

*A Traders Academy International Publication*

## Euro At 1-Month High On Spain

EUR-USD rose to a 1-month high on Wednesday as growing speculation Spain will ask for a bailout next month added to positive sentiment from the previous day when Moody's rating agency affirmed the investment grade rating for Spain's debt.

Moody's rating, which is contingent on Spain implementing fiscal reforms and the European Central Bank stepping in to buy bonds of peripheral Euro zone countries, soothed concerns about a downgrade to junk status. That pushed Spanish yields lower before a debt auction on Thursday and helped the Euro.

EUR-USD has been supported in recent weeks by bets that Spain will eventually request a bailout, a move that would open the way for the European Central Bank to buy Spanish debt and help lower borrowing costs. Talk that a line of credit could be extended to Spain has also boosted the Euro.

EUR-USD was last up 0.6 percent on the day at 1.3176, with the peak at 1.31377 its highest since mid-September. Stop-loss orders were cited above 1.31800 and reported option barriers at 1.32000.

Traders cited strong bids from sovereign investors at 1.30800 but most market traders were cautious about driving it above 1.32000 without a definite aid request from Madrid.

It's supportive that Spain avoided a downgrade but the bigger driver is more expectations that Spain will soon require some form of financial support from Europe. The timing of such an aid request, however, remains unclear.

Some traders believe EUR-USD could squeeze to as high as 1.35000 after a Spanish bailout request but may falter there if concerns resurface that Euro zone policymakers are being complacent in tackling the long-running sovereign debt crisis.

A possible line of credit to Spain and some easing of German opposition for aid to smaller Euro zone countries were likely to support the Euro in the near term.

But expectations of progress in addressing Greece's problems at a European Union summit on Thursday and Friday were low. A German official, speaking on condition of anonymity, said he did not expect any substantial discussion of Greece at the summit, and did not foresee an interim report from international lenders on the Greek economy.

Greek Prime Minister Antonis Samaras said on the sidelines of a meeting of European center-right parties in Bucharest on Wednesday that Greece is close to reaching a deal with its international lenders to unlock aid for the near-bankrupt country.

USD-JPY pared losses after a report indicated groundbreaking on new U.S. homes surged in September to its fastest pace in more than four years, a sign the housing sector's budding recovery is gaining traction.

The Japanese Yen has been held back recently by speculation about the potential for further monetary easing by the Bank of Japan, which holds its next policy meeting on Oct. 30.

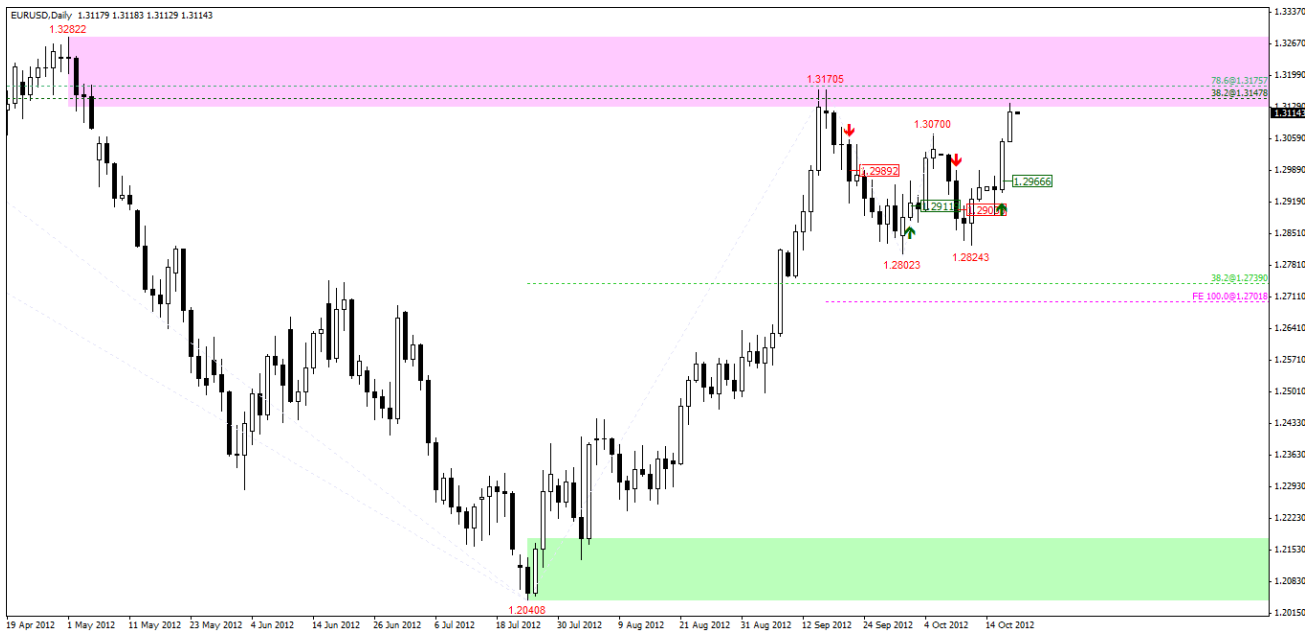
Market talk about the potential for Dollar-buying flows related to Japanese mobile operator Softbank Corp's \$20 billion deal to buy U.S. wireless carrier Sprint Nextel Corp has also weighed on the Yen in recent sessions.

USD-JPY hit a 1-month high of 79.036 yen and settled at 78.928 n New York, up 0.2 percent.

