

A Traders Academy International Publication

Euro Rose On ZEW Data

EUR-USD rose for a second straight day on Tuesday as surprisingly strong German economic sentiment and optimism the United States will avoid a fiscal crisis had traders broadly embracing risk. The start of a two-day Federal Reserve policy meeting weighed on the US Dollar as well due to expectations that the Fed will launch a new round of U.S. economic stimulus.

But the big driver of risk taking was Germany's ZEW economic sentiment index. Morale among German analysts and traders improved sharply in December, according to a monthly poll by the ZEW think-tank, fanning hopes that Germany, Europe's largest economy, will avoid recession this winter.

The ZEW reading seemed to suggest that traders believed that Germany would be able to avoid a recession and begin to grow again as the year progressed. This news helped to propel EUR-USD to fresh session highs.

The ZEW data would throw into question the European Central Bank's grim economic forecasts for the region and growing expectations of an interest rate cut early next year. The Bundesbank has also slashed its growth forecast for Germany in 2013 and warned that Germany could tip into recession.

On Monday, EUR-USD had hit a 2-week low on rate-cut expectations, a gloomy economic outlook and political turmoil in Italy after Prime Minister Mario Monti said over the weekend that he would resign early. But it recouped lost ground after Monti said there was no danger of a vacuum before the elections.

EUR-USD settled up 0.5 percent at 1.30044, not far from the New York session peak of 1.30137. EUR-USD, which has gained about 0.2 percent in December and is up around 1.2 percent so far in the fourth quarter, could rise further if the Fed signals more bond buying. It has notched a mere 0.5 percent gain so far in 2012.

Bets that the White House and Congress will reach a deficit reduction deal by the end of the year caused stocks to rally on Tuesday but weighed on the US Dollar. An agreement is needed to avoid massive tax increases and spending cuts beginning early next year that economists say could send the United States back into recession.

The US Dollar's status as a safe-haven currency means it would likely fare well if the United States fails to avoid the "fiscal cliff."

U.S. House of Representatives Speaker John Boehner, the top Republican, offered no concrete signs of progress on Tuesday on the fiscal cliff talks with the White House but said he remained hopeful that both sides would reach an agreement by the end-of-year deadline.

Traders were also reluctant to buy the US Dollar with the start of the Fed's policy meeting. The Fed is expected to replace its expiring "Operation Twist" program with another Treasury bond-buying plan when it issues its policy statement on Wednesday. The expected supplementation of quantitative easing in the expiration of Operation Twist is the main motivation of risk strength and could prove to lift the markets heading into the New Year particularly if the fiscal cliff is solved.

Many economists believe the Fed will announce monthly bond purchases of \$45 billion, although some think it could be more.

USD-JPY was last up 0.2 percent at 82.499, according on growing expectations an election in Japan on Sunday could result in pressure for more stimulus from the Bank of Japan.

USD-JPY price movement remains constricted given that the tight range from November 22 has narrowed further over the past four sessions. Any potential for yen strength in reaction to a Dollar-negative Fed decision would be mitigated by near-term expectations of BoJ policy.

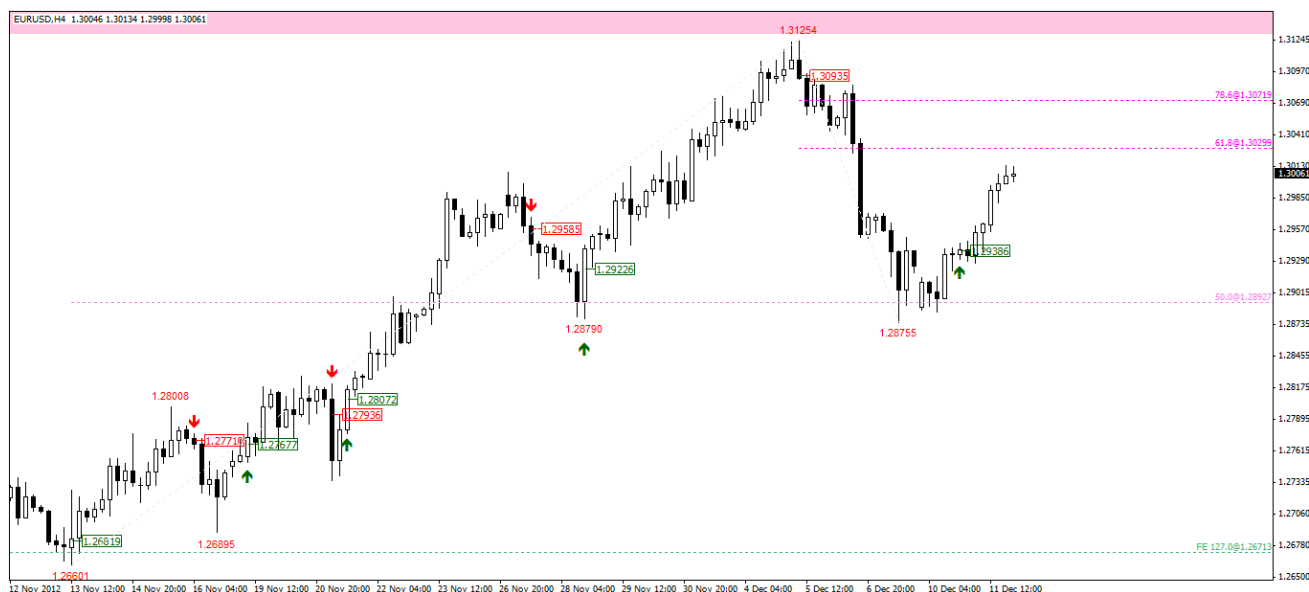
Content:

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

While Monday was a relatively tame affair, Tuesday saw bulls returning in force with price action taking out a minor supply pocket at **1.29532-1.29714** where the 100.0% projection of 1.28755 to 1.29507 from 1.28845 at **1.29597** is located. This was stronger than anticipated as 100.0% projection of 1.28755 to 1.29507 from 1.28845 at **1.29597** was expected to cap this any rebound. That said, it was noted in previous updates that though weakened, the medium-term bullish bias is pretty much intact - in so long as last Friday's low at 1.28755 holds. This is because the rally from 1.26601 is seen as part of a larger degree rally from way back in November 13. With last Friday's massive fall, though the 5th wave scenario is impaired, the overall price structure is not. Now that price action had clear the supply pocket at **1.29532-1.29714**, focus would instead shift to 78.6% retracement of 1.31254 to 1.28755 at **1.30719**, which lies just below a supply pocket at **1.30739-1.30891** which in turn contains the 261.8% projection of 1.28755 to 1.29507 from 1.28845 at **1.30814** (see H1 chart).

EUR-USD 1-HOURLY



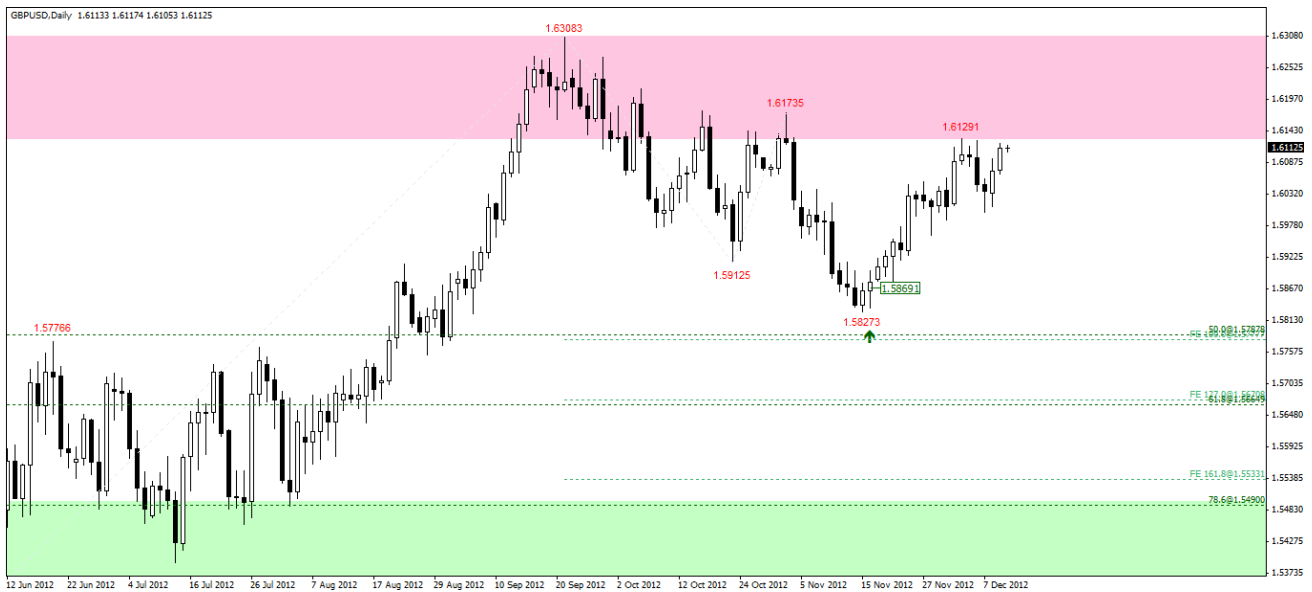
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.28995 (M5 chart)	1.29532 Realized	1.30716	Exit on H4 close below 1.29617

