

A Traders Academy International Publication

EUR-USD Slips On Spain Uncertainty

EUR-USD fell on Friday, retreating from the top of its recent trading range as a lack of visible progress on a Spanish bailout request reminded traders of the headwinds facing Europe. Expectations that Spain will ask for a bailout had helped EUR-USD rally to a 1-month high this week, but uncertainty about when such a request might come has made traders wary.

European leaders moved closer to establishing a single Euro zone banking supervisor at a summit on Thursday, but talked little about the problems facing debt-ridden Spain and Greece. A bailout request from Spain would enable the European Central Bank to buy Spanish bonds and drive down Madrid's borrowing costs. That would probably increase trader appetite for perceived riskier currencies against the safe-haven U.S. Dollar.

EUR-USD was 0.3 percent lower on the day at 1.30223; it hit a 1-month high of 1.31380 on Wednesday. It has traded in the same range since mid-September. On the week, it was up 0.5 percent.

Traders reported bids around 1.30000 to 1.30200 that could provide support.

EUR-JPY slipped 0.3 percent to 103.285, after touching a 5-month peak on Thursday, and was up 1.6 percent this week.

Many traders remained cautious and were looking to profit by selling the Euro near the top of the range.

Societe Generale survey of EUR-USD positioning suggests a market betting on a wide range-trading environment strategically, while tactically looking to sell EUR-USD on rallies. Other analysts said the Euro's rally since late September was overdone given the weak economic outlook for the Euro zone.

USD-JPY settled up 0.1 percent 79.305, near a 2-month high set on Thursday. It gained 1.1 percent this week, the best weekly performance in two months. Speculators have recently sold the Japanese Yen on expectations the Bank of Japan will take another easing step at its policy meeting on Oct. 30, following up on its easing last month.

However, USD-JPY advance is likely to slow as Japanese exporters are waiting to sell, and immediate resistance is seen at its August peak. A report showing U.S. home re-sales fell in September, a reminder that America's housing sector is a long way from a full recovery, weighed on the Euro in the New York session and helped bolster USD-JPY.

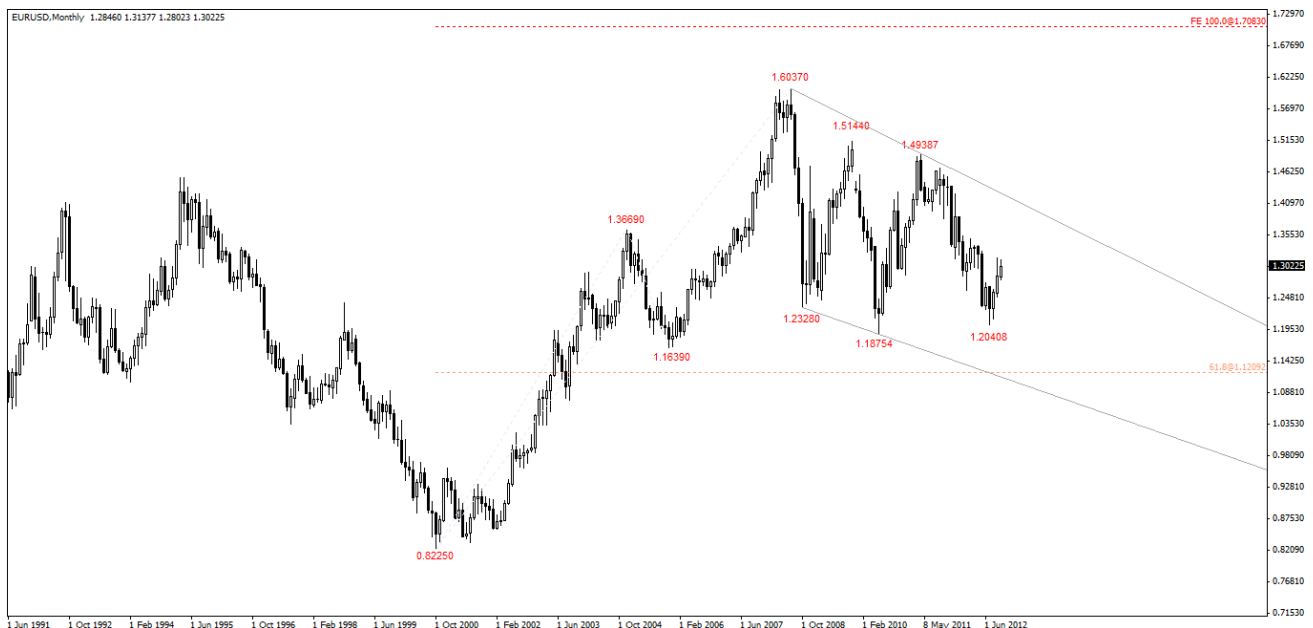
Currency speculators boosted their bets against the U.S. Dollar in the latest week, according to data from the Commodity Futures Trading Commission released on Friday. The value of the U.S. Dollar's net short position rose to \$8.14 billion in the week ended Oct. 16 from a net short position of \$6.43 billion the previous week.

AUD-USD fell 0.4 percent to 1.032297, off a 3-week high touched on Thursday.

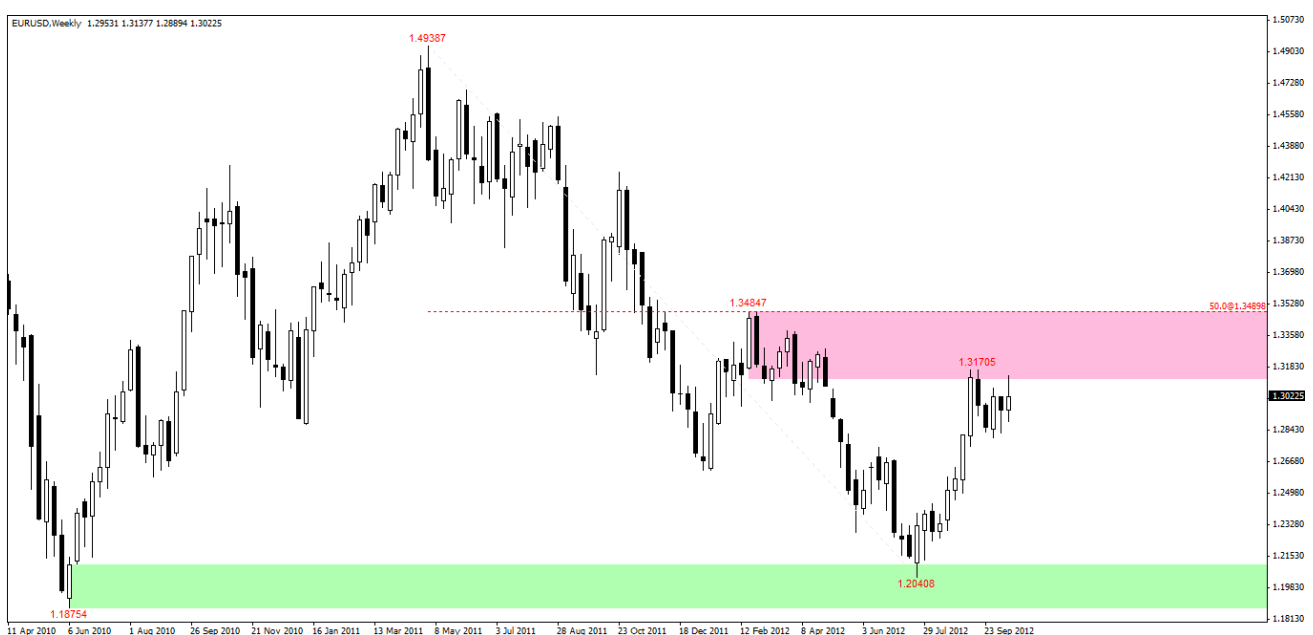
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EUR-USD MONTHLY