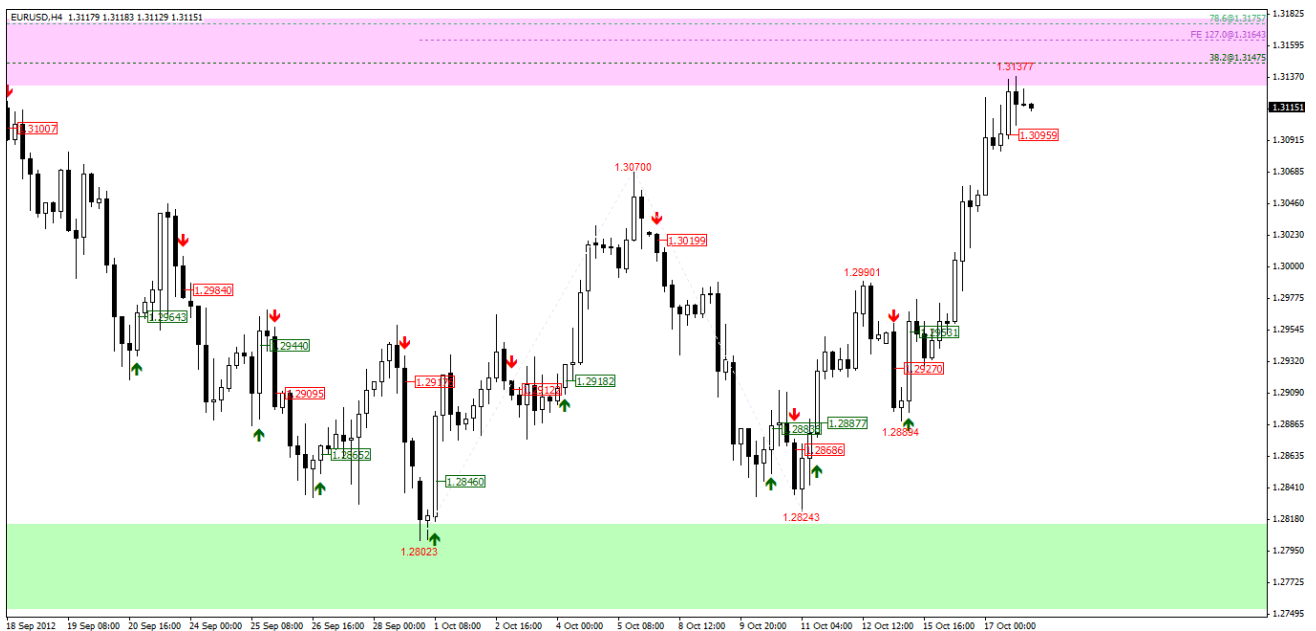
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## EUR-USD DAILY



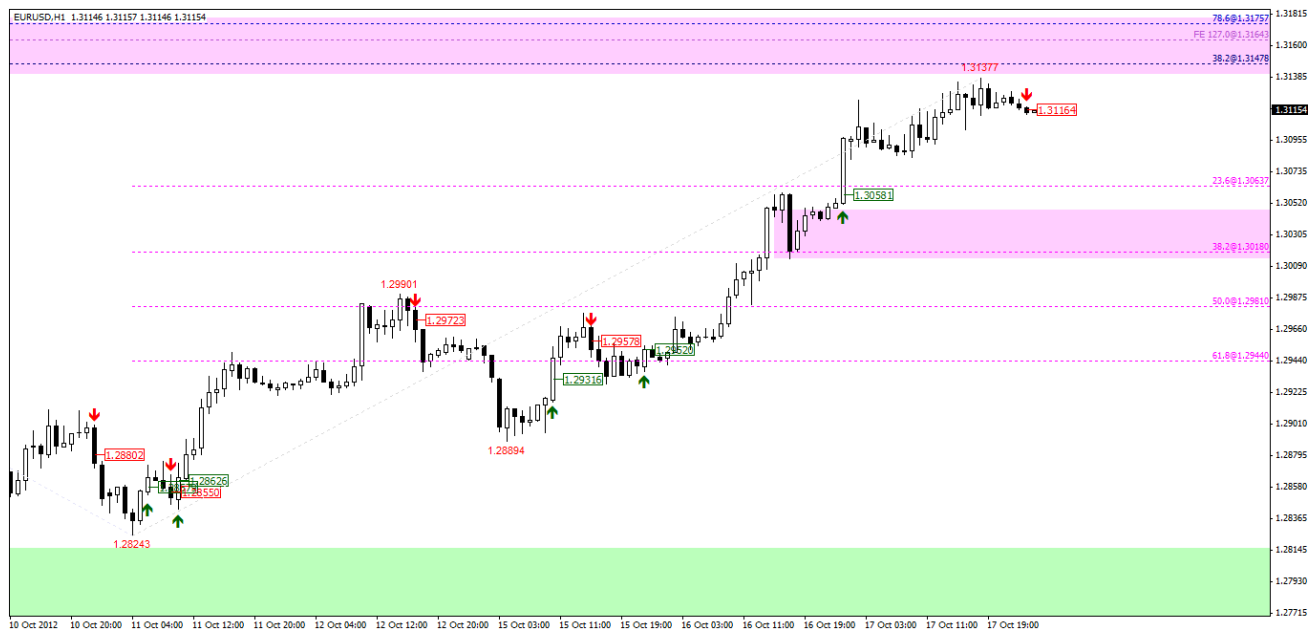
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

This market rallied strongly to just under the supply pocket at **1.31408-1.31788** in overnight trading in a move that confirms the resumption of rally from 1.20408 (see D1 chart). As noted, at the minimum, this rally should take out the September 17 high of **1.31705** with the potential to extend all the way to the major supply zone at **1.33550-1.34847**. However, it should be noted that this is the 5<sup>th</sup> wave of the entire rally from 1.20408 and as the market trades ever higher, caution should be exercised in chasing this rally. This is because, a pullback to recent lows above 1.28000 is probable after this rally exhausts (see D1 chart). Yesterday's update cautioned against chasing this rally and to only do so on minor corrections. Such a pullback may unfold in the hours ahead as there are signs profit-takings has emerged. In the H1 chart, a sell signal was recently triggered with a close below **1.31164**. Ideally, profit-takings in the next few hours can take price action to near the 38.2% retracement of 1.28243 to 1.31377 at **1.30180** where a minor demand pocket resides at **1.30140-1.30477**.

