

A Traders Academy International Publication

All Majors Retreat

USD-JPY surged to a near 20-month high on Thursday, but trading was choppy in thin conditions with traders possibly suffering a case of cold feet as the Bank of Japan's policy decision loomed.

Facing intense political pressure, the BOJ is likely to expand its ¥91-trillion (\$1 trillion) asset-buying and lending programme by ¥10 trillion and could consider adopting a 2 percent inflation target. A decision is due between 0330-0530 GMT.

The prospect of more Yen pouring into the Japanese economy has already helped drive the Japanese Yen down almost 9 percent against the US Dollar since September.

USD-JPY stood at 84.395, having risen as high as 84.599 overnight, a level not seen since April 2011.

With markets already very bearish on the Japanese Yen, traders warned a lack of bold action could see short positions squeezed; leading to a sharp correction in the USD-JPY.

The Japanese Yen and U.S. Dollar, both seen as safe haven currencies, saw a small reprieve after talks to resolve the U.S. fiscal impasse appeared to have taken a turn for the worse.

The Republicans announced plans to put an alternative tax plan to a vote in the House this week that would largely disregard the progress made so far in negotiations, prompting President Barack Obama to threaten to veto it should Congress approve.

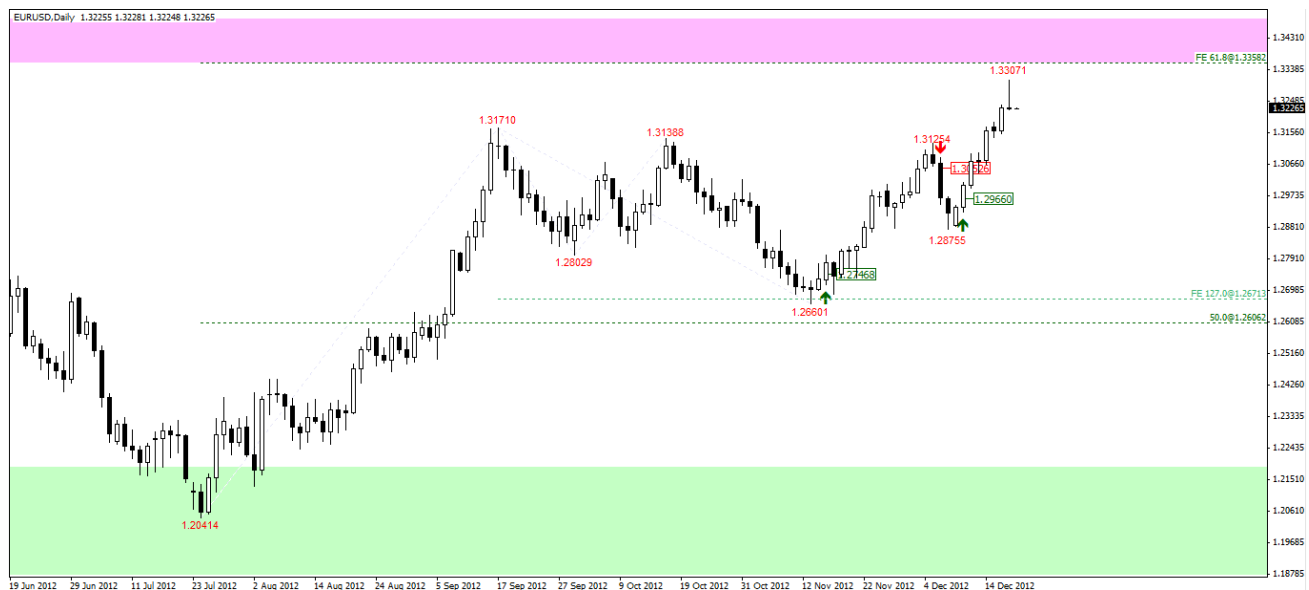
EUR-USD retreated to 1.32250 from an 8-1/2 month high around 1.33071.

AUD-USD took a hit as well, slipping to 1-week low of 1.04747 to be more than a full cent below last week's 3-month peak.

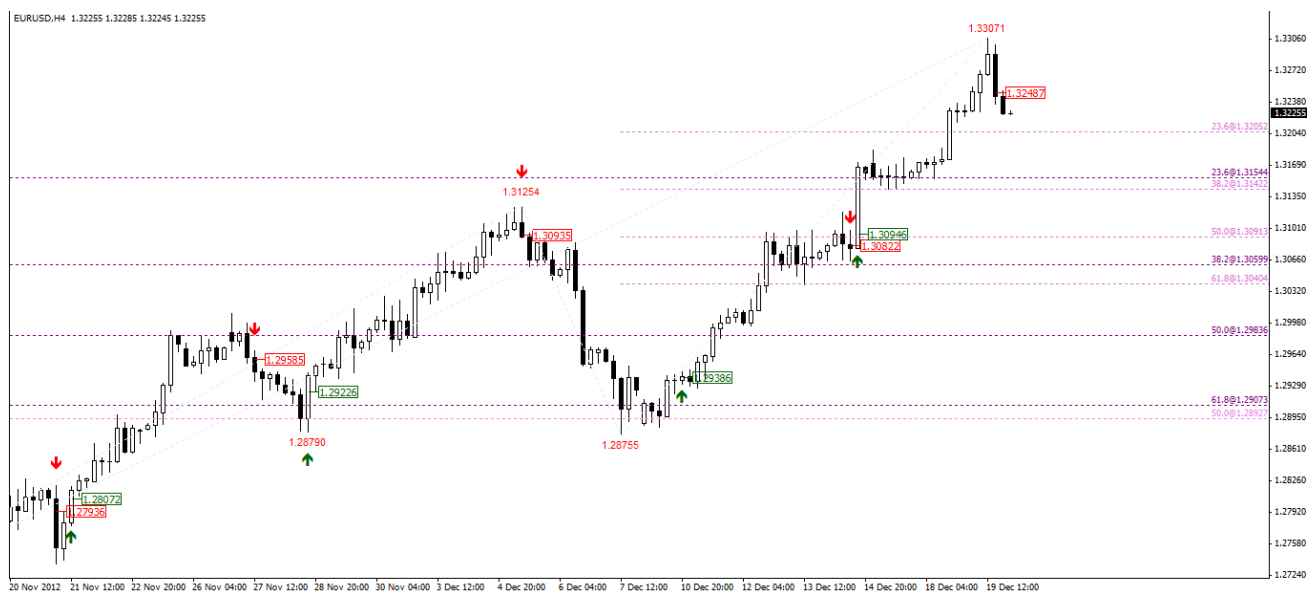
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EUR-USD DAILY



