

*A Traders Academy International Publication*

## Euro Rebound On Spain's Budget News

EUR-USD rallied from 2-week lows on Thursday after Spain unveiled a 2013 budget viewed as a step in the right direction, easing worries the region's debt crisis was worsening. Spain, the Euro zone's fourth largest economy, announced on Thursday a detailed timetable for economic reforms and a tough 2013 budget that focused primarily on spending cuts instead of tax increases. Analysts said Spain's move away from tax increases should temporarily help quell street protests in the nation's capital. Overall, Spain's 2013 budget appeared to come across as fairly balanced. By focusing on spending cuts rather than on tax increases, it didn't appear overly austere.

In late NY trading, EUR-USD rose 0.3 percent to 1.29114, sharply above a trough of 1.28292 hit earlier in the session, which was its lowest since Sept. 12.

Still, some traders remained skeptical about Spain's budget despite the positive market reaction. Some think Spain's budget was not a breakthrough announcement while believes Spain's strategy of keeping the masses happy by not raising taxes won't work in the long term. Spain's budget will probably eventually lead to them needing a bailout. In fact, the current situation in Spain is very similar to another highly scrutinized budget plan a few years ago in Greece, and we all know how that turned out. Traders also are anticipating on Friday the release of a stress test of Spain's banking sector, which is likely to reveal capital needs of about €50-60 billion (\$77.5 billion). The latest figure will be used to determine how much of the €100 billion credit line available to Spain is needed to recapitalize the country's banks.

Uncertainty over the timing of an aid request from Spain and divisions within the European Union over a plan to create a banking union sent the yield on Spain's 10-year bond on Thursday to its highest since the ECB announced its bond-buying plan on Sept. 6. Adding to concerns over Spain, the indebted Castilla La Mancha region may seek € 800 million (\$1 billion) in emergency funding from the central government.

Most strategists said the Euro was likely to appreciate if and when Spain requests a bailout to trigger ECB bond-buying, although gains would be curbed by renewed concerns about Greece. Demonstrators clashed with police in Athens and Madrid this week in protest over new austerity measures. Greece's international lenders are at loggerheads over how to respond to its debt crisis, threatening more trouble for the Euro in the coming weeks.

A Moody's review of Spain's ratings is also expected this week. A cut could take the country below investment grade and put further pressure on policymakers. Late on Thursday, ratings agency Egan-Jones downgraded Spain's sovereign rating further into junk status, to a double C from double C plus, citing the country's weak banking sector and struggling regional governments.

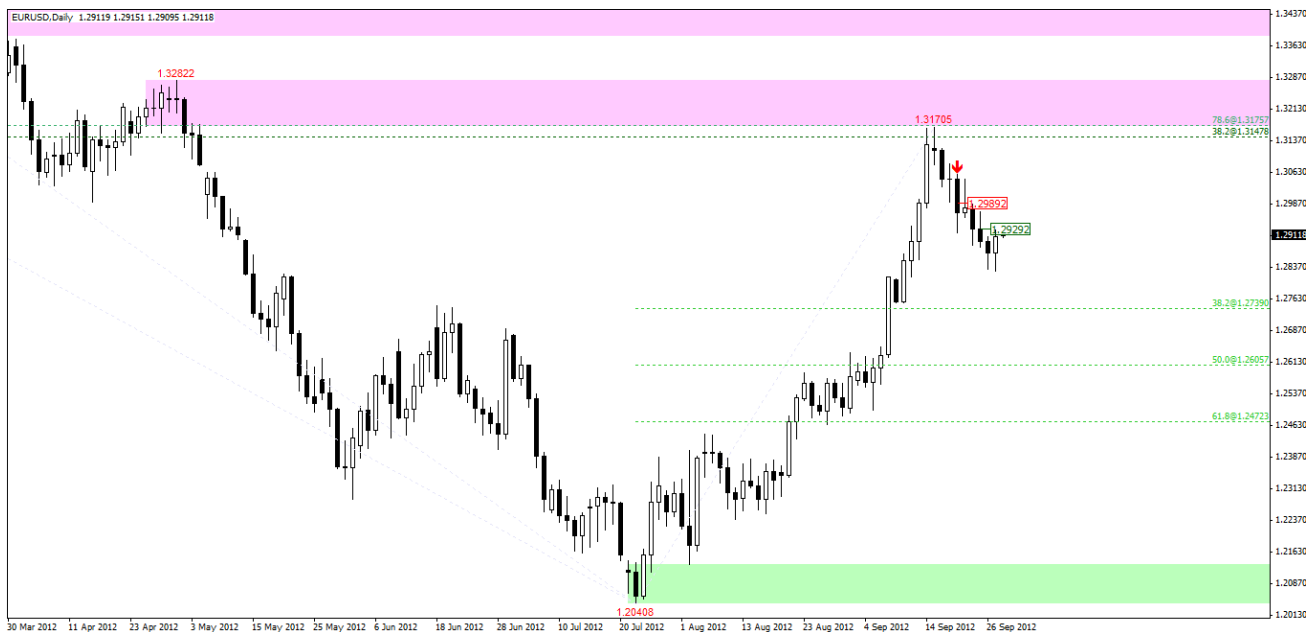
An array of U.S. data, meanwhile, painted a mixed economic picture. Orders for long-lasting U.S. manufactured goods dropped sharply in August suggesting the main engine of economic growth was stalling, offsetting hopeful signs of an improvement in the labour market. A separate report showed the number of Americans filing new claims for jobless benefits fell 26,000 last week to a two-month low. U.S. economic growth, on the other hand, was much weaker than previously estimated in the second quarter as a drought cut into inventories.

USD-JPY settled down 0.2 percent at 77.588 and remains within sight of a 7-month low of 77.118 hit on Sept. 13, the day the Federal Reserve announced a new round of monetary stimulus.