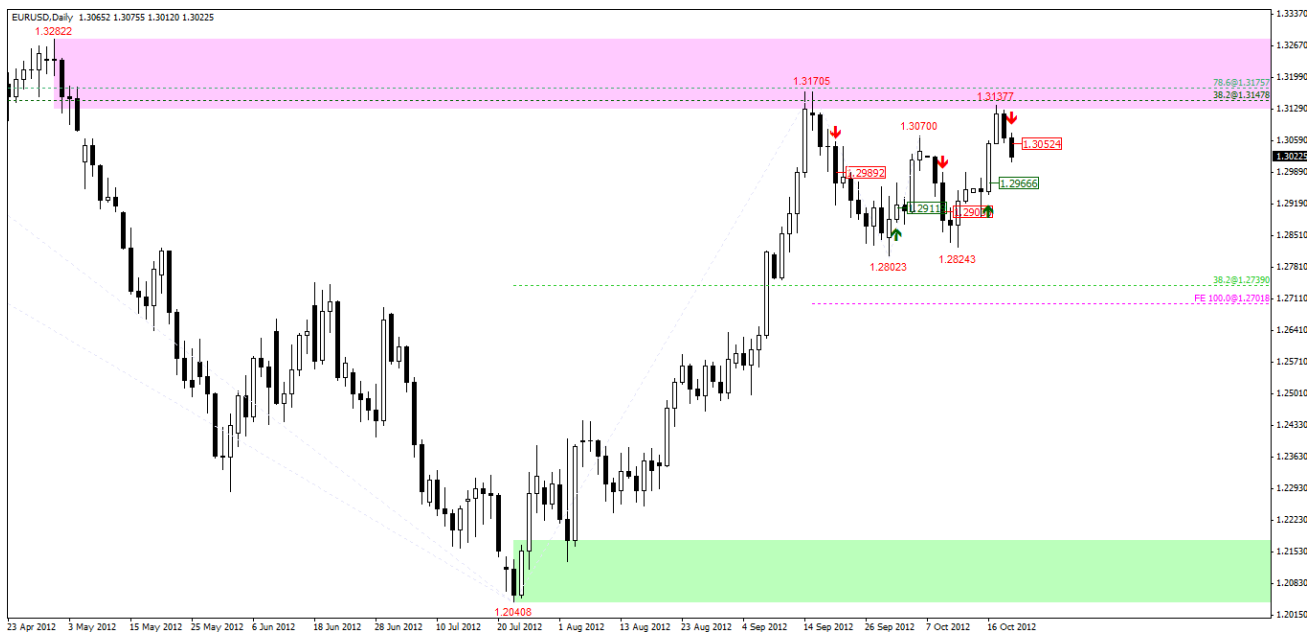
EUR-USD WEEKLY



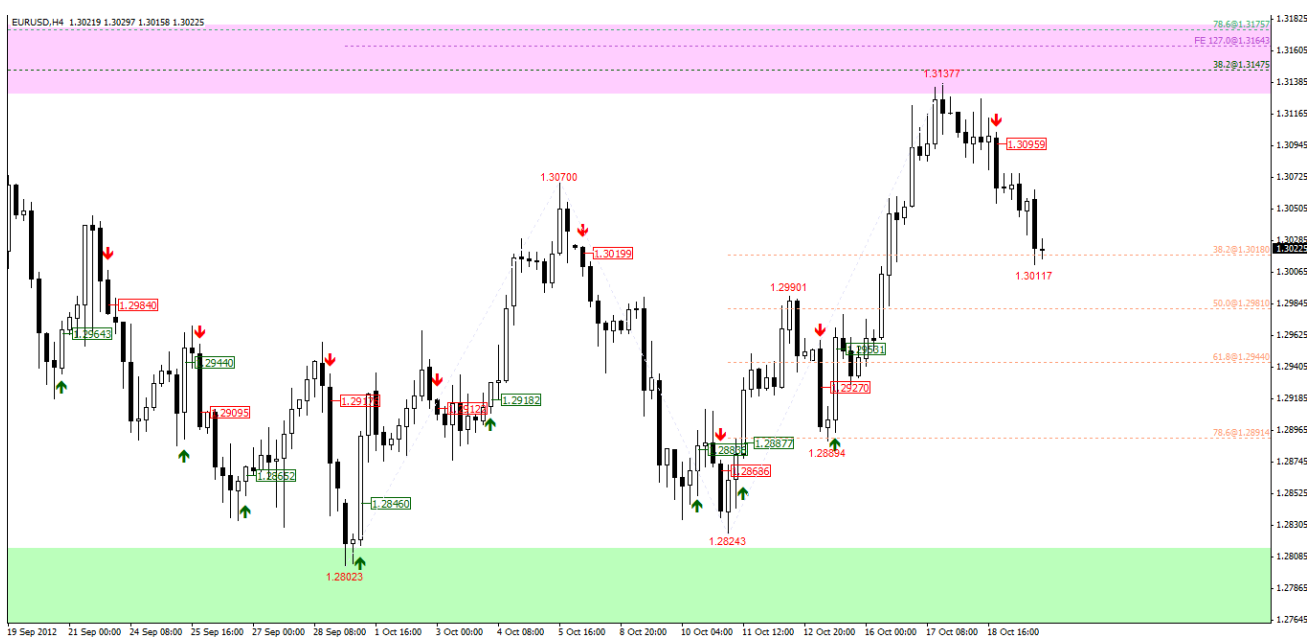
EUR-USD The Big Picture

In the bigger picture, the rise from 0.82250 to 1.60370 is part of a longer-term rally. Likewise, the fall from the July 15, 2008 high of 1.60370 marked the start of a long-term consolidation/continuation pattern which may ultimately stretch to the 61.8% retracement of 0.82250 to 1.60370 at **1.12092**; from which price action is likely to rise beyond its all-time high in a multi-year rally (see MN chart). On 24 July 2012, price action pulled back from a 29-month low at **1.20408** after failing to take out the 2010 low of 1.18754 and ended the week as a bullish engulfing bar. The resulting rally lasted a good 7 weeks and hit a 20-week high of 1.31705, just above the 38.2% retracement of 1.49380 to 1.20408 at **1.31475**; in an area in which price action was vulnerable to profit-taking. For three weeks, price action came close to triggering a sell signal but pulled back. Last week ended as a bearish harami and a close below **1.28083** would invariably trigger a sell signal in the W1 week. This did not happen as the tone this week was rather firm as traders bid up the Euro in anticipation of a Spain bailout. That did not materialize as well. At any rate, should the sell signal be triggered, it would suggest that the longer-term fall from 1.49387 have resumed. Focus would thus shift towards the longer-term demand pocket at **1.18754-1.20408**.

EUR-USD DAILY



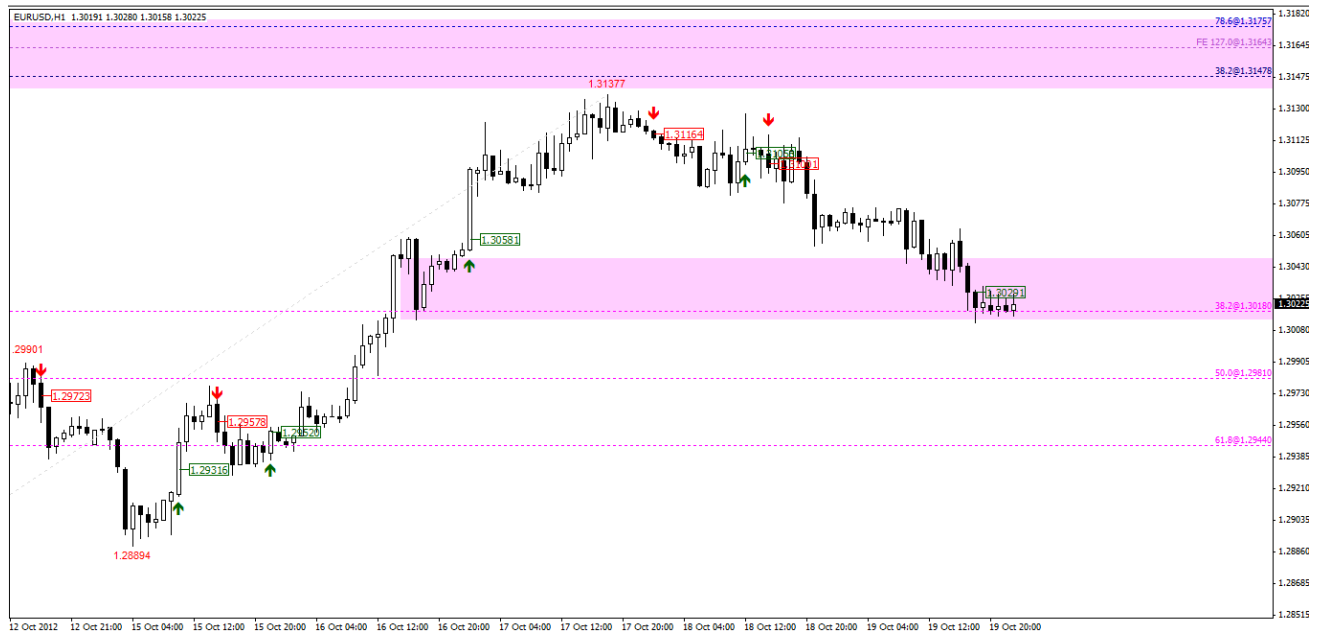
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

The rally from 1.28242 having stalled just under the supply pocket at **1.31408-1.31788** on Wednesday resulted in profit-takings all the way to New York closing on Friday. The aggressive nature of the rally confirms the resumption of rally from 1.20408 (see D1 chart) but it is crucial that price action does not fall any further from where it settled this week. This is because the D1 chart has turned negative having triggered a sell signal with a close below **1.30524** on the back of bearish harami. Barring this new development, a resumption of this rally should take out the September 17 high of **1.31705** at the minimum; with the potential to extend all the way to the major supply zone at **1.33550-1.34847**. As this is the 5th wave of the entire rally from 1.20408, caution should be exercised in chasing this rally. If price action falls below the immediate demand pocket at **1.30140-1.30477**, it would suggest a failure similar to GBP-USD. Whatever the case, a pullback to recent lows above 1.28000 is probable after this rally exhausts (see D1 chart). Previous updates mentioned about possible profit-takings which may 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**. This call was right on the money and this is where price action is right now. A H1 close above **1.30291** is the signal to re-position long positions with a tight stop just below **1.30140**.

