

*A Traders Academy International Publication*

## Euro Falls On Spain's Downgrade

EUR-USD fell as Thursday trading opened in Asia after Standard & Poor's downgraded Spain's credit rating, saying the country's political institutions have a declining capacity to deal with the severe challenges posed by the current economic and financial crisis.

EUR-USD was down 0.2 percent at 1.28740 in New York on Wednesday.

Standard & Poor's on Wednesday cut Spain's sovereign credit rating by two notches to BBB-minus, citing a deepening economic recession that is limiting the government's policy options to arrest the slide. This is weighing on the Euro. A downgrade from S&P could be followed by a downgrade from Moody's, and while S&P did not downgrade Spain to junk, Moody's might. If Moody's goes to junk status, that's even more significant, and this adds to the pressure on Moody's to make a decision.

The downgrade could lead to higher bond yields in Spain and push the government closer to asking for a bailout. EUR-USD may then fall to one-month lows around 1.28000.

The S&P downgrade comes with a negative outlook reflecting the firm's view that there are significant risks to economic growth and budgetary performance, plus a lack of a clear direction in Euro zone policies. S&P's move brings it in line with Moody's Investors Services, which also has Spain on watch for a downgrade from its Baa3 rating. Both ratings are just on the cusp of junk status, while Fitch Ratings has Spain rated BBB, one notch higher but with a negative outlook.

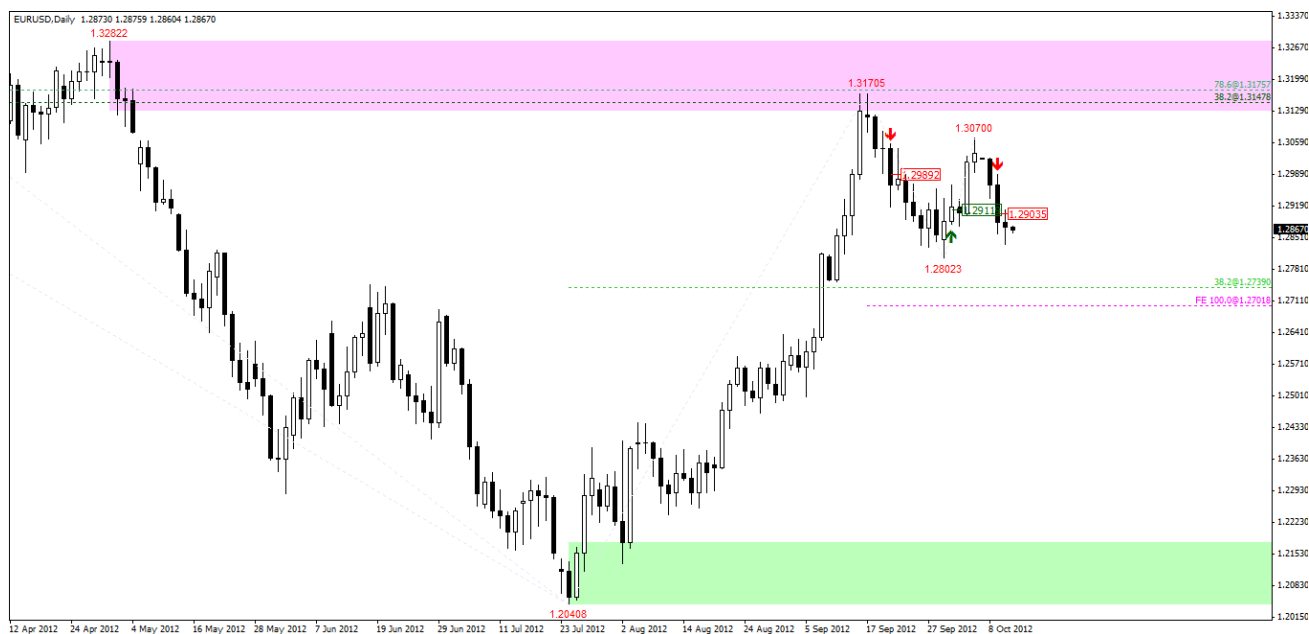
EUR-USD had advanced for most of the day on Wednesday after a 2-day decline but uncertainty about whether debt-ridden Spain would request a bailout and Greece would get more money from its lenders had limited gains. Those gains were eroded in the final minutes of Wednesday trade.

European Union leaders are scheduled to meet at the end of next week, with Spain expected to be a focus of discussion. Euro zone finance ministers delivered a united defence of Spain at a meeting this week, saying it did not need a bailout for now. A Spanish bailout deal is seen by most traders as positive for the Euro because it would activate the European Central Bank's bond-buying program aimed at reducing borrowing costs for debt-ridden countries.

