

A Traders Academy International Publication

ECB/BOE Decisions Eyed

It's not unusual to see extreme moves in holiday-thinned markets and the acceleration in the decline in EUR-USD overnight may have been caused by mild risk aversion and light volume. EUR-USD struggled above the 1.2600 handle and found support just above 1.2500 ahead of the ECB today. The Bank is expected to cut rates by 25 basis points, which could erode the Euro's yield differential with some of the major crosses such as the US Dollar and the Aussie.

The majority of traders expect the Bank to cut rates, thus if it fails to do, it could generate disappointment in the markets and risky assets, including the Euro, could start to sell off. A rate cut may be more of a symbolic gesture to show the markets that the Bank will step up its action if governments' do so first. While a rate cut is only likely to have limited impact on growth, re-starting the Bank's SMP programme, which could then buy the debt of Spain and Italy, would be more effective at stabilising the situation in the currency bloc. However, the Bundesbank, a powerful force in the ECB, is likely to prefer a rate cut since inflation in Germany has started to moderate, while it has been steadfastly against the SMP programme since its introduction. Thus don't expect any unconventional measures from the ECB later in the day.

The markets may be selling the rumour (of a potential larger rate cut than 25bps) only to buy the fact (if the ECB only cuts by 25bps) when the decision comes out. A rate cut by the ECB may not be enough to drive the Euro out of its most recent range between 1.2400-1.2700. Instead, the market needs to hear from Europe's politicians and their commitment to the steps addressed at the EU summit before knowing if there is a meaningful decline in credit risk in the periphery. Only when we see a sustainable decline in credit risk does EUR-USD has a chance to break out to the upside, thus today's ECB decision may end up being a bit of a damp squib for the markets.

Economic data also weighed on risk sentiment Wednesday. The service sector PMI's in the Eurozone were better than expected but still remain deep in contraction territory. The PMI composite rose to 46.4, up from 46.0 in May. This is the 5th straight month in contraction territory and suggests the Eurozone economy may have contracted in Q2. Not even Germany, whose service sector has held up quite well in recent months, could avoid the decline and its reading fell to 49.9 from 50.3 in May. This is the lowest level since autumn 2011.

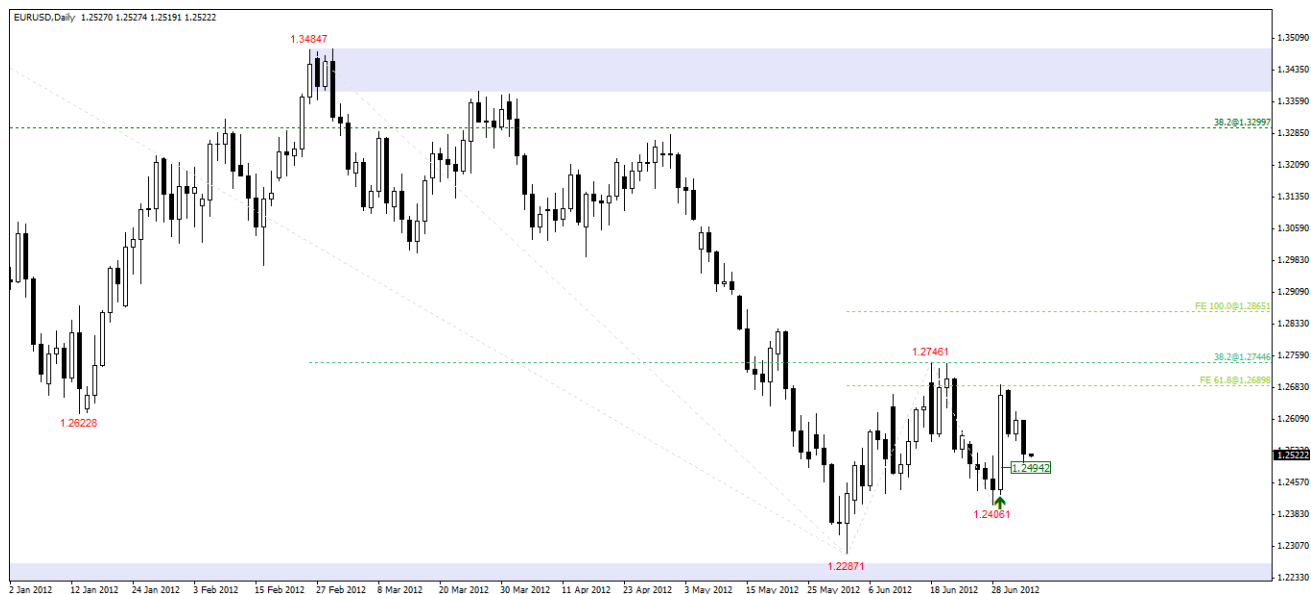
The Sterling Pound has been another casualty of the Dollar resurgence, and tested last Friday low of 1.55726 (at the point of writing). This is unlikely to be due to ongoing Barclay's Libor manipulation investigation and more down to expectations of QE from the Bank of England today. Like the ECB, we could be in 'sell the rumour, buy the fact' mode, if the BOE chooses to do £50 billion of purchases at today's meeting.

Tonight's ADP data and the ISM non-manufacturing data will be the key events from the US to watch out for along with the ECB and BOE meetings.

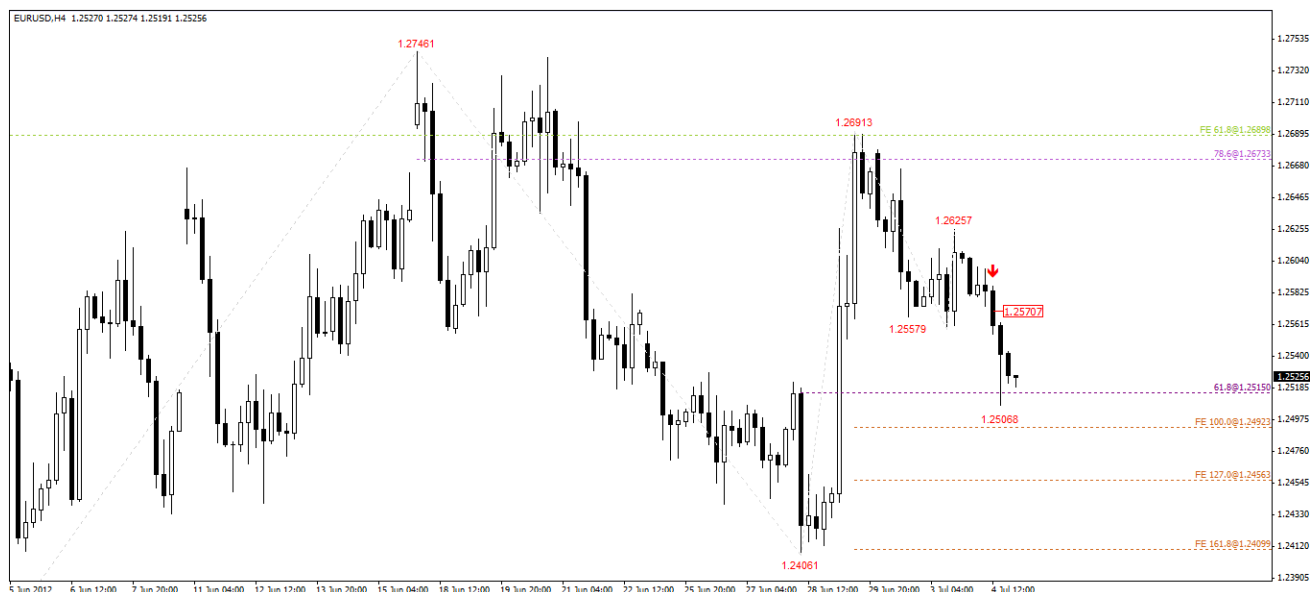
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EUR-USD DAILY