EUR-USD 1-HOURLY



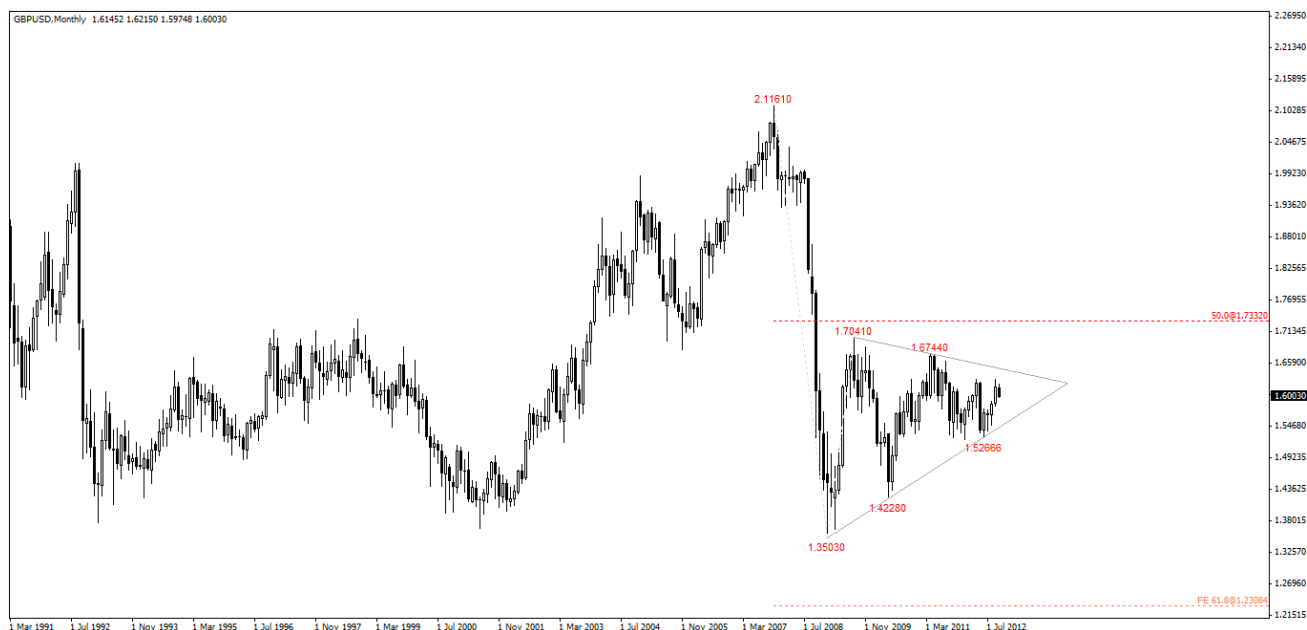
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on H1 close above 1.30291	1.31705	1.32822	1.30130 STOP

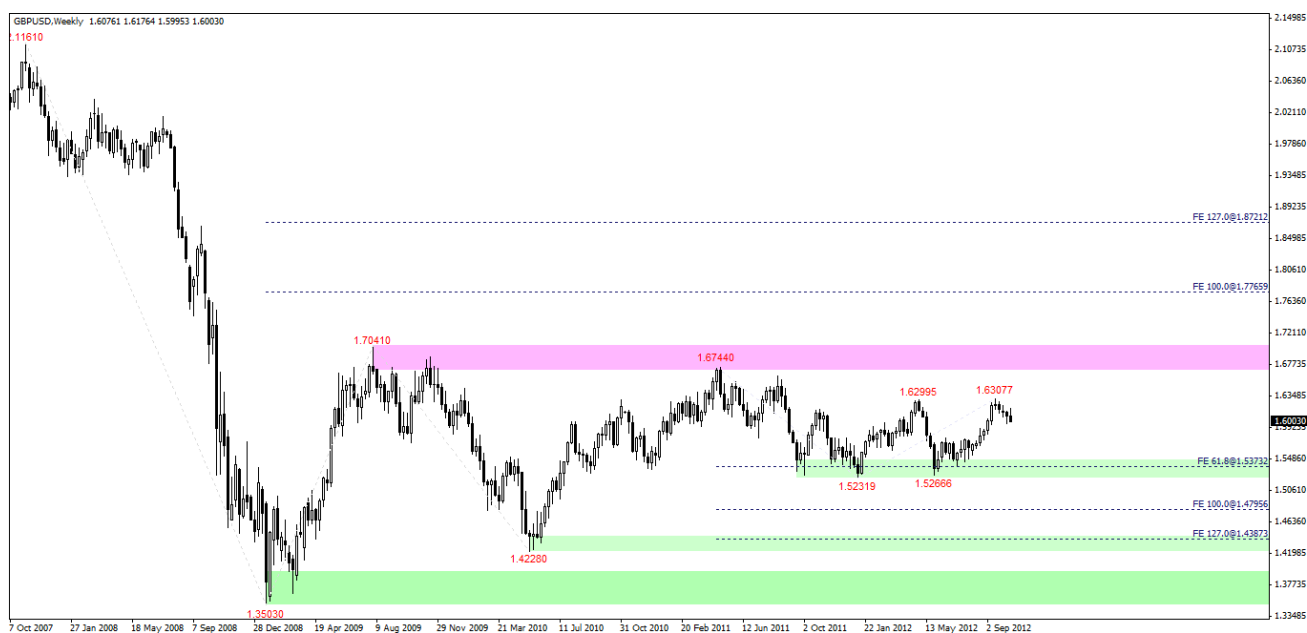
Weekly Performance

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 MONTHLY



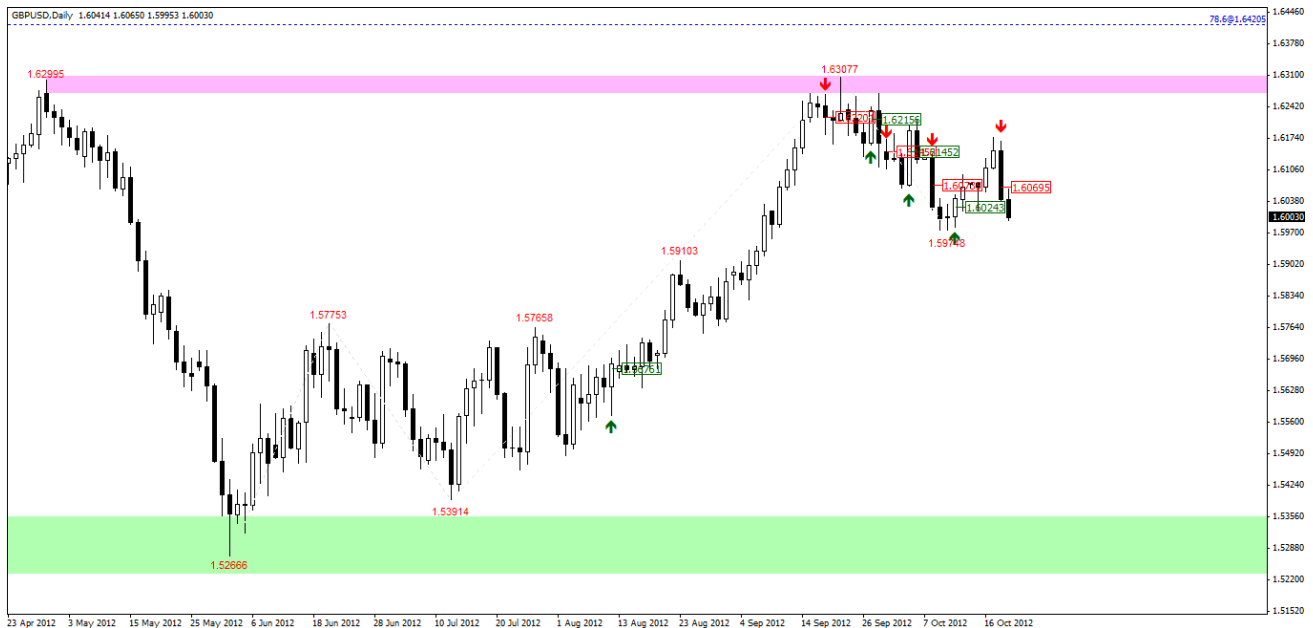
GBP-USD WEEKLY



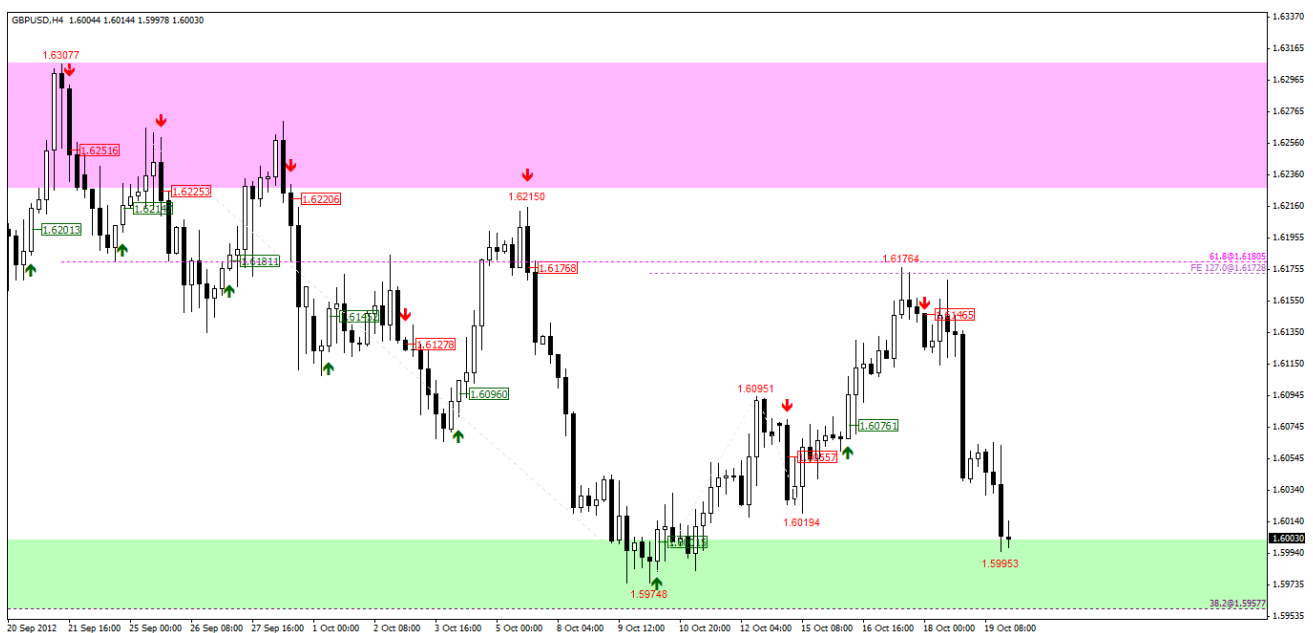
GBP-USD The Big Picture

In the bigger picture, price action from the 2009 low of 1.35030 is treated as a correction to the longer-term downtrend from the 2007 high of 2.11610. This multi-year correction beginning at the start of 2008 is developing into a triangle - which is a continuation pattern. Five weeks ago, this market ended with tantalizing clues of a classic reversal - a long-legged shadow doji in W1 chart. Sure enough, for the fourth week running, profit-takings were featured. As we have it, by the week's closing, a sell signal was triggered in the W1 chart with a close below **1.60160**. This is confirmation needed to suggest that the rebound from 1.52666 is over. It is worth noting that this market may be near the last leg of a triangle formation that may result in a dramatic multi-months fall. This is likely to be followed by an equally dramatic rally back to the base of this triangle before declining towards parity with the once mighty U.S. Dollar.