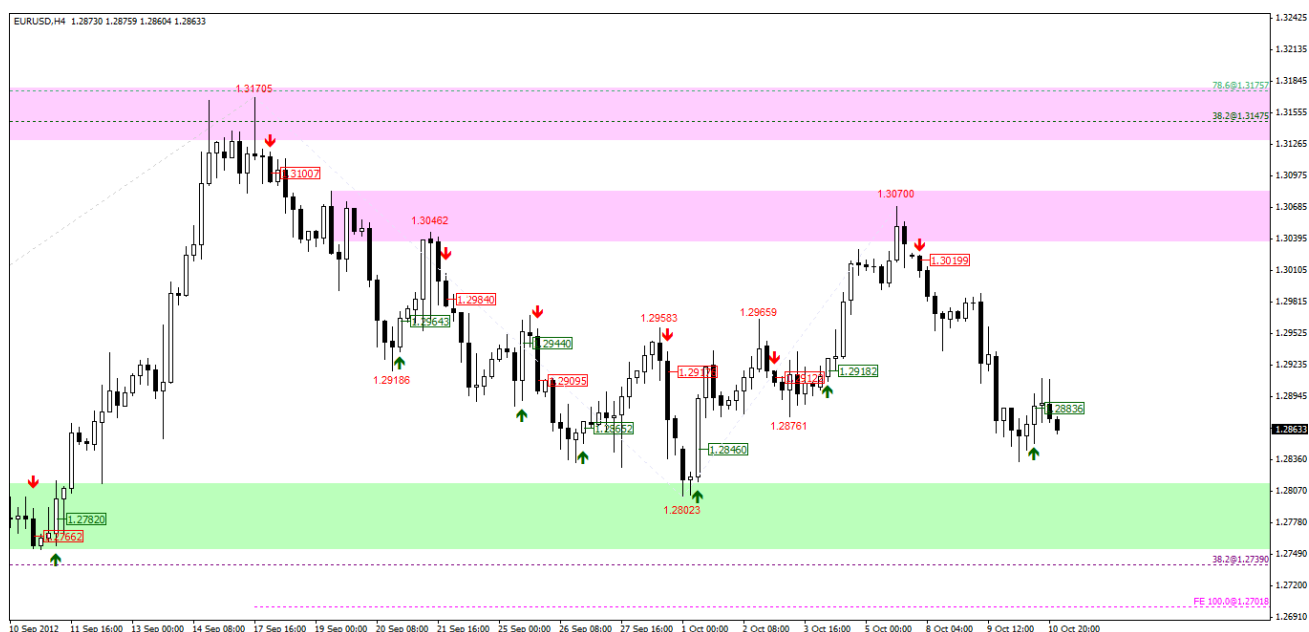
### Content:

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

## EUR-USD DAILY



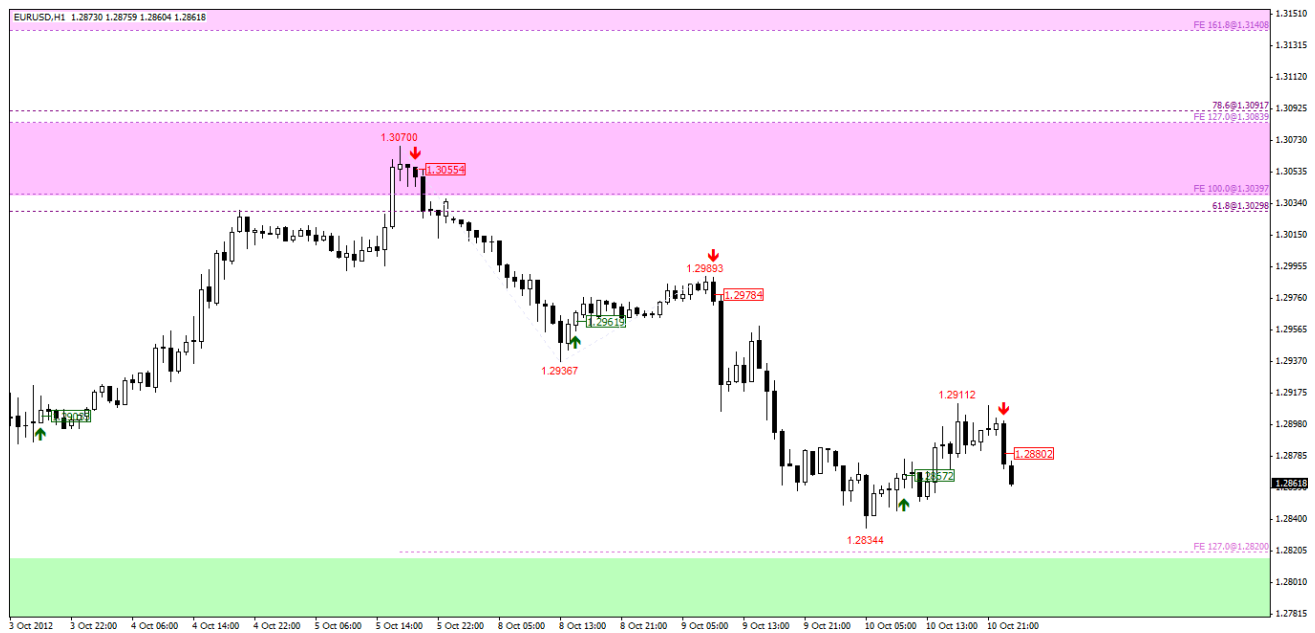
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

After a day of light profit-taking, it appears the path of less resistance is to the south. The alternate scenario mentioned since last Friday suggesting that the correction is not over is now gaining preference. This scenario calls for price action to make a larger degree 3-wave down from 1.31705 to 1.28023 from 1.30700. This being the case, price action is likely to head lower with focus on the window between 38.2% retracement of 1.20408 to 1.31705 at **1.27390** and the 100.0% projection of 1.31705 to 1.28023 from 1.30700 **1.27018**. Either that or the fall 'overshoots' to the 50.0% retracement of 1.20408 to 1.31705 at **1.26057** and the 127.0% projection of 1.31705 to 1.28023 from 1.30700 **1.26024** (see D1 chart).

## EUR-USD 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.30199	1.29619 Realized	1.27390	Exit of H4 closing above 1.28986

