

*A Traders Academy International Publication*

## US Dollar Broadly Affirming FED Easy Policy

USD-JPY fell from a near 9-month high while EUR-USD rallied to its highest since early May on Friday as U.S. inflation data affirmed the Federal Reserve's ultra-easy monetary policy.

EUR-USD rose for a fifth straight day after a U.S. report showed prices fell in November for the first time in six months. The Fed, for the first time in its history, on Wednesday announced it would link its policy to the level of joblessness and inflation. The inflation data continues to be benign and there is very little in the way of price pressures in the US economy. That therefore justifies the Federal Reserve's action to keep a very accommodative monetary policy.

EUR-USD reached a session high of 1.31721, its highest since early May. It finally settled at 1.31614, up 0.6 percent on the day. On the week, EUR-USD was on pace for appreciating 1.8 percent, its biggest weekly gain since the week of September 16 as Euro zone debt fears fell and expectations of another rate cut from the European Central Bank lessened somewhat.

Appetite for currencies perceived as risky was also helped by abating global growth concerns after data showed China's vast manufacturing sector expanded in early December at the fastest pace in 14 months.

EUR-JPY climbed to an 8-month high of 109.960 and settled at 109.896, up 0.4 percent on the day. Option barriers were reported at 110.000.

Euro gains, however, could be limited in the coming weeks as traders fret about the "fiscal cliff". If Congress fails to reach a deficit reduction deal by the end of the year it would automatically trigger massive spending cuts and tax increases in 2013 that could push the US into another recession. The fiscal cliff, however, should buoy the US Dollar due to its status as a safe-haven and hurt currencies perceived as riskier.

With talks between President Barack Obama and House of Representatives Speaker John Boehner at an apparent standstill, analysts said on Friday it was increasingly likely Washington won't be able to reach a deal before January 1. Little progress was expected on Friday, with Boehner set to return to his congressional district in Ohio for the weekend.

Traders turned bearish on the U.S. Dollar for the first time since late October, while short Japanese Yen positions rose in the latest week to the highest in over five years, according to data from the US Commodity Futures Trading Commission released on Friday.

USD-JPY settled at 83.501, down 0.2 percent on the day after earlier reaching 83.946, its highest since March 21 - not far from its March 2012 peak of 84.172, which is seen as a major resistance level. Traders cited an options barrier at 84.000 as the options market still shows increasing bias for Japanese Yen weakness with traders buying Yen Puts.

Bets that the Japanese Yen will weaken had risen significantly as Japan looked set to get a prime minister keen to push for the central bank to print more money to stimulate the moribund Japanese economy. Japanese media reported the conservative Liberal Democratic Party is set for a resounding victory in elections on Sunday, cementing speculation LDP leader Shinzo Abe will be in a strong position to push for bold monetary easing.

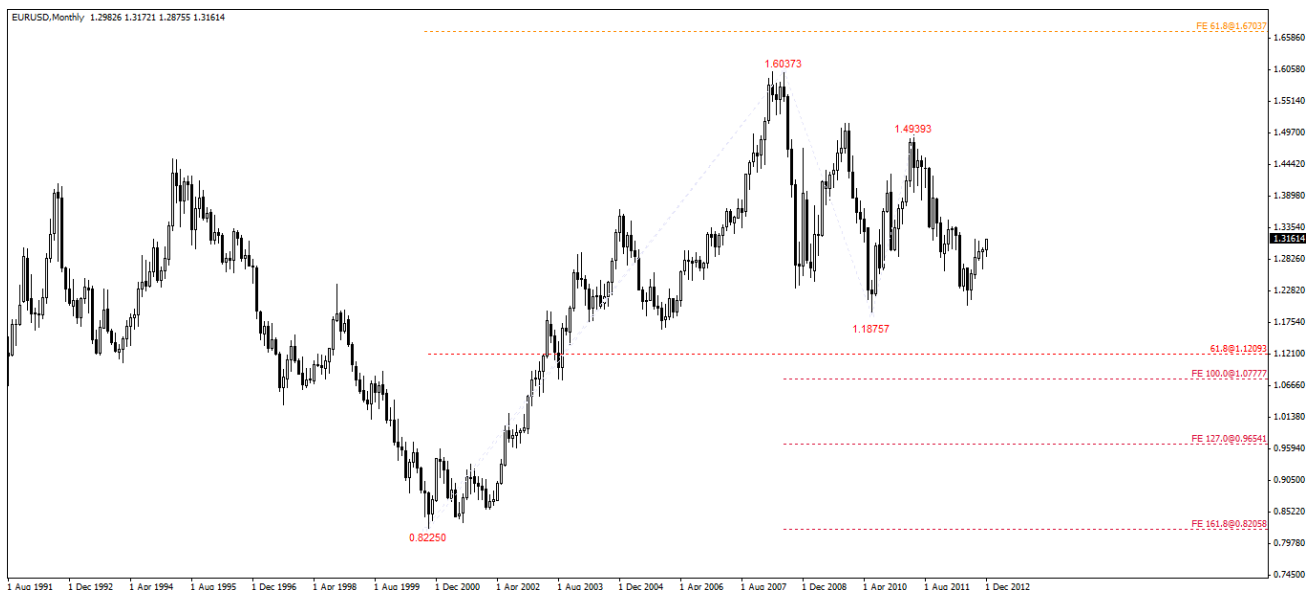
There's a race to cheapen currencies between US, Europe and Japan.

USD-JPY has risen around 4 percent in the last four weeks and there are technical signs the pair has risen too far too fast. Some said the Yen may rally further next week if the Bank of Japan underwhelms investors at its next meeting. The BoJ is widely expected to loosen monetary policy, although there is scope for market players to be disappointed by the amount of assets it decides to purchase.

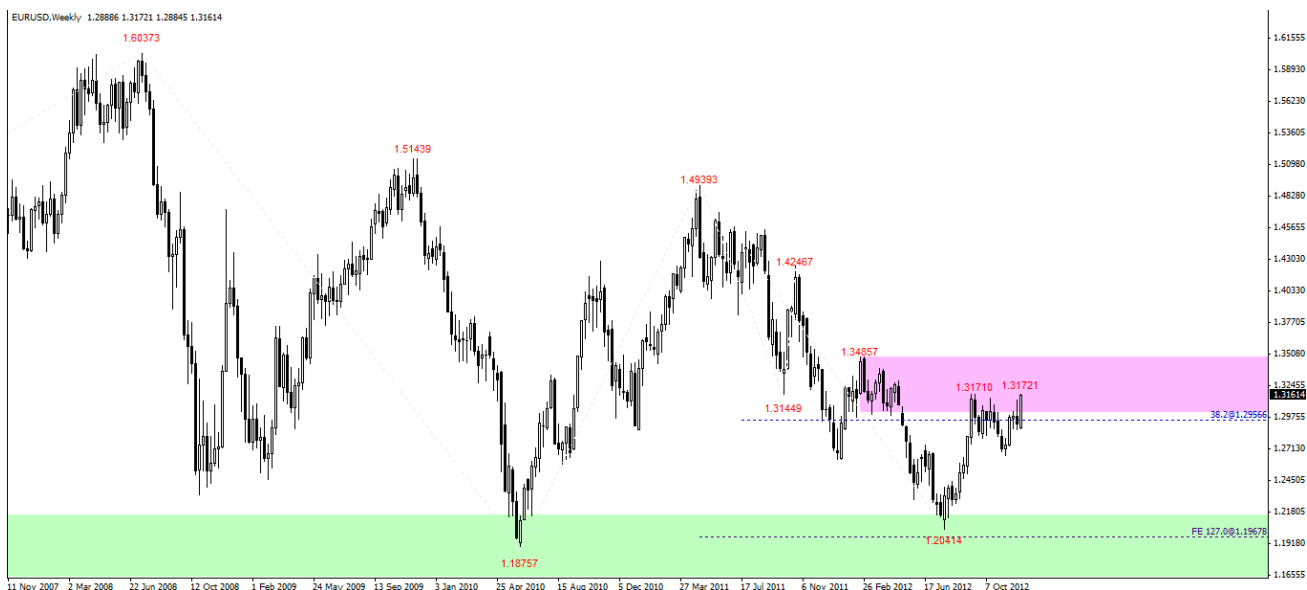
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## EUR-USD MONTHLY