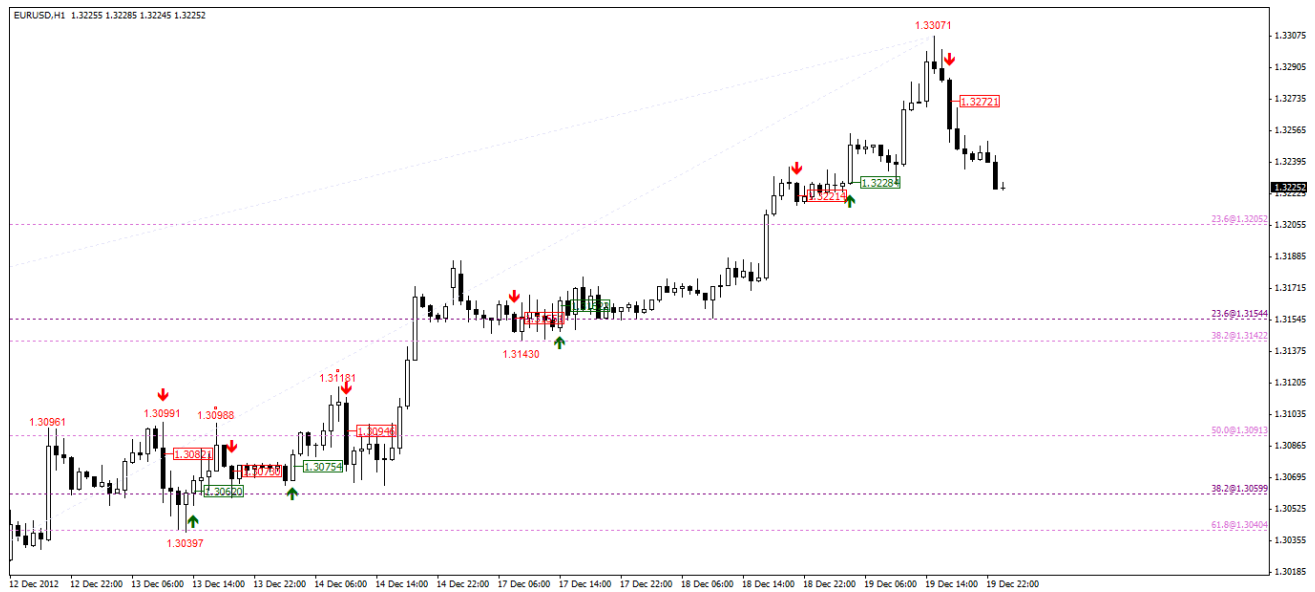
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

The rally from 1.26601 may have found a temporary top at the overnight high of 1.33071; just short of the 61.8% projection of 1.20414 to 1.31710 from 1.26601 at **1.33582** which lies a just touch above the immediate supply pocket of **1.33575-1.34857** (see D1 chart). This level is just above the 8-month high of 1.32829 but below the year's high at **1.34857**. As a result of profit-takings, sell signals were triggered in both the H1 and H4 charts with closes below **1.32721** and **1.32487** respectively. At this rate, it would not be long to see the D1 chart too would trigger a sell signal within the week. After all, the d1 chart ended the day as a *gravestone doji* and we need a daily close below **1.31621** to trigger such a signal. Overall the medium to long-term pictures are still decidedly bullish and this overnight pullback is currently treated as a correction. In terms of potential, this pullback may possibly stabilize at or in between the 23.6% retracement of 1.26601 to 1.33071 at **1.31544** and the 38.2% retracement of 1.28755 to 1.33071 at **1.31342**. This Fibonacci confluence may well be an ideal launch pad for another assault at the year's high at **1.34857** next.

EUR-USD 1-HOURLY



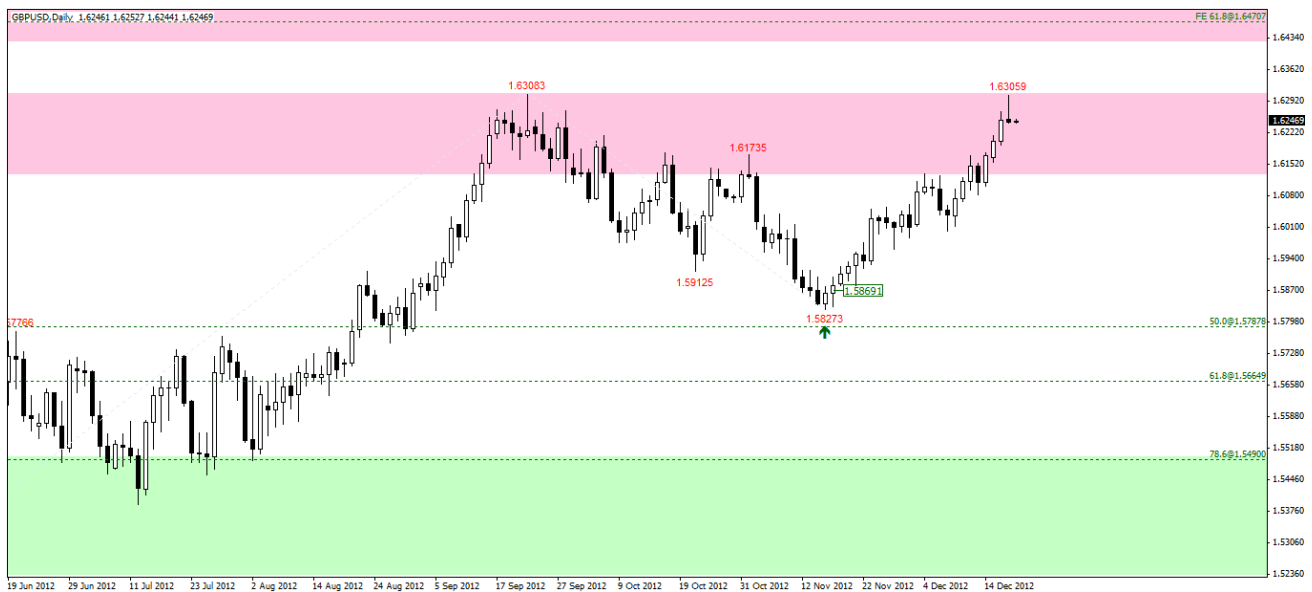
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.32721	1.32052	1.31554	Break-even