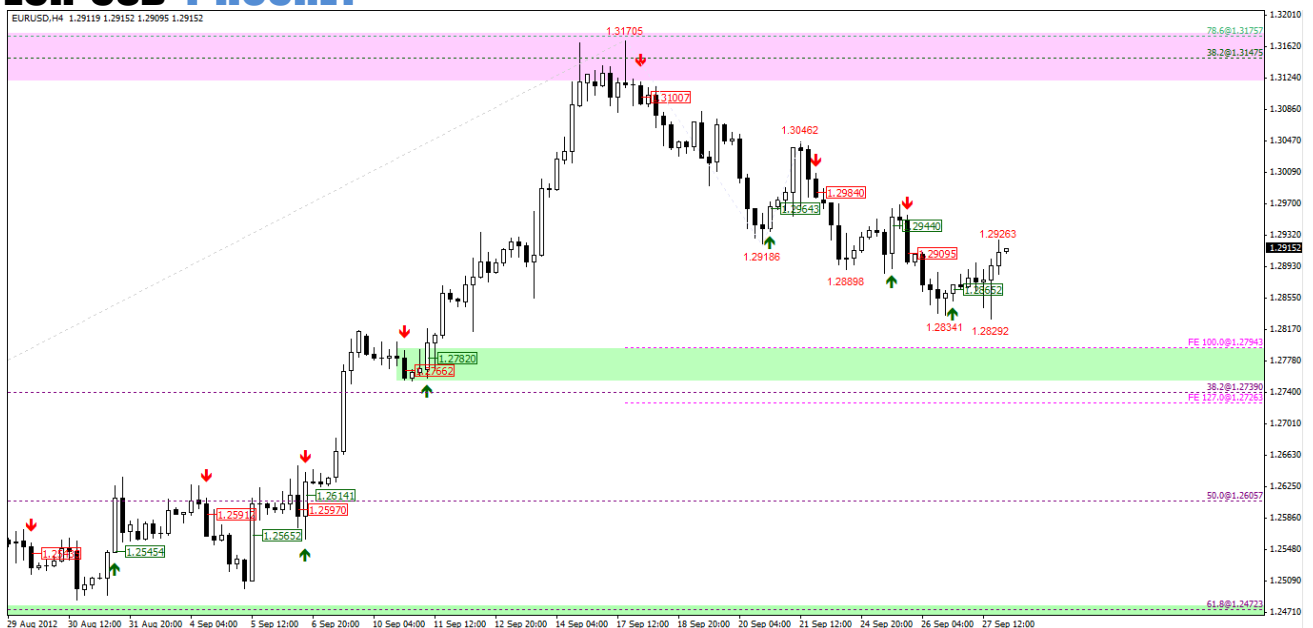
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## EUR-USD DAILY



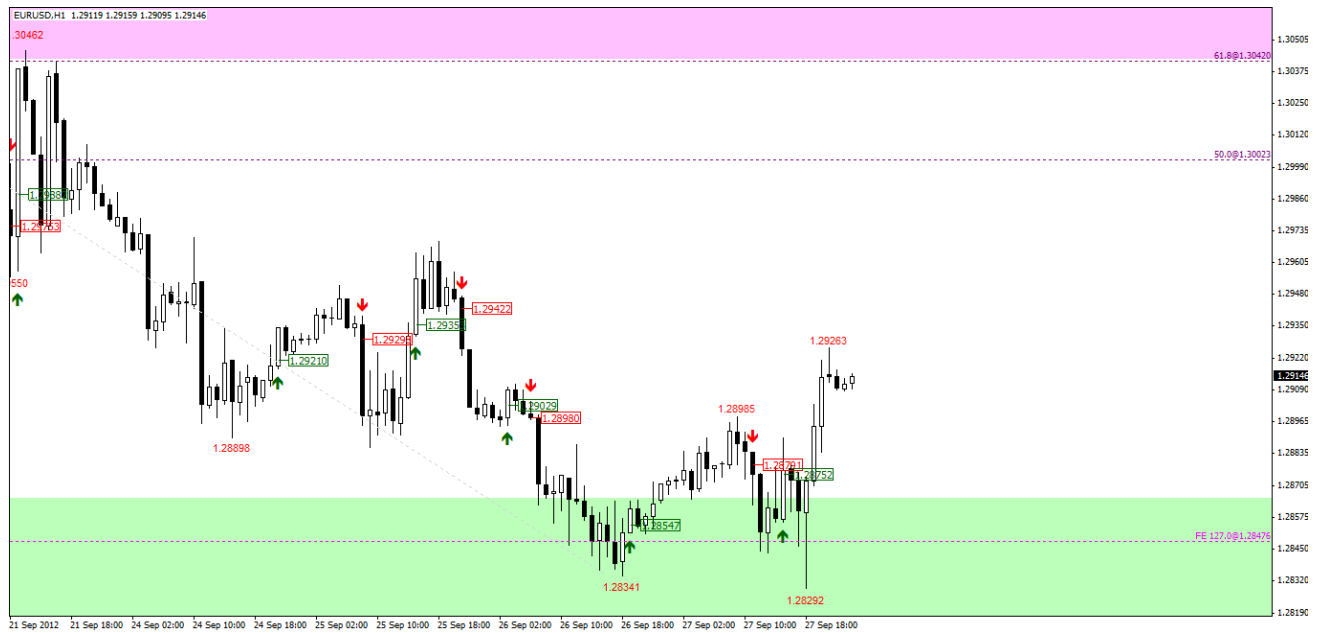
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

Price action reacted to the upside from within the DZ at **1.28147-1.28656** after hitting the 127.0% projection of 1.31705 to 1.29923 from 1.30739 at **1.28476** with a low at 1.28341 on Wednesday. And just when it appears this market is rebounding, the nascent rally turned south to another daily low at 1.28292 in NY session before rallying strongly beyond the day's high with a print at 1.29263 on news of Spain's budget (read cover story). Now that we finally have a robust rally from within the DZ at **1.28147-1.28656**, it could mark the end of the corrective move from 1.31705. If this rally can be sustained, a slide to the secondary DZ at **1.27535-1.28159** to the 100.0% projection of 1.31705 to 1.29186 from 1.30462 at **1.27943** falls within this demand pocket can be ruled out (see H4 chart). This ensuing rally should ideally complete the 5-wave rally originating from 1.20408 (see D1 chart). As noted in previous updates, another challenge of the **1.31705** high is expected after this correction is over. If so, focus is on the next SZ at **1.33818-1.34847**.