GBP-USD DAILY



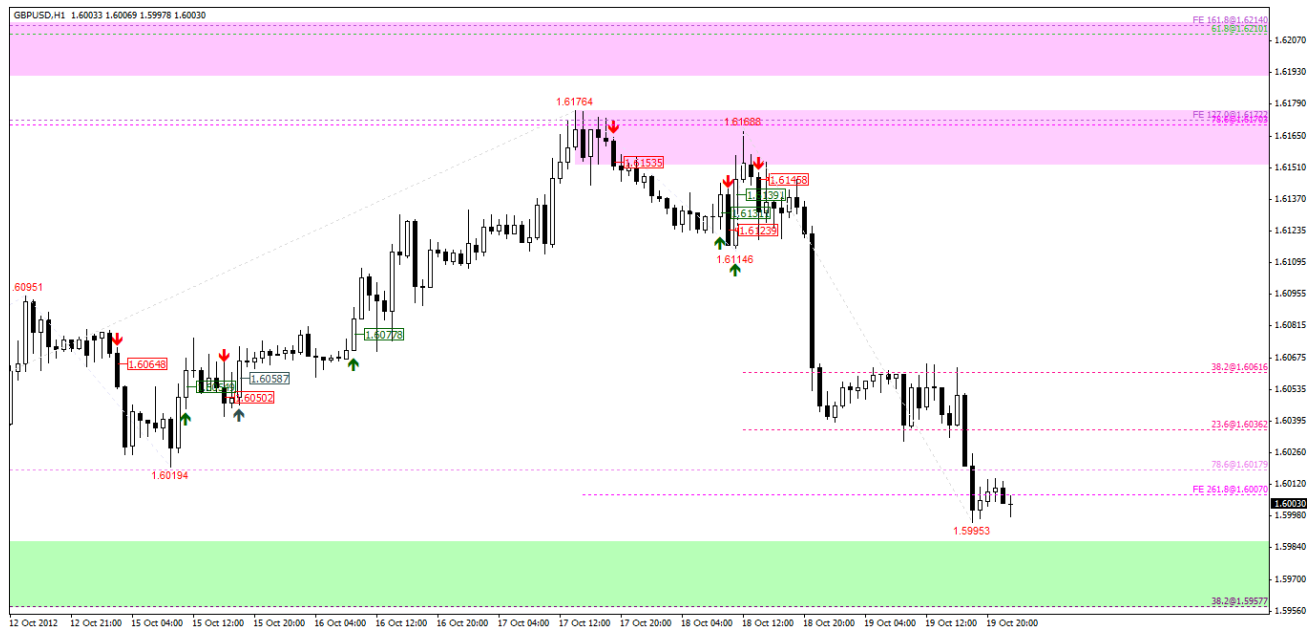
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

The idea that a 'failure' of sort may occur in GBP-USD was unfortunately prescient. For 48 hours prior to the overnight collapse, the rise from 1.59748 was notably 'sluggish'. This was compounded by the emergence of profit-takings in both the H1 and H4 charts late on Wednesday. Unlike a simple correction, which would see price action easing to the 38.2% retracement of 1.59748 to 1.61764 at **1.60994**, the overnight fall was persistent and impulsive. On hindsight, price action peaked between a pair of Fibonacci ratios being the 61.8% retracement of 1.63077 to 1.59748 at **1.61805** and the 127.0% projection of 1.59748 to 1.60951 from 1.60194 at **1.61722**. Overall, the rise from 1.59748 has a 3-wave structure, which is corrective in nature (see H4 chart). With Friday's price action, the failure scenario is gaining currency. All that is missing is for the fall to extend below **1.59748**. Almost all time frames are bearish at this stage and traders will do well to position on the short side of this market going forward. Sell signals on any rebound should thus be acted upon. To get an idea how bearish this is, read the longer-term commentary.

GBP-USD 1-HOURLY



Trade Ideas

ACTION	Target 1	Target 2	EXIT
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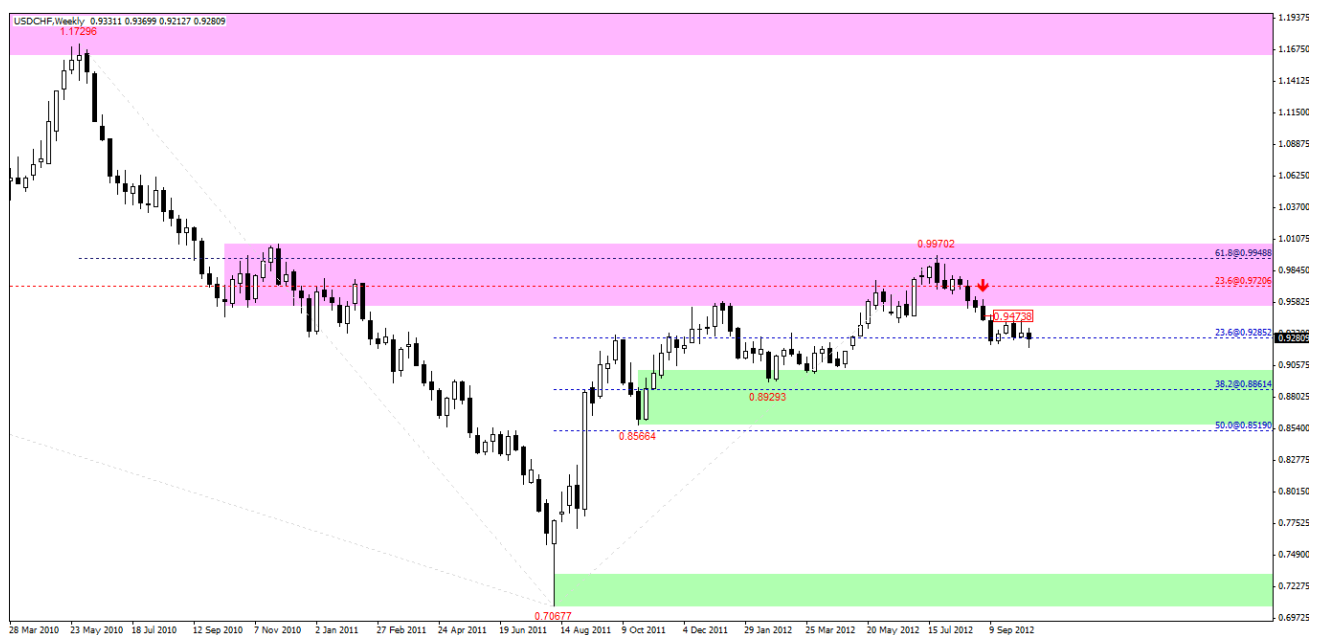
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 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	18-10-2012	1.0	1.60778			
Unrealized							\$0.00		