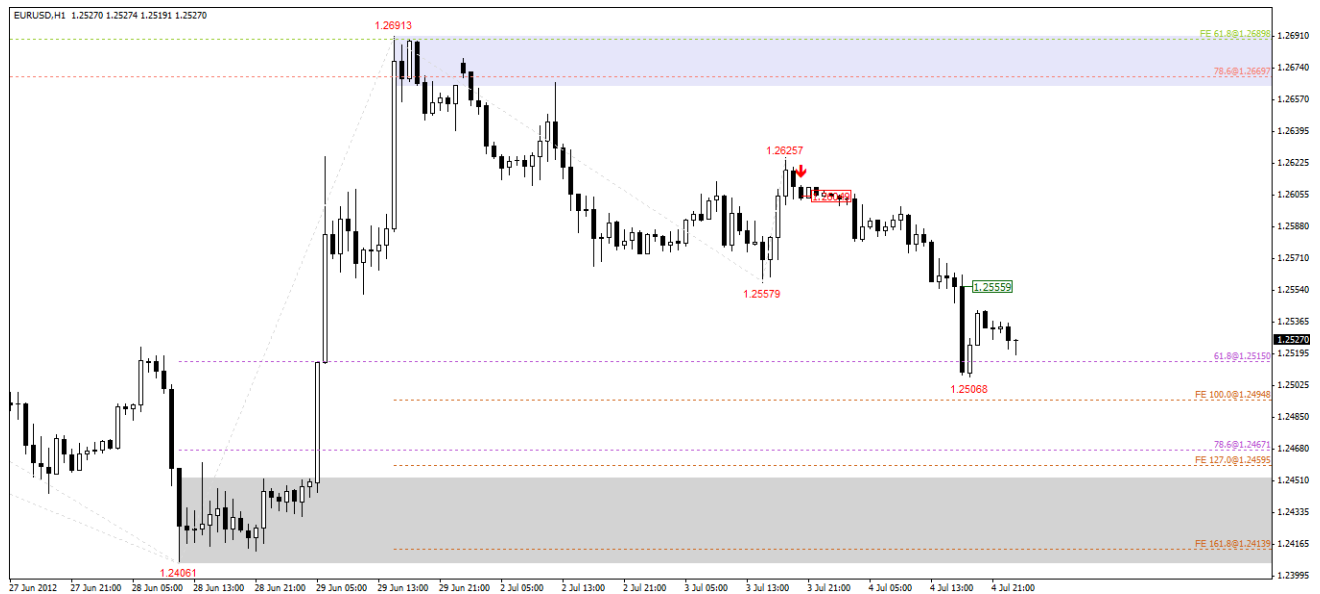
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

The minor DZ at **1.25512-1.25970** failed to hold as expected and price action decayed to the 61.8% retracement of 1.24061 to 1.26913 at **1.25150** with a print at **1.25068**. As this market heads towards last Friday's low of 1.24061, another DZ awaits at **1.24061-1.24525**. Any lower than this zone, the anticipated 3-wave corrective move up - perhaps to the 100.0% projection from 1.22871 to 1.27461 from 1.24061 at **1.28651** will be compromised - assuming, of course, price action can overcome the immediate barrier at the SZ at **1.27717-1.28229**. On the downside, an acceleration of this fall (if it happens) may see price action falling back to challenge the June's low of **1.28871** and below, perhaps targeting the 61.8% projection of 1.32822 to 1.22871 from 1.27461 at **1.21311** - which in turn is just below the DZ at **1.21453-1.22794**. Alternatively, an accelerated fall may see a fall to just above this zone at the 2.618% projection of 1.26913 to 1.25579 from 1.26257 at **1.22765**.