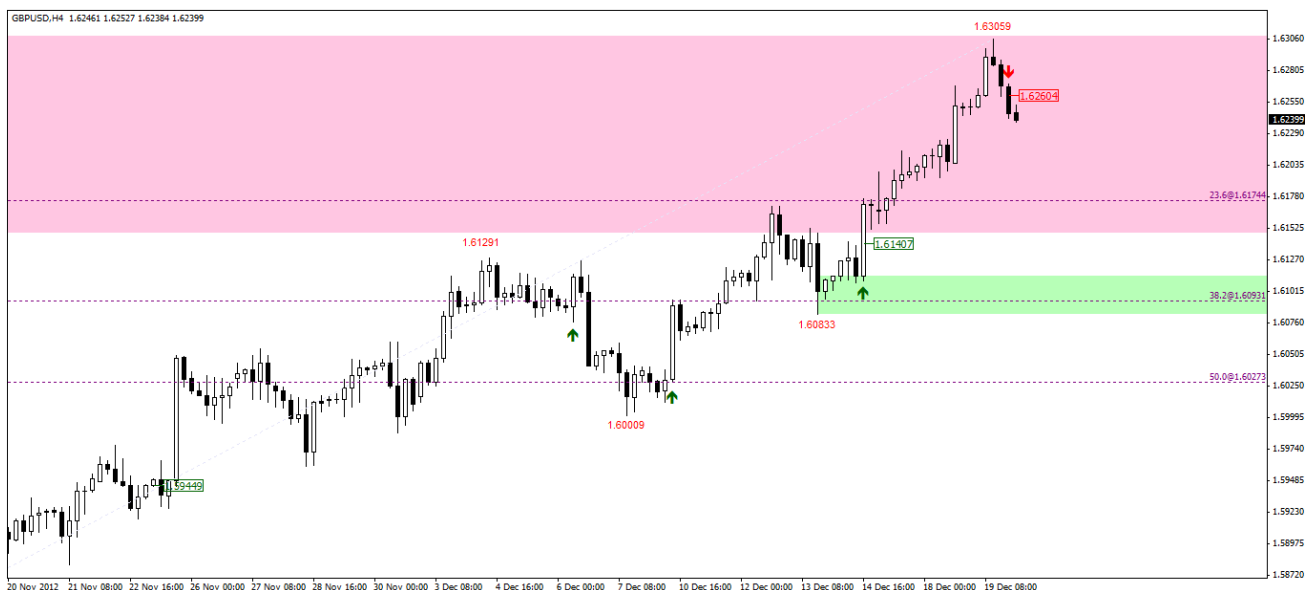
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
B/F from 14-12-2012									\$77,009.00
EUR-USD	19-12-2012	1.0	1.32250	19-12-2012	1.0	1.32721	+\$471.00		
EUR-USD	19-12-2012	1.0	1.32250	19-12-2012	1.0	1.32721	+\$471.00		
Unrealized							+\$942.00		

GBP-USD DAILY



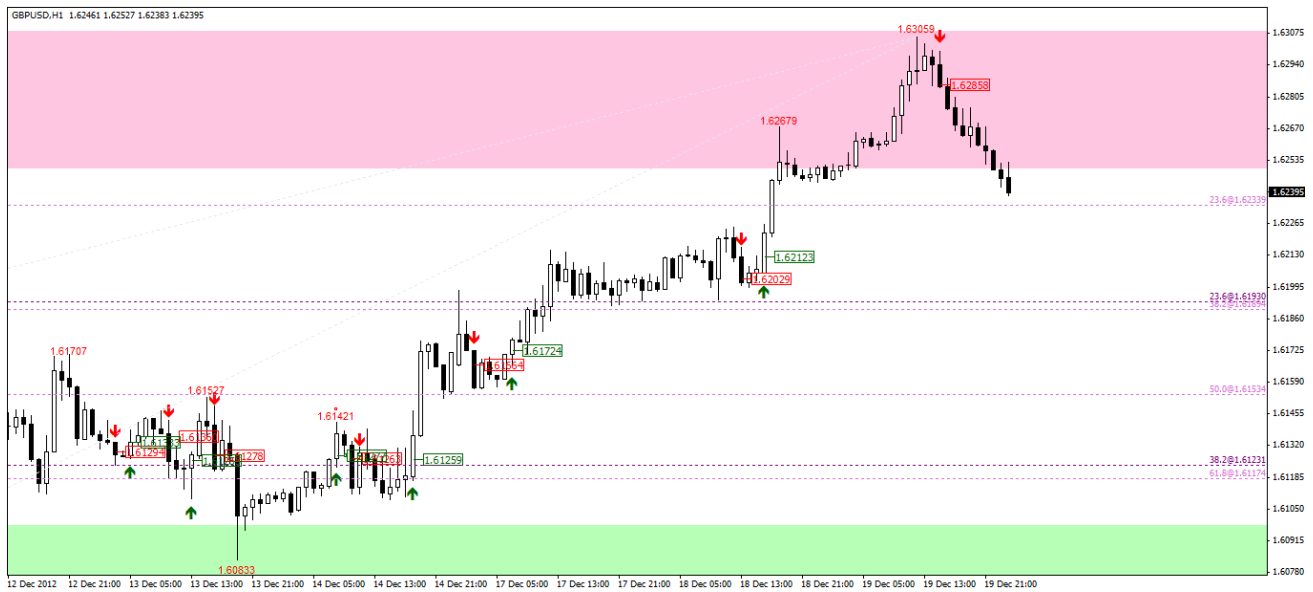
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

