

*A Traders Academy International Publication*

## Dollar Direction Hinges On Fiscal Cliff

EUR-USD edged lower on Tuesday as optimism about a Greek debt deal gave way to worries about the lack of details in the plan. EUR-USD had risen to a near 1-month high above 1.30000 after Euro zone finance ministers and the International Monetary Fund agreed to reduce Greece's debt, which paves the way for the release of Greece's urgently needed aid loans.

While the deal may have bought some more time for Greece, traders focused on the lack of details on a Greek bond buyback, which has to be carried out before the IMF can release its share of the aid tranche in December. There was also concern about Greece ability to meet debt reduction targets to ensure release of cash installments.

With questions persisting about the proposed debt buyback, there are signs of renewed modest net selling of the Euro. EUR-USD settled at 1.29418, down 0.3 percent, having hit a one-month high of 1.30078 overnight.

Some traders also booked profits after EUR-USD posted its best week in more than two months last week.

With the Greek news out of the way traders have been booking profits on the short-term Euro gains. Month-end rebalancing is also playing a role, with positioning in equities and bonds spilling over into the currency market.

The Greek deal would provide only temporary relief as the worsening economic outlook for the Euro zone, under relentless austerity measures, would keep EUR-USD under pressure. The problem for Greece might be solved for the moment but there are bigger problems like Spain, and with the dire growth outlook for the Euro zone, that will be very difficult to solve.

Failure by Greece to follow through and implement more reforms in the months ahead would risk another flare-up in the debt crisis and open to door to renewed losses for EUR-USD.

Technically, EUR-USD failure to move decisively above 1.30000 might have triggered some profit-taking on long positions. This could wind back Euro recent gains.

USD-JPY rose 0.2 percent to 82.130, off 7-1/2 month high of 82.820 set last Thursday.

Japan's opposition leader, Shinzo Abe, who is likely to become the country's next prime minister after an election next month, reiterated calls for bolder monetary and fiscal stimulus to revive the country's economy.

Data from the U.S. Commodity Futures Trading Commission showed that currency speculators increased their bearish bets against the Japanese Yen in the week ended Nov. 20, a period when the Japanese currency began its slide.

Data showing U.S. consumer confidence had risen to the highest in more than four years also buoyed the US Dollar. The dollar's direction in the coming weeks will be heavily swayed by whether U.S. lawmakers reach a sweeping deficit reduction agreement by the end of the year. A deal needs to be done to avoid the so-called "fiscal cliff" of tax increases and spending cuts due to take effect at the beginning next year.

Congress and the White House, however, remain at odds on a deal, and the uncertainty that results typically boosts the appeal of the safe-haven US Dollar.

The Congressional Budget Office has said that letting all the tax and spending changes come into force would thrust the U.S. economy back into recession.

Federal Reserve Chairman Ben Bernanke said last week that 2013 could be a very good year for the U.S. economy, provided lawmakers avoid letting it sail over the fiscal cliff.

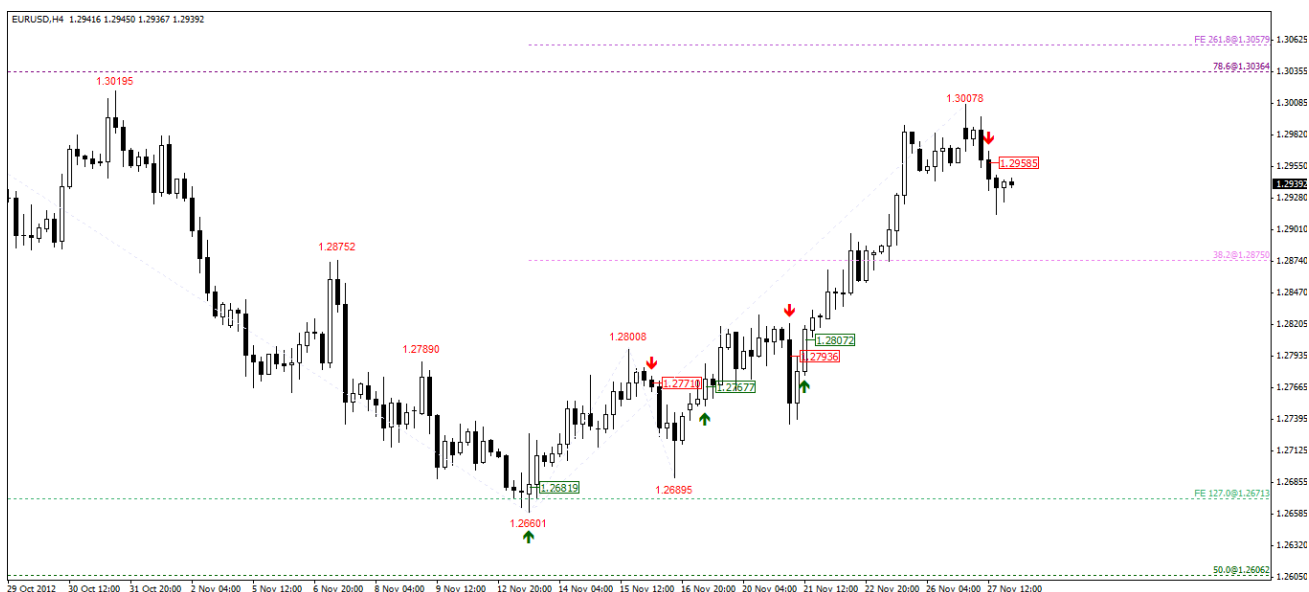
### Content:

EUR-USD	2
GBP-USD	4
USD-CHF	6
USD-JPY	8
AUD-USD	10
Performance	11

## EUR-USD DAILY



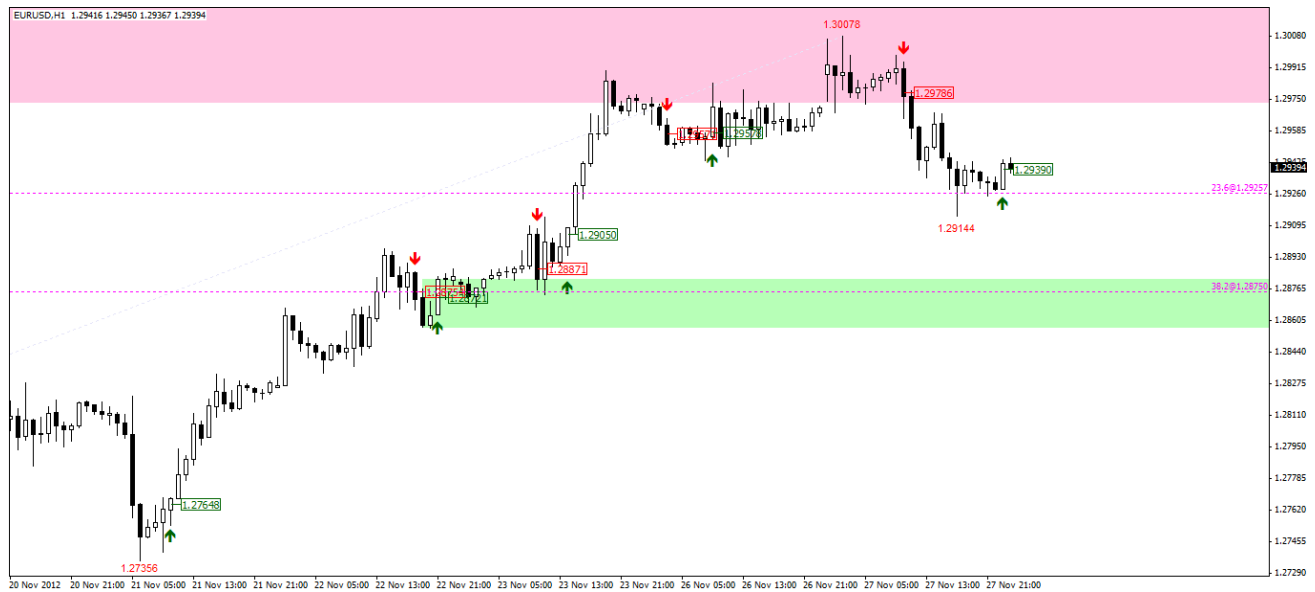
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

EUR-USD continues its march towards the price window between the 78.6% retracement of 1.31388 to 1.26601 at **1.30364** and the 261.8% projection of 1.26601 to 1.28008 from 1.26895 at **1.30579**. At its highest in overnight trading, price action came within a hair breath of October 31 high of 1.31095 with a print at 1.30078 before easing. In retrospect, actions last Friday has helped cleared up the medium-term picture of this market considerably. With a relatively strong closing last Friday, the idea that the 5<sup>th</sup> wave of the rally from 1.20414 has finally started is gaining credence. All this while as the market pulled back from the September 17 high of 1.31710, the idea that the entire correction from there was the 4<sup>th</sup> wave has been vindicated. The rise from 1.26601 appears to be accelerating in a move typical of a 3<sup>rd</sup> wave move. What is likely to happen next is a small degree 4<sup>th</sup> wave pullback before this market powers higher. Ideally, the ensuing pullback terminates between the 23.6% and 38.2% retracement of 1.26601 to 1.30078 at **1.29257** and **1.28750** respectively. The latter incidentally lies within a minor demand pocket at **1.28563-1.28818**. Whether this pullback materializes, the immediate target is the price window between the 78.6% retracement of 1.31388 to 1.26601 at **1.30364** and the 261.8% projection of 1.26601 to 1.28008 from 1.26895 at **1.30579**. At this rate of climb, price action may ultimately trade above 1.31710 to perhaps to as high as **1.33582** (being the 61.8% of 1.20414 to 1.31710 from 1.26601). Stay on the long side of this market. Unless and until price action closes below **1.28802** in the D1 chart, the bullish bias in this market remains intact.

## EUR-USD 1-HOURLY



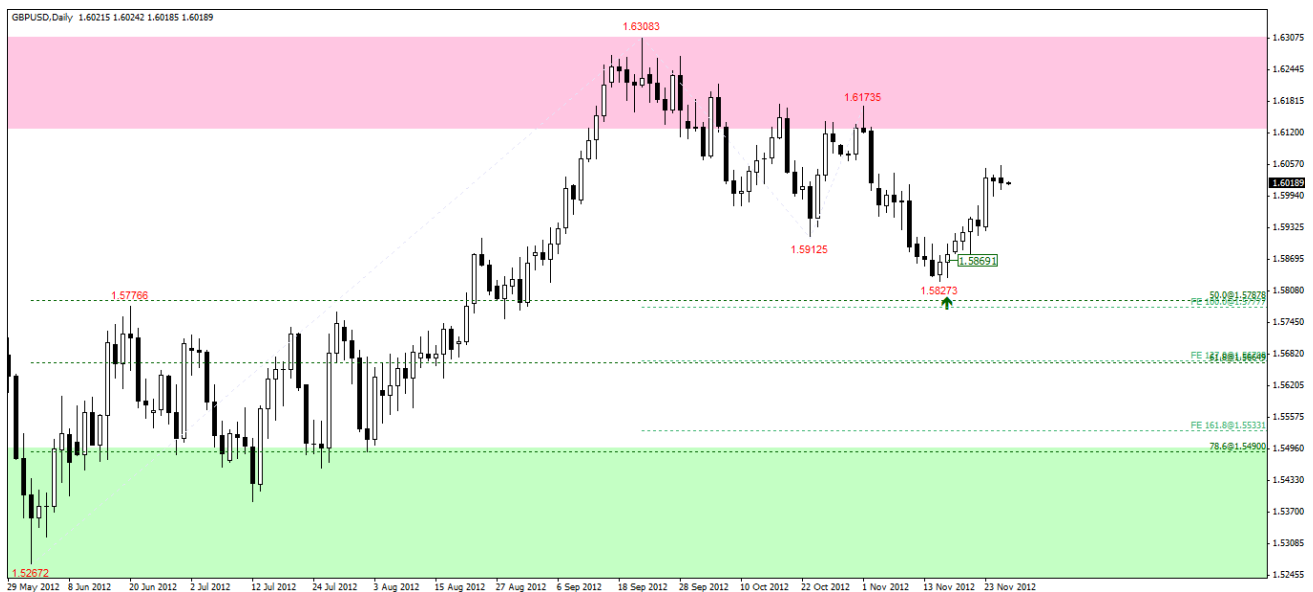
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy in buy signal between 1.28563-1.28818	1.30364	1.32831	1.28231 STOP