EUR-USD 1-HOURLY

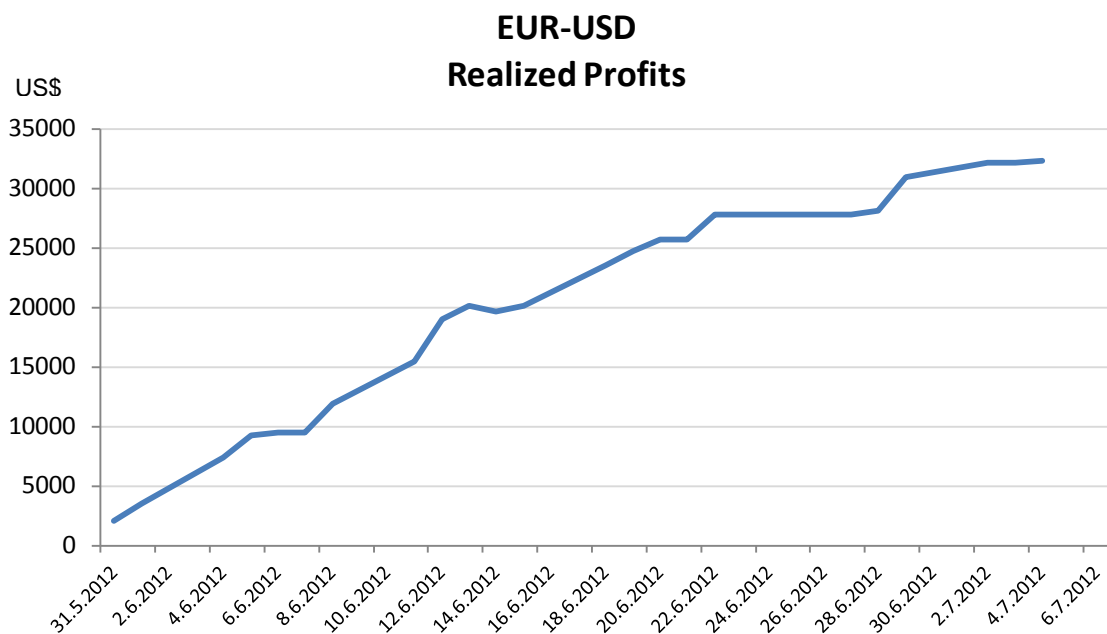


Trade Ideas

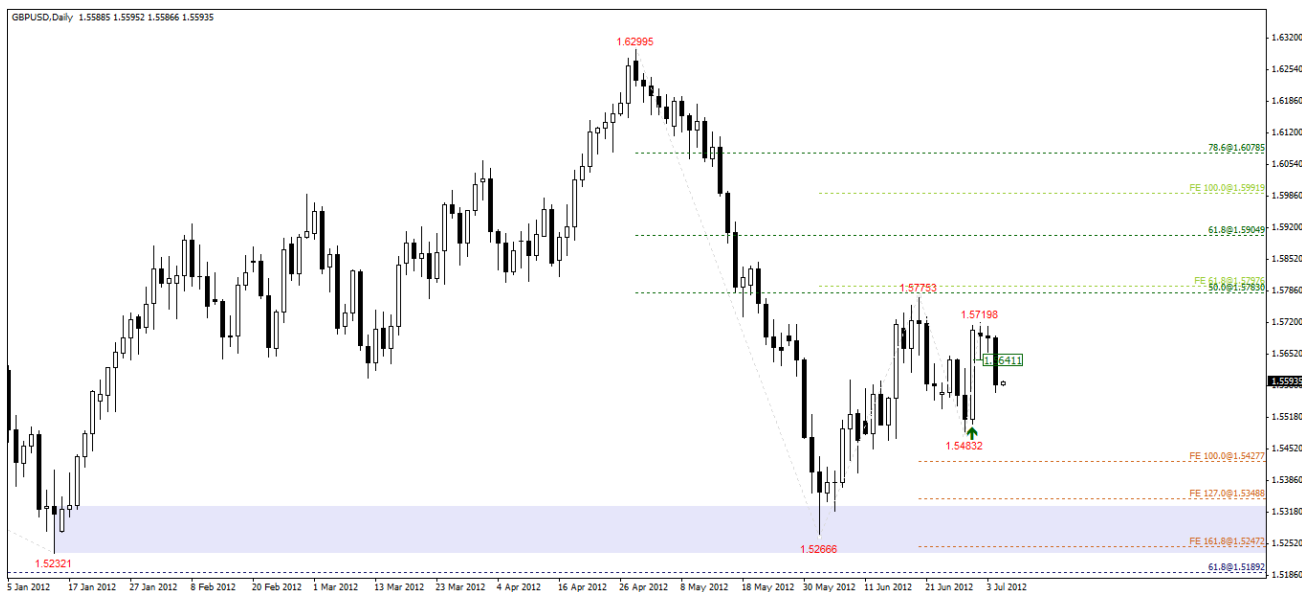
ACTION	Target 1	Target 2	EXIT
Sold @ 1.26049	1.24948	1.24525	Exit n H1 close above 1.25559

Weekly Performance

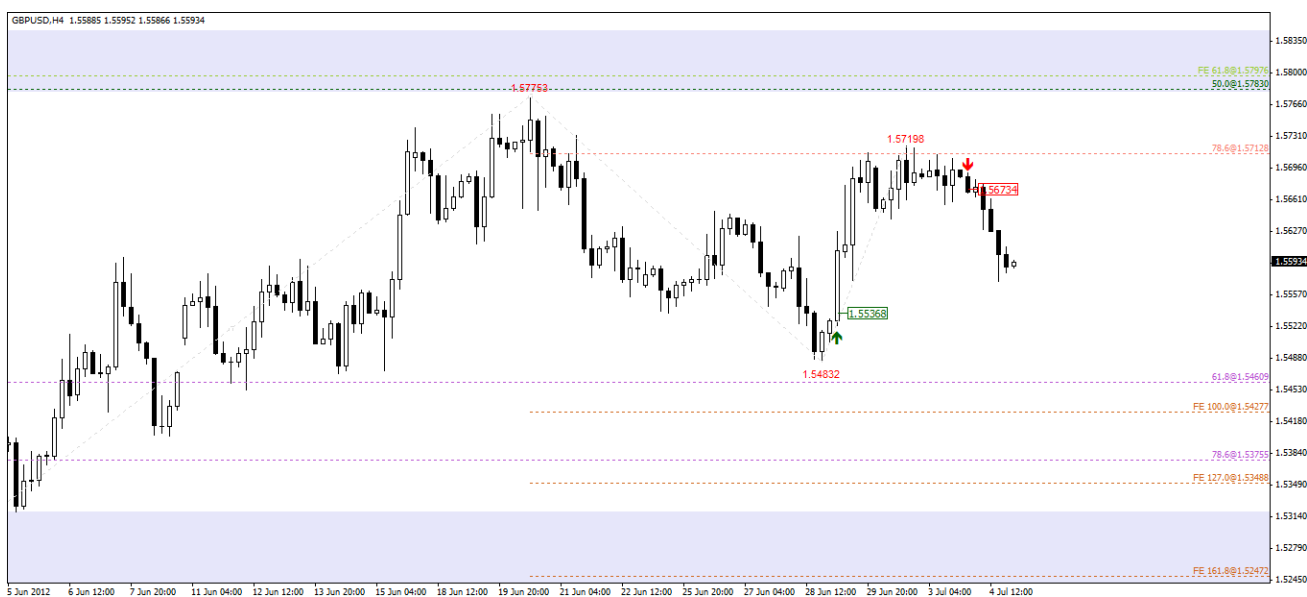
Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 29-06-2012								+\$30,967.00
EUR-USD	29-06-2012	1.0	1.24574	02-07-2012	1.0	1.25758	+\$1,184.00	+\$1,184.00	+\$32,151.00
EUR-USD	03-07-2012	1.0	1.25974	04-07-2012	1.0	1.26049	+\$75.00		+\$32,226.00
EUR-USD	03-07-2012	1.0	1.25974	04-07-2012	1.0	1.26049	+\$75.00	+\$150.00	+\$32,301.00
EUR-USD	04-07-2012	1.0	1.25269	04-07-2012	1.0	1.26049	+\$780.00		
EUR-USD	04-07-2012	1.0	1.25269	04-07-2012	1.0	1.26049	+\$780.00		
Unrealized							+\$1,560.00		



GBP-USD DAILY



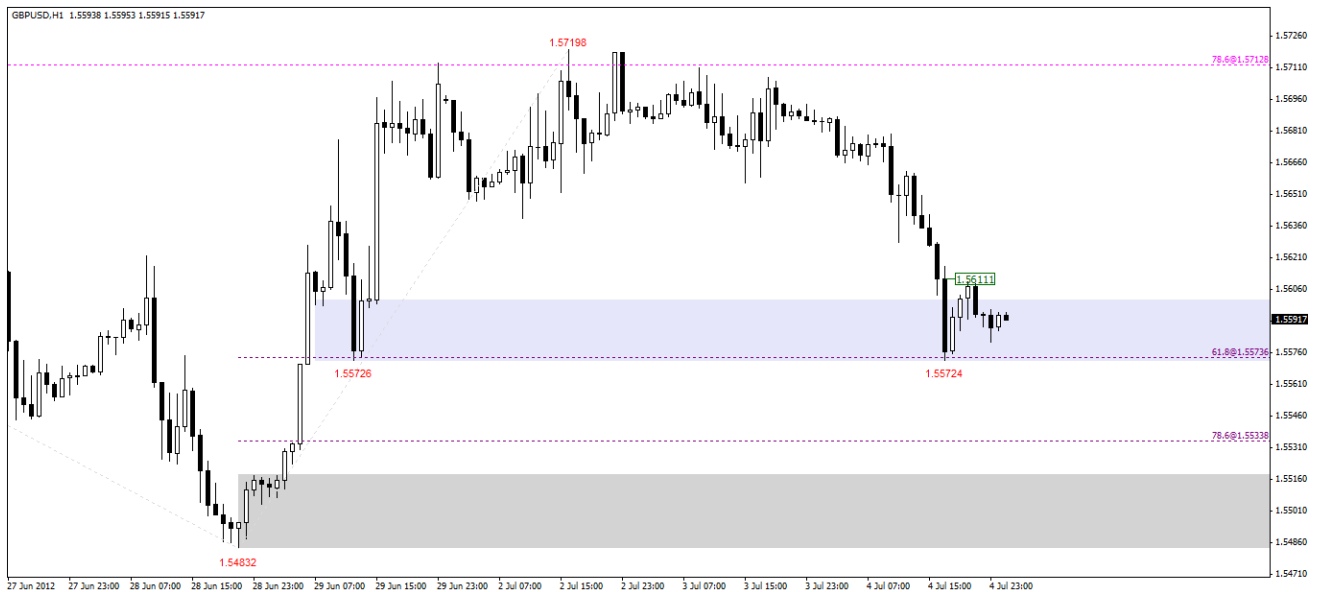
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

