

A Traders Academy International Publication

Market Disappointed By No QE3

The US Dollar strengthened on Tuesday following Fed Chairman Ben Bernanke's testimony to the Senate, in which he restated his 'stimulus-if-required' stance to monetary policy as well as underscoring the need for 'fiscal balance' from lawmakers. This upset expectations for more stimulus and led to a rise in the US Dollar. On the data front, US CPI in June remained at 1.7% year-on-year when it had been expected to moderate to 1.6% whilst CPI Ex Food & Energy showed a basis point fall in line with expectations. Industrial Production in June rose by 0.4% which was just above the 0.3% expected. Demand for U.S securities showed a rise with Net Long-Term TIC Flows in May beating expectations to rise to \$55.0 billion compared to \$41.3 billion expected and \$27.2 billion previous. Total Net TIC flows showed a \$101.7 billion surplus compared to the -\$8.2 billion previously.

The Euro fell after Bernanke's testimony to Senate. The Euro fell rapidly despite strengthening in the first half of the day when yields on Spanish short-term bills fell at auction. Yield on the 12-month fell from just over 5% to 3.92% previous and to 4.24% versus 5.11% on the 18-month bill. Longer-dated debt however didn't fare as well as the yield on the 10-year Spanish bond rose to 6.79% - up 5.7bps whilst the Italian 10-year rose to 6.01% up 1.8pbs. On the data front, the ZEW Sentiment survey fell, but not as deeply as expected. The German version of the ZEW in July fell to -19.6 when it had been expected to fall to -20.0 and was -16.9 previously. The Euro-zone version showed an even more dramatic fall in Economic Sentiment to -22.3 versus -20.1 previously. The German Current Situation survey fell to 21.1 versus 30.0 expected and 33.2 previous.

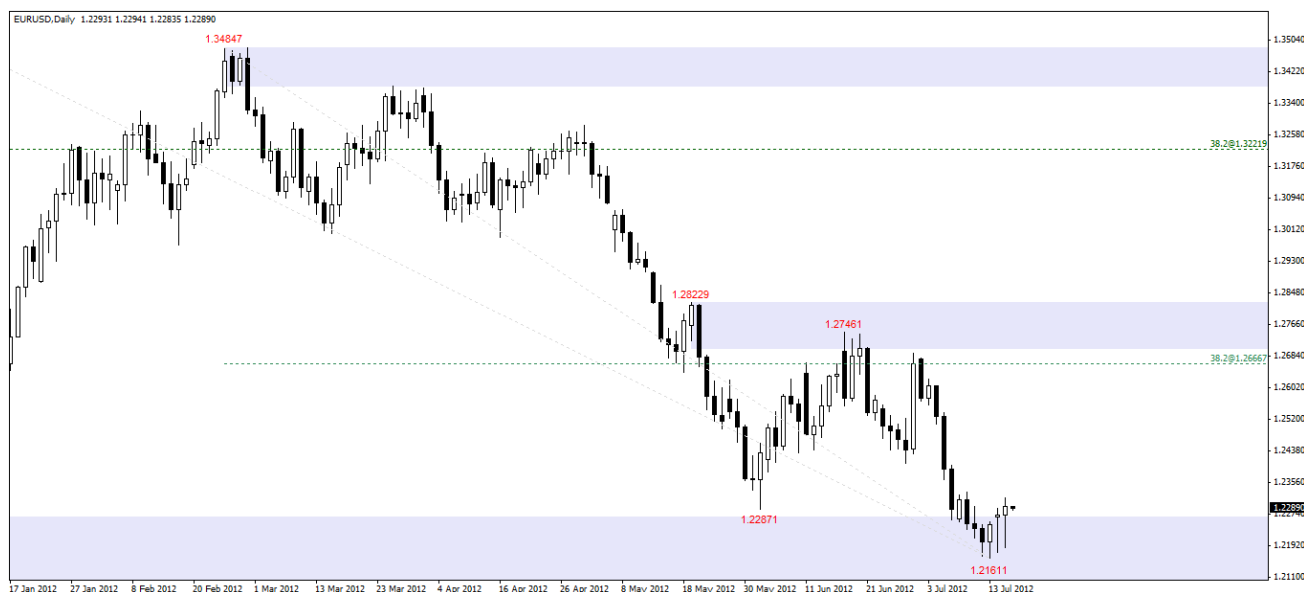
The Sterling Pound fell after the release of softer-than-expected inflationary data on Tuesday increased the possibility the BOE might use more stimulus to boost growth. Overall the statistics indicated a fall in inflation with CPI dropping to 2.4% in June year-on-year versus 2.8% expected and 2.8% previous. Core CPI fell to 2.1% versus an expected rise of 4pbs. Mom CPI fell by -0.4% compared to -0.1% expected and -0.1% previous. RPI fell to 2.8% versus 3.0% expected and 3.1% previous. GBP-USD after the Chairman of the Fed Ben Bernanke made a speech to the Senate in which he maintained his wait-and-see stance despite a more dovish tone having been expected. The absence of any hints of more QE led to a rise in the Dollar. The Pound was stronger versus the Euro, however, and briefly hit a three and a half year high following comments from the Italian PM Mario Monti about the dire economic problems in Italy.

The Japanese Yen traded mixed on Tuesday, rising against the riskier currencies like the Euro and the Pound but falling to the Dollar which strengthened after expectations of more easing were dealt a blow by Fed Chairman Bernanke who failed to hint at more QE in his testimony to Senate, an outcome which surprised many investors expecting the opposite. There was no economic data for the Yen but there was commentary from the Finance Minister Jen Azumi who threatened to weaken the Yen if speculators continued to push it higher. It is possible the currency may moderate at its current position as a result of the threat, however, the currency remains vulnerable to safe-haven flows as a result of investor fears over contagion from the crisis hit Euro-zone and there does not seem to be any sign that the problems in that region are close to a solution yet, which leaves the outlook for the Yen still quite bullish overall.