## EUR-USD 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.28547	1.29526	1.30390	1.28047 STOP

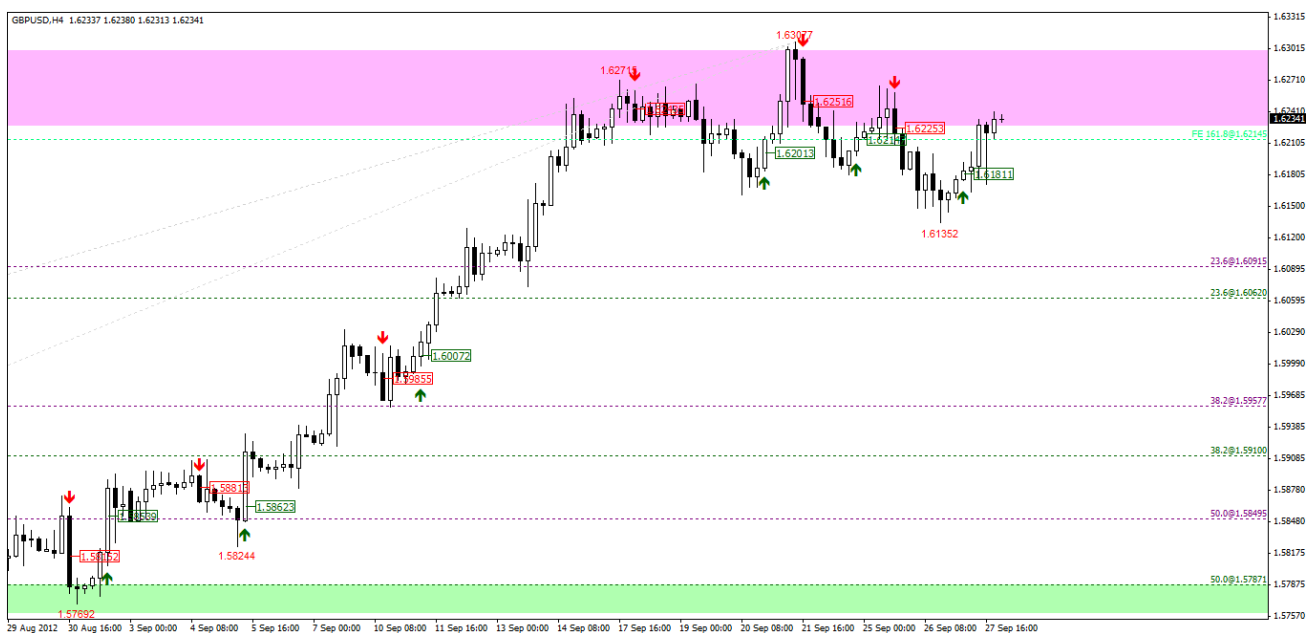
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 21-09-2012								\$60,291.00
EUR-USD	24-09-2012	1.0	1.29210	25-09-2012	1.0	1.28798	-\$412.00		\$59,879.00
EUR-USD	24-09-2012	1.0	1.29210	25-09-2012	1.0	1.28798	-\$412.00	-\$824.00	\$59,467.00
EUR-USD	25-09-2012	1.0	1.28547	27-09-2012	1.0	1.29114	+\$567.00		
EUR-USD	25-09-2012	1.0	1.28547	27-09-2012	1.0	1.29114	+\$567.00		
						Unrealized	\$1,134.00		

## GBP-USD DAILY



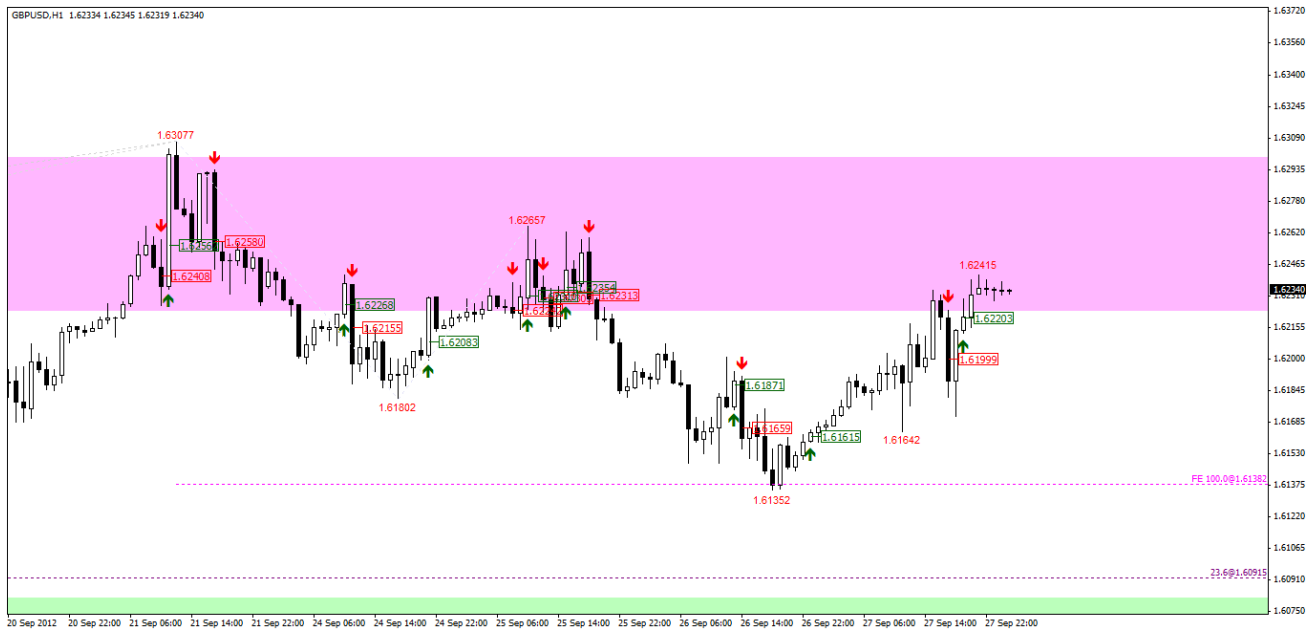
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

GBP-USD completed a 3-wave equidistant correction from 1.63077 to 1.61352 and rebounded back into the overhead SZ at **1.62272-1.62995**. This is a setback for the short-term bearish case. But with price action now back into the SZ, the work of looking out for reversal signals within this supply pocket begins all over again. Though a disappointment, this development is not entirely unexpected. As mentioned, this market is likely to struggle to the first target made up of the window between the 23.6% retracement of 1.52666 to 1.63077 at **1.60620** and the 23.6% retracement of 1.53914 to 1.63077 at **1.60915**. At this rate of fall, the secondary target at the window between the 38.2% retracement of 1.53914 to 1.63077 at **1.59577** and the 38.2% retracement of 1.52666 to 1.63077 at **1.59100** appears remote although that would be the most ideal bottom for this correction (see H4 chart). Whatever the case, a strong rally emanating from either of these zones could signal the resumption of the rally from 1.52666 beyond last Friday's high of **1.63077**. That said, a sustained the overhead SZ at **1.62272-1.62995** would suggest that the fifth and final leg of this rally has resumed. Two possible targets are lined up (1) the 78.6% retracement of 1.67445 to 1.52321 at **1.64208** and (2) the 61.8% projection of 1.42280 to 1.67445 from 1.52321 at **1.67873** which in turn lies within the SZ at **1.67240-1.70410** (see W1 chart).