As noted, momentum from last Friday's rally was lost without follow-through buying this week. From the 78.6% retracement of 1.57753 to 1.54832 at **1.57128**, this market hit the 61.8% retracement of 1.54832 to 1.57198 at **1.55736** which lies within the immediate DZ at **1.55720-1.56013**. It is imperative that a rebound occurs from this zone to keep the short-term bullish case alive. A close above **1.56111** in the H1 chart would suggest the return of buying interests. Failure here would imply a fall towards the June low of **1.52666** (pending the break below the 61.8% retracement of 1.52666 to 1.57753 at **1.54609** which lies just above a minor DZ at **1.54023-1.54469**). An acceleration of this overnight fall may further suggest that the long-term bearish bias is back in focus (refer to last weekend report). A medium-term target can be found at the 1.618% projection of 1.57753 to 1.54832 from 1.57198 at **1.52471**. (see H4 chart)

GBP-USD 1-HOURLY



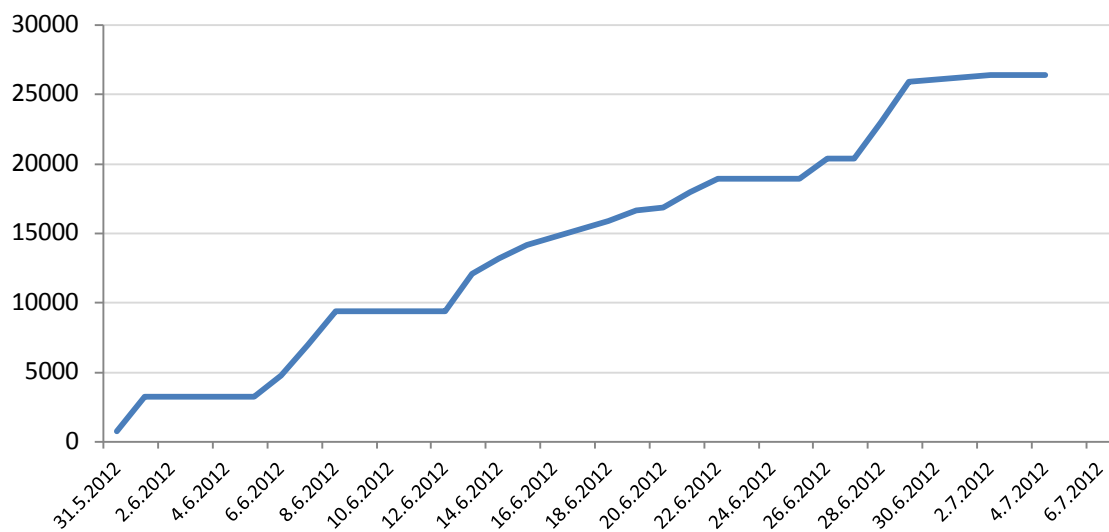
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.56013	1.57777	1.59919	1.55626 STOP

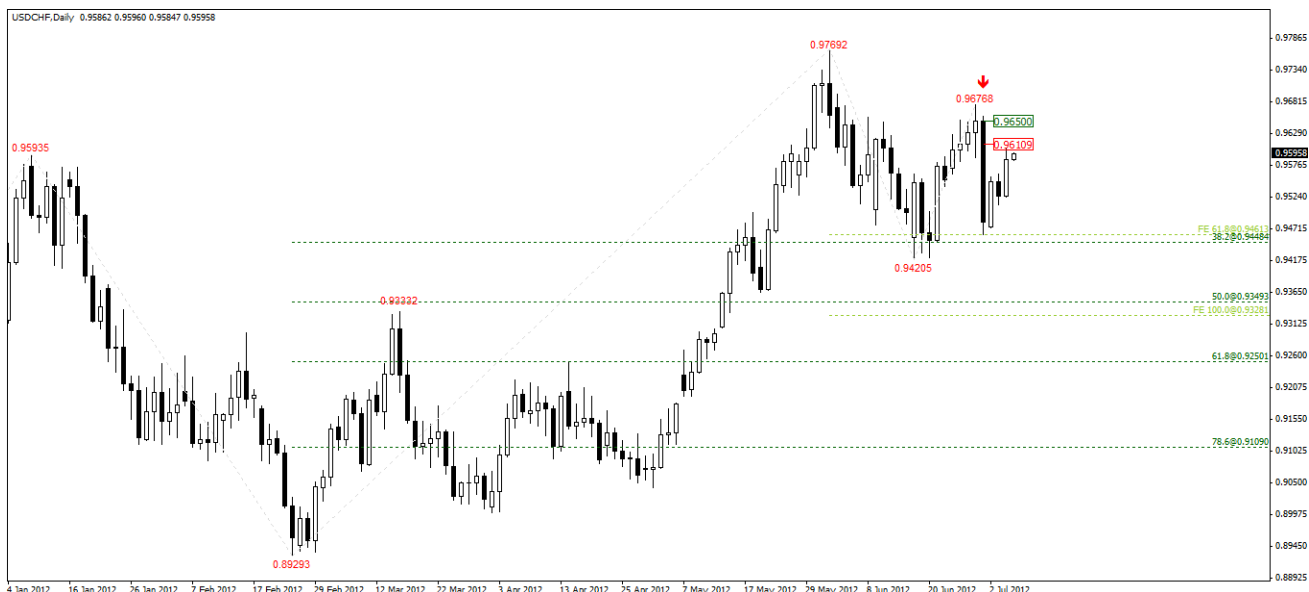
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from								+\$25,925.00
	29-06-2012								
GBP-USD	29-06-2012	1.0	1.56124	02-062012	1.0	1.56594	+\$470.00	+\$470.00	+\$26,395.00
GBP-USD	04-07-2012	1.0	1.56013	04-07-2012	1.0	1.55880	-\$133.00		
GBP-USD	04-07-2012	1.0	1.56013	04-07-2012	1.0	1.55880	-\$133.00		
						Unrealized	-\$266.00		