## Weekly Performance

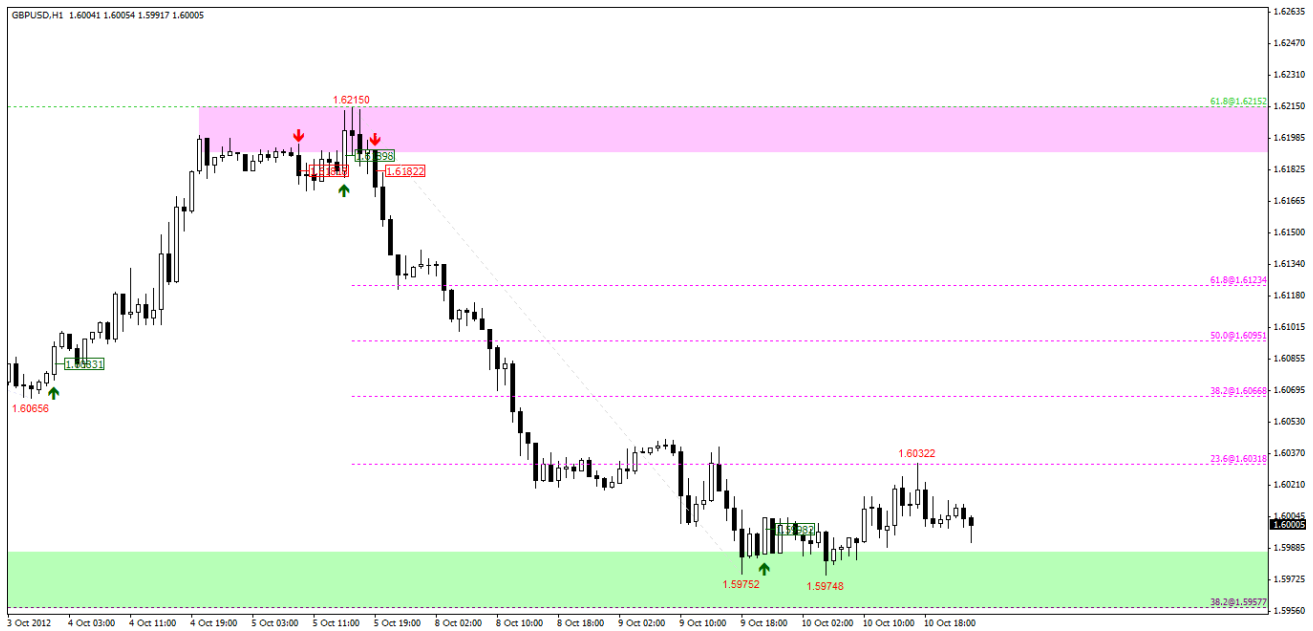
Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 05-10-2012								\$65,557.00
EUR-USD	01-10-2012	1.0	1.28329	08-10-2012	1.0	1.30199	+\$1,870.00		\$65,557.00
EUR-USD	03-10-2012	1.0	1.28895	08-10-2012	1.0	1.30199	+\$1,304.00	+\$3,174.00	\$66,861.00
EUR-USD	10-10-2012	1.0	1.28740	08-10-2012	1.0	1.30199	+\$1,459.00		
EUR-USD	10-10-2012	1.0	1.28740	08-10-2012	1.0	1.30199	+\$1,459.00		
Unrealized							+\$2,918.00		

GBP/USD, H4 1.60041 1.60054 1.59917 1.60023

1.63077  
1.62715  
1.62519  
1.62453  
1.62206  
1.62150  
1.61768  
1.61352  
1.61278  
1.60856  
1.60772  
1.60260  
1.59748  
1.60033  
1.59955  
1.59977

The rebound from the demand pocket at **1.59577-1.59868** where the 38.2% retracement of 1.53914 to 1.63077 at **1.59577** is located is not as robust as anticipated. But this did not come as a surprise. As noted, besides this area, another area in which this market might find buying interests is the demand pocket at **1.58800-1.59223** where the 38.2% retracement of 1.52666 to 1.63077 at **1.59100** is sited. Together, these two areas are expected to hold to maintain the bullish bias. The alternative is another massive fall to **1.52321-1.53554** (see D1 chart). Short-term traders may attempt to fish for a rebound near current levels. As we have it, another buy signal was triggered in the H1 chart with a close above **1.59970** some 24 hours ago after hitting a marginal low at 1.59748. As far, the rebound had yielded a minimum 23.6% retracement of 1.62150 to 1.59748 at **1.60315** with the potential to retrace all the way back to the SZ at **1.61915-1.62500** (see H1 chart).

## GBP-USD 1-HOURLY



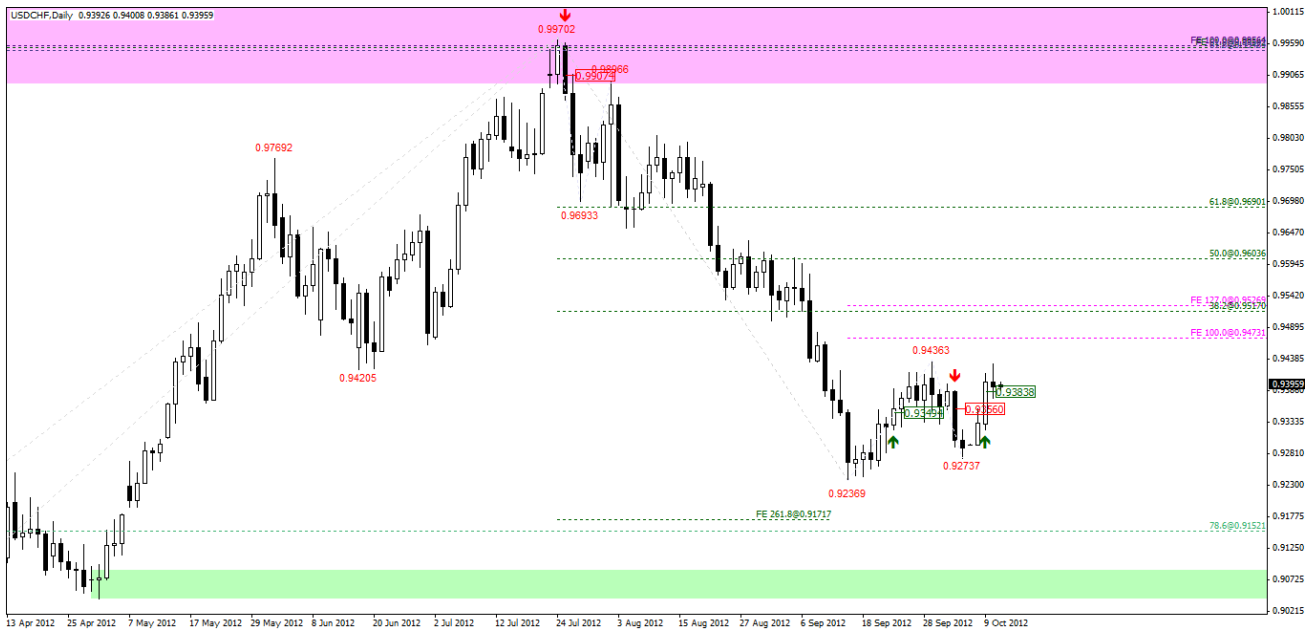
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59982	1.60318	1.61915	1.59477 STOP

