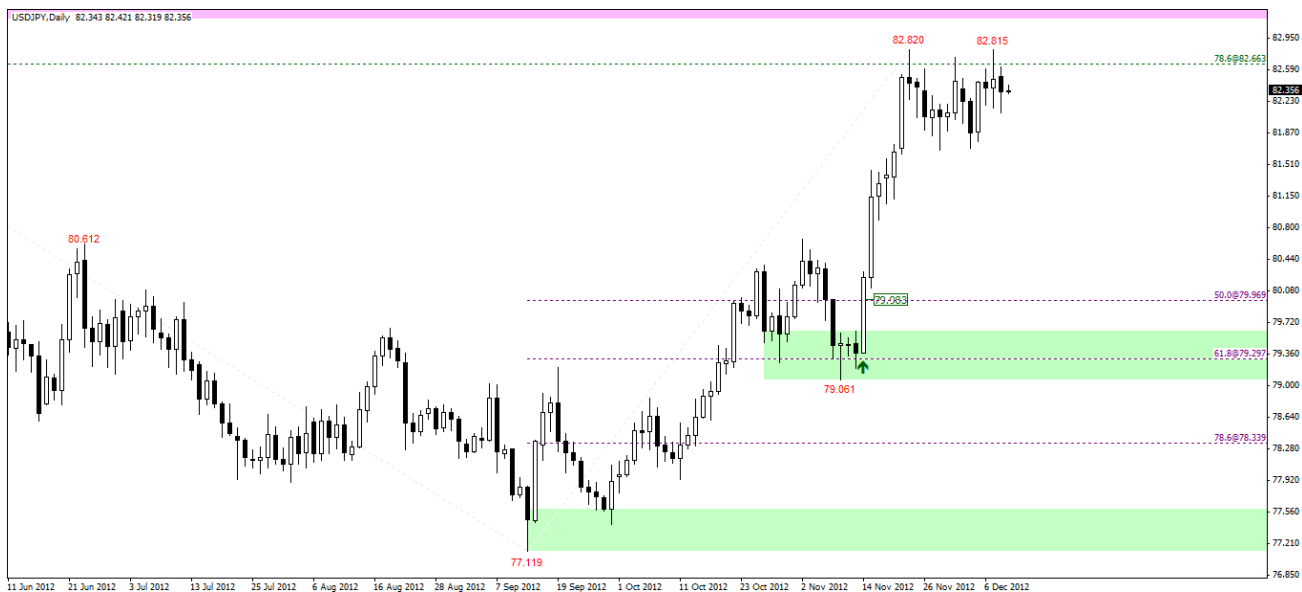
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought 0.92647	0.93507 Realized	0.94465	Exit on H4 close below 0.93215

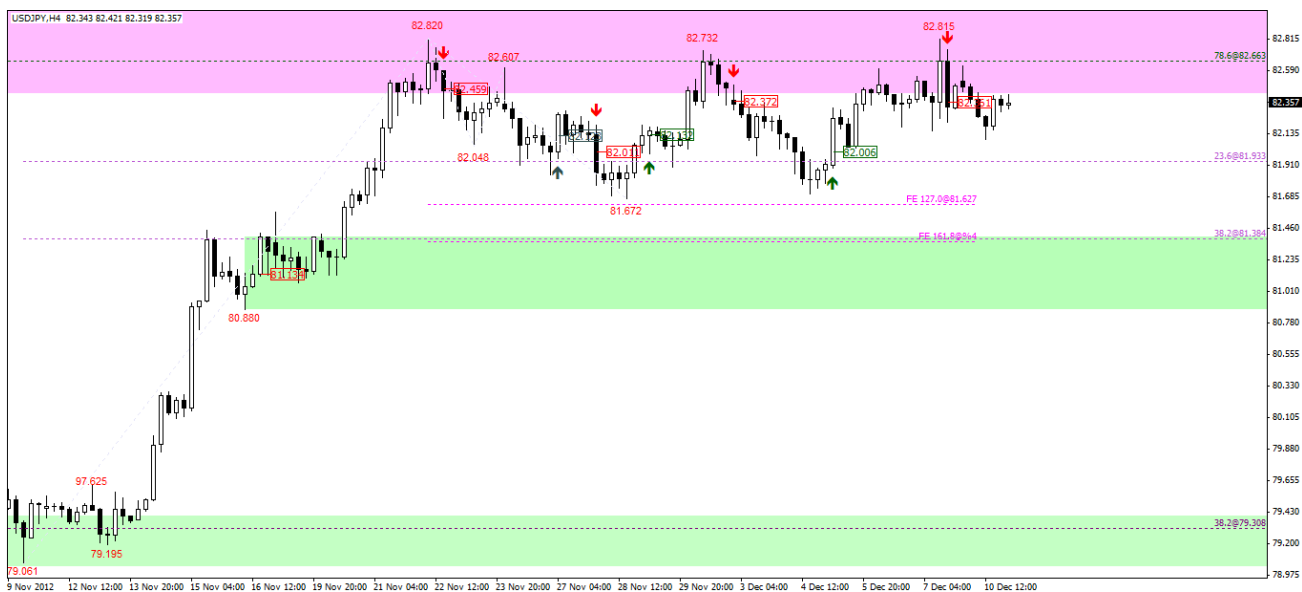
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$35,851.84
USD-CHF	05-12-2012	1.0	0.92647	10-12-2012	1.0	0.93336 Unrealized	+\$738.19 +738.19		

