

*A Traders Academy International Publication*

## Euro Jumped On Expectations On Spain

EUR-USD rallied to a 1-week high on Tuesday as report indicating Germany was open to a precautionary line of credit for Spain allayed fears about the region's debt crisis.

EUR-USD had already firmed, helped by persistent talk Spain may soon ask for a bailout and tentative signs of improving confidence in the German economy, but jumped when Bloomberg News reported that two German lawmakers said Germany is "open to Spain seeking a precautionary credit line from Europe's rescue fund."

Some of those gains were pared when Norbert Barthle, budget spokesman for Chancellor Angela Merkel's centre-right Christian Democrats (CDU), said that the Bloomberg report had "over interpreted" comments he made on the issue and that he had not been referring to Spain.

But other factors were enough to keep EUR-USD in positive territory.

A German ZEW survey showing analyst and investor sentiment rose for the second month in a row in October was also positive for the Euro. Adding to positive sentiment, Prime Minister Antonis Samaras said on Monday Greece will conclude talks to continue receiving the bailout funds it needs but officials said the talks would most likely not be finished by Thursday's EU summit.

EUR-USD settled up 0.8 percent on the day at 1.30522 with the high at 1.30593. This is highest level in a week, not far from the mid-September high of 1.31729.

A Spanish aid request would prompt the European Central Bank to start buying Spanish bonds to bring down its borrowing costs. Analysts believe this would buoy the Euro, though uncertainty remains over when Spain will make a move.

Although hopes that Spain could ask for financial aid at a European Union summit this week have waxed and waned, Euro zone officials have always said it may do so next month. The request would probably be dealt with alongside a revised loan program for Greece and a bailout for Cyprus.

Greece's labour minister and international lenders briefly suspended talks on austerity cuts on Tuesday to confer with their leaders on the thorny issue of labour reforms, which raised objections among government coalition partners, but the reaction was muted

USD-CHF also fell to a four-week low.

There seems to be pressure piling on the Bank of Japan to take action later this month at the bank's policy meeting on Oct. 30. Traders are expecting more stimulus from the BOJ.

Japanese mobile operator Softbank's \$20 billion purchase of U.S. third-largest wireless company Sprint Nextel, the largest foreign acquisition ever by a Japanese firm, has also encouraged USD-JPY buying.

But the Japanese Yen could be resilient if worries over global growth strengthen. The Japanese Yen tends to rise in times of economic stress due to Japan's net creditor status.

There was no reaction to a Kyodo News report that Japanese Prime Minister Yoshihiko Noda plans a new round of economic stimulus by the end of next month as the country has entered a lull.

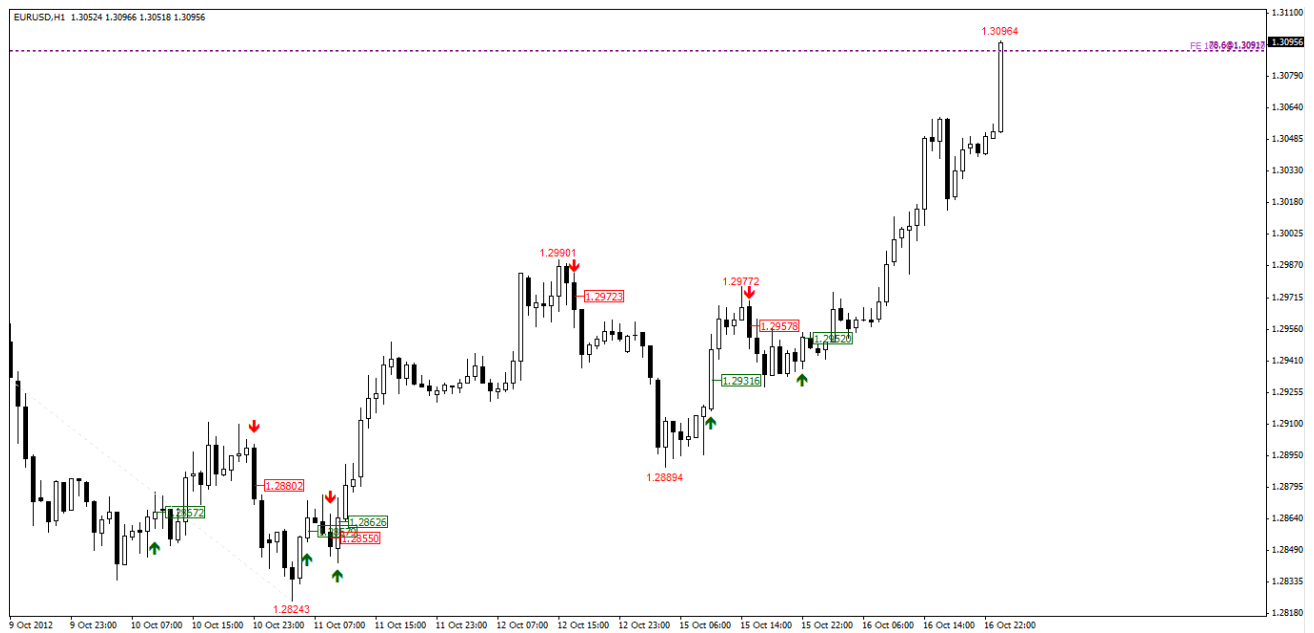
Speculation of more easing from the Bank of Japan weighed on the Japanese Yen. USD-JPY rose to 78.950, its highest since Sept. 19. It settled at 78.872 in New York, up 0.3 percent.