## GBP-USD 1-HOURLY



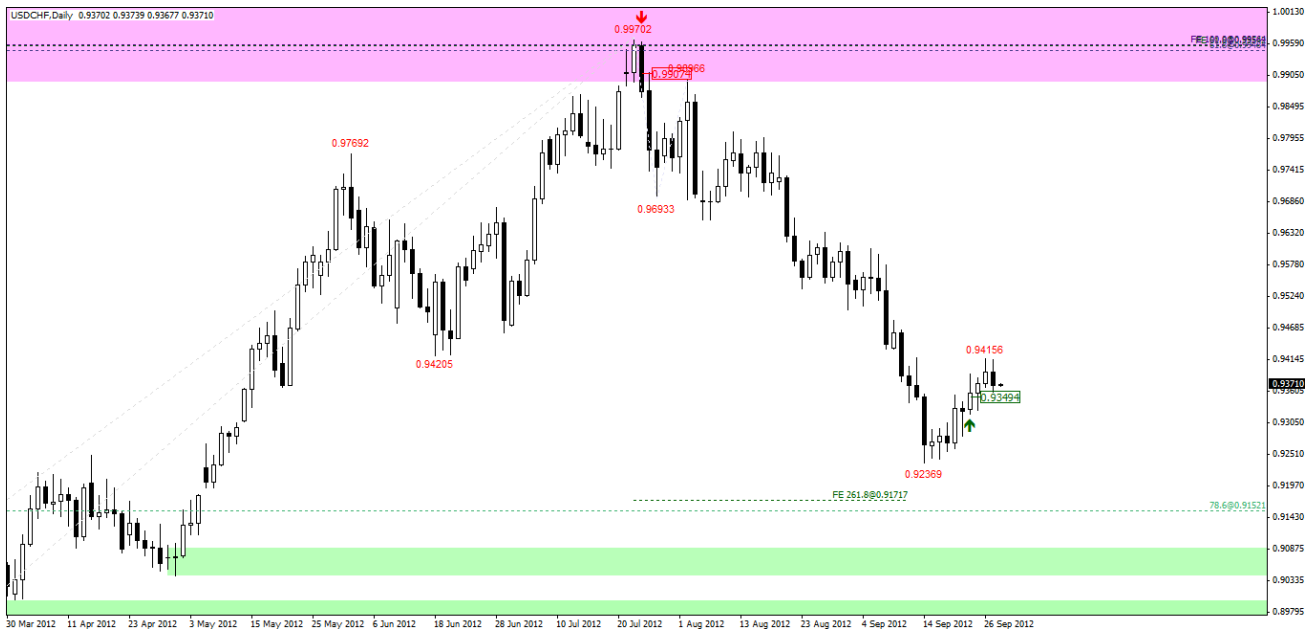
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal within 1.62272-1.62995	1.60915	1.59577	1.63177 STOP

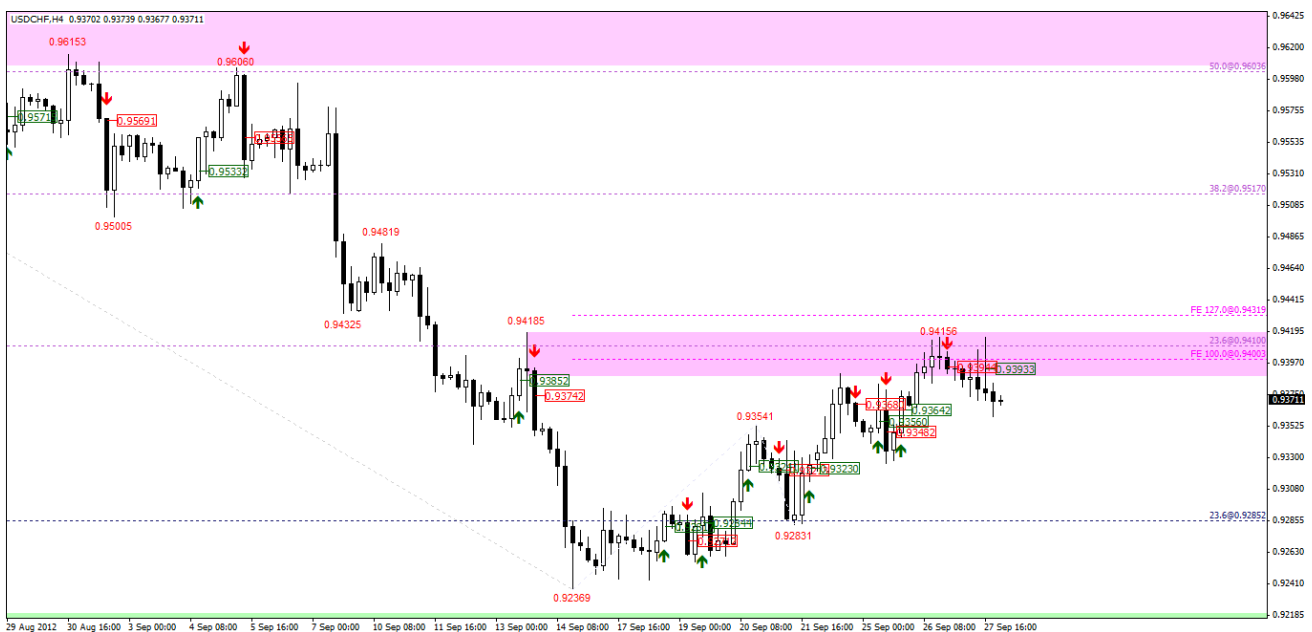
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-09-2012								+\$41,916.00
GBP-USD	25-09-2012	1.0	1.62408	21-09-2012	1.0	1.62408			
GBP-USD	25-09-2012	1.0	1.62408	21-09-2012	1.0	1.62408			
GBP-USD	27-09-2012	1.0	1.62253	25-09-2012	1.0	1.62253			
GBP-USD	27-09-2012	1.0	1.62253	25-09-2012	1.0	1.62253			
Unrealized							\$0.00		

## USD-CHF DAILY



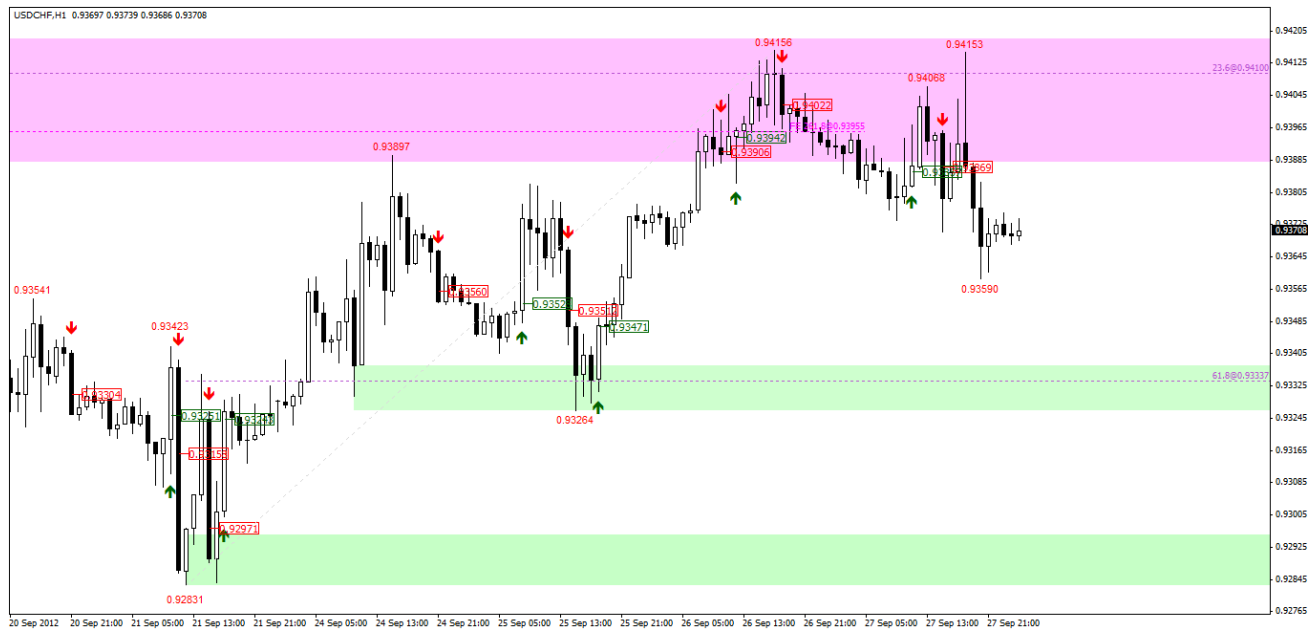
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