## USD-JPY DAILY



## USD-JPY 4-HOURLY

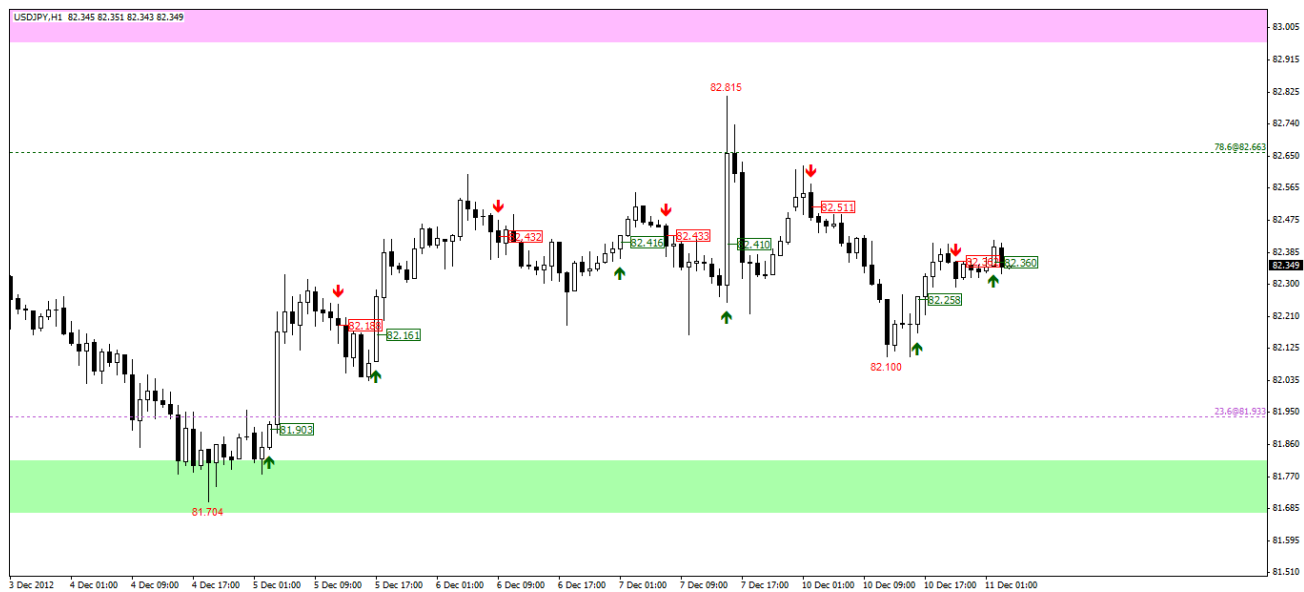


## USD-JPY Short to Medium Term Views

This market remains well-bid but appears to have trouble climb higher as each time price action climbed to the 78.6% retracement of 84.172 to 77.119 at **82.663**, it gets rejected. So far, this market has not been successful in clearing this barrier despite almost 3 weeks of consolidation. This consolidation phase may only be resolved after this weekend's elections in Japan. Last Friday's high at 82.815 was the third attempt in recent days that rallies were halted at the 78.6% retracement of 84.172 to 77.119 at **82.663** (see H4 chart). In order to maintain the medium-term bullish bias, it is imperative for price action takes out the 78.6% retracement of 84.172 to 77.119 at **82.663** and breaks above the