Price action surged to the upper boundary of a major supply zone at **1.61302-1.63083** and did a turn-around (see D1 chart). The pushback was so strong; this market gave back all its day's gains to close in negative territory; ending the day as a *gravestone doji* just as in EUR-USD. In fact, the first sign that all majors may turn-around came from GBP-USD. Within an hour of NY opening, a sell signal was triggered in the H1 chart with a close below **1.62858**. This is promptly followed by another in the H4 chart with a close below **1.62604**. If by the time we see a close below **1.62025** in the D1 chart next, all short and medium-term charts would have turned negative. All along as this market charges towards the upper boundary of the longer-term triangle pattern, extreme caution was advised. It was also noted that even though the bullish outlook has been greatly enhanced by the series of strong closings prior to last night's pullback, the short-term upside potential is relatively limited without a decent pullback. Last night's high of 1.63059 came within a hair breath away from the year's high of **1.63083** set on September 21. Though the bull trap mentioned in previous updates was not sprung, the fact that this market pulled back from a sensitive level such as 1.63083 without triggering a ton of buy-stops orders was testament of the existence of such a trap. The call not to chase this bull market at these heightened levels was vindicated. Immediate focus is the Fibonacci confluence of the 23.6% retracement of 1.58273 to 1.63059 at **1.61930** and the 38.2% retracement of 1.60009 to 1.63059 at **1.61894**.

GBP-USD 1-HOURLY



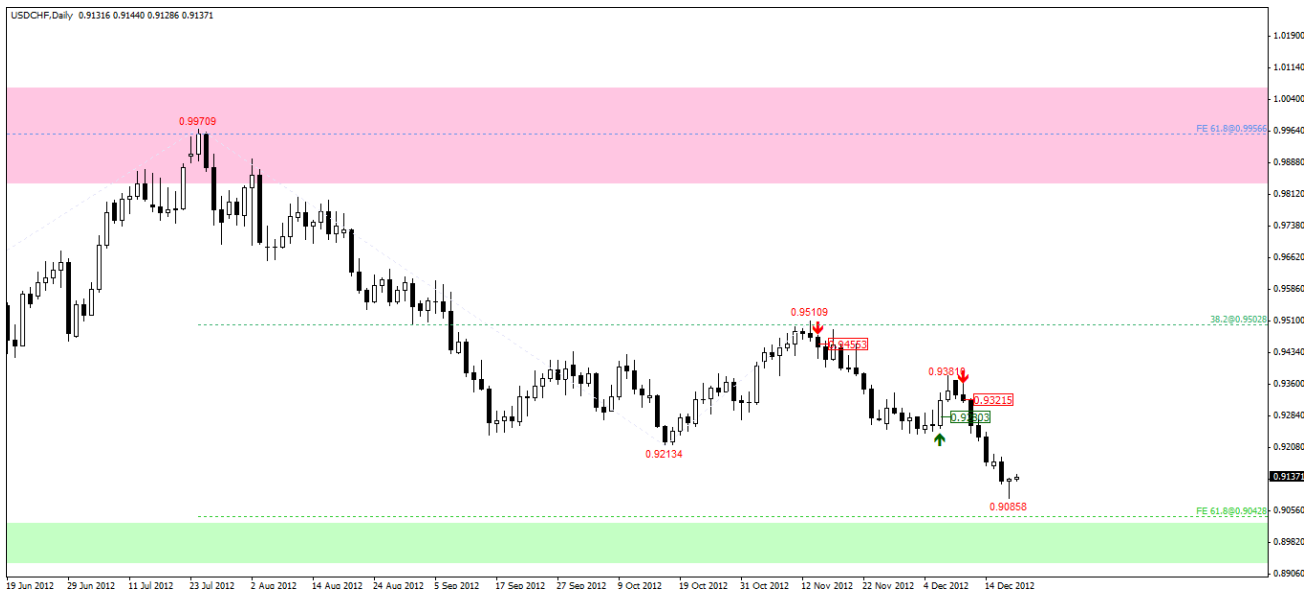
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on D1 close below 1.62025

