

*A Traders Academy International Publication*

## USD-JPY At 20-Month High On LDP Victory

USD-JPY rose to a 20-month high on Monday after Japan's Liberal Democratic Party won a landslide election victory that leaders promise will usher in aggressive monetary easing policies to weaken the Japanese Yen. Former Prime Minister Shinzo Abe returns to power with the LDP's victory. He campaigned on a platform to boost the moribund Japanese economy with hyper-easy monetary policy and big fiscal spending to beat deflation, a recipe for weakening the Japanese Yen that gives Japan an export advantage in international markets.

In late New York session, USD-JPY was up 0.46 percent to 83.866. In the immediate wake of the election, USD-JPY reached 84.323, its best level since April 2011.

Analysts expect the prospect of ultra-loose monetary policy in Japan to weaken the Japanese Yen further in coming weeks, depending on the pace of policy change. However, given that bets against the Yen are already hefty, losses could be limited.

The LDP's massive victory will give the new government a greater chance to push through its policies and possibly appoint a more dovish central bank chief next year. The LDP and its ally the New Komeito party secured the two-thirds majority needed to overrule parliament's upper house. The fact that the LDP secured a two-thirds majority gives them a strong mandate and will lead to significant policy changes.

The Bank of Japan is scheduled to meet on Wednesday and Thursday. It will most likely increase its asset-buying and lending program, currently at ¥91 trillion, by another ¥5-10 trillion, sources familiar with the bank's thinking said.

EUR-JPY rose as well, but saw its gains on the U.S. Dollar undermined by European Central Bank President Mario Draghi after he reiterated concerns over slow growth of Europe's economy. EUR-JPY climbed 0.43 percent to 110.406 but EUR-USD fell back from its 8-1/2-month high of 1.31864 to trade at 1.31623, off 0.01 percent.

Year-to-date, EUR-USD is up 1.66 percent and EUR-JPY up 10.84 percent. USD-JPY is up nearly 9 percent with two weeks to go in the year.

There were competing forces tugging at the Euro on Monday.

A factor leading to the weakness was Draghi saying the medium-term outlook for the Euro zone economy remained "challenging." Weak demand is expected to extend into 2013 and only a gradual recovery is forecast toward the end of that year while interest rates are expected to continue at record lows.

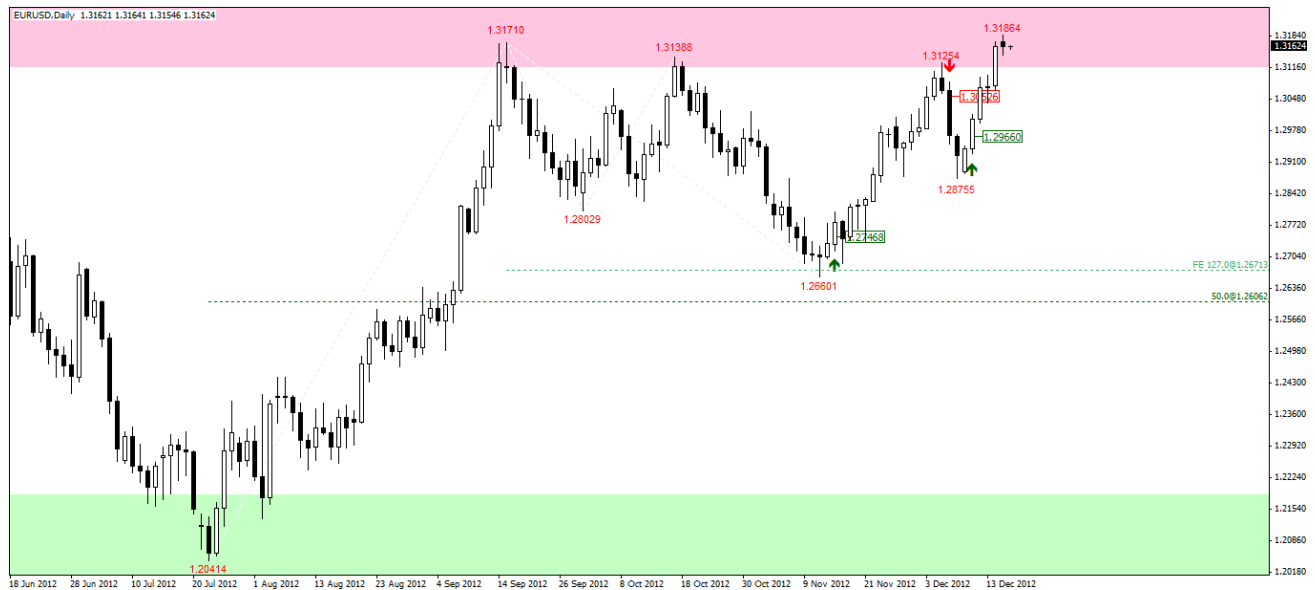
Strengthening EUR-USD was Richmond Federal Reserve Bank President Jeffrey Lacker, who said he expects it will be another three years until the U.S. unemployment rate drops to 6.5 percent. That means monetary policy is expected to remain in the zero to 0.25 percent range through 2015, conditions that weaken the buying power of the U.S. Dollar.