USD-CHF MONTHLY



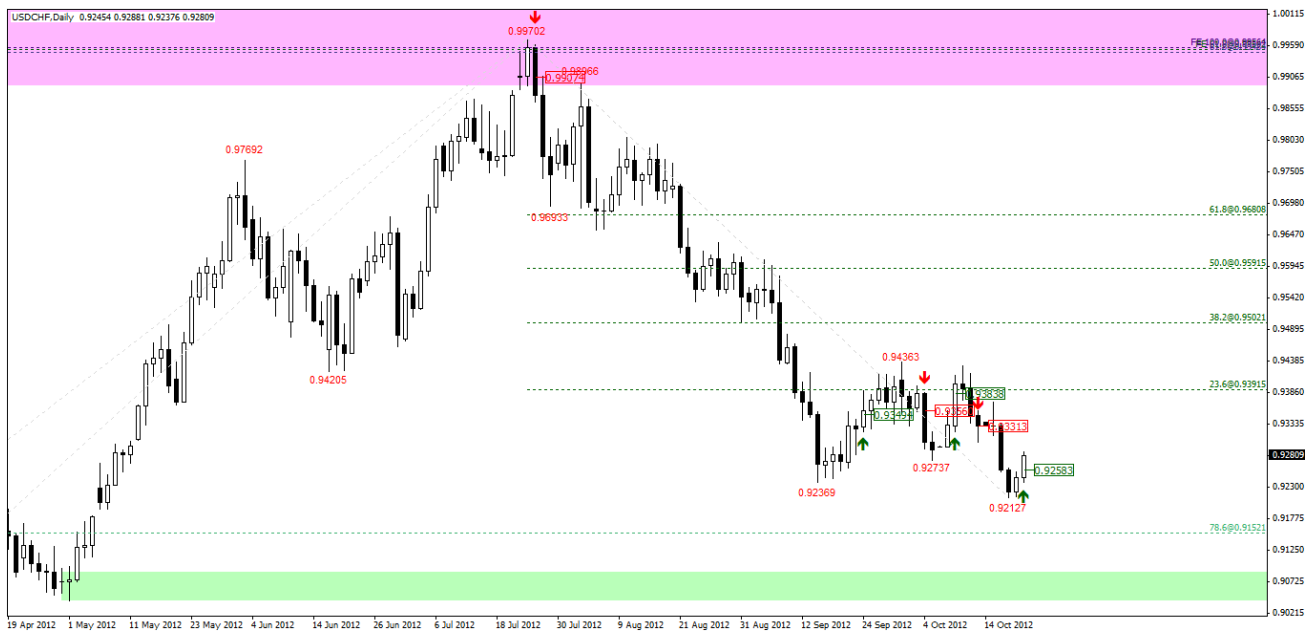
USD-CHF WEEKLY



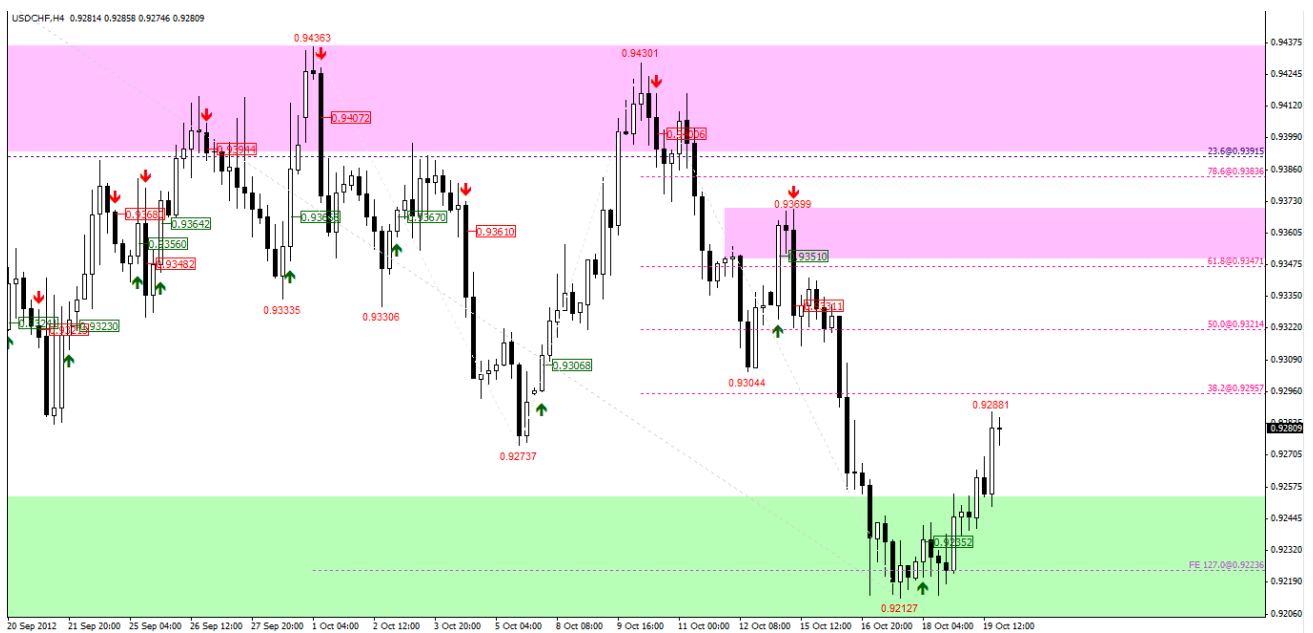
USD-CHF The Big Picture

In the bigger picture, the downtrend from 1.83090 has made an important long-term low at **0.70674**; having fallen short of a longer-term target at the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62610**. The rebound from 0.70674 is presently treated as a correction to this multi-year fall with strong resistance expected at the 38.2% retracement of 1.83090 to 0.70674 at **1.13617**. Since hitting the price window between the 61.8% retracement of 1.17296 to 0.70677 at **0.99488** and the 61.8% projection of 0.70677 to 0.93132 from 0.85669 at **0.99546**, selling interests have emerged; having taken price action to a 18-week low of **0.92369** a month ago. This is just below the 23.6% retracement of 0.70677 to 0.99702 at **0.92852**. Since then, price action has stabilized and consolidated along this level. Assuming there is no acceleration to the upside, price action may head towards the window between the 38.2% and 50.0% retracement of 0.70674 to 0.99702 at **0.88613** and **0.85188** next (see W1 chart).

USD-CHF DAILY



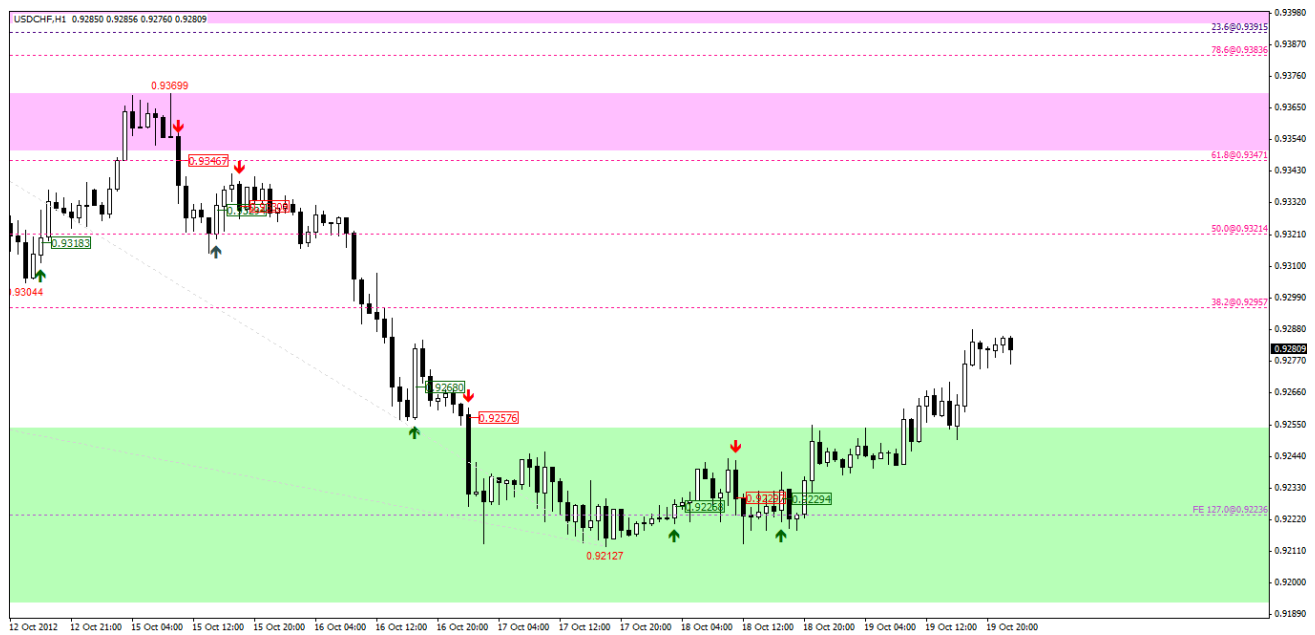
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

Since the taking out of the September 14 low of **0.92369** on Wednesday, the fall from the July 24 high of **0.99702**, this series is deemed 'completed' and is thus vulnerable to a correction. This bullish view is enhanced by the failed rally and subsequent near collapse in GBP-USD seen in the last 48 hours. As such, a corresponding rally in USD-CHF has heightened considerably. As noted, buy signals were triggered in both the H1 and H4 charts on Thursday. Overnight, the D1 chart confirmed those signals as it too has triggered a buy signal with a close above **0.92583** in overnight trading. The rebound mentioned in previous updates has started. Those who have gone long on buy signals within the demand pocket at **0.91933-0.92537** (having hit and held at the 127.0% projection of 0.94363 to 0.92737 from 0.94301 at **0.92239**) should hold out for a test of recent highs at **0.94301** and **0.94363** respectively.

USD-CHF 1-HOURLY



Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 0.92352	0.93500	0.93941	0.91833 STOP

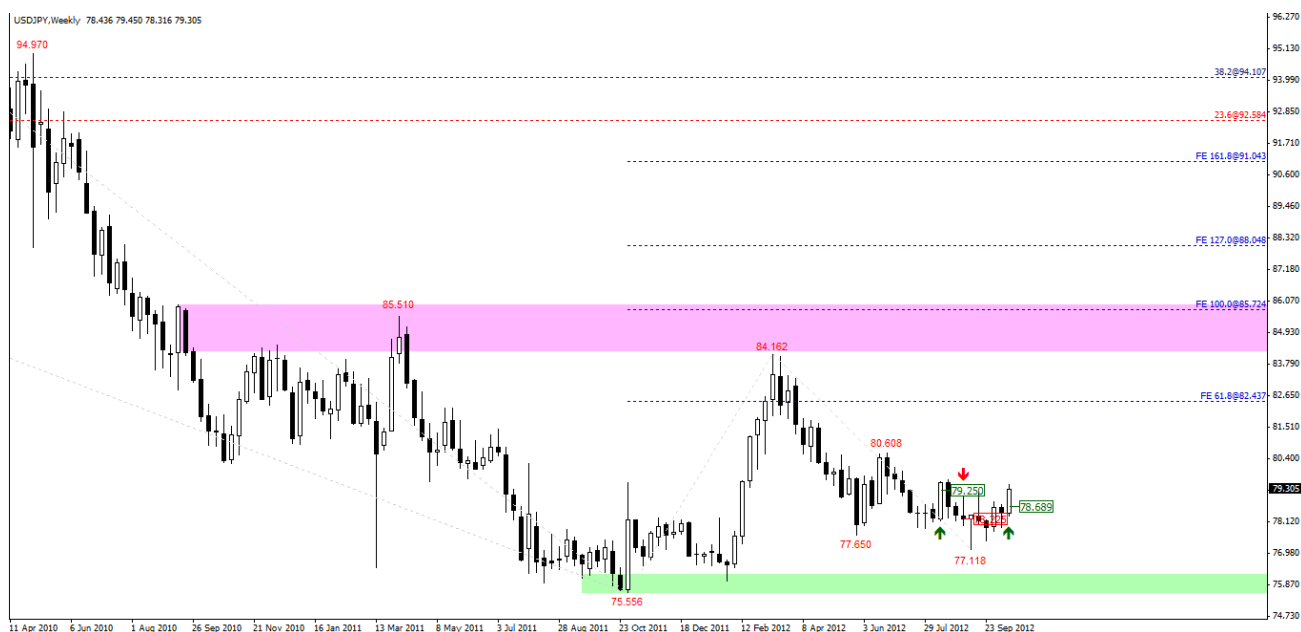
Weekly Performances

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	18-10-2012	1.0	0.92352	16-10-2012	1.0	0.93308	+\$1,035.17	+\$1,035.17	\$32,141.31
USD-CHF	18-10-2012	1.0	0.92352	19-10-2012	1.0	0.92805	+\$488.12		
USD-CHF	18-10-2012	1.0	0.92352	19-10-2012	1.0	0.92805	+\$488.12		
						Unrealized	+\$1,176.24		