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This market exploded to the upside in on sustained rally throughout the day suggesting that the alternate scenario of a rally above the supply pocket at **1.29497-1.29893** is playing out right now. The strength of the rally further suggests that the next area of supply at **1.30390-1.30835** is unlikely to cap this run. Overall, it appears that the rally from 1.20408 has probably resumed (see D1 chart). If so, 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). If buying this rally is preferred, only do so on minor corrections and then only on buy signals.

## EUR-USD 1-HOURLY



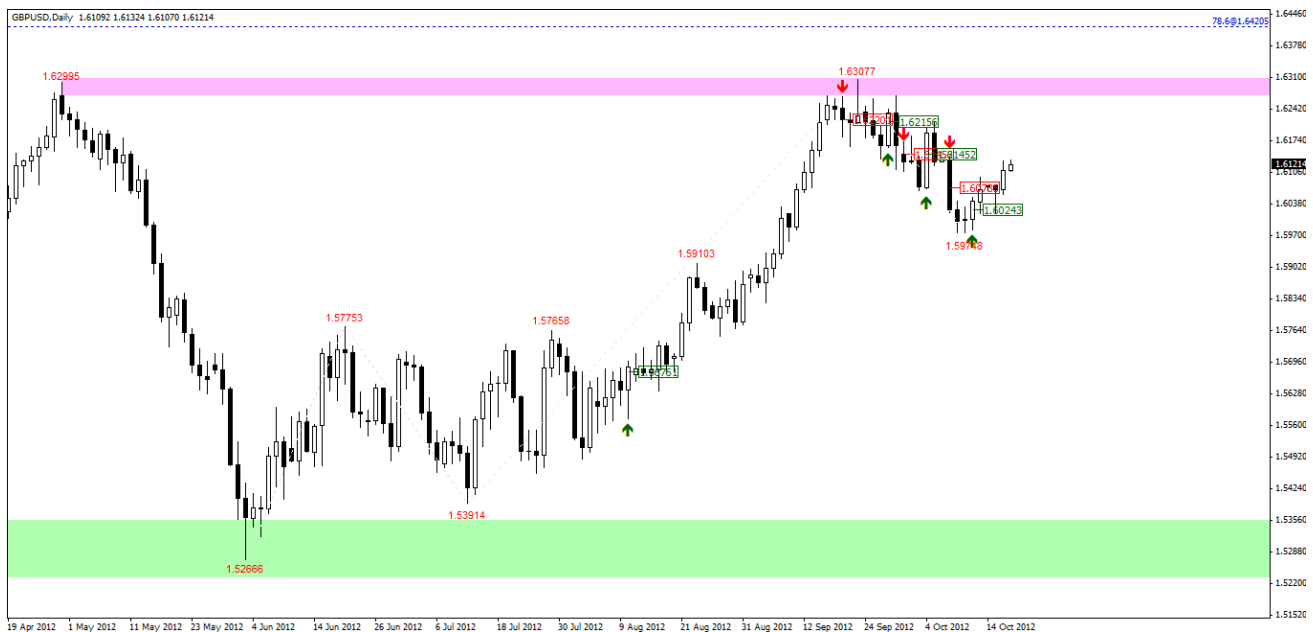
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
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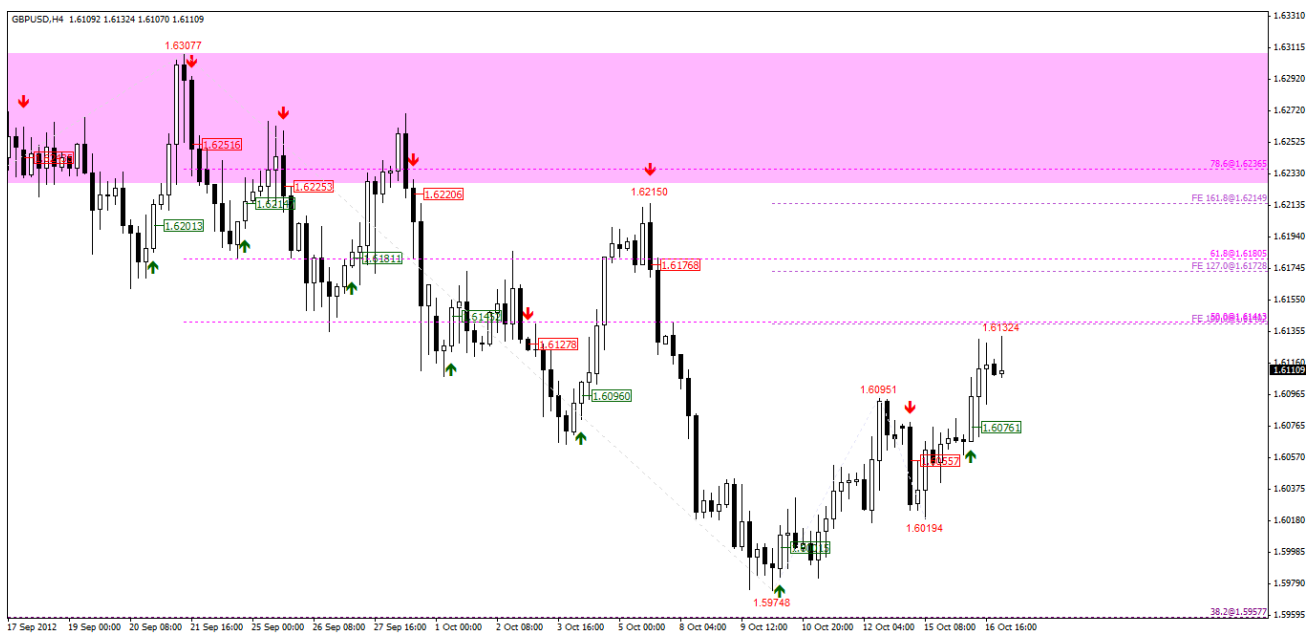
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 12-10-2012								\$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