Analysts said the US Dollar may be hampered by any signs of trouble in U.S. talks to avert the "fiscal cliff" of \$600 billion worth of tax increases and spending cuts due next month. Republican House Speaker John Boehner edged slightly closer to President Barack Obama on Sunday with a proposal to extend low tax rates for those earning less than \$1 million. Obama has set a threshold for extending low tax rates for those earning below \$250,000.

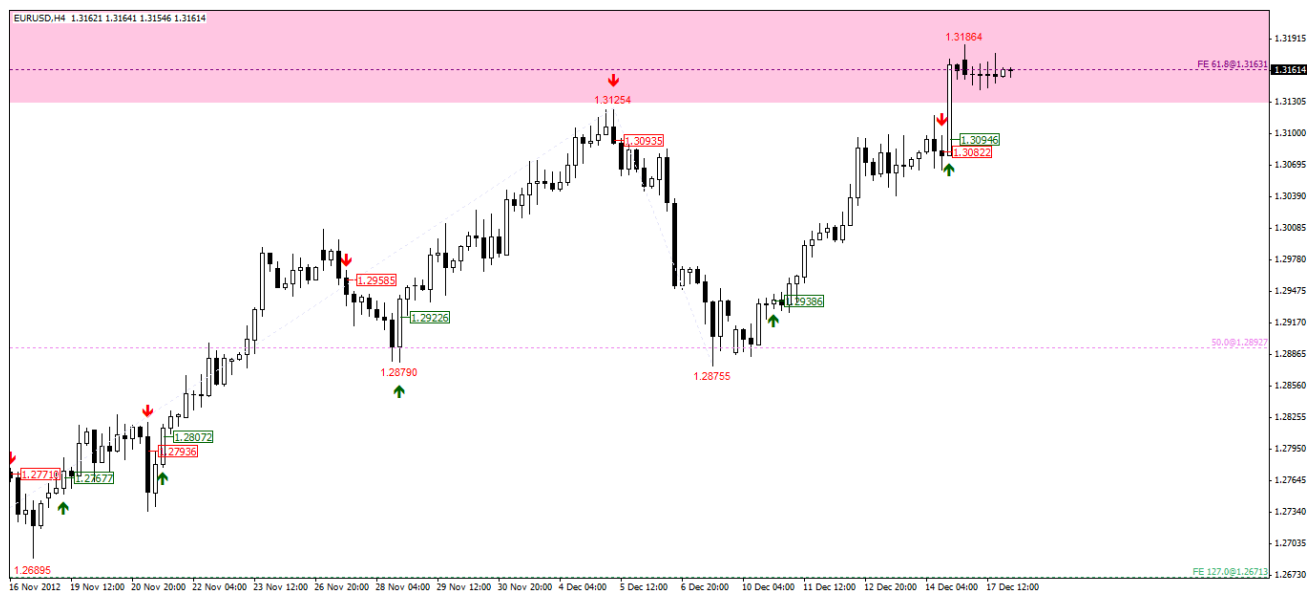
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## EUR-USD DAILY



