

A Traders Academy International Publication

Yen Sharply Lower On LDP Possible Win

The Bank of Japan is expected to stand its ground by keeping monetary policy unchanged on Tuesday in the face of calls from the country's likely next prime minister to pursue "unlimited" easing. The leader of the main opposition, Shinzo Abe, has put the central bank at the centre of economic debate ahead of a December 16 national election that surveys show his party would win, signalling his government would put the bank under much greater pressure to ease policy.

Abe has even suggested revising the Bank of Japan law, a step critics say is aimed at clipping the central bank's independence and forcing it to print money to finance public debt that is already double the size of Japan's economy. However, economists expect the central bank to keep monetary policy steady on Tuesday, having eased in September and October. It will prefer to hold fire so it can size up the government to be formed after the December 16 vote for the powerful Lower House.

Markets will also look to see how BOJ Governor Masaaki Shirakawa responds to the increased political heat when he addresses a media briefing following the policy meeting. Analysts expect the BOJ will stand pat this month and probably ease in December by boosting bond purchases by ¥10 trillion (\$123 billion).

Japan's economy shrank 0.9 percent in the September quarter and given headwinds to growth in the current quarter, is widely expected to have slipped into a recession. The BOJ may reflect that by cutting its assessment of the economy and thus signal a readiness to loosen policy as early as next month.

Abe, the leader of the Liberal Democratic Party (LDP), has called on the BOJ for bolder policy action, including "unlimited easing", pushing interest rates to zero or below zero and directly underwriting bonds issued to fund public works spending. That comment pushed the USD-JPY to a near 7-month high and raised expectation the BOJ may act at its next rate review on December 19-20, just after the election.

The BOJ is unlikely to give in to some of the extreme demands, such as underwriting debt, but is weighing options beyond its asset-buying and lending programme, its main policy tool, having cut policy rates effectively to zero.

For now, though, many central bankers prefer to hold fire to scrutinise the impact of easing in September and October, which brought the size of the asset buying and lending programme to ¥91 trillion yen -- roughly equal to Japan's annual state spending.

Shirakawa has warned that flooding markets with cash alone will not push up prices when interest rates are already near zero. Japan has been dogged with deflation for years despite the BOJ's ultra-easy policy. The BOJ set a 1 percent inflation target in February and has eased policy four times so far this year. Abe has talked of setting an inflation target of 2 percent or 3 percent.

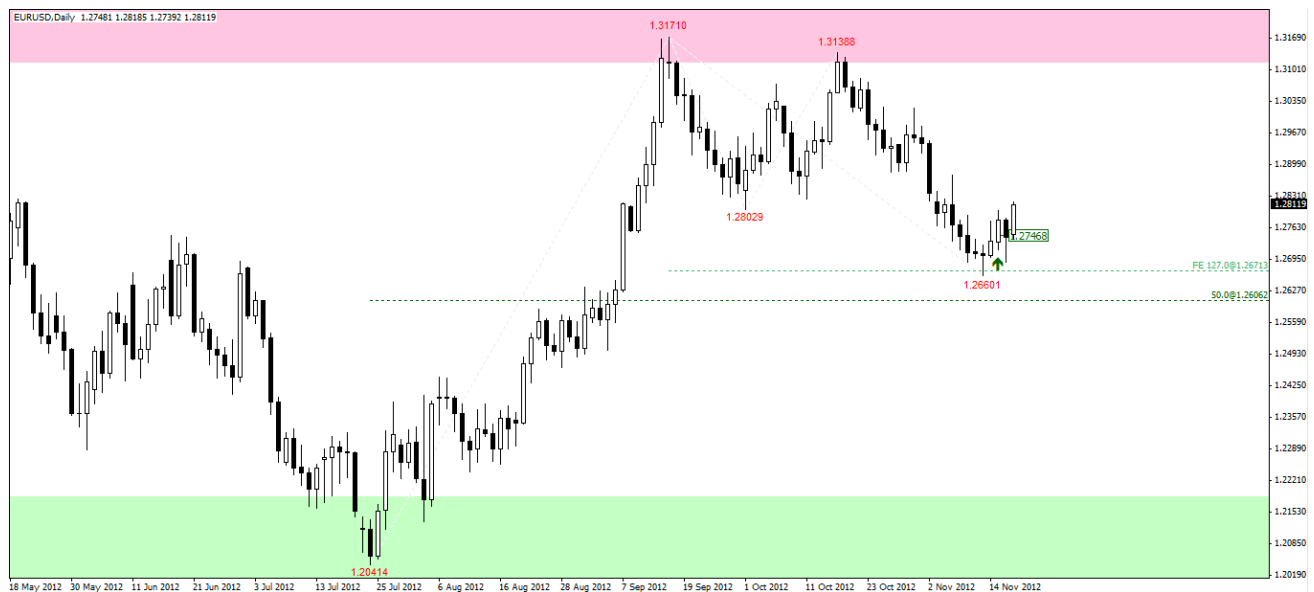
Despite the political pressure, the BOJ is caught in a dilemma. Bank notes in circulation are rising and the balance of deposits that commercial banks park with the BOJ is at a record high of ¥44 trillion as a result of its ultra-loose policy. But bank lending rose a meagre 0.9 percent in the year to October; a sign the extra cash has not prompted companies and households to borrow more for new spending.

While Abe's remarks have helped lift Tokyo share prices on expectations of bolder monetary stimulus, some analysts say his demands are unrealistic and they doubt whether he will stick to them once in power. Many economists also warn that threatening central bank independence or forcing it to underwrite public debt could trigger an unwelcome spike in bond yields by raising doubts in markets about Japan's ability to keep its fiscal house in order.