Price action spiked back momentarily into the overhead SZ at **0.93879-0.94185** in overnight trading but failed to take out the Wednesday's high of 0.94156 and promptly fell. As mentioned, it is imperative that this supply pocket cap this run and a fall ensues. The longer price action lingers here, the higher the odds of a push higher; thus casting doubts on the medium-term bearish case. This is because the fall from 0.99702 was impulsive; suggesting that the longer-term downtrend from 1.17296 may have resumed. So far, the rebound from 0.92369 is corrective in nature and is not expected to accelerate much higher. A fall from here, if it pans out, should ideally take out the low at **0.92369**; to be followed by a larger degree rally; ideally back to where the SZ at **0.93879-0.94185** is.

## USD-CHF 1-HOURLY



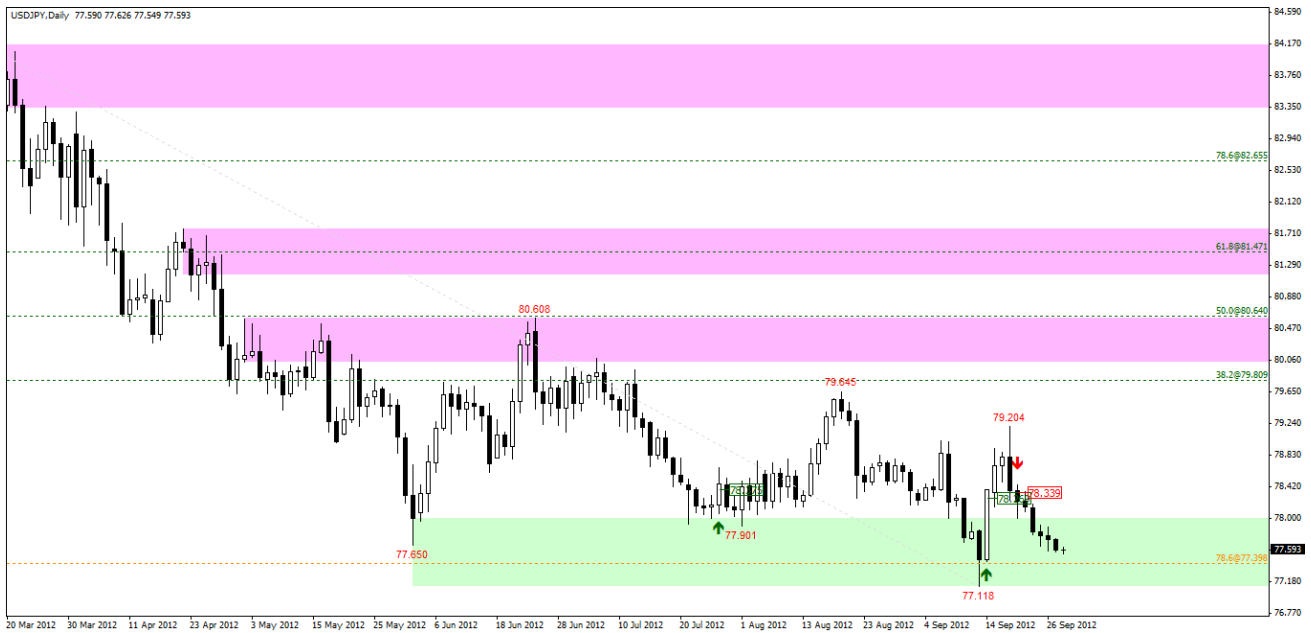
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 0.94022	0.93376	0.92955	Break-even

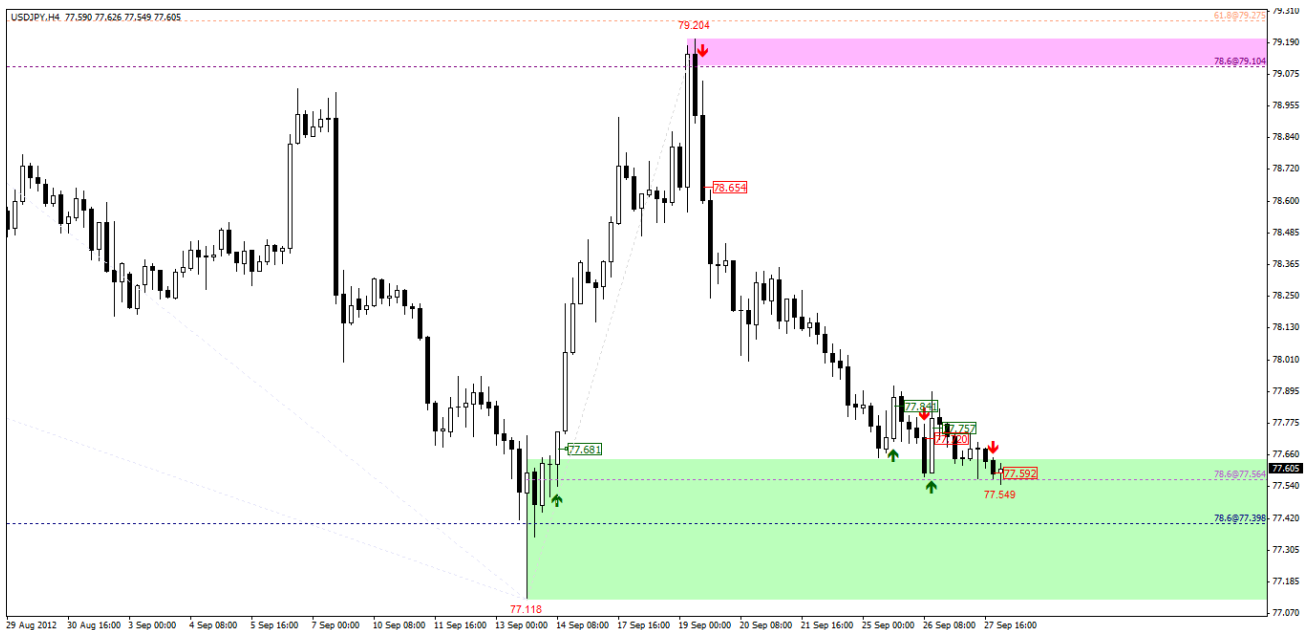
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-09-2012								+\$28,809.73
USD-CHF	24-09-2012	1.0	0.93641	20-09-2012	1.0	0.93304	-\$359.89		+\$28,449.84
USD-CHF	24-09-2012	1.0	0.93641	20-09-2012	1.0	0.93304	-\$359.89	-\$719.77	+\$28,089.95
USD-CHF	26-09-2012	1.0	0.93997	24-09-2012	1.0	0.93813	-\$172.95		\$27,917.00
USD-CHF	26-09-2012	1.0	0.93997	24-09-2012	1.0	0.93813	+\$172.95	-\$349.90	\$27,744.05
USD-CHF	27-09-2012	1.0	0.93700	26-09-2012	1.0	0.94022	+\$343.65		
USD-CHF	27-09-2012	1.0	0.93700	26-09-2012	1.0	0.94022	+\$343.65		
						Unrealized	+\$687.30		