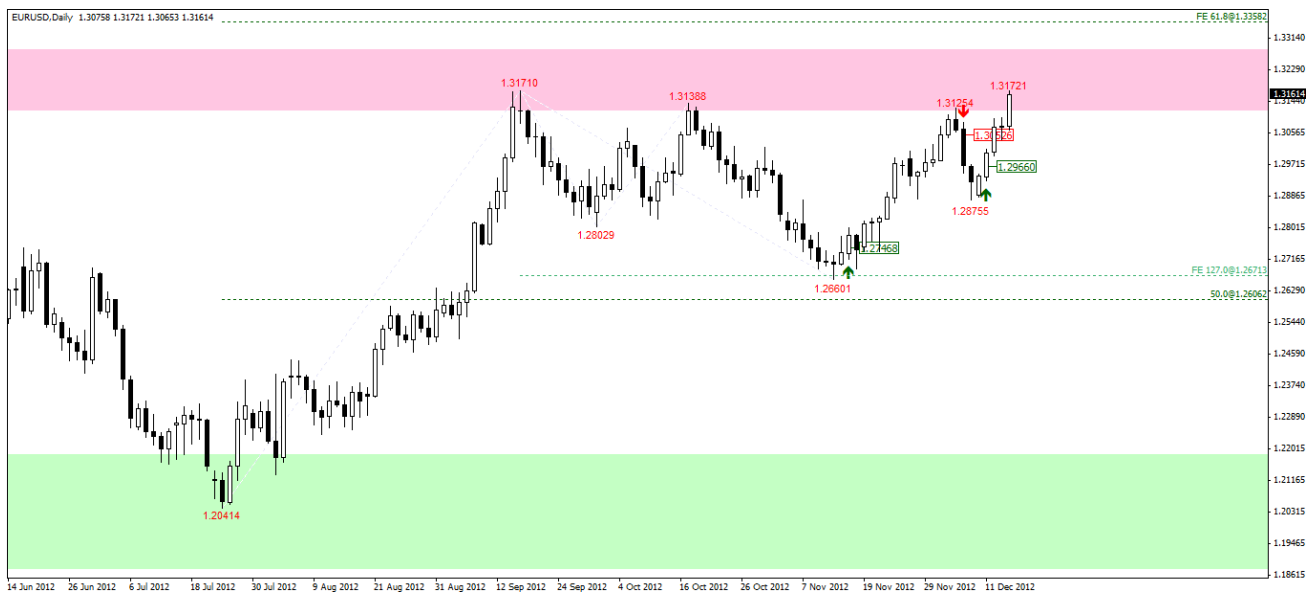
## EUR-USD WEEKLY



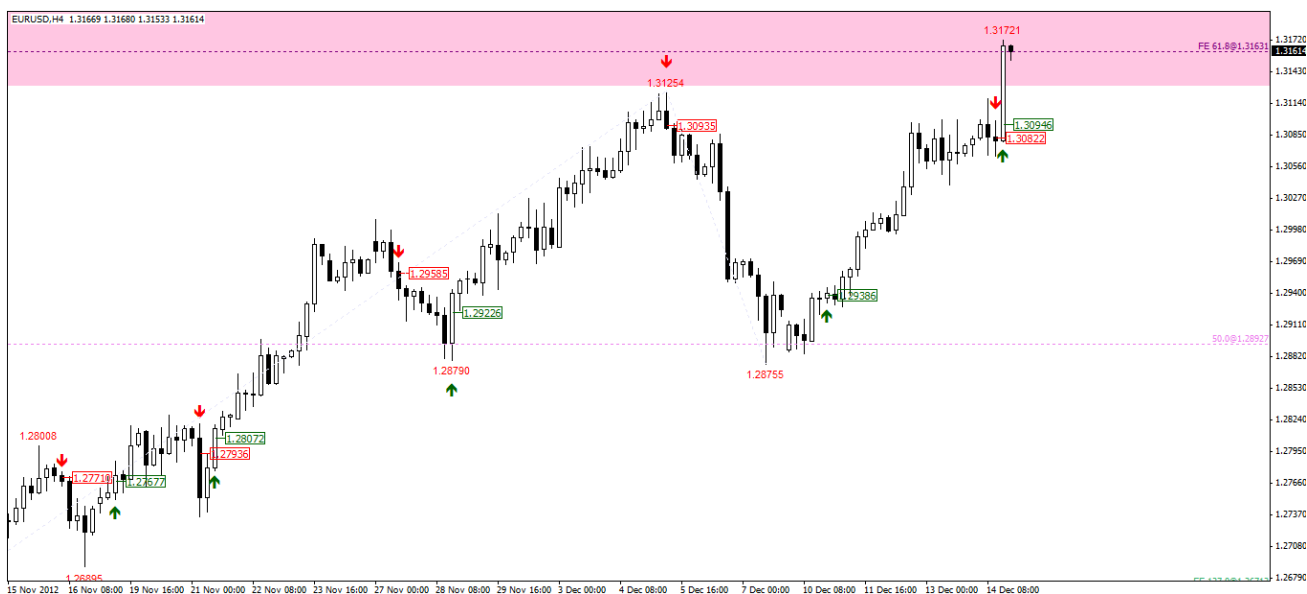
## EUR-USD The Big Picture

In the bigger picture, the rise from 0.82250 to 1.60373 is part of a longer-term rally. Likewise, the fall from the July 15, 2008 high of 1.60373 marked the start of a long-term consolidation/continuation pattern which may ultimately stretch to the 61.8% retracement of 0.82250 to 1.60373 at **1.12093**; from which price action is likely to rise beyond its all-time high in a multi-year rally (see MN chart). On 24 July 20012, price action pulled back from a 29-month low at **1.20414** after failing to take out the 2010 low of 1.18757 and ended the week as a *Bullish Engulfing Bar*. The resulting rally lasted a good 7 weeks and hit a 20-week high of 1.31710, just above the 38.2% retracement of 1.49393 to 1.20414 at **1.31484**; in an area in which price action was vulnerable to profit-taking. For 2 months, this market pulled back in a distinct 3-wave retracement and this week signaled the end of this correction. With yet another strong showing this week, this market closed at a 7-month high. Structurally this is potentially poised to extend beyond the September 17 high of **1.31710**. Break of **1.34857** will confirm this bullish analysis and should pave the way to the **1.50000** psychological level over time.

## EUR-USD DAILY



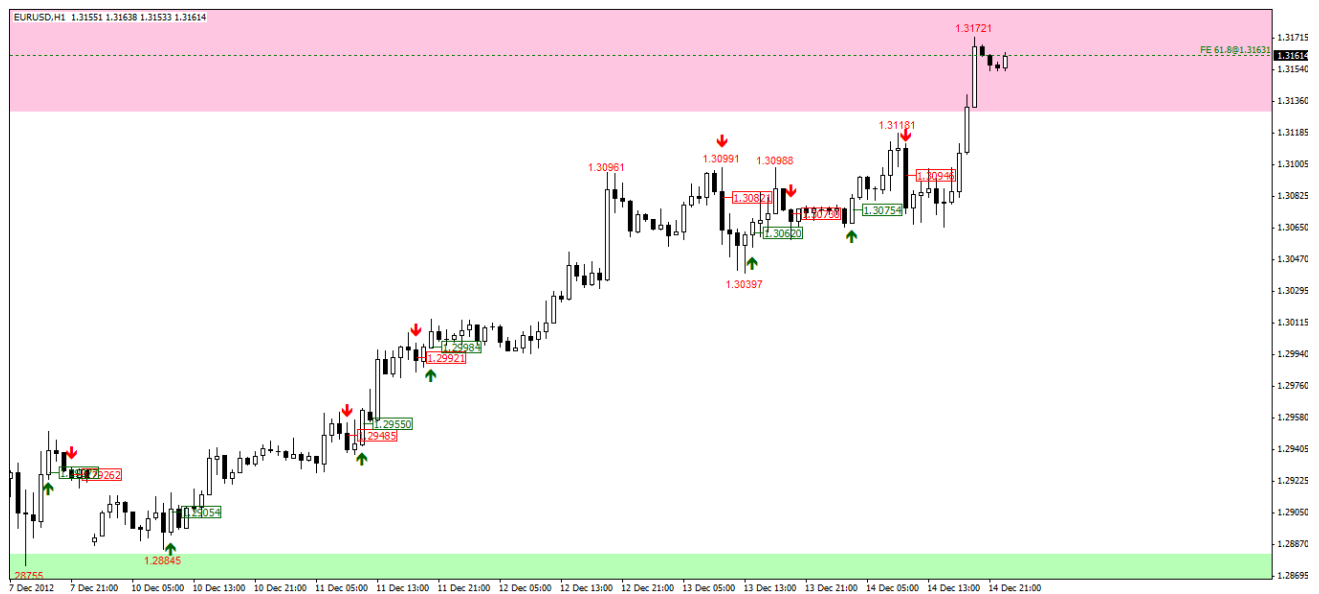
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

24 hours earlier, upward momentum appeared to have slowed down as price action approached the 1.31000 handle. This was despite news that Greece had secured funding. Price action hit an overnight high at 1.30991, stalled and triggered a sell signal with a close below **1.30946** in the H1 followed by another below **1.30822** in the H4 charts following London's opening overnight. In the same vein, it was also noted that sustained rally above **1.31254** would instead shift focus towards the 61.8% projection of 1.26601 to 1.31254 from 1.28755 at **1.31630** which lies within the supply pocket of **1.31300-1.32831**. Price action eventually rose and registered a 7-month high at 1.31721. Though the overall picture is solidly bullish, heavy resistance is expected from within the supply pocket of **1.31300-1.32831** as well as another at **1.33575-1.34857**. That said, considering the massive upside potential, any meaningful pullbacks are opportunities to re-position long positions.

