

*A Traders Academy International Publication*

## Euro Fell As Spain Bond Yield Hit 6%

EUR-USD slipped to a 2-week low on Wednesday as Spain's economy weakened sharply and its 10-year bond yield again topped 6 percent, increasing worries that the Euro zone's debt crisis is worsening.

But traders, following recent trends, remained focused on the Euro after the Bank of Spain said the economy slowed "at a significant rate" in the third quarter and protests against unpopular economic reforms in Madrid turned violent. The news could push the government to request a bailout, something Spanish Prime Minister Mariano Rajoy said he might do if Spain's debt-financing costs stayed too high for too long.

Spain's 10-year bond yield topped 6 percent on Wednesday for the first time in a week, while EUR-USD fell to 1.28341, a two-week low. It settled at 1.28712, down 0.3 percent for the day.

In another troubled Euro-zone nation, Greek police clashed with hooded rioters hurling petrol bombs as tens of thousands took to the streets of Athens on Wednesday in Greece's biggest anti-austerity protest in more than a year. All of this uncertainty is causing traders to head for the exits and scramble for some safe-haven assets, propping up the U.S. Dollar.

Spain's government has so far been reluctant to request aid, though doing so is a condition for the European Central Bank to help lower borrowing costs by buying Spanish debt. A Spanish bailout may not help the euro much. If Spain bows to market pressure and asks for help, traders may start to target indebted Italy, which could make the debt crisis worse.

According to some traders, EUR-USD which has already lost 2.5 percent since last week's 4-month high around 1.31702, could fall as low as 1.25000.

While a report showing single-family U.S. home sales held near 2-year highs last month had no impact on prices, it was more evidence that housing is at or near a bottom.

USD-JPY managed to hold its ground despite a Bank of Japan official warning that policymakers won't hesitate to launch another bout of monetary stimulus. USD-USD rose 0.1 percent at 77.728. Warnings from Bank of Japan board member Takehiro Sato, who that policymakers were ready to expand monetary stimulus further, had little effect on the exchange rate.

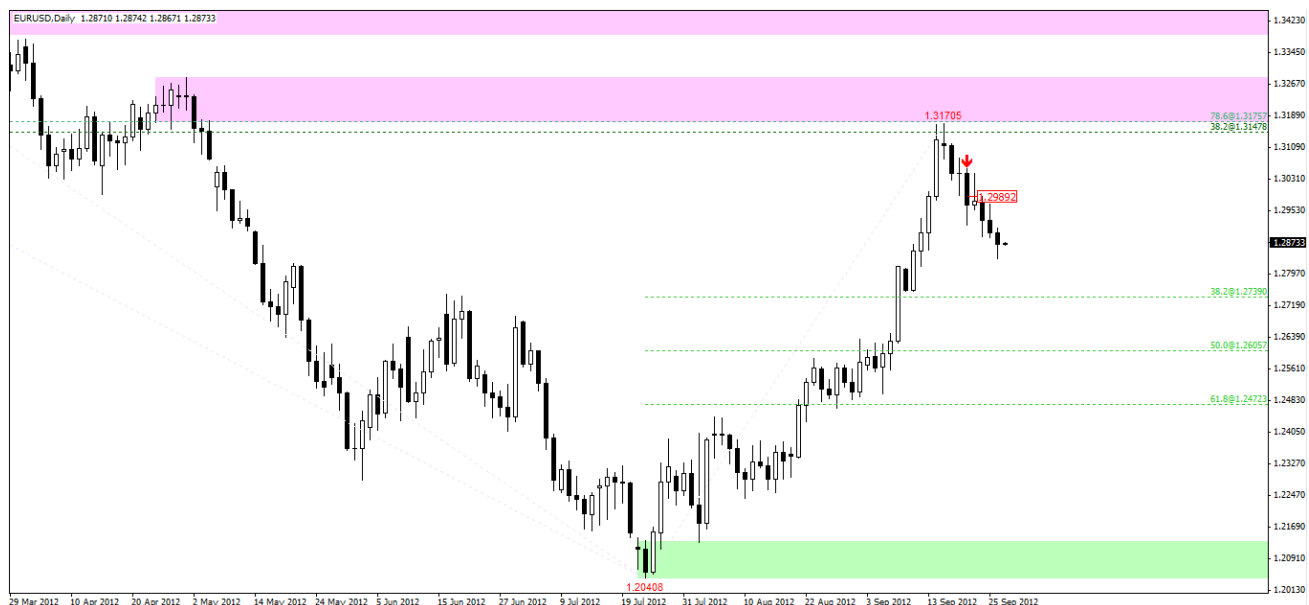
Traders said they expected USD-JPY to retest the 7-month low hit on Sept. 13, the day the Fed announced its aggressive easing policy. Countering that trend will take an equally aggressive Japanese easing campaign. The BOJ has been too cautious. They need a bigger, open-ended program that really lowers Japanese yields. Until then, the U.S. Dollar is simply going to trade on the yield differential between Treasuries and Japanese government bonds.

Some traders said half-year book closings in Japan could pull some funds back into the country, putting mild upward pressure on the Japanese Yen. But a sustained rally was unlikely, particularly now that the Federal Reserve has committed to keeping U.S. interest rates at zero for the next three years and pumping money into the economy until the job market improves.