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 23-11-2012								\$72,447.00
Unrealized							\$0.00		

## GBP-USD DAILY



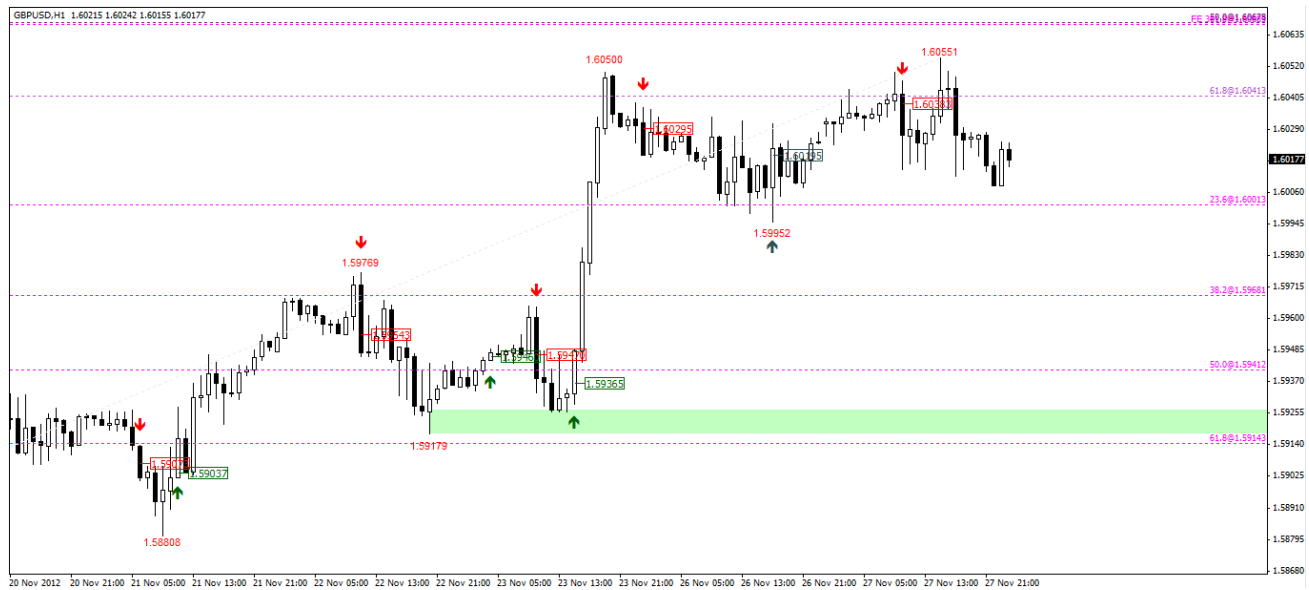
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

The rally from 1.58273 maintains its steady upward trajectory since triggering a buy signal in the D1 chart two Fridays ago. Price action pulled back from the Fibonacci cluster at the 50.0% retracement of 1.63083 to 1.58273 at **1.60678** and the 361.8% projection of 1.58273 to 1.58920 from 1.58342 at **1.60683** with a high at 1.60551 in overnight trading. As noted, the medium-term outlook has turned positive for the first time since October 25 with a closing above **1.58691** a fortnight ago. This bullish bias is further enhanced when the W1 chart too turned positive with a close above **1.60096** by triggering a buy signal in the W1 chart last week. In view of this, an eventual rally above the September 21 peak of **1.63083** now looks probable. Immediate focus is on price reactions at/near the Fibonacci cluster located at the 50.0% retracement of 1.63083 to 1.58273 at **1.60678** and the 361.8% projection of 1.58273 to 1.58920 from 1.58342 at **1.60683** (see H1 chart). The idea now is to look out for minor pullbacks to anchor long positions for a potential move above **1.63083**. In the latest installment, the 23.6% retracement of 1.58273 to 1.60551 at **1.60013** might just be where this minor pullback may find support.

## GBP-USD 1-HOURLY



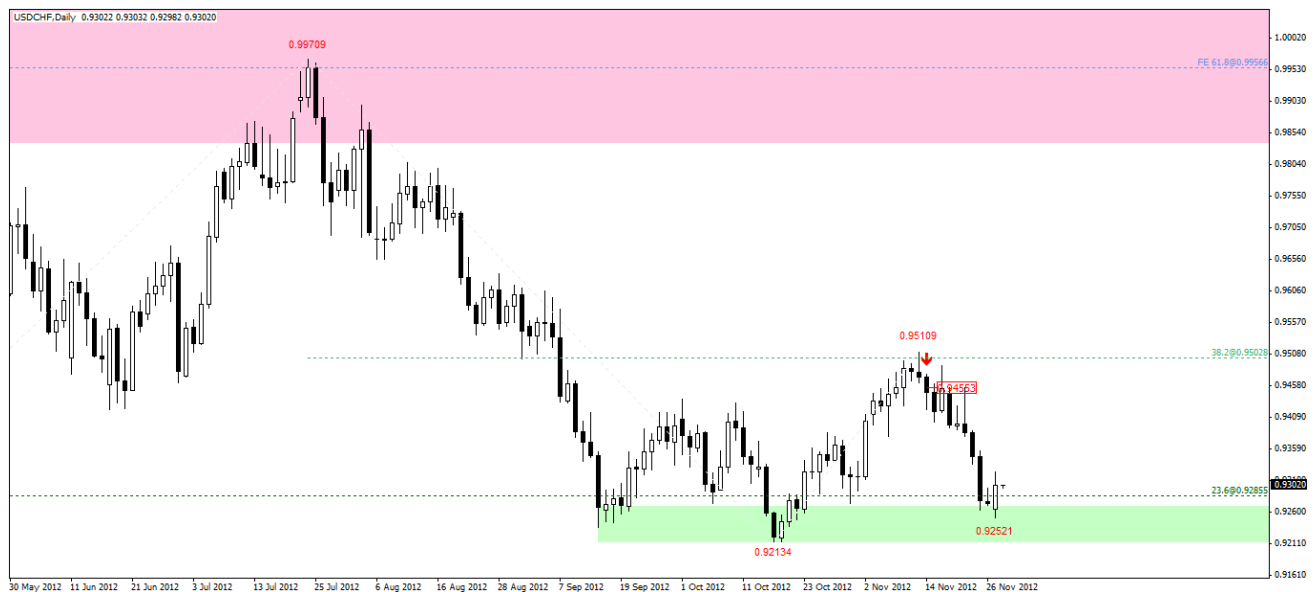
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.61396	Exit on H4 close below 1.59260