## EUR-USD 1-HOURLY



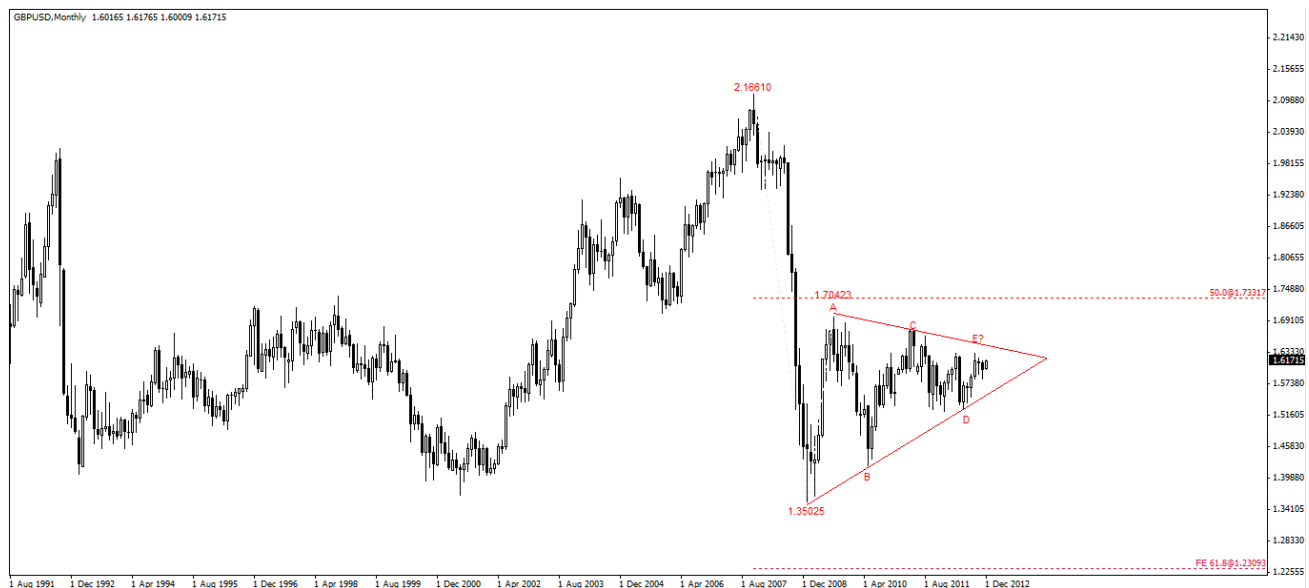
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal within 1.31300-1.32831	1.30135	1.29624	1.32931 STOP (tentative)

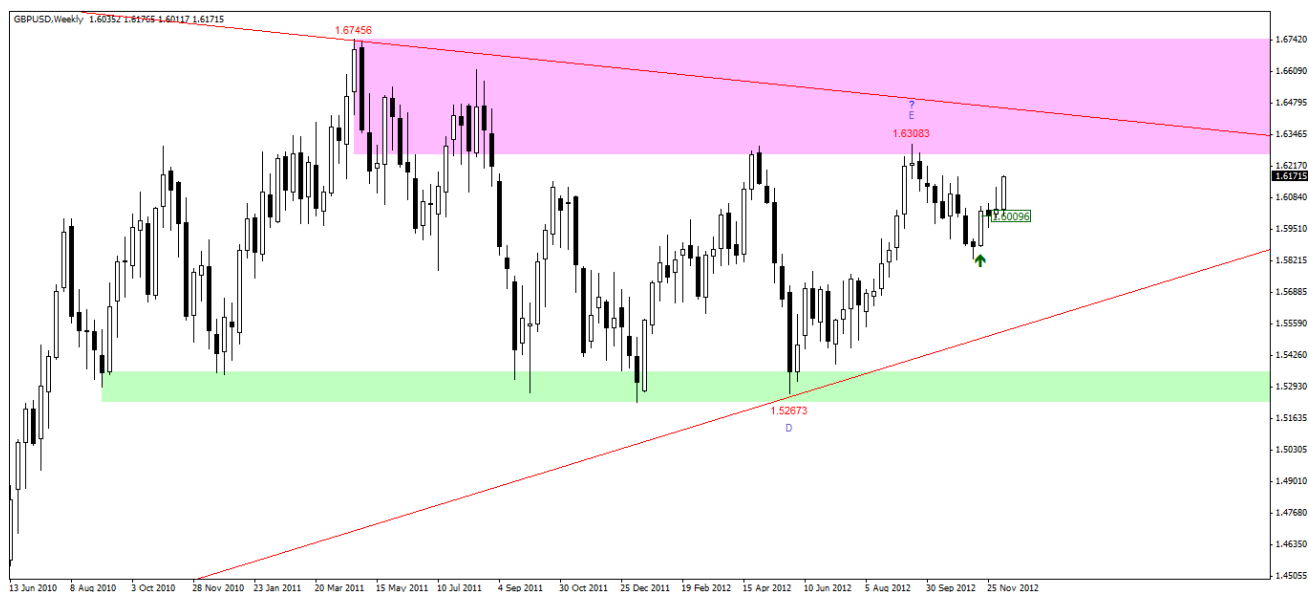
## Weekly Performance

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	11-12-2012	1.0	1.29532	+\$537.00	+\$537.00	\$76,028.00
EUR-USD	07-12-2012	1.0	1.28995	12-12-2012	1.0	1.30716	+\$1,721.00	+\$1,721.00	\$77,749.00
EUR-USD	14-12-2012	1.0	1.31100	13-12-2012	1.0	1.30730	-\$370.00		\$77,379.00
EUR-USD	14-12-2012	1.0	1.31100	13-12-2012	1.0	1.30730	-\$370.00	-\$740.00	\$77,009.00
Unrealized							\$0.00		