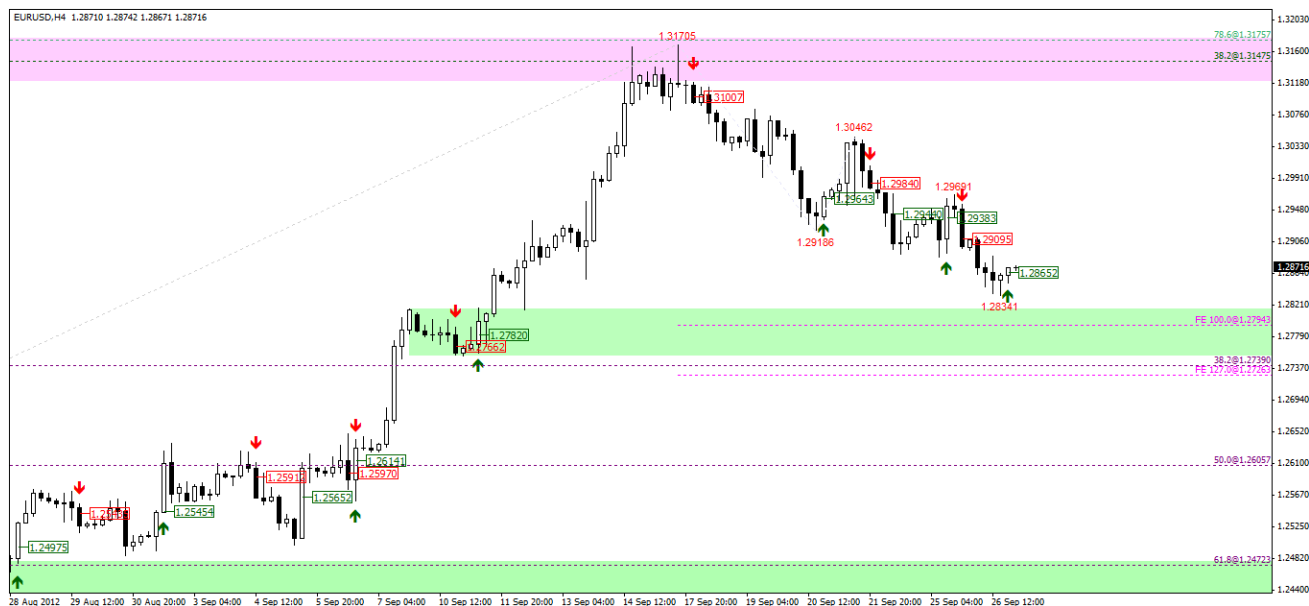
### Content:

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

## EUR-USD DAILY



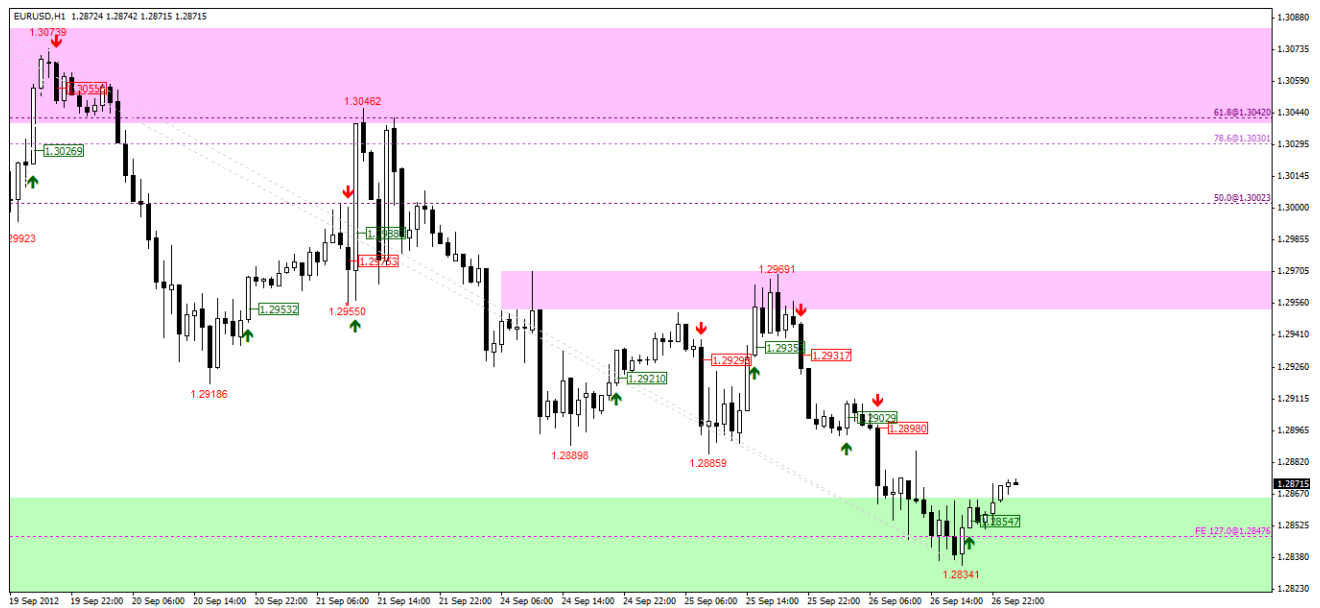
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

Markets reacted nervously on concerns over Spain as yield of Spanish bonds jumped to 6%. Price action fell into the DZ at **1.28147-1.28656** as expected and hit the 127.0% projection of 1.31705 to 1.29923 from 1.30739 at **1.28476** with a low at 1.28341 (see H1 chart). Should a robust rally results from this overnight low, it could mark the end of the corrective move from 1.31705. On the other hand, a slide to the secondary DZ at **1.27535-1.28159** cannot be ruled out as the 100.0% projection of 1.31705 to 1.29186 from 1.30462 at **1.27943** falls within this demand pocket (see H4 chart). Ideally price action rebound strongly from either of these two zones and complete the 5-wave rally originating from 1.20408 (see D1 chart). As noted in previous updates, another challenge of the **1.31705** high is expected after this correction is over. If so, focus is on the next SZ at **1.33818-1.34847**. Once again, this would be the most ideal outcome.