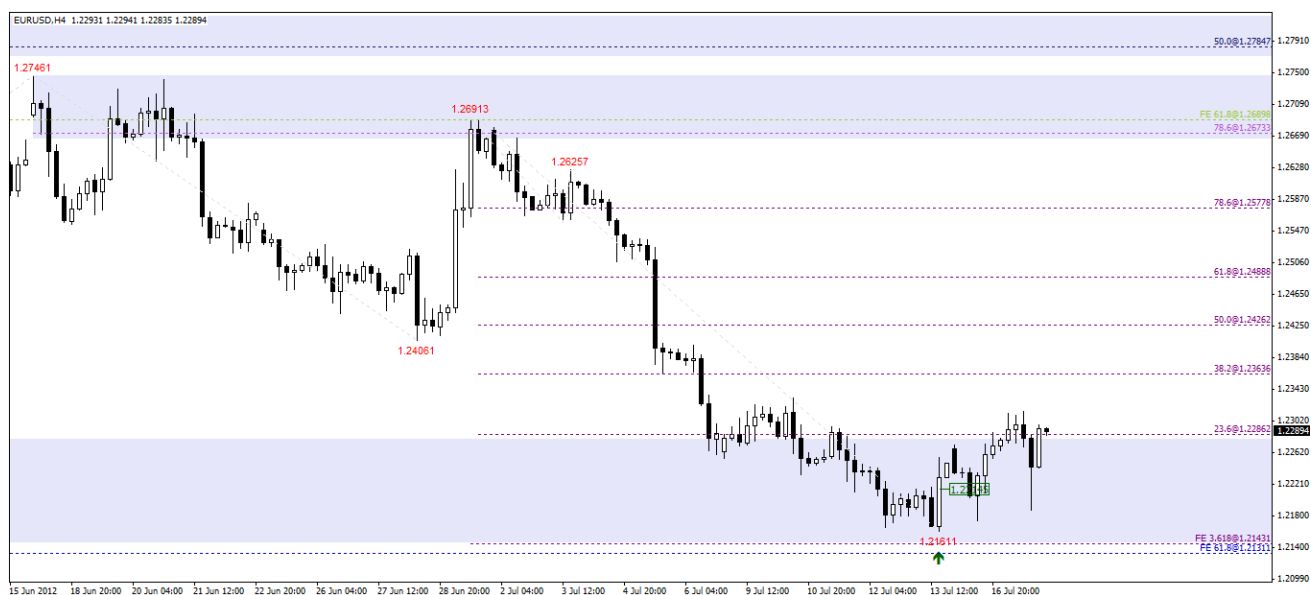
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EUR-USD DAILY



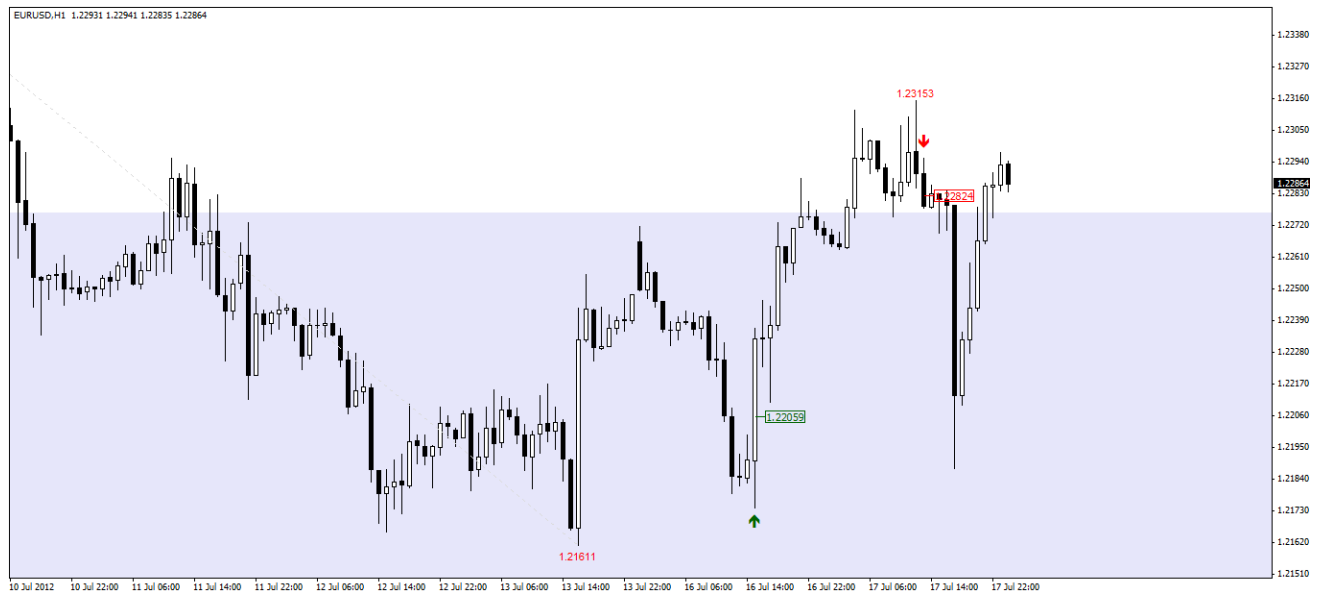
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

The Euro first rose then fell on unwinding of positions after it became clear there is no clear-cut signal by US Fed Chairman on QE3. As a result, price action appears to be making a series of zig-zag 3-wave moves up and is currently just above the DZ at **1.21453-1.22794**, above the 23.6% retracement of 1.26913 to 1.21657 at **1.22897** with a print at 1.23153. This recovery may yet struggle to the 4th wave of 1 lesser degree to the 38.2% retracement of 1.34847 to 1.21611 at **1.26667** or the SZ at **1.27047-1.28229** (see D1 chart) before unravelling to take out the low at 1.21611. This would be the ideal outcome. The idea is to position shorts around these levels for the next leg down. Meanwhile, resistance is likely to emerge from the immediate overhead SZ at **1.23618-1.24000**.