## USD-JPY DAILY

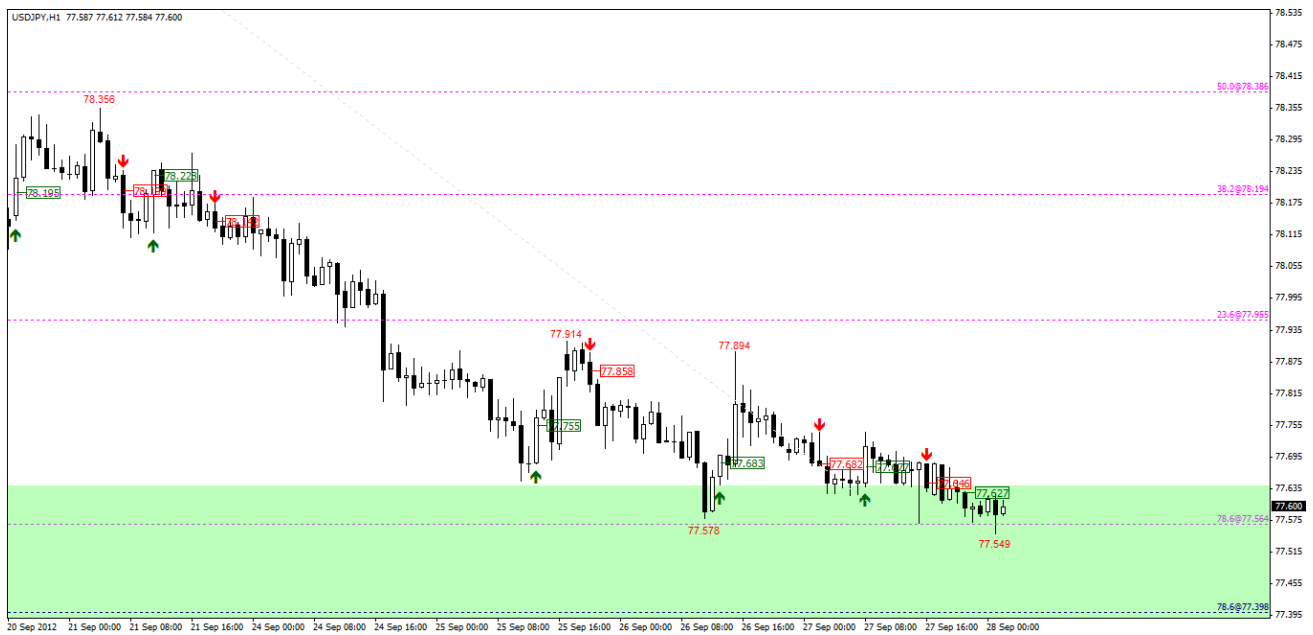


## USD-JPY 4-HOURLY





## USD-JPY 1-HOURLY



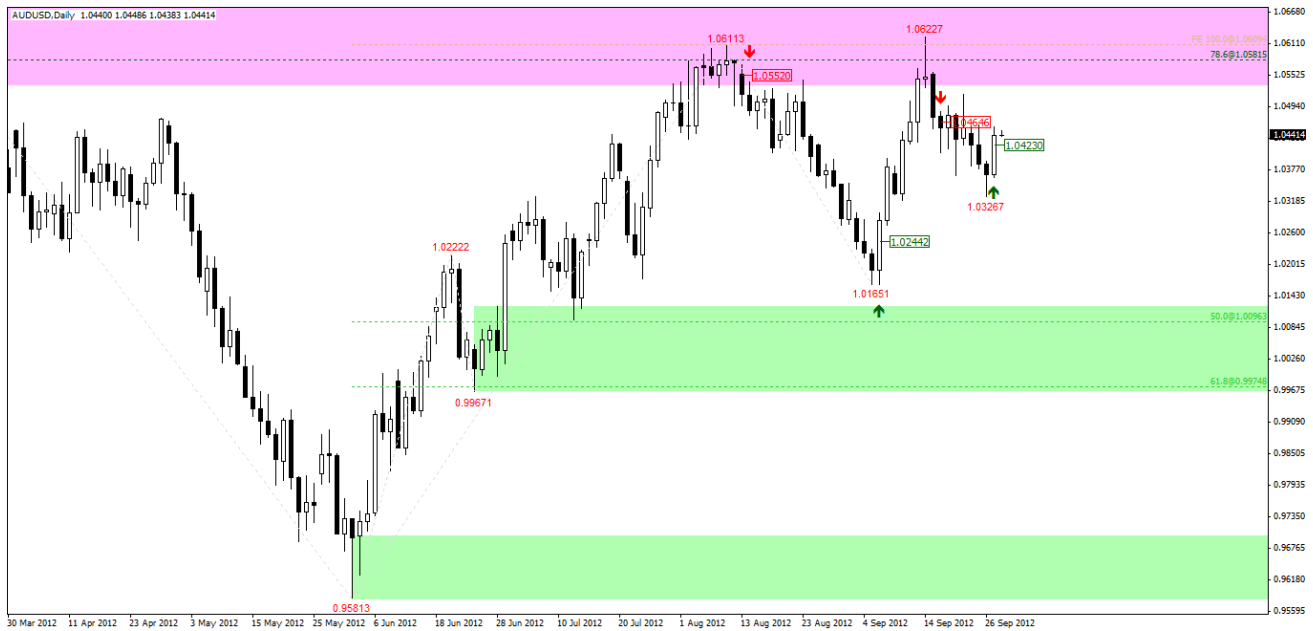
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @77.683	78.301	79.104	77.018 STOP