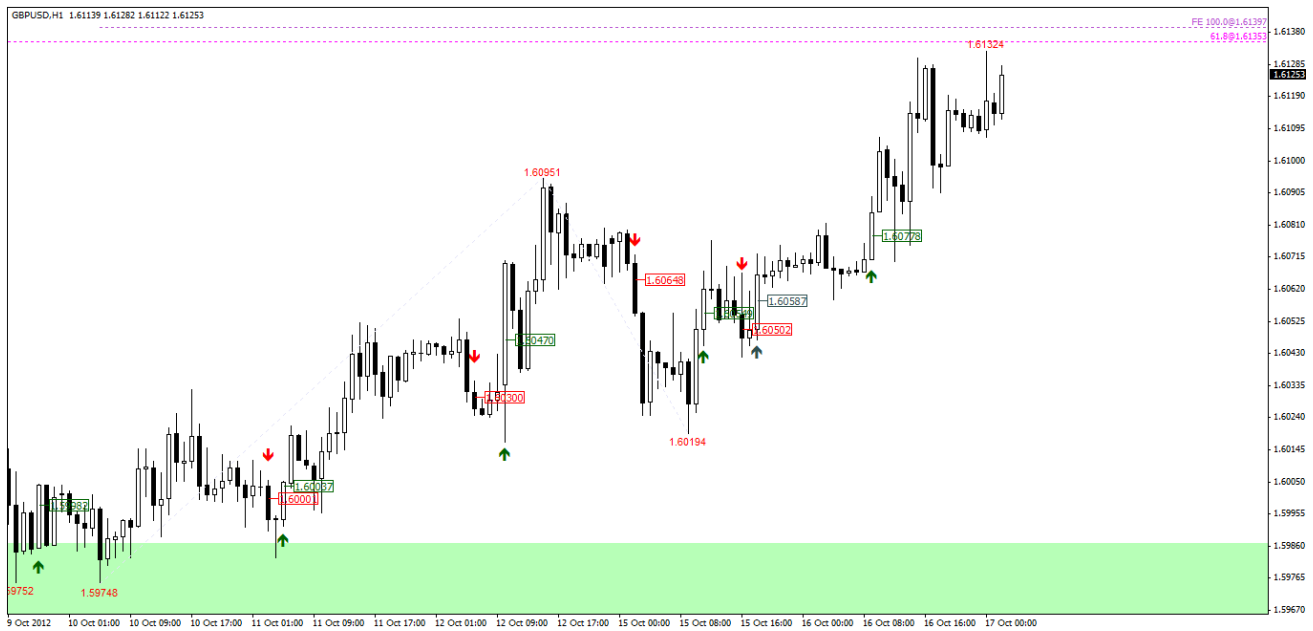
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

If EUR-USD is any guide, there is a very good chance the rally from 1.52666 may have resumed. If so, of immediate interest is the September 21 high of **1.63077**, with selling interests likely to emerge from within the supply pocket at **1.62272-1.63077**. Ideally, the high at 1.63077 should be taken out but price action in the last 24 hours was relatively 'sluggish' compared to EUR-USD. This suggests that a 'failure' must be factored in; meaning this market may attempt to mount a challenge at the 1.63077 high but failed to effectively take it out, therefore resulting in a failure. That being the case, the supply pocket at **1.62272-1.63077** is key as strong selling interests may emerge from there and traders should look to act on sell signals within this sensitive zone as and when they appear. Because this rally is seen as the resumption of the rally from 1.52666 and is a 5<sup>th</sup> wave, once exhausted, will most likely see price action retracing to test last week's low at 1.59748.