EUR-USD 1-HOURLY



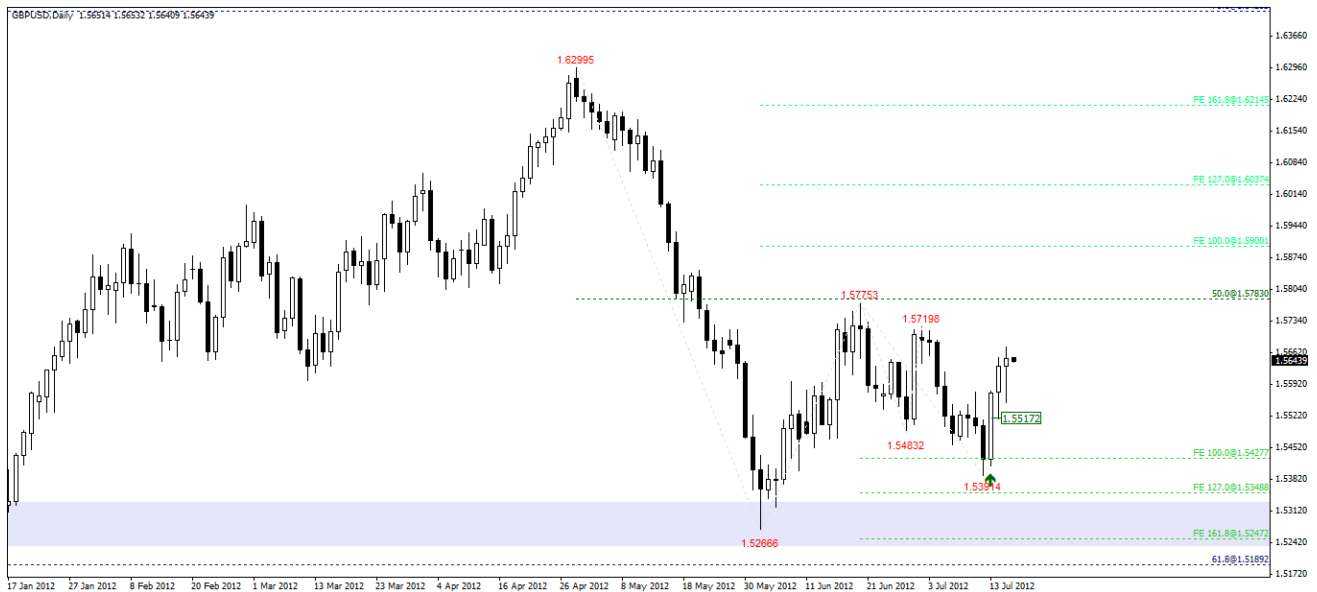
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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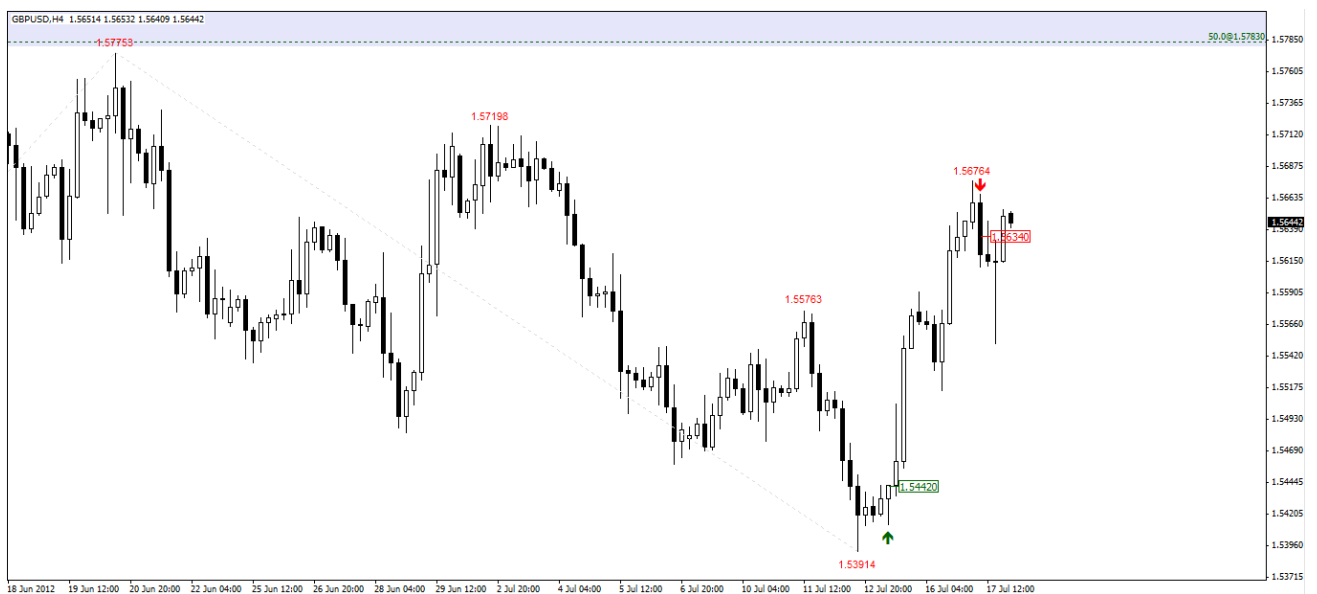
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 13-07-2012								+\$33,286.00
EUR-USD	12-07-2012	1.0	1.21872	17-07-2012	1.0	1.22824	+\$952.00		+\$34,238.00
EUR-USD	12-07-2012	1.0	1.21872	17-07-2012	1.0	1.22824	+\$952.00	+\$1,904.00	+\$35,190.00
Unrealized							\$0.00		

GBP-USD DAILY



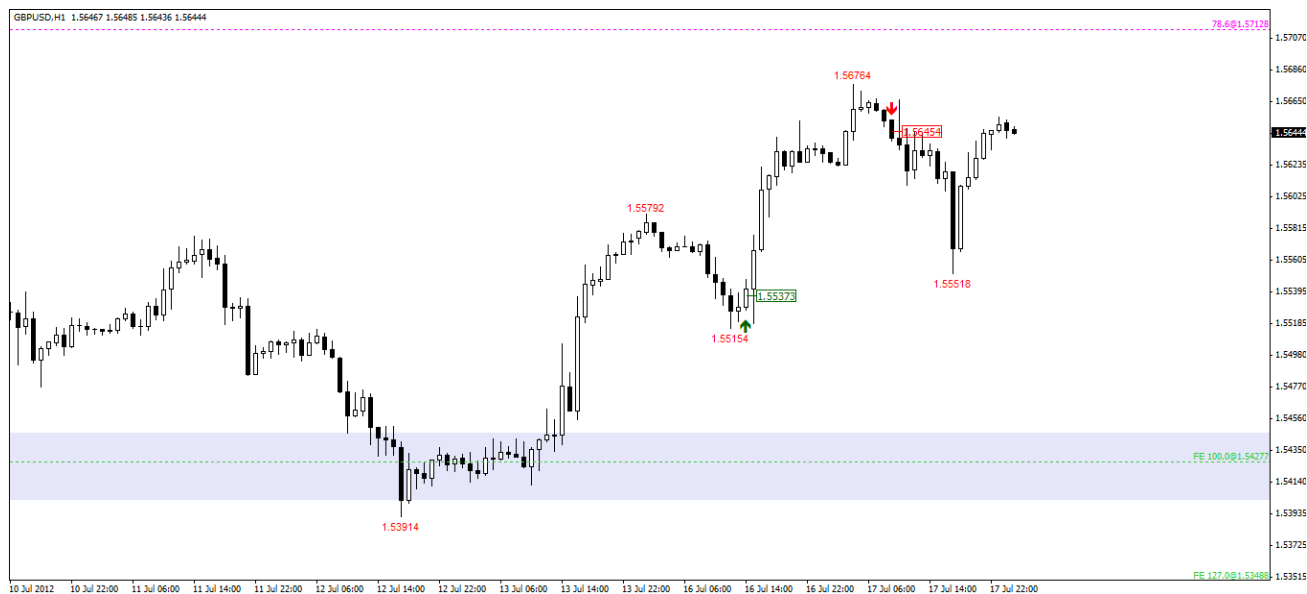
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

Price action rose cautiously prior to Bernanke's speech and traders unwound positions when it became clear there is unlikely to be any QE3 anytime soon. Price action fell to the day's low of 1.55518 but was bought up just as swiftly and closed the day on a positive note to levels before Bernanke's speech. In the medium-term, this rally looks promising as it may extend into a larger degree 3-wave correction with a target at the 100.0% projection of 1.52666 to 1.57753 from 1.53914 at **1.59001**. Potentially, this move may develop into a 5-wave up to as high as the 1.618% projection at **1.62145**. In the short-term, this market must first overcome strong selling interests which are expected to emerge from within the SZ at **1.57505-1.58463**; where the 50.0% retracement of 1.62995 to 1.52666 at **1.57830** is sited. (see D1 chart). At current level, risk/reward outlook is less than ideal unless price action either (1) spikes into the SZ at **1.57505-1.58463** or (2) eases until a low risk buy set-up presents itself.