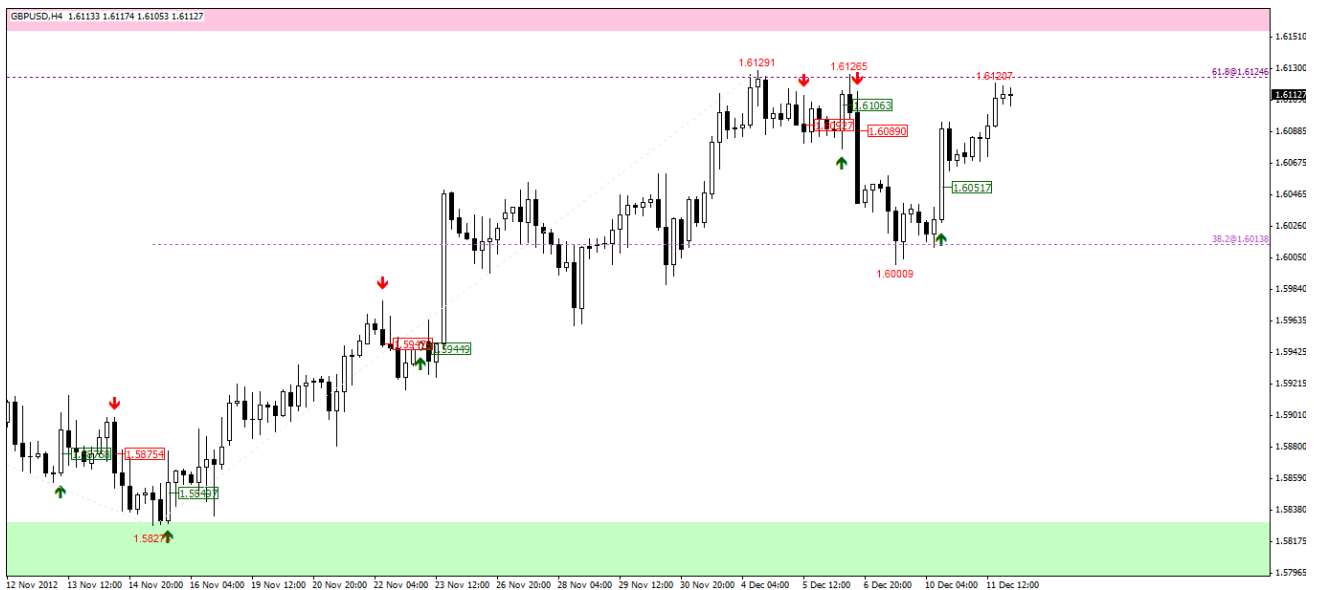
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 07-12-2012								\$75,491.00
EUR-USD	07-12-2012	1.0	1.28995	11-12-2012	1.0	1.29532	+\$537.00	+\$537.00	\$76,028.00
EUR-USD	07-12-2012	1.0	1.28995	11-12-2012	1.0	1.30044	+\$1,049.00		
						Unrealized	+\$1,049.00		

GBP-USD DAILY



GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

The rebound from last Friday's low of 1.60009 continues to charge higher with price action now near the November high of 1.61291. This is a remarkable development, after all price action did come close to triggering a sell signal had closed below **1.60165** in the D1 chart last week. Despite the sell-off late last week, the medium-term was never compromised. However, to maintain its overall bullish bias, it was noted that price action needs to immediately rally beyond last week's high of **1.61291**. Even if this happens, heavy resistance is still expected as a major supply zone at **1.61302-1.63005** lies ahead (refer to D1 chart).

GBP-USD 1-HOURLY



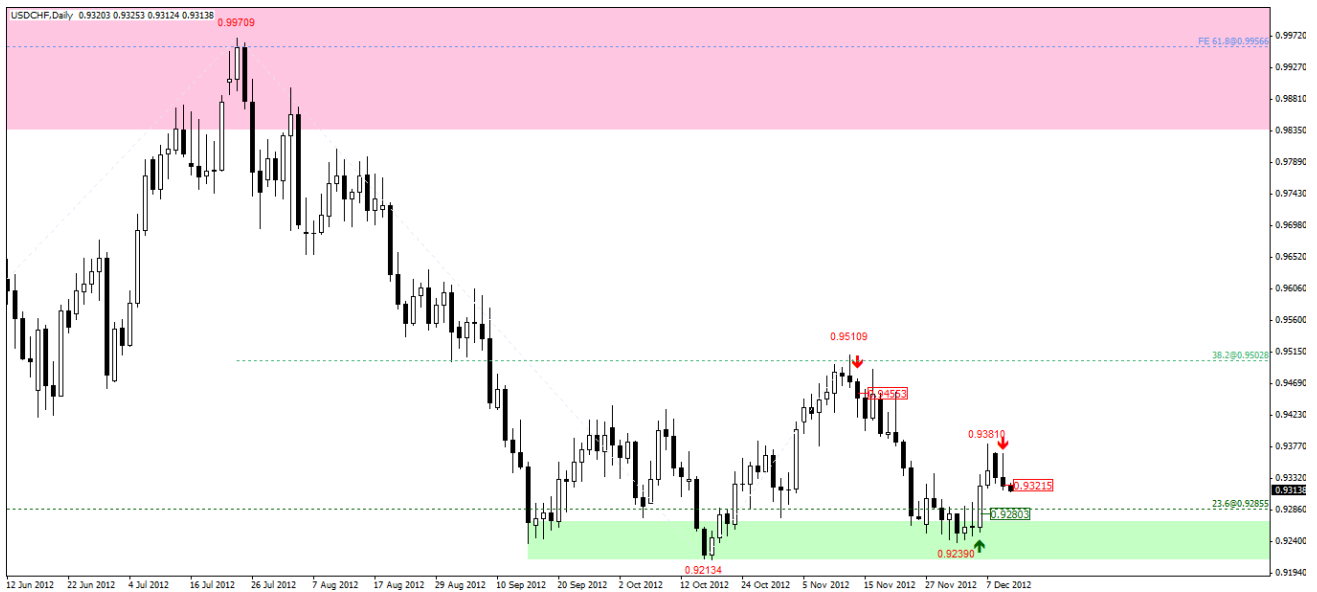
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on D1 close below 1.60352
Bought @ 1.59825	1.61546	1.62589	