USD-JPY MONTHLY



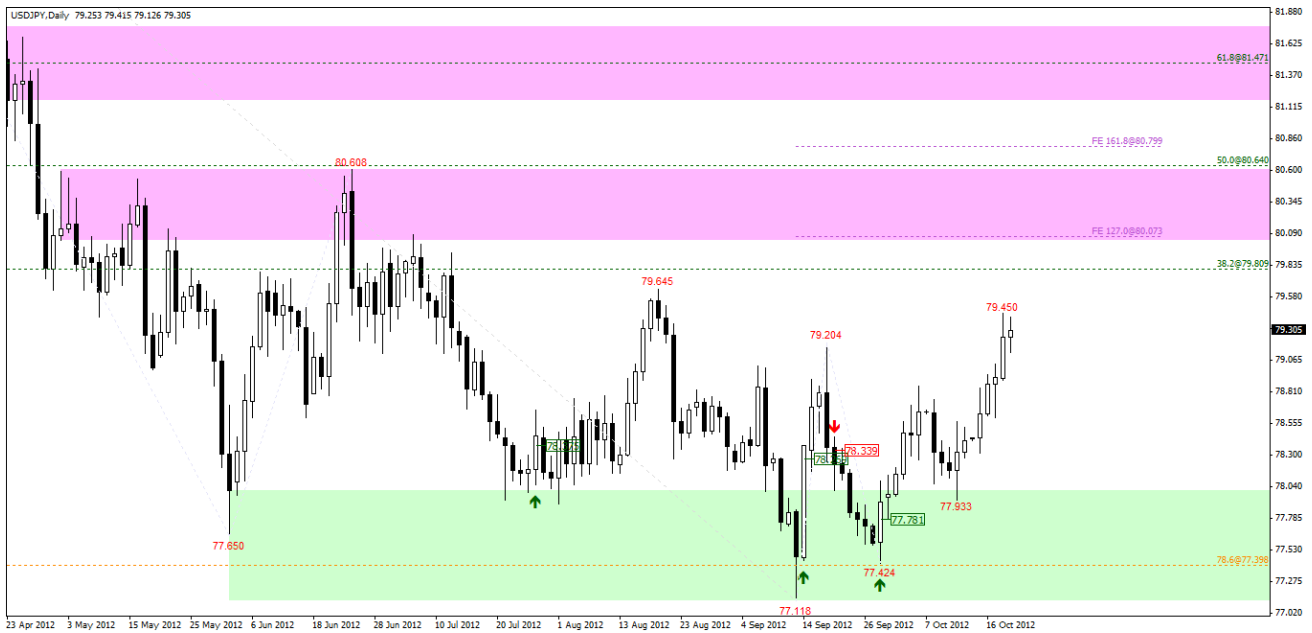
USD-JPY WEEKLY



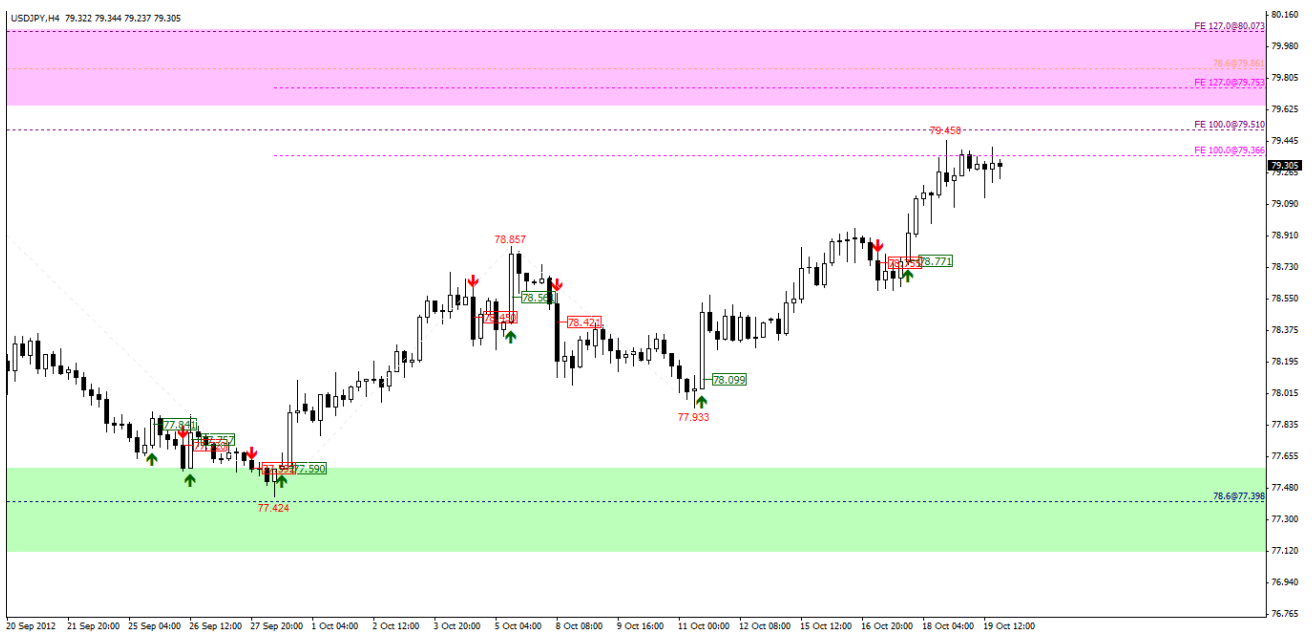
USD-JPY The Big Picture

The fall from 124.120 which started on June 2007 probably terminated on October 2011 at **75.556**, just below the 127.0% projection of 147.710 to 101.220 from 135.190 at **76.148**. In the bigger picture, the move from 75.556 to 84.162 is most likely the termination point of wave B at **84.162** with wave A at **75.556**. Wave C instead being the low at **77.650** (as originally thought) is probably at **77.118**. Five weeks ago, a classic reversal signal appeared in the W1 chart in the form of a hammer. Even though there is no follow-up buying immediately following this reversal signal, this was not case this week. With a closing above **79.689**, it signalled the return of the bulls. The resulting rally may well take the form of a 3-wave corrective rally beginning from the 100.0% projection of 75.556 to 84.162 from 77.118 at **85.724**.

USD-JPY DAILY



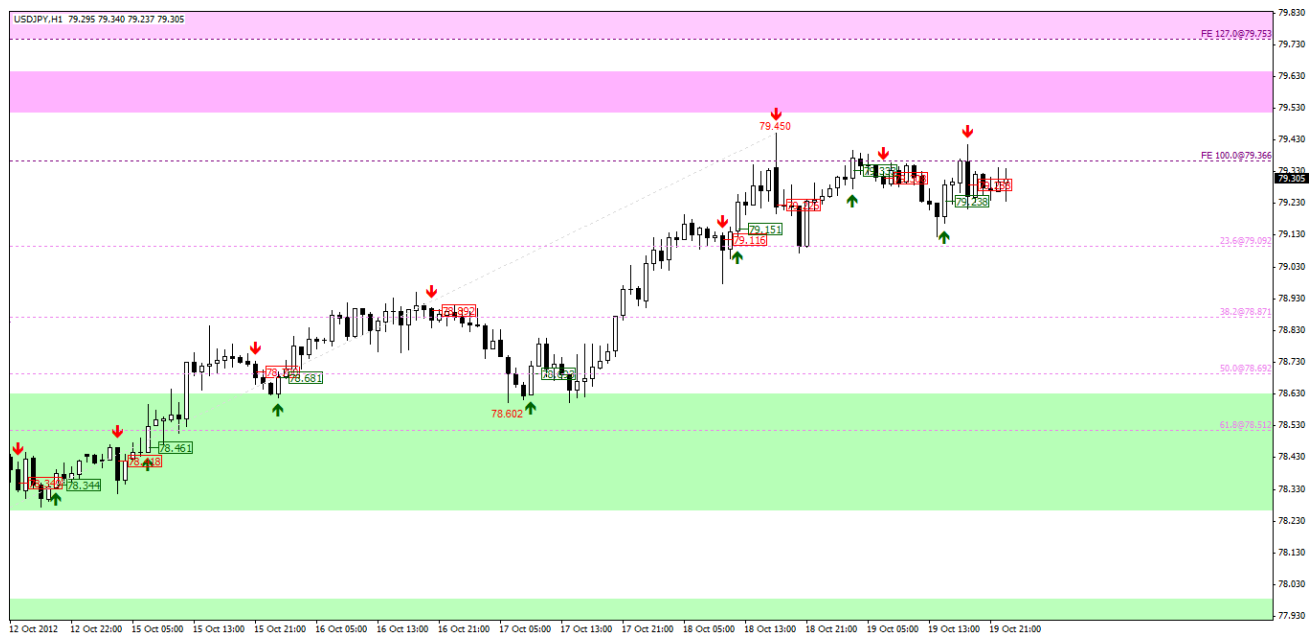
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

The anticipated correction mentioned in previous updates did not pan out as expected. Price action rallied higher to a 5-month high at 79.450 on Thursday before easing. Though no new high was traded on Friday, this week has witnessed a consecutive 7 trading days of gains. This is remarkable for USD-JPY. With W1 chart too having a buy signal triggered, the entire complex of this rebound has changed to being rather bullish. Immediate focus is the supply pocket at **79.747-80.082**. This zone has not one but three Fibonacci ratios residing within it. (1) the 127.0% projection of 77.424 to 78.857 from 77.933 at **79.753** is located. (2) the 78.6% retracement of 80.608 to 77.118 at 79.861 and lastly (3) the 127.0% projection of 77.118 to 79.204 from 77.424 at **80.073**. These made this zone a very sensitive area for profit-taking to emerge. 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**.