GBP-USD 1-HOURLY



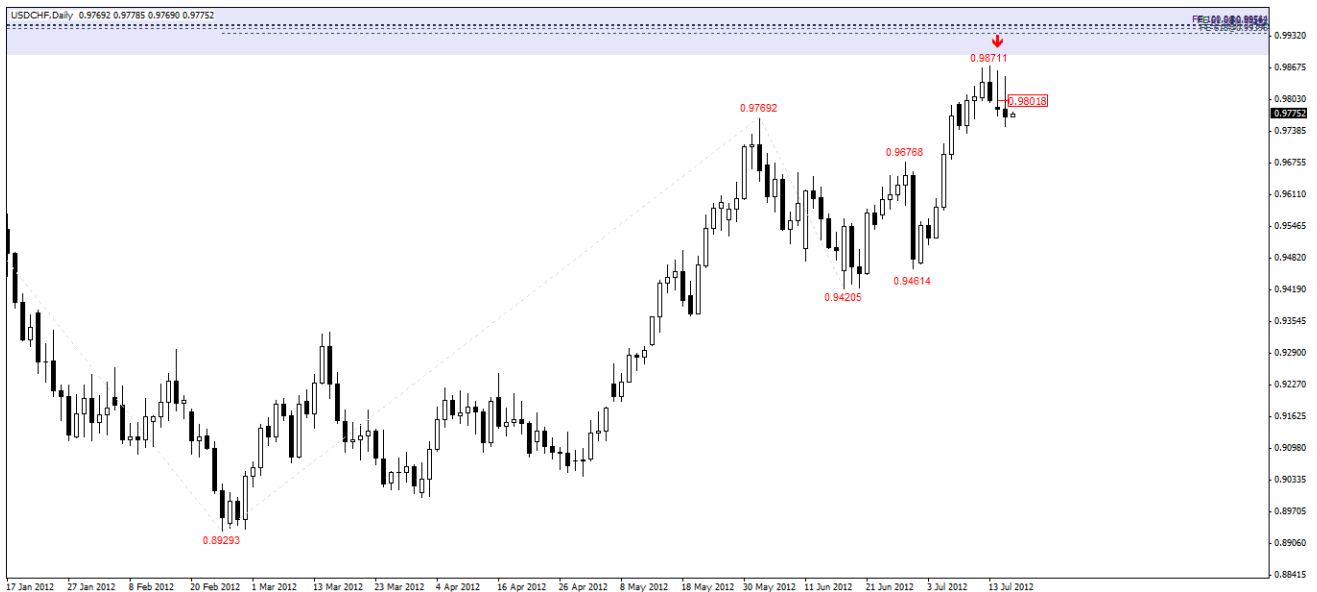
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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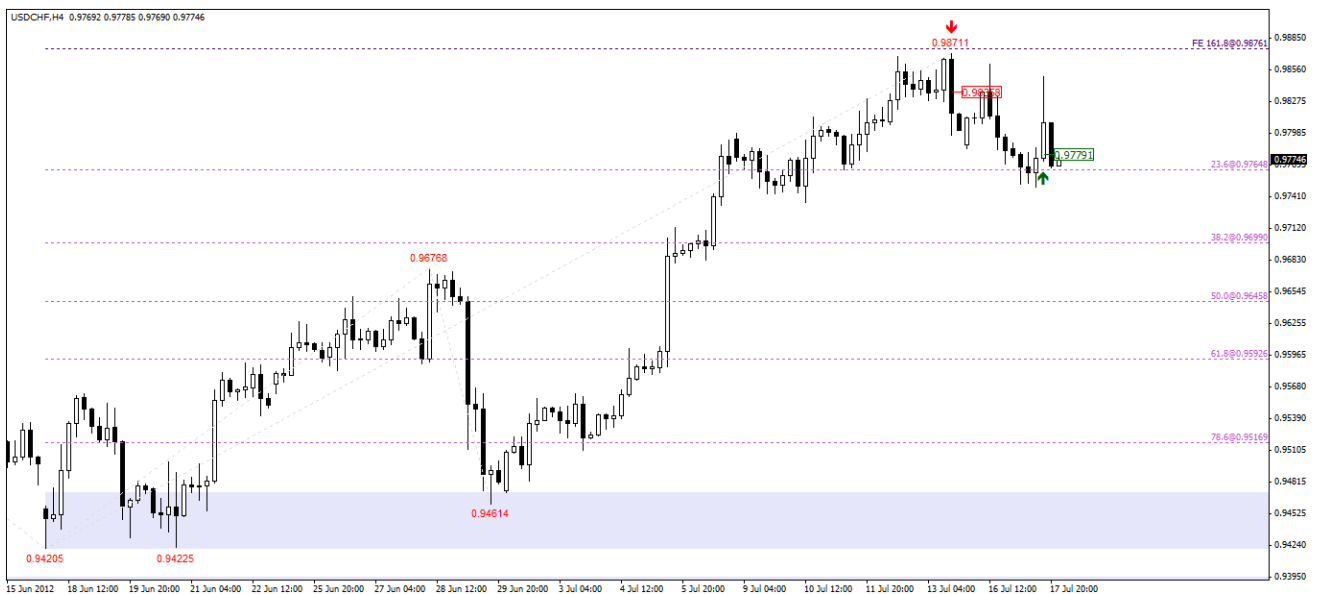
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 13-07-2012								+\$29,285.00
GBP-USD	13-07-2012	1.0	1.54420	16-07-2012	1.0	1.55479	+\$1,059.00		+\$30,344.00
GBP-USD	16-07-2012	1.0	1.55373	16-07-2012	1.0	1.56495	+\$1,122.00	+\$2,181.00	+\$31,466.00
GBP-USD	16-07-2012	1.0	1.55373	17-07-2012	1.0	1.56454	+\$1,081.00	+\$1,081.00	+\$32,547.00
Unrealized							\$0.00		