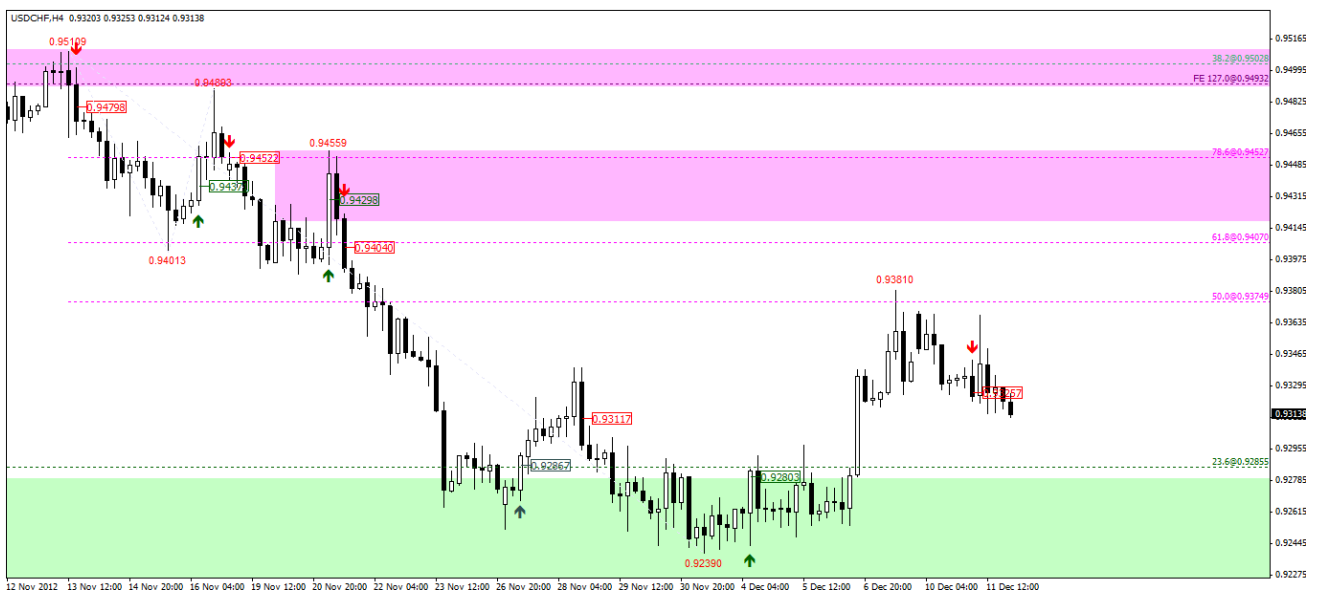
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$50,309.00
GBP-USD	21-11-2012	1.0	1.59037	11-12-2012	1.0	1.61131	+\$2,094.00		
GBP-USD	28-11-2012	1.0	1.59825	11-12-2012	1.0	1.61131	+\$1,306.00		
GBP-USD	28-11-2012	1.0	1.59825	11-12-2012	1.0	1.61131	+\$1,306.00		
Unrealized							+\$4,706.00		

USD-CHF DAILY



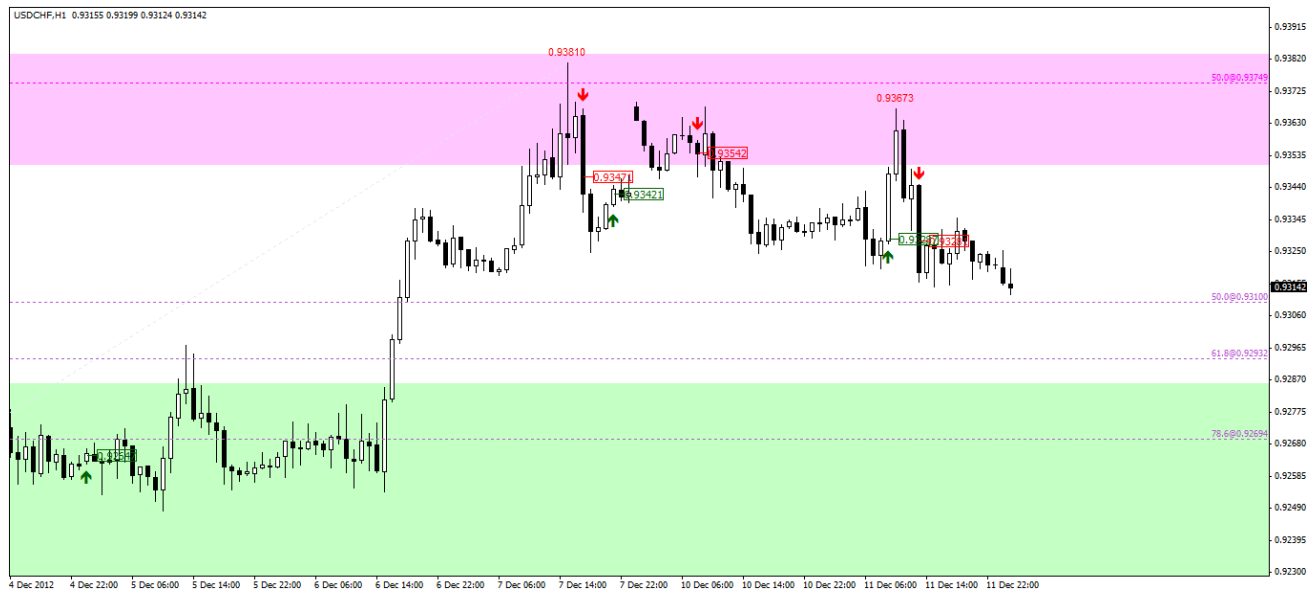
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

The explosive rally from last Thursday lost momentum, stalled and finally eased overnight. Price action, at one stage, rallied strongly to the 50.0% retracement of 0.95109 to 0.92390 at **0.93750** with a print at 0.93810 on Friday. This week begun strongly but for the most part after the opening remained relatively flat as this market basically marked time for the last two sessions. Profit-takings eventually set in, which is still on-going as early as this morning in Asia. Unless last Thursday's low at **0.92390** is taken out next, another rally towards the 78.6% retracement of 0.95109 to 0.92390 at **0.94527**; which is located within the supply pocket at **0.94180-0.94559** is still probable. In the meantime, short-term weakness may see price action drifting back to the demand pocket at **0.92134-0.92858** where buying interests may yet re-emerge.