## GBP-USD 1-HOURLY



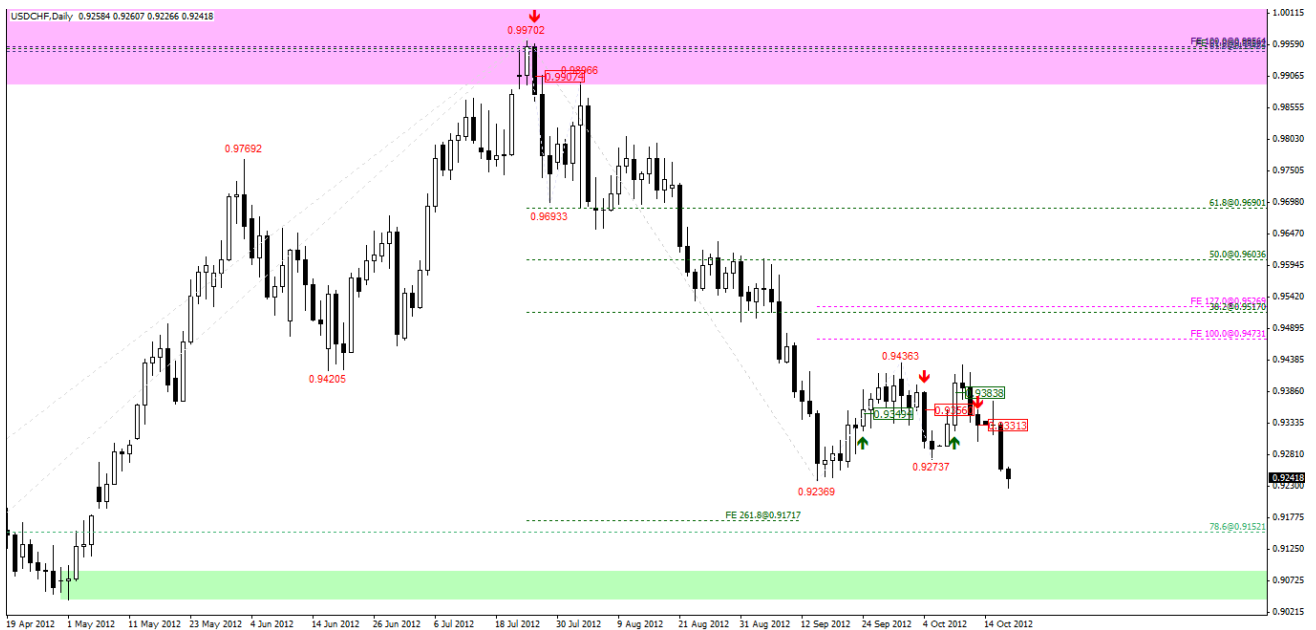
## Trade Ideas

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

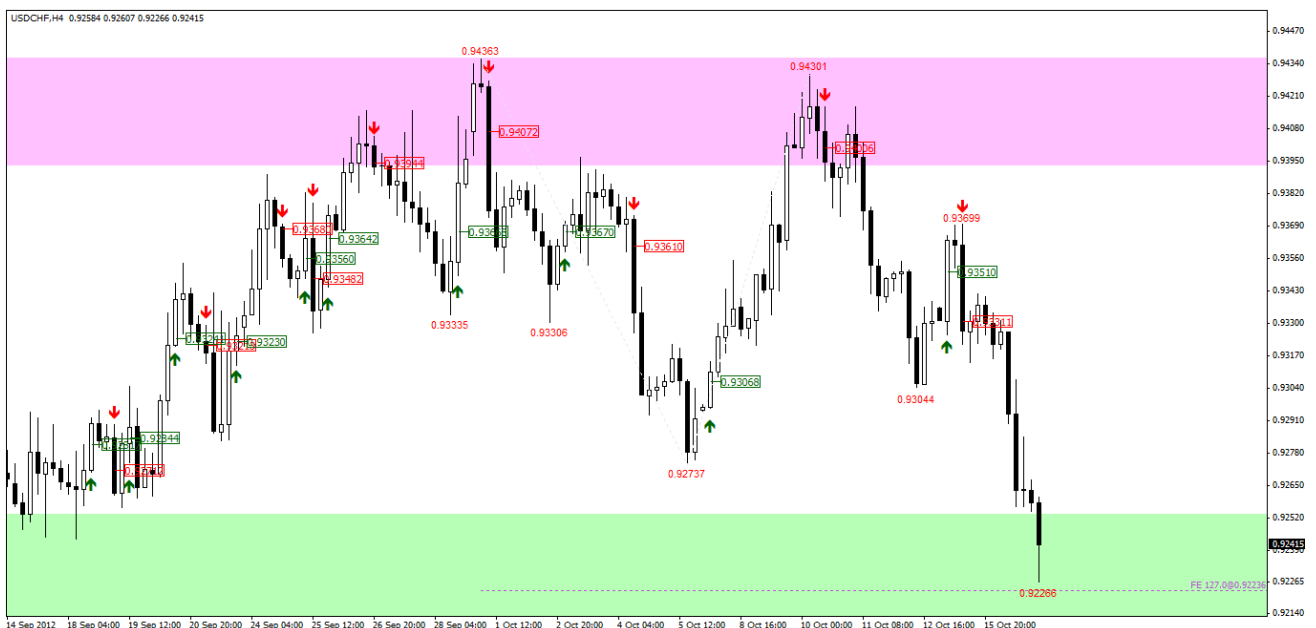
## Weekly Performance

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	16-10-2012	1.0	1.61090	+\$312.00		
GBP-USD	16-10-2012	1.0	1.60778	16-10-2012	1.0	1.61090	+\$312.00		
Unrealized							+\$624.00		