USD-CHF DAILY



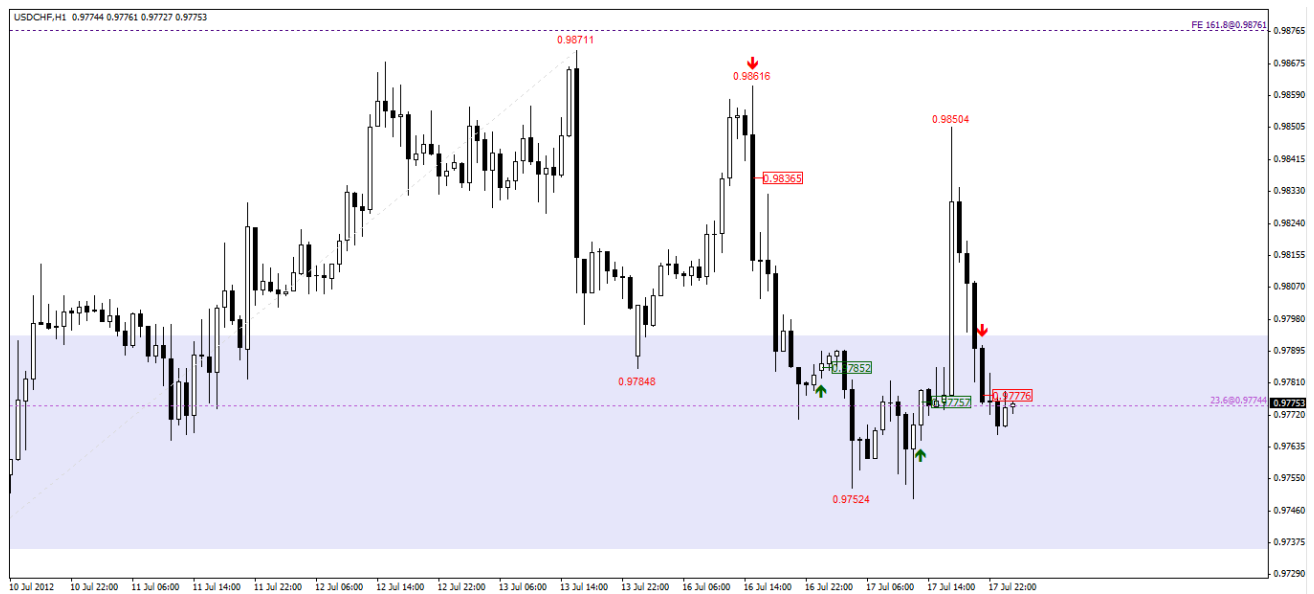
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

Price action spiked up strongly from within the DZ at **0.97358-0.97938**, where the 23.6% retracement of 0.94205 to 0.98711 at **0.97648** is - to as high as 0.98504 before unraveling dramatically for the rest of the NY session. Price action is now back within the DZ. As noted, the rally from 0.89293 has, strictly speaking, completed the entire 5-wave move from the February 24 low and is vulnerable to a more robust correction which may ultimately take price action back to the 4th wave of a lesser degree; meaning the window between the June 18 low of **0.94205** and the June 29 low of **0.94614**. So far, this correction is confined to around the 23.6% retracement of 0.94205 to 0.98711 at **0.97648** which lies within a minor DZ at **0.97358-0.97938**. There is a possibility that a robust correction may next take price action to the 38.2% retracement of 0.94205 to 0.98711 at **0.96990** before gathering enough strength to mount another challenge on the long-term target between the 61.8% retracement of 1.17296 to 0.70677 at **0.99488**; which is incidentally near the 61.8% projection of 0.70677 to 0.93132 from 0.85669 at **0.99546**.

USD-CHF 1-HOURLY



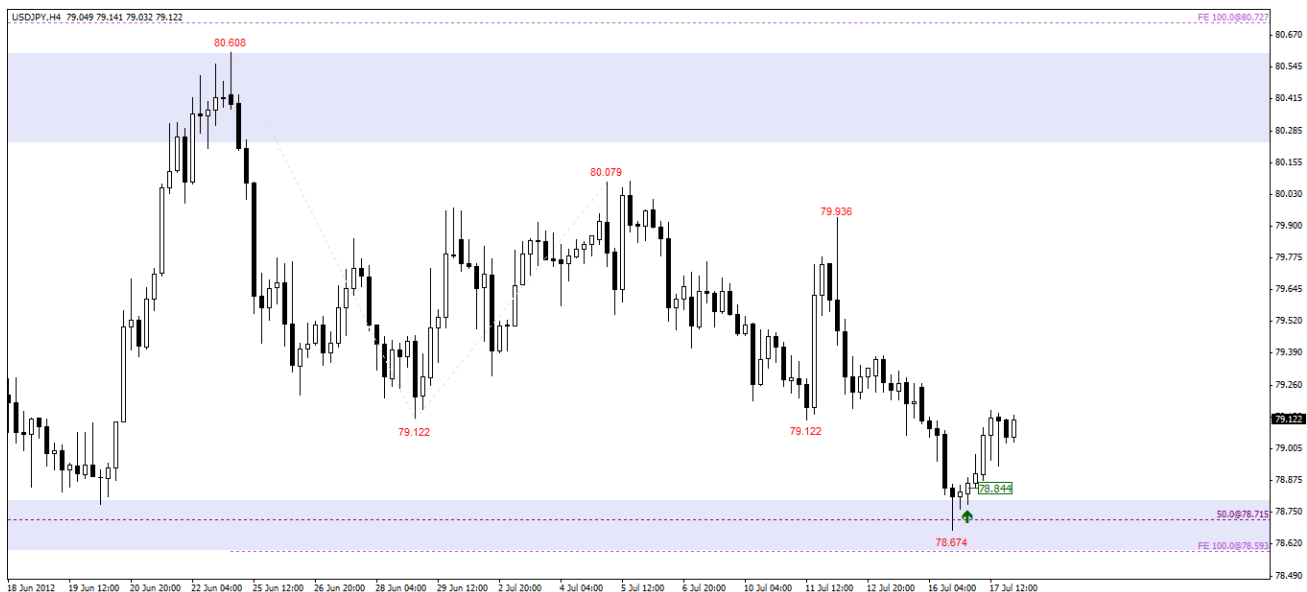
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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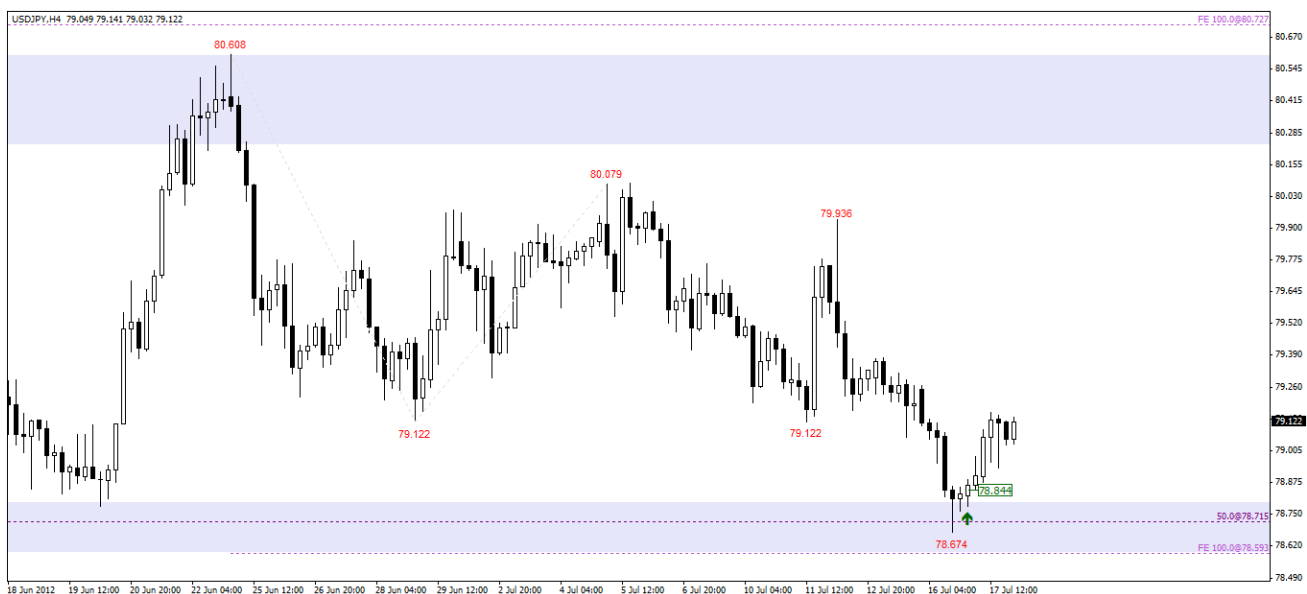
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 13-07-2012								+\$20,910.24
USD-CHF	16-07-2012	1.0	0.97721	12-07-2012	1.0	0.98506	+\$803.31	+\$803.31	+\$21,713.55
USD-CHF	17-07-2012	1.0	0.97852	12-07-2012	1.0	0.98506	+\$668.36		+\$22,381.91
USD-CHF	17-07-2012	1.0	0.97757	17-07-2012	1.0	0.97776	+\$19.43		+\$22,401.34
USD-CHF	17-07-2012	1.0	0.97757	17-07-2012	1.0	0.97776	+\$19.43	+\$707.22	+\$22,420.77
						Unrealized	\$0.00		

