

A Traders Academy International Publication

Traders Brushed Aside RBA Rate Cut

EUR-USD hovered at 7-week highs on Wednesday and AUD-USD gained broadly as traders brushed aside a cut in interest rates to focus on its still relatively high yield.

EUR-USD settled at 1.30931, having climbed as high as 1.31073, a level not seen since mid-October.

Optimism that Greece will secure much-needed loans to avoid a default also grew after Greece announced better-than-expected terms for its debt buyback.

The Euro benefited from a selloff in the Swiss Franc after Switzerland's largest banks said earlier in the week they would charge fees and pay negative rates on some Franc deposits.

Back in the 1970s, safe-haven flows to the Swiss Franc did not fully disappeared despite negative interest rates. Furthermore, this is not a move by the SNB but rather by two private sector institutions, which should further limits its effect.

The Reserve Bank of Australia announced a widely anticipated interest rate cut of a 0.25 point on Tuesday. Traders said a quarter point cut in the cash rate on Tuesday to a record-matching low of 3.0 percent was widely anticipated and priced in. The lack of any forward guidance by the Reserve Bank of Australia (RBA) led some in the market to conclude that further easing may be limited.

AUD-USD last stood at 1.04689, having climbed as high as 1.04824. AUD-USD bulls may further be emboldened if third-quarter gross domestic data due at 0030 GMT (Singapore 08:30 AM) surprises to the upside. AUD-USD is not rallying on the rate cut itself, but the shifting of expectations from a declining rate environment to a stable one, at least for the next few months or at least this is the idea offered by some traders.

The next RBA policy meeting is not until early February. Yet interbank futures contracts are still pricing in another 50 basis points worth of easing next year, with markets giving a 62 percent chance of a cut at the next policy meeting in February.

A speech by RBA Deputy Governor Philip Lowe at 0920 GMT (Singapore 05:20 PM) will be closely watched for his reaction to the rally in the Aussie dollar.

Traders will also be keeping an eye on a private survey of China's growing services sector due around 0145 GMT (Singapore 09:45 AM), looking for more signs the world's second largest economy is indeed regaining momentum.

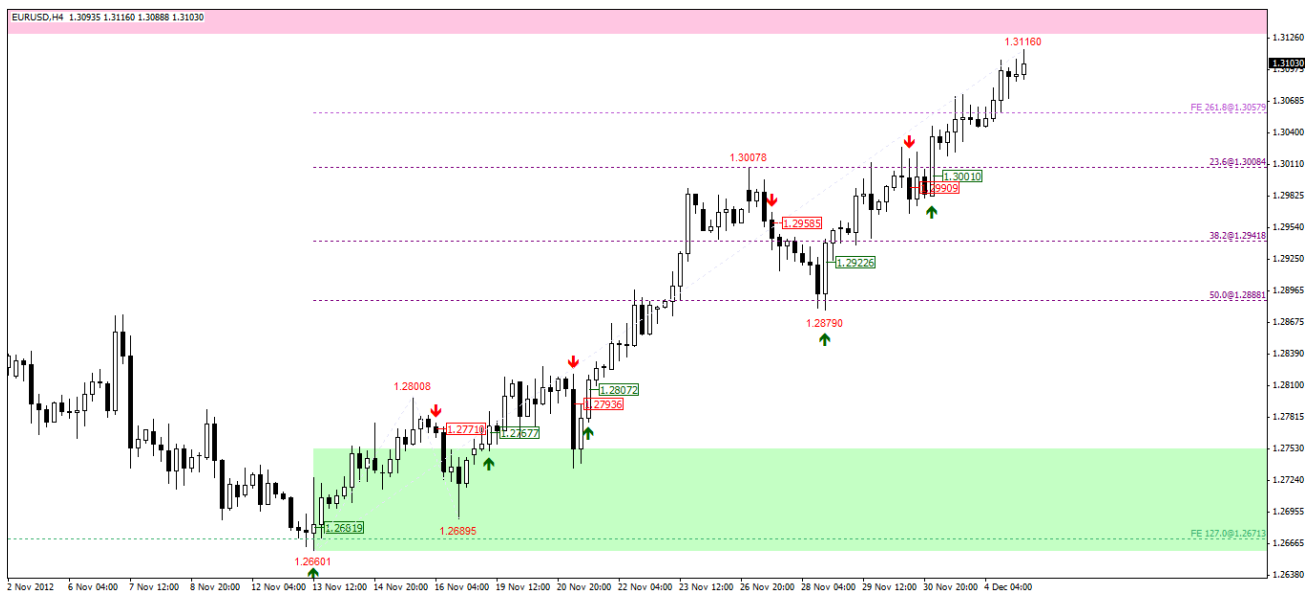
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EUR-USD DAILY