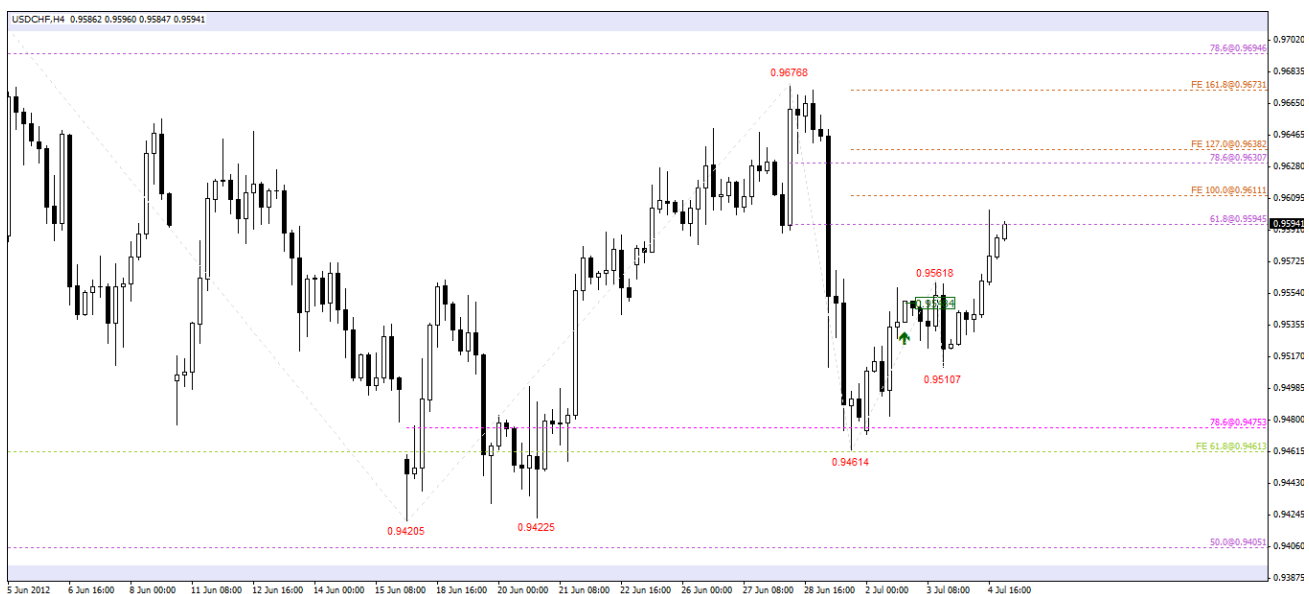
GBP-USD Realized Profits



USD-CHF DAILY



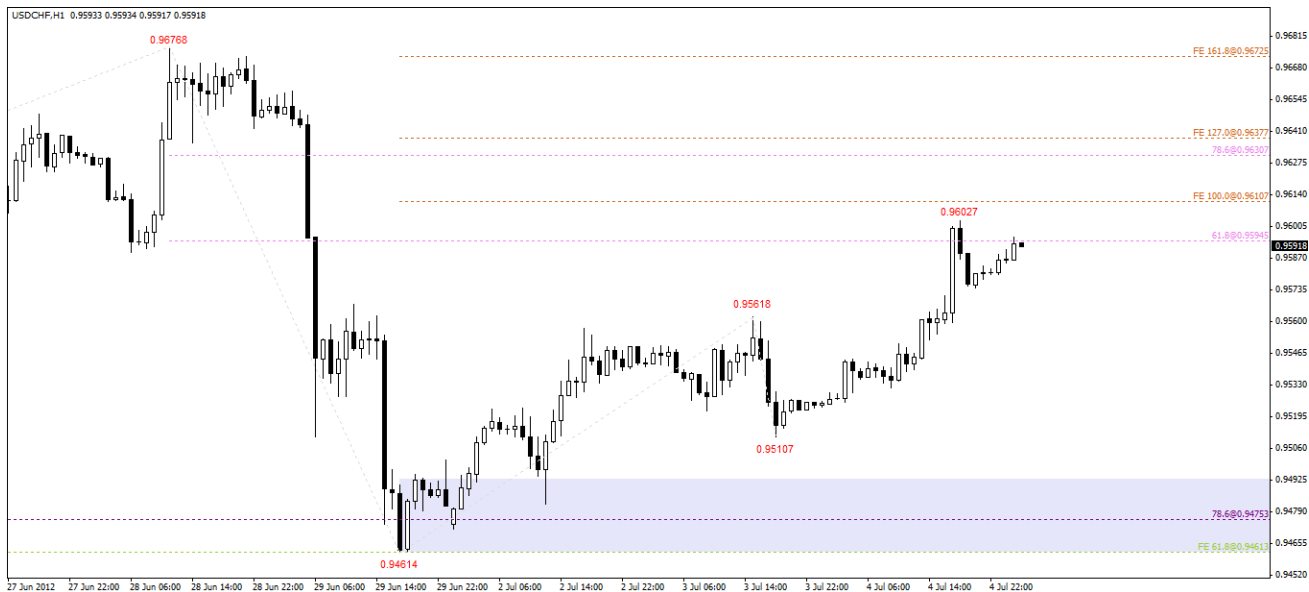
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

Yesterday's update alluded to the possibility of a corrective fall to the 100.0% projection from 0.97692 to 0.94205 from 0.96768 at **0.93281**. With the overnight rally, this scenario has taken a back seat. The turn-around from 0.95107 has been sustained throughout the entire day and hit the 61.8% retracement of 0.96768 to 0.94614 at **0.95945** with a print at 0.96027. There is no acceleration in this move and the possibility of another fall cannot be ruled out yet - especially from within the window of the 78.6% retracement of 0.96768 to 0.94614 at **0.96307** and the 100.0% projection of 0.94614 to 0.95618 from 0.95107 at **0.96111**. However, if this rally accelerates, price action can potentially surge towards last week's high at **0.96768**; near the 161.8% projection of 0.94614 to 0.95618 from 0.95107 at **0.96731**. Whatever the case, the long-term target remains between the 23.6% retracement of 1.83090 to 0.70677 at **0.97206** and the 61.8% retracement of 1.17296 to 0.70677 at **0.99488**; which is incidentally near the 61.8% projection of 0.70677 to 0.93132 from 0.85669 at **0.99546**.