## EUR-USD 1-HOURLY



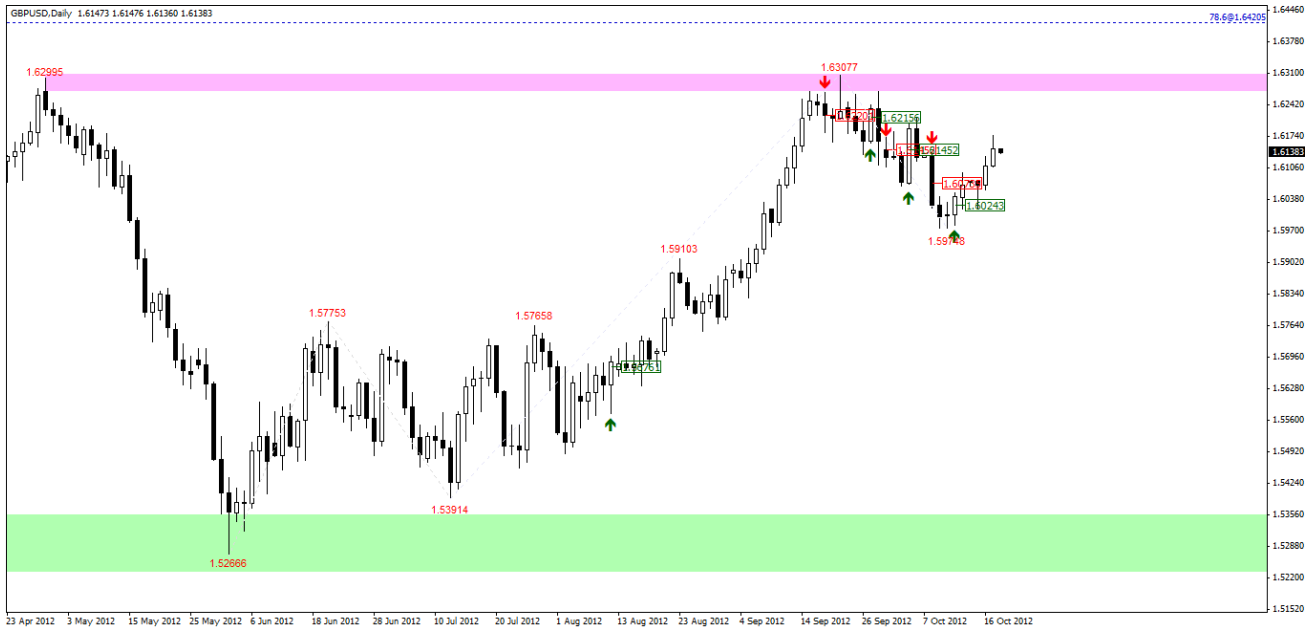
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on buy signal within 1.30140-1.30477	1.31705	1.32822	1.30130 STOP

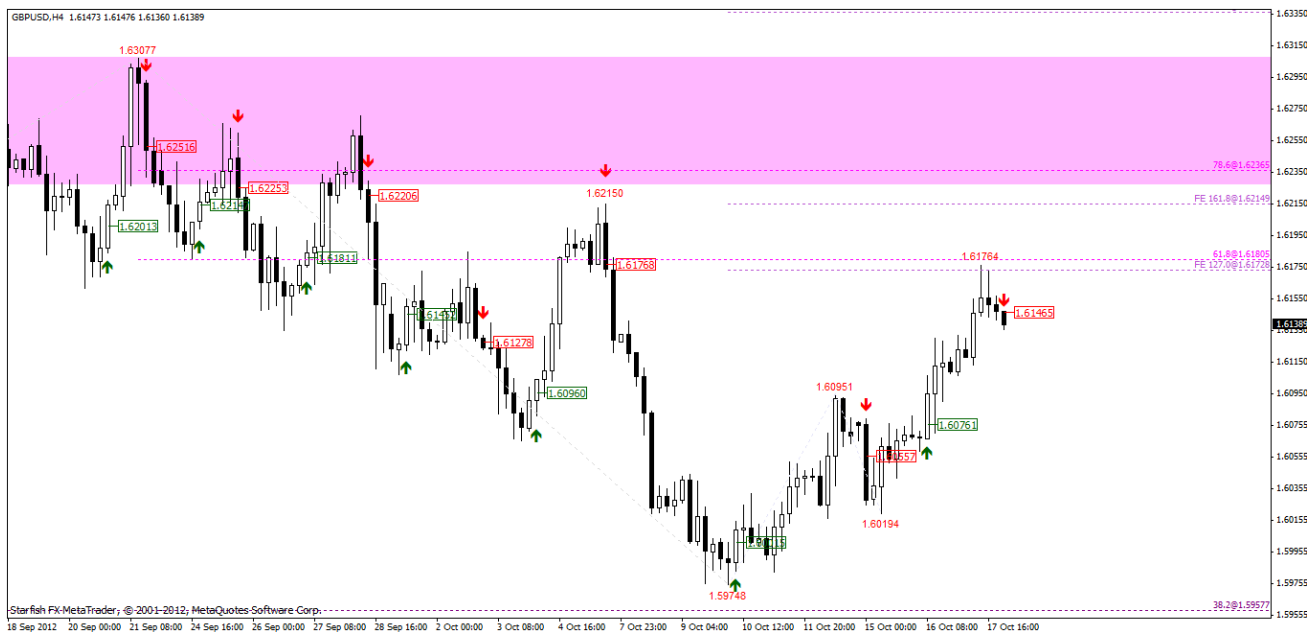
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 12-10-2012								\$69,287.00
EUR-USD	15-10-2012	1.0	1.29268	12-10-2012	1.0	1.29723	+\$455.00	+\$455.00	\$69,742.00
EUR-USD	16-10-2012	1.0	1.30001	12-10-2012	1.0	1.29723	-\$278.00	-\$278.00	\$69,464.00
Unrealized							\$0.00		