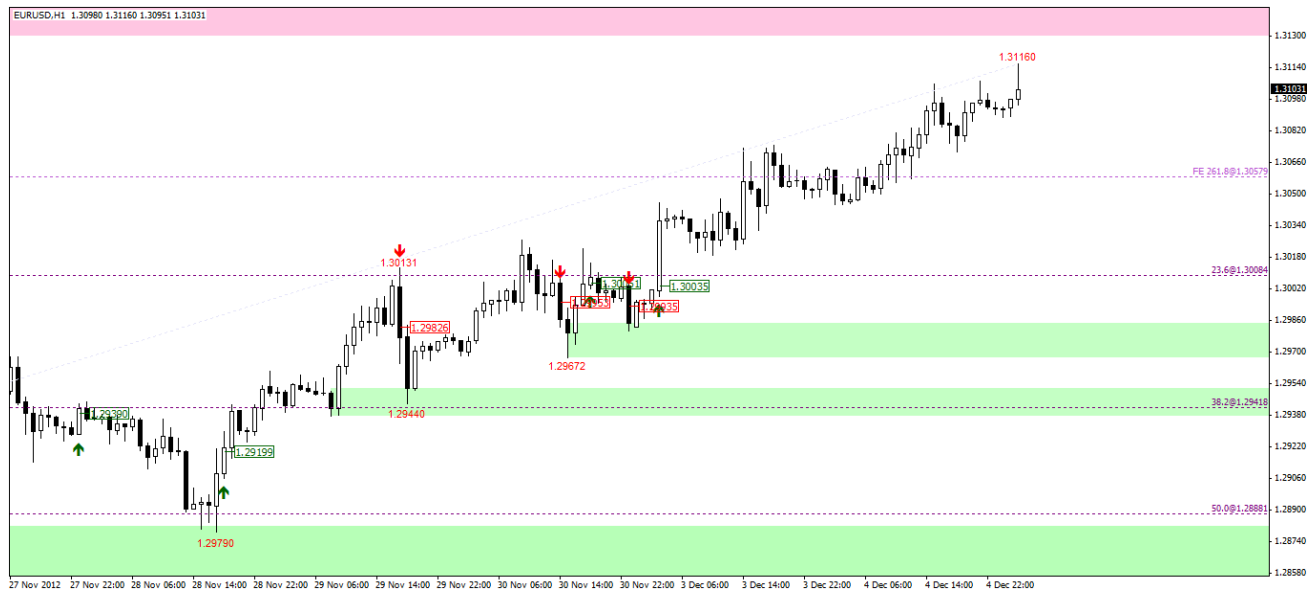
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

Price action continued to power higher above the 261.8% projection of 1.26601 to 1.28008 from **1.26895** in overnight. As mentioned in previous updates, this climb is part of the rally from 1.26601 from way back in November 13. After a period of correction, this 5th wave rally resumed two Fridays ago on 23 October. This is further aided by the appearance of a hammer in the D1 chart last Wednesday. The rise from 1.26601 now has a clear 5-waves up structure and 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). While traders should remain on the long side of this market, price action is now near a supply pocket at **1.31300-1.32831** and is vulnerable to selling pressure. Ideally, a pullback happens next before resuming its climb for an assault on **1.33582**.