USD-CHF 1-HOURLY

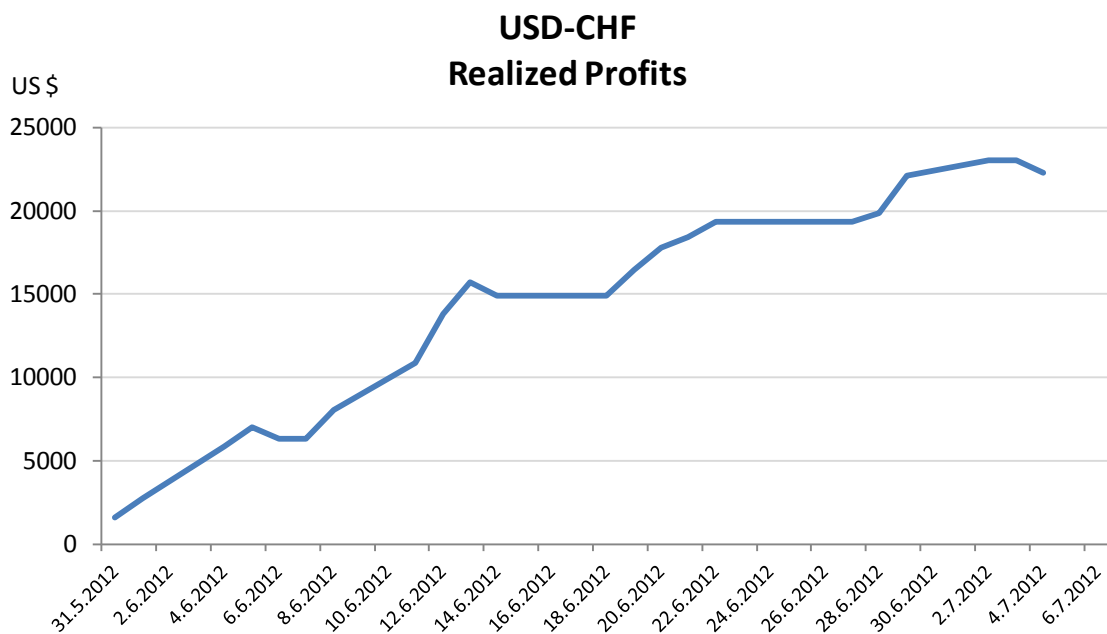


Trade Ideas

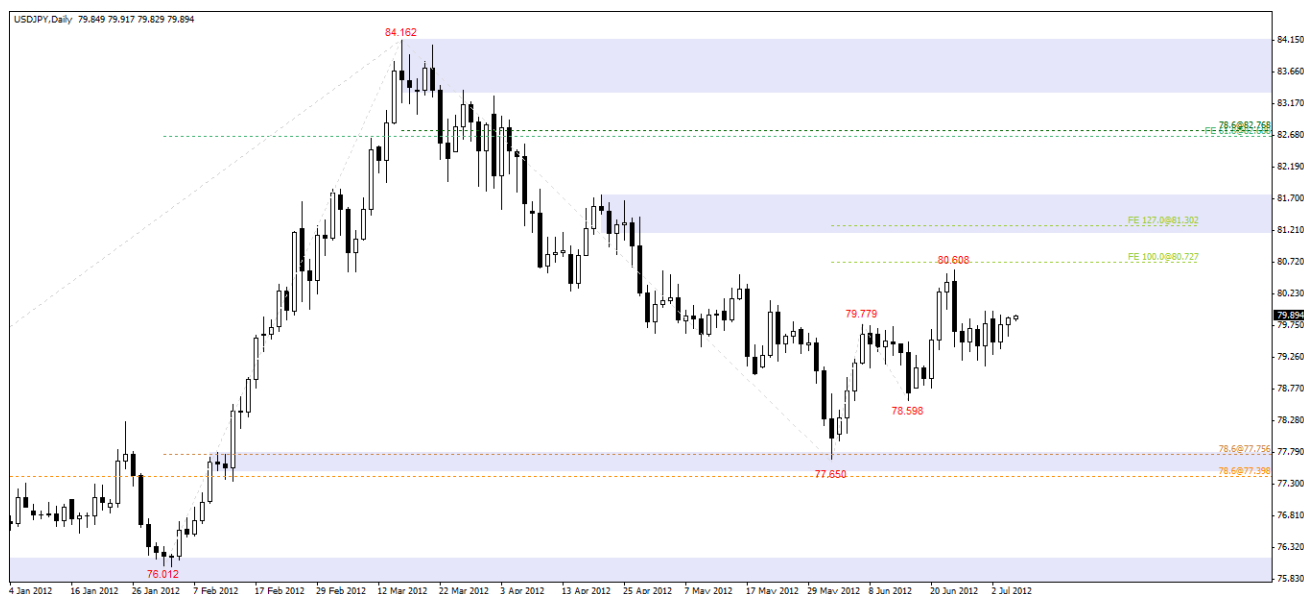
ACTION	Target 1	Target 2	EXIT
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Weekly Performance

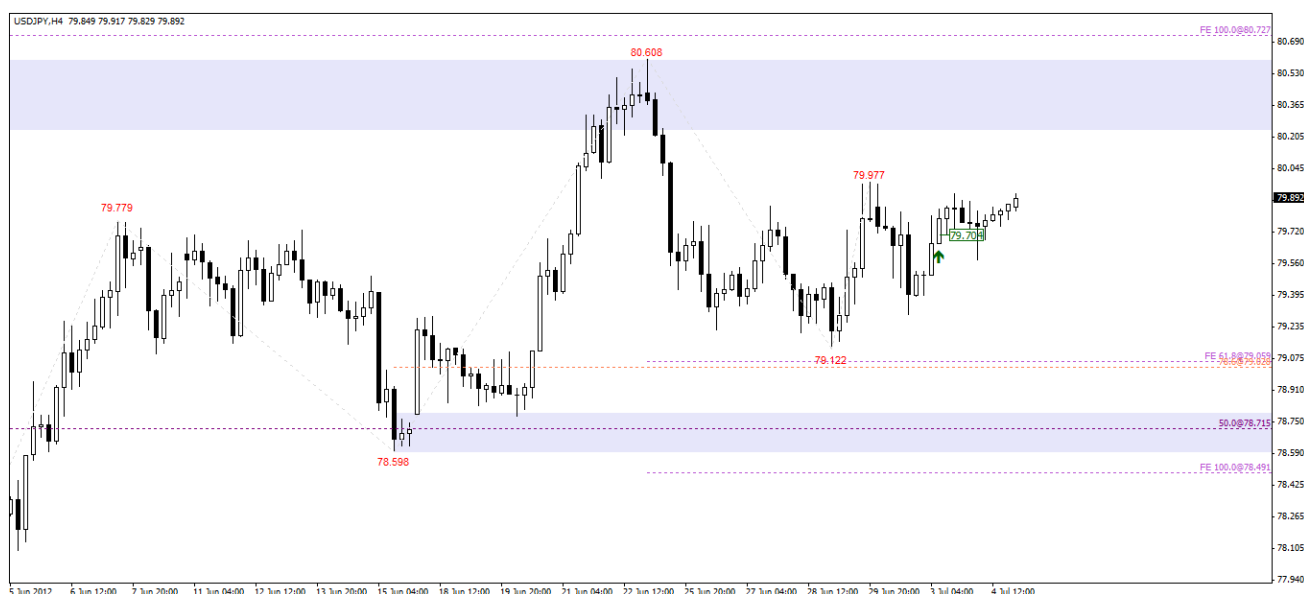
Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 29-06-2012								+\$22,082.24
USD-CHF	02-07-2012	1.0	0.95484	29-06-2012	1.0	0.96375	+\$933.14	+\$933.14	+\$23,015.38
USD-CHF	04-07-2012	1.0	0.95774	03-07-2012	1.0	0.95426	-\$363.36		+\$22,652.02
USD-CHF	04-07-2012	1.0	0.95774	03-07-2012	1.0	0.95426	-\$363.36	-\$726.72	+\$22,288.66
						Unrealized	\$0.00		



USD-JPY DAILY



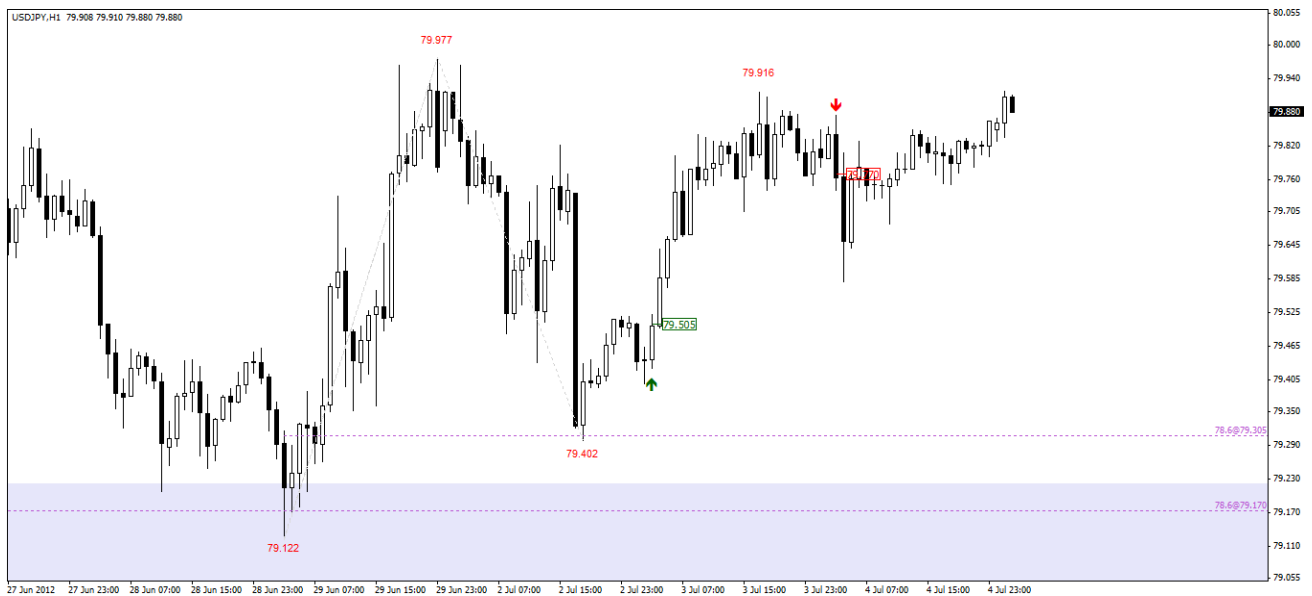
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

Nothing really happens in this market after last week's fall from 80.608. Overall, the fall from 84.162 is making a series of 3-wave corrective rebound to perhaps the 127.0% retracement of 77.650 to 79.779 from 78.598 at **81.302** (see D1 chart). Two possible scenarios may unfold from there. (1) Price action accelerates to the upside in a powerful rally to test the March high of **84.162** or (2) the fall from this level is expected to resume towards the June low of **77.650**. As noted in previous reports, it is important that last Friday's rally accelerates beyond the immediate SZ at **80.238-80.598** to keep the scenario (1) medium-term bullish case alive. Sustained trading below the 78.6% retracement of 78.779 to 80.608 at **79.170** would compromise the bullish case and a breach below **78.779** would shift attention to the June's low at **77.650**. In so long as price action holds at the DZ at **78.595-78.795**, the bullish case is still alive.