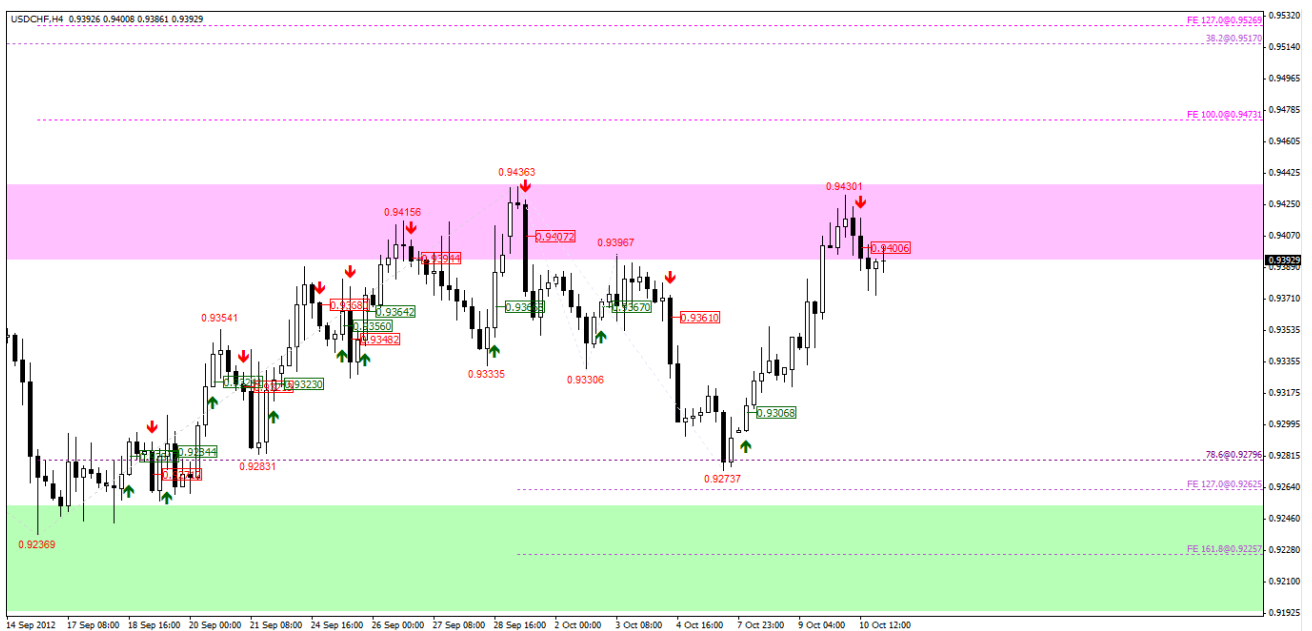
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 05-10-2012								\$46,736.00
GBP-USD	09-10-2012	1.0	1.59982	10-10-2012	1.0	1.60037	+\$55.00		
GBP-USD	09-10-2012	1.0	1.59982	10-10-2012	1.0	1.60037	+\$55.00		
						Unrealized	+\$110.00		

## USD-CHF DAILY



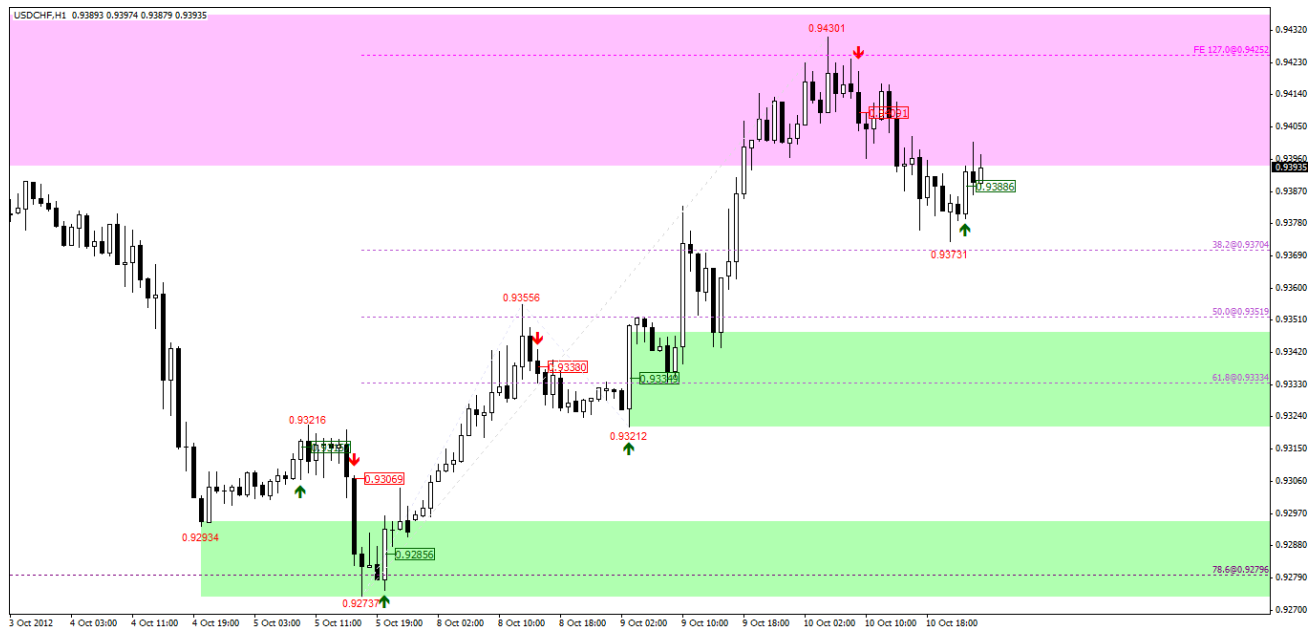
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

Just like in the other majors, the correction from 0.92369 appears to be incomplete and a larger 3-wave move up is probably taking place right now. This will be confirmed by a sustained rally beyond the supply pocket at **0.93941-0.94363** as this area may not cap this rally. A more likely area where sellers may emerge is the window between the 38.2% retracement of 0.99702 to 0.92369 at **0.95170** and the 127.0% projection of 0.92369 to 0.94363 from 0.92737 at **0.95269** (see D1 chart). From there, a resumption of the fall from 0.99702 is expected to eventually take out the September 14 low of **0.92369**, to be followed by a larger degree rebound.

