

# FOREX OUTLOOK

*A Traders Academy International Publication*

## EUR-USD Rose For 4<sup>th</sup> Straight Month

For the past few weeks, financial markets have traded on headlines from U.S. political leaders on the "fiscal cliff," tax hikes and spending cuts worth \$600 billion set to kick in early next year that could hurt the economy. U.S. House of Representatives Speaker John Boehner said Republicans and President Barack Obama are locked in a stalemate. Obama blamed Republicans who control the House for holding up a deal.

EUR-USD rose to its highest in more than 5 weeks on Friday, posting its fourth straight month of gains as traders clung to hopes that U.S. politicians would reach a fiscal deal before the end of the year. EUR-USD rose 0.2 percent to 1.29846, having earlier touched 1.30267, its strongest level since Oct.23. Offers were reported at 1.30400-500. For the month, the Euro rose 0.3 percent against the US Dollar.

German lawmakers on Friday approved the latest Greek bailout by a large majority, also helping Euro sentiment. But the outcome was widely expected.

Gains in Europe's shared currency came despite weak data that included a sharp drop in German retail sales, a fall in French consumer spending and record-high unemployment for the Euro zone. The gloomy economic outlook for the Euro zone should limit further strength in the Euro, analysts said. With unemployment still sitting at 11 percent in the Euro zone and inflation at just 2 percent, most don't see how the Euro can move up from here, other than people looking at an alternative to the US Dollar.

EUR-USD dipped to session lows after weak U.S. personal income and spending data. The data dented the market's risk appetite as investors sought the dollar for its safety appeal. The disappointing data has dampened the modest enthusiasm that major economies are gaining strength. The report also reinforces the fact that U.S. growth in Q4 would be weak.

USD-JPY rose and registered its best month since February on speculation that a likely change in Japan's government would lead to aggressive monetary easing. Speculators boosted their bets against the Japanese Yen to the highest since May, 2007.

USD-JPY rose 0.5 percent to 82.464, close to a near 8-month high of 82.820 hit last week. It was on pace for a gain of 3.4 percent in November, the biggest since February.

Although Japan's main opposition leader, Shinzo Abe, a front-runner to become the new prime minister, seemed to have softened his aggressive stance on Bank of Japan independence, he did reiterate his desire for the bank to buy foreign bonds. The market is certainly gearing up toward the December 16 election with growing expectations of further easing; USD-JPY could rise further, to 85 to 870, if the election goes as expected.

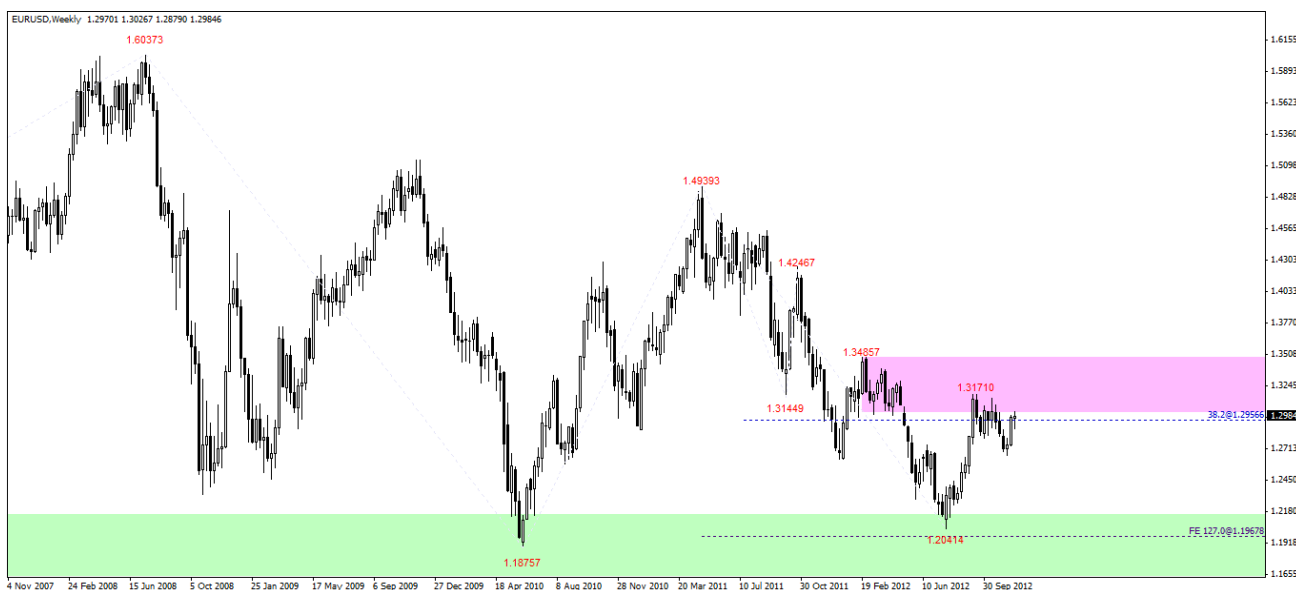
### Content:

EUR-USD	2
GBP-USD	5
USD-CHF	8
USD-JPY	11
AUD-USD	14
Performance	17

## EUR-USD MONTHLY



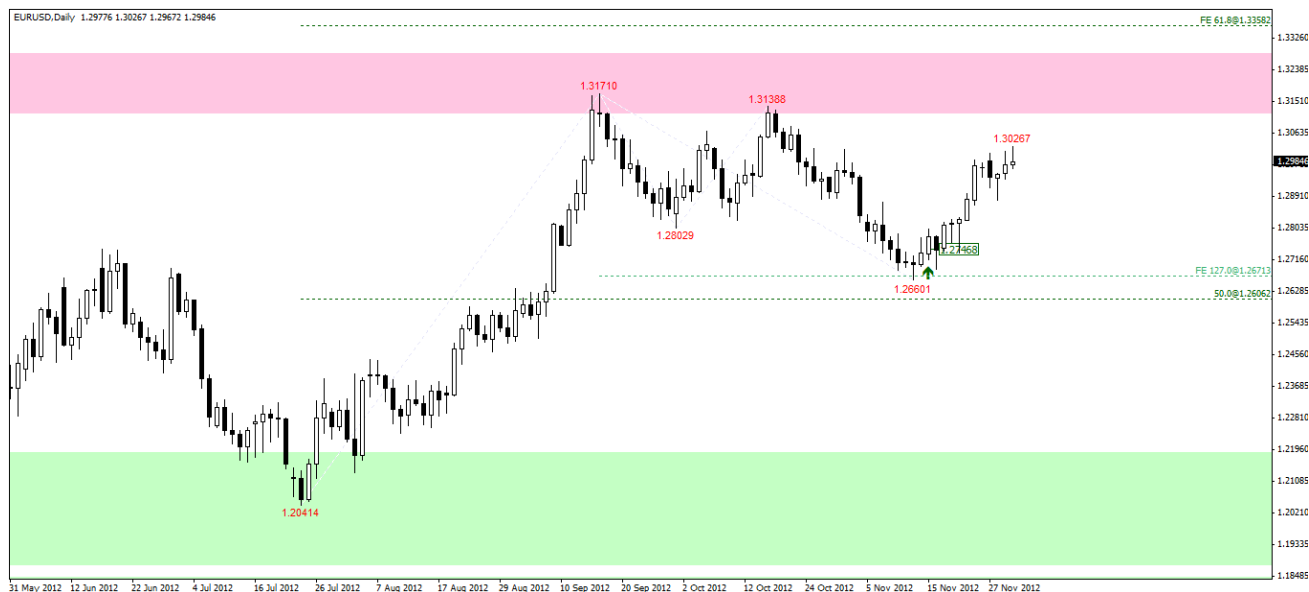
## EUR-USD WEEKLY



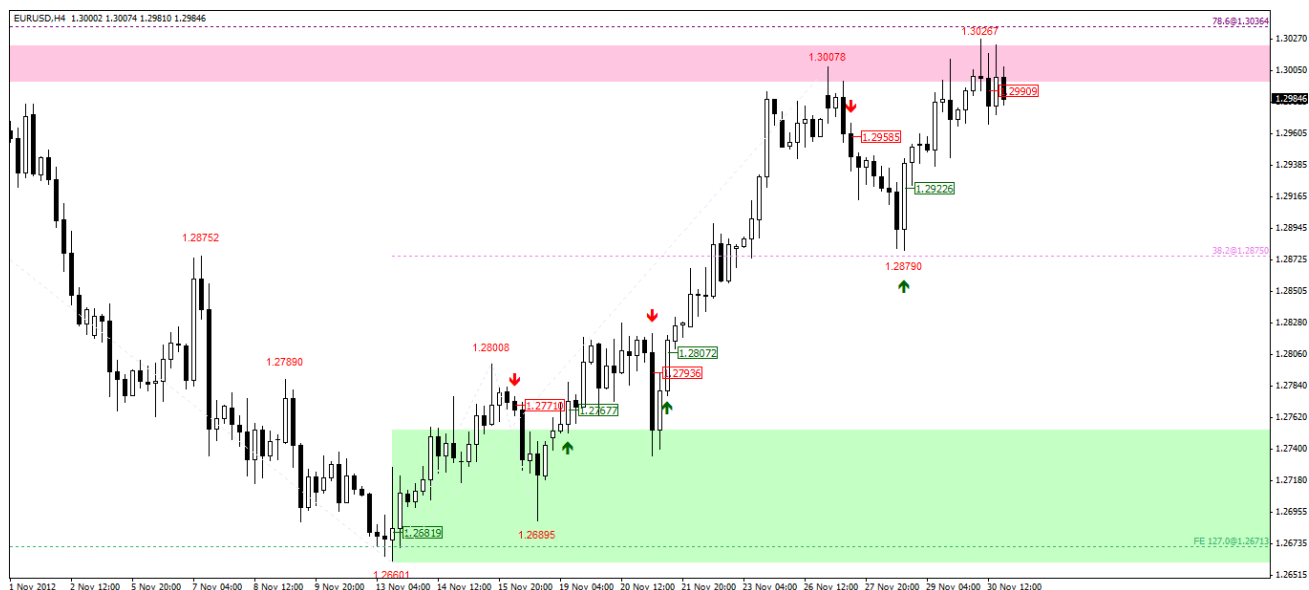
## EUR-USD The Big Picture

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 2012, 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 a strong closing last week, the week ended on a 4-week high and is poised to extend beyond the September 17 high of **1.31710**.

## EUR-USD DAILY



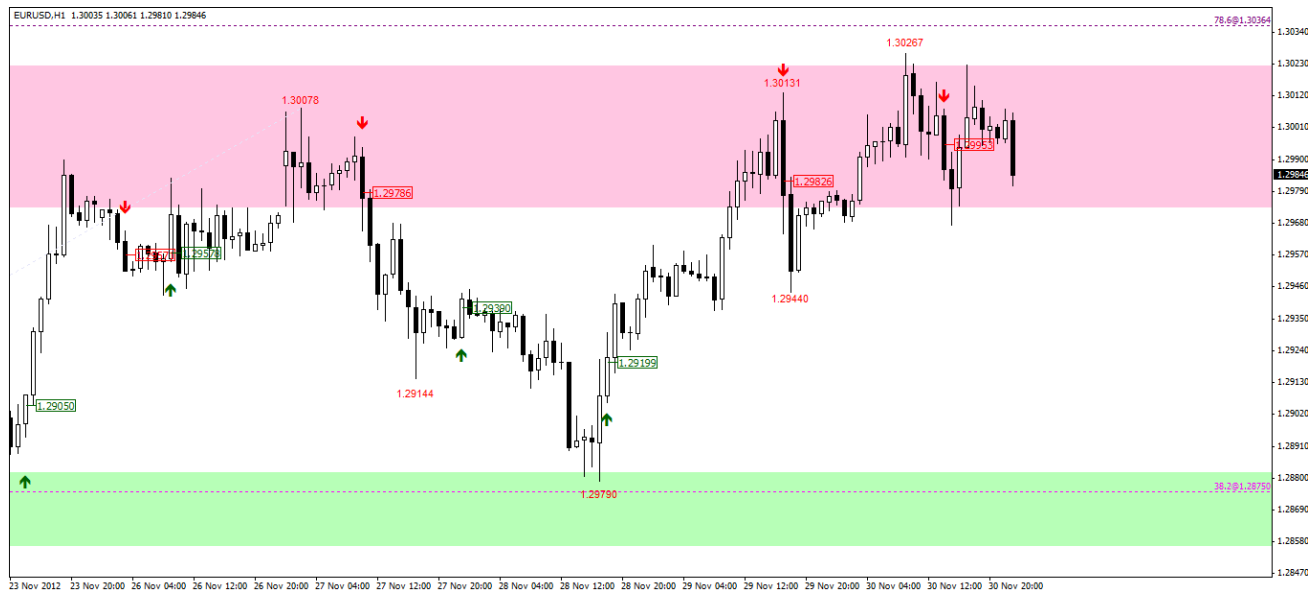
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

The rise from just above the 38.2% retracement of 1.26601 to 1.30078 at **1.28750** from within a minor demand pocket at **1.28563-1.28818** has hit a price pocket between the **1.29732-1.30223** (see H1 chart). Though sell signals were triggered in both the H1 and H4 charts with closes below 1.29953 and 1.29909 in overnight trading, odds are the rally from 1.26601 may have already resumed. In spite of the latest sell signals in the smaller time frames, this market remains well-bid. In retrospect, actions last Friday has helped cleared up the medium-term picture of this market considerably. With a relatively strong closing last Friday and the follow-through buying seen this week, 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 a 4<sup>th</sup> wave move has been vindicated. The rise from 1.26601 now has a clear 5-waves up structure and (after a brief perhaps) 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). Traders should remain on the long side of this market and view any pullbacks (especially within the demand pocket at **1.28563-1.28818**) as buying opportunities.

## EUR-USD 1-HOURLY



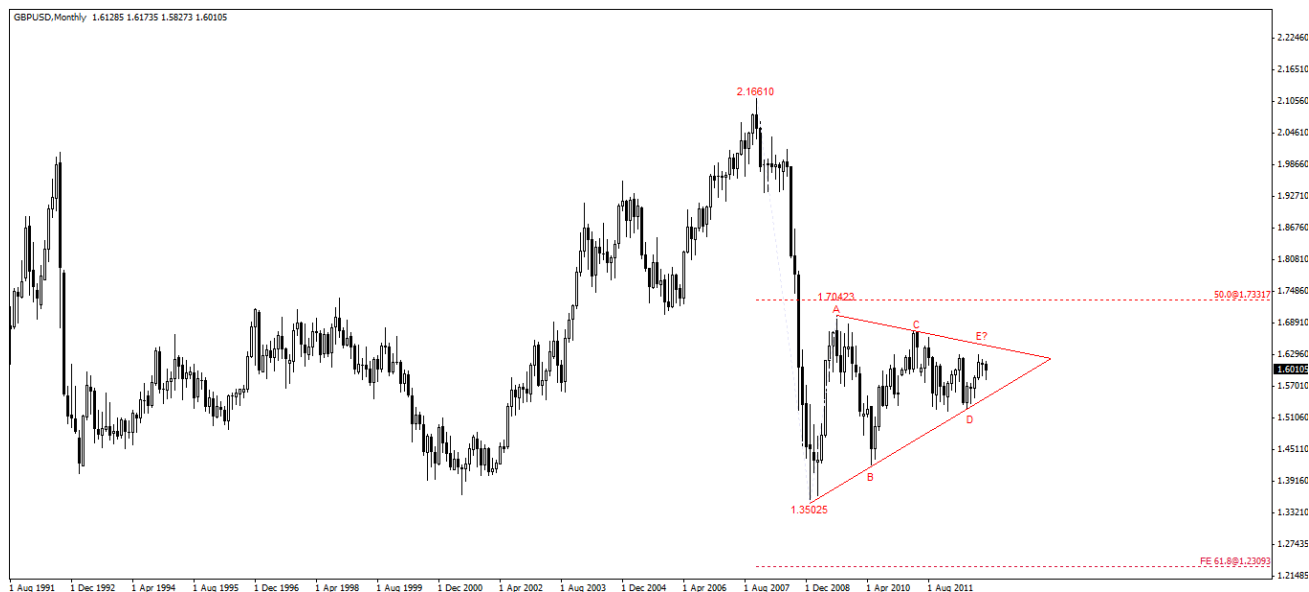
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.28923 (M5 chart)	1.30364	1.32831	Breakeven