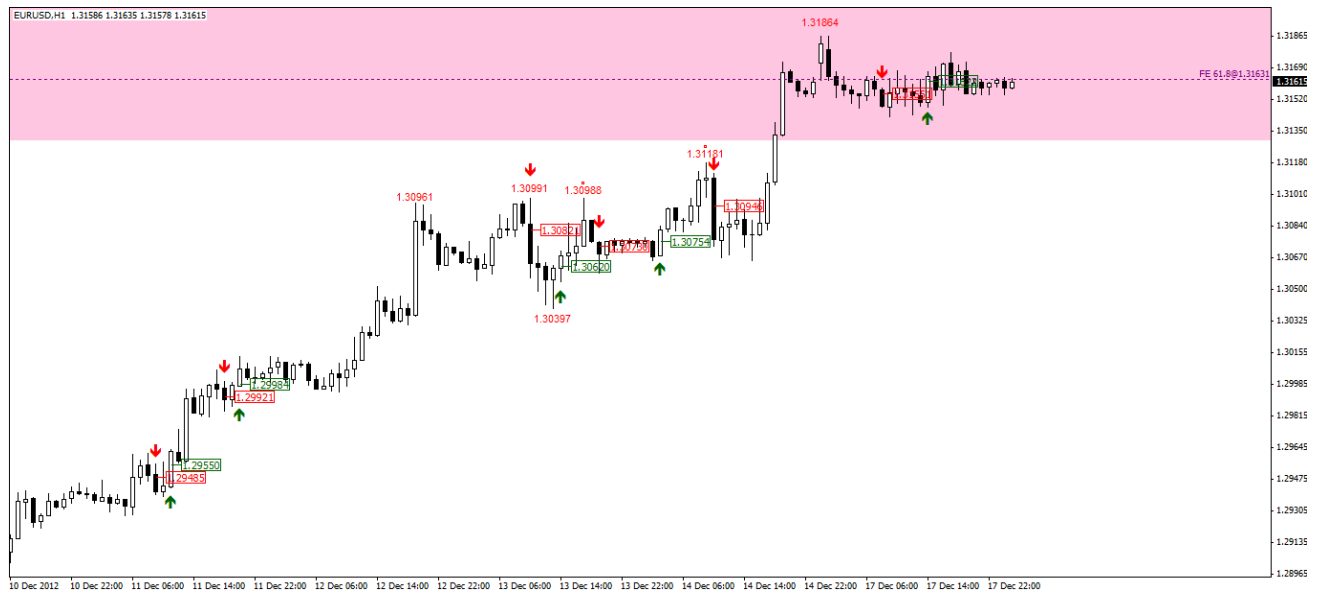
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

The week begun with a wimp and basically did a crab walk throughout the entire day. After last week's extension of the rally from 1.28755, upward momentum appeared to have slowed down after hitting the 61.8% projection of 1.26601 to 1.31254 from 1.28755 at **1.31630** which lies within the supply pocket of **1.31300-1.32831**. Price action registered a 7-month high at 1.31864, a touch higher than last Friday's 1.31721. Though the overall picture is solidly bullish, heavy resistance is expected from within the supply pocket of **1.31300-1.32831** as well as another at **1.33575-1.34857**. That said, considering the massive upside potential, any meaningful pullbacks are opportunities to re-position long positions.