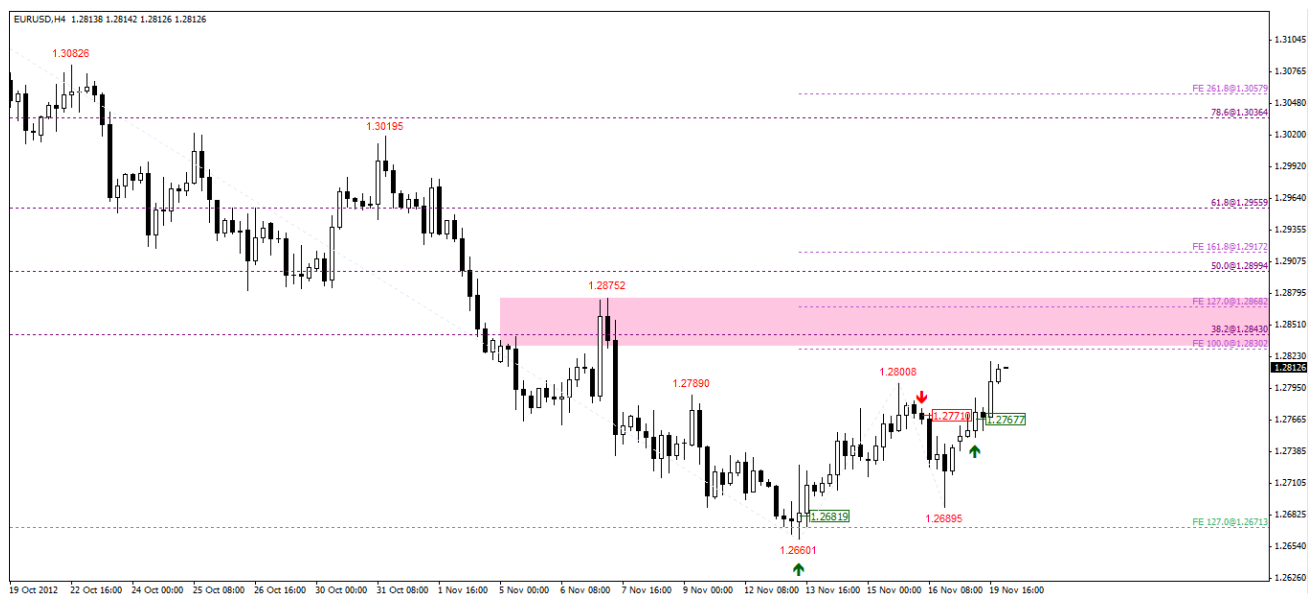
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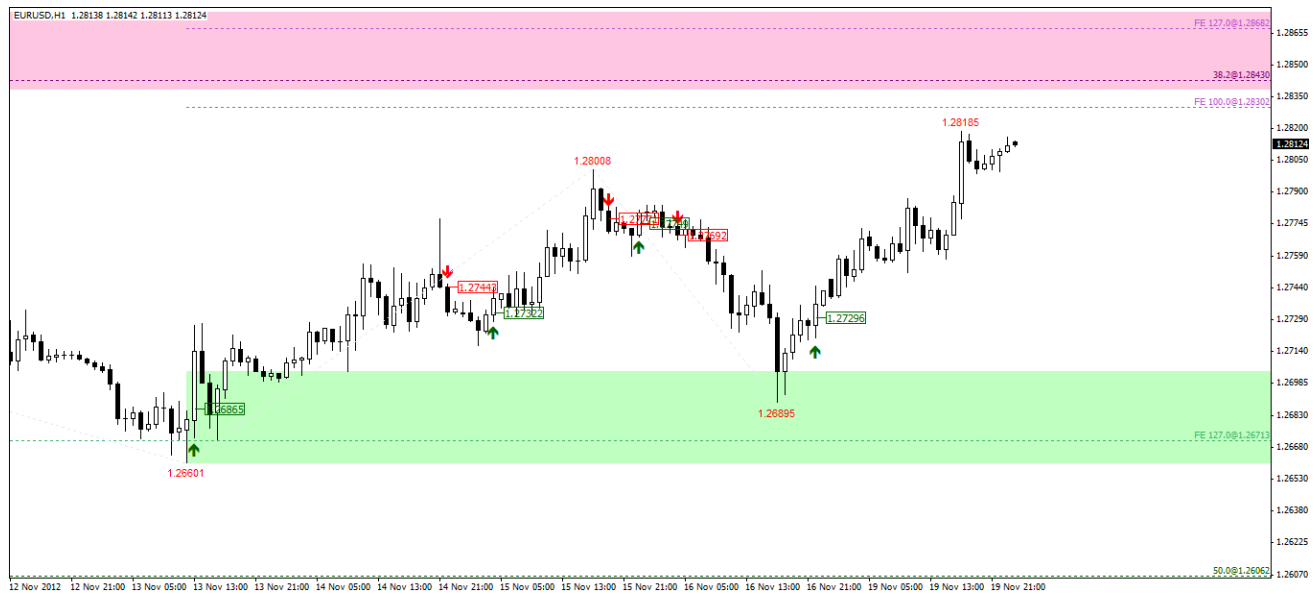
EUR-USD DAILY