EUR-USD 1-HOURLY



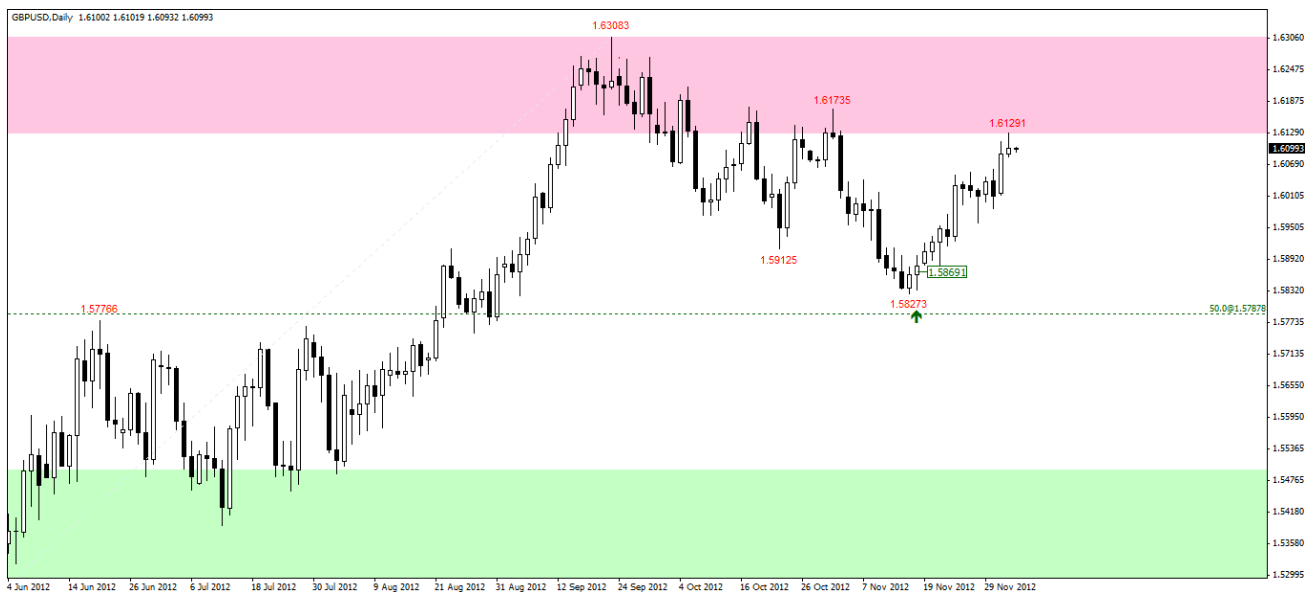
Trade Ideas

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

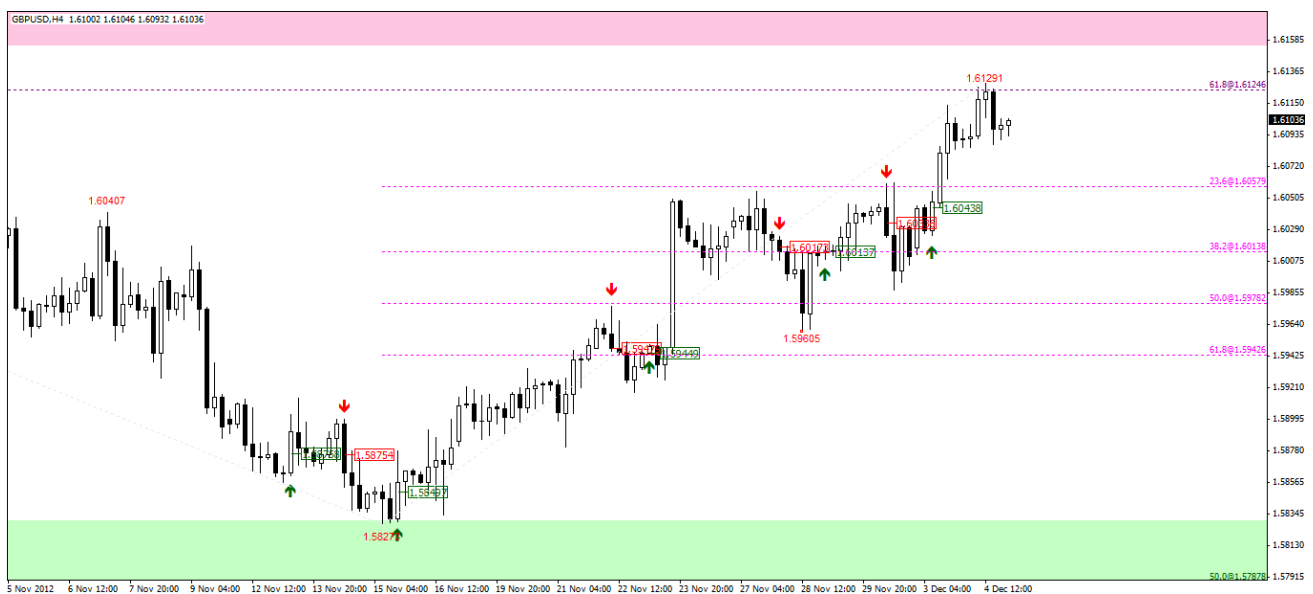
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 30-11-2012								\$72,447.00
EUR-USD	28-11-2012	1.0	1.28923	03-12-2012	1.0	1.30364	+\$1,441.00	+\$1,441.00	\$73,888.00
EUR-USD	28-11-2012	1.0	1.28923	04-12-2012	1.0	1.30931	+\$2,008.00		
Unrealized							+\$2,008.00		

GBP-USD DAILY



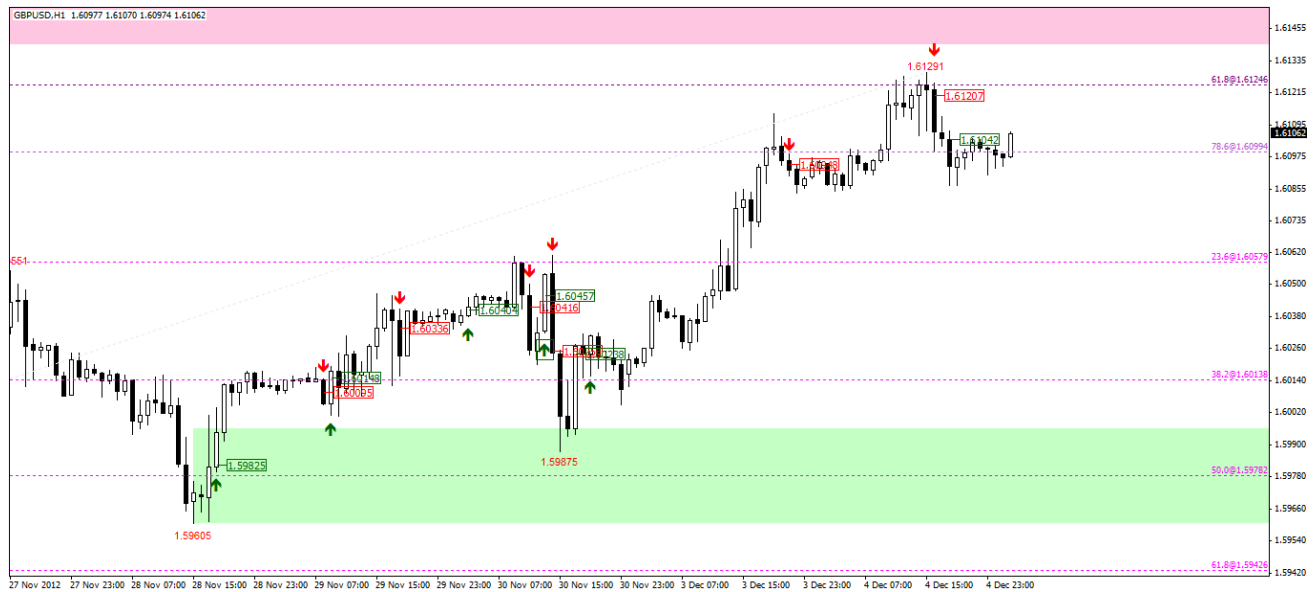
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

The rally from 1.58273 continues unabated and registered a marginal high at 1.61291 having hit the 61.8% retracement of 1.63083 to 1.58273 at **1.61245** in overnight actions before easing. The underlying strength cannot be under estimated as this rally powers on despite the appearance of a classic reversal signal in the form of a *long-legged shadow doji* in the H1 chart the day before. As noted, in the medium to long-term, this rally has yet to run its entire course and is poised to challenge September 21 peak of **1.63083** eventually. Should a pullback occur in the hours ahead, a possible target is the 23.6% retracement of 1.58273 to 1.61291 at **1.60579**. Traders should be cautious in chasing this market at the current level as the risk/reward profile looks poor at the moment. A little pullback is healthy. That said, too deep a pullback may compromise this rally. A yardstick is the overnight opening price of **1.60165**. A close below this level in the D1 chart is a warning that this rally is in trouble.