## GBP-USD MONTHLY



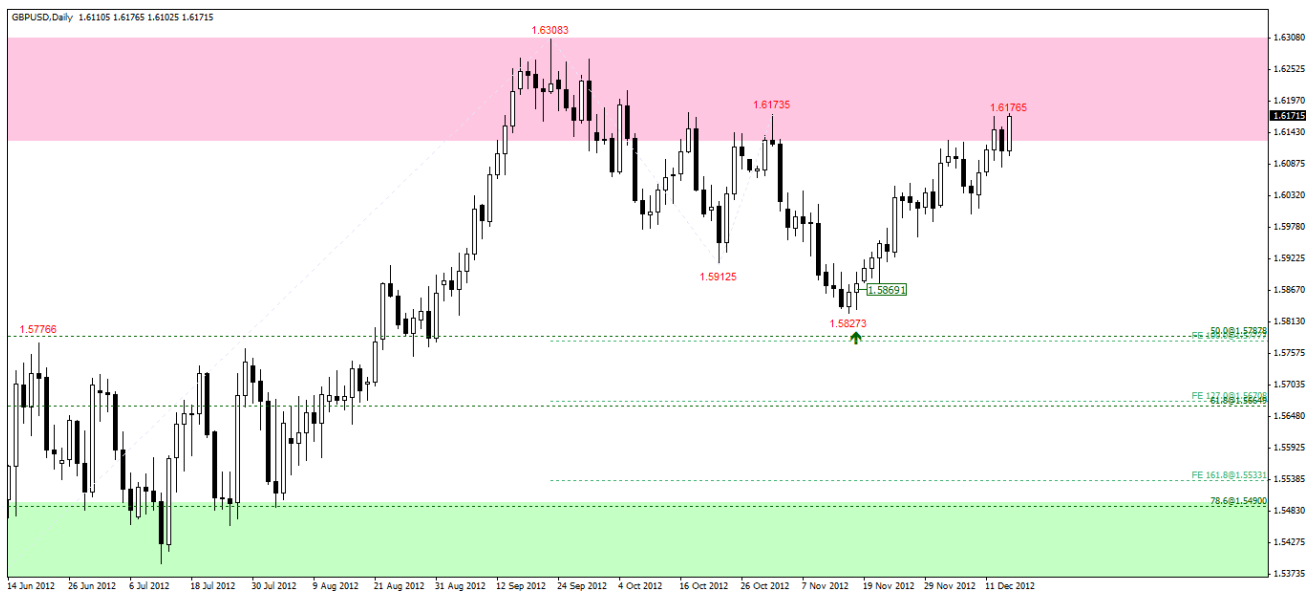
## GBP-USD WEEKLY



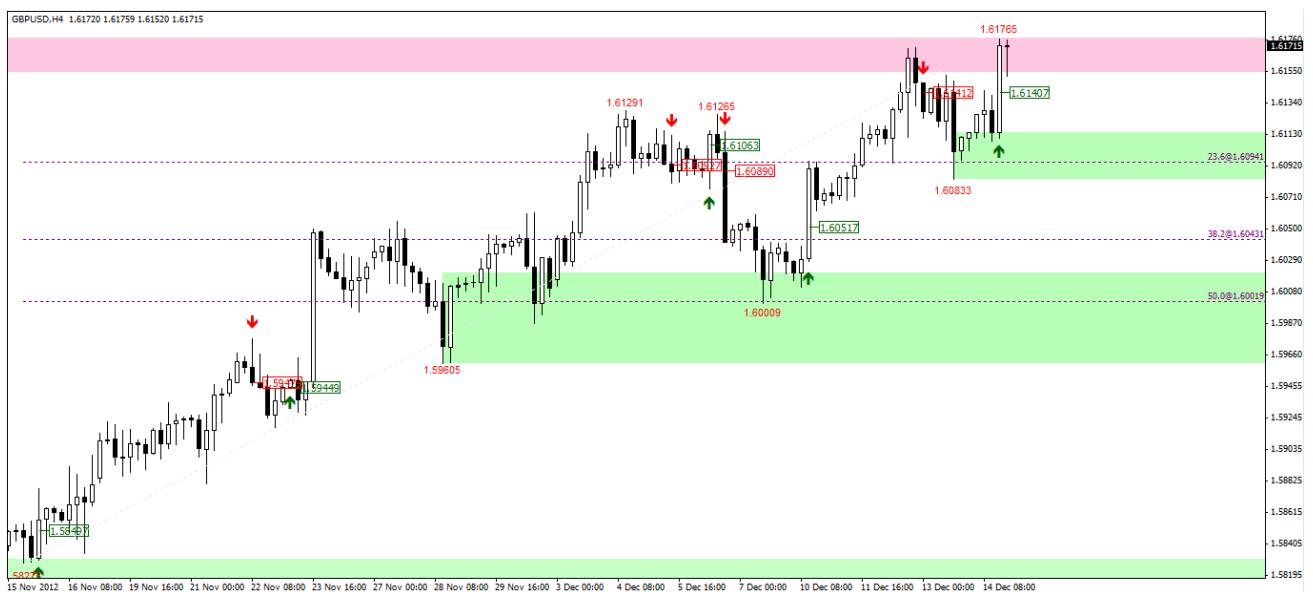
## GBP-USD The Big Picture

In the bigger picture, price action from the 2009 low of 1.35025 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. 9 months ago, this market ended with tantalizing clues of a classic reversal - a *long-legged shadow doji* in W1 chart resulting in a 3-wave pullback that lasted a good 2 months. 2 weeks ago, the strong closing suggests another probable attempt at the September 21 high of **1.63083** in the medium-term. The big question is was the September high of 1.63083 the end of wave E or alternatively wave E has to yet to be in place and this developing rally may be lead us there? This is important. The wave E typically marks the end of the triangle pattern and in the case of GBP-USD; the trend prior to this triangle pattern was down. As the triangle is a continuation pattern, the breakout to the downside is anticipated - and it will be an aggressive fall. The idea is to anchor a short position at the end of wave E for a dramatic long-term fall. In typical triangle pattern, a post triangle thrust is likely to result an equally dramatic rally back to the base of this triangle before declining precipitously towards parity with the once mighty U.S. Dollar. If so, the nearest longer-term target is the 61.8% projection of 2.11610 to 1.35025 from 1.70423 at **1.23093**, which is roughly equidistance from the widest part of the triangle. The only problem with this rather bearish analysis is the long-term picture in EUR-USD which has a positive correlation to the GBP-USD. Should price action breaks above **1.67456**, the triangle pattern scenario is invalidated. Until that happens, the bearish bias stays.

## GBP-USD DAILY



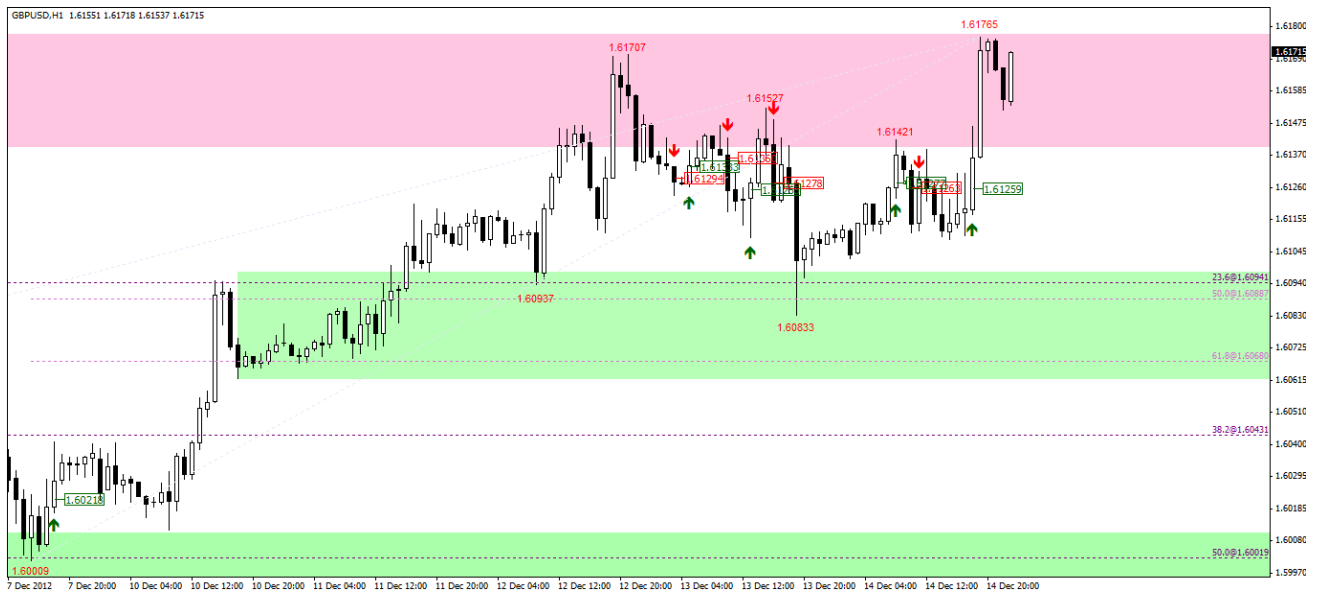
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

In the previous update, it was noted that momentum may be lost after 3 consecutive sessions of rally. As it turned, what we saw 24 hours ago was just a temporary retreat as the bulls came charging in full force overnight. Hours after midnights have typically been major turning points as NY based traders take control after London closes. Last night was no different. Right after London winds down for the weekend, price action exploded to the upside; taking out last week's high of **1.61291**. That said, heavy resistance is expected within the major supply zone at **1.61302-1.63083** (see D1 chart). As this market approaches the upper boundary of the longer-term triangle pattern, extreme caution is warranted. Though the bullish outlook has been greatly enhanced by last night's strong closing, the upside potential (until proven otherwise) is limited. Immediate focus is the September 21 high of **1.63083**. Here lies a potential bull trap. This is because typical buy-stop orders lie above major highs which as this. Once this level is taken out, beside those shorts rushing to exit the market (by buying), uncommitted traders too will rush in to join in the buying frenzy.

## GBP-USD 1-HOURLY



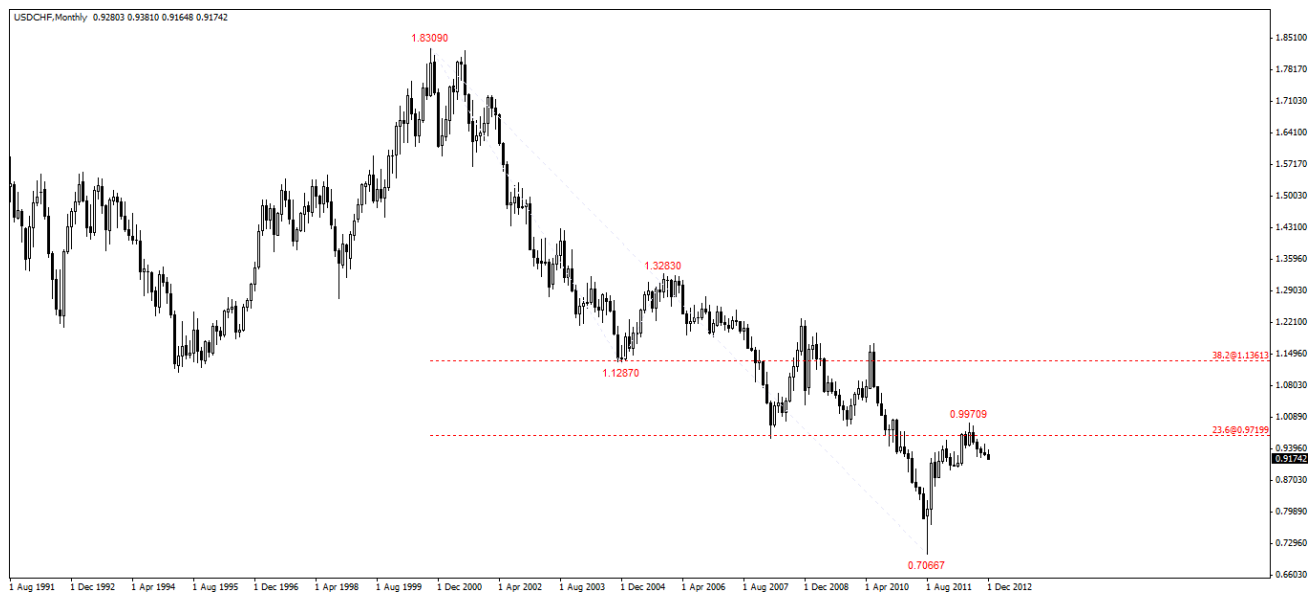
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on D1 close below 1.60743
Bought @ 1.59825	1.61546 Realized	1.62589	