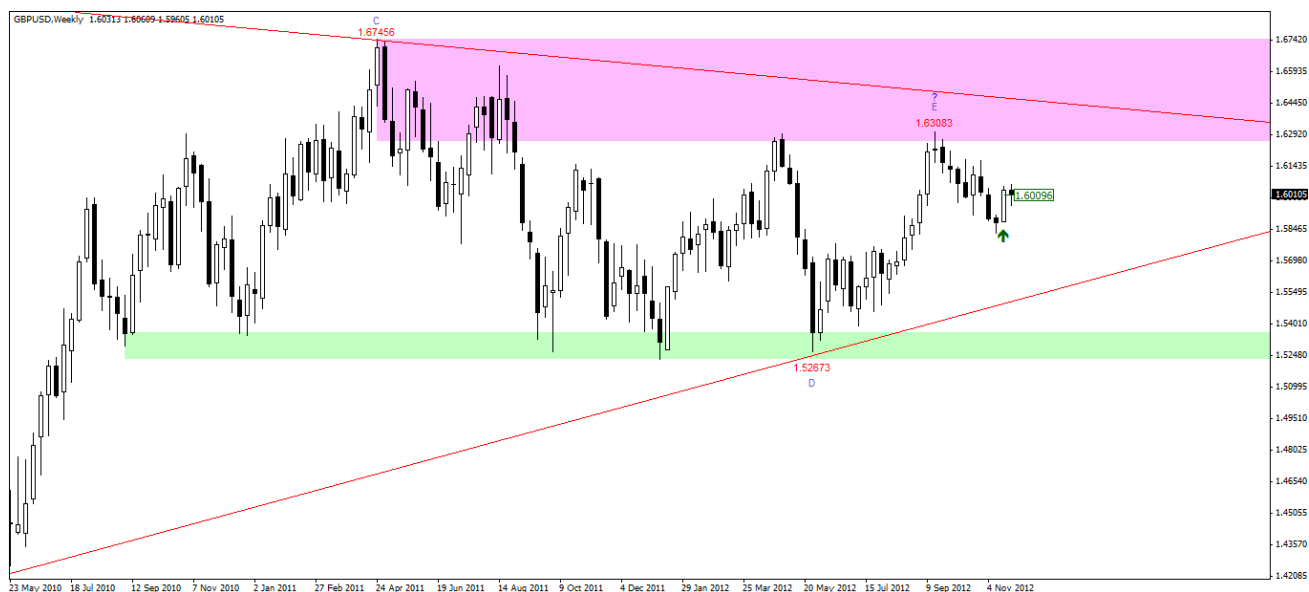
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 23-11-2012								\$72,447.00
EUR-USD	28-11-2012	1.0	1.28923	30-11-2012	1.0	1.29846	+\$923.00		
EUR-USD	28-11-2012	1.0	1.28923	30-11-2012	1.0	1.29846	+\$923.00		
Unrealized							+\$1,846.00		

## GBP-USD MONTHLY



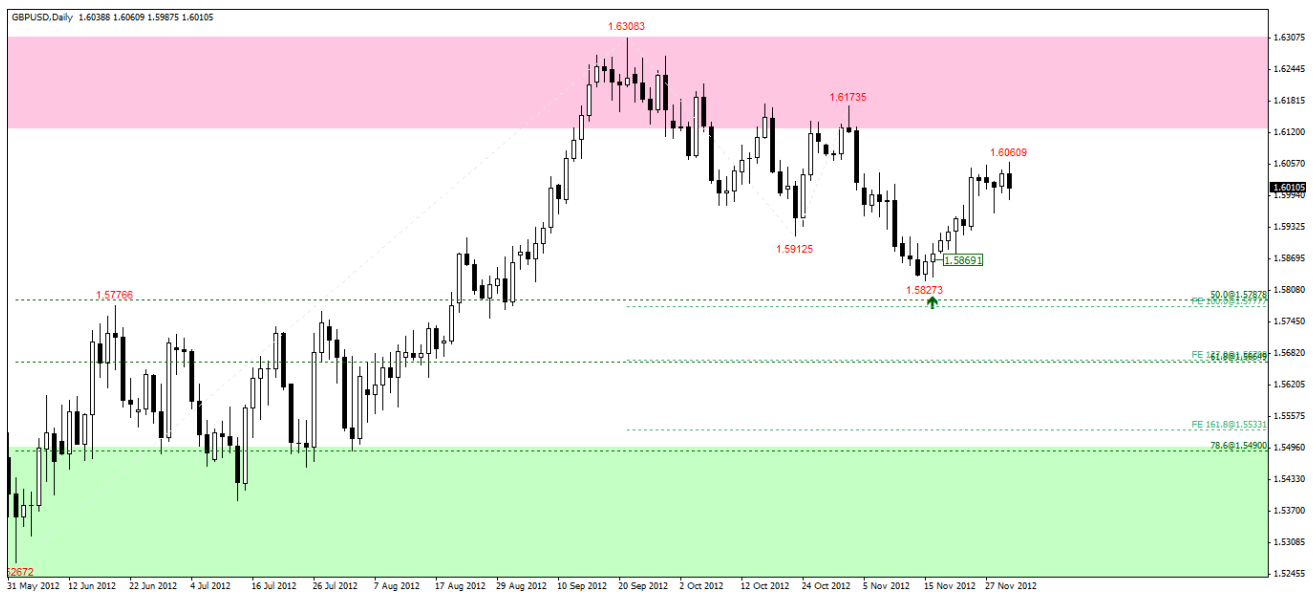
## GBP-USD WEEKLY



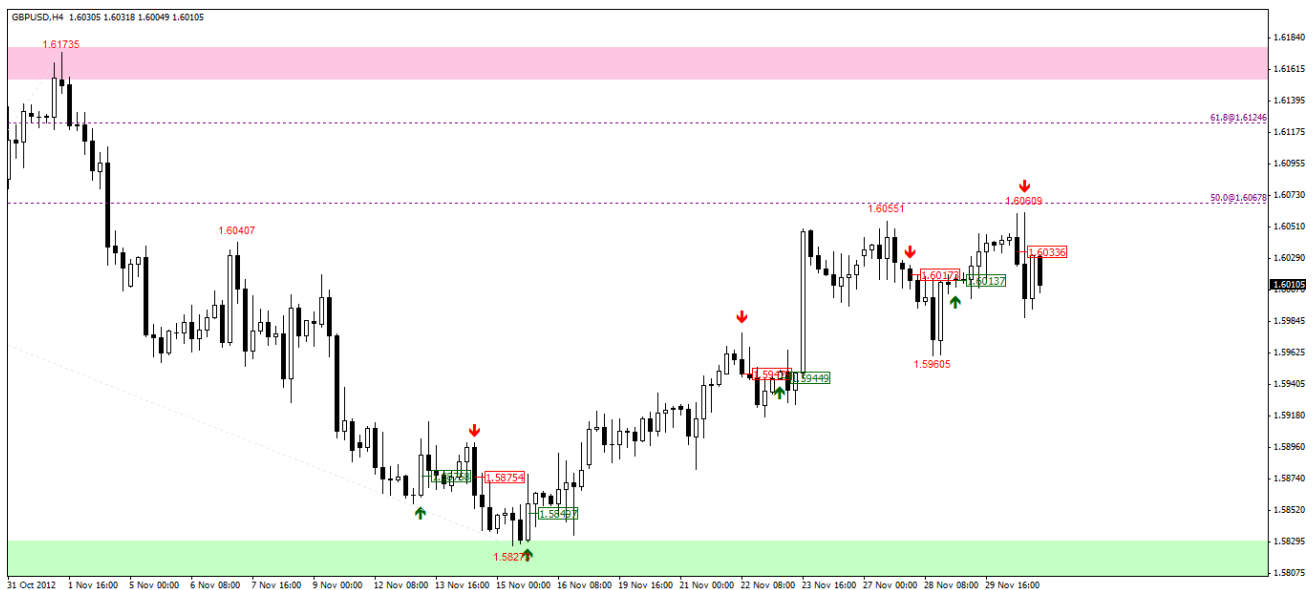
## GBP-USD The Big Picture

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. Last week's 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.