## EUR-USD 1-HOURLY



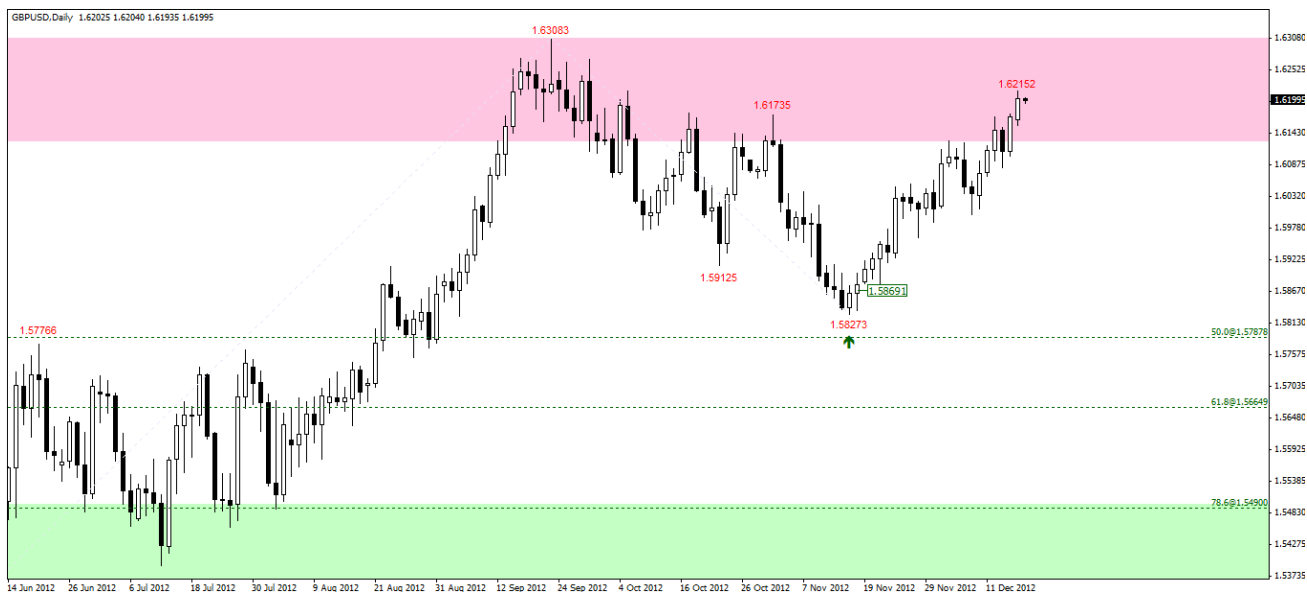
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal within 1.31300-1.32831	1.30135	1.29624	1.32931 STOP (tentative)

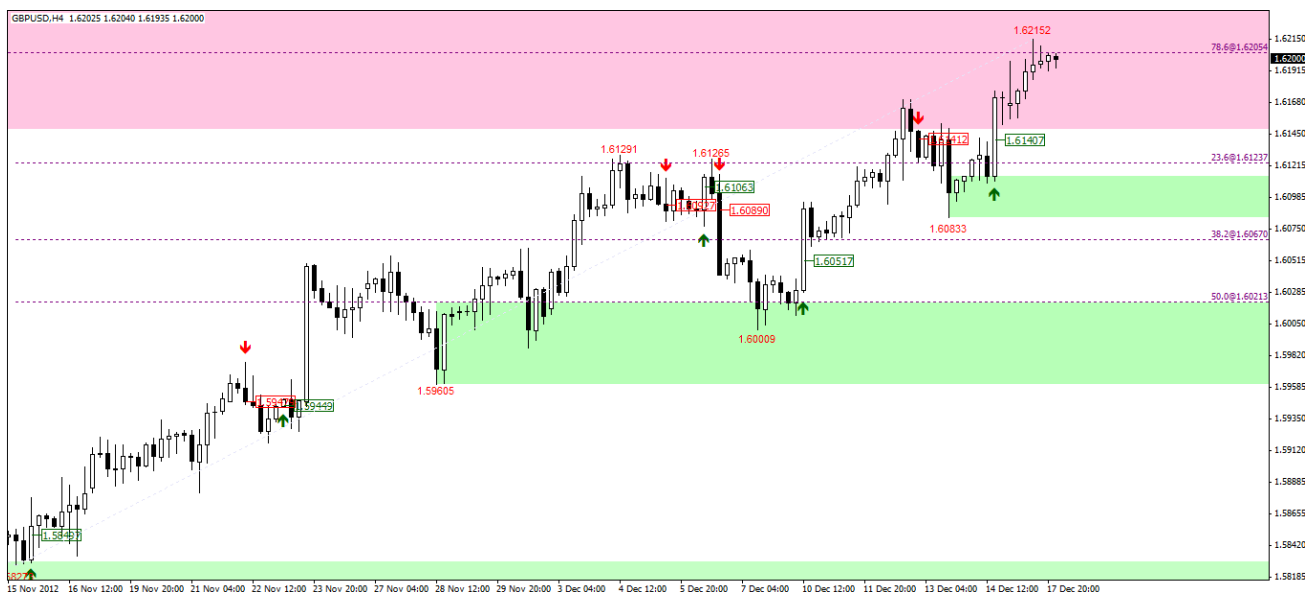
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 14-12-2012								\$77,009.00
Unrealized							\$0.00		