USD-JPY 1-HOURLY



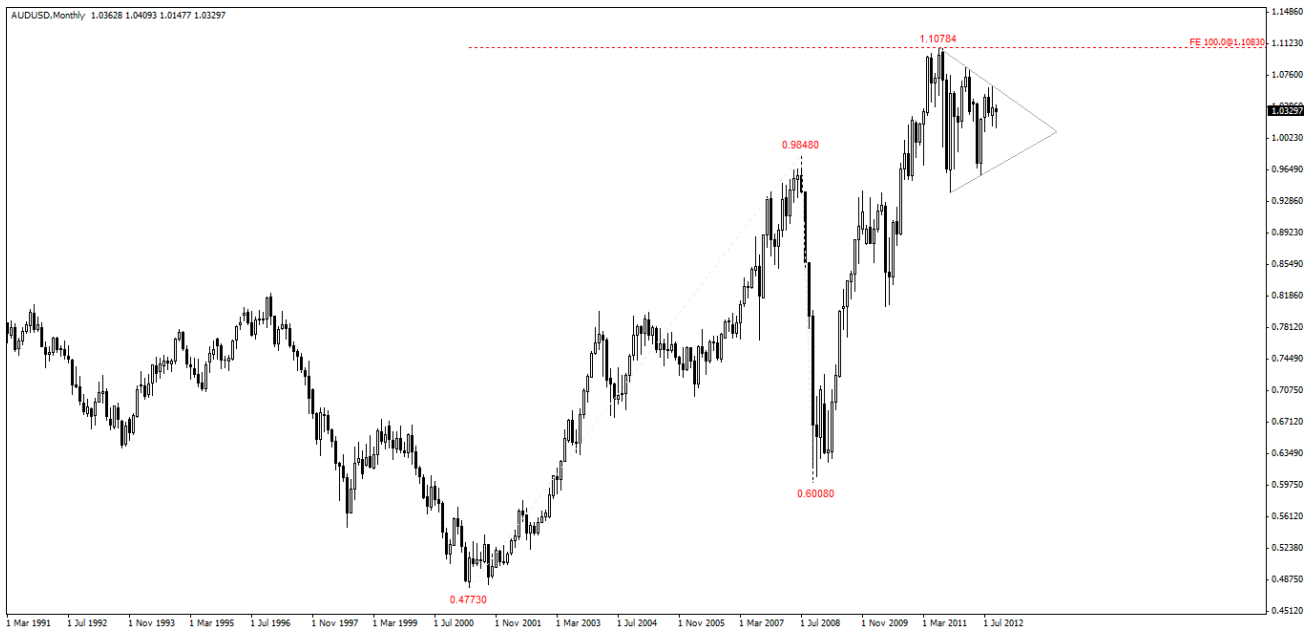
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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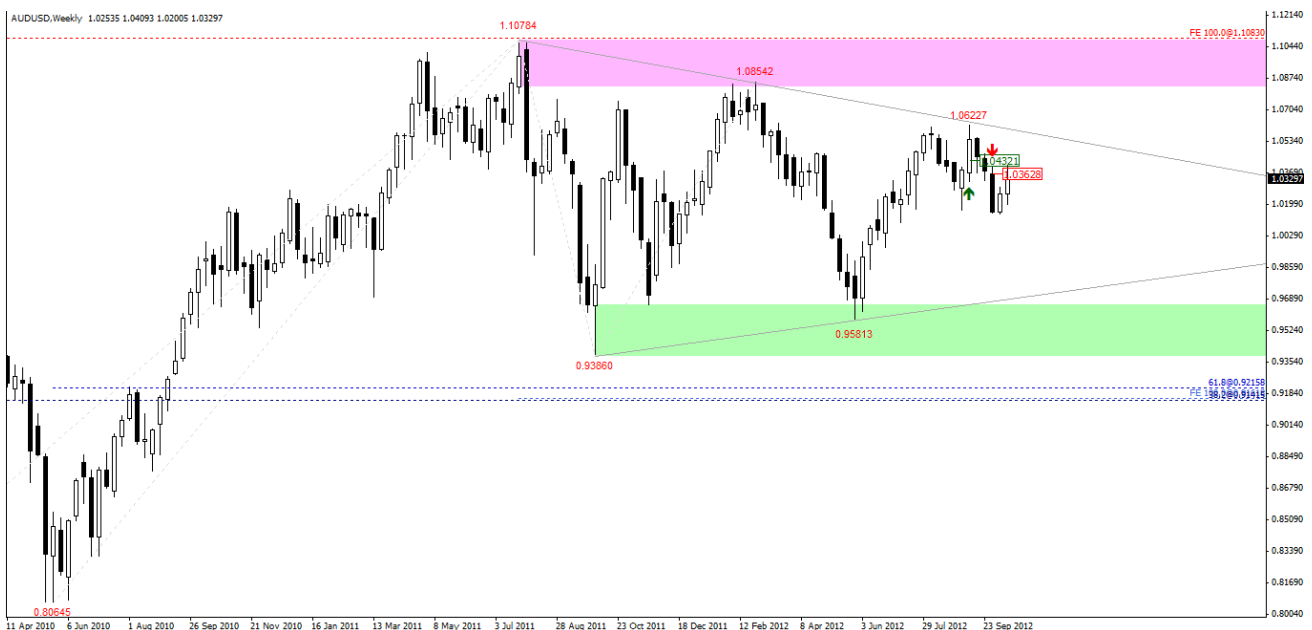
Weekly Performances

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
USD-JPY	18-10-2012	1.0	79.304	18-10-2012	1.0	79.116	-\$237.06		\$25,793.75
USD-JPY	18-10-2012	1.0	79.304	18-10-2012	1.0	79.116	-\$237.06	-\$474.12	\$25,556.69
						Unrealized	\$0.00		

AUD-USD MONTHLY



AUD-USD WEEKLY



AUD-USD The Big Picture

In the bigger picture, the rise from 0.47730 missed the 100.0% projection of 0.47730 to 0.98480 from 0.60080 at **1.10830** on July 27 by a mere 4.6 pips with a high at 1.10784. Price action since has been very choppy as it gyrates within an almost 1700 pips range between the all-time high and last October 4 low of **0.93860**. Overall, the broad sideways market since has sets of 3-waves structures, implying a period of consolidation between these two extreme points. Alternatively, it can also be said that price action since has been locked between the 100.0% projection of 0.47730 to 0.98480 from 0.60080 at **1.10830** and the 61.8% retracement of 0.80645 to 1.10784 at **0.92158**. The long-held view that this market is consolidating within a triangle will continue to be severely tested in the aftermath of the spike up to a 25-week high at 1.06227 a month ago. Until the triangle scenario is invalidated, the idea that price action is likely to head towards the lower band of the triangle formation for perhaps the last time before an explosive breakout to the upside over the long-term. The close below **1.03698** in the W1 chart a fortnight ago added confidence that an important top was in place at **1.06227**. Provided there is no closing above **1.03628** in the W1 chart going forward, this assessment is the preferred view.