USD-JPY DAILY



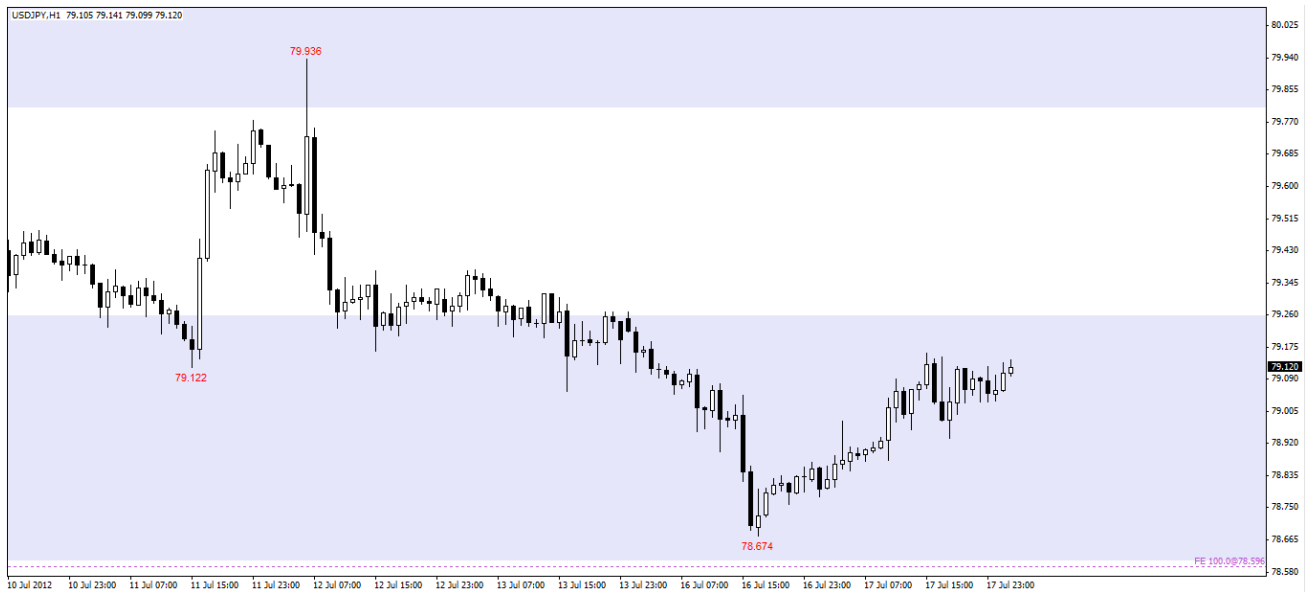
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

One day after price action broke out of its recent tight range and traded to a 5-weeks' low at 78.674, it stalled and rebounded in overnight trading. That low was just above the 100.0% projection of 80.608 to 79.122 from 80.079 at **78.593** within the DZ at **78.595-78.795**. As noted, the overall bullish bias is still intact. In the short-term, we need to see a more robust rally from current level to ascertain that a rally is in the works. Immediate resistance is expected to come from within the SZ at **80.238-80.598**. Of two possible medium-term scenarios, (1) price action rallies to test the March high of **84.162** or (2) resumes its fall towards the June low of **77.650**, none is gaining favor at this time. However, sustained trading below the 78.6% retracement of 78.779 to 80.608 at **79.170** would favor the latter.