overhead supply pocket at **82.424-83.380**. This is because the 78.6% retracement of 84.172 to 77.119 at **82.663** represents (to me) the maximum allowance retracement. Assuming subsequent rallies are successful in clearing this barrier and with the year's high at **84.172** in sight; this bullish bias still has the potential to gun for the 100.0% projection of 75.563 to 84.172 from 77.119 at **85.728** which incidentally sits within a known supply zone. Price action is, however, not expected to trade much higher than this level, if ever. From there, the longer-term down trend is expected to resume below the all-time low of **75.563** (read big picture view above).



## USD-JPY 1-HOURLY



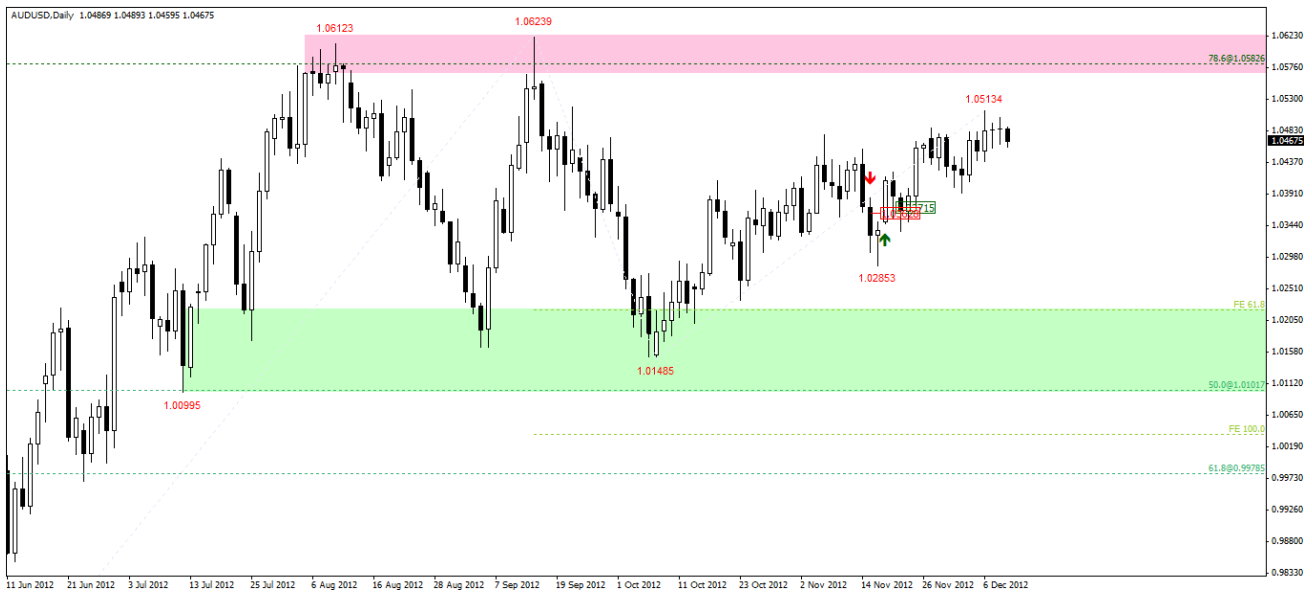
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 81.903	82.424 Realized	83.716	Break-even