## GBP-USD DAILY



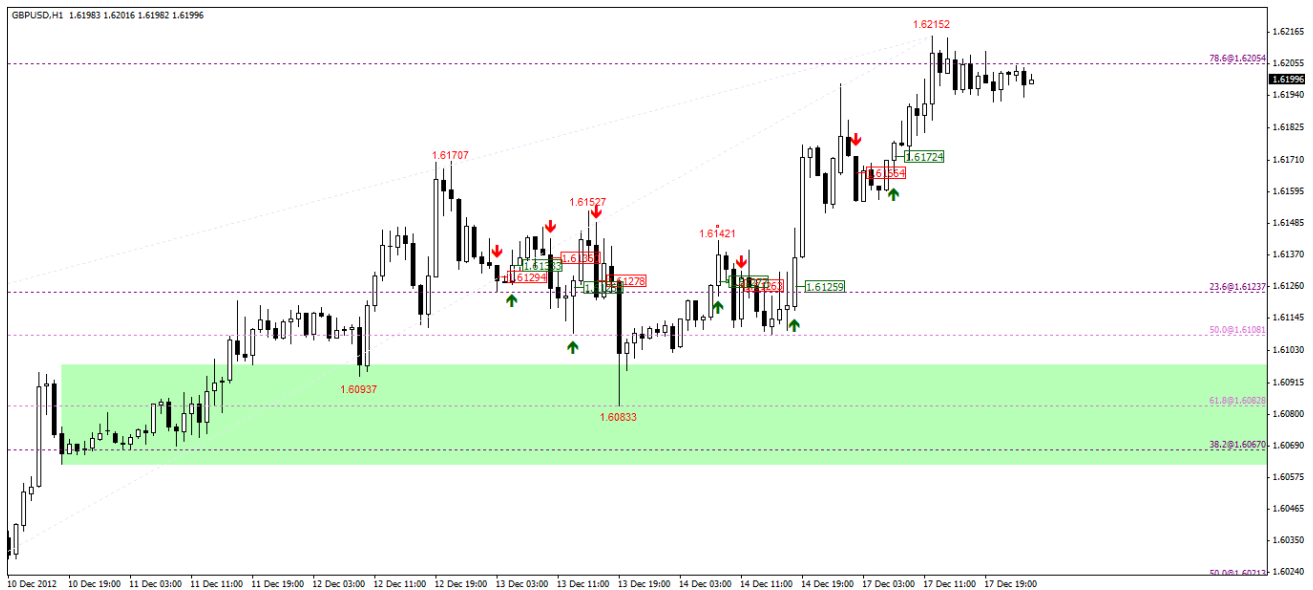
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

Unlike EUR-USD, GBP-USD powered higher from the word go. Last Friday after London closed, this market charged higher, taking out the previous week's high of **1.61291**. Price action hit the 78.6% retracement of 1.63083 to 1.58273 at **1.62054** with a print at 1.62152 in overnight actions. As noted, heavy resistance is expected within the major supply zone at **1.61302-1.63083** (see D1 chart). As this market approaches the upper boundary of the longer-term triangle pattern, extreme caution is warranted. Though the bullish outlook has been greatly enhanced by the series of strong closings, the short-term upside potential (until proven otherwise) is relatively limited without a decent pullback. Immediate focus is the September 21 high of **1.63083**. Here lies a potential bull trap. This is because typical buy-stop orders lie above major highs which as this. Once this level is taken out, beside those shorts rushing to exit the market (by buying), uncommitted traders too will rush in to join in the buying frenzy and the trap may be sprung. Do not chase this bull market at current levels.