## GBP-USD DAILY



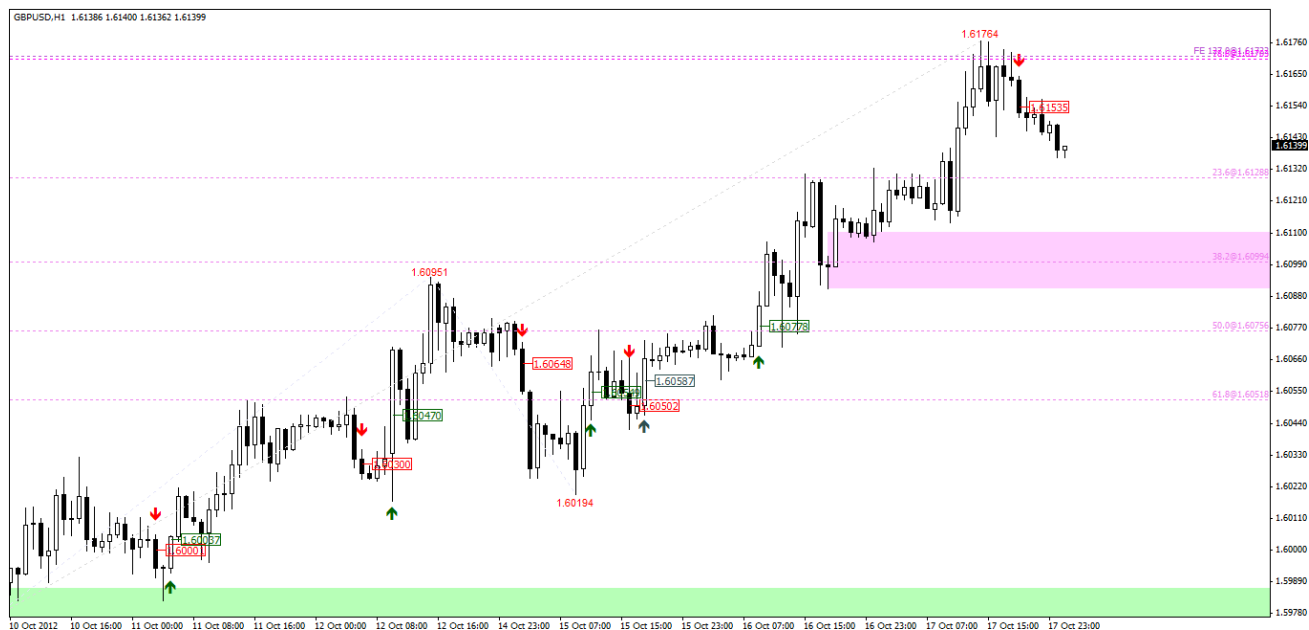
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

Even though there is a very good chance the rally from 1.52666 may have resumed, price action in the last 48 hours remained relatively 'sluggish'. This is now compounded by the emergence of profit-takings as can be seen in both the H1 and H4 charts. If profit-takings persist, the potential of price action easing further to as low as the 38.2% retracement of 1.59748 to 1.61764 at **1.60994** cannot be ruled out. This is also where a minor demand pocket at **1.60905-1.611102** is located. If the idea that the rally from 1.52666 has indeed resumed, focus is on the September 21 high of **1.63077**; which ideally should be taken out. However, based on the sluggishness seen so far, there is a high chance selling interests may likely emerge from within the supply pocket at **1.62272-1.63077**. In traders' lingo, this is considered a 'failure'; meaning this market may attempt to mount a challenge at the 1.63077 high but failed to effectively take it out. That being the case, the supply pocket at **1.62272-1.63077** is key. As strong selling interests may emerge from there, sell signals within this sensitive zone should be acted upon as and when they appear. If this scenario pans out, we may see price action falling back to test last week's low at 1.59748.

## GBP-USD 1-HOURLY



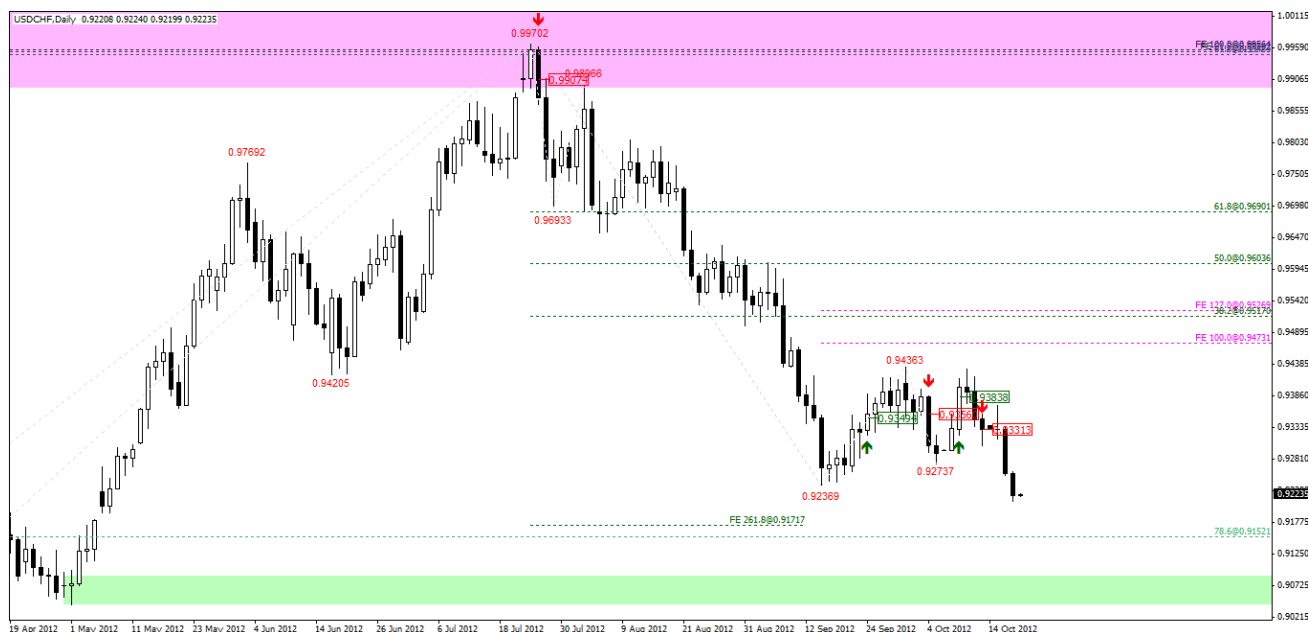
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.06778	1.61353 Realized	1.62272	Break-even