AUDUSD Daily 1.03637 1.03806 1.03162 1.03297

0.95813

1.00985

1.06113

1.06227

1.04230

1.03628

1.04093

1.01477

1.01851

1.01297

59.081, 0.020

61.880, 99791

AUDUSD, H4 1.03215 1.03365 1.03179 1.03297

1.06915
1.06595
1.06280
1.05965
1.05645
1.05330
1.05010
1.04695
1.04380
1.04060
1.03745
1.03425
1.03110
1.02795
1.02475
1.02160
1.01845
1.01525
1.01210
1.00890

FE 100.091.05080
FE 261.881.05778
78.691.05211
61.881.04111
FE 161.881.04037
50.091.03851
FE 161.881.03111
50.091.02994

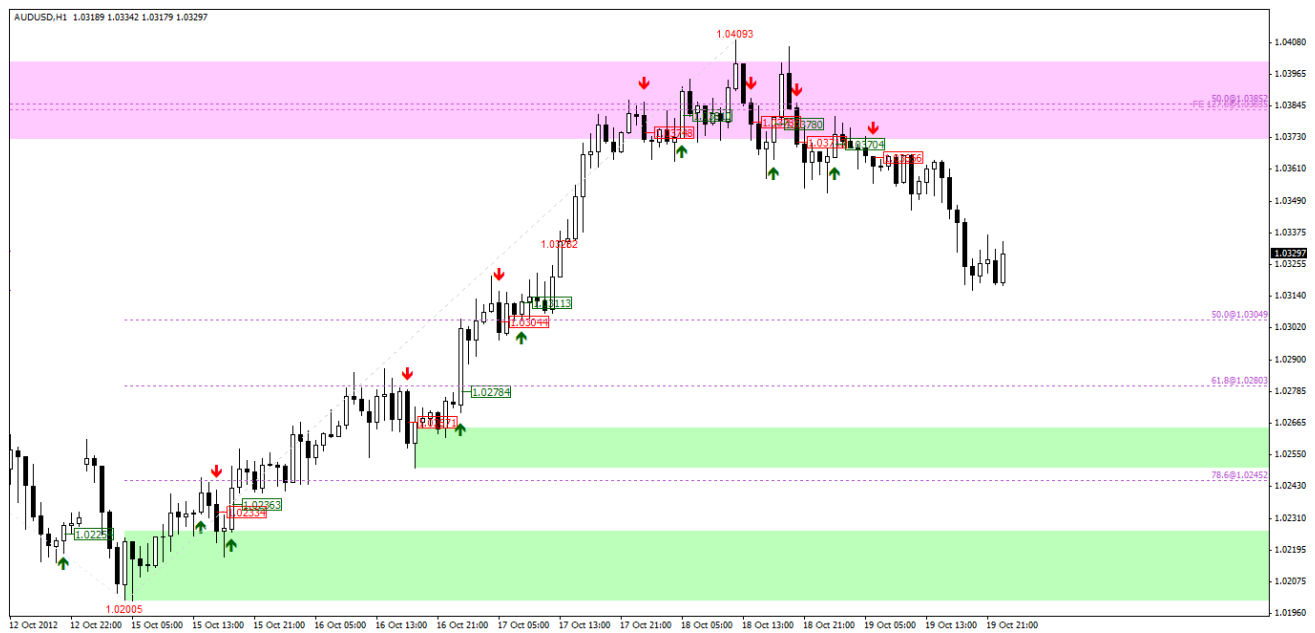
1.03660
1.03267
1.03524
1.04722
1.04489
1.03333
1.02726
1.02399
1.02918
1.02005
1.04093
1.03745

1.95171
1.04669
1.04232
1.03718
1.04158
1.03638
1.03333
1.02726
1.02399
1.02918
1.02005
1.04093
1.03745

19 Sep 2012 21 Sep 00:00 24 Sep 08:00 25 Sep 16:00 17 Sep 00:00 28 Sep 08:00 1 Oct 16:00 3 Oct 00:00 4 Oct 08:00 5 Oct 16:00 8 Oct 20:00 10 Oct 04:00 11 Oct 12:00 12 Oct 20:00 16 Oct 00:00 17 Oct 08:00 18 Oct 16:00

The last 48 hours have witnessed a contest of will between bulls and bears centered around the supply pocket of **1.03722-1.04011**. This is best exemplified by the H1 chart. The numerous sell and buy signals there were triggered and cancelled out, making for some very difficult trading conditions. As noted, price action was in a sensitive area where there was 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**. This makes this area sensitive to profit-takings. This was confirmed in overnight actions when both the H1 and H4 charts have sell signals triggered. As such, the anticipated rally to the supply pockets at either **1.06010-1.06677** or **1.07334-1.08542** was deferred. Immediate focus is the demand pocket at **1.02500-1.26547** as well as the other at **1.02005-1.02265**. Should price action eventually falls into these zones, opportunities to re-establish long positions for an eventual assault on the SZ at **1.05317-1.06677** may present themselves.

AUD-USD 1-HOURLY

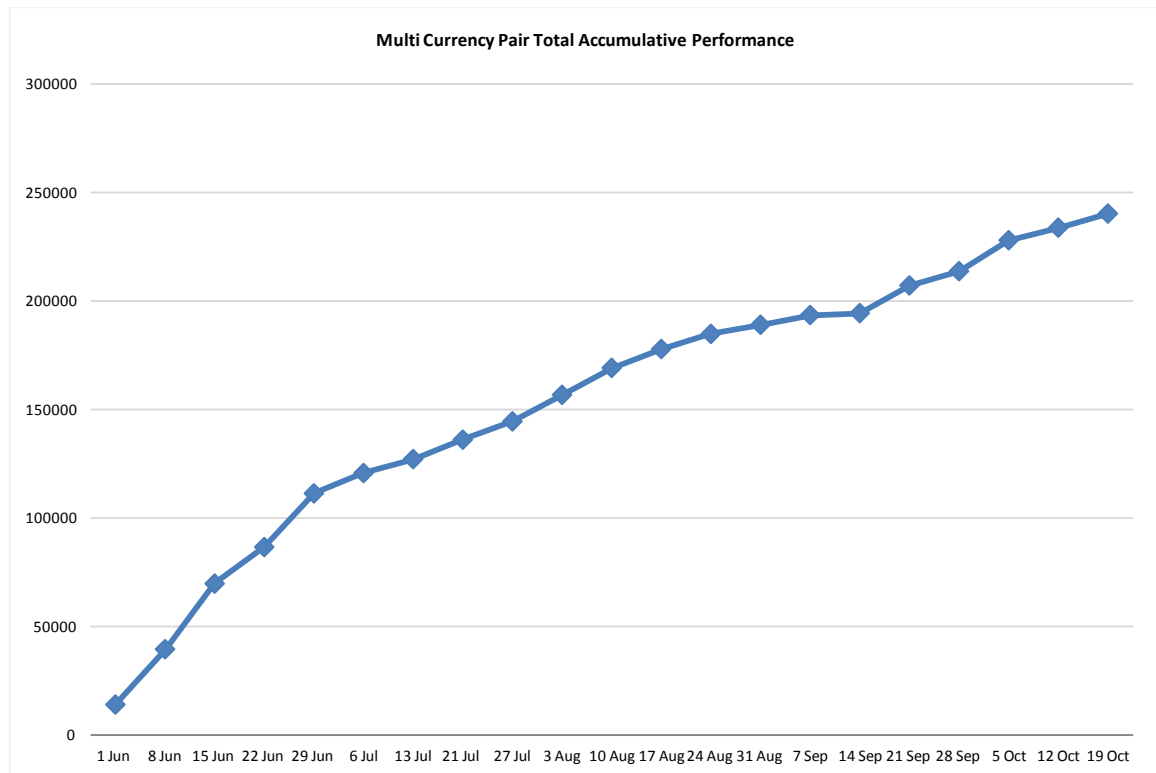
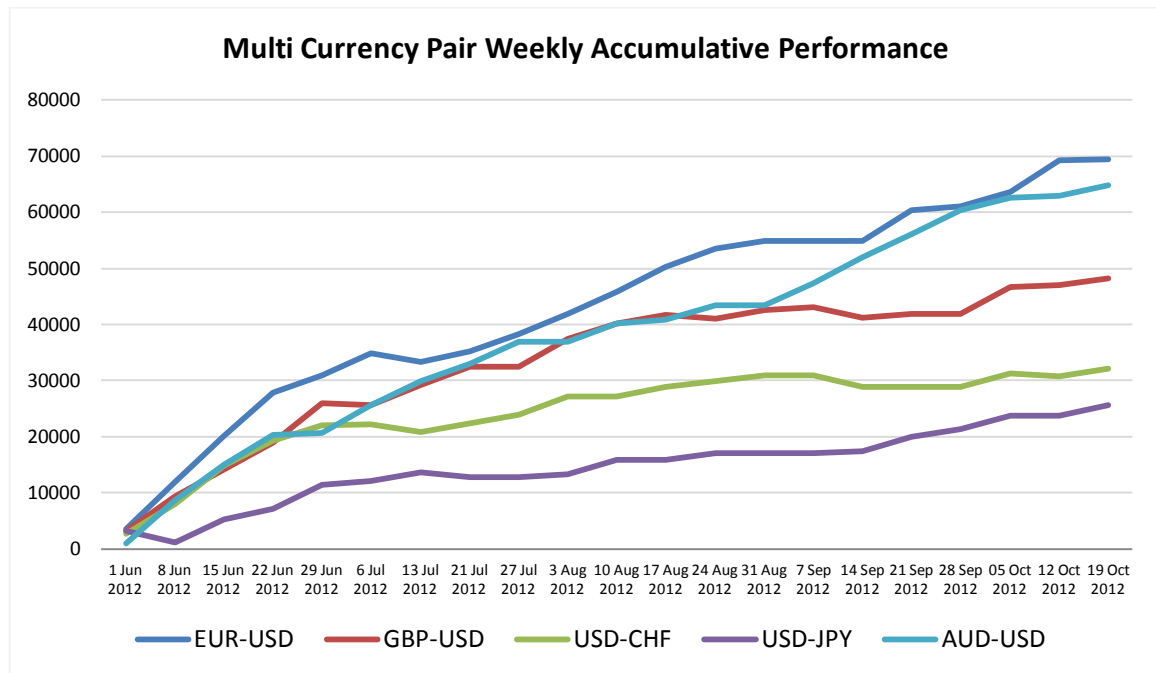


Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.03713	1.02647	1.02265	Break-even

Weekly Performance

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	+\$1,837.00	+\$1,837.00	\$64,824.00
AUD-USD	19-10-2012	1.0	1.03297	19-10-2012	1.0	1.03713	+\$416.00		
AUD-USD	19-10-2012	1.0	1.03297	19-10-2012	1.0	1.03713	+\$416.00		
						Unrealized	+\$832.00		



Website under
development

Traders Academy International

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.

Non Affiliation Policy

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.