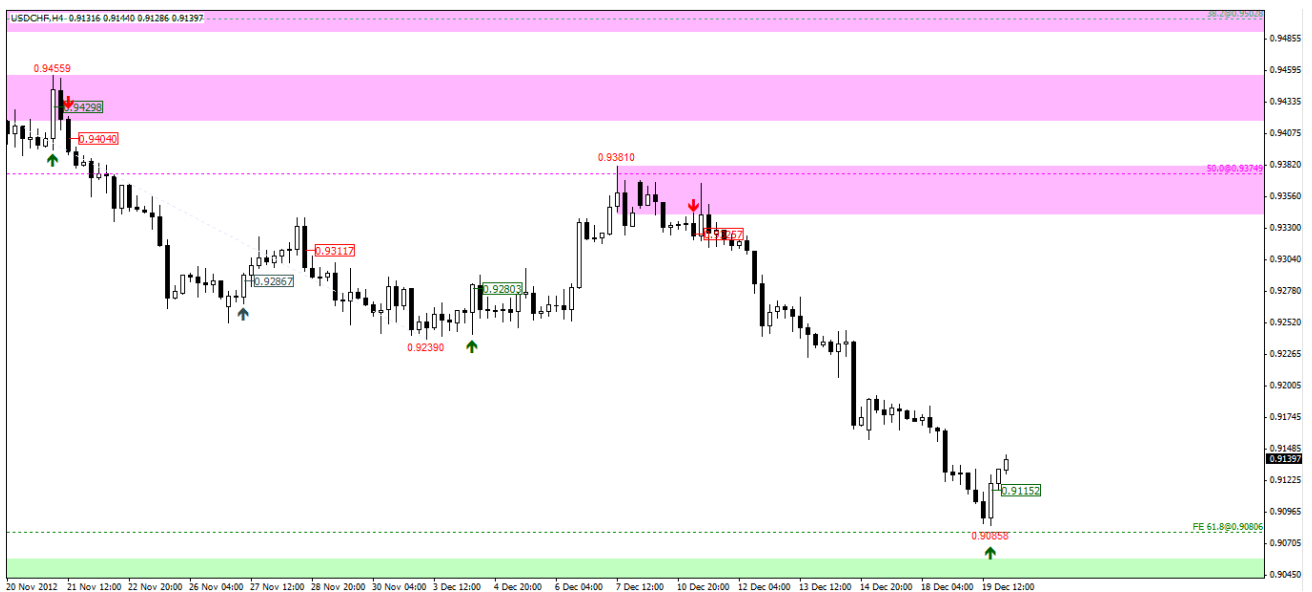
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 14-12-2012								\$52,030.00
GBP-USD	28-11-2012	1.0	1.59825	18-12-2012	1.0	1.62589	+\$2,764.00	+\$2,764.00	\$54,794.00
GBP-USD	21-11-2012	1.0	1.59037	19-12-2012	1.0	1.62458	+\$3,421.00		
						Unrealized	+\$3,421.00		

USD-CHF DAILY



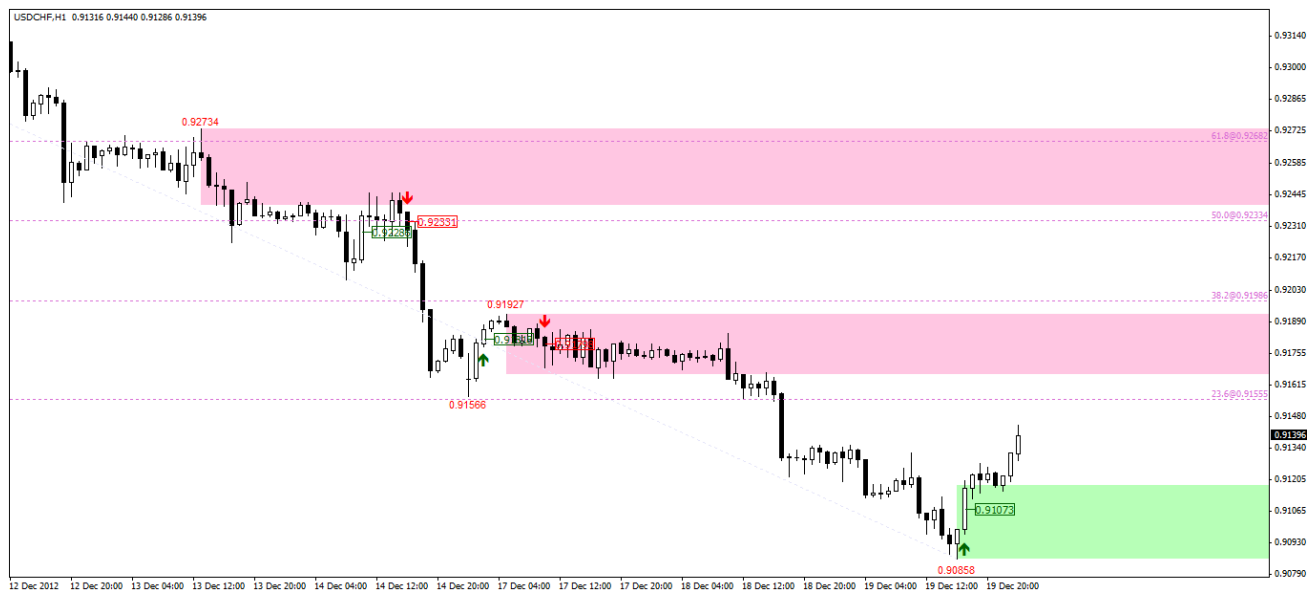
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

This market went into a freefall after taking out the October low of 0.92134 last Friday. Last night, price action came close to the 61.8% projection of 0.99709 to 0.92134 from 0.95109 at **0.90428** which lies just above demand zone at **0.89301-0.90278** and rebounded relatively strongly. Is this the turn-around? In the short and perhaps the medium-term, a rebound is overdue but the overall longer-term picture is still decidedly bearish. For the time being, the overnight rebound is treated as a correction of the fall from 0.99709. It is conceivable that another challenge of the year's low at **0.89301** may be mounted over time. Just as in the other majors, the call not to chase this fall was vindicated as well. Immediate focus of this overnight rebound is the Fibonacci confluence of the 23.6% retracement of 0.95109 to 0.90858 at **0.91588** and the 38.2% retracement of 0.93810 to 0.90858 at **0.91986**.

USD-CHF 1-HOURLY



Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 0.91073	0.91861	0.92482	Break-even