## EUR-USD 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.28547	1.29526	1.30390	1.28047 STOP

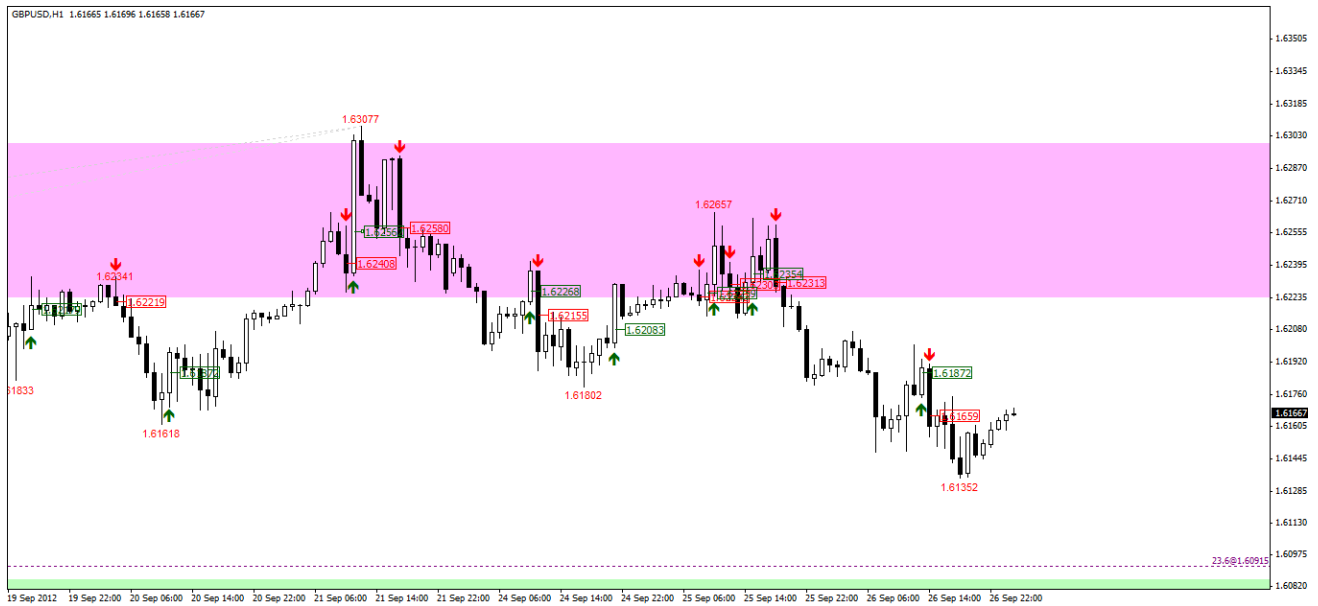
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 21-09-2012								\$60,291.00
EUR-USD	24-09-2012	1.0	1.29210	25-09-2012	1.0	1.28798	-\$412.00		\$59,879.00
EUR-USD	24-09-2012	1.0	1.29210	25-09-2012	1.0	1.28798	-\$412.00	-\$824.00	\$59,467.00
EUR-USD	25-09-2012	1.0	1.28547	25-09-2012	1.0	1.28712	+\$165.00		
EUR-USD	25-09-2012	1.0	1.28547	25-09-2012	1.0	1.28712	+\$165.00		
Unrealized							\$330.00		

[illegible]

GBP-USD was lower in overnight trading but the fall was more controlled as price action edged lower in sympathy with the fall in the Euro. As mentioned, this market is likely to struggle to the first target made up of the window between the 23.6% retracement of 1.52666 to 1.63077 at **1.60620** and the 23.6% retracement of 1.53914 to 1.63077 at **1.60915**. At this rate of fall, the secondary target at the window between the 38.2% retracement of 1.53914 to 1.63077 at **1.59577** and the 38.2% retracement of 1.52666 to 1.63077 at **1.59100** appears remote although that would be the most ideal bottom for this correction (see H4 chart). Whatever the case, a strong rally emanating from either of these zones could signal the resumption of the rally from 1.52666 beyond last Friday's high of **1.63077**. That said, the first barrier to higher prices will be tested at the overhead SZ at **1.62272-1.62995**.

## GBP-USD 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.62253 (H4 chart)	1.60915	1.59577	Break-even

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-09-2012								+\$41,916.00
GBP-USD	25-09-2012	1.0	1.62408	21-09-2012	1.0	1.62408			
GBP-USD	25-09-2012	1.0	1.62408	21-09-2012	1.0	1.62408			
GBP-USD	26-09-2012	1.0	1.61634	25-09-2012	1.0	1.62253	+\$619.00		
GBP-USD	26-09-2012	1.0	1.61634	25-09-2012	1.0	1.62253	+\$619.00		
						Unrealized	+\$1,238.00		

USDCHF, H4 0.93933 0.93963 0.93888 0.93913

Key price levels and annotations:

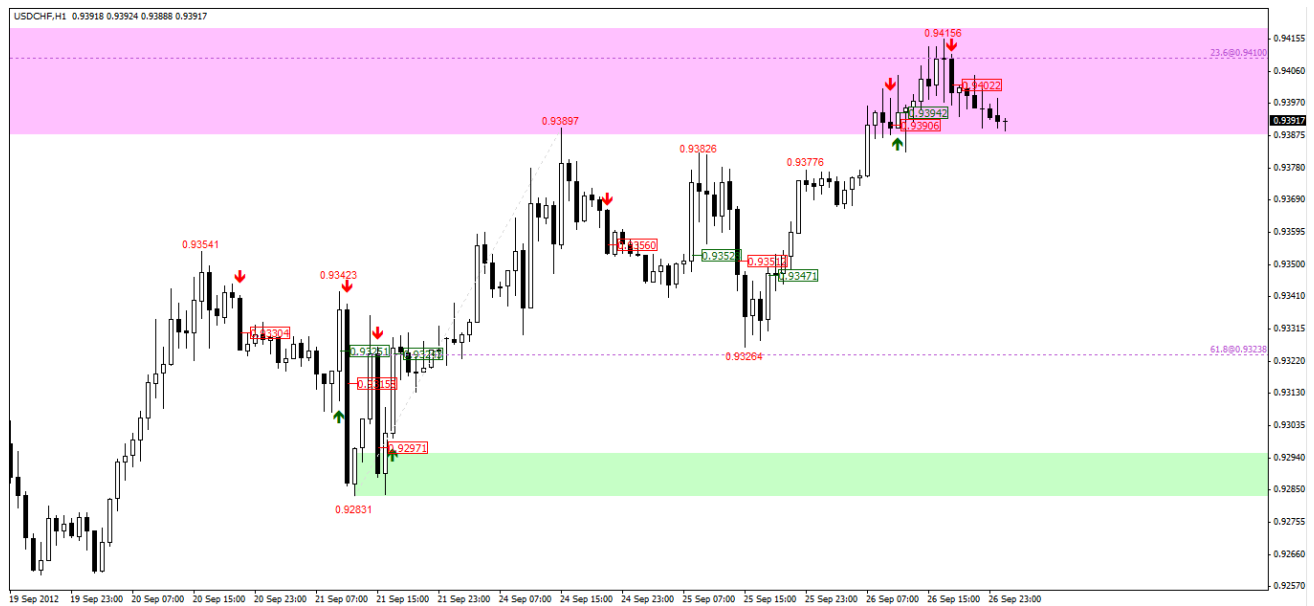
- 0.96074 (red)
- 0.9577 (green)
- 0.95693 (red)
- 0.95333 (green)
- 0.95005 (red)
- 0.94819 (red)
- 0.94325 (red)
- 0.94185 (red)
- 0.93897 (red)
- 0.93541 (red)
- 0.93231 (red)
- 0.92369 (red)
- 0.94156 (red)
- 0.93542 (green)
- 0.93456 (red)
- 0.93230 (green)

Shaded regions and labels:

- 50.080.96074 (pink)
- 38.280.95170 (pink)
- FE 127.080.94310 (pink)
- 23.680.94100 (pink)
- FE 100.080.94000 (pink)
- 0.93913 (pink)
- 0.93885 (pink)
- 23.680.93852 (pink)

As expected, this market is back within the overhead SZ at **0.93879-0.94185**. At the point of writing, price action is contained between the 100.0% projection of 0.92369 to 0.93541 from 0.92831 at **0.94003** and the 23.6% retracement of 0.99702 to 0.92369 at **0.94100**. It is imperative that this supply pocket cap this run and a fall ensues. The longer price action lingers here, the higher the odds of a push higher; thus casting doubts on the medium-term bearish case. This is because the fall from 0.99702 was impulsive; suggesting that the longer-term downtrend from 1.17296 may have resumed. So far, the rebound from 0.92369 is corrective in nature and is not expected to accelerate much higher. A fall from here, if it pans out, should ideally take out the low at **0.92369**; to be followed by a larger degree rally; ideally back to where the SZ at **0.93879-0.94185** is.

## USD-CHF 1-HOURLY



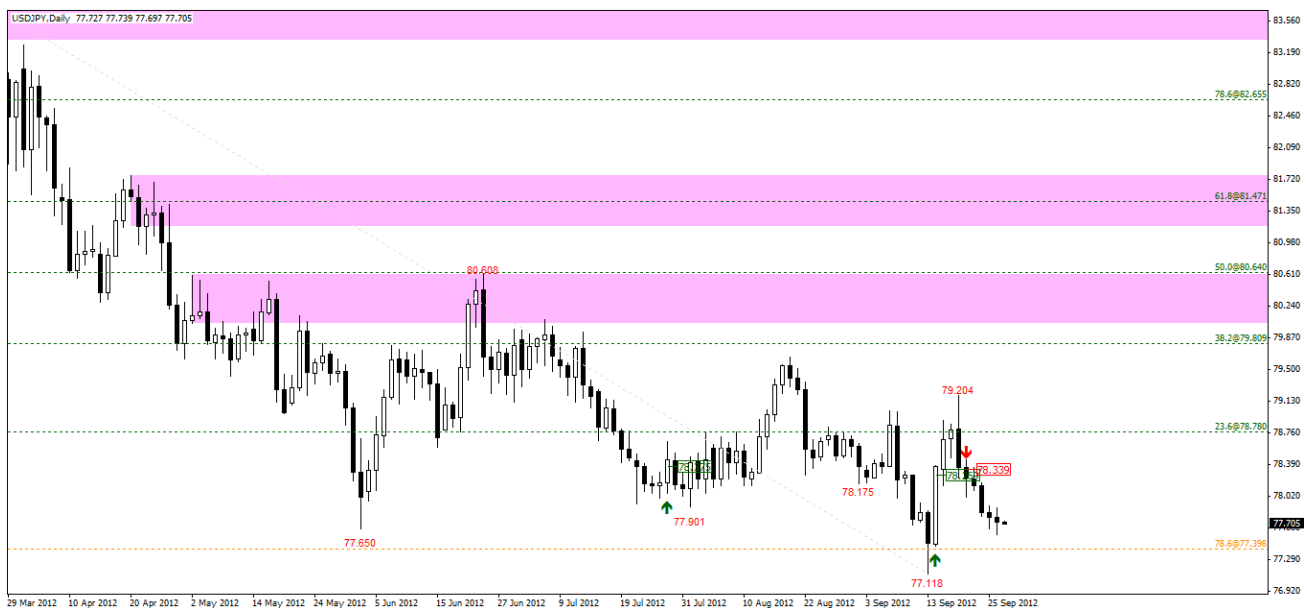
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 0.94022	0.92955	0.92201	0.94285 STOP