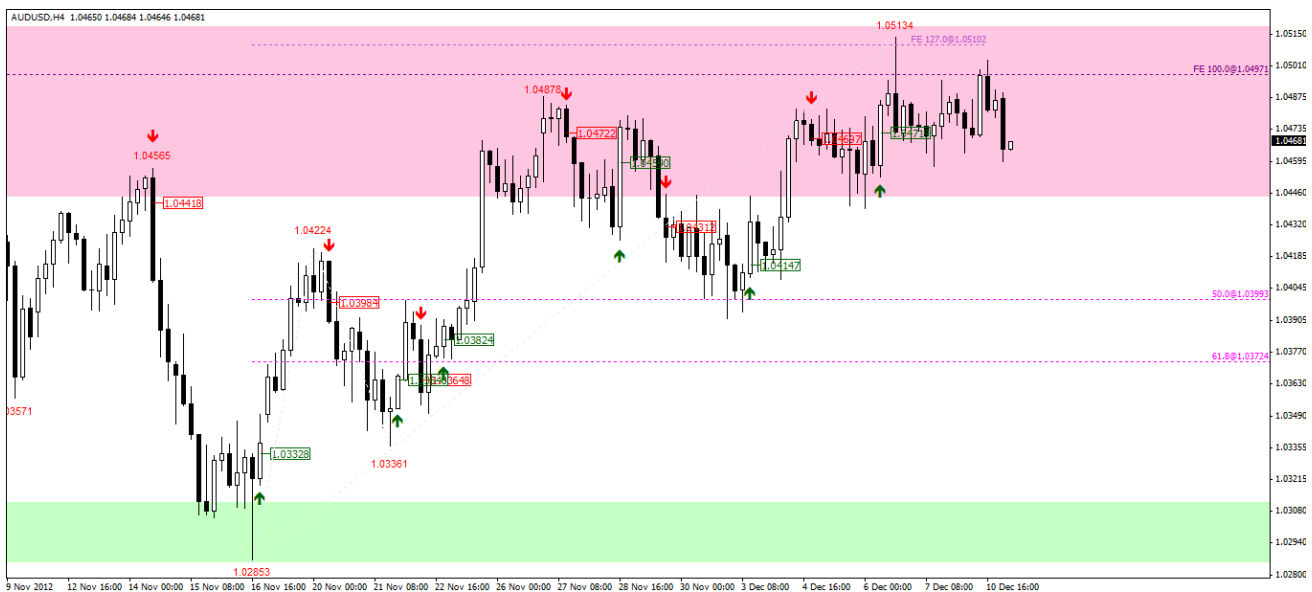
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 07-12-2012								\$31,172.58
USD-JPY	05-12-2012	1.0	81.903	10-12-2012	1.0	82.340	+\$530.73		
						Unrealized	+\$532.73		

## AUD-USD DAILY



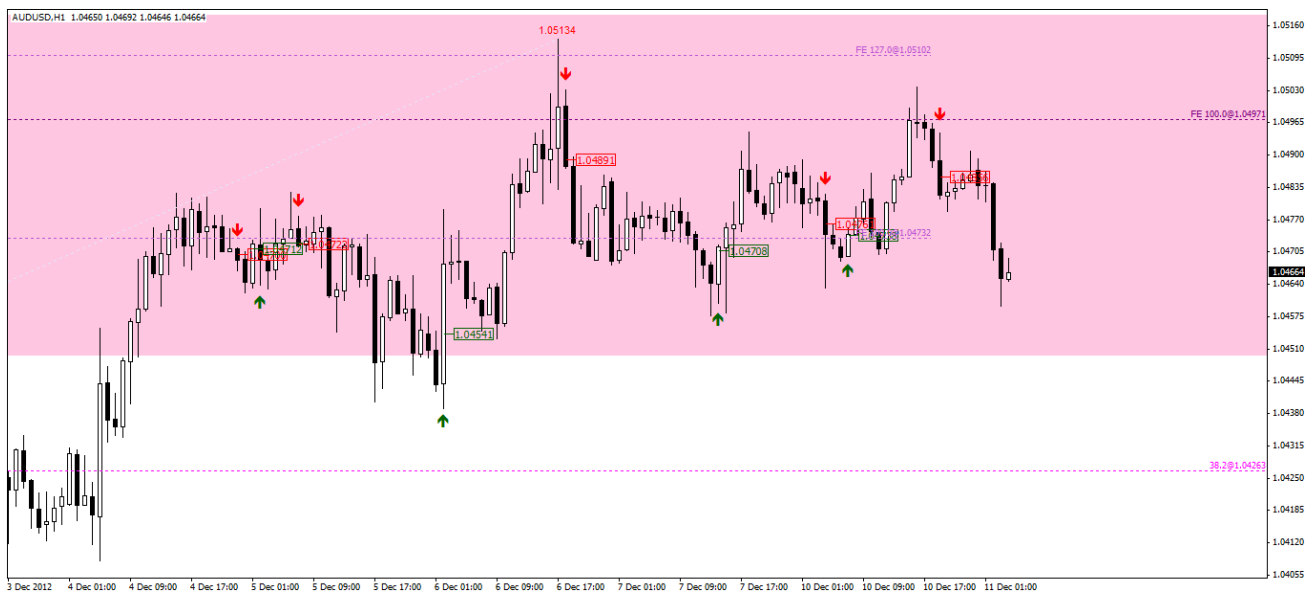
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