# USD-CHF DAILY



## USD-CHF 4-HOURLY

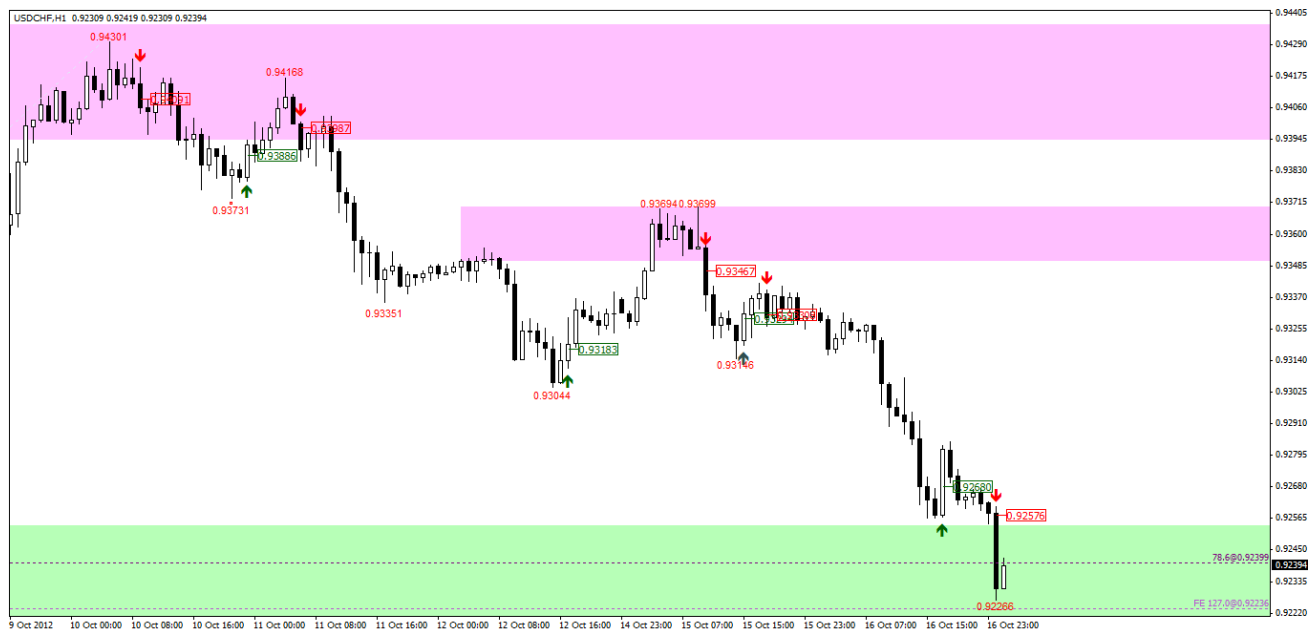


14 Sep 2012 18 Sep 04:00 19 Sep 12:00 20 Sep 20:00 24 Sep 04:00 25 Sep 12:00 26 Sep 20:00 28 Sep 04:00 1 Oct 12:00

## USD-CHF Short to Medium Term View

The idea that the correction from 0.92369 is incomplete and that a larger 3-wave move up may take place is effectively eliminated with the fall seen in overnight actions. All the while, a resumption of the fall from 0.99702 was expected which is targeted to eventually take out the September 14 low of **0.92369**. This will most likely be followed by a larger degree rebound back to test recent highs at 0.94301 and 0.94363 respectively. This weakness has resulted in price action falling into the demand pocket at **0.91933-0.92537**; testing the 127.0% projection of 0.94363 to 0.92737 from 0.94301 at **0.92239** in the early hours of Sydney session this morning. At the point of writing, the current low at 0.92266 has technically 'fulfilled' the minimum requirement of a 5<sup>th</sup> wave decline from 0.99702 but momentum suggests there might still be room for further decline. However, further chasing of this fall is not recommended as the downside is, on balance, not worth the risk of a rebound which as noted may see price action retracing back to recent highs at the 0.94300 level.