EUR-USD 4-HOURLY



EUR-USD 1-HOURLY



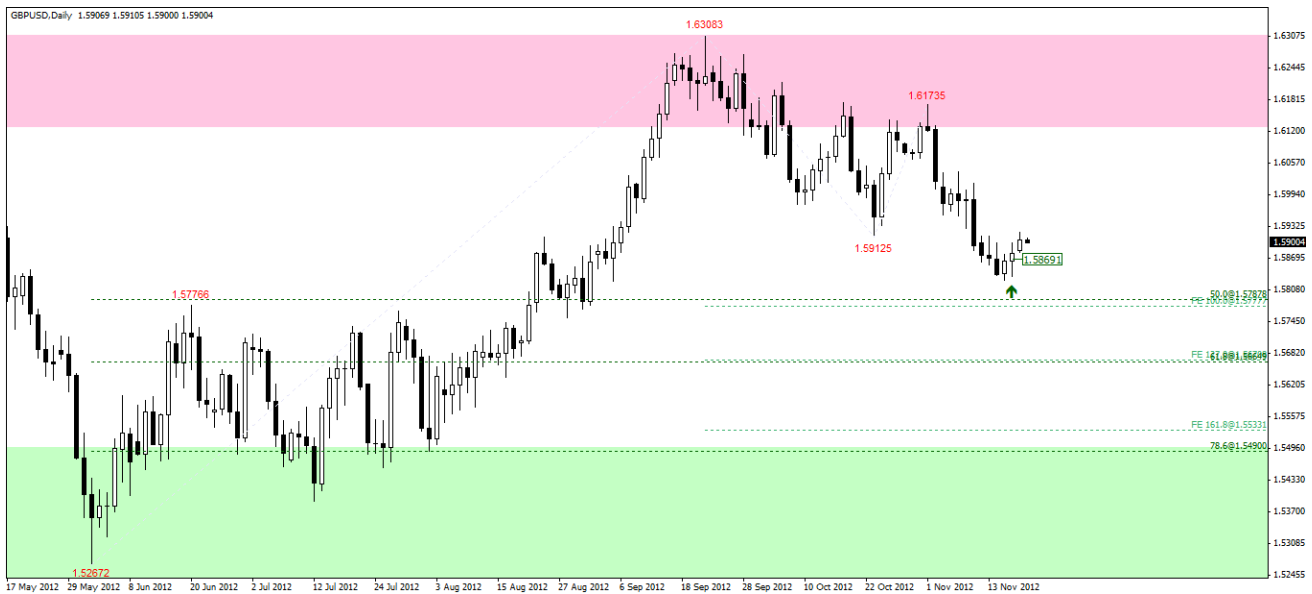
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal within 1.28381-1.28752	1.27644	1.27044	1.28902 STOP

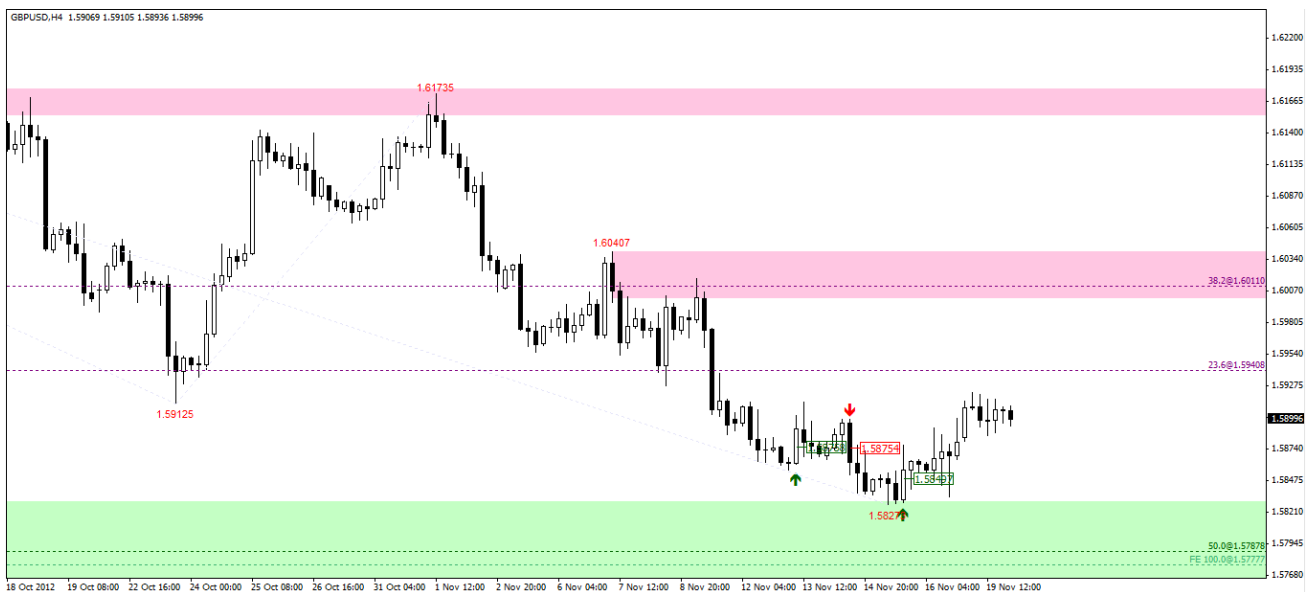
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 16-11-2012								\$72,447.00
Unrealized							\$0.00		