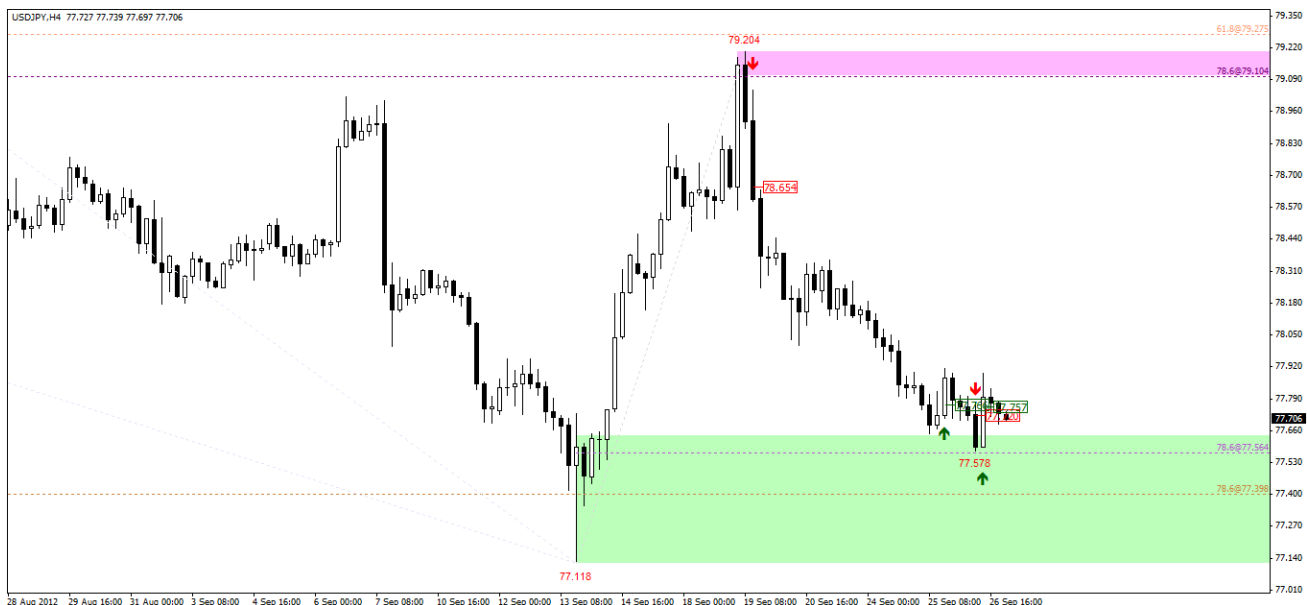
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-09-2012								+\$28,809.73
USD-CHF	24-09-2012	1.0	0.93641	20-09-2012	1.0	0.93304	-\$359.89		+\$28,449.84
USD-CHF	24-09-2012	1.0	0.93641	20-09-2012	1.0	0.93304	-\$359.89	-\$719.77	+\$28,089.95
USD-CHF	26-09-2012	1.0	0.93997	24-09-2012	1.0	0.93813	-\$172.95		\$27,917.00
USD-CHF	26-09-2012	1.0	0.93997	24-09-2012	1.0	0.93813	+\$172.95	-\$349.90	\$27,744.05
USD-CHF	26-09-2012	1.0	0.93929	26-09-2012	1.0	0.94022	+\$99.01		
USD-CHF	26-09-2012	1.0	0.93929	26-09-2012	1.0	0.94022	+\$99.01		
Unrealized							+\$198.02		