## GBP-USD 1-HOURLY



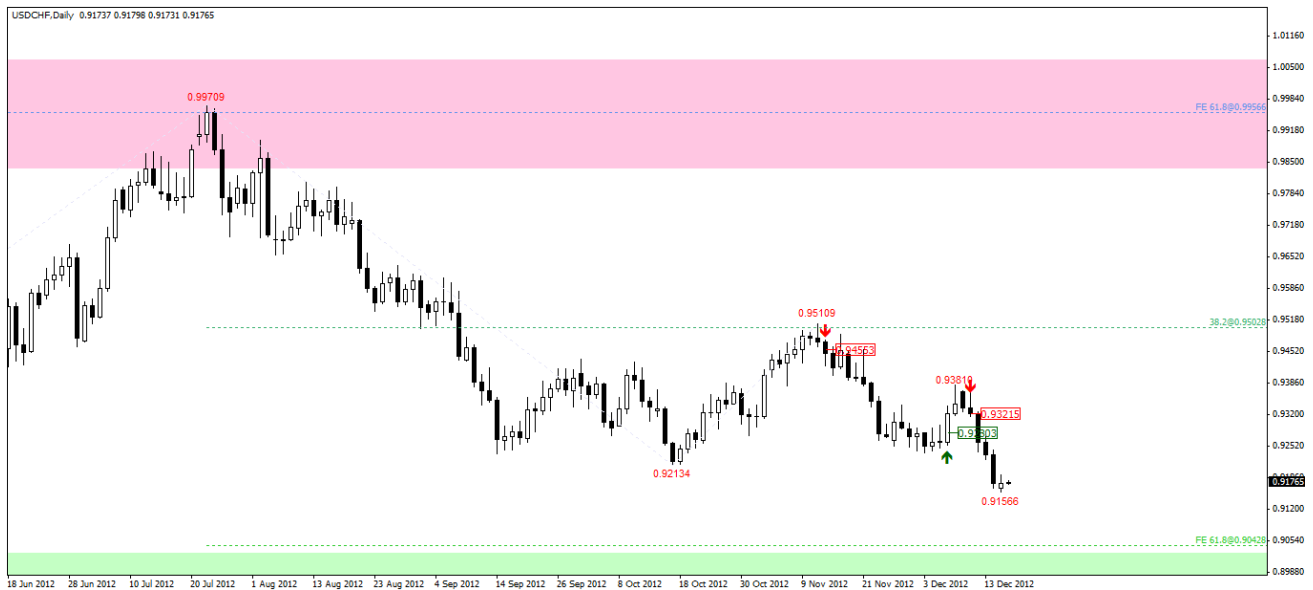
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on D1 close below 1.60743
Bought @ 1.59825	1.61546 Realized	1.62589	

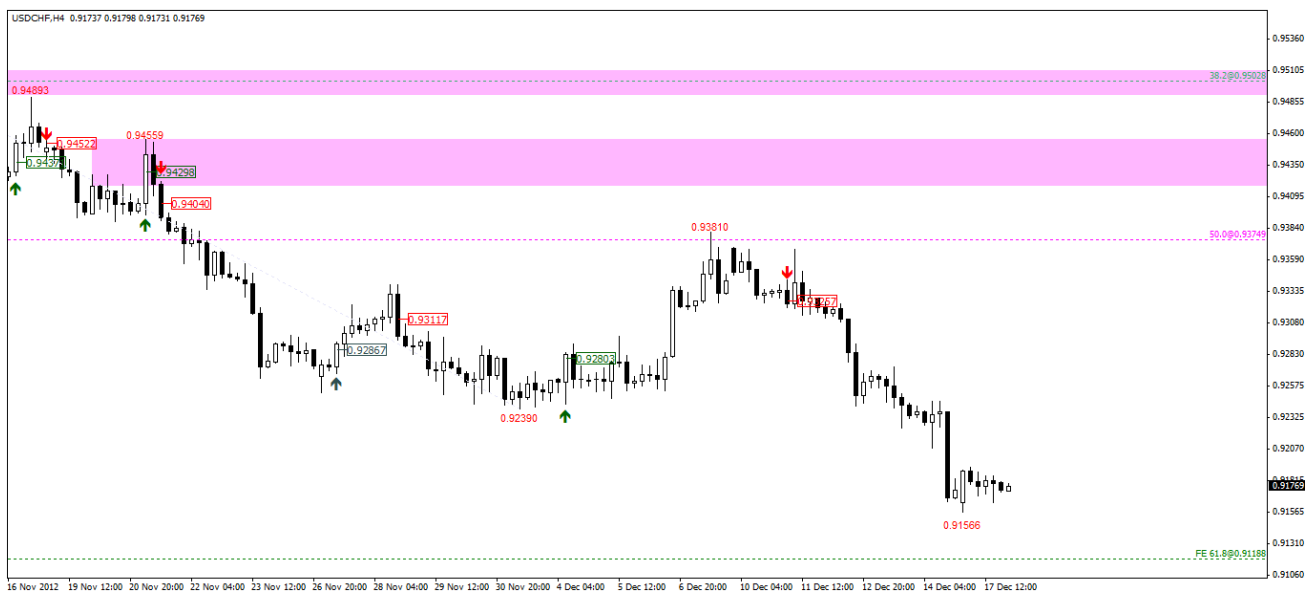
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 14-12-2012								\$52,030.00
GBP-USD	21-11-2012	1.0	1.59037	15-12-2012	1.0	1.62028	+\$2,991.00		
GBP-USD	28-11-2012	1.0	1.59825	15-12-2012	1.0	1.62028	+\$2,203.00		
						Unrealized	+\$5,194.00		