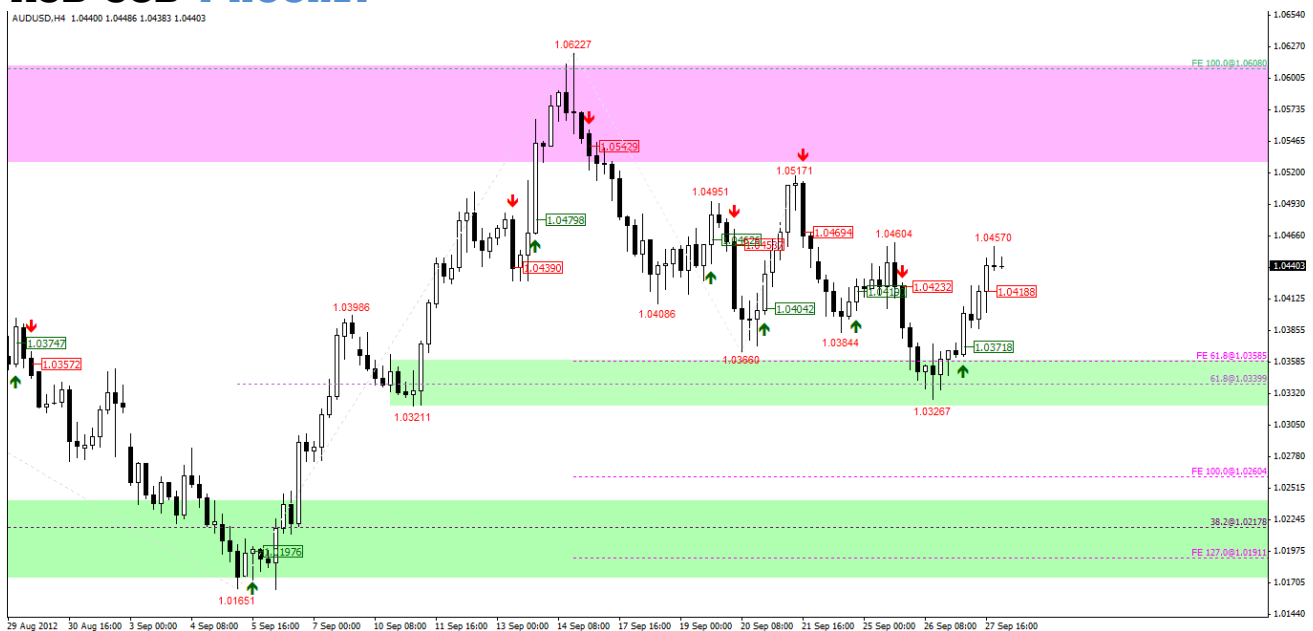
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 21-09-2012								+\$19,943.16
USD-JPY	25-09-2012	1.0	77.766	19-09-2012	1.0	78.910	+\$1,471.08	+\$1,471.08	+\$21,414.24
USD-JPY	26-09-2012	1.0	77.683	27-09-2012	1.0	77.588	-\$122.44		
USD-JPY	26-09-2012	1.0	77.683	27-09-2012	1.0	77.588	-\$122.44		
						Unrealized	-\$244.88		

## AUD-USD DAILY



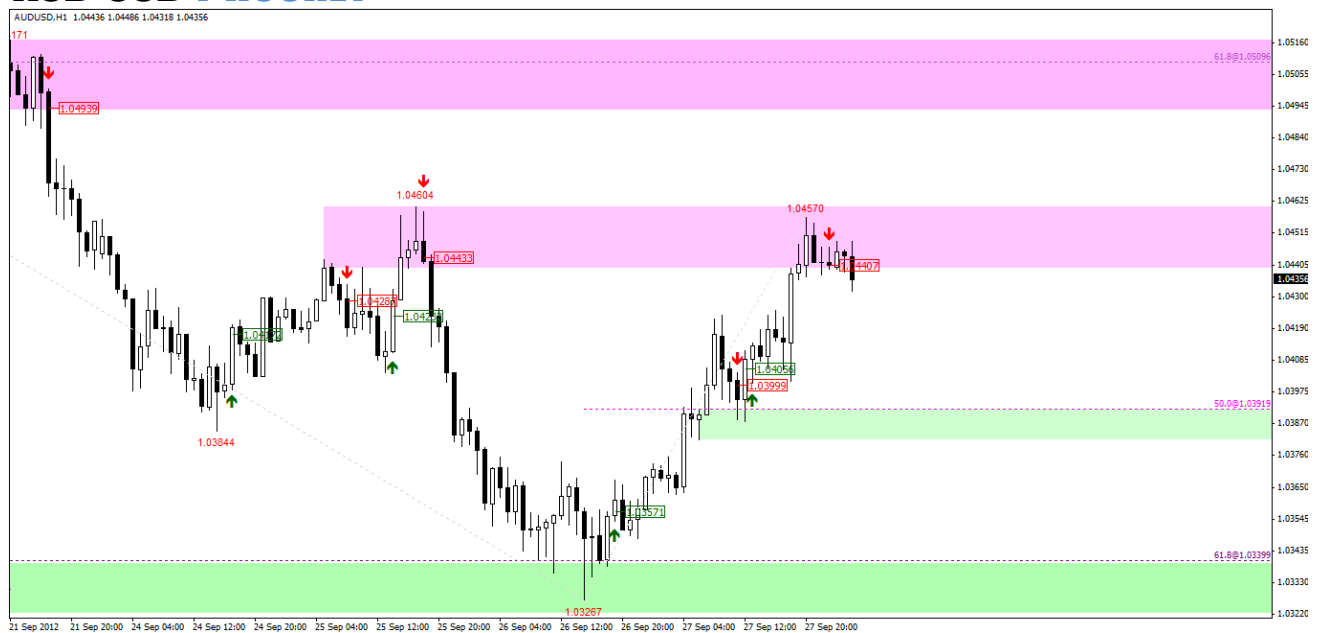
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

Tuesday's steep fall from 1.04604 hit the sweetspot between the 61.8% retracement of 1.01651 to 1.06227 at **1.03399** and the 100.0% projection of 1.05171 to 1.03844 from 1.04604 at **1.03277** within the DZ at **1.03211-1.03604** and promptly rebounded. Ideally, this rebound extends towards the long-term SZ at **1.06010-1.06677**. However, price action is hesitant after hitting a minor overhead SZ at **1.04399-1.04604** and has stalled somewhat. A close below **1.04188** in the H4 chart would suggest another dip is imminent as a long-legged shadow doji has appeared at the top of this current run after registering a high at 1.04570. Likewise, a bearish harami too has appeared in the H1 chart. Taken together, there is a need to protect the long positions established overnight. Should a pullback occurs, price action is likely to stabilize within the minor DZ at **1.03815-1.03917**; which is just below the 50.0% retracement of 1.03267 to 1.04570 at **1.03919**. Thereafter, the rebound from 1.03267 should ideally resume for the long-term SZ at **1.06010-1.06677**.