## USD-CHF 1-HOURLY



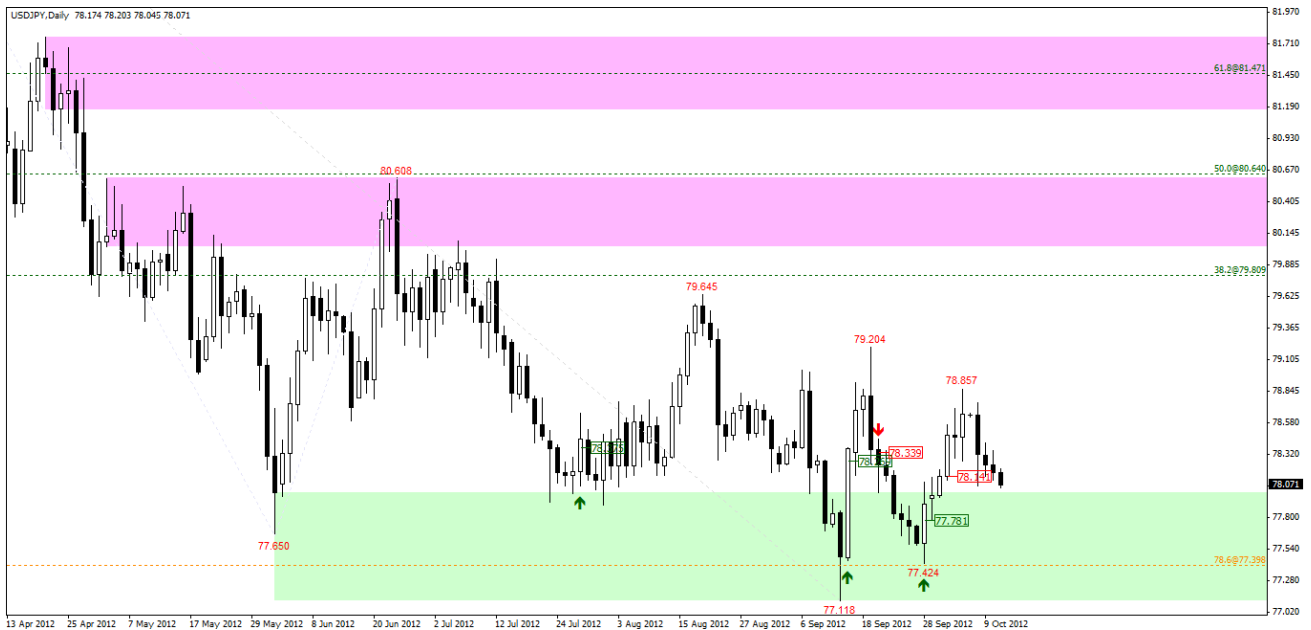
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal between 0.95170- 0.95269	0.93476	0.92737	10 pips above pivot high of reversal signal in H1

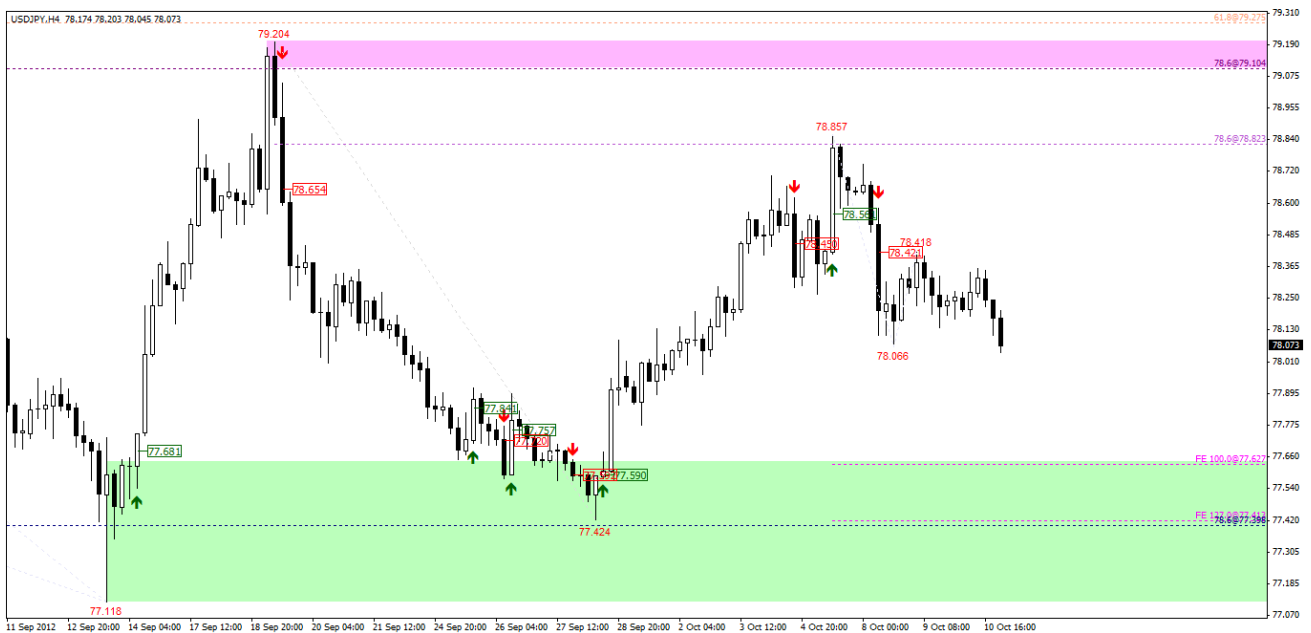
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 05-10-2012								\$31,307.15
USD-CHF	09-10-2012	1.0	0.93656	08-10-2012	1.0	0.93380	-\$294.70		\$31,012.45
USD-CHF	09-10-2012	1.0	0.93656	08-10-2012	1.0	0.93380	-\$294.70	-\$589.40	\$30,717.75
						Unrealized	\$0.00		