GBP-USD 1-HOURLY



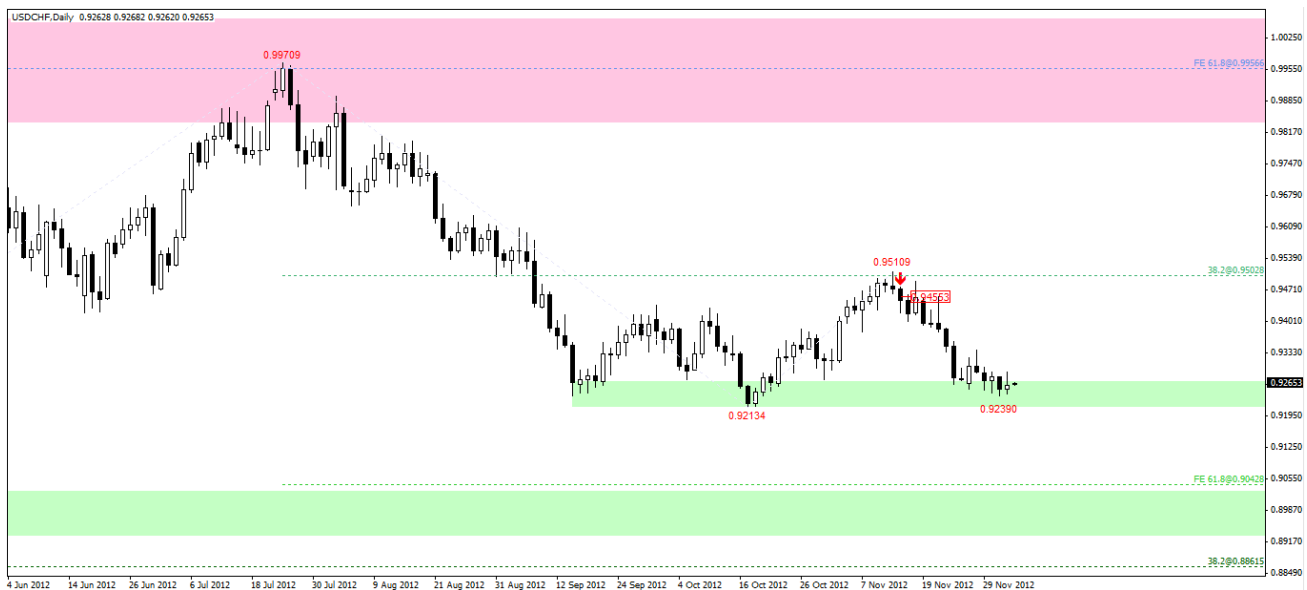
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on D1 close below 1.60165
Bought @ 1.59825	1.61546	1.62589	

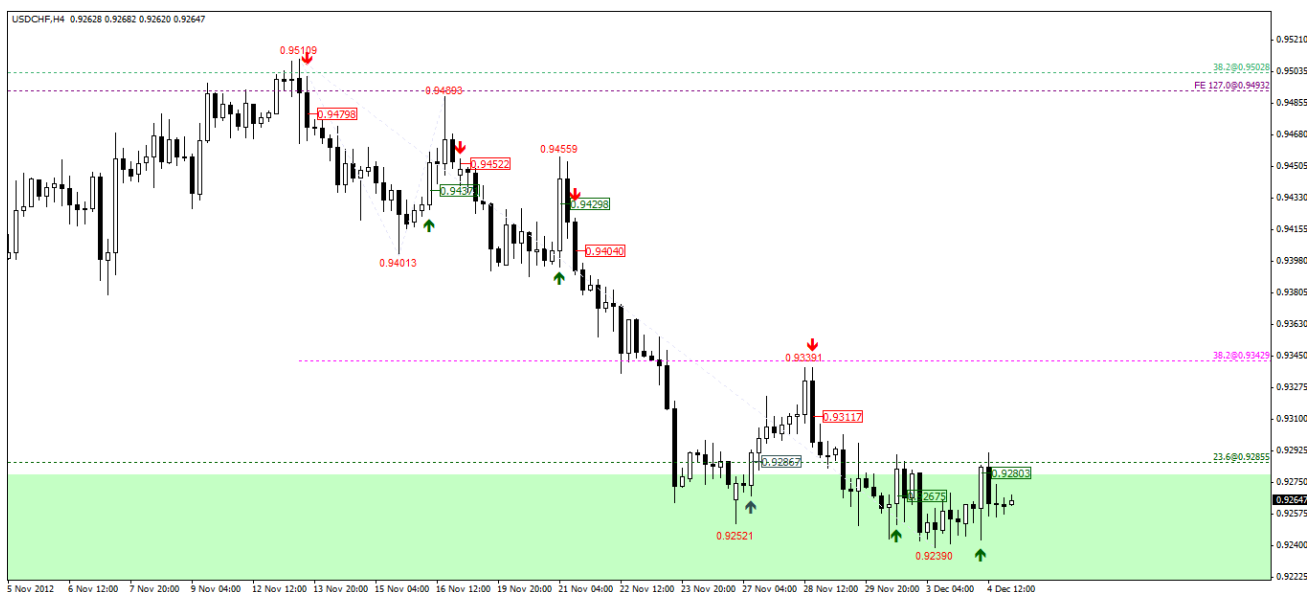
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 30-11-2012								\$50,309.00
GBP-USD	21-11-2012	1.0	1.59037	04-12-2012	1.0	1.61005	+\$1,968.00		
GBP-USD	28-11-2012	1.0	1.59825	04-12-2012	1.0	1.61005	+\$1,180.00		
GBP-USD	28-11-2012	1.0	1.59825	04-12-2012	1.0	1.61005	+\$1,180.00		
Unrealized							+\$4,328.00		