## USD-JPY DAILY



## USD-JPY 4-HOURLY

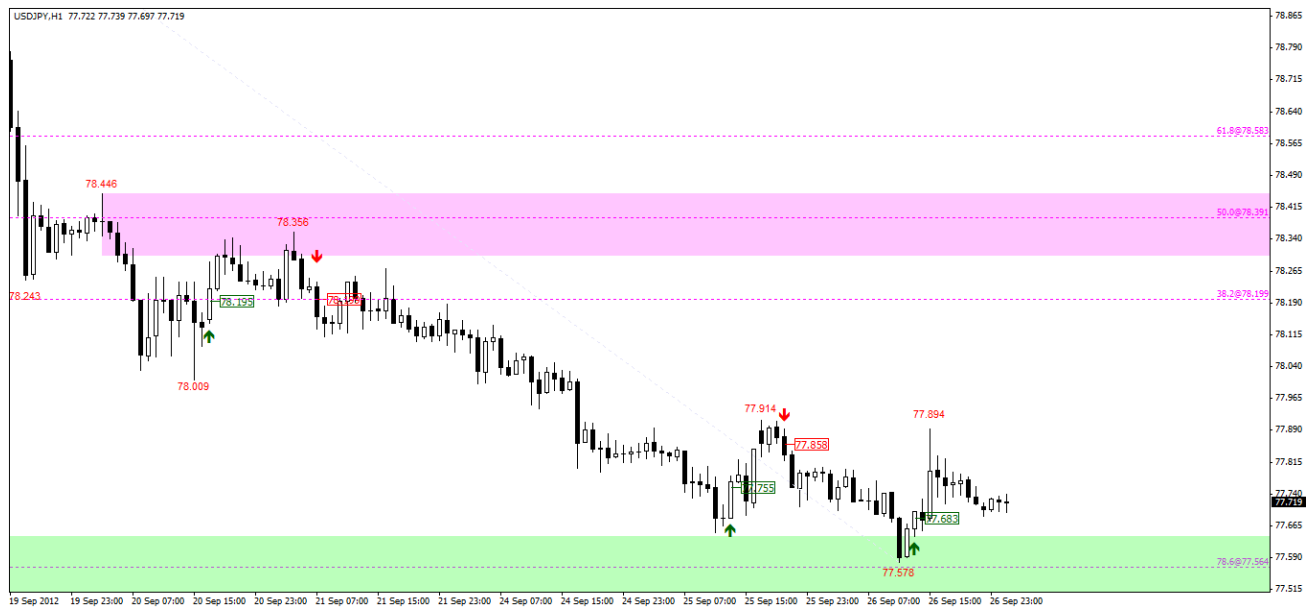


## USD-JPY Short to Medium Term Views

The fall from last Wednesday high of **79.204** finally dipped into the immediate DZ at **77.118-77.640** in overnight trading. Price action came within a whisker of hitting the sweet-spot between the 78.6% retracement of 77.118 to 79.204 at **77.564** and the 78.6% retracement of 75.556 to 81.162 at **77.398** and rebounded (see H4 chart). Even though it failed to hit this window, it nonetheless triggered buy signals in both the H1 and H4 charts with closes above 77.683 and 77.757. Whether this amounts to much is unclear at this stage but as mentioned in the previous update, any buy signal within this demand pocket should be acted upon for a rally back to at least the minor SZ at **79.106-79.204**. That said, trading is not expected to be fantastic in this market for awhile. As such, traders may give this market a miss until something more promising appears.



## USD-JPY 1-HOURLY

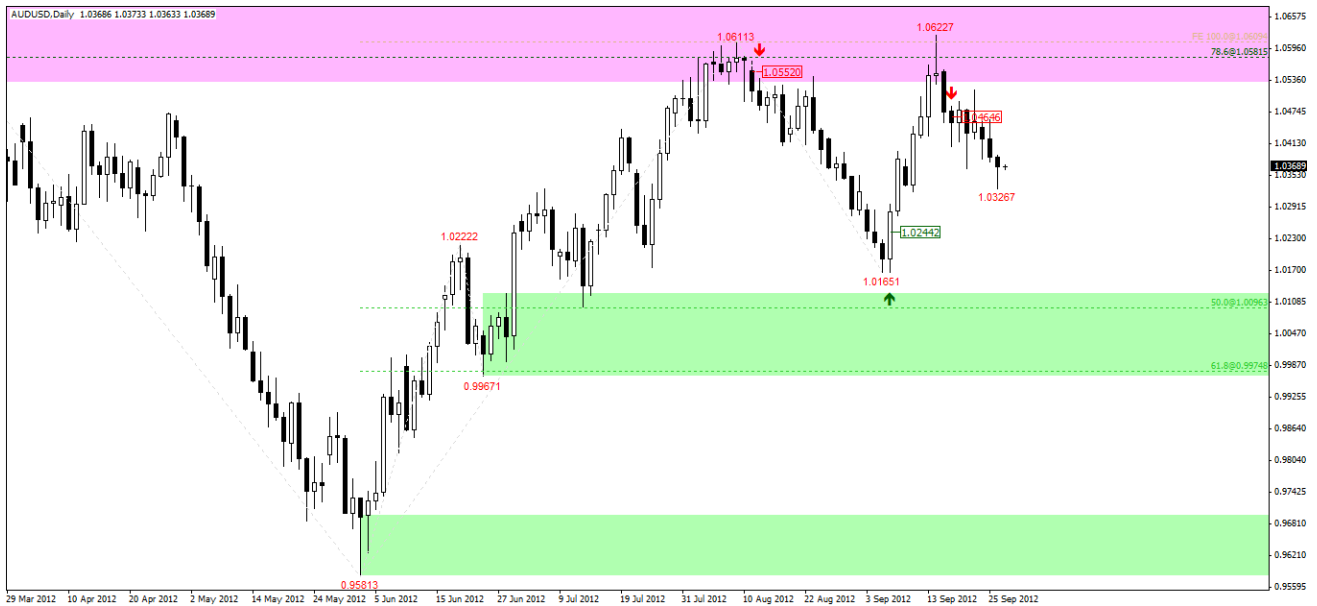
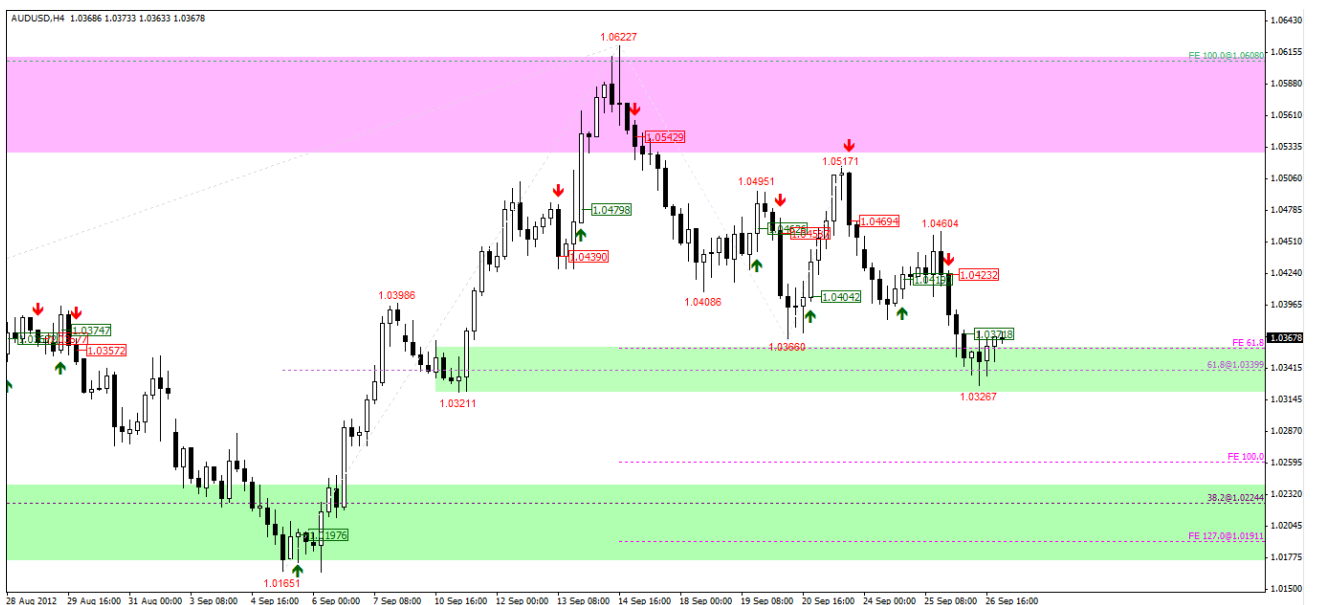