GBP-USD DAILY



GBP-USD 4-HOURLY



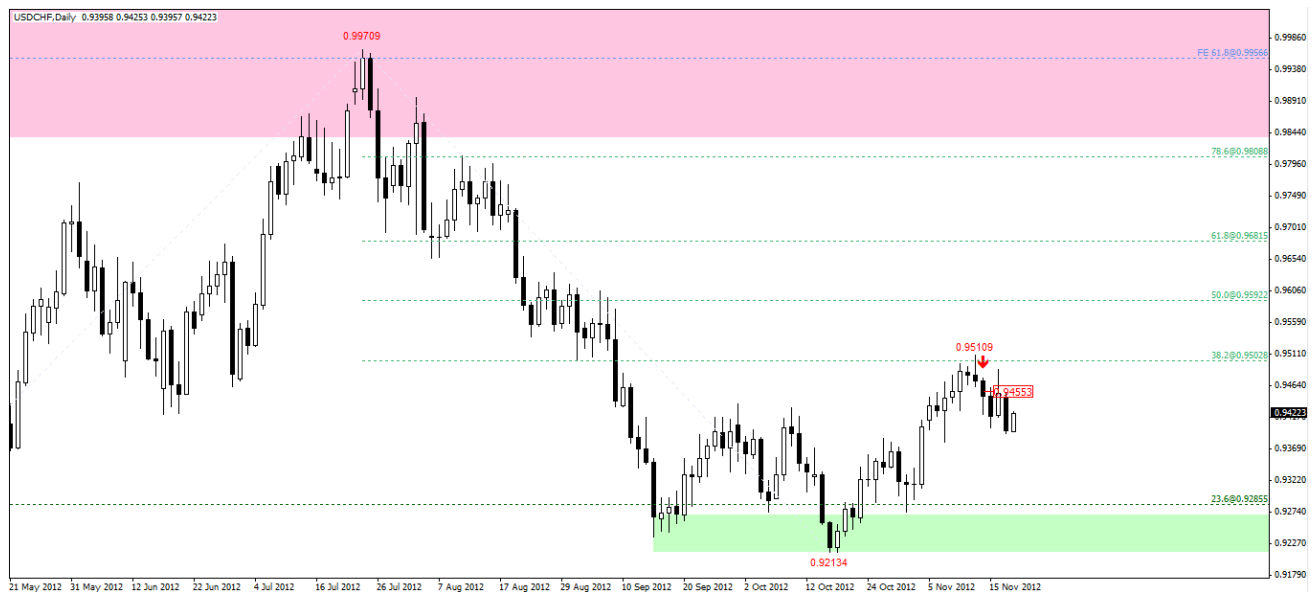
GBP-USD Short to Medium Term Views

With the D1 turning positive the first time since October 25 with a closing above **1.58691**, a buy signal was triggered in the D1 chart last Friday. While the long-term W1 chart has yet to turn positive, an eventual rally above the September 21 peak of 1.63083 now looks possible. That said, a look at the W1 chart shows that should the fall from the September high of 1.63083 extends, the nearest area of support lies at the DZ at **1.52327-1.54978**. That's a good 400 pips away. Meanwhile, the H4 chart shows that nearest short-term support is the demand pocket at **1.57531-1.57823** where a confluence of 2 Fibonacci ratios lies in wait. There are the 50.0% retracement of 1.52672 to 1.1.63083 at **1.57878** and the 100.0% projection of 1.63083 to 1.59125 from 1.61735 at **1.57777**. Should price action falls back into this price pocket, and a buy reversal signal appears there, it may be worth taking a punt to anchor a preliminary long position there to test the water for a more substantial correction. On the other hand, overnight actions have seen this market struggled into the minor supply pocket at **1.59114-1.59283** where the 23.6% retracement of 1.61735 to 1.58273 at **1.59090** is located. Price action needs to decisively clear this hurdle to have any hope of a sustainable rally. Structurally, the short-term price structure is not supportive of this eventuality; meaning price action is more likely to consolidate rather than trend.

ACTION	Target 1	Target 2	EXIT
Buy on buy signal in between 1.58247-1.58493	1.59313	1.60150	1.57431 STOP

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 16-11-2012								\$49,565.00
						Unrealized	\$0.00		

USD-CHF DAILY



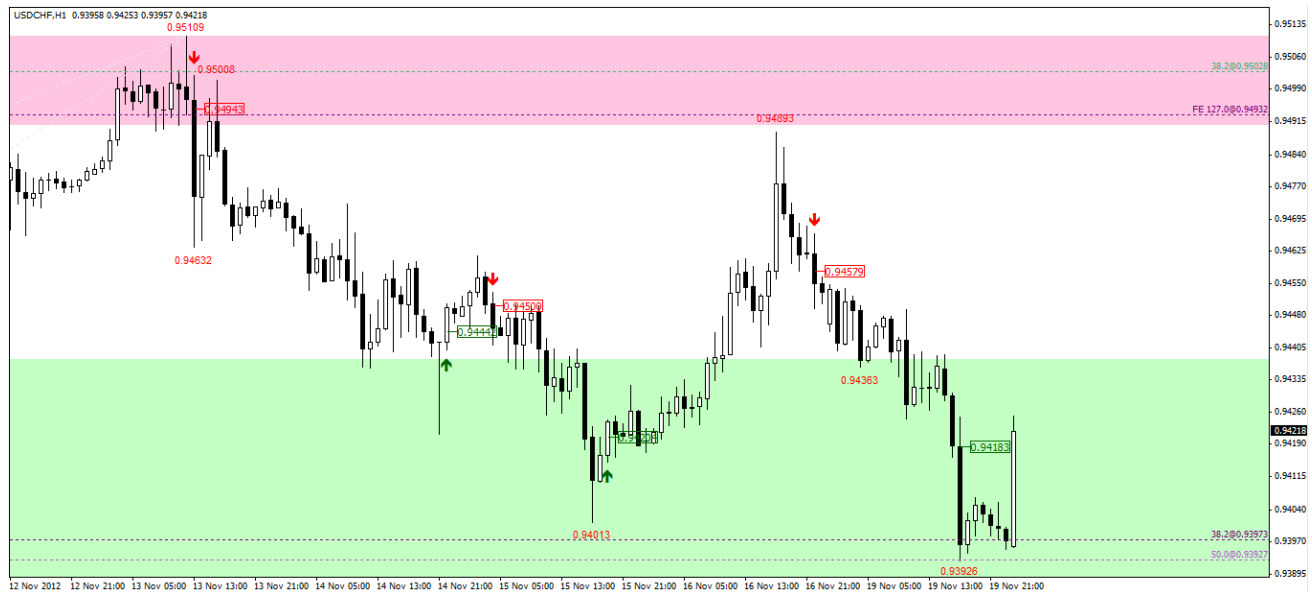
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

Something unusual is happening right now in this market. At this time of the day, this market does not move like this. A spike in price is occurring in early Sydney session even this report is being written. Regardless of the reason, a close above **0.94183** in the H1 chart would immediately triggers a buy signal (current price is 0.94218). Likewise, a close above **0.94298** too would trigger a buy signal in the H4 chart. Traders should stay alert for this move. A fortnight ago, this market closed at a 10-week high in the W1 chart, suggesting the resumption of the long-term counter-trend rally from 0.70667. However, the momentum failed to carry forward to last week's trading. All the while, the idea that price actions since October 17 low of 0.92134 was part of a 4th wave was severely challenged. After stalling between 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** on Monday and triggered sell signals in the smaller time frame charts, the bearish case is back in favor. As noted, this confluence of Fibonacci ratios makes this price window very sensitive to reversal. This market fell to test the 38.2% of 0.92134 to 0.95109 at **0.93973** as well as the 50.0% retracement of 0.92746 to 0.95109 at **0.93928** (see H1 chart). While the medium-term outlook has decidedly turned bearish with this week's fall, the immediate outlook is mixed, especially with this rather unusual spike in prices this morning.