USD-CHF DAILY



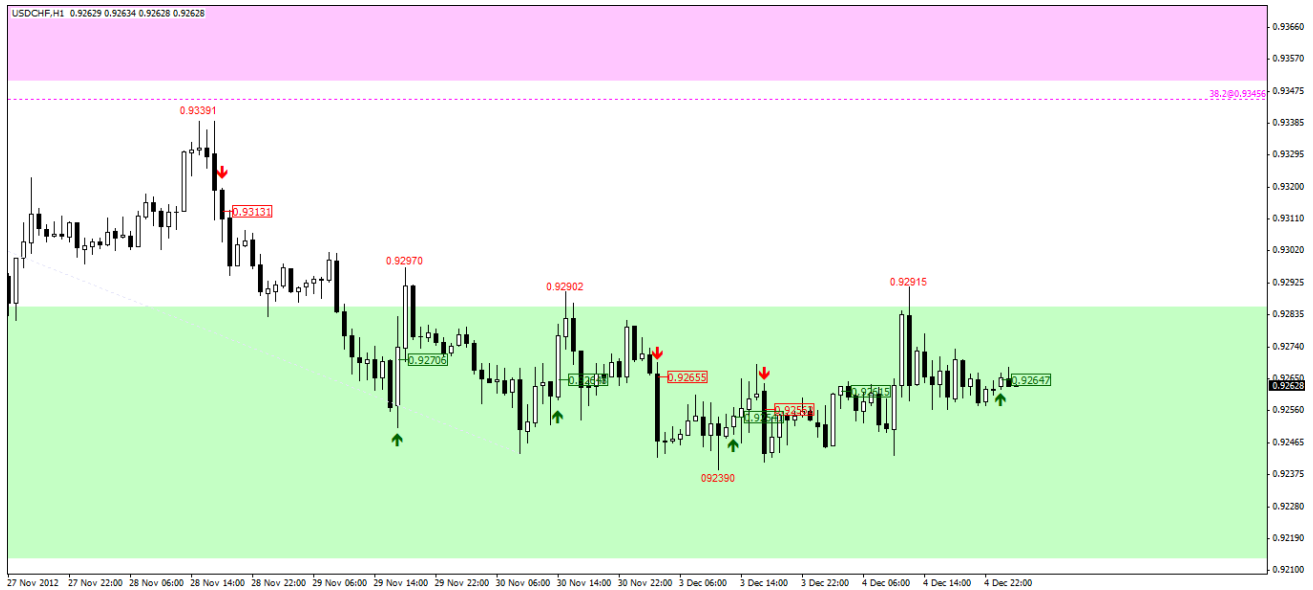
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

News that Swiss banks are charging negative interests caused the market to jump overnight. Even though prices fell back just as fast as previous negative interests practices failed to stem the flow of hot money into the Swiss Franc, traders resumed buying the Swiss unit. However, chart wise, this piece of news may well be the catalyst to cause an unwinding of short USD-CHF positions going forward – at least in the short-term. Chart patterns from the D1 to the H1 charts showed that there are enough buying interests at around current price levels to support a punt on the long side of this market. Though there is no classic buy signal, any rally out of the immediate demand pocket at **0.92746-0.92975** may signal the return of more robust buying interests. After all, 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** and as such, a 3-wave recovery is typical of such moves. If so, 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 last Wednesday's high of **0.93391** and below a minor supply pocket at **0.93507-0.93836**. Should this scenario pan out; the idea is to position shorts near those price levels for the next down leg of this fall. This bearish scenario has the potential to eventually extend below the demand pocket at **0.92746-0.92975**. A further break below the October 17 low of **0.92134** would all but confirm that another massive fall is in motion.

USD-CHF 1-HOURLY



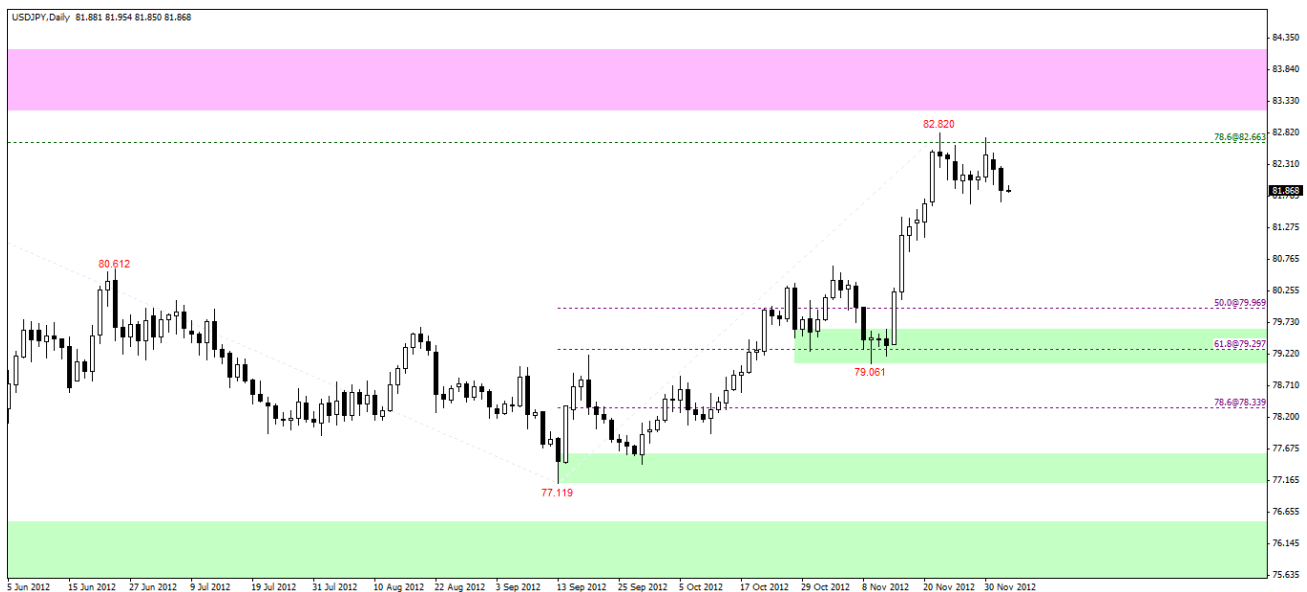
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought 0.92647	0.93507	0.94465	0.92290 STOP