## USD-CHF 1-HOURLY

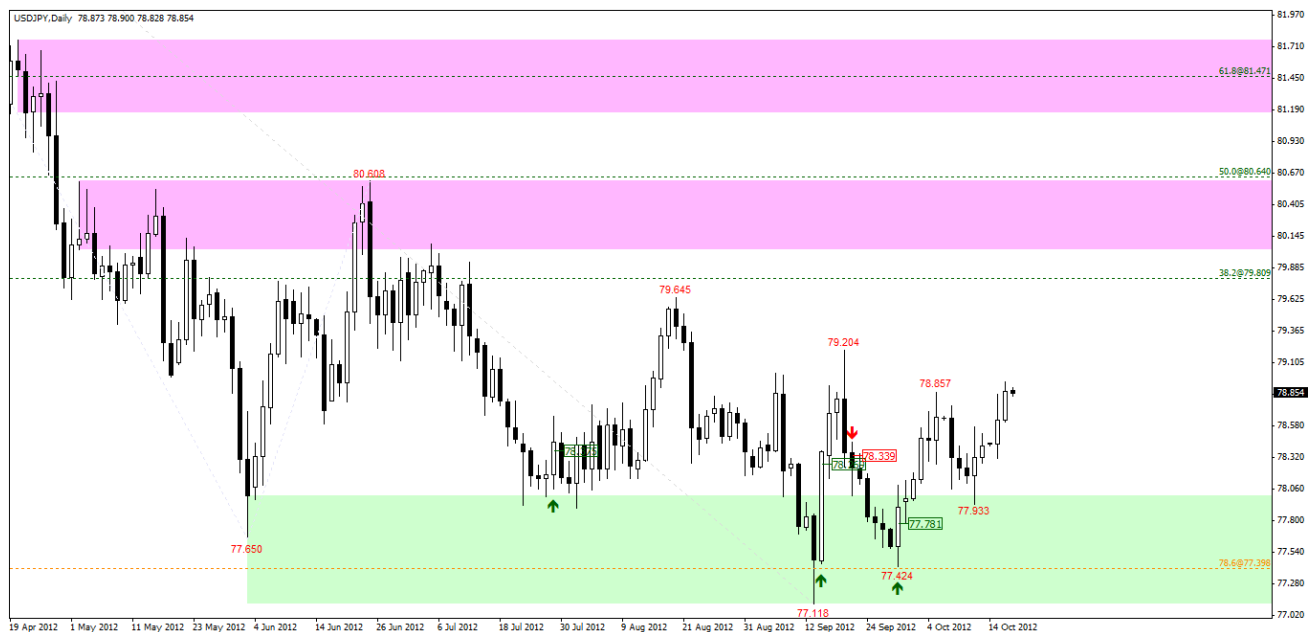


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 0.93308	0.92947 Realized	0.90512	Break-even

## 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	16-10-2012	1.0	0.92583	16-10-2012	1.0	0.93308	+\$783.08		
Unrealized							+\$783.08		



## USD-JPY 4-HOURLY



## USD-JPY Short to Medium Term Views

The rally from within the demand pocket at **77.778-77.986** is now just below the supply pocket at **79.106-79.204**; which in turn is located just above the 78.6% retracement of 77.118 to 79.645 at **79.104**. At the point of writing, only a close below **78.755** in the H4 chart would suggest the emergence of serious selling interests. 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 **DAILY**

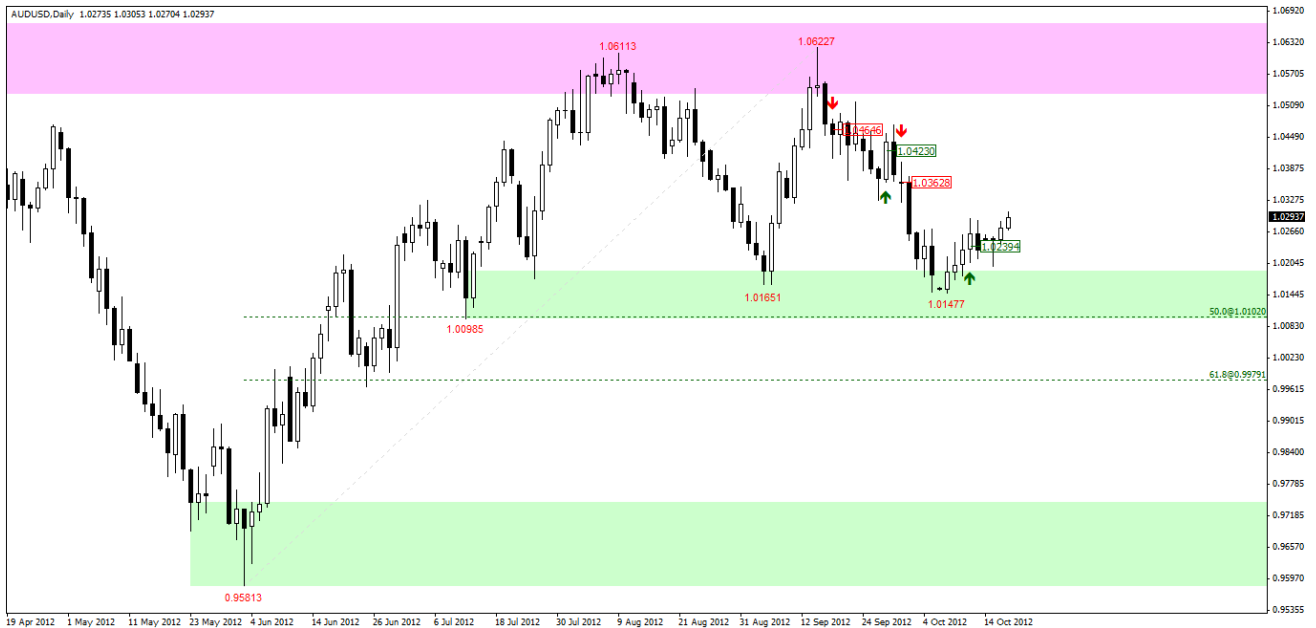
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 78.029	78.819	79.104	Exit in H4 close below 78.755
	Realized		