## GBP-USD DAILY



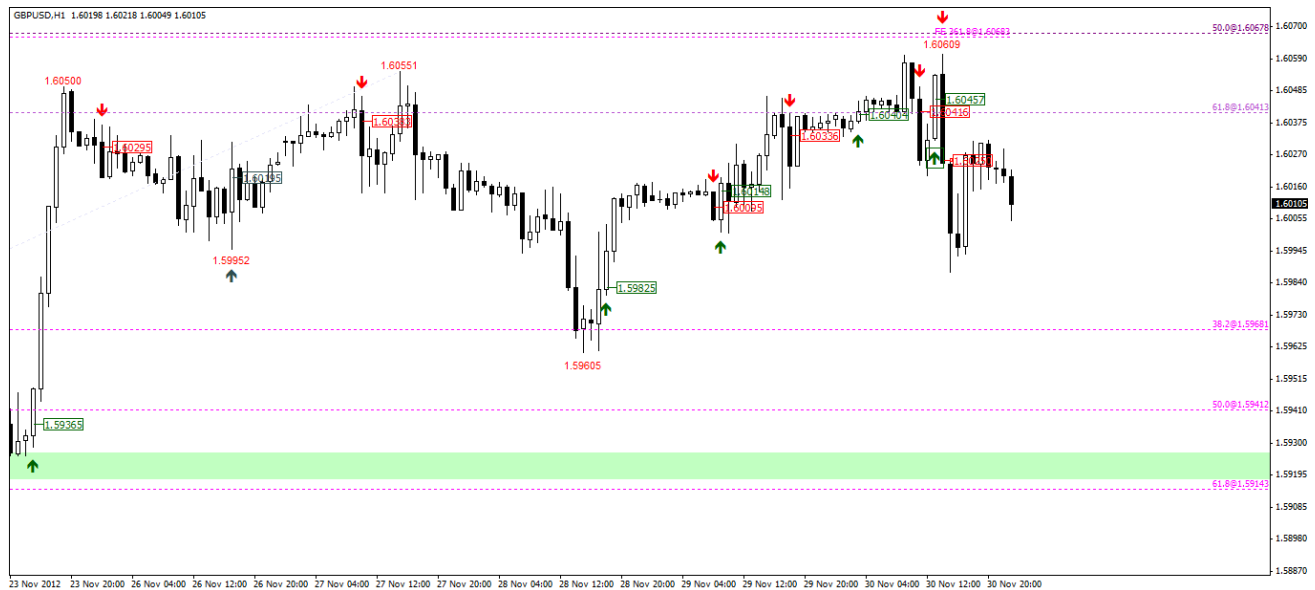
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

The rise from near the 38.2% retracement of 1.58273 to 1.60551 at **1.59681** while maintaining its upward trajectory appears to be stalling. Market registered a marginal high above Wednesday's high of 1.60551 with a print at 1.60609 and eased. This is the second fading moves in 48 hours, suggesting attempts to shake out the weak hands among the bulls. This is not unexpected as cautiousness is anticipated 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). That said, the medium-term outlook remains positive for the first time since October 25 with a closing above **1.58691** a fortnight ago. This bullish bias is further enhanced now that the W1 chart too has turned positive with a close above **1.60096** last week having triggered a buy signal in the W1 chart. Over the long-term, an eventual rally above the September 21 peak of **1.63083** looks probable.

## GBP-USD 1-HOURLY



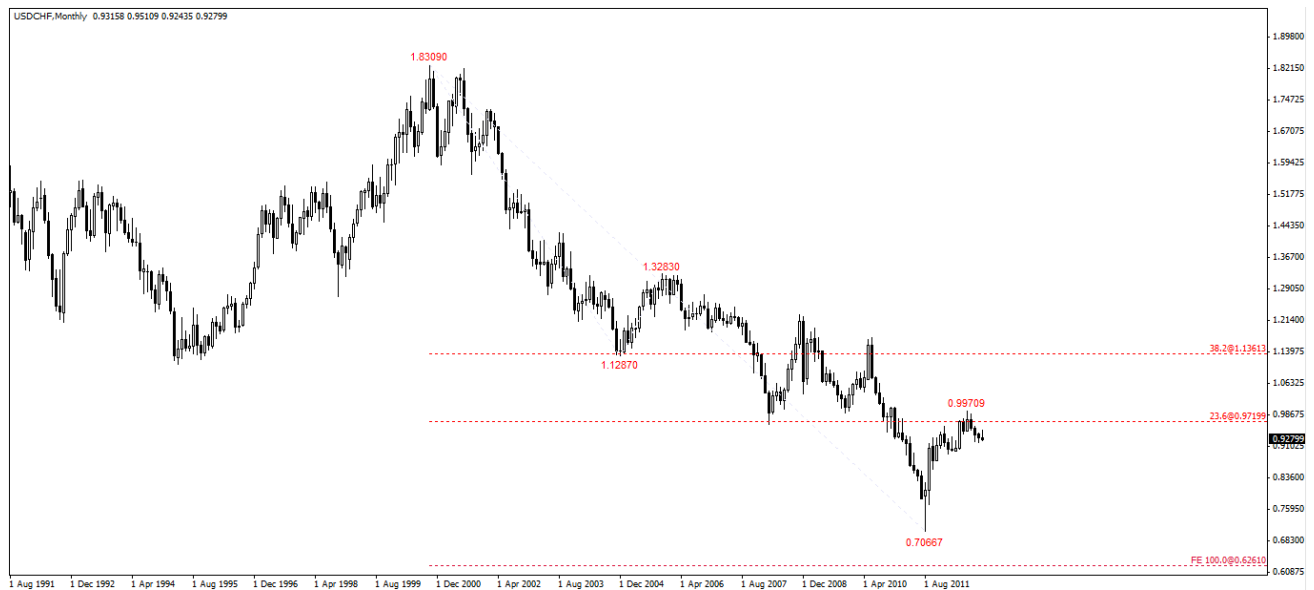
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on H4 close below 1.59505
Bought @ 1.59825	1.61546	1.62589	