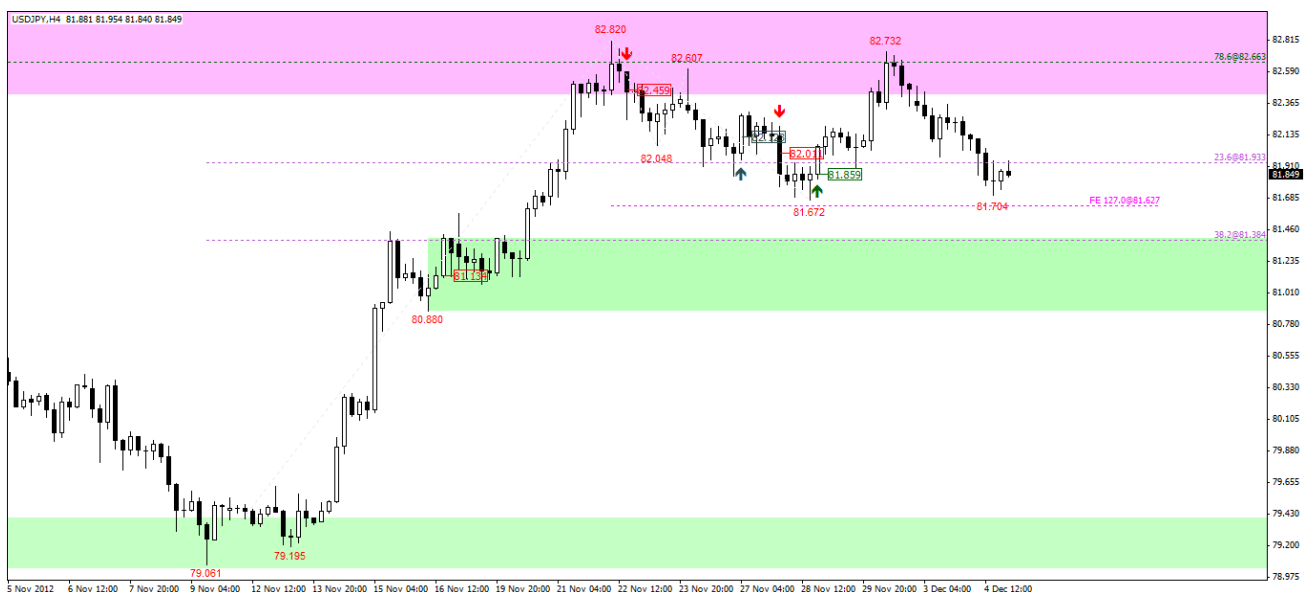
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 23-11-2012								\$34,932.12
USD-CHF	05-12-12	1.0	0.92647						
USD-CHF	05-12-12	1.0	0.92647						
Unrealized							\$0.00		

USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

The pullback from the 78.6% retracement of 84.172 to 77.119 at **82.663** from within the supply pocket at **82.424-83.380** continues into Tuesday with a low registered at 81.704. This is just above the previous low of 81.672 registered last Wednesday. Interestingly, immediately after the low was registered, a hammer appeared in the H1 chart. Likewise, a long-legged shadow too appeared in the H4 chart. As such, any close above **81.903** in the H1 and **82.006** next would invariably trigger off buy signals. Considering that the D1 chart is still under a buy signal despite the pullbacks seen these two weeks, the underlying tone is still very much bullish. Traders may consider taking these latest buy signals in anticipation of a resumption of the rally from 77.119. However, 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 this 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. 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



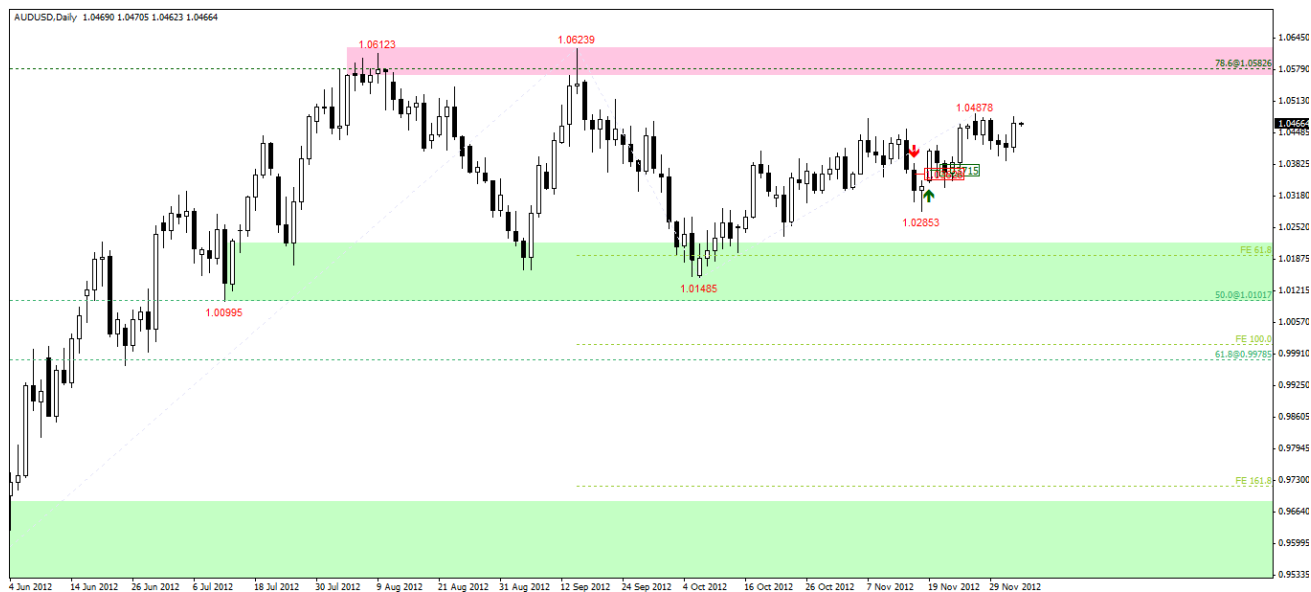
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on H1 close above 81.903	82.424	83.716	81.572 STOP