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @77.683	78.301	79.104	77.478 STOP

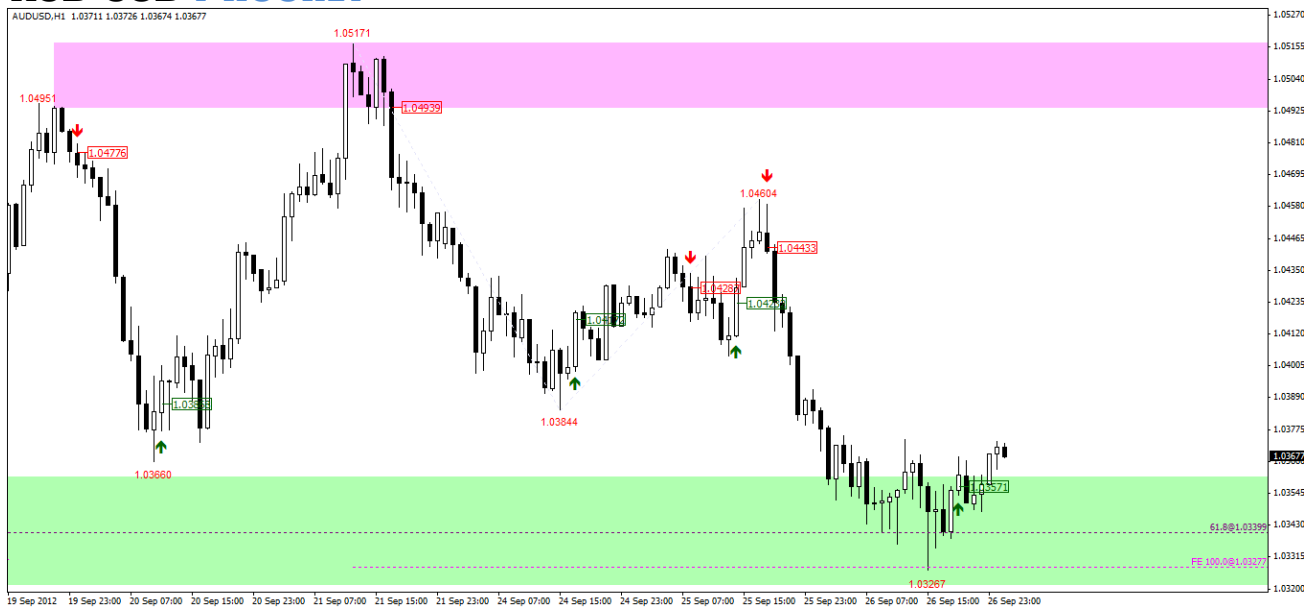
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 21-09-2012								+\$19,943.16
USD-JPY	25-09-2012	1.0	77.766	19-09-2012	1.0	78.910	+\$1,471.08	+\$1,471.08	+\$21,414.24
USD-JPY	26-09-2012	1.0	77.683	26-09-2012	1.0	77.728	+\$57.89		
USD-JPY	26-09-2012	1.0	77.683	26-09-2012	1.0	77.728	+\$57.89		
Unrealized							\$115.78		

**AUD-USD DAILY****AUD-USD 4-HOURLY****AUD-USD** Short to Medium Term Views

The steep fall from 1.04604 some 48 hours ago hit the sweetspot between the 61.8% retracement of 1.01651 to 1.06227 at **1.03399** and the 100.0% projection of 1.05171 to 1.03844 from 1.04604 at **1.03277** in overnight trading. This sweetspot, in turn, lies within the DZ at **1.03211-1.03604**. As suggested in previous updates, buy signals within this price pocket should be taken for another shot at the long-term SZ at **1.06010-1.06677**. However, should the bottom falls off this demand pocket, another awaits at the **1.01751-1.02405** where the 38.2% retracement of 0.95799 to 1.06227 at **1.02244** and the 127.0% projection of 1.06227 to 1.03660 from 1.05171 at **1.01911** lies (see H4 chart). Now we wait and see if this bullish scenario pans out as scribed.