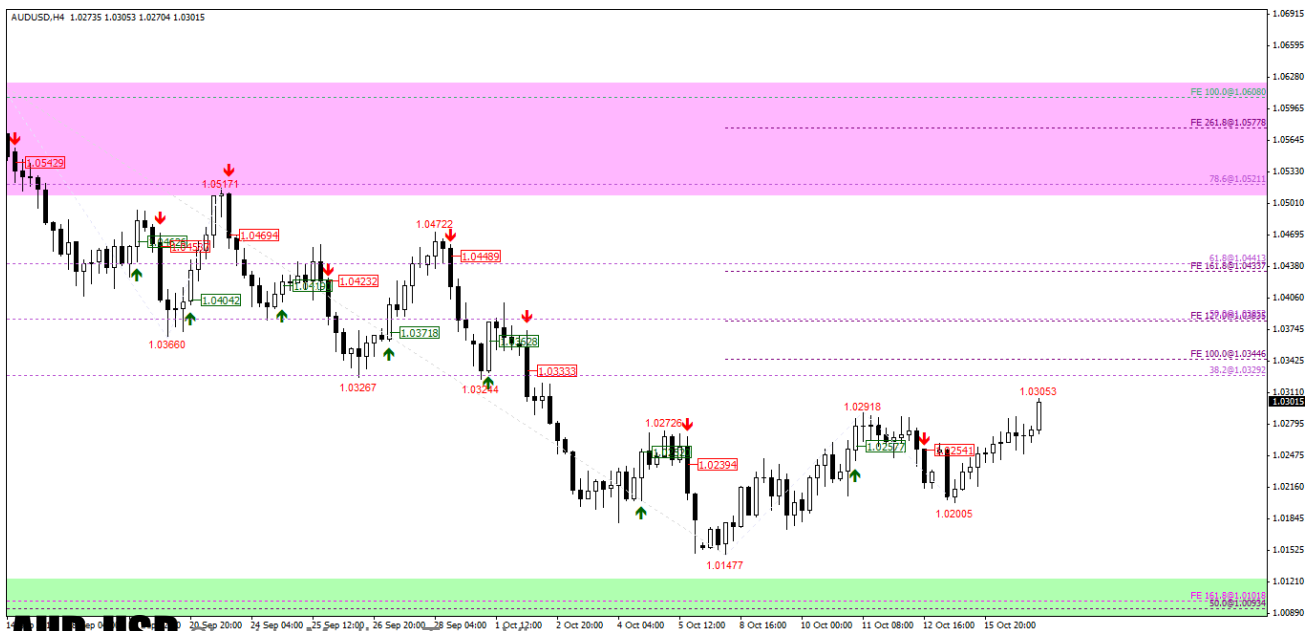
## Weekly Performance

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	16-10-2012	1.0	78.872	+\$1,068.82		
						Unrealized	+\$1,068.82		