Despite RBA's interest rate cut last Thursday, this market continued to climb. In fact, a marginal new high was registered at 1.05134 on the day the rate cut was announced. This is yet another example of the peril of trading on news. Last Thursday's high of 1.05134 incidentally is an interesting number. This level is just marginally above the 127.0% projection of 1.02853 to 1.04224 from 1.03361 at **1.05102**. As noted in previous updates, the 127.0% projection represents (to me) a ratio that often result in an 'overshoot' of a corrective move. Any pullback from this level thus suggests a termination point is in place. Viewed from this perspective, the odds of a fall from here looks good. More importantly, the risk/reward outlook looks attractive with price action near the upper boundary of the supply pocket at **1.04526-1.04722**. This makes selling an attractive proposition. Even if this short does not work out as planned, the idea is still to position shorts within the supply zone at **1.05675-1.06239** – should price action climbs higher.

## AUD-USD 1-HOURLY

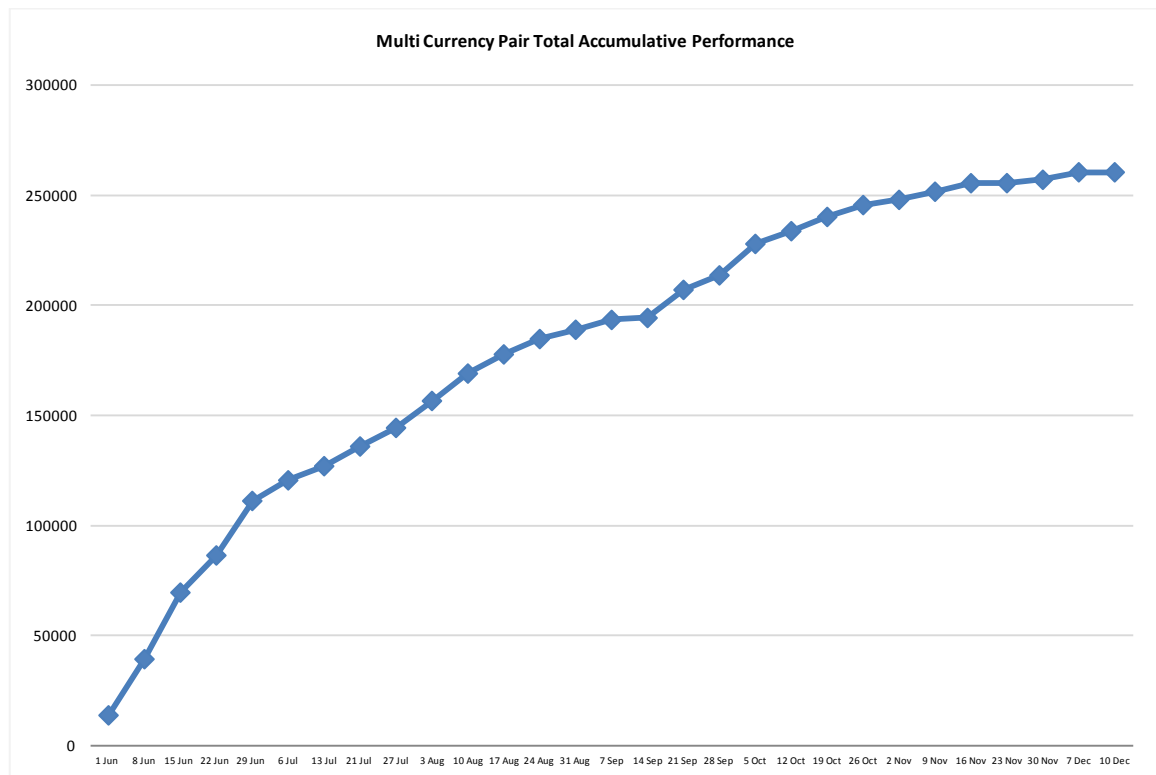
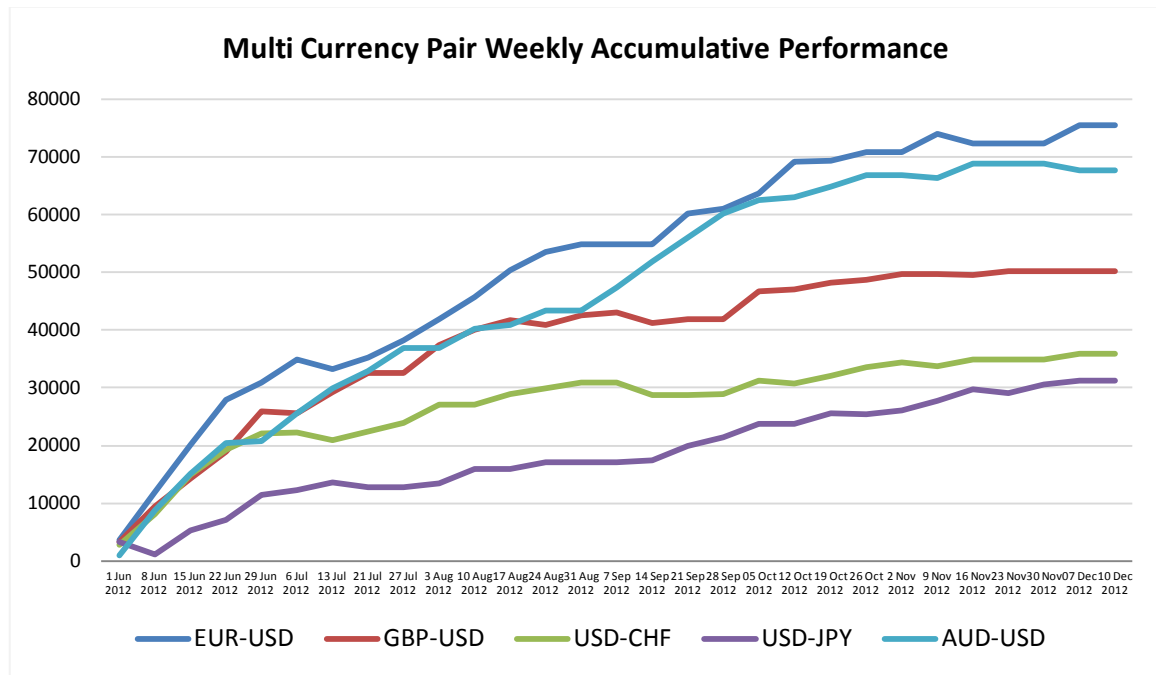


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.04891	1.04157	1.03118	1.05282 STOP

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$67,661.00
AUD-USD	10-12-2012	1.0	1.04860	06-12-2012	1.0	1.04891	+\$31.00		
AUD-USD	10-12-2012	1.0	1.04860	06-12-2012	1.0	1.04891	+\$31.00		
						Unrealized	+\$62.00		



## Traders Academy International

Check out our website at  
[www.tradersacademyonline.com](http://www.tradersacademyonline.com)



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

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

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

Most, if not all, teach some form of technical analysis. In our humble opinion, they are more hype than 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.