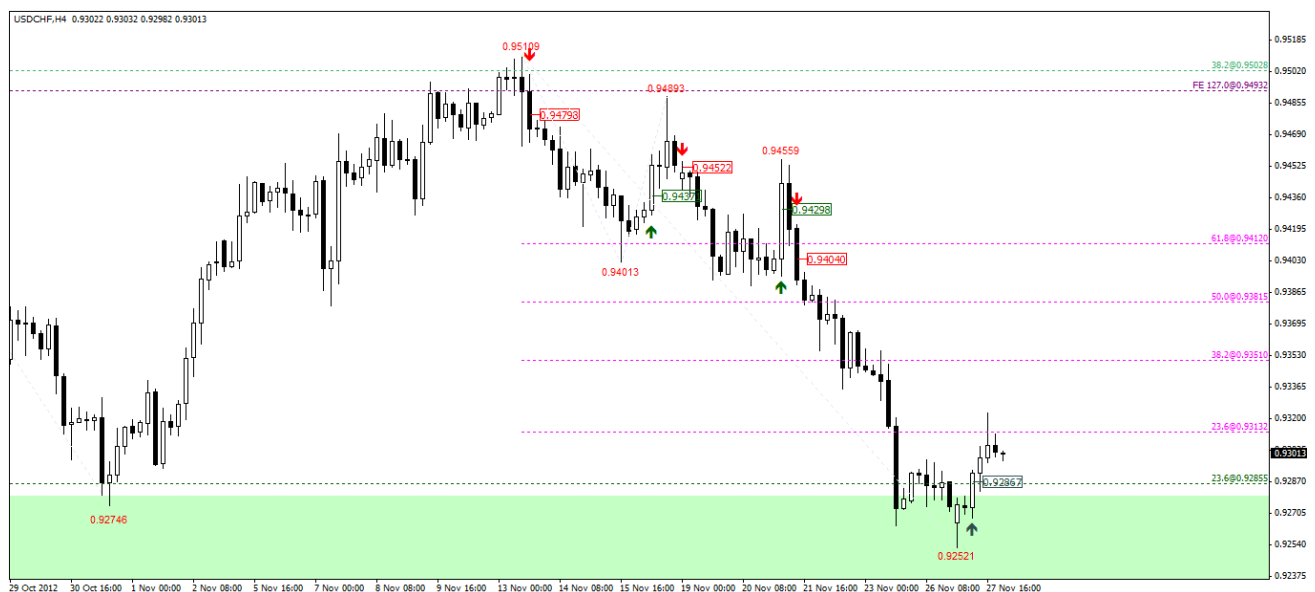
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 23-11-2012								\$50,309.00
GBP-USD	21-11-2012	1.0	1.59037	27-11-2012	1.0	1.60216 Unrealized	+\$1,179.00 +\$1,179.00		

## USD-CHF DAILY



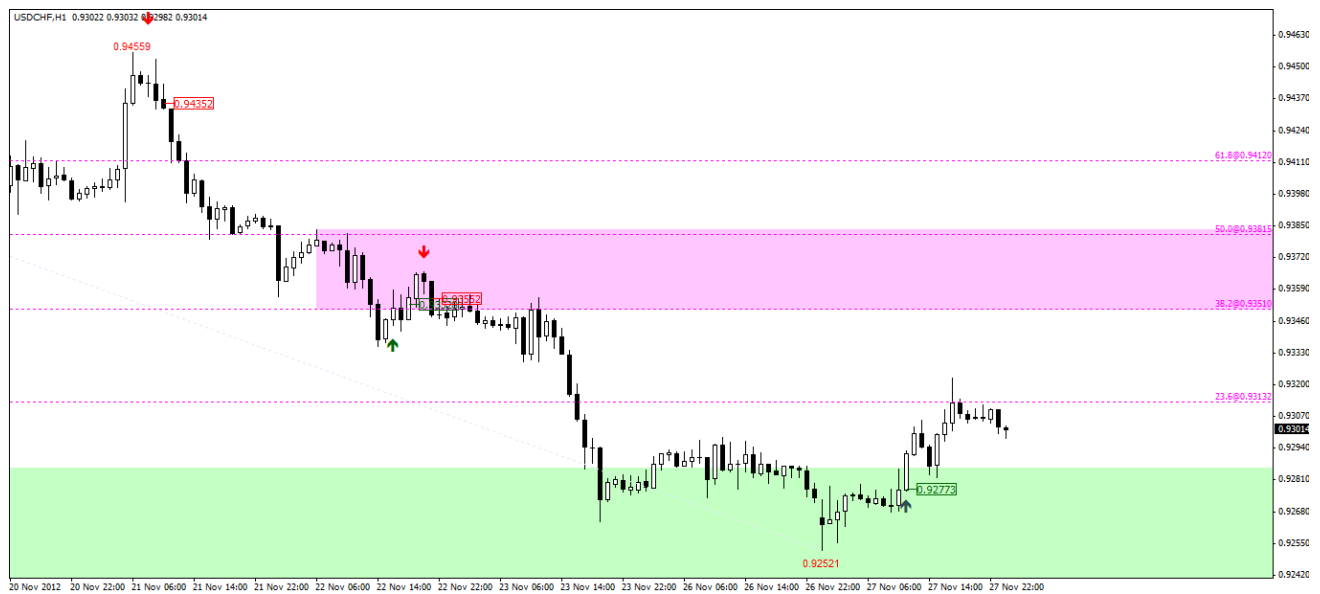
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

After rising to a 10-week high of 0.95109 two weeks ago to just above the 127.0% projection of 0.92134 to 0.93855 from 0.92746 at **0.94932** and the 38.2% retracement of 0.99709 to 0.92134 at **0.95028**, this market has come under selling pressure. Overnight, price action hit a demand pocket at **0.92746-0.92975** and rebounded. In view of the impulsiveness seen in this fall especially after last Friday's decline, there is a good chance the next leg down may be even more dramatic relative to the initial fall from 0.99709. An accelerated fall next would further suggest that the fall from the July 24 high of 0.99709 has resumed. Should this fall extend decisively below the demand pocket at **0.92746-0.92975**; it would add credence to this extremely bearish scenario. A break below the October 17 low of 0.92134 would all but confirm that another massive fall is in motion. In the meantime, the rebound off the demand pocket at **0.92746-0.92975** may yield a correction to between the 38.2% and 50.0% retracement levels of 0.95109 to 0.92521 at **0.93510** to **0.93815**. Incidentally, a minor supply pocket lies between these price levels at **0.93507-0.93836**. If so, look out for reversal signals there to position short positions.