USD-CHF 1-HOURLY



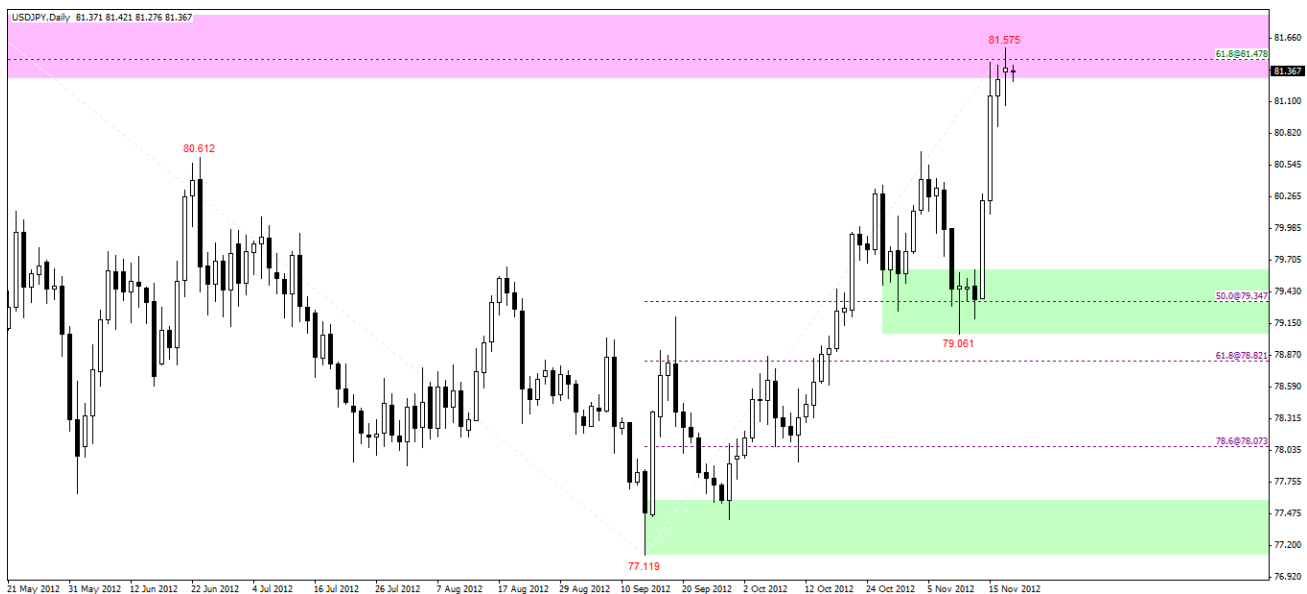
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on H1 close above 0.94183	0.94776	0.95858	0.93826 STOP

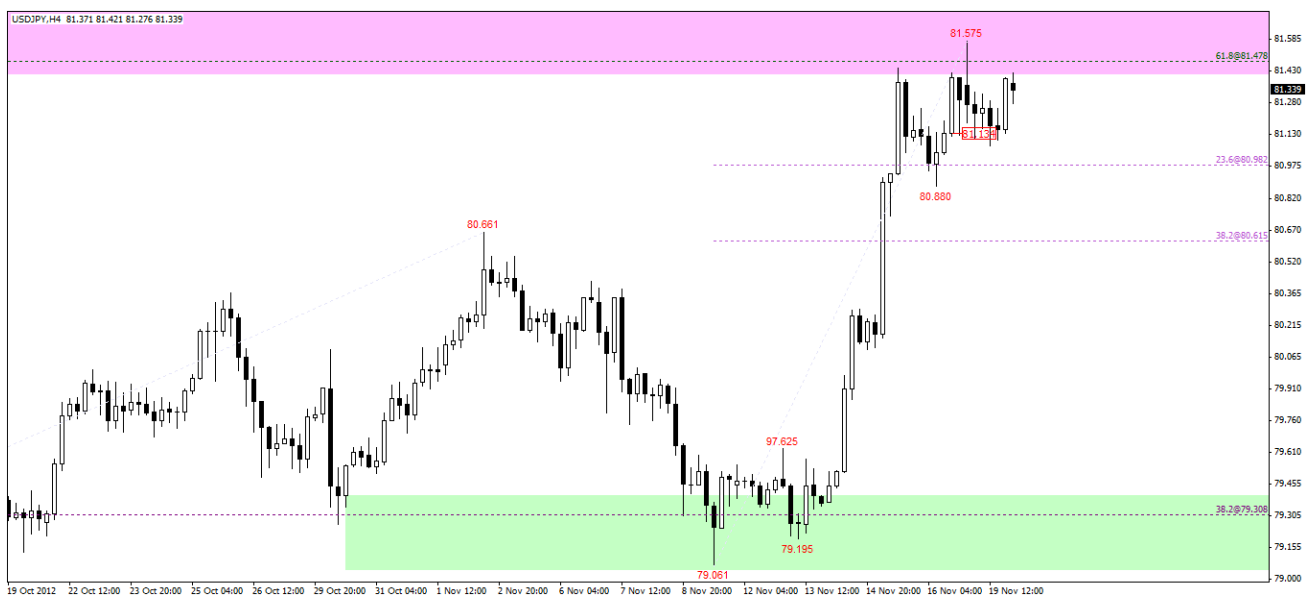
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 16-11-2012								\$34,932.12
Unrealized							\$0.00		