USD-CHF 1-HOURLY



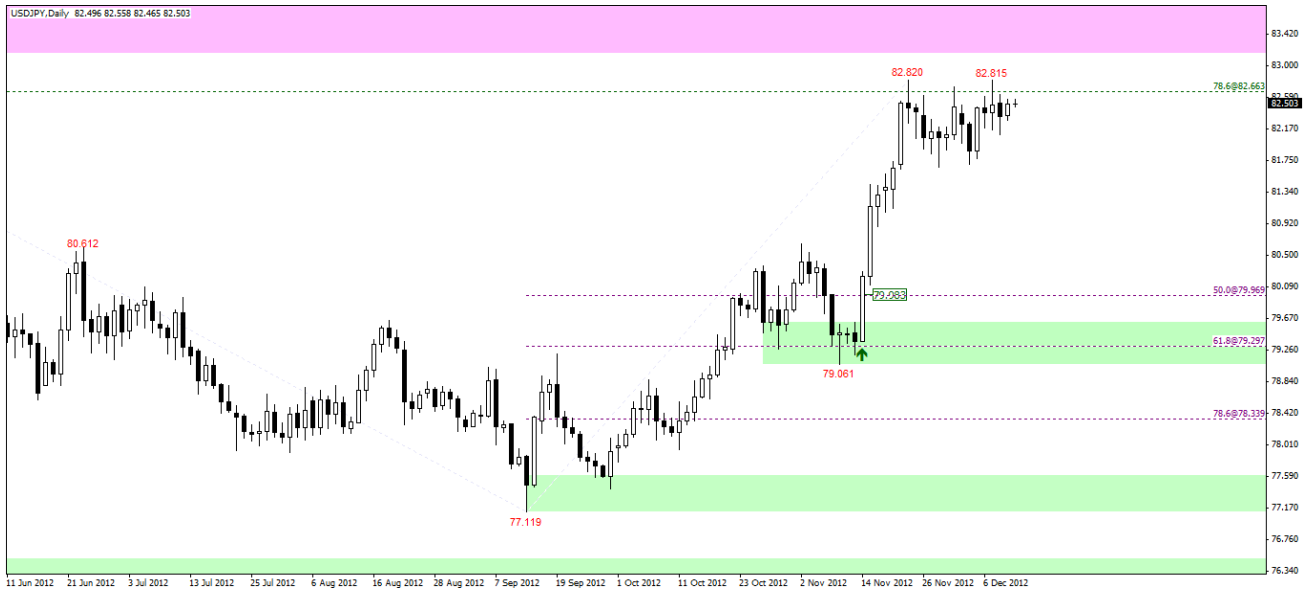
Trade Ideas

ACTION	Target 1	Target 2	EXIT
--------	----------	----------	------

Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$35,851.84
USD-CHF	05-12-2012	1.0	0.92647	11-12-2012	1.0	0.93214	+\$608.28	+\$608.28	\$36,460.12
						Unrealized	+0.00		

USD-JPY DAILY



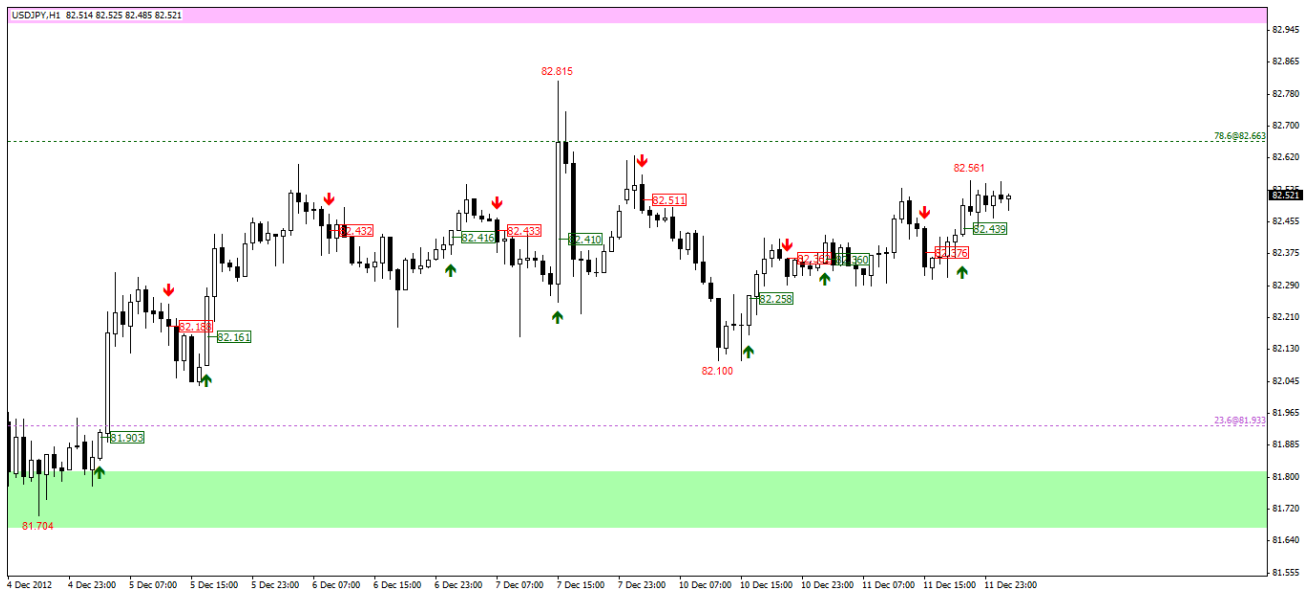
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