USD-JPY 1-HOURLY



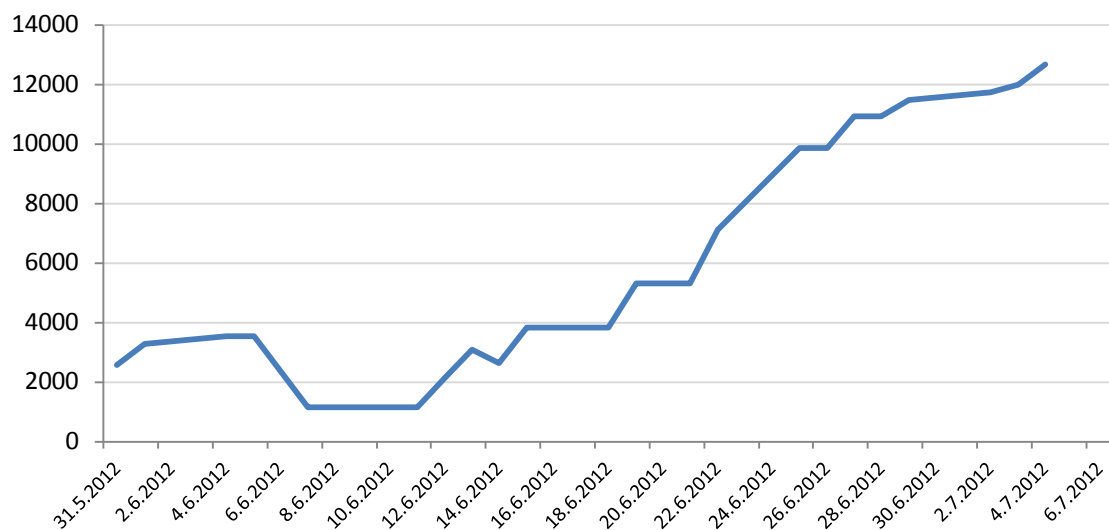
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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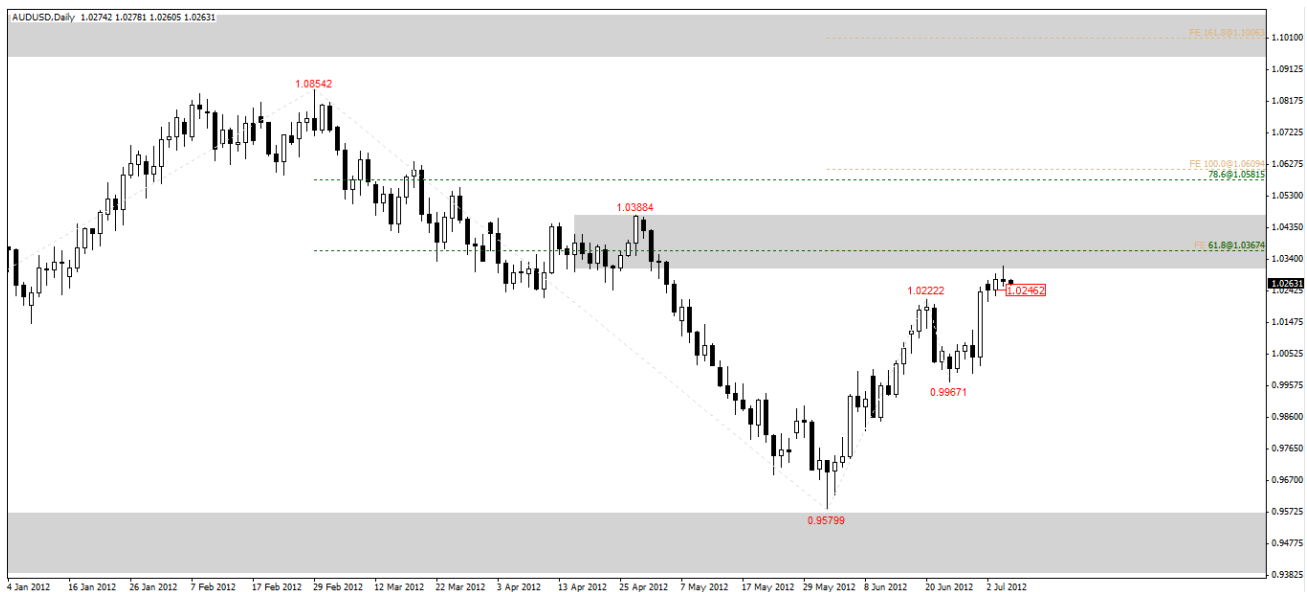
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 29-06-2012								+\$11,491.82
USD-JPY	29-06-2012	1.0	79.293	02-07-2012	1.0	79.536	+\$305.52	+\$305.22	+\$11,725.04
USD-JPY	03-07-2012	1.0	79.505	02-07-2012	1.0	79.618	+\$142.29		+\$11,867.33
USD-JPY	03-07-2012	1.0	79.505	02-07-2012	1.0	79.618	+\$142.29	+\$284.58	+\$12,009.62
USD-JPY	03-07-2012	1.0	79.505	04-07-2012	1.0	79.770	+\$332.21		+\$12,341.83
USD-JPY	03-07-2012	1.0	79.505	04-07-2012	1.0	79.770	+\$332.21	+\$664.42	+\$12,674.04
Unrealized							\$0.00		