USD-JPY DAILY



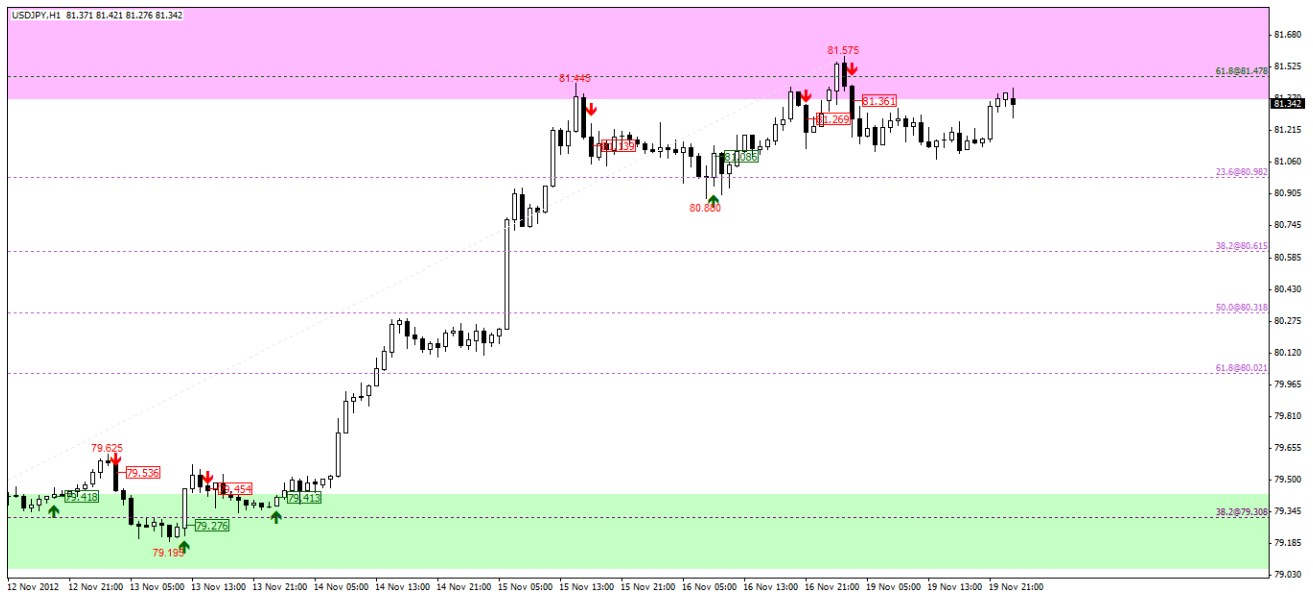
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

After the meteoric rally last week caused by the sudden dissolution of the Japanese parliament and the prospect of the opposition party LDP returning to power caused a stampede to sell the Japanese Yen. A scramble to unwind short USD-JPY positions resulted in an explosive rally that took price action to a 7-month high with a print at 81.445 last Thursday. This rally hit an ancient longer-term supply pocket at **81.366-81.858** where the 61.8% retracement of 84.172 to 77.119 at **81.478** is located and appeared to have stalled. A sustained rally above this SZ may well result in an attempt at the year's high **84.172** last seen in March. Over the long-term, this bullish bias has a potential for a 5 yen or 500 pips rally. A possible target is the 100.0% projection of 75.563 to 84.172 from 77.119 at **85.728** which incidentally sits within a known supply zone. With the shallowest of pullback, price action retreated to a low of 80.880, last Friday and saw the appearance of a *Long-Legged Shadow Doji* the H1 chart and subsequently triggered with a buy signal with a close above **81.086** in the H1 chart. As noted, this rally appears to have stalled and any pullback to last Friday's low area or the 38.2% retracement of 79.061 to 81.575 at **80.615** (and if a buy signal appears), is worth considering a buy.