This market remains well-bid but appears to have trouble climb higher as each time price action climbed to the 78.6% retracement of 84.172 to 77.119 at **82.663**, it gets rejected. So far, this market has not been successful in clearing this barrier despite almost 3 weeks of consolidation. This consolidation phase may only be resolved after this weekend's elections in Japan. Last Friday's high at 82.815 was the third attempt in recent days that rallies were halted at the 78.6% retracement of 84.172 to 77.119 at **82.663** (see H4 chart). In order to maintain the medium-term bullish bias, it is imperative for price action takes out the 78.6% retracement of 84.172 to 77.119 at **82.663** and breaks above the overhead supply pocket at **82.424-83.380**. This is because the 78.6% retracement of 84.172 to 77.119 at **82.663** represents (to me) the maximum allowance retracement. Assuming subsequent rallies are successful in clearing this barrier and with the year's high at **84.172** in sight; this bullish bias still has the 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. Price action is, however, not expected to trade much higher above this level, if ever. 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



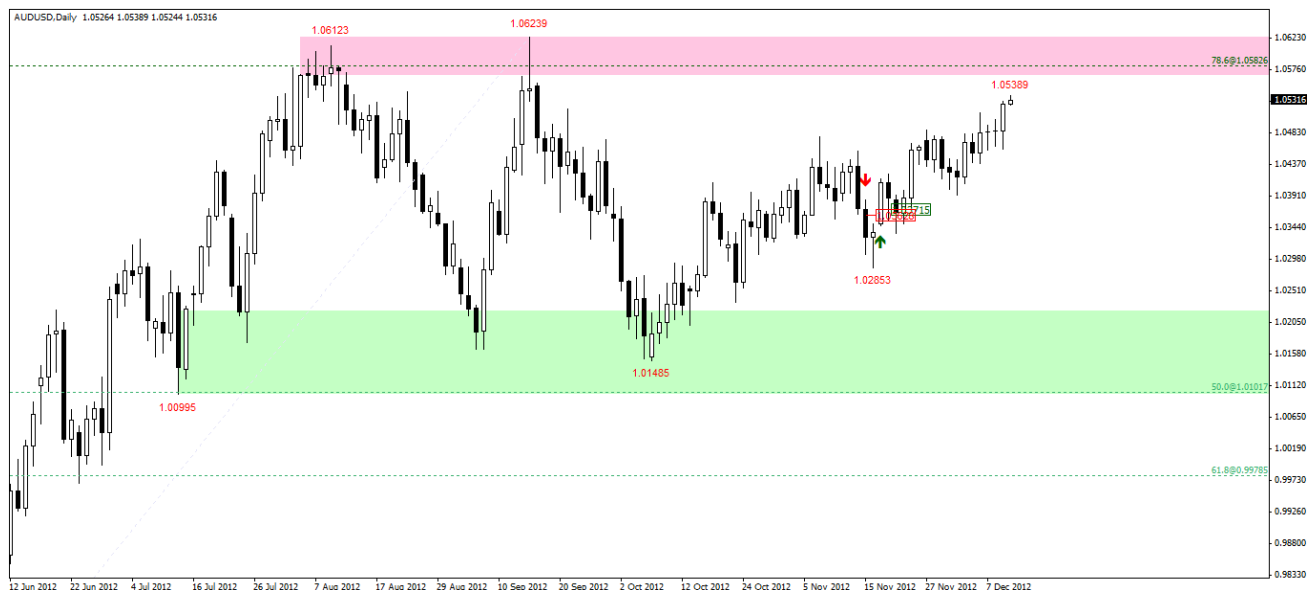
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 81.903	82.424 Realized	83.716	Break-even