## USD-CHF 1-HOURLY



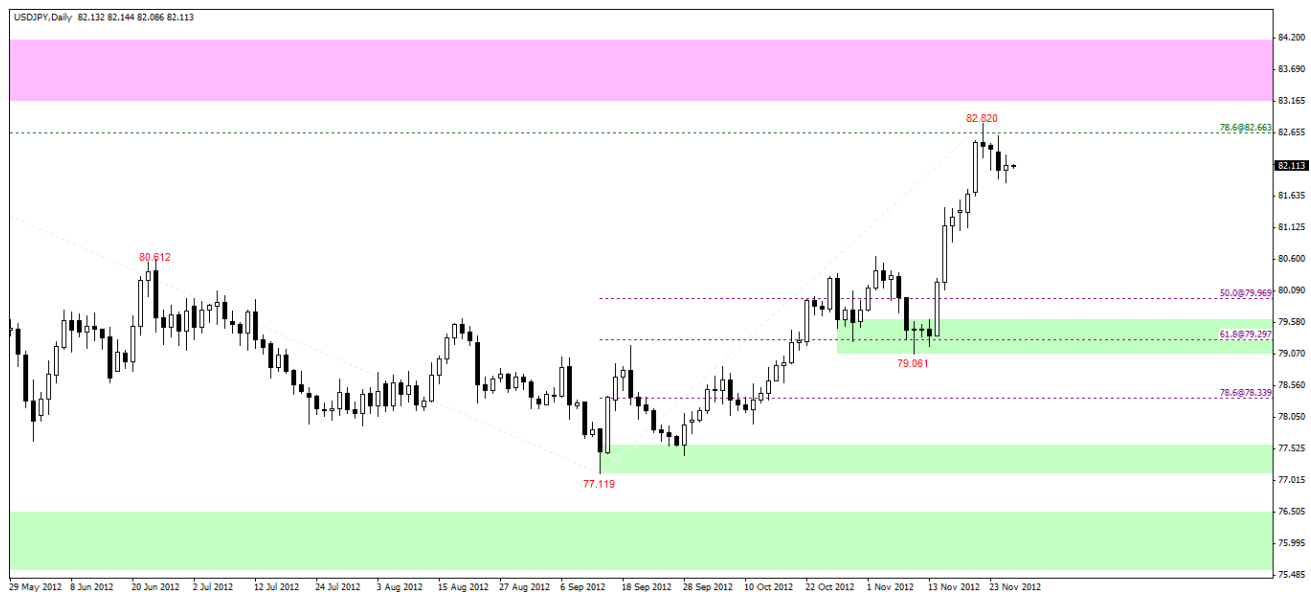
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal between 0.93507-0.93836	0.92729	0.89847	0.93998 (tentative)

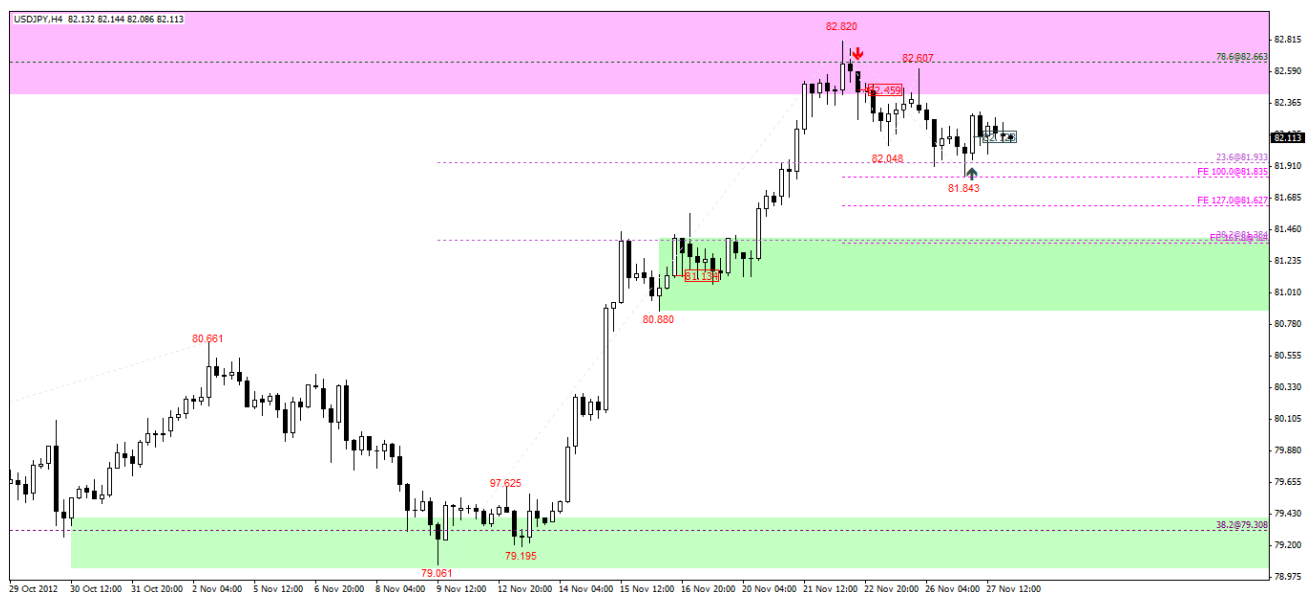
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 23-11-2012								\$34,932.12
Unrealized							\$0.00		