## USD-JPY DAILY



## USD-JPY 4-HOURLY



## USD-JPY Short to Medium Term Views

The rally from the demand pocket at **77.118-77.640** hit the 78.6% retracement of 79.204 to 77.424 at **78.823** as well as the 161.8% projection of 77.424 to 78.093 from 77.778 at **78.860** with a print at 78.857 last Friday and eased. Monday saw more profit-takings erasing almost half of its last week's gains to just above the 78.00 handle. And now, it appears further losses are in the card as there are signs sellers are taking charge in the early hours of Sydney session this morning. At the point of writing, the overnight low of 78.112 has been violated. Overall, the medium-term outlook still favors a challenge of the next supply pocket at **79.106-79.204**; located just above the 78.6% retracement of 77.118 to 79.645 at **79.104**. As such, buying opportunities may present themselves, especially if price action falls back into the demand pocket at **77.118-77.640**.



USDJPY, H1 78.142 78.177 78.045 78.068

78.250  
79.160  
79.070  
78.980  
78.890  
78.800  
78.710  
78.620  
78.530  
78.440  
78.350  
78.260  
78.170  
78.080  
77.990  
77.900  
77.810  
77.720  
77.630

78.857  
FE 161.8@78.860  
78.5@78.823  
78.418  
78.358  
78.300  
78.211  
78.172  
78.140  
78.066  
78.441  
78.433  
78.431  
78.239

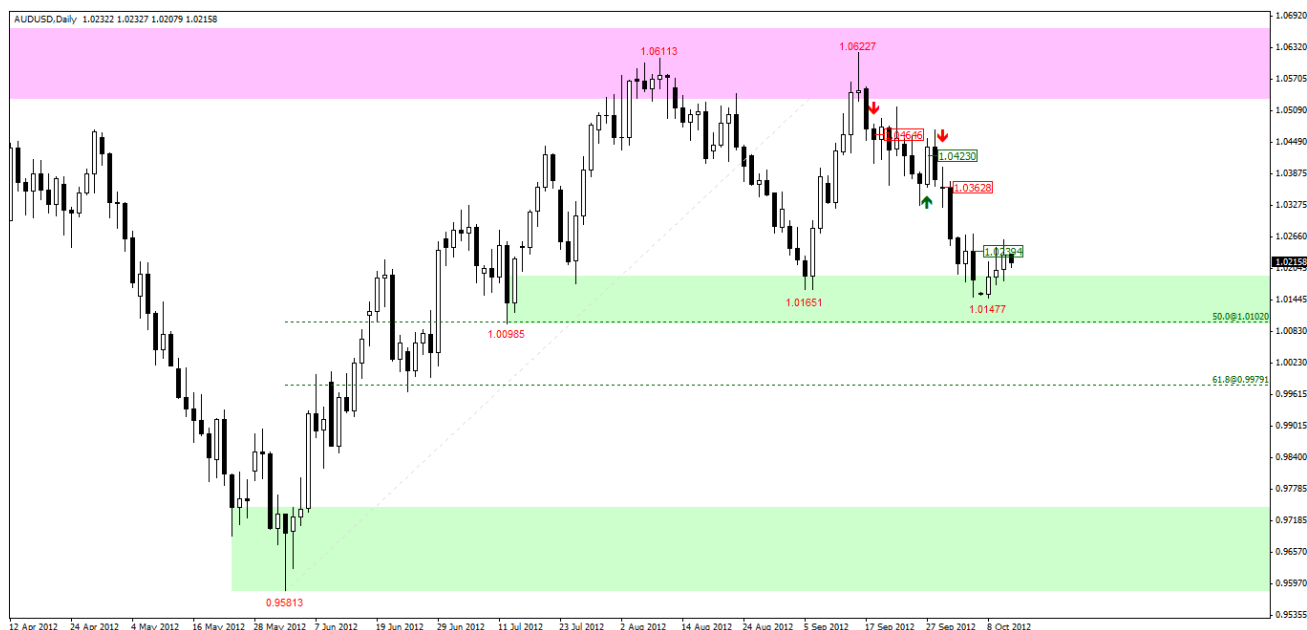
3 Oct 2012 3 Oct 23:00 4 Oct 07:00 4 Oct 15:00 4 Oct 23:00 5 Oct 07:00 5 Oct 15:00 5 Oct 23:00 8 Oct 06:00 8 Oct 14:00 8 Oct 22:00 9 Oct 06:00 9 Oct 14:00 9 Oct 22:00 10 Oct 06:00 10 Oct 14:00 10 Oct 22:00