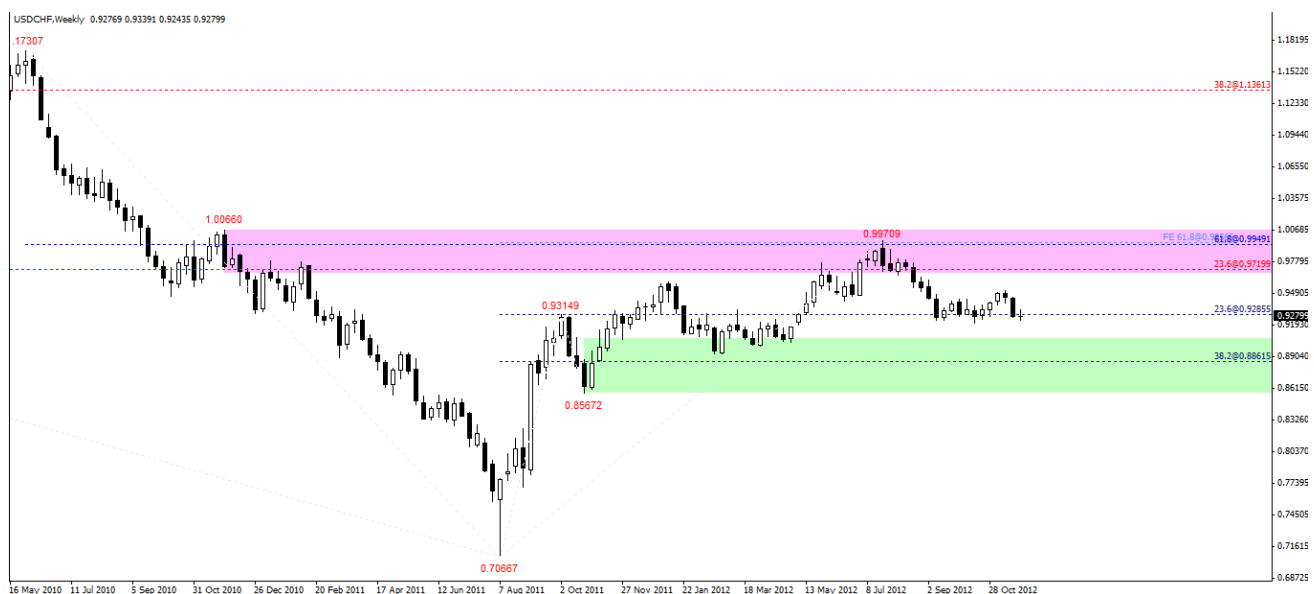
## Weekly Performance

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	30-11-2012	1.0	1.60105	+\$1,068.00		
GBP-USD	28-11-2012	1.0	1.59825	30-11-2012	1.0	1.60105	+\$280.00		
GBP-USD	28-11-2012	1.0	1.59825	30-11-2012	1.0	1.60105	+\$280.00		
Unrealized							+\$1,628.00		

## USD-CHF MONTHLY



## USD-CHF WEEKLY

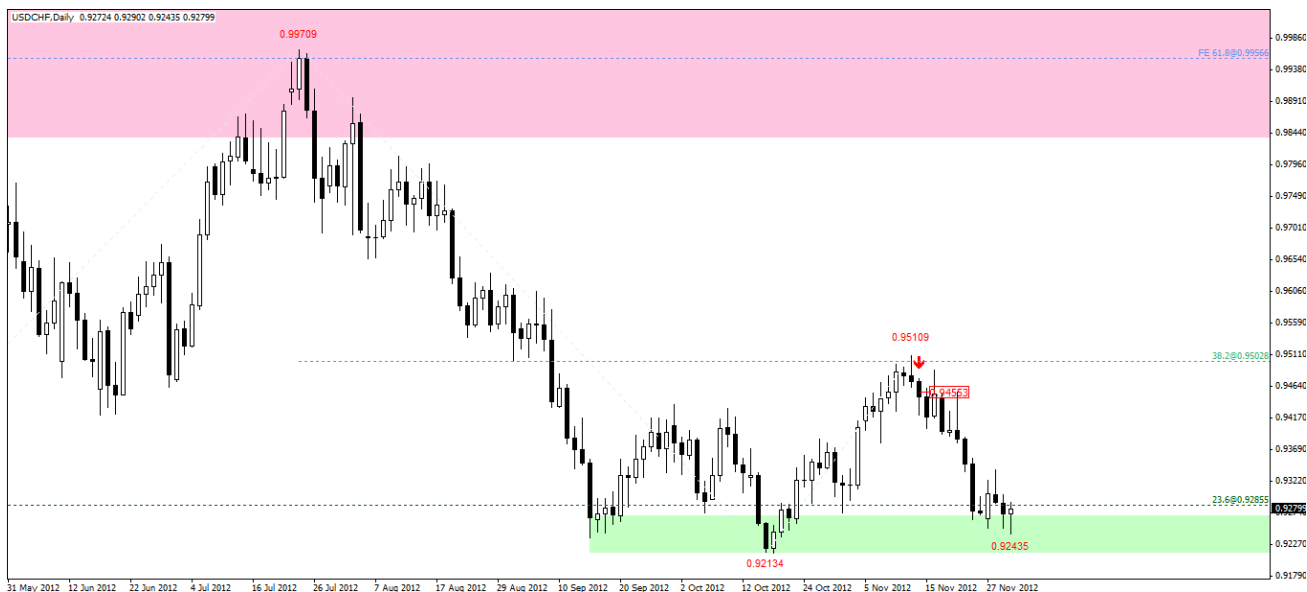


## USD-CHF The Big Picture

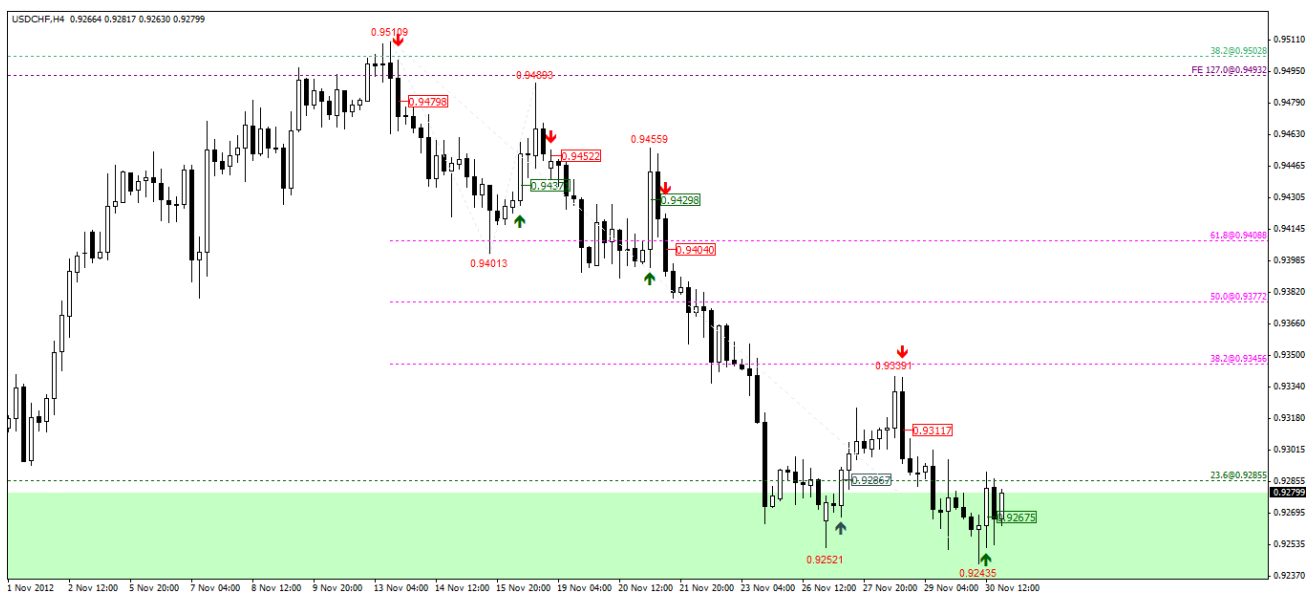
In the bigger picture, the downtrend from 1.83090 has made an important long-term low at **0.70667**; having fallen short of a longer-term target at the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62610**. The rebound from 0.70667 is presently treated as a correction to this multi-year 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** 7 weeks ago. The shallow rebound from there rose just shy of the 23.6% retracement of 0.70667 to 0.99709 at **0.92855** and eased. Last week's decidedly weak closing has set the tone going forward and increased the probability that the fall from 0.99709 has resumed. This gathering momentum is likely to take this market lower and severely test the February low of **0.89301**.



## USD-CHF DAILY



## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

The fall from the November 13 high of 0.95109 has developed into a neat 5-wave down structure into the demand pocket at **0.92746-0.92975**. For 48 hours since Thursday, bids are appearing and the market has stabilized to the point that buy signals were triggered in both the H1 and H4 charts with closes above **0.92648** and **0.92675** in overnight trading respectively. As such, a rebound is anticipated. Any rebound from here is likely to be in the form of a 3-wave up structure with focus on the 38.2% retracement of 0.95109 to 0.92435 at **0.93456**. This is slightly above the Wednesday's high of **0.93391** and below a minor supply pocket at **0.93507-0.93836**. The idea is to once again position shorts near those price levels. Over the medium to long-term, there is a good chance the next down leg of this fall may have resumed with the potential to eventually extend below the demand pocket at **0.92746-0.92975**. If so, 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.

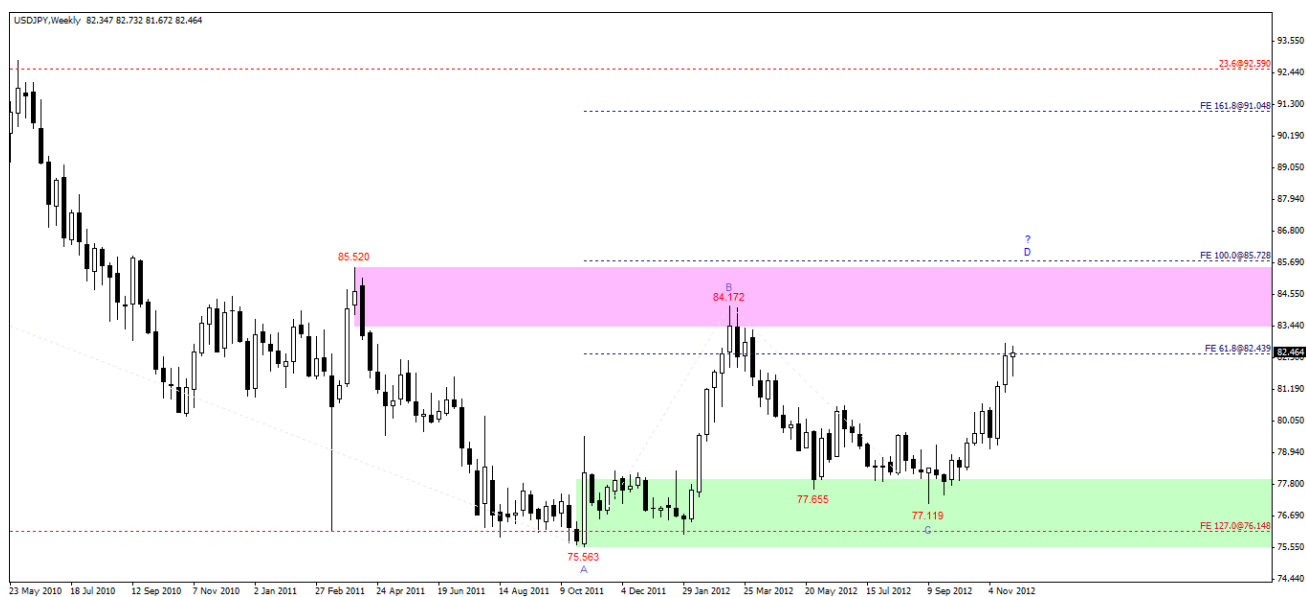
ACTION	Target 1	Target 2	EXIT
Sell on sell signal between 0.93507-0.93836	0.90588	0.89990	0.93936 STOP (tentative)

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 MONTHLY



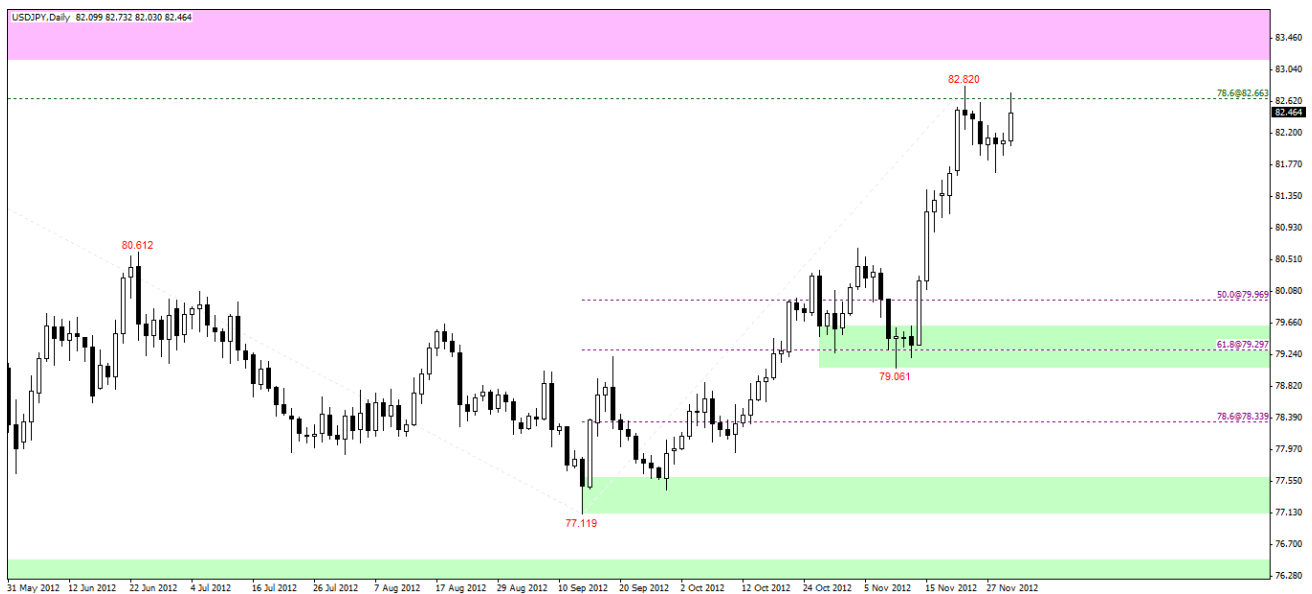
## USD-JPY WEEKLY



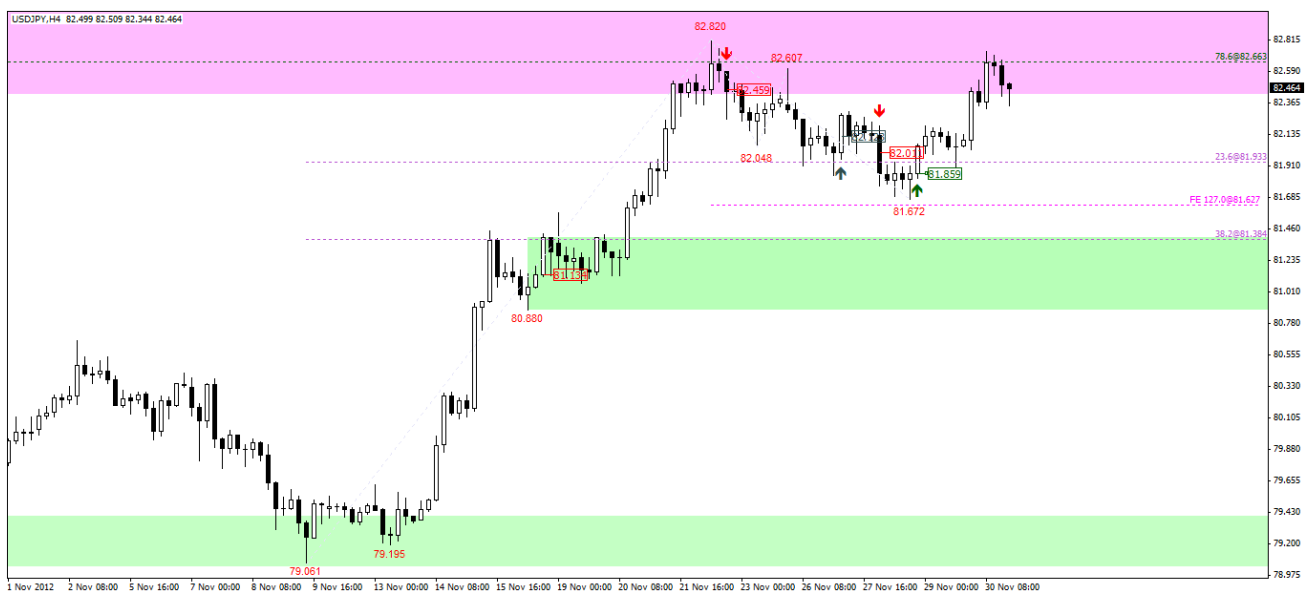
## USD-JPY The Big Picture

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 is in store.

## USD-JPY DAILY



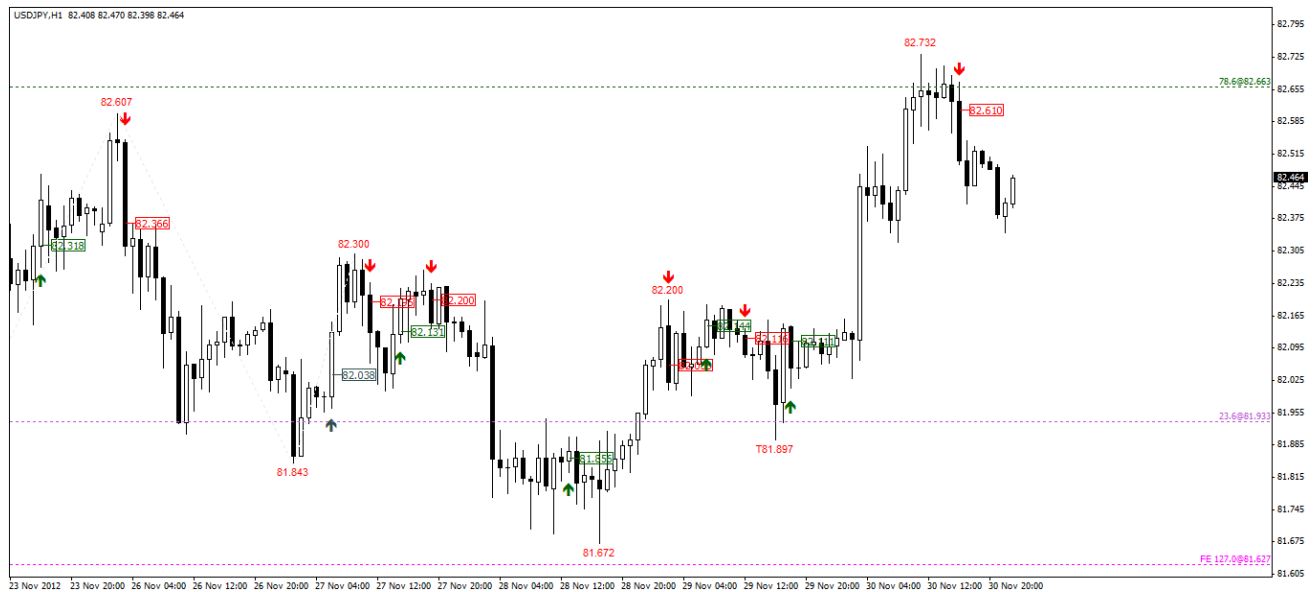
## USD-JPY 4-HOURLY



## USD-JPY Short to Medium Term Views

The rally from 79.061 has powered higher into a supply pocket at **82.424-83.380** where the 78.6% retracement of 84.172 to 77.119 at **82.663** is located. This is the second time in two weeks price action has rallied into this price zone. However, to maintain the bullish momentum, price action needs to power aggressively above this supply pocket at **82.424-83.380**. Failure to do so, will inevitably invite profit-takings. This is because the 78.6% retracement of 84.172 to 77.119 at **82.663** represents the maximum allowance retracement and must be overcome to maintain the short-term bullish bias. With the year's high at **84.172** in sight, 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** (read big picture view above).

## USD-JPY 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 81.774	82.541 Realized	83.716	Breakeven

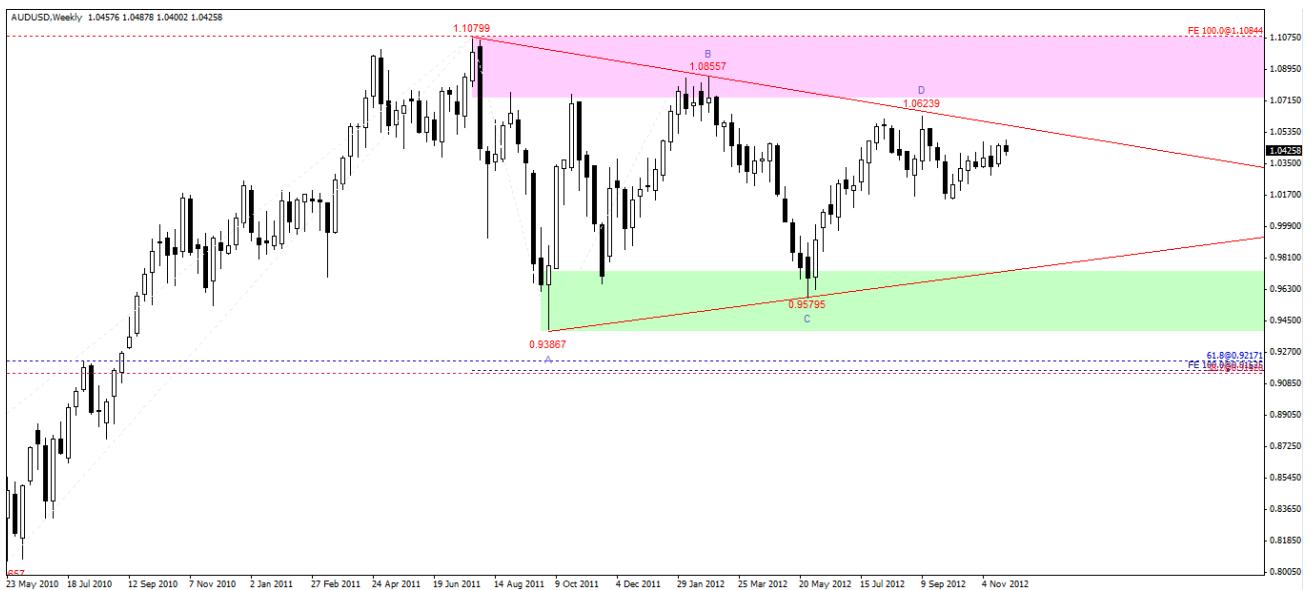
## Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 23-11-2012								\$29,021.73
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	28-11-2012	1.0	81.743	-\$360.89		\$29,972.13
USD-JPY	27-11-2012	1.0	82.038	28-11-2012	1.0	81.743	-\$360.89	-\$721.78	\$29,611.24
USD-JPY	28-11-2012	1.0	81.774	30-11-2012	1.0	82.541	+\$929.24	+\$929.24	\$30,540.48
USD-JPY	28-11-2012	1.0	81.774	30-11-2012	1.0	82.464	+\$836.73		
						Unrealized	+\$836.73		

## AUD-USD MONTHLY



## AUD-USD WEEKLY

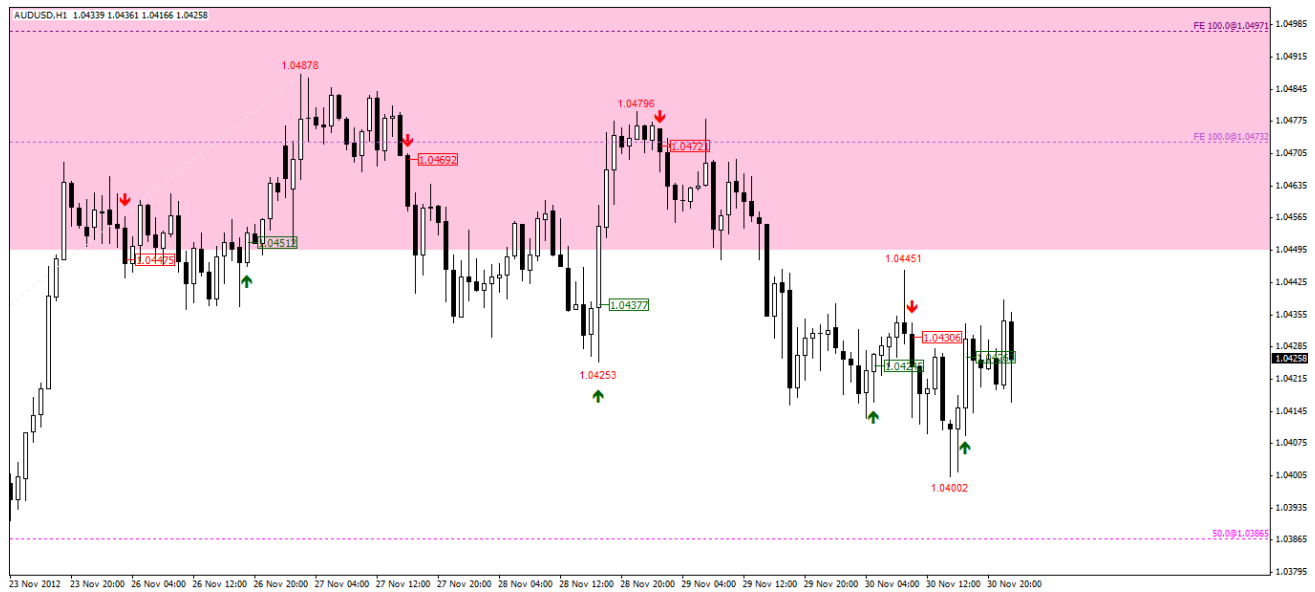


## AUD-USD The Big Picture

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. Alternatively, it can also be said that price action since has been locked between the 100.0% projection of 0.47730 to 0.98490 from 0.60084 at **1.10844** and the 61.8% retracement of 0.80657 to 1.10799 at **0.92171**. The long-held view that this market is consolidating within a triangle will continue to be severely tested in the aftermath of the spike up to a 25-week high at **1.06239** on September 24. Price action traded to a 10-week high at 1.04878 this week before easing to end the week as a *bearish harami*. Should we have a weekly close below **1.03498** next, the stage is set for the next and (hopefully) final leg of the triangle pattern at wave E before an explosive breakout to the upside over the long-term. However, should price action extends beyond **1.06239** first, then all bets are off as the triangle pattern hypothesis is invalidated and this market may next gun for the all-time high at **1.10799** instead.

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 climb. However, this climb is rather shallow with price actions continuing to meet heavy resistance from within 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. For the most part of the week, each time price action traded into this price pocket, selling interests emerged to cap its advance. Inevitably, traders got discouraged and profit-takings set in on Friday. Should we have a weekly close below **1.03498** next; further losses can be expected. If so, focus would shift to the demand pocket at **1.02853-1.03118**.

## AUD-USD 1-HOURLY



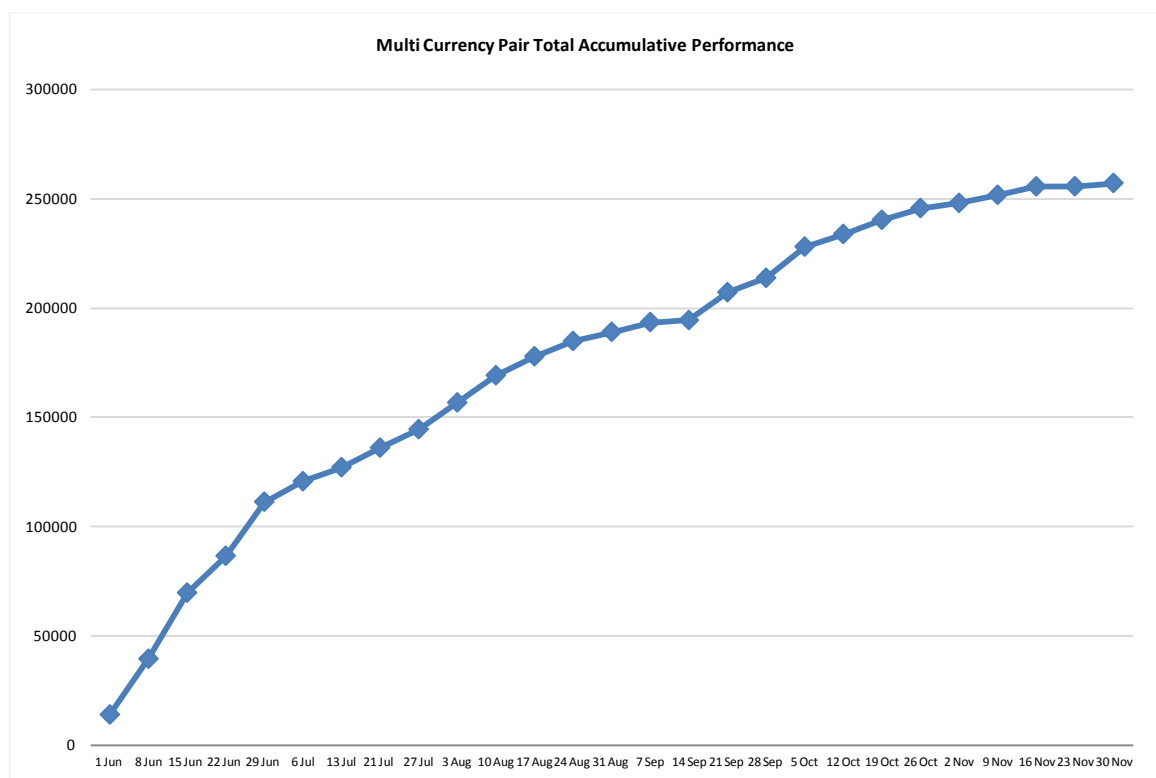
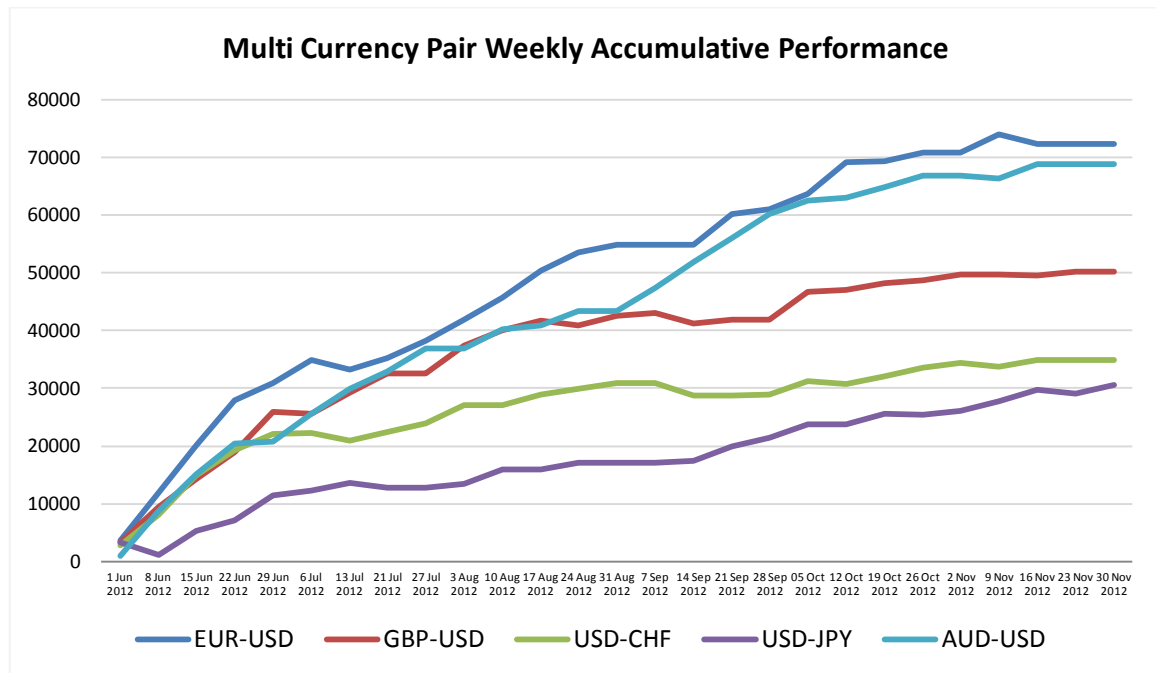
## Trade Ideas

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		





## 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)