USD-JPY 1-HOURLY



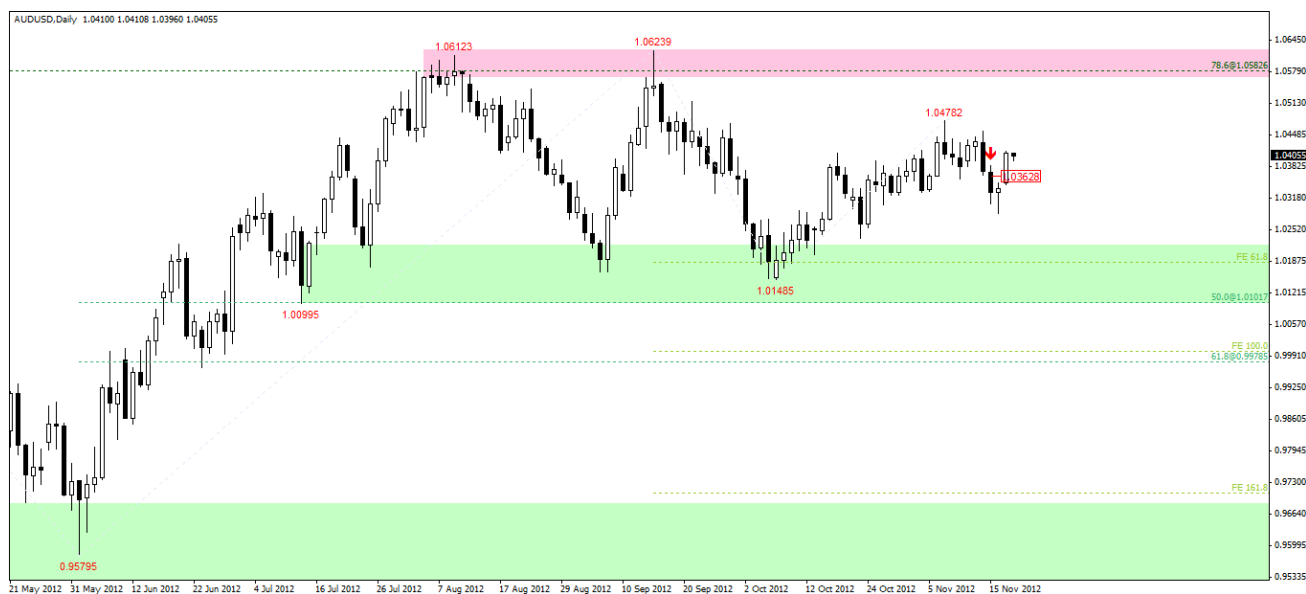
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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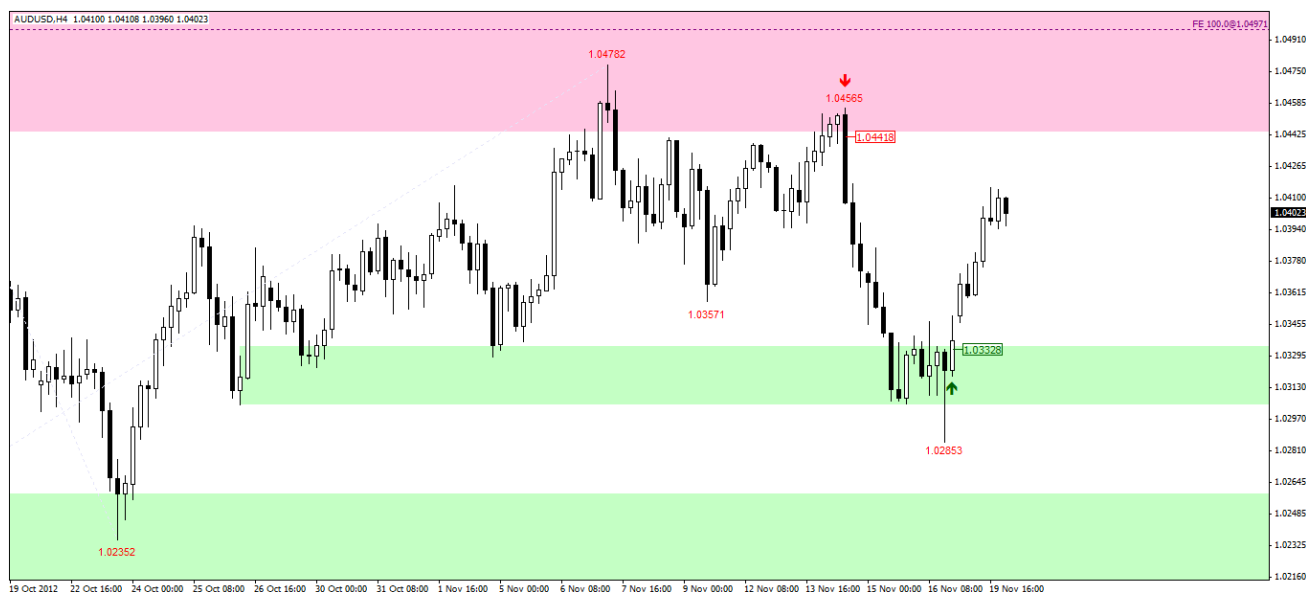
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 16-11-2012								\$29,722.53
Unrealized							\$0.00		

AUD-USD DAILY



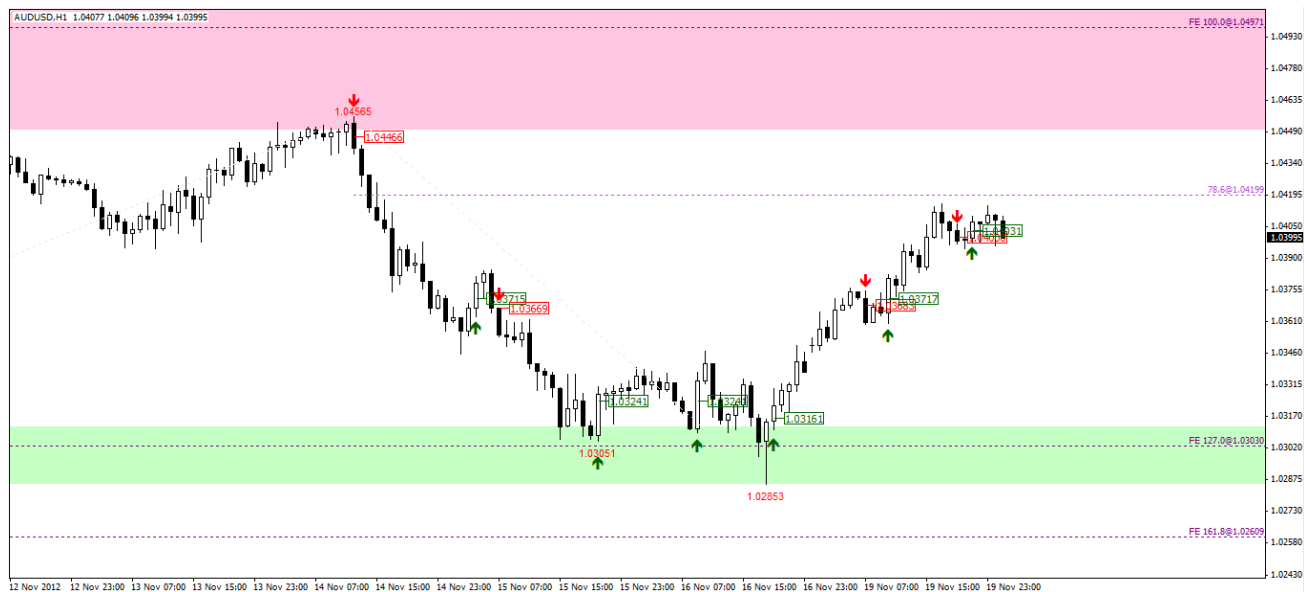
AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

Last Wednesday's sharp fall ended with a bottom at 1.02853 which ended as a hammer in the H1 and H4 charts and triggered buy signals. Yesterday saw price action punched through the minor supply pocket at **1.03830-1.03976** where the 61.8% retracement of 1.04565 to 1.02853 at **1.03910** was located. The momentum from last night's rally may potentially see price action rallying back 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 it was from this price pocket that this market last unravelled, a punt there on the short side (on sell signal of course) may well result in selling interests emerging enmass again. Stay tuned.