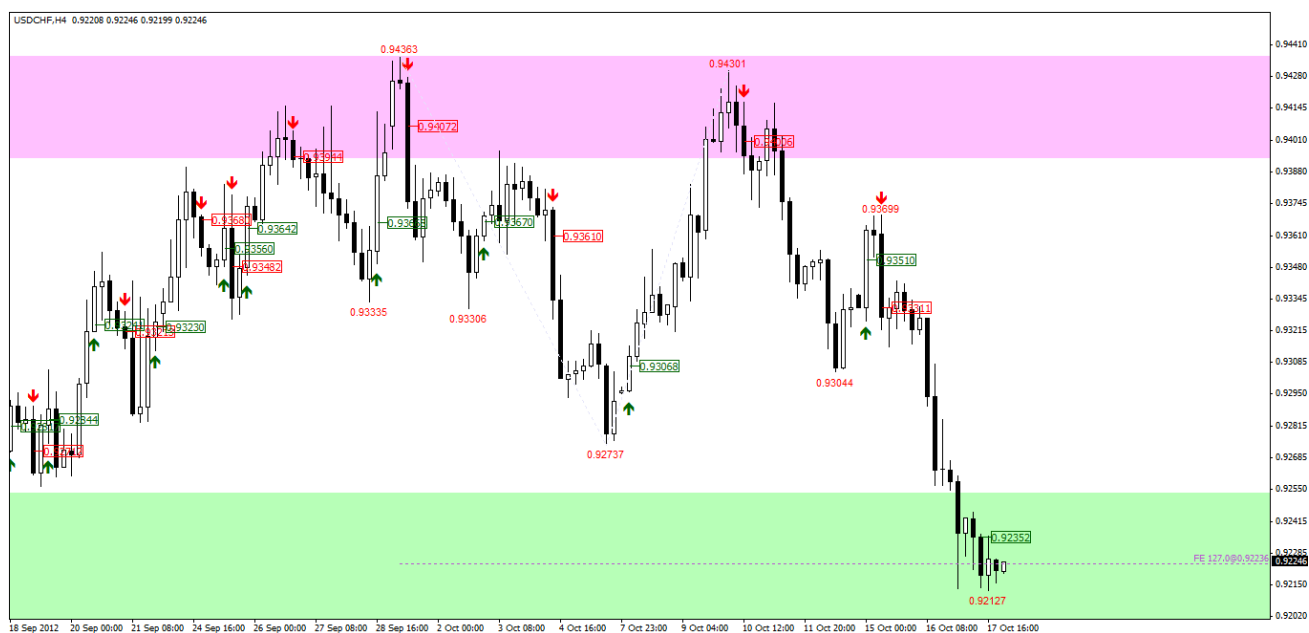
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 12-10-2012								\$47,072.00
GBP-USD	09-10-2012	1.0	1.59982	15-10-2012	1.0	1.60557	+575.00	+\$575.00	\$47,647.00
GBP-USD	16-10-2012	1.0	1.60778	17-10-2012	1.0	1.61353	+575.00	+\$575.00	\$48,222.00
GBP-USD	16-10-2012	1.0	1.60778	17-10-2012	1.0	1.61474	+\$696.00		
						Unrealized	+\$696.00		

# USD-CHF DAILY



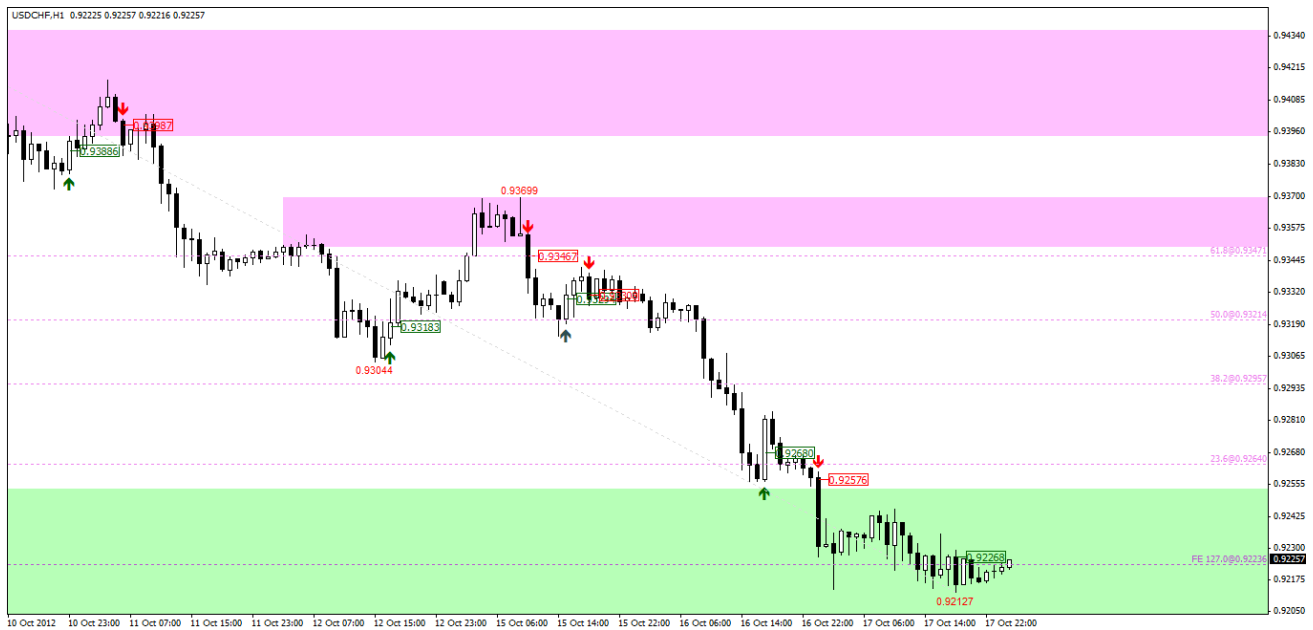
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

The resumption of the fall from 0.99702 has now effectively taken out the September 14 low of **0.92369** and is now vulnerable to a correction. This vulnerability may see price action bouncing back to test recent highs at 0.94301 and 0.94363 respectively. With price action now within the demand pocket at **0.91933-0.92537** and having hit and held at the 127.0% projection of 0.94363 to 0.92737 from 0.94301 at **0.92239** for 24 hours since yesterday Sydney session, the odds of buying interests have increased. In fact, a close above **0.92268** and **0.92353** in the H1 and H4 respectively would invariably trigger buy signals. Further chasing of this fall at current level is not recommended as the downside, if any, is on balance not worth the risk of the rebound scenario.