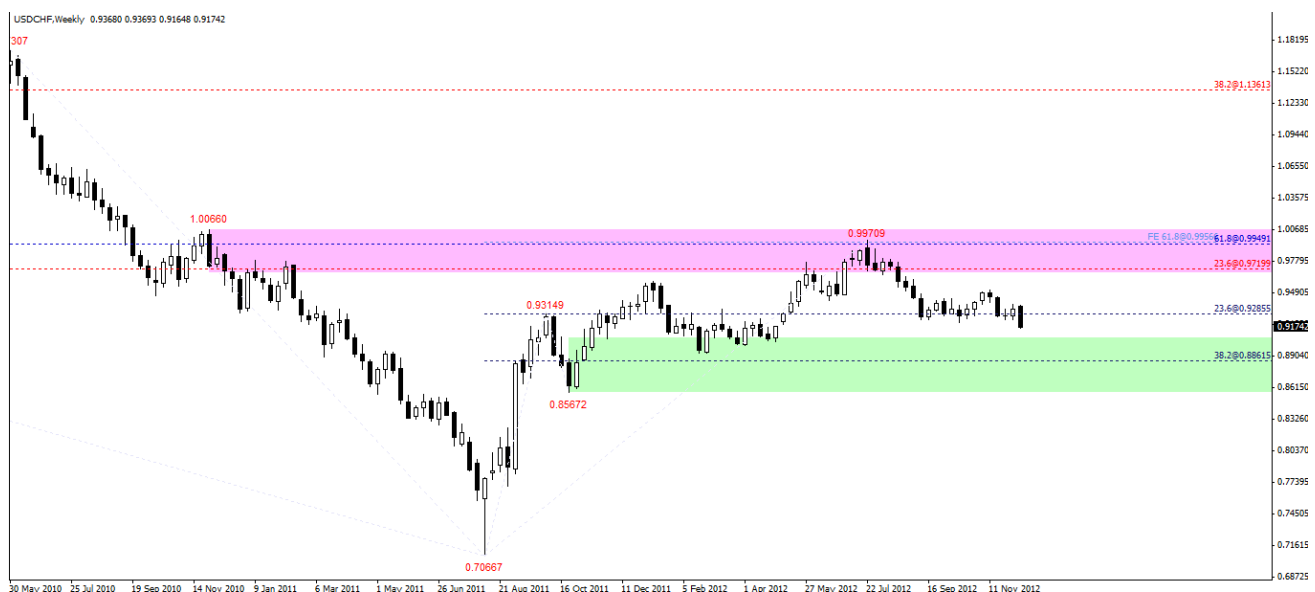
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$50,309.00
GBP-USD	28-11-2012	1.0	1.59825	12-12-2012	1.0	1.61546	+\$1,721.00	+\$1,721.00	\$52,030.00
GBP-USD	21-11-2012	1.0	1.59037	14-12-2012	1.0	1.61715	+\$2,678.00		
GBP-USD	28-11-2012	1.0	1.59825	14-12-2012	1.0	1.61715	+\$1,890.00		
					Unrealized		+\$4,568.00		

## USD-CHF MONTHLY



## USD-CHF WEEKLY



## USD-CHF The Big Picture

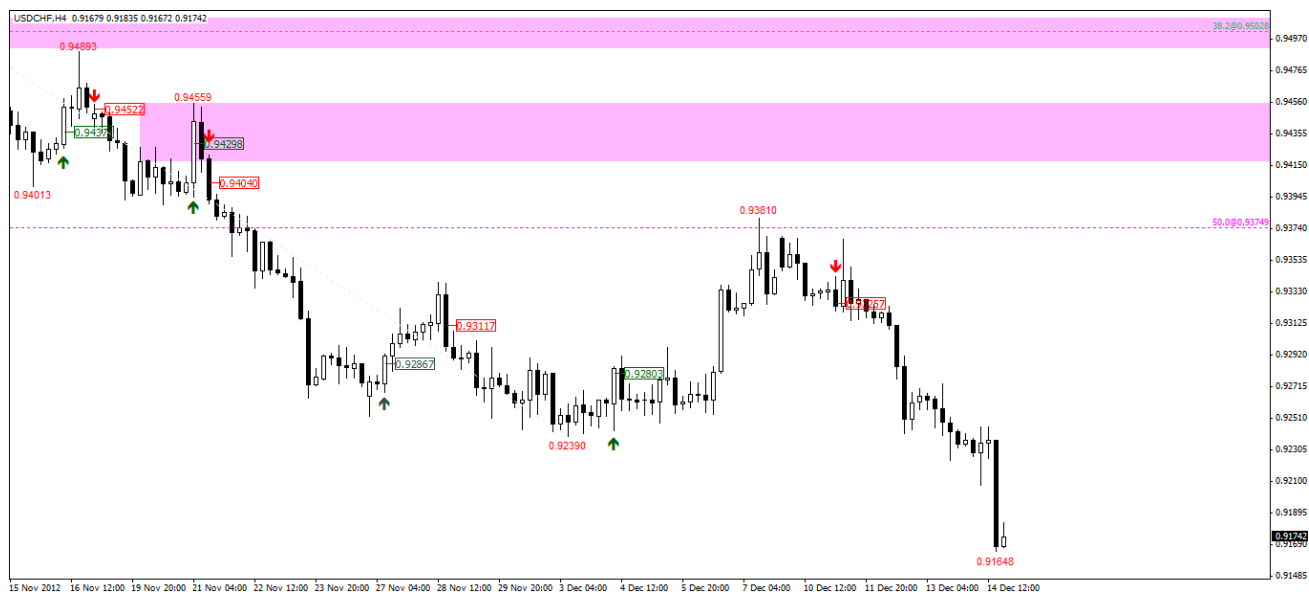
In the bigger picture, the downtrend from 1.83090 has made an important long-term low at **0.70667**; having fallen short of a longer-term target at the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62610**. The rebound from 0.70667 is presently treated as a correction to this multi-year fall with strong resistance expected at the 38.2% retracement of 1.83090 to 0.70667 at **1.13613**. The counter-trend rally stalled at the price window between the 61.8% retracement of 1.17307 to 0.70667 at **0.99490** and the 61.8% projection of 0.70667 to 0.93149 from 0.85672 at **0.99566** (see D1 chart) and selling interests re-emerged; having taken this market to an 18-week low of **0.92134** 8 weeks ago. Last night, another marginal low was registered at **0.91648** – a new 7-month low. This come as no surprise as the shallow rebound from 0.92134 rose just shy of the 23.6% retracement of 0.70667 to 0.99709 at **0.92855** and unraveled. This is further aggravated by the decidedly weak closing a fortnight ago which set the tone going forward and increased the probability that the fall from 0.99709 may has resumed. Potentially, this fall is expected to head towards the 38.2% retracement of 0.70667 to 0.99709 at **0.88615** now that 0.92134 had been breached.



## USD-CHF DAILY



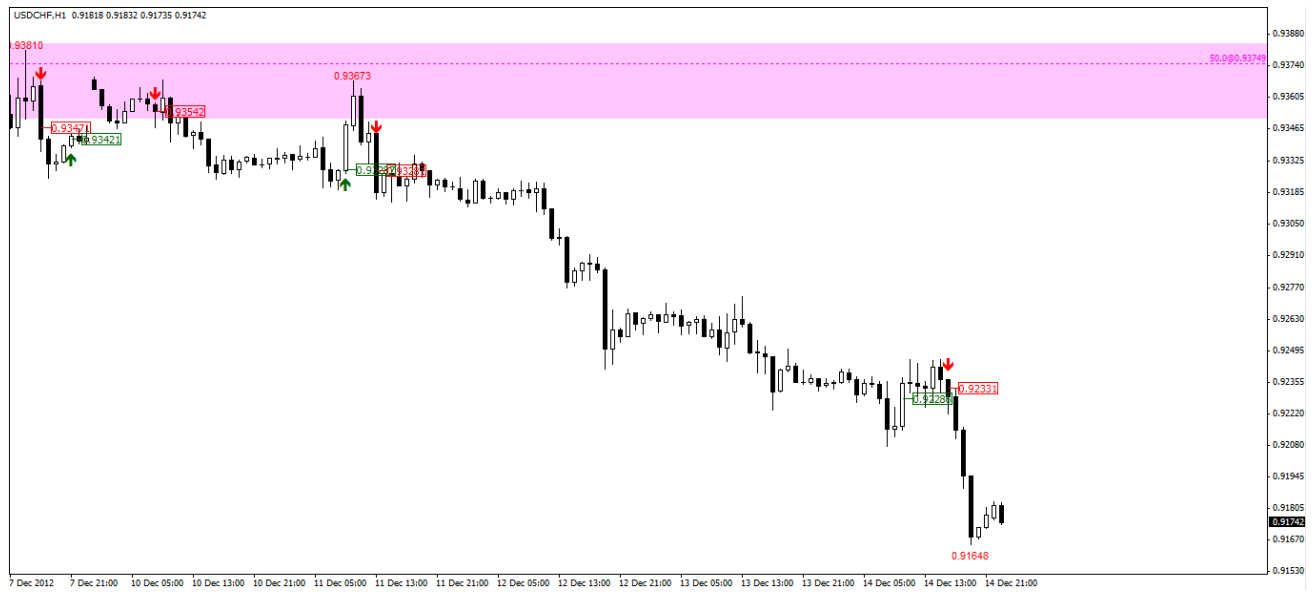
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

Price action after hitting a high of 0.93810 last Friday unraveled big time way below the demand pocket at **0.92134-0.92858**. This signaled the resumption of the fall from 0.99709. As noted the previous update, for the bearish bias to gain prominence, this market needs to break below **0.92134** convincingly to cement the idea that the resumption of the fall from the July 24 high of 0.99709 has taken hold. Now that this bearish bias has been confirmed, focus has shifted to the demand zone at **0.89301-0.90278** where the 61.8% projection of 0.99709 to 0.921334 from **0.95109**; followed the 38.2% retracement of 0.70667 to 0.99709 at **0.88615**.