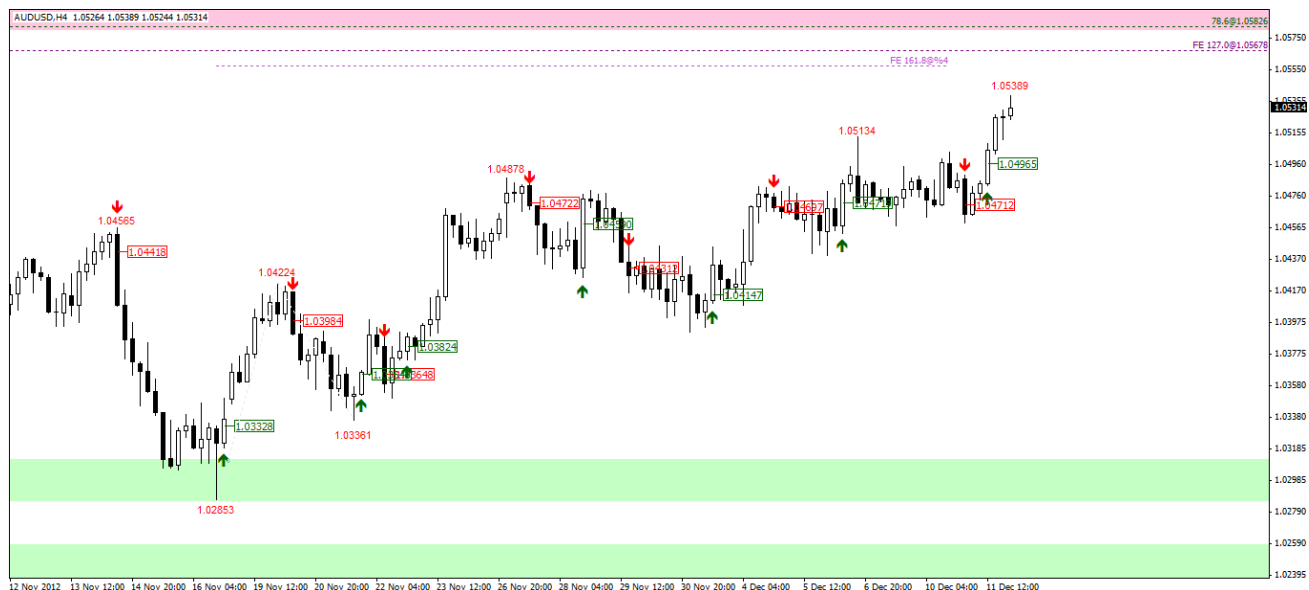
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 07-12-2012								\$31,172.58
USD-JPY	05-12-2012	1.0	81.903	11-12-2012	1.0	82.499	+\$722.43		
						Unrealized	+\$722.43		

AUD-USD DAILY

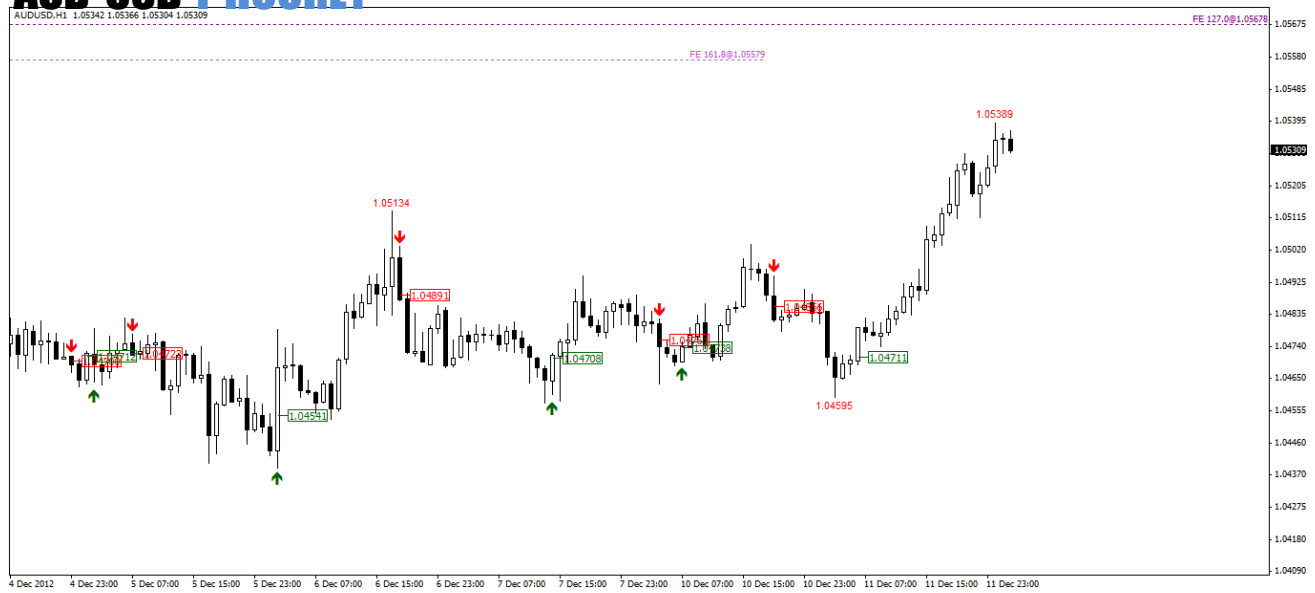


AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

Despite RBA's interest rate cut last Thursday, this market continued to climb. In fact, a marginal new high was registered at 1.05134 on the day the rate cut was announced. This is yet another example on the peril of trading on news. This market continues to power higher this morning in early Asia trading; above the 127.0% projection of 1.02853 to 1.04224 from 1.03361 at **1.05102**. As noted in previous updates, the 127.0% projection represents (to me) a ratio that often result in an 'overshoot' of a corrective move. With this level taken out convincingly, this rally is poised to trade higher towards a major supply zone at **1.05675-1.06239**. As mentioned in previous updates, despite the firmer tone, the idea is still to position shorts within this price pocket especially at/near the 78.6% retracement of 1.08557 to 0.95795 at **1.05826**. Stay tuned.