USD-JPY 1-HOURLY



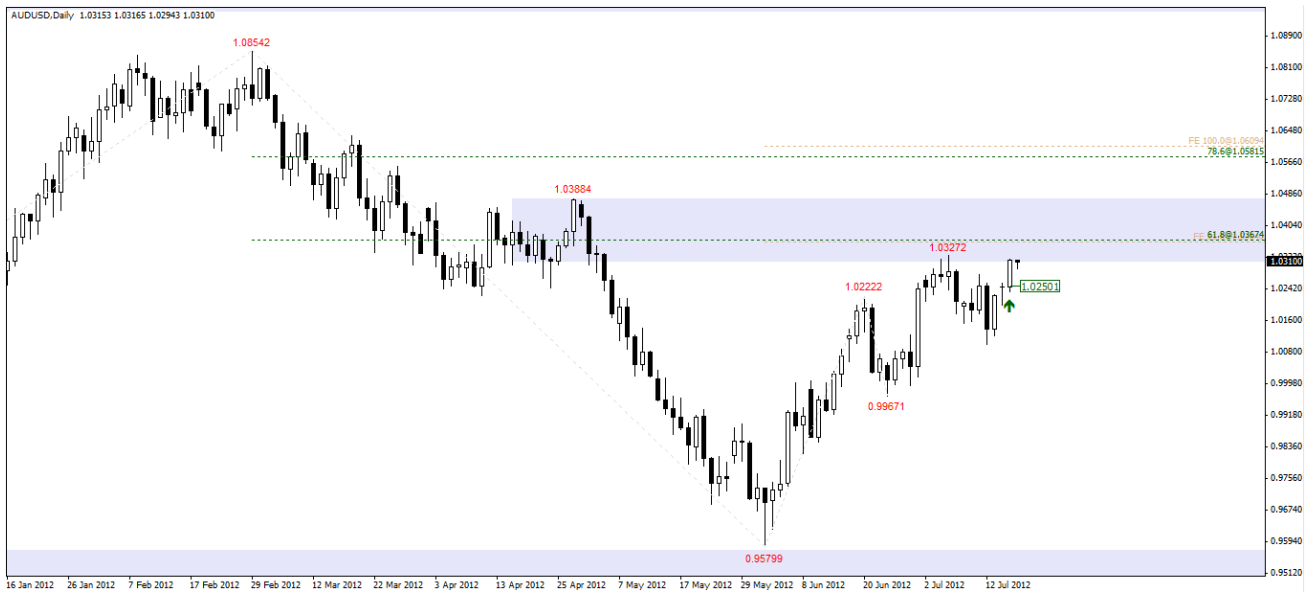
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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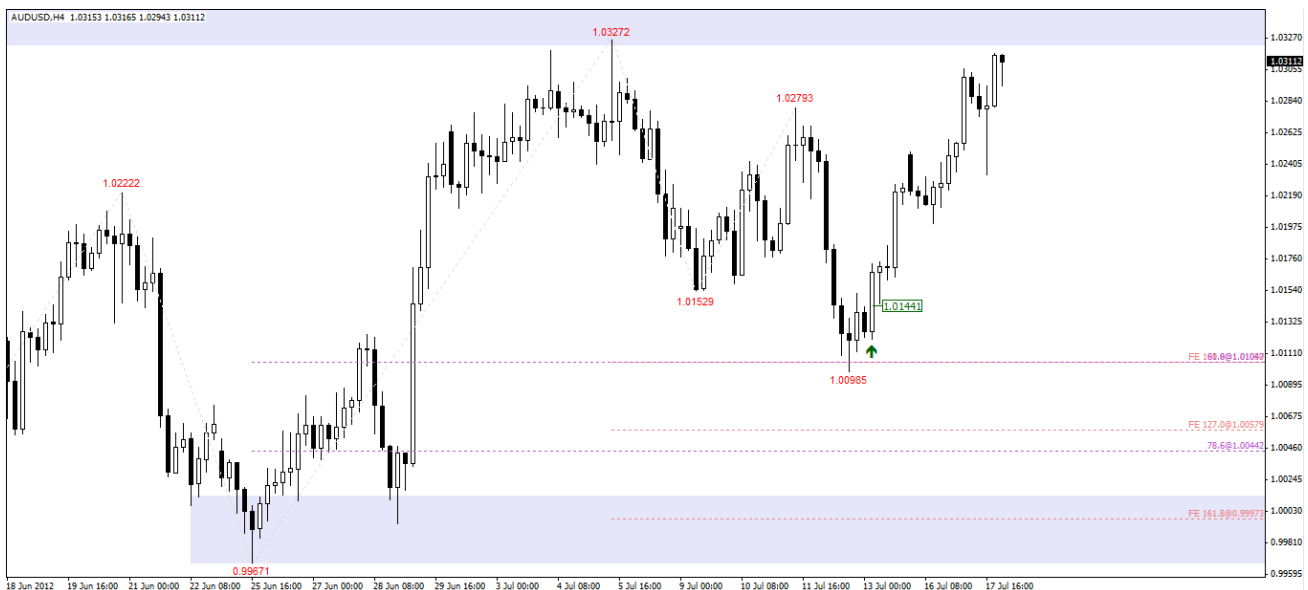
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 13-07-2012								+\$13,623.64
USD-JPY	13-07-2012	1.0	79.339	16-07-2012	1.0	79.022	-\$401.15		
USD-JPY	13-07-2012	1.0	79.339	16-07-2012	1.0	79.022	-\$401.15	-\$802.30	+\$12,821.34
Unrealized							\$0.00		

AUD-USD DAILY



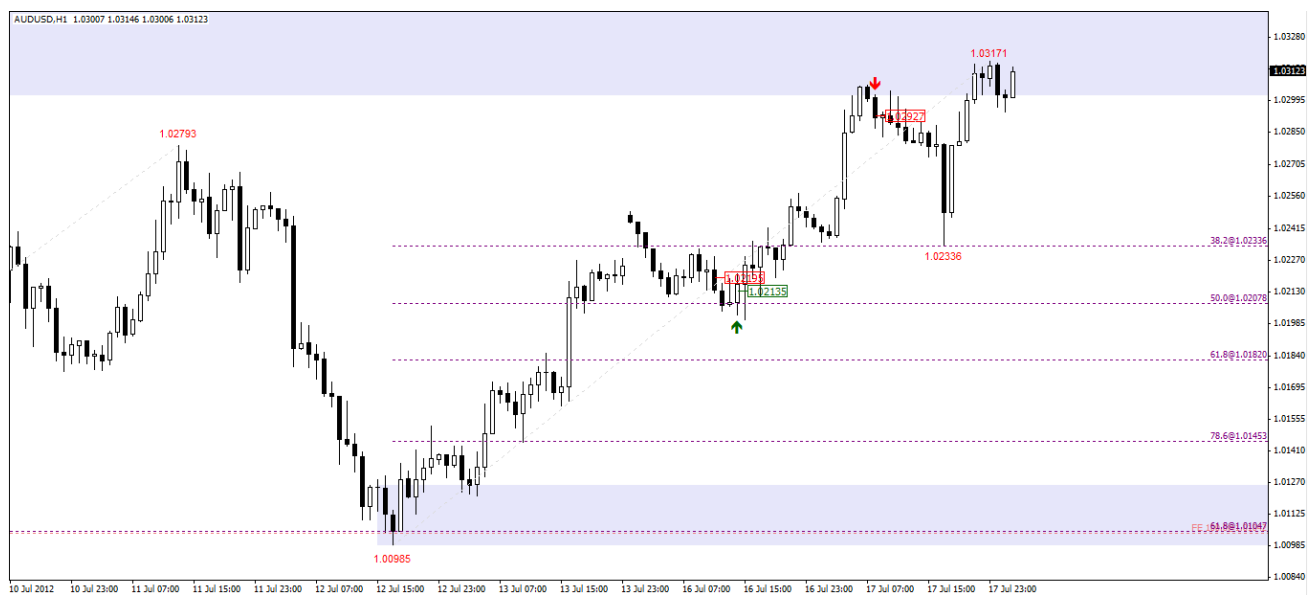
AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

Price action once again traded into the minor SZ at **1.02415-1.02777** and as expected, selling interests emerged as they did previously. After retracing to the day's low at 1.02336 in overnight trading, price action is back into this SZ – again. Even if price action clears this SZ, another lies ahead at **1.03224-1.03536**. In the medium-long term, the rally from 0.95799 has the potential to test the upper band of the converging triangle formation (see W1 chart). Sustained trading beyond this resistance line may see price action extending to the 78.6% projection of 1.08542 to 0.95813 at **1.05818** or the 100.0% projection of 0.95799 to 1.02222 from 0.99671 at **1.06094** or further extends in a powerful surge to possibly the 161.8% projection of 0.95799 to 1.02222 from 0.99671 at **1.10063**. In so long as price action does not close below **1.00445** in the W1 chart, this bullish bias is basically intact. On the downside, the DZ at **1.00985-1.01256** should hold. Traders should be cautious in chasing this market higher at current level. They should only do so on buy signal *after* a pull-back, perhaps to the window between the 38.2% and 50.0% retracement of 1.00985 to 1.03171 at **1.02336** and **1.02078** respectively.