## USD-CHF 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
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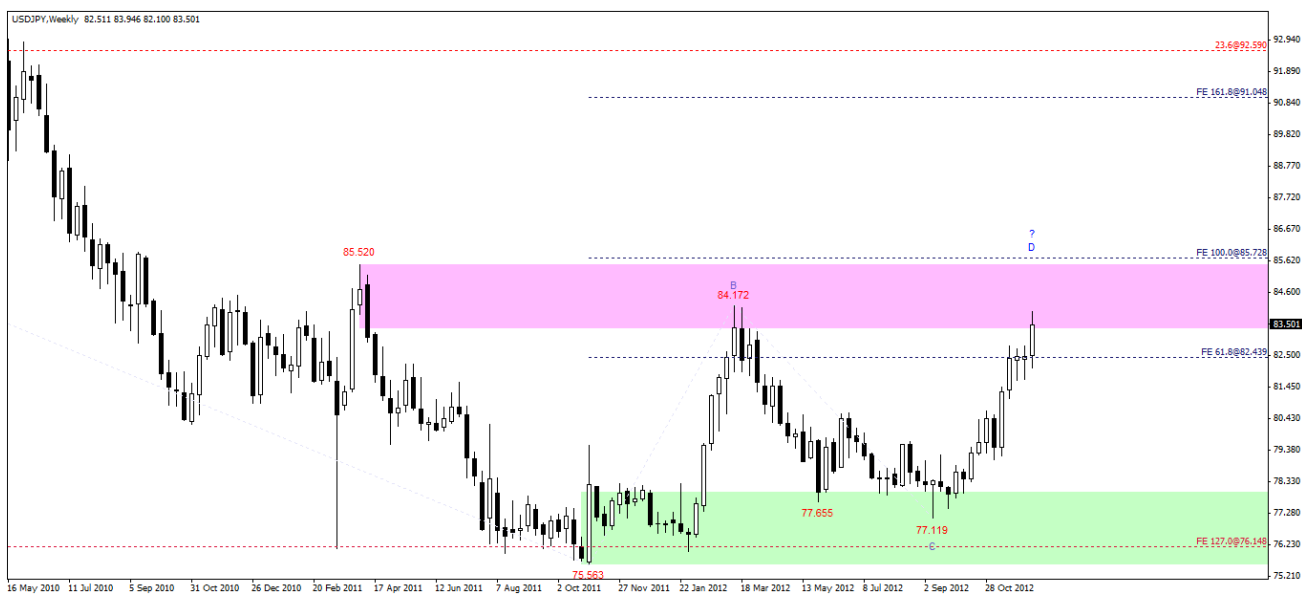
## Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$35,851.84
Unrealized							\$0.00		

## USD-JPY MONTHLY



## USD-JPY WEEKLY



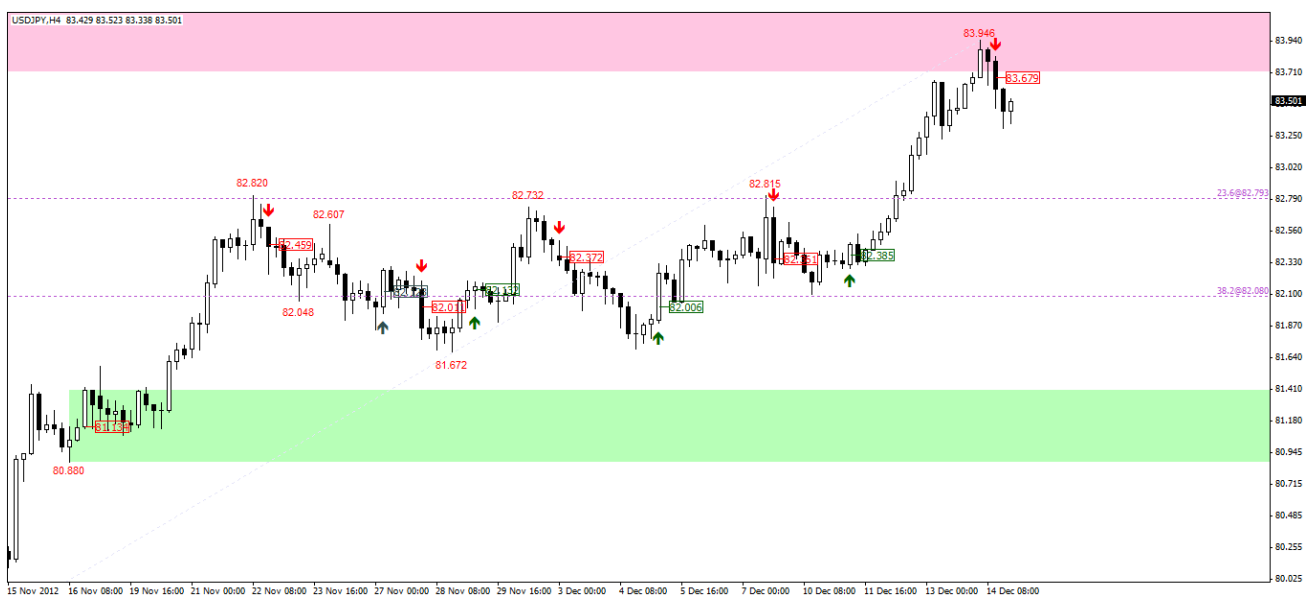
## USD-JPY The Big Picture

The fall from 124.120 which started on June 2007 probably terminated on October 2011 at **75.563**, just below the 127.0% projection of 147.680 to 101.220 from 135.160 at **76.156**. In the bigger picture, the move from 75.563 to 84.172 is most likely the termination point of wave B at **84.172** with wave A at **75.563**. Wave C is probably at **77.119**. From there a hammer appeared in the W1 chart some 2 months ago and price action has powered higher and is probably heading towards wave D. One possible target for wave D is the 100.0% of 75.563 to 84.172 from 77.119 at **85.728**. This rally is impulsive and has the basic ingredient for a sustainable rally to as high as the 161.8% projection of 75.563 to 84.172 from 77.119 at **91.048**. This very bullish prospect will be greatly enhanced if and when price action can take out the supply zone at **83.291-85.520** (see W1 chart). On the other hand, if this rally stalls at the 100.0% projection of 75.563 to 84.172 from 77.119 at **85.728** (the preferred count), then this is just a simple correction of the fall from 147.680; another massive fall below the all-time low of 75.563 is in store.