FE 100.0@77.623

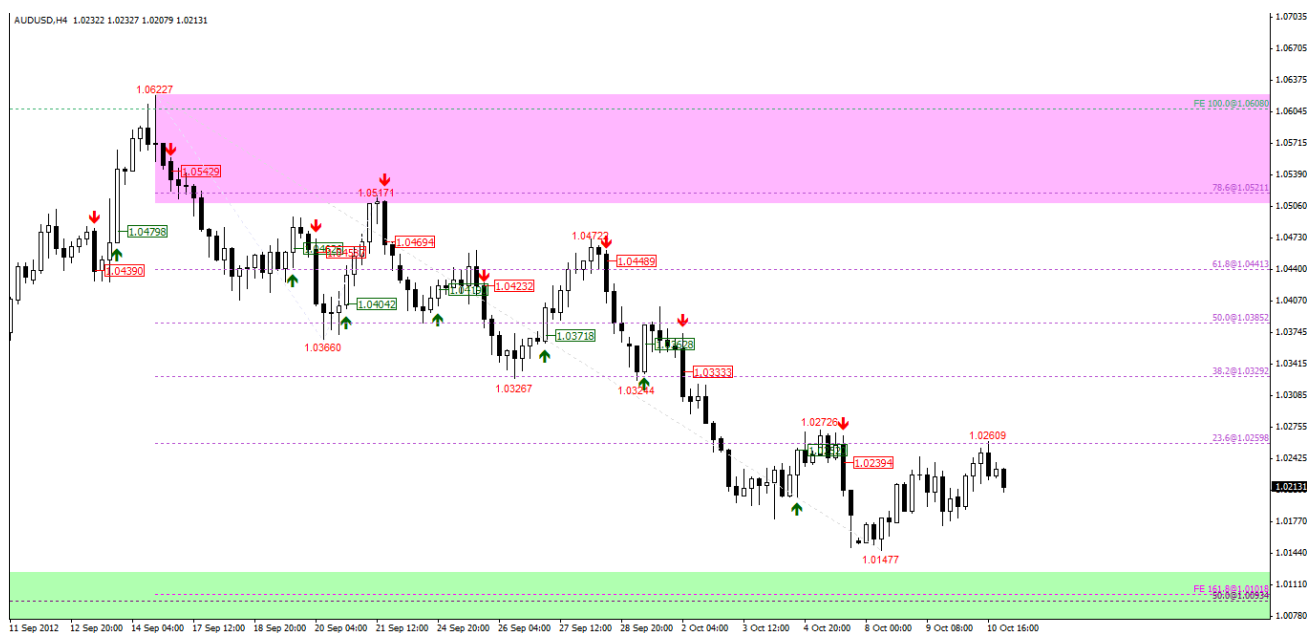
ACTION	Target 1	Target 2	EXIT
Buy on buy signal in H1 between <b>77.118-77.640</b>	78.823	79.104	77.108 STOP

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 05-10-2012								\$23,667.09
USD-JPY	05-10-2012	1.0	78.440	08-10-2012	1.0	78.440			
						Unrealized	\$0.00		

## AUD-USD DAILY



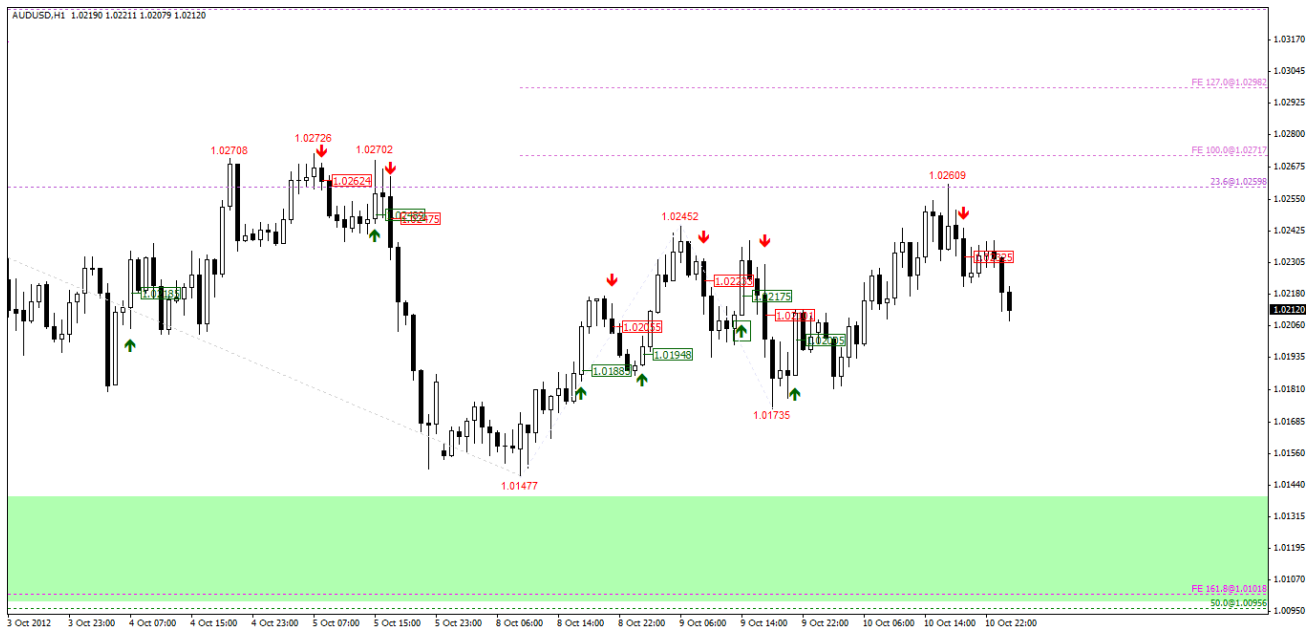
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

The fall from 1.06227 fell short of the demand pocket at **1.00985-1.01911** earlier this week and though the week begun decidedly on a weaker note, light profit-takings have ensured a steadier tone. But that could change in the coming hours as signs of selling interests re-entering the market are evident in the early hours of Sydney session this morning. 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 – assuming, of course, there is no wholesale collapse below the DZ at **1.00985-1.01911**. If and when price action falls into the immediate demand pocket at **1.00985-1.01395**; especially at or near the 161.8% projection of 1.06227 to 1.03660 from 1.05171 at **1.01018** and the 0.95799 to 1.06227 at **1.01013**, watch out for reversal signals there.