## USD-JPY DAILY



## USD-JPY 4-HOURLY

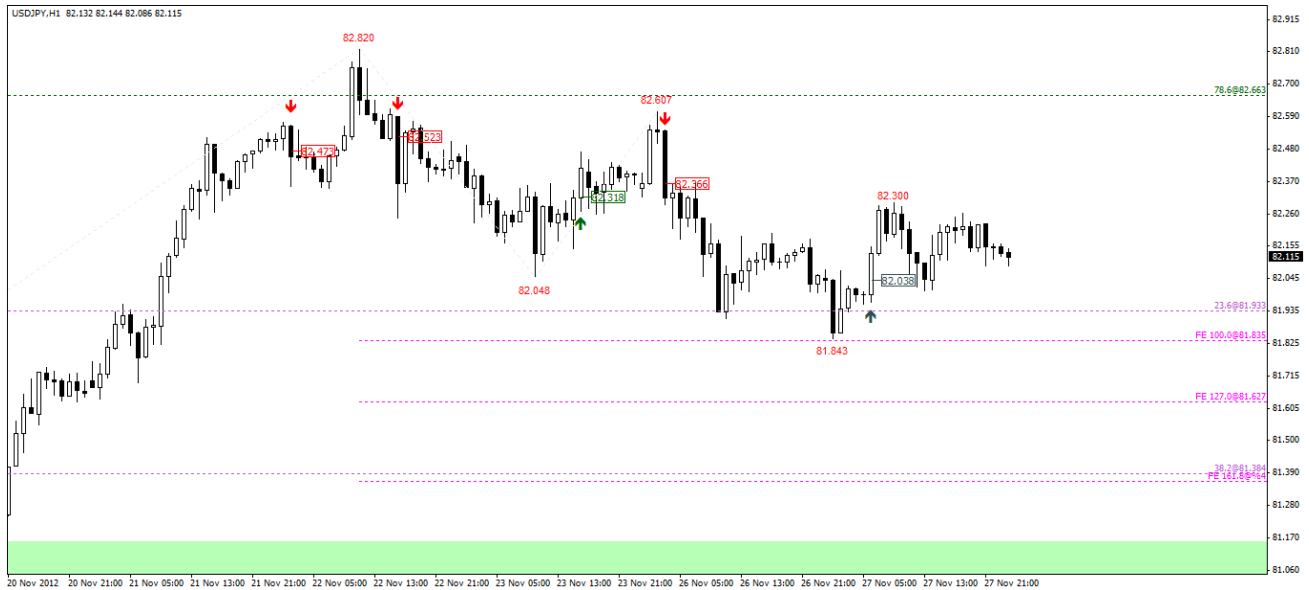


## USD-JPY Short to Medium Term Views

The rather impulsive rally from 79.061 after rising for 2 weeks straight appears to have stalled just above the 78.6% retracement of 84.172 to 77.119 at **82.663**. This is no surprise as the 78.6% Fibonacci retracement ratio represents, to me, the maximum allowance retracement of a move and is thus highly sensitive to a reversal. The fact that this level is located within a supply pocket at **82.424-83.380** adds another layer of selling pressure. Taken together, the pullback seen on Friday is no surprise. Profit-takings since has taken price action to its initial target at the 23.6% retracement of 79.061 to 82.820 at **81.933**. Earlier on Tuesday, this market dipped momentarily to 81.843 and rebounded. This level is in turn just above the 100.0% projection of 82.820 to 82.048 from 82.607 at **81.835**. A rebound at this level plus the fact that the pullback from 82.820 has a 3-wave structure suggests that the correction may be over and this market is poised to resume its rally. Although further losses to the 127.0% projection of 82.820 to 82.048 from 82.607 at **81.627** cannot be ruled out at this stage, the medium-term bullishness is very much intact. Overall, this market is on course to end 2012 on a positive note for the first time in 6 years now that the year's high at **84.172** is in sight. Over the long-term, this bullish bias has a potential to gun for the 100.0% projection of 75.563 to 84.172 from 77.119 at **85.728** which incidentally sits within a known supply zone. From there, the longer-term down trend is expected to resume below the all-time low of **75.563**.



## USD-JPY 1-HOURLY



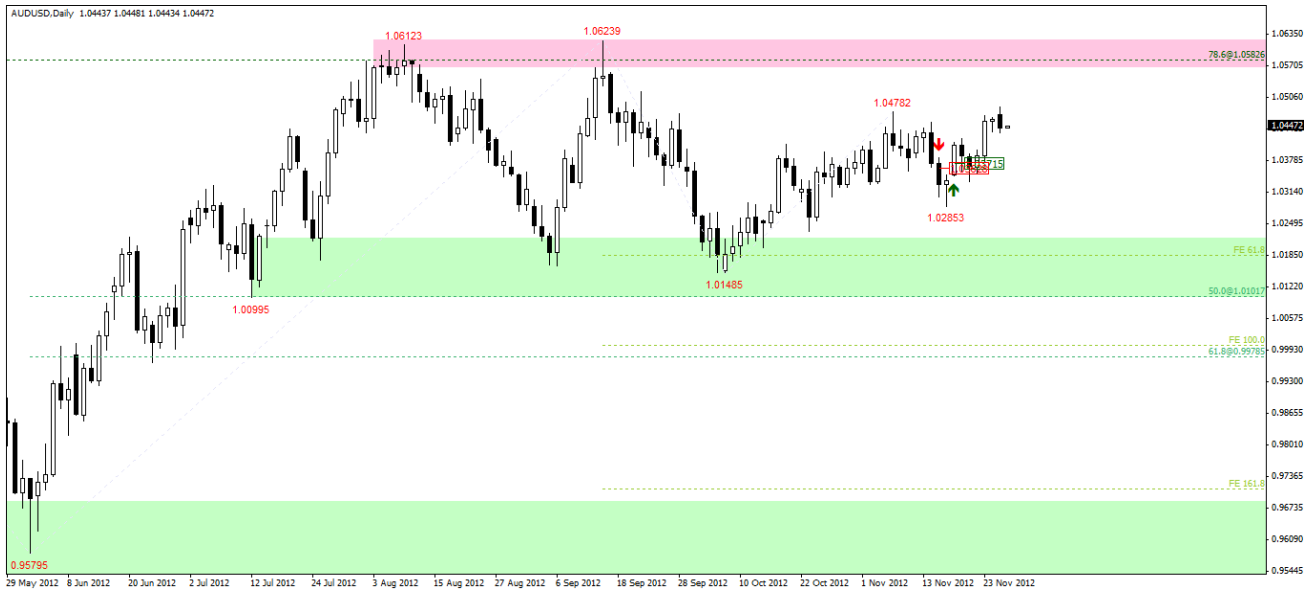
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 82.038	81.933 Realized	83.716	81.743 STOP