## USD-JPY DAILY



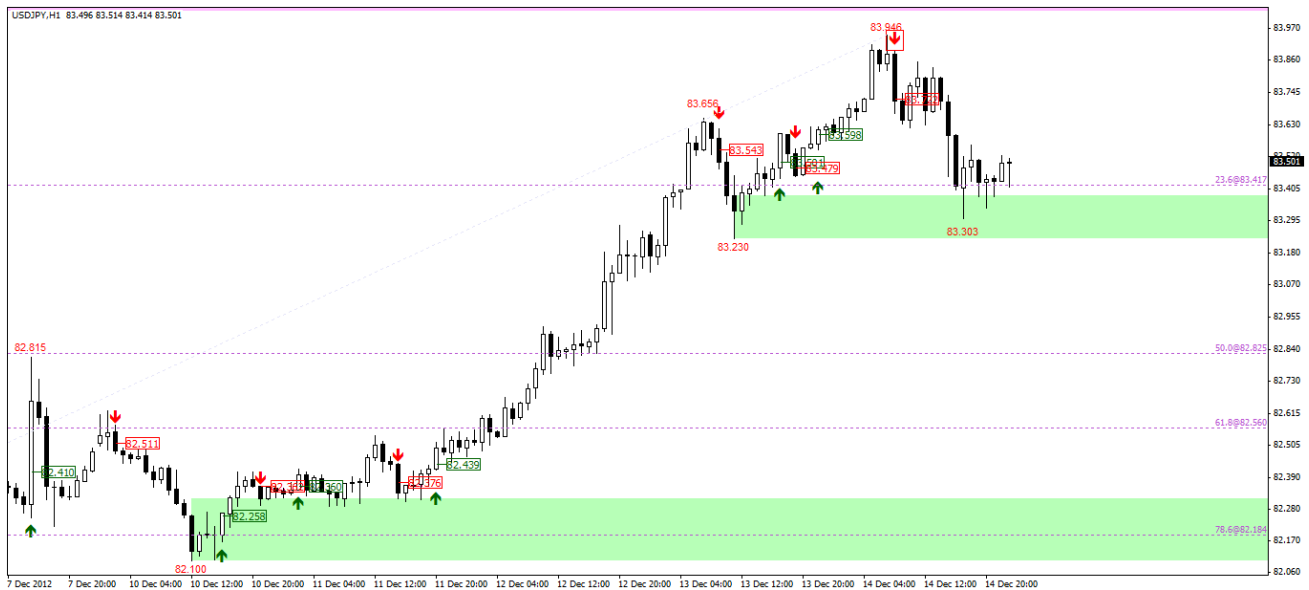
## USD-JPY 4-HOURLY



## USD-JPY Short to Medium Term Views

After consolidating and basing for 3 weeks or so, price took off hitting a 9-month high at 83.946 within the supply zone at **83.719-84.85.520** overnight before easing somewhat. On its present trajectory, this market is on course to end the year on a positive note; something of rarity for this currency pair. Potentially, this rally has the momentum to gun for the 100.0% projection of 75.563 to 84.172 from 77.119 at **85.728**. As it is, the supply zone at **83.719-84.85.520** is expected to cap this run. Though the longer-term trend is decidedly bullish, a short position within the supply zone at **83.719-84.85.520** represents a very attractive proposition considering that the ensuing fall is expected to resume below the all-time low of **75.563**. Last night's high was accompanied by profit-takings that resulted in triggering sell signals in both the H1 and H4 charts with closes below **83.722** and **83.679** respectively. Immediate demand is expected at the minor demand pocket at **82.230-83.384**. Below this, focus will shift to the price pocket between **82.100-82.318** (see H1 chart).

## USD-JPY 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 83.722	83.384 Realized	82.318	84.046 STOP

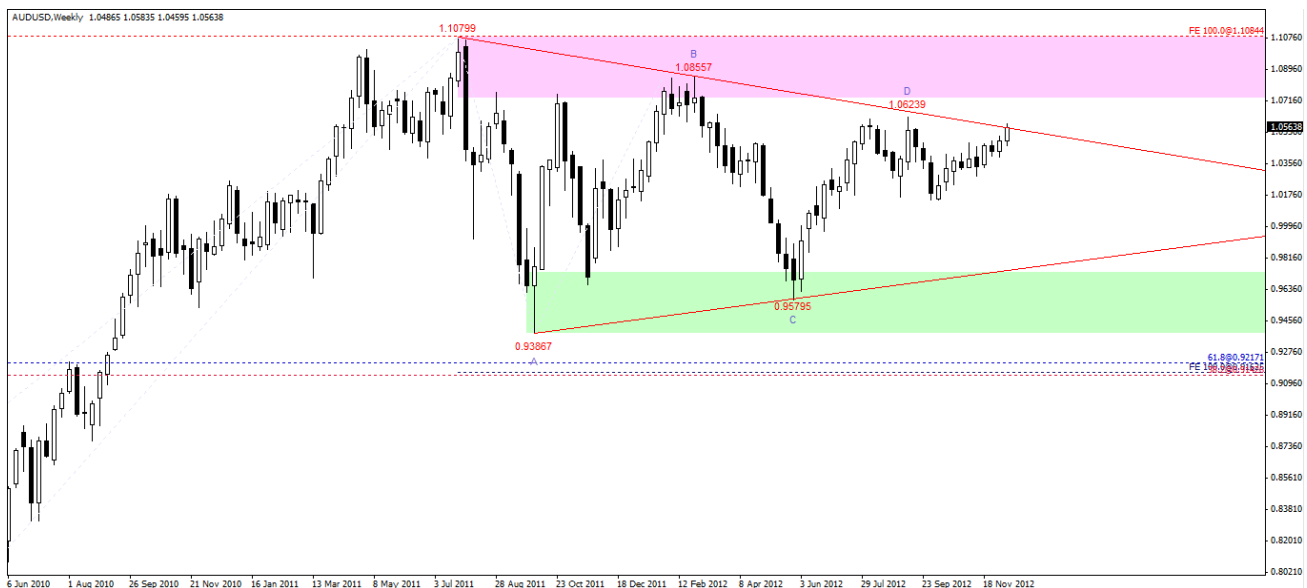
## Weekly Performances

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	14-12-2012	1.0	83.716	+\$2,165.66	+\$2,165.66	\$33,338.24
USD-JPY	14-12-2012	1.0	83.384	14-12-2012	1.0	83.722	+\$264.67	+\$405.35	\$33,743.59
USD-JPY	14-12-2012	1.0	83.501	14-12-2012	1.0	83.722	+\$264.67		
Unrealized							+\$264.67		