## AUD-USD 1-HOURLY

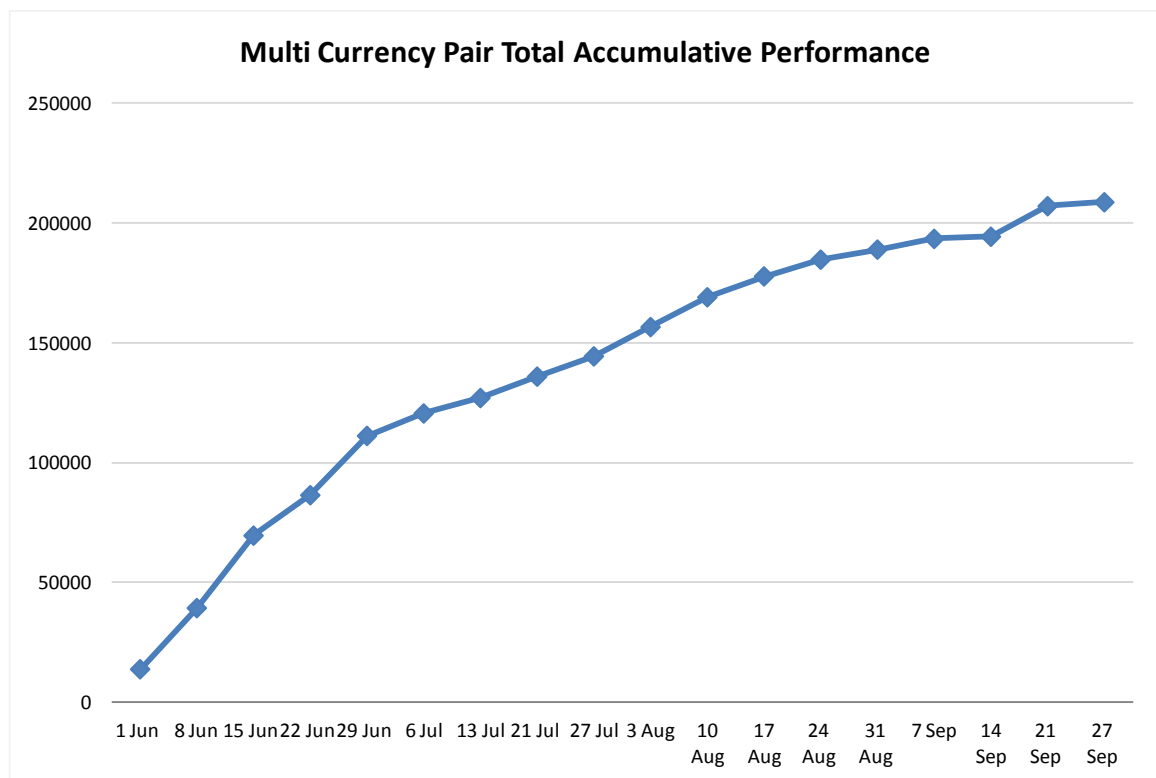
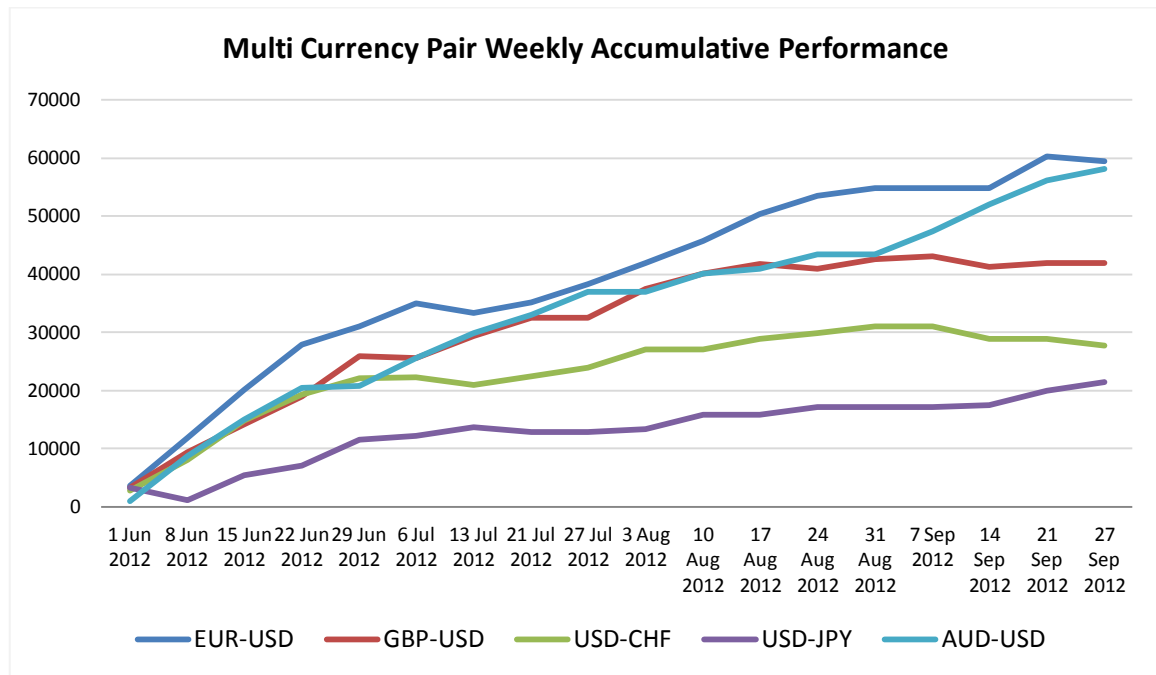


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.03423 (M5 chart)	1.04934	1.06010	Exit on H4 close below 1.04188

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-09-2012								+\$56,114.00
AUD-USD	24-09-2012	1.0	1.03970	21-09-2012	1.0	1.04939	+\$969.00	+\$969.00	+\$57,083.00
AUD-USD	24-09-2012	1.0	1.03893	25-09-2012	1.0	1.04433	+\$540.00		
AUD-USD	24-09-2012	1.0	1.03893	25-09-2012	1.0	1.04433	+\$540.00	+\$1,080.00	+\$58,163.00
AUD-USD	26-09-2012	1.0	1.03423	27-09-2012	1.0	1.04405	+\$982.00		
AUD-USD	26-09-2012	1.0	1.03423	27-09-2012	1.0	1.04405	+\$982.00		
					Unrealized		+\$1,964.00		



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.