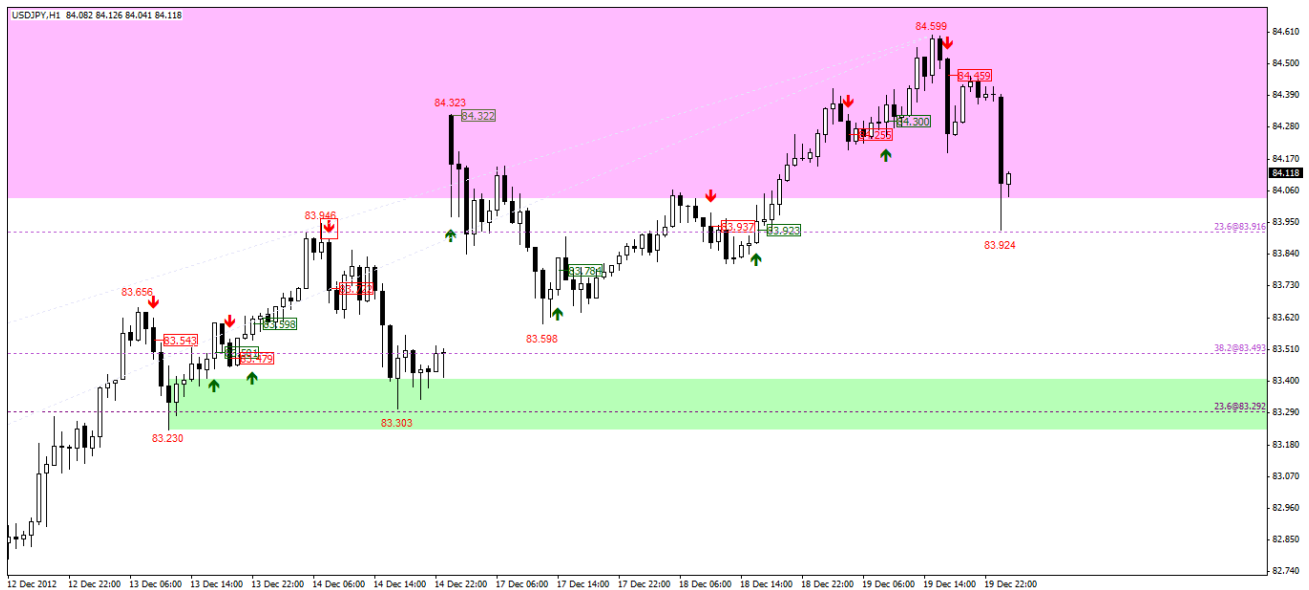
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from								\$35,851.84
	14-12-2012								
USD-CHF	19-12-2012	1.0	0.91073	19-12-2012	1.0	0.91320	+270.48		
USD-CHF	19-12-2012	1.0	0.91073	19-12-2012	1.0	0.91320	+270.48		
						Unrealized	+\$540.96		

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Just when it appears this market is gunning for last year's high of 85.520, the pullbacks seen in the other majors stopped this bull-run in its track. In a somewhat delayed reaction to the pullbacks seen in all other majors, prices only started to come off early this morning in Sydney. The unwinding of long positions was obvious in this morning's decline. As noted, though the longer-term trend is decidedly bullish, a short position within the supply zone at **83.719-84.85.520** represents a very attractive proposition considering that the longer-term fall from 124.120 is expected to resume below the all-time low of **75.563**. In the H1 and H4 charts, sell signals were triggered with closes below **84.459** and **84.322** respectively and immediate focus is the 23.6% retracement of 81.704 to 84.599 at **83.917**; followed by the 38.2% retracement level at **83.493**. A demand pocket at **82.230-83.384** lies just above the latter and may possibly arrest any further fall – at least in the short-term. Below this, focus will shift to the price pocket between **82.100-82.318** (see H1 chart). Considering the longer-term potential, it may be worth the while to keep some long-term core short positions for an eventual fall below the all-time low of **75.563**.

USD-JPY 1-HOURLY



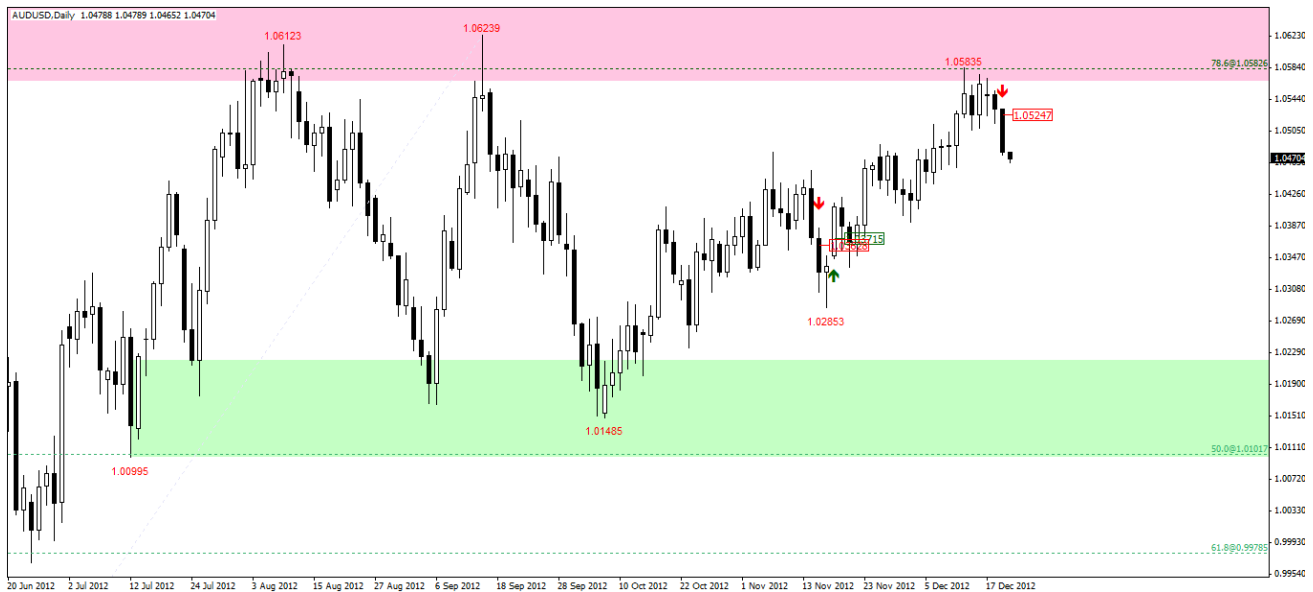
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 84.459	83.916	83.292	Break-even