## AUD-USD 1-HOURLY

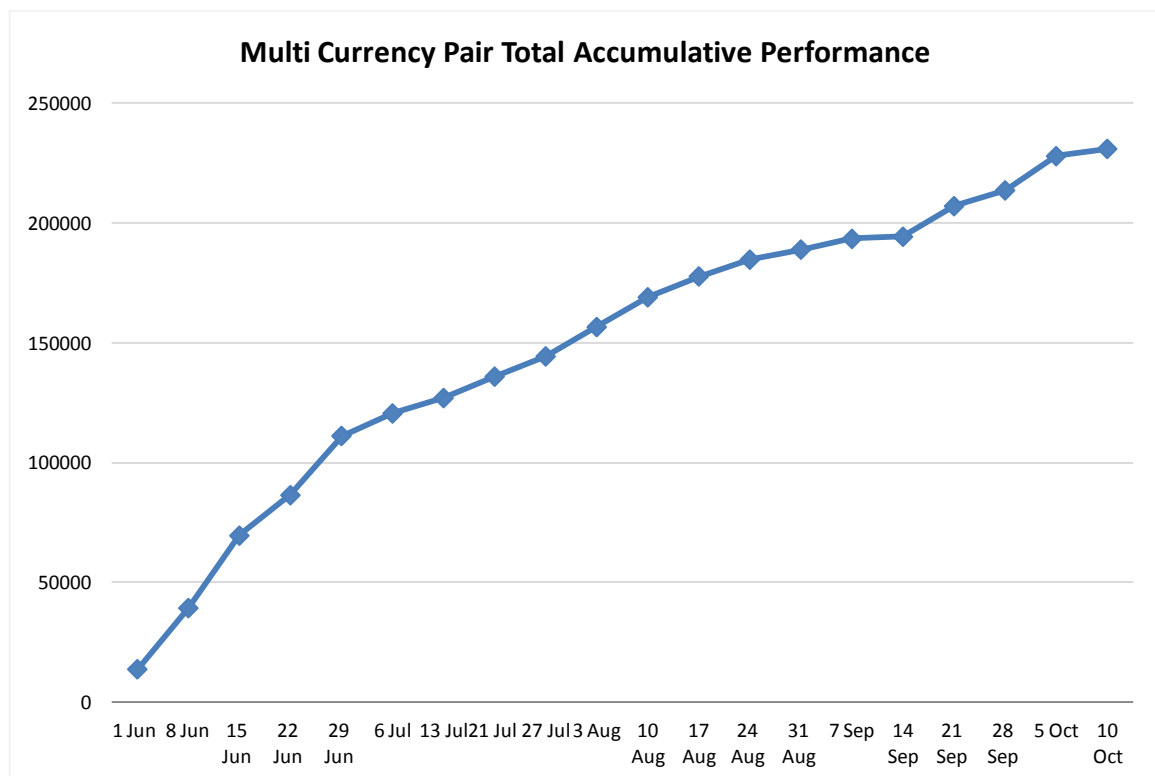
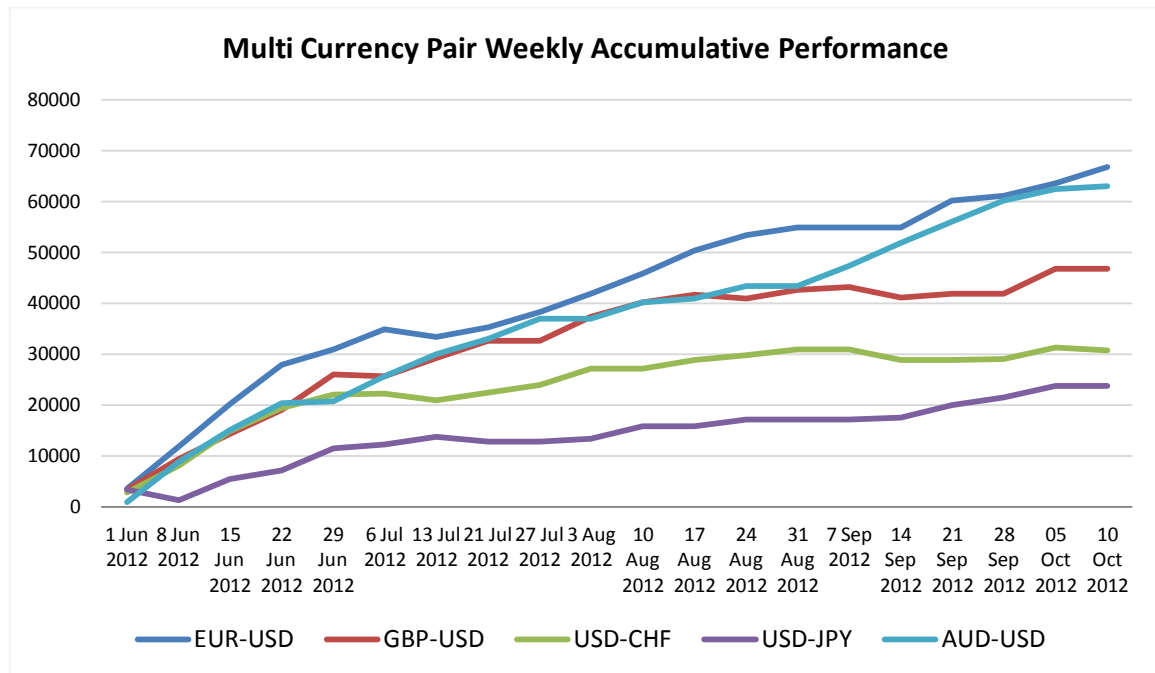


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.01885	1.02325 Realized	1.03722	Break-even
Buy on by signal at/near 1.01013-1.01018	1.02500	1.05094	1.00885 STOP

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 05-10-2012								\$62,547.00
AUD-USD	08-10-2012	1.0	1.01885	10-10-2012	1.0	1.02325	+\$440.00	+\$440.00	\$62,987.00
AUD-USD	08-10-2012	1.0	1.01885	10-10-2012	1.0	1.02320	+\$435.00		
						Unrealized	+\$435.00		



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.