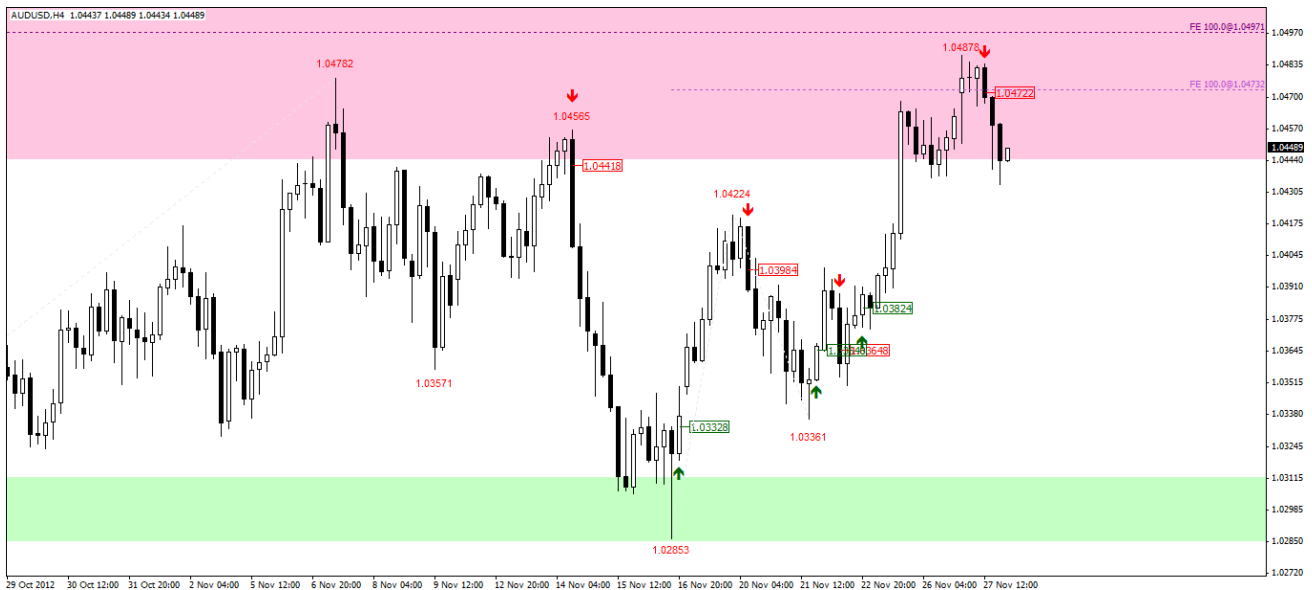
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from								\$29,021.73
	23-11-2012								
USD-JPY	26-11-2012	1.0	81.933	22-11-2012	1.0	82.523	+\$720.10	+\$720.10	\$29,741.83
USD-JPY	27-11-2012	1.0	82.038	22-11-2012	1.0	82.523	+\$591.19	+\$591.19	\$30,333.02
USD-JPY	27-11-2012	1.0	82.038	27-11-2012	1.0	82.130	+\$112.02		
USD-JPY	27-11-2012	1.0	82.038	27-11-2012	1.0	82.130	+\$112.02		
Unrealized							+\$224.04		

## AUD-USD DAILY



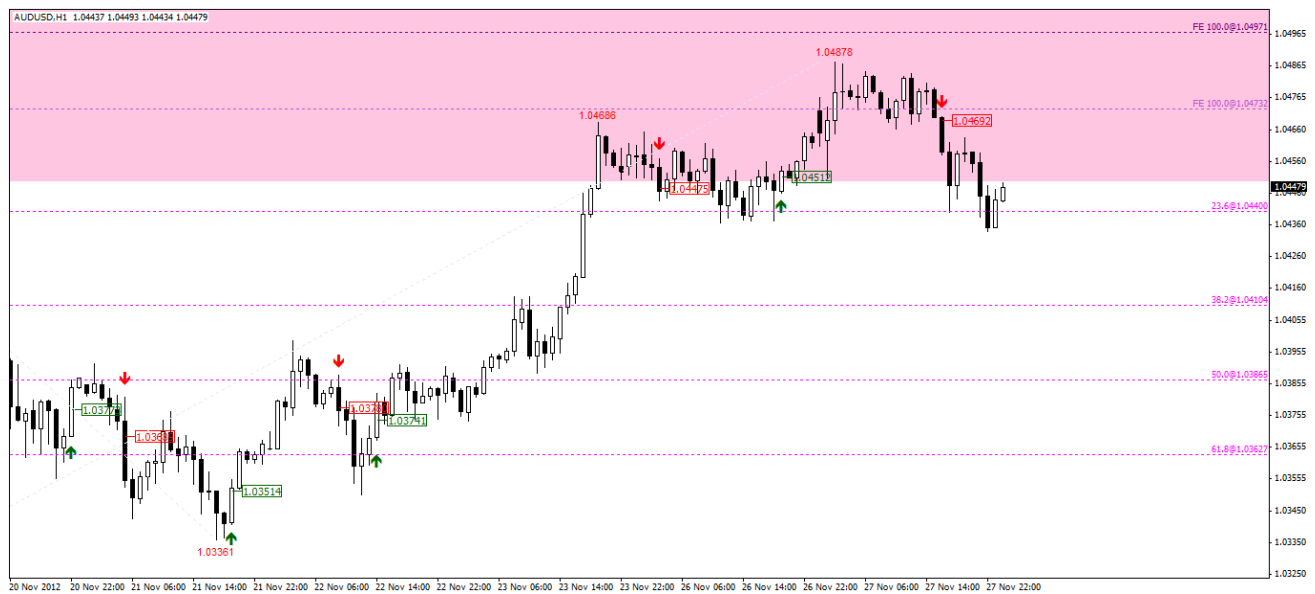
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

In the medium-term, this market continues to consolidate between a roughly 500 pips range as seen in the D1 chart. After pulling back in a 3-wave correction to the 61.8% retracement of 1.02853 to 1.04224 at 1.03377 with a low at 1.03361 last Wednesday, this market is poised to extend its rally. So far, this rally has a 3-wave structure, suggesting this market is still in consolidation mode but that can change very quickly if the rally extends. In the meantime, price action traded into the minor supply pocket at **1.04486-1.04722** where the 100.0% projection of 1.01485 to 1.04104 from 1.02853 at **1.05472** is located. As noted, price action is vulnerable to profit-taking within this price pocket. Even though sell signals were triggered overnight in both the H1 and H4 charts with closes below **1.04692** and **1.04722** respectively, it is best to stay on the long side of this market in view of the long-term bullish bias.