## USD-CHF 1-HOURLY



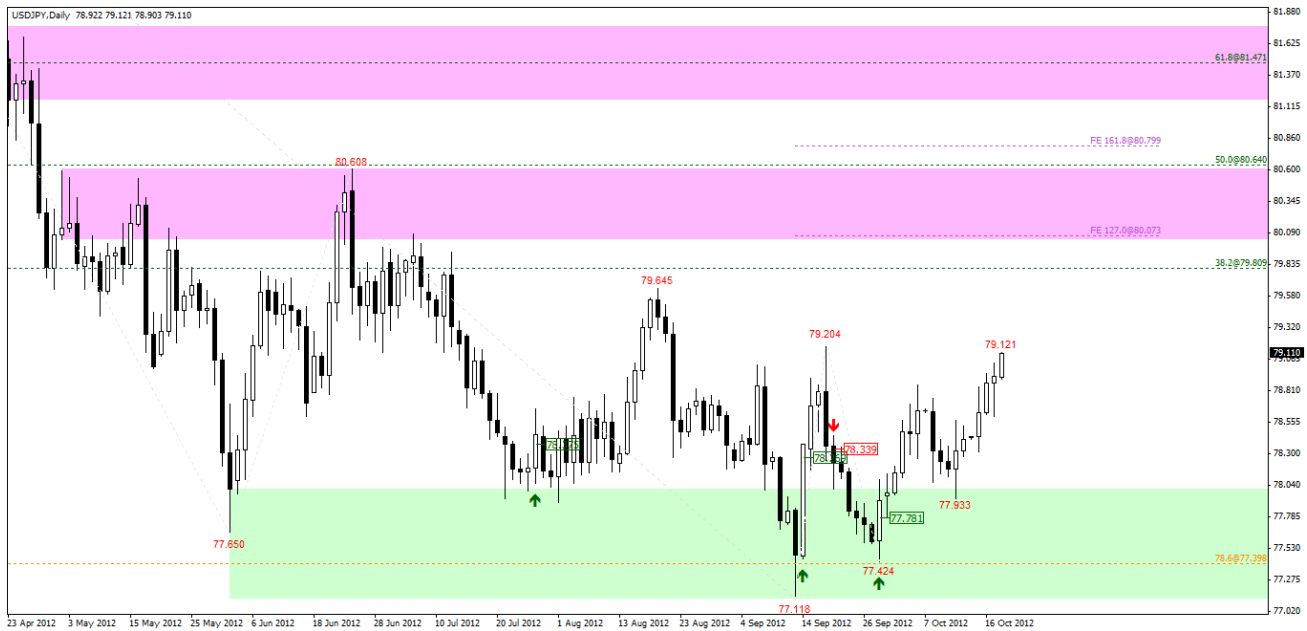
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 0.93308	0.92947 Realized	0.90512	Exit on H4 close 0.92352

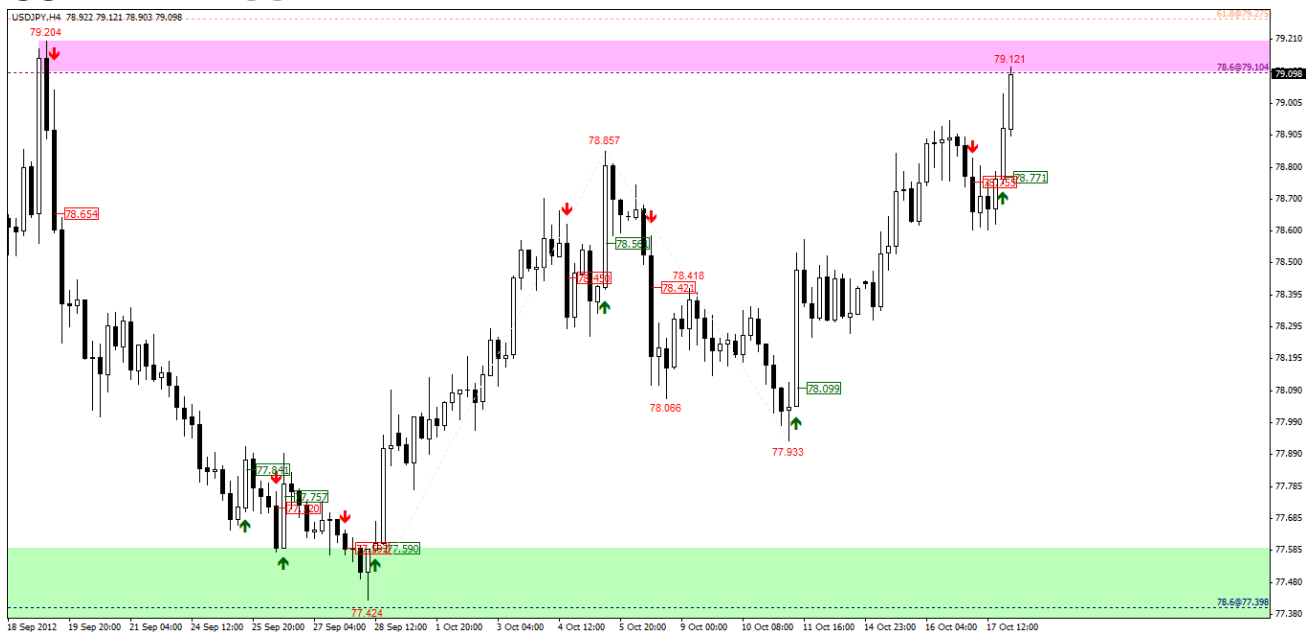
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 12-10-2012								\$30,717.75
USD-CHF	12-10-2012	1.0	0.93183	15-10-2012	1.0	0.93183			
USD-CHF	12-10-2012	1.0	0.93183	15-10-2012	1.0	0.93183			
USD-CHF	16-10-2012	1.0	0.92947	16-10-2012	1.0	0.93308	+\$388.39	+\$388.39	\$31,106.14
USD-CHF	17-10-2012	1.0	0.92211	16-10-2012	1.0	0.93308	+\$1,189.66		
						Unrealized	+\$1,189.66		

## USD-JPY DAILY



## USD-JPY 4-HOURLY



## USD-JPY Short to Medium Term Views

At the point of writing, the rally from within the demand pocket at **77.778-77.986** has traded into the supply pocket at **79.106-79.204**; where the 78.6% retracement of 77.118 to 79.645 at **79.104** is located. At this point, this market is vulnerable to profit-takings and any sell signals within or near this zone should not be ignored. In the larger 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**. In the absence of external factors (like for example a BOJ intervention), price action will most likely to be confined to this band, at least in the foreseeable future.