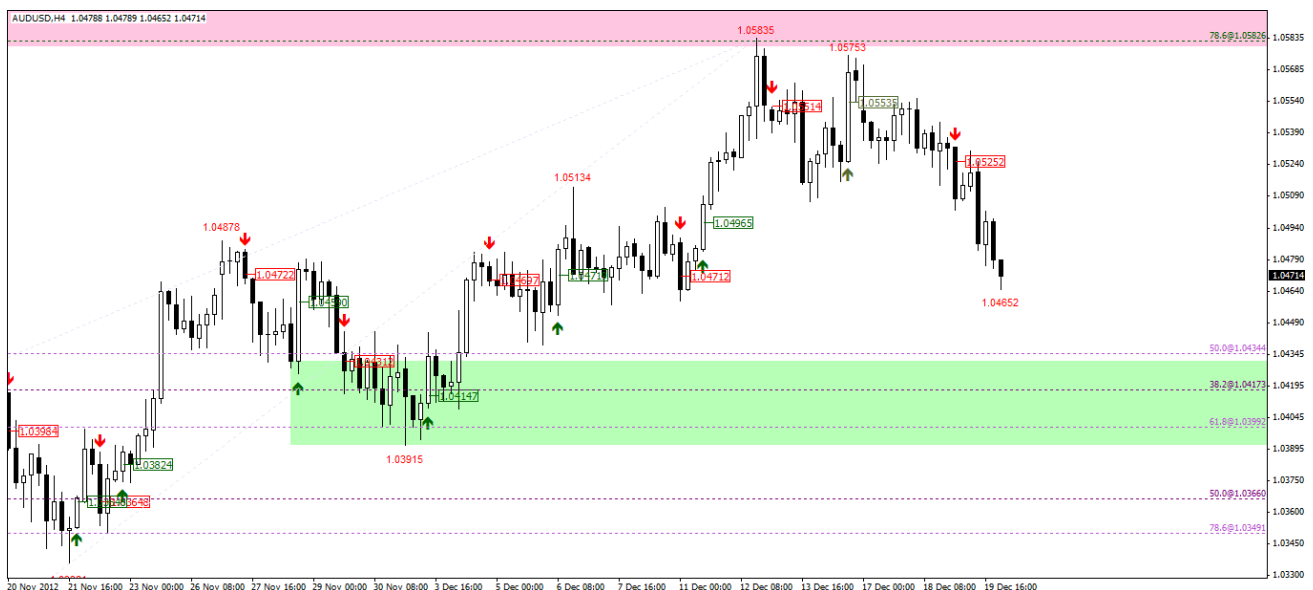
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 14-12-2012								\$33,743.59
USD-JPY	17-12-2012	1.0	84.322	14-12-2012	1.0	83.722	-\$711.56	-\$711.56	\$33,032.03
USD-JPY	19-12-2012	1.0	84.395	19-12-2012	1.0	84.459	+\$75.83		
USD-JPY	19-12-2012	1.0	84.395	19-12-2012	1.0	84.459	+\$75.83		
Unrealized							+\$151.66		

AUD-USD DAILY



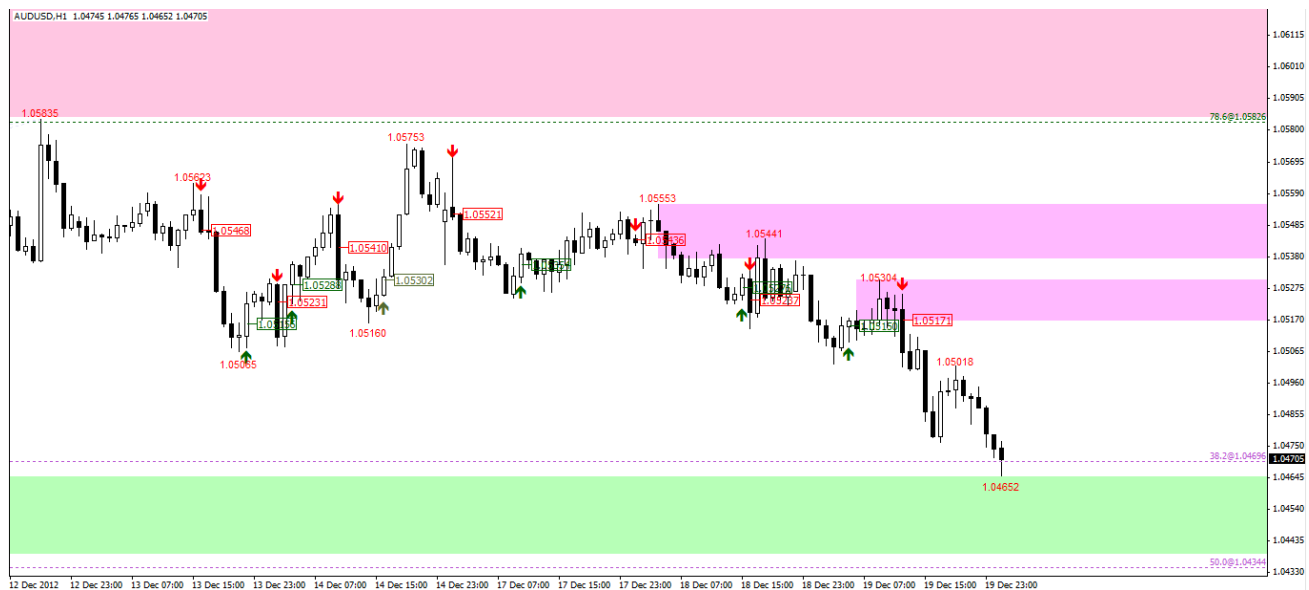
AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

As mentioned, the 78.6% retracement of 1.08557 to 0.95795 at **1.05826** proved to be the turning point of the rally from 1.04595 earlier last week. Price action attempted to re-test this level late last Friday before falling back. Early this week saw this market opened weaker by some 14 pips and struggled; ending the first trading day of the week as a doji. As noted, this week is crucial. If this rally sustains above **1.08557**, a test of the all-time high at **1.10799** is imminent. On the downside, a pullback to the demand pocket at **1.04390-1.04650** is developing. Because this market has not made any new high while the others are either making new highs or lows, no short position was established. This is because we need to see an across-the-board correction across all majors to gain confidence that a short position in AUD-USD is worthwhile. As early as Wednesday morning, signs of hardcore bulls dumping long positions were evident. Immediate focus is the 38.2% retracement of 1.01485 to 1.05835 at **1.04173** which lies within the demand pocket at **1.03915- 1.04312**.