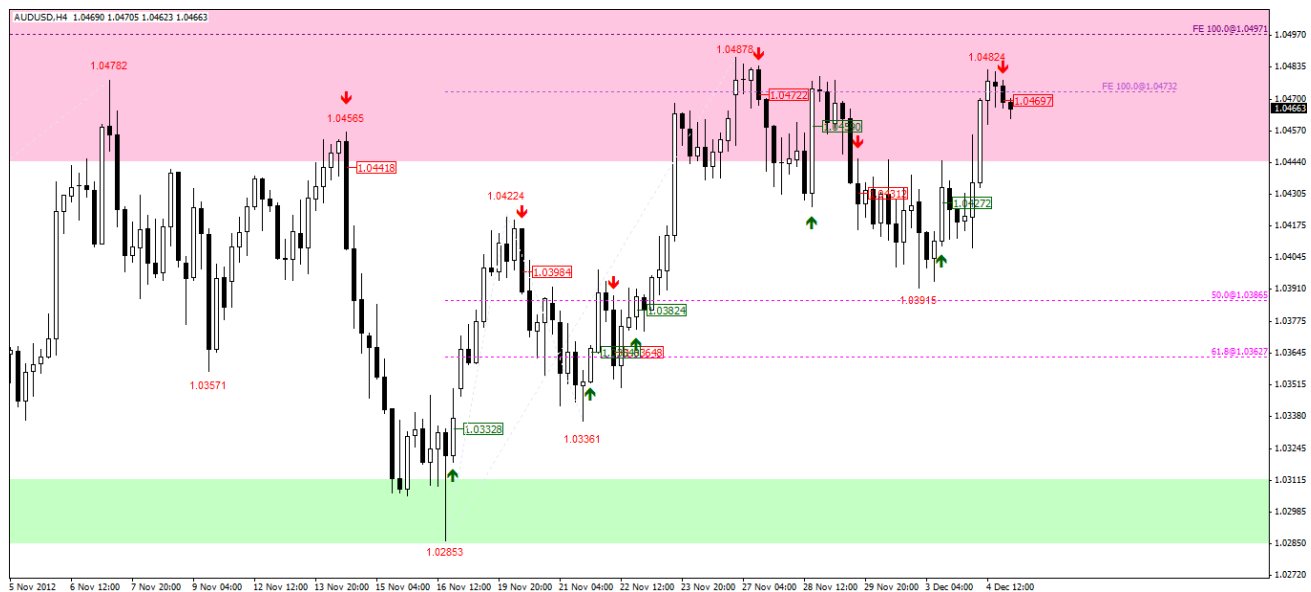
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 30-11-2012								\$30,540.48
USD-JPY	28-11-2012	1.0	81.774	04-12-2012	1.0	81.774	Unrealized	\$0.00	

AUD-USD DAILY



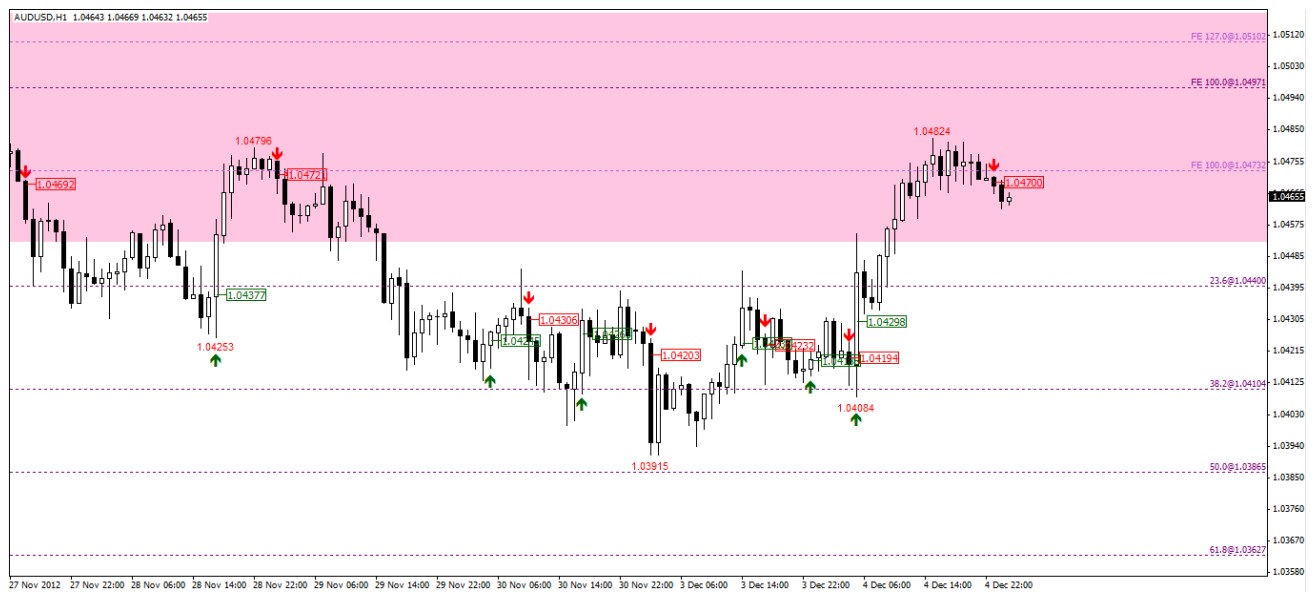
AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

Despite the fact that RBA cut interest rate overnight, this market continued to power higher. As noted, in the medium-term remains locked within a roughly 500 pips range (see D1 chart). Once again, price action climbed back into the minor supply pocket at **1.04526-1.04722** (revised) where the 100.0% projection of 1.01485 to 1.04104 from 1.02853 at **1.05472** is located. As with previous instances, each time price action climbed into this price pocket, selling interests emerged. It is, therefore, no surprise, that prices eased from its overnight high of 1.04824. Once again, sell signals were triggered in both the H1 and H4 charts with closes below **1.04700** and **1.04697** respectively. Short-term traders may take their chances and act on those sell signals but given the consolidation pattern seen in the medium-term chart, it might be best to step aside and wait for a sustainable trend to emerge.