## USD-JPY 1-HOURLY



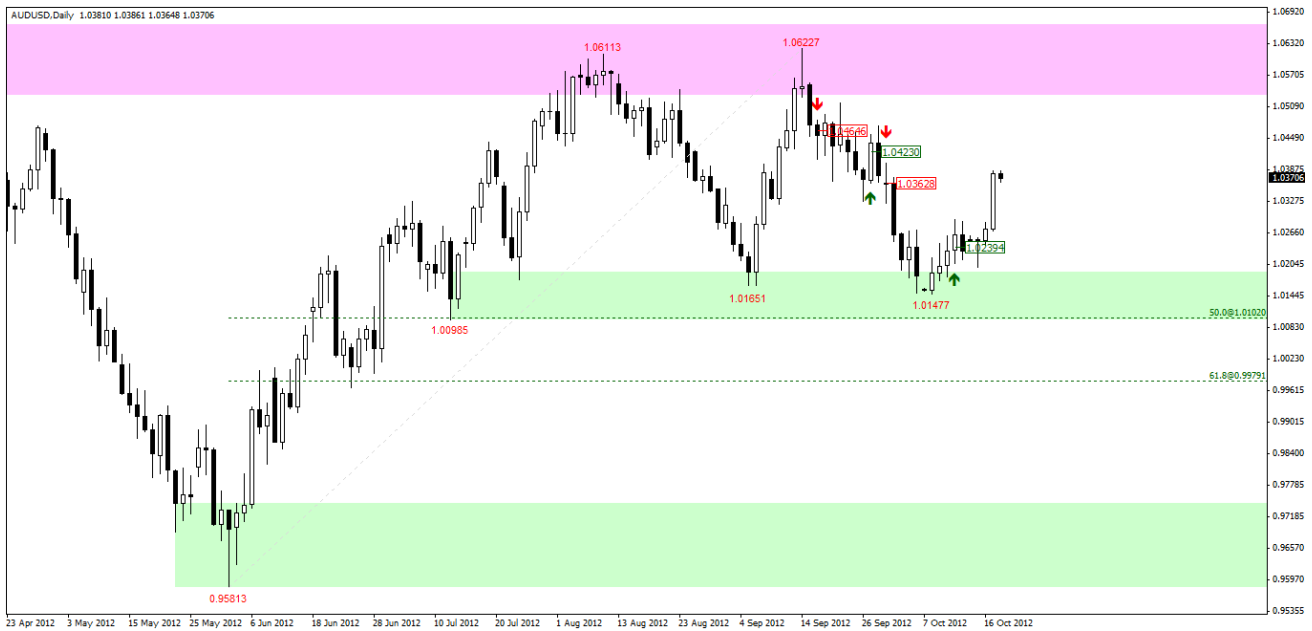
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal within 79.106-79.204	78.667	77.592	79.304 STOP

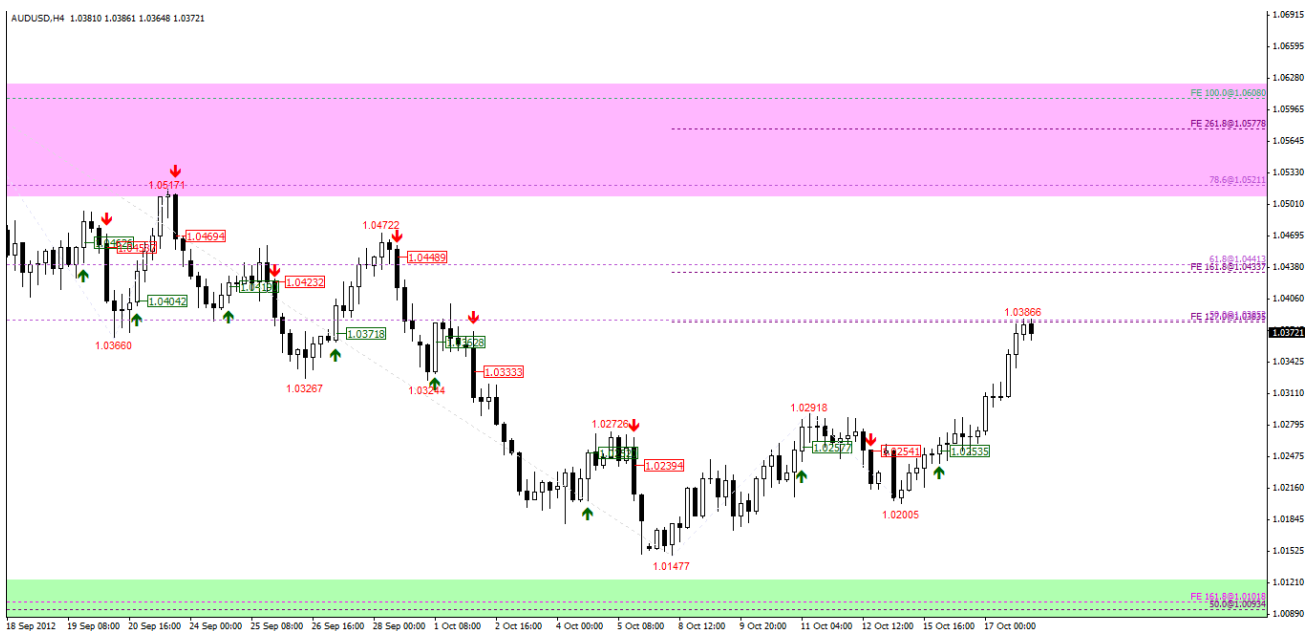
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 12-10-2012								\$23,667.09
USD-JPY	11-10-2012	1.0	78.029	15-10-2012	1.0	78.819	+\$1,002.30	+\$1,002.30	\$24,669.35
USD-JPY	11-10-2012	1.0	78.029	17-10-2012	1.0	79.106	+\$1,361.46	+\$1,361.46	\$26,030.81
Unrealized							\$0.00		