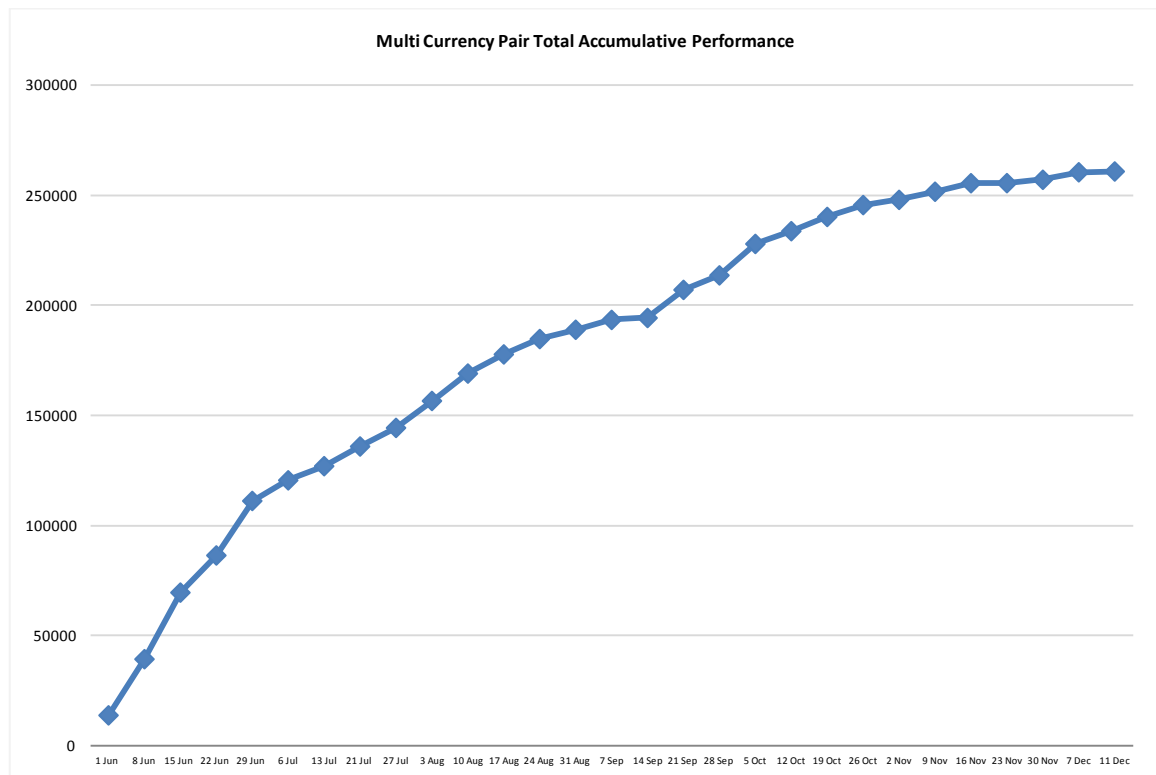
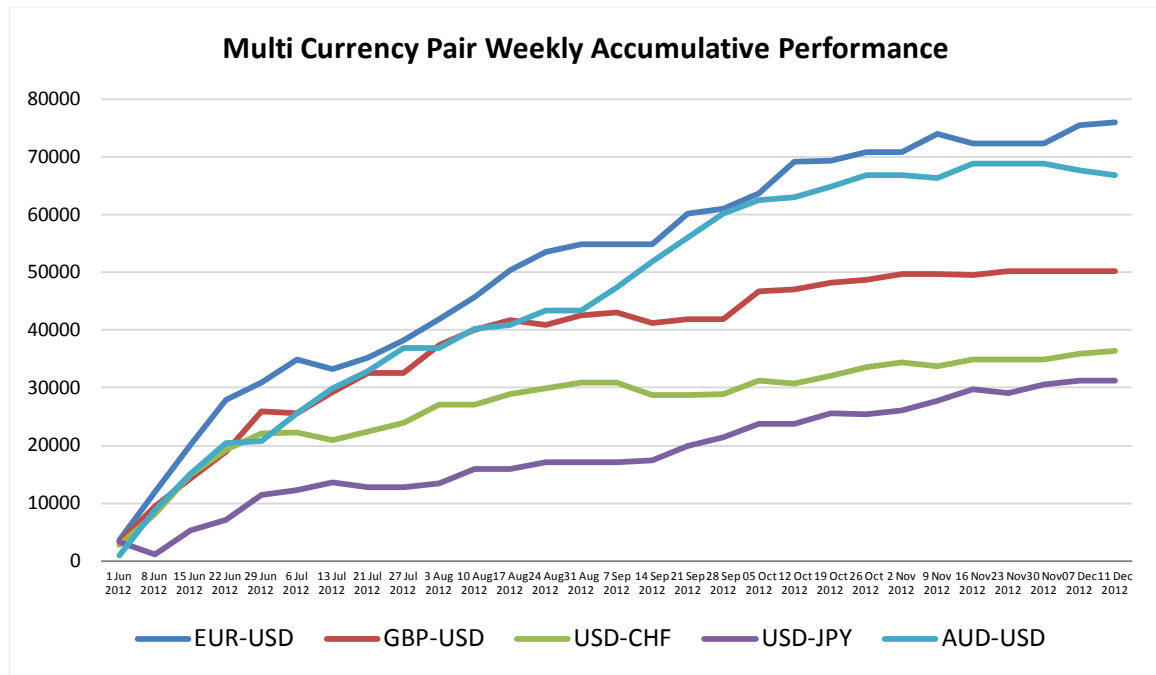
AUD-USD 1-HOURLY**Trade Ideas**

Target 1

Target 2

EXIT

			Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
B/F from									\$67,661.00
	07-12-2012								
AUD-USD	11-12-2012	1.0	1.05282	06-12-2012	1.0	1.04891	-\$391.00		\$67,270.00
AUD-USD	11-12-2012	1.0	1.05282	06-12-2012	1.0	1.04891	-\$391.00	-\$782.00	\$66,879.00
					Unrealized	\$0.00			



Traders Academy International

Check out our website at
www.tradersacademyonline.com



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.