AUD-USD 1-HOURLY

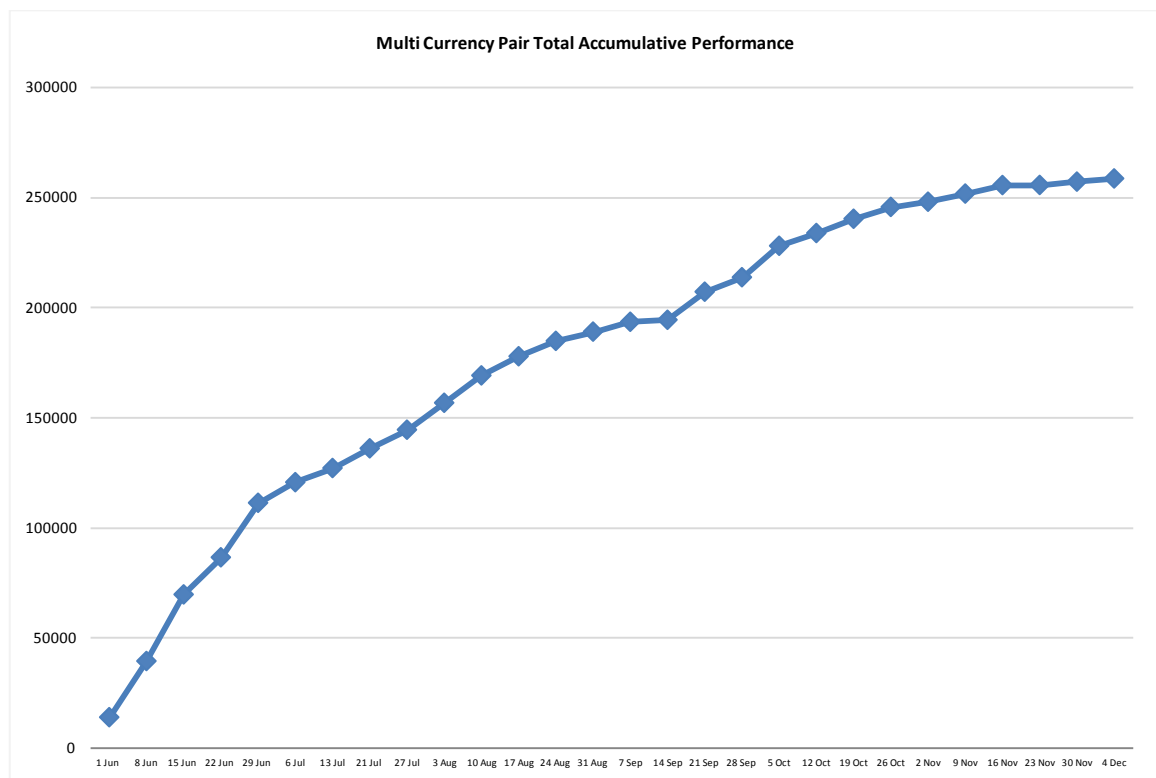
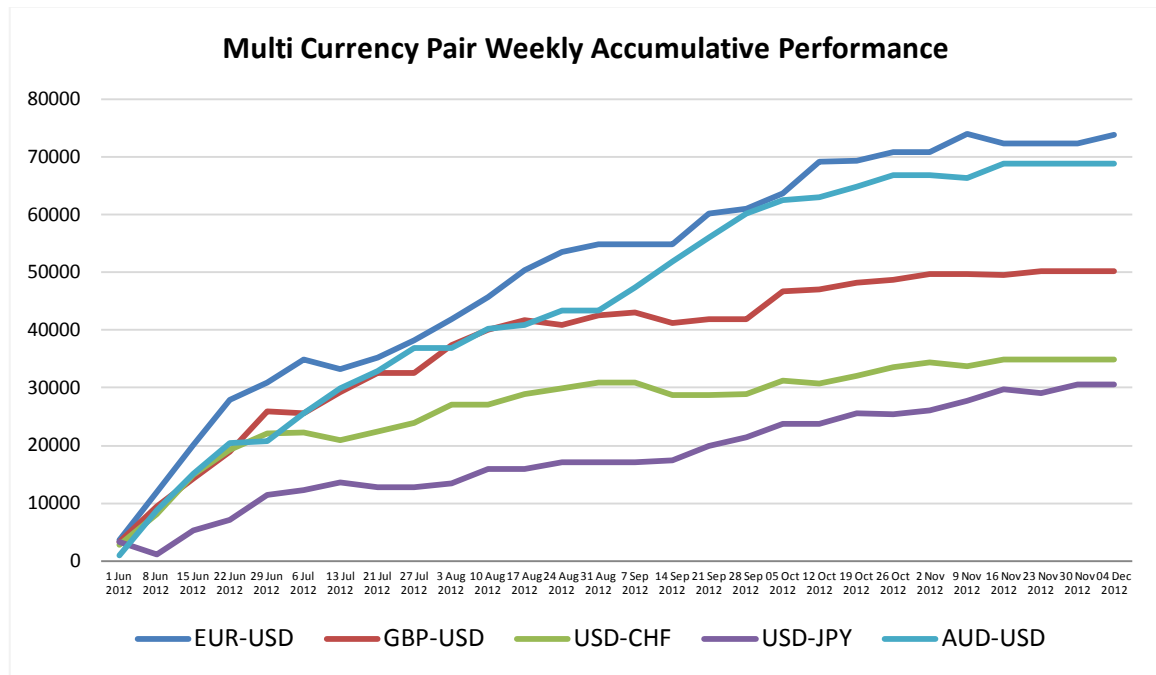


Trade Ideas

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 30-11-2012								\$68,225.00
Unrealized							\$0.00		



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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.