## AUD-USD DAILY



## AUD-USD 4-HOURLY

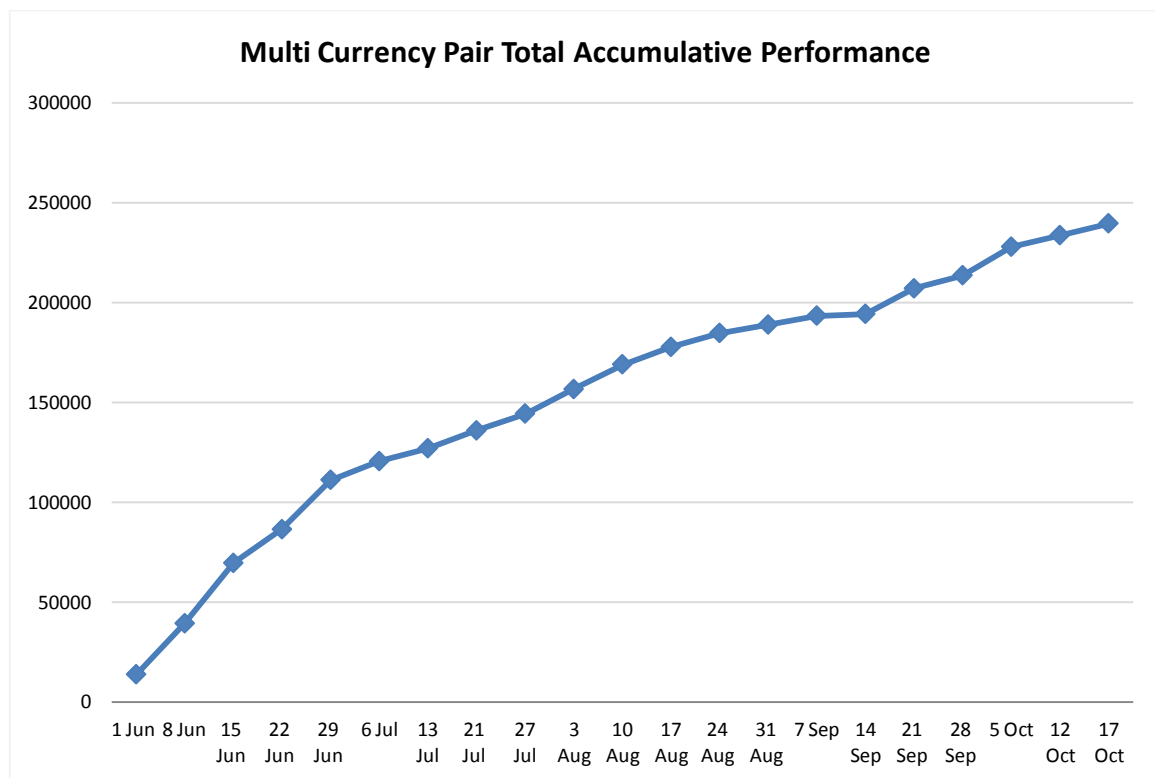
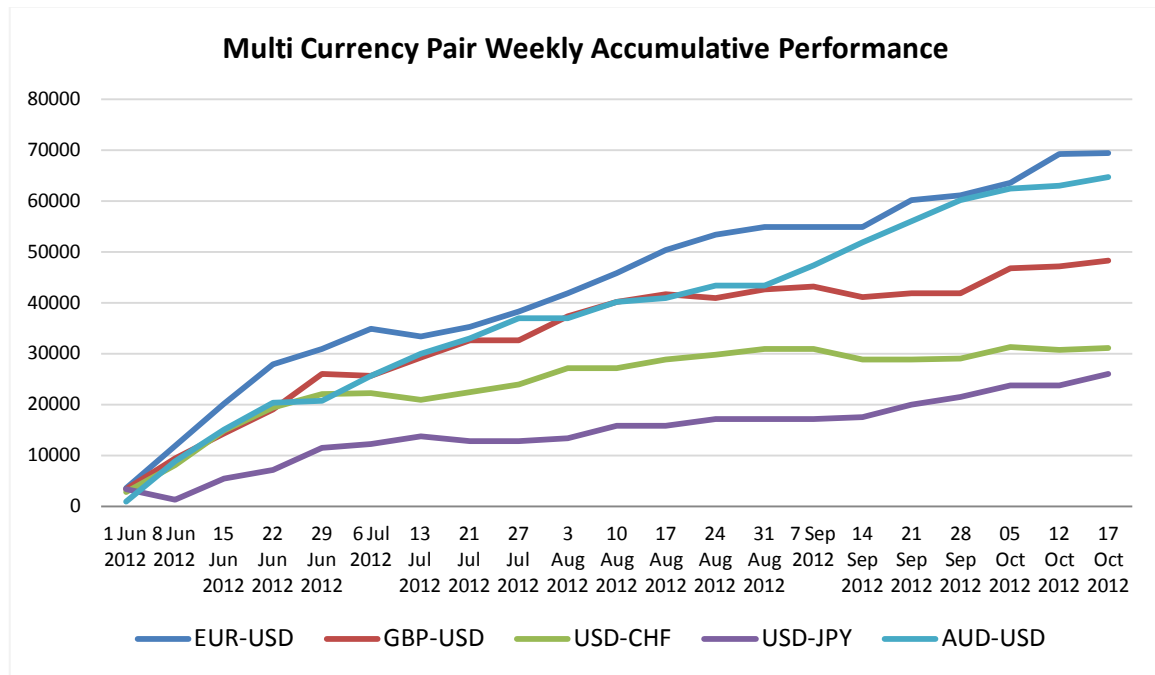


## AUD-USD Short to Medium Term Views

This market finally played catchup to the other majors in overnight trading. Up to this point, the rebound from 1.01477 is corrective in nature; without the impulsiveness needed to propel price action higher. That may change soon if overnight momentum is any indication. As noted in yesterday's update, price action is now at a sensitive area where potential selling interests may emerge. This is the area where we have a confluence of two Fibonacci ratios at the 50.0% retracement of 1.06227 to 1.01477 at **1.03852** and the 127.0% projection of 1.01477 to 1.02918 from 1.02005 at **1.03835** (see H4 chart). Overall, this market is in a large corrective pattern and is expected to trade between the long-term SZ at **1.05317-1.06677** and the DZ at **1.00985-1.01911** (see D1 chart) for awhile yet. If the rally extends in an impulsive manner, focus will shift towards the the long-term SZ at **1.05317-1.06677**. Currently, a sell signal is dominant in the H1 chart and any weakness should be viewed as an opportunity to re-establish buy positions for an assault on the SZ at **1.05317-1.06677**.

ACTION	Target 1	Target 2	EXIT
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Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 12-10-2012								\$62,987.00
AUD-USD	08-10-2012	1.0	1.01885	17-10-2012	1.0	1.03722 Unrealized	+\$1,837.00 \$0.00	+\$1,837.00	\$64,824.00



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.