## AUD-USD 1-HOURLY

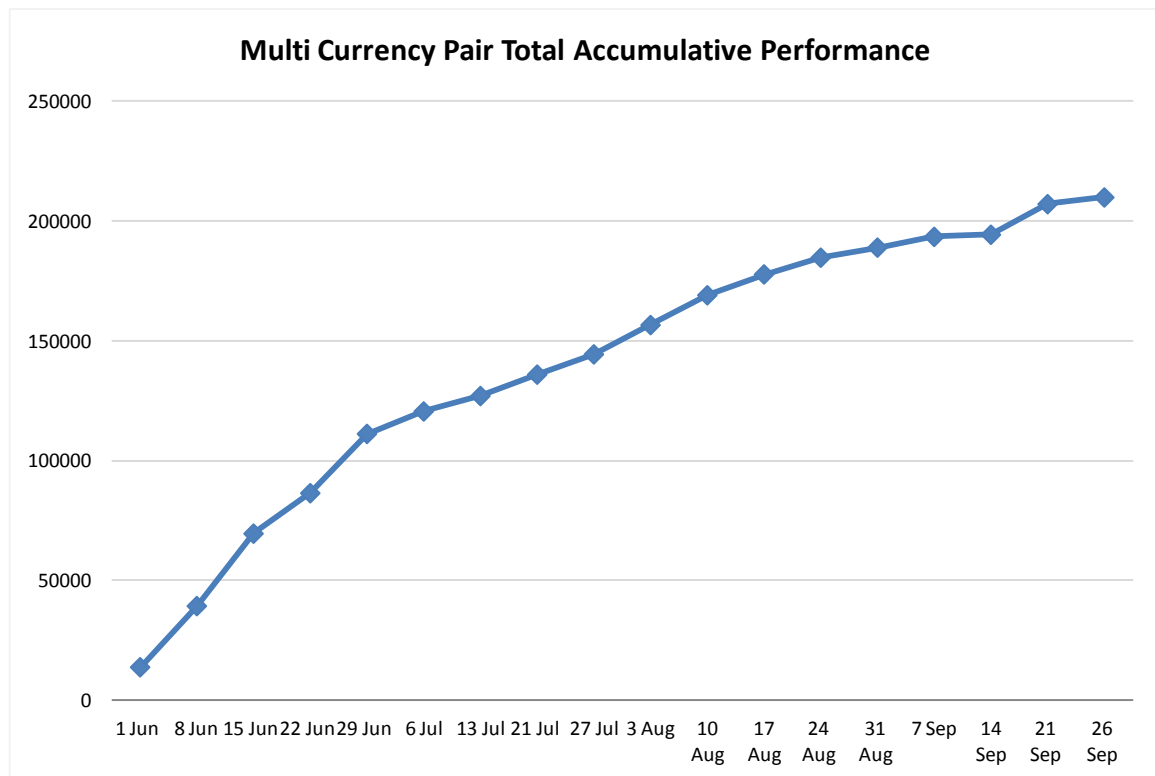
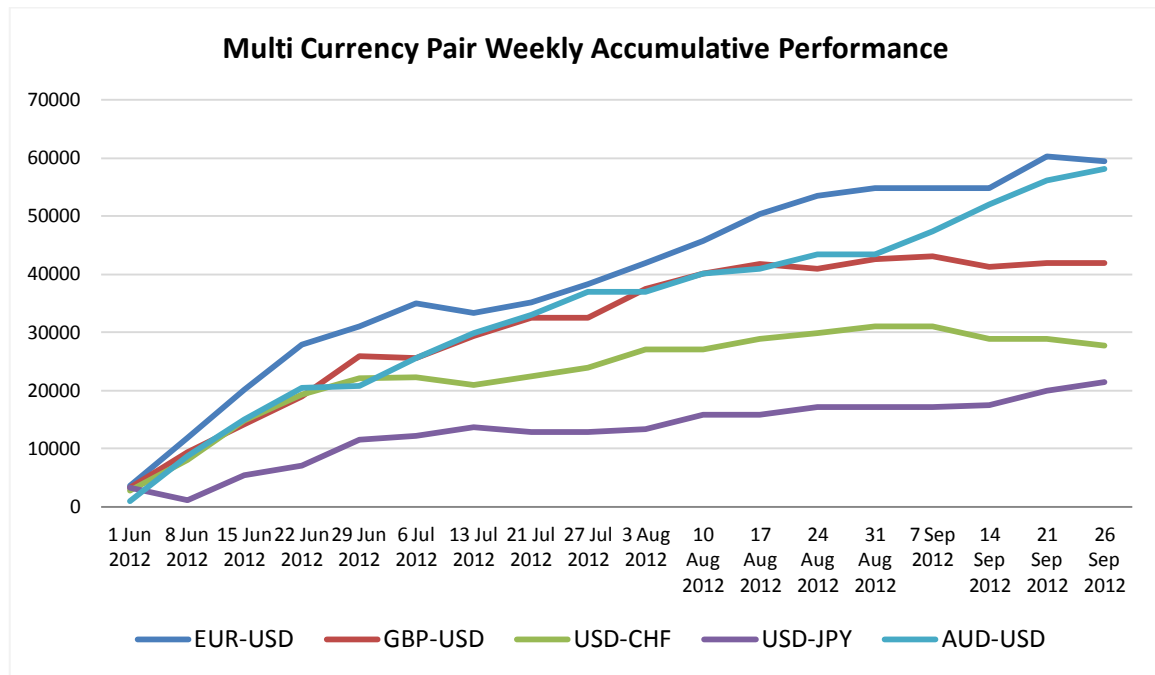


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.03423 (M5 chart)	1.04934	1.06010	1.03111 STOP

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-09-2012								+\$56,114.00
AUD-USD	24-09-2012	1.0	1.03970	21-09-2012	1.0	1.04939	+\$969.00	+\$969.00	+\$57,083.00
AUD-USD	24-09-2012	1.0	1.03893	25-09-2012	1.0	1.04433	+\$540.00		
AUD-USD	24-09-2012	1.0	1.03893	25-09-2012	1.0	1.04433	+\$540.00	+\$1,080.00	+\$58,163.00
AUD-USD	26-09-2012	1.0	1.03423	26-09-2012	1.0	1.03688	+\$265.00		
AUD-USD	26-09-2012	1.0	1.03423	26-09-2012	1.0	1.03688	+\$265.00		
					Unrealized		+\$530.00		



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.