## AUD-USD DAILY



## AUD-USD 4-HOURLY

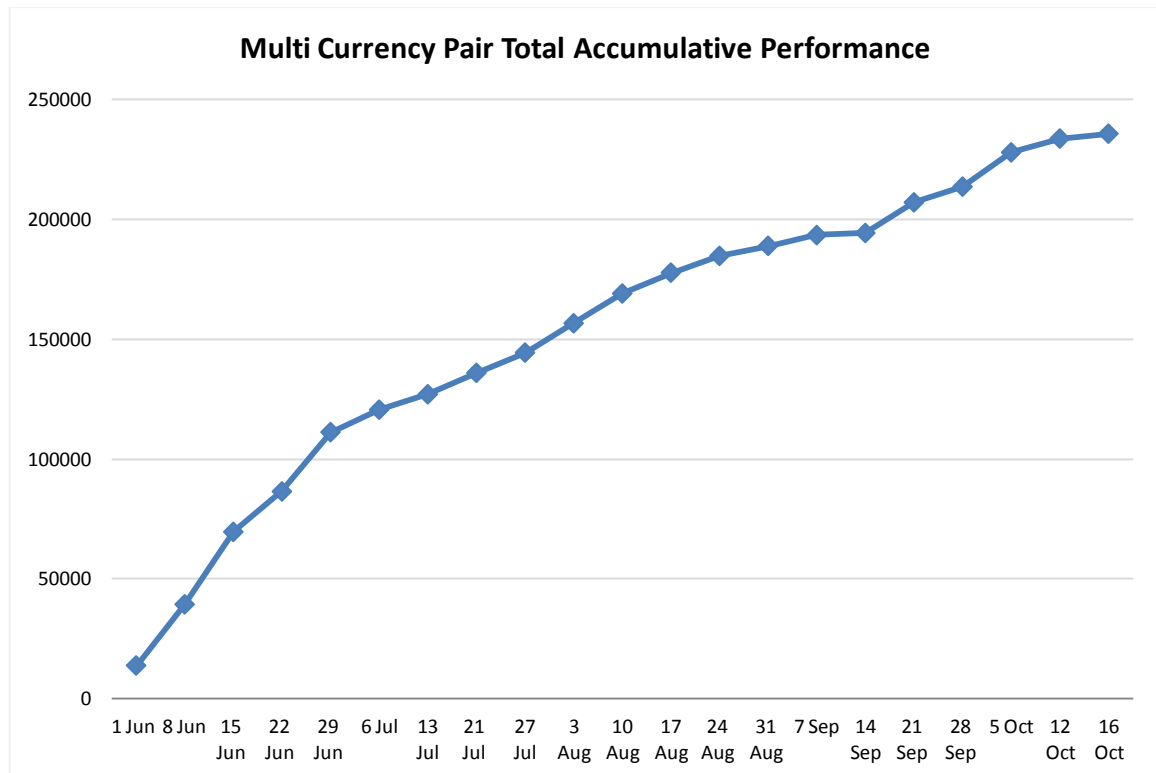
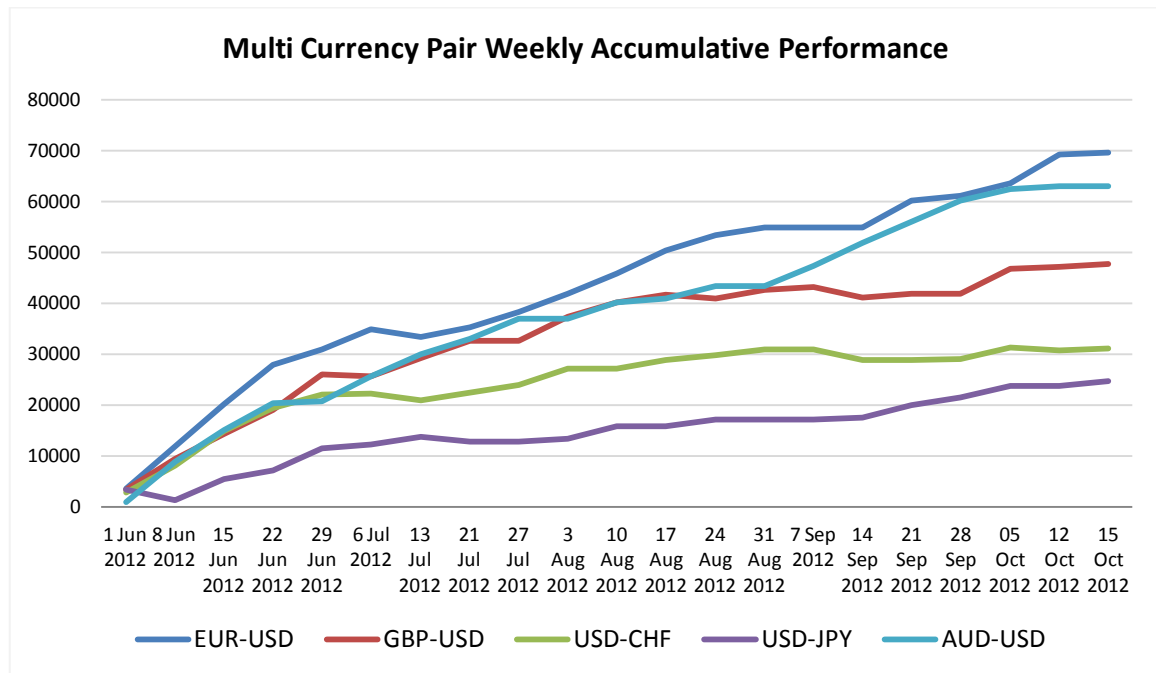


## AUD-USD Short to Medium Term Views

Compared to the string momentum seen in the other majors, price action in this market appears to be rather muted. As noted, the rebound from 1.01477 is corrective in nature; without the impulsiveness needed to propel price action higher. Though the chance of this market falling back into the immediate demand pocket at **1.00985-1.01395** has waned, the anticipated rally has yet to materialize. For this run, a sensitive area where potential selling interests may emerge is the 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 – assuming, of course, there is no wholesale collapse below the DZ at **1.00985-1.01911**.

ACTION	Target 1	Target 2	EXIT
Bought @ 1.01885	1.02325	1.03722	Exit D1 close below 1.02510
	Realized		

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	16-10-2012	1.0	1.02736	+\$851.00		
						Unrealized	+\$851.00		



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.