AUD-USD 1-HOURLY

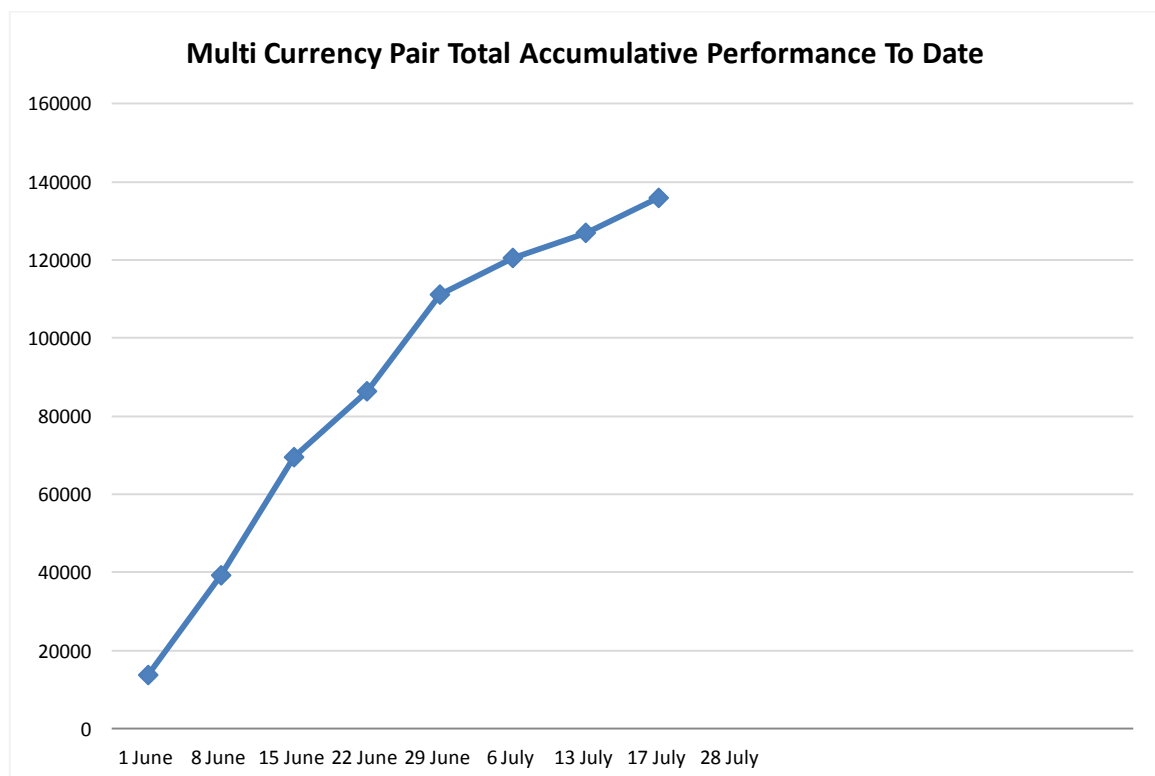
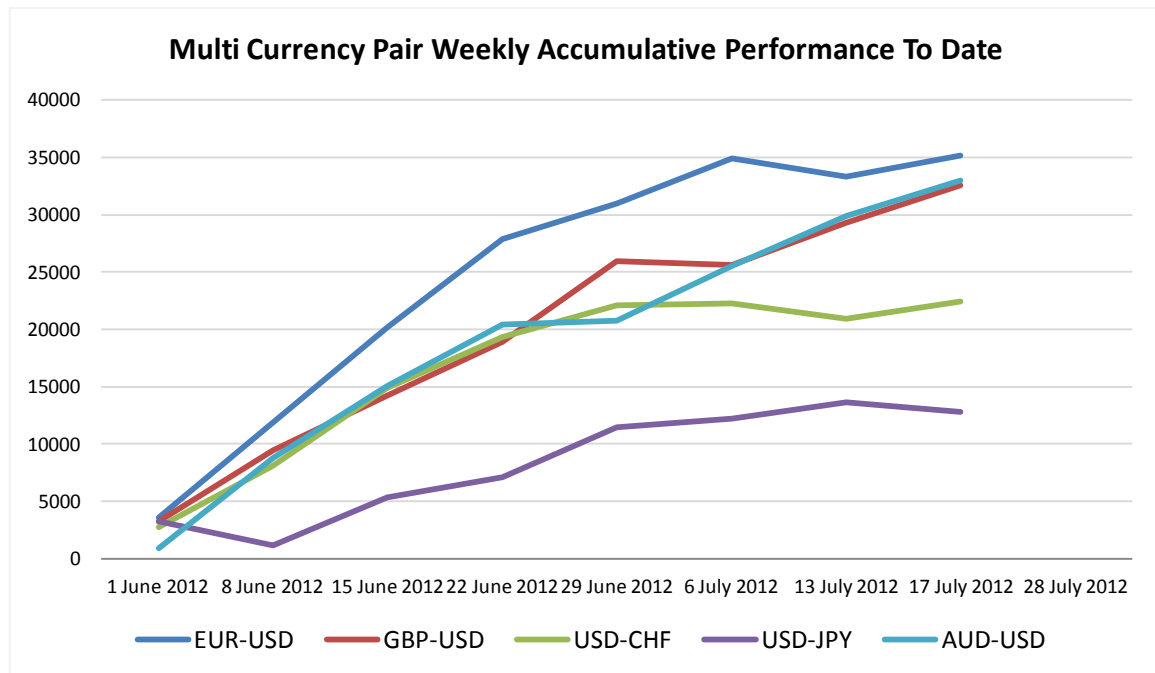


Trade Ideas

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 13-07-2012									+\$29,899.00
AUD-USD	13-07-2012	1.0	1.01441	16-07-2012	1.0	1.02159	+\$718.00		+\$30,617.00
AUD-USD	13-07-2012	1.0	1.01441	16-07-2012	1.0	1.02159	+\$718.00		+\$31,335.00
AUD-USD	16-07-2012	1.0	1.02135	16-07-2012	1.0	1.02159	+\$24.00		+\$31,359.00
AUD-USD	16-07-2012	1.0	1.02135	16-07-2012	1.0	1.02159	+\$24.00	+\$1,460.00	+\$31,383.00
AUD-USD	16-07-2012	1.0	1.02135	17-07-2012	1.0	1.02927	+\$792.00		+\$32,175.00
AUD-USD	16-07-2012	1.0	1.02135	17-07-2012	1.0	1.02927	+\$792.00	+\$1,584.00	+\$32,967.00
Unrealized							+\$0.00		



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.