## AUD-USD 1-HOURLY

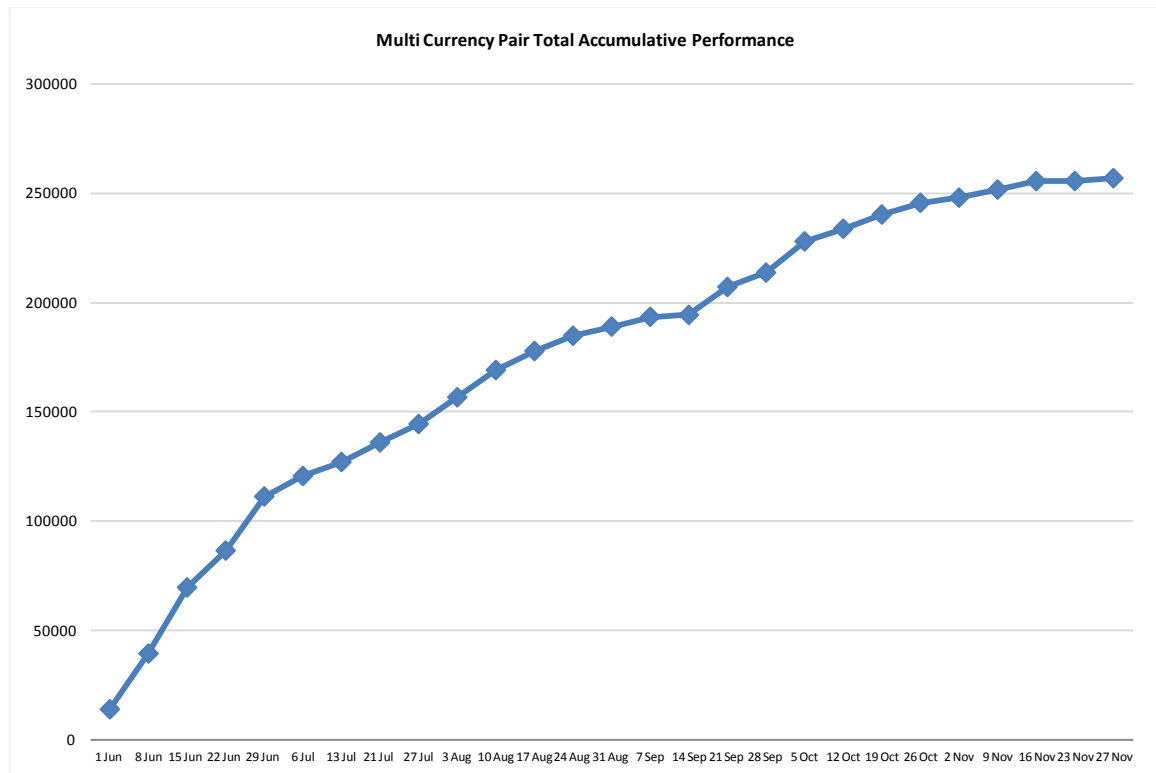
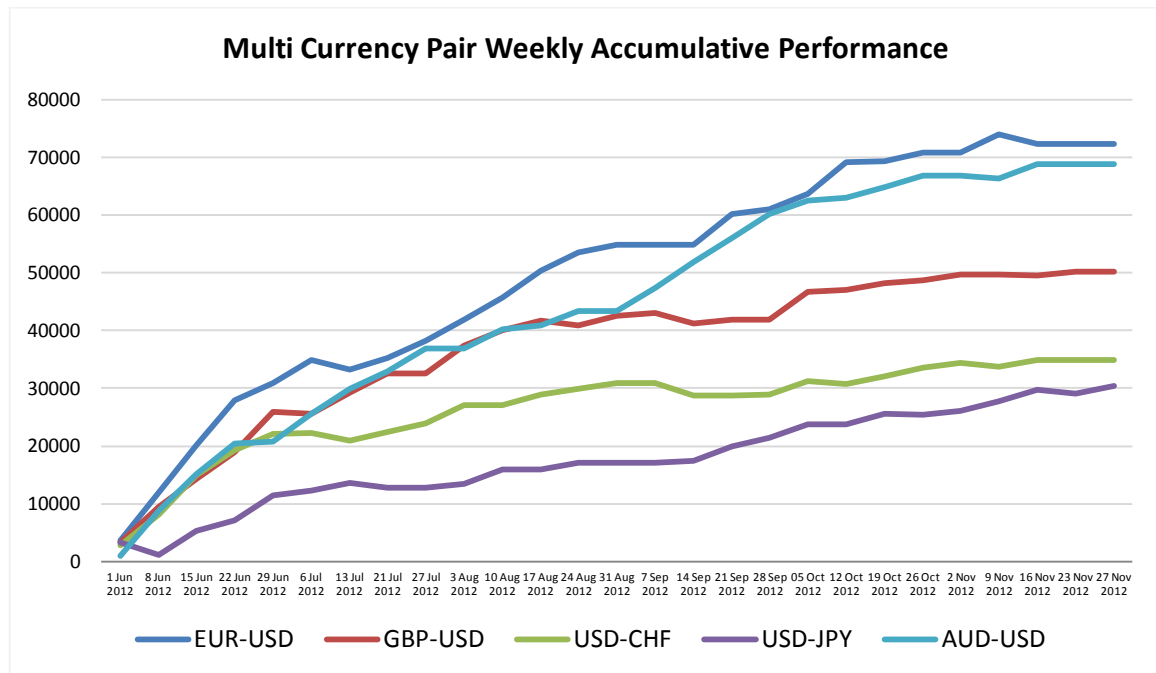


## Trade Ideas

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 16-11-2012									\$68,847.00
AUD-USD	26-11-2012	1.0	1.04786	26-11-2012	1.0	1.04475	-\$311.00		\$68,536.00
AUD-USD	26-11-2012	1.0	1.04786	26-11-2012	1.0	1.04475	-\$311.00	-\$622.00	\$68,225.00
Unrealized							\$0.00		



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



## 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.

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.