## USD-CHF DAILY



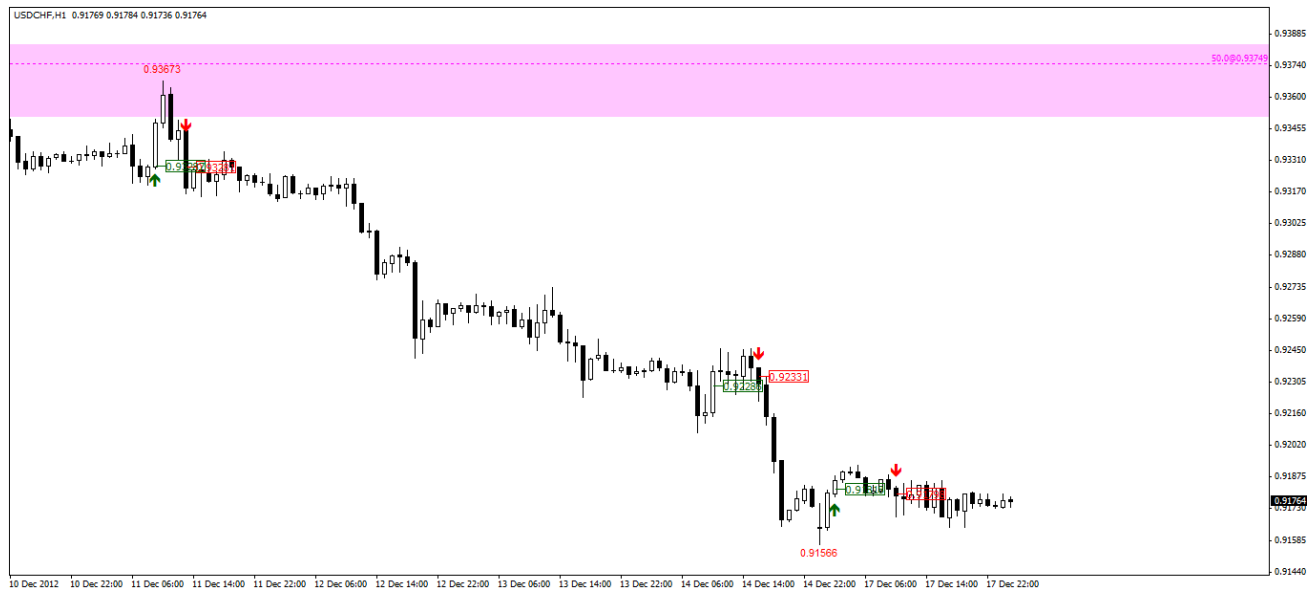
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

Price action opened the week marginally lower at 0.91643 and quickly registered a new 7-month low at 0.91566 before rebounding somewhat. For the rest of the trading day, this market sidelined and closed practically unchanged from last Friday's closing. With the resumption of bearish trend, focus has shifted to the demand zone at **0.89301-0.90278** where the 61.8% projection of 0.99709 to 0.921334 from **0.95109**; followed the 38.2% retracement of 0.70667 to 0.99709 at **0.88615** (see H4 chart).

## USD-CHF 1-HOURLY