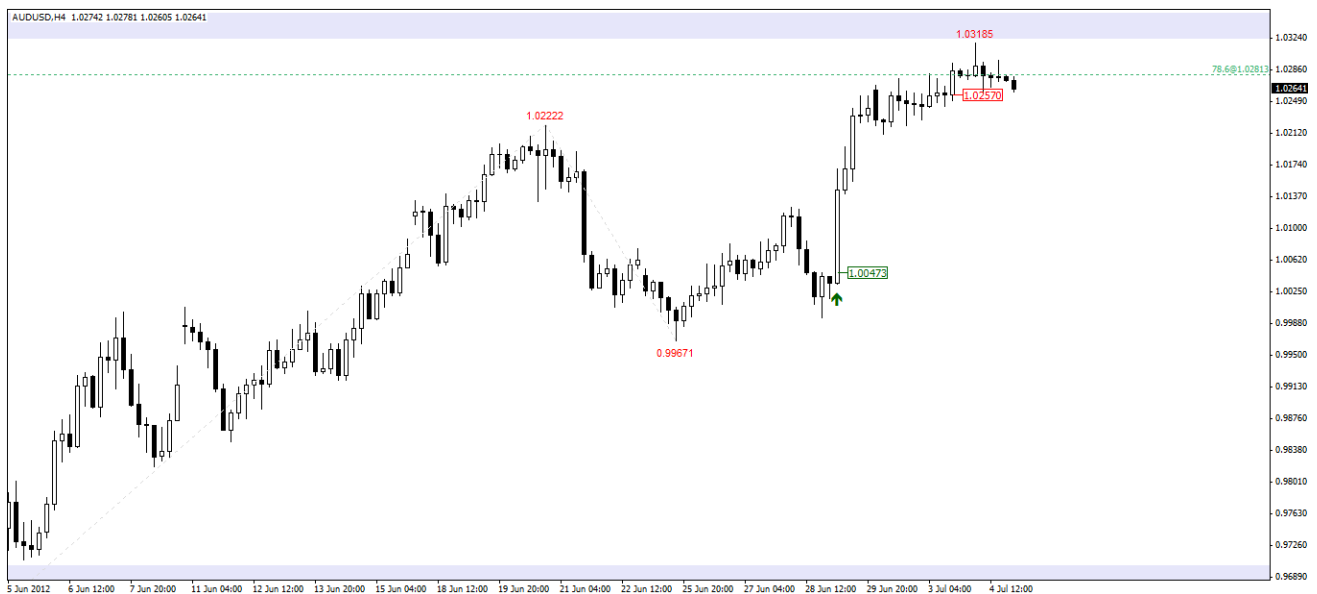
USD-JPY Realized Profits



AUD-USD DAILY

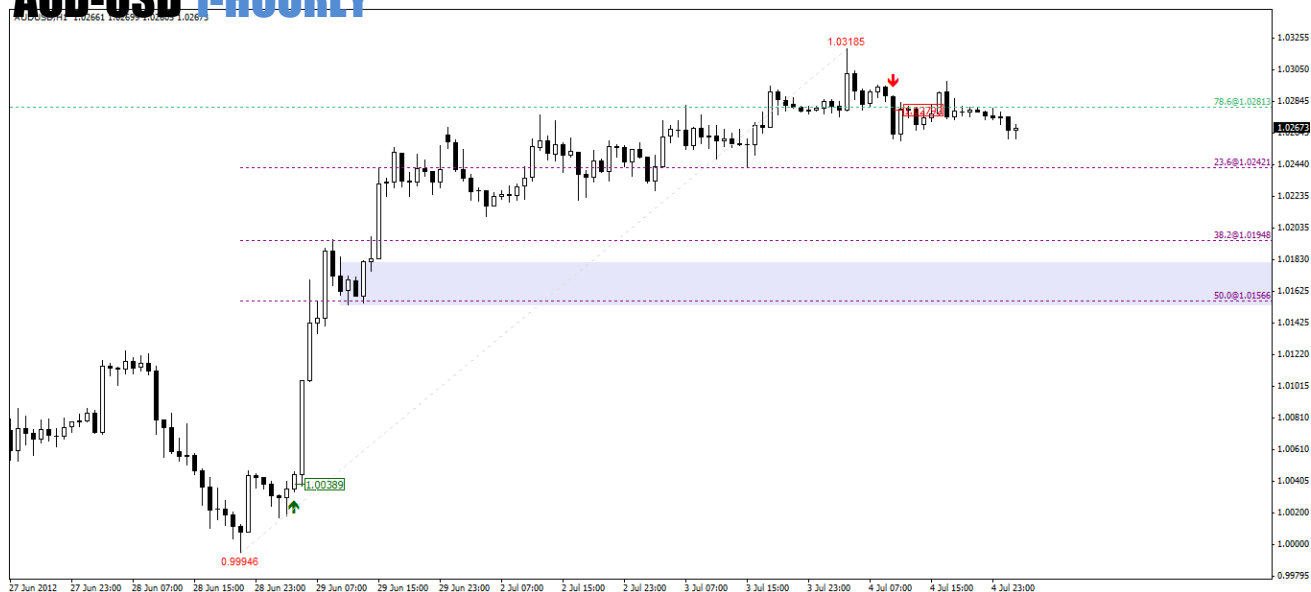


AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

Price action registered yet another marginal high at **1.03185** and eased. This level is just above the 78.6% projection of 1.04723 to 0.96799 at **1.03027**. As noted, two possible scenarios may emerge from last Friday's aggressive rally. (1) This rally is the second leg of a 3-wave corrective move to possibly the 78.6% projection of 1.08542 to 0.95813 at **1.05818** or the 100.0% projection of 0.95799 to 1.02222 from 0.99671 at **1.06094** or (2) a 3rd wave extension rally to possibly the 161.8% projection of 0.95799 to 1.02222 from 0.99671 at **1.10063**. Should a pullback occurs now, the 50.0% retracement of 0.99946 to 1.03185 at **1.01566** where a DZ at **1.01532-1.01814** is should hold. If so, look out for buy signals at or near this level. On the other hand, should the market struggles higher, a Fibonacci cluster is located just ahead at the 61.8% projection of 0.95799 to 1.02222 from 0.99671 at **1.03640** which is layered just below the 61.8% retracement of 1.08542 to 0.95799 at **1.03674**.

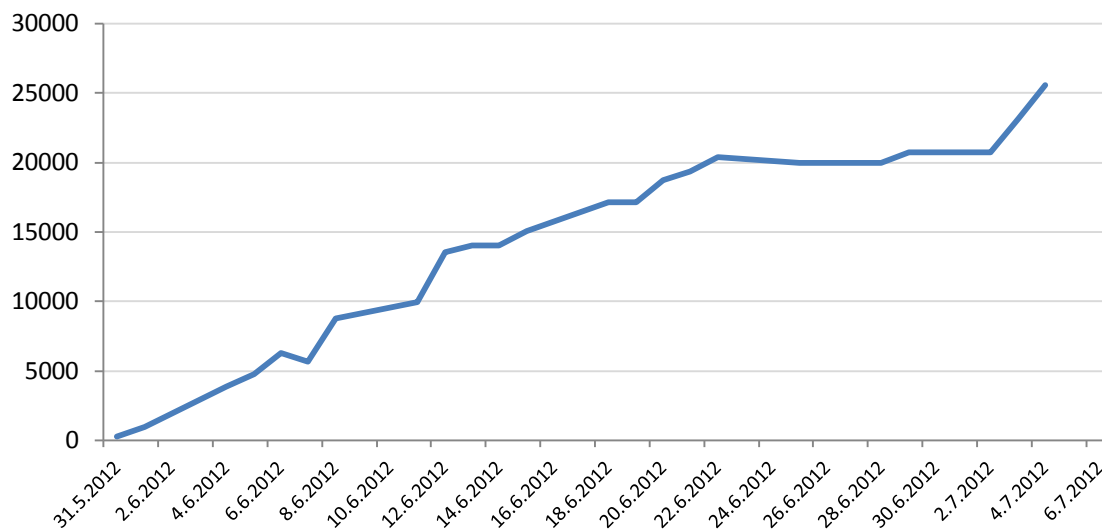
AUD-USD 1-HOURLY**Trade Ideas**

ACTION	Target 1	Target 2	EXIT
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Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 29-06-2012								+\$20,736.00
AUD-USD	29-06-2012	1.0	1.00389	03-07-2012	1.0	1.02813	+\$2,424.00	+\$2,424.00	+\$23,160.00
AUD-USD	29-06-2012	1.0	1.00389	04-07-2012	1.0	1.02792	+\$2,403.00	+\$2,403.00	+\$25,563.00
						Unrealized	+\$0.00		

AUD-USD Realized Profits



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.