AUD-USD 1-HOURLY

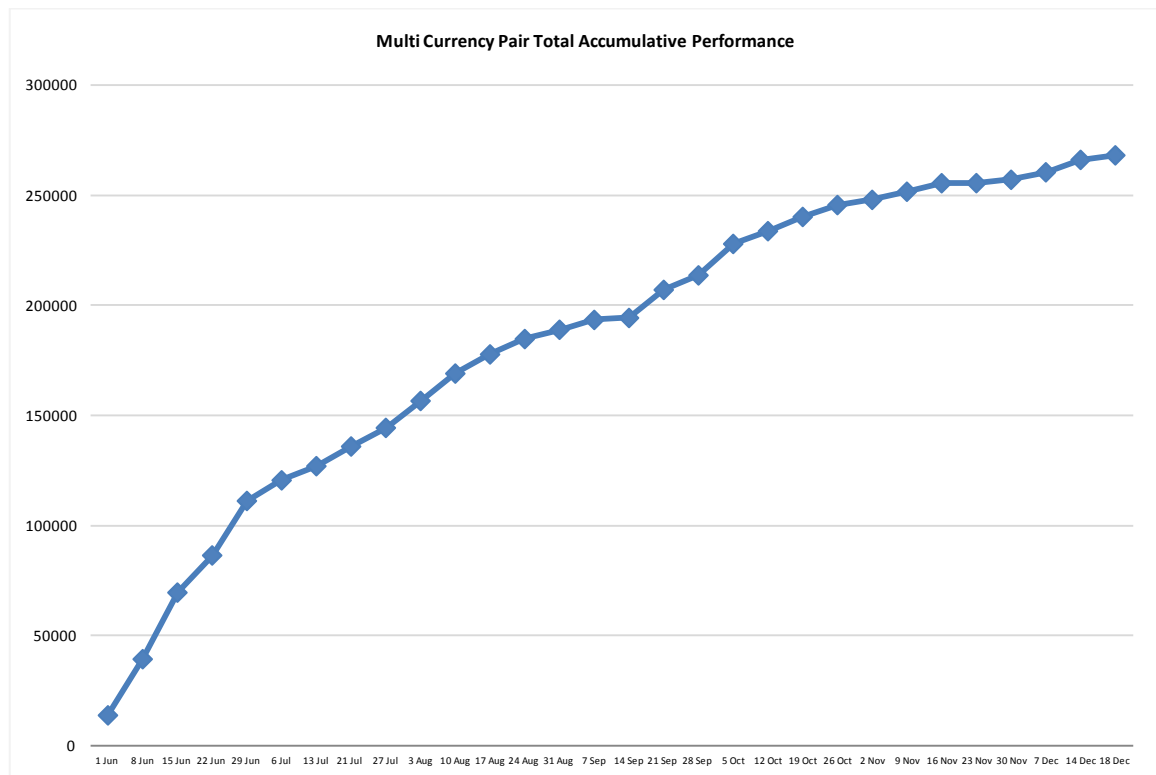
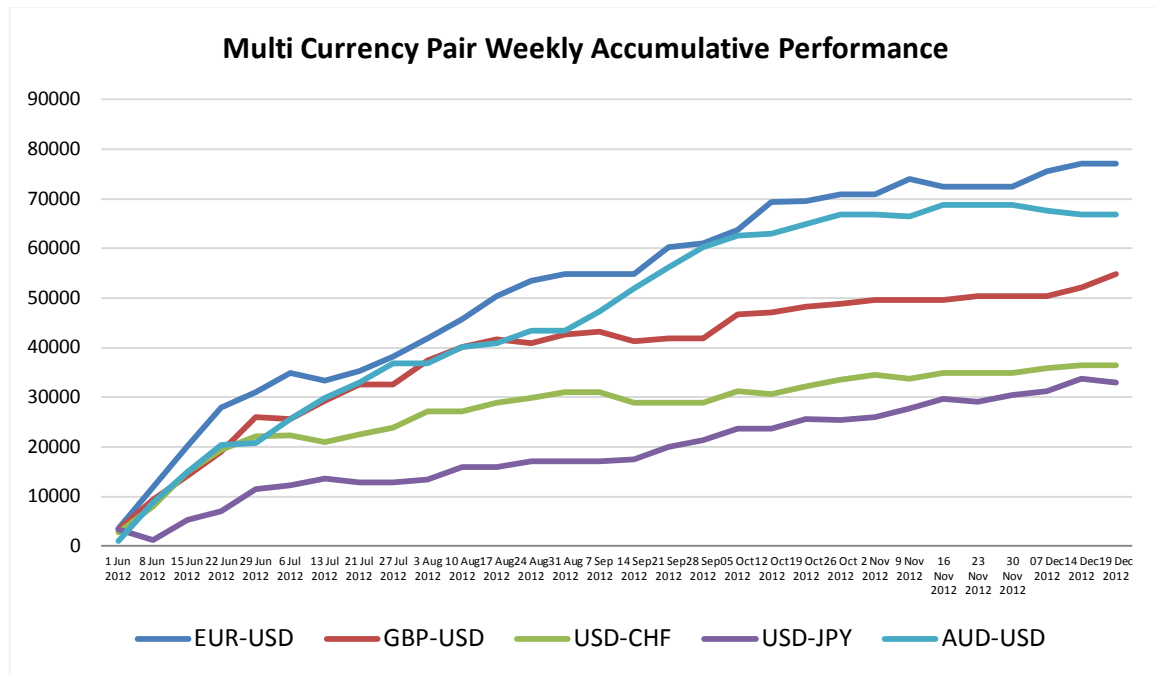


Trade Ideas

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 14-12-2012								\$66,879.00
Unrealized							\$0.00		



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www.tradersacademyonline.com



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.