AUD-USD 1-HOURLY

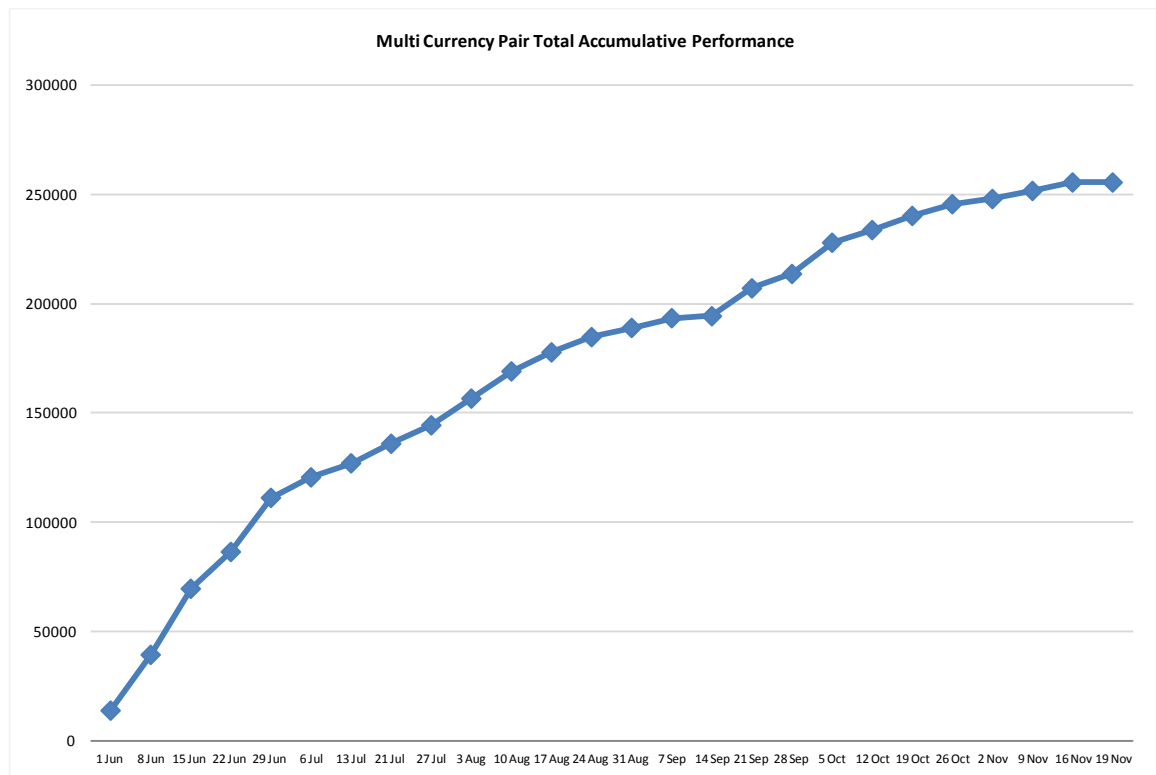
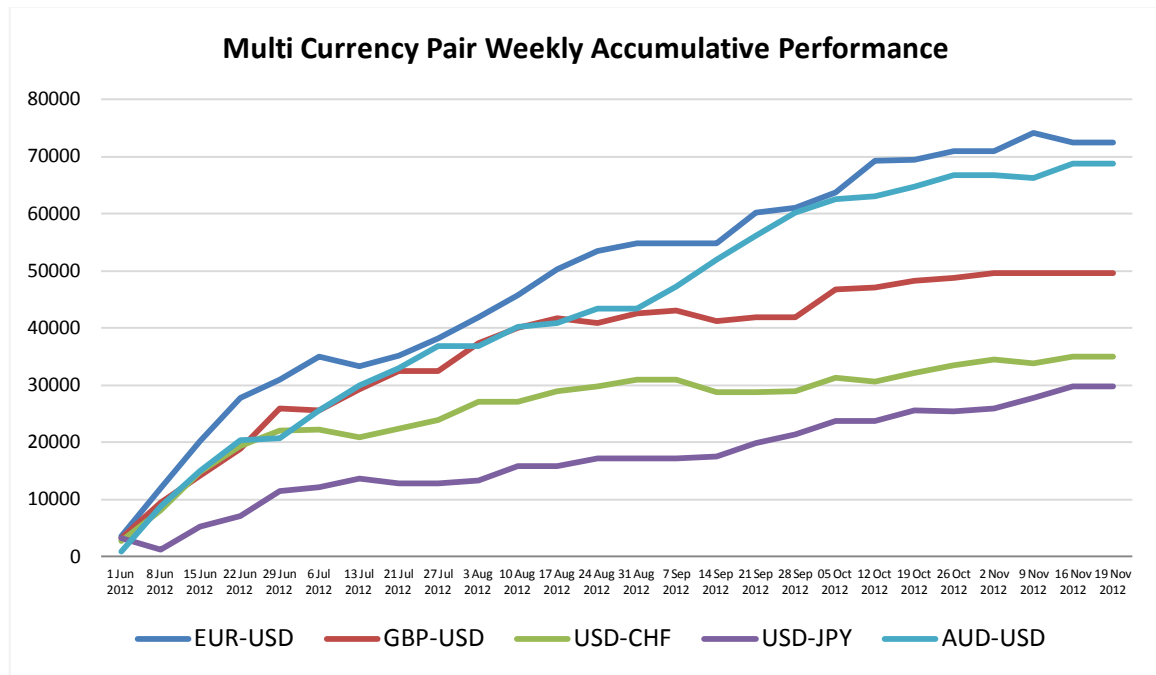


Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal between 1.04442-1.05182	1.03118	1.02609	1.05282 STOP (tentative)

Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 16-11-2012								\$68,847.00
Unrealized							\$0.00		



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.

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.