## AUD-USD MONTHLY



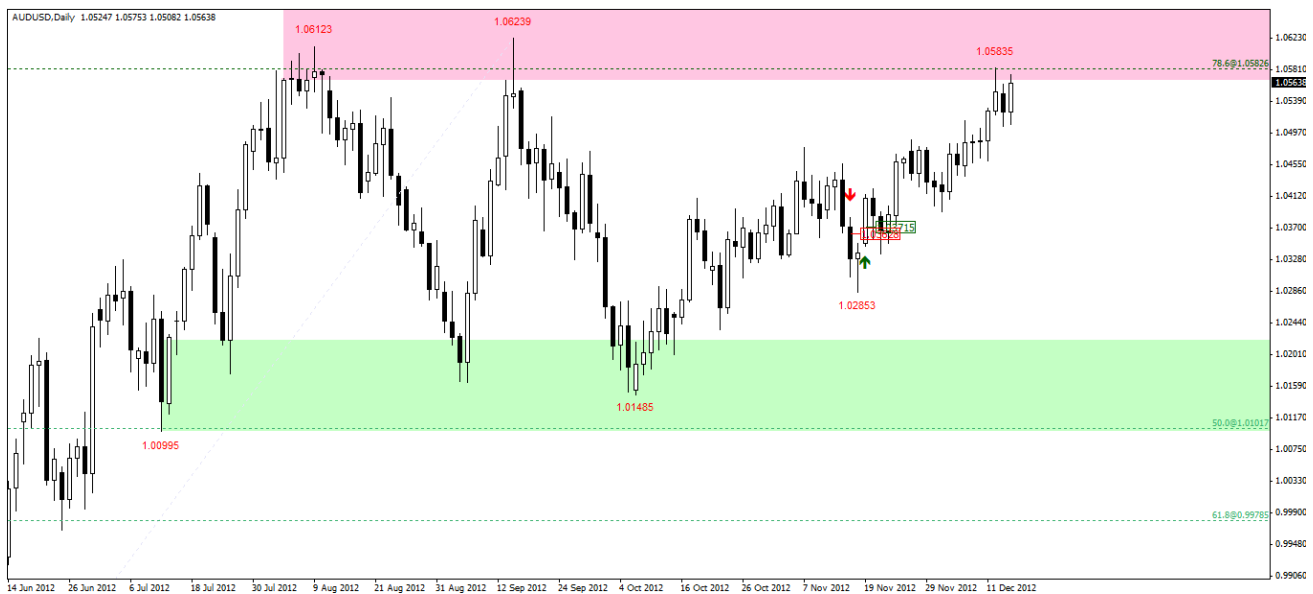
## AUD-USD WEEKLY



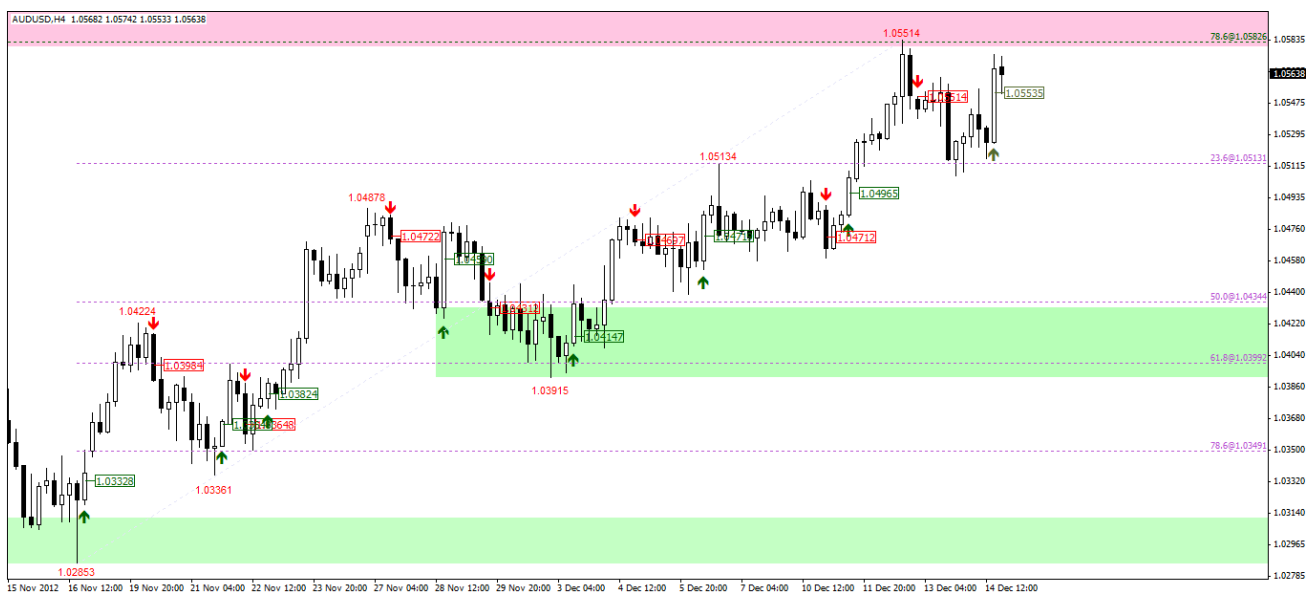
## AUD-USD The Big Picture

In the bigger picture, the rise from 0.47730 missed the 100.0% projection of 0.47730 to 0.98490 from 0.60084 at **1.10844** on July 27 by a mere 4.5 pips with a high at 1.10799. 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 **0.93809**. Overall, the broad sideways market since has sets of 3-waves structures, implying a period of consolidation between these two extreme points. The long-held view that this market is consolidating within a triangle will continue to be severely tested after this week's rally. Price action briefly poked above the upper trend-line of the triangle in overnight trading. Sustained rally above this trend-line will invalidate the triangle scenario and will shift focus towards the February high of **1.08557** and all-time high of **1.10799** registered last July. Regardless of whether this market first dips into the E leg of the triangle pattern (as original thought) a break above **1.06239** should send AUD-USD through **1.08557** to retest the July 27, 2011 high at **1.10799** and beyond. Net result, this market is still buy.

# AUD-USD DAILY



## AUD-USD 4-HOURLY



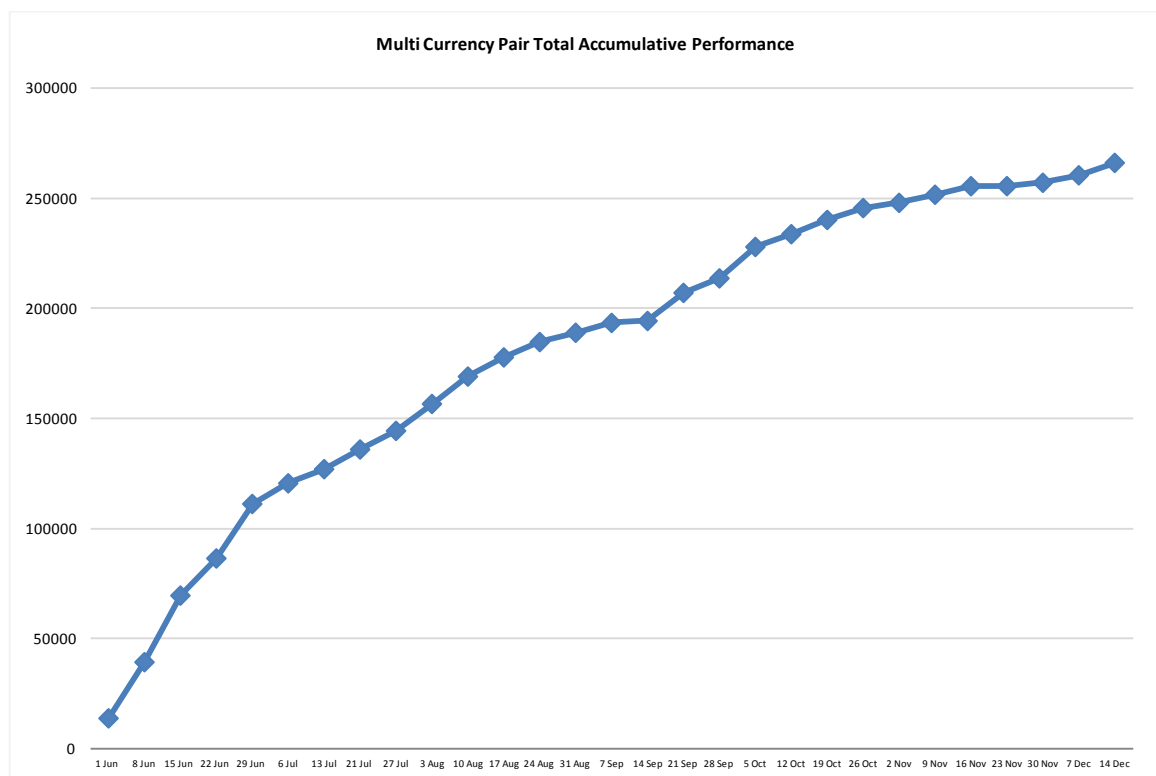
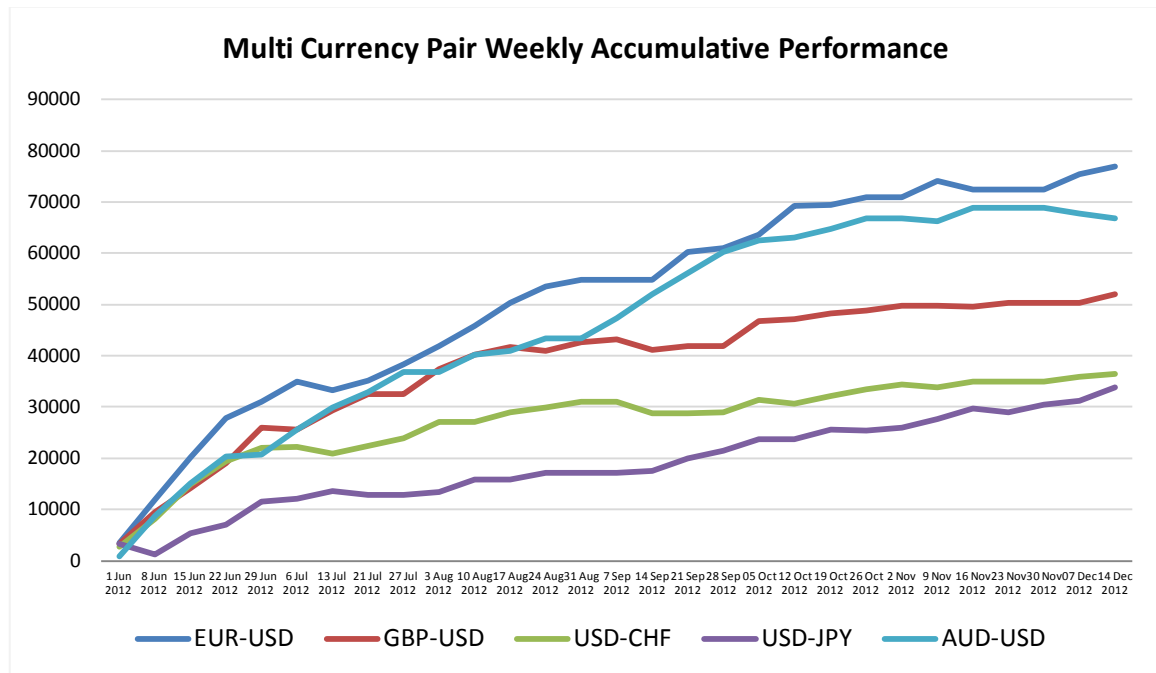
## AUD-USD Short to Medium Term Views

The 78.6% retracement of 1.08557 to 0.95795 at **1.05826** having proved to be the turning point of the rally from 1.04595 earlier in the week may yet be tested. Last night's late rally once again suggested that the bulls are very much alive. The sell signal mentioned in the previous update was neutralized with the latest rally and with the other majors resuming their longer-term trend, this may translate to a resumption of the longer-term bullish trend in AUD-USD. The coming week is crucial. If this rally sustains above **1.08557**, a test of the all-time high at **1.10799** is imminent. On the downside, a pullback to the demand pocket at **1.04390-1.05650** is still probable and if this happens, a long position there may be attempted.

ACTION	Target 1	Target 2	EXIT
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Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$67,661.00
AUD-USD	11-12-2012	1.0	1.05282	06-12-2012	1.0	1.04891	-\$391.00		\$67,270.00
AUD-USD	11-12-2012	1.0	1.05282	06-12-2012	1.0	1.04891	-\$391.00	-\$782.00	\$66,879.00
AUD-USD	14-12-2012	1.0	1.05468	13-12-2012	1.0	1.05468			
AUD-USD	14-12-2012	1.0	1.05468	13-12-2012	1.0	1.05468			
						Unrealized	\$ .00		





## 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.

Check out our website at

[www.tradersacademyonline.com](http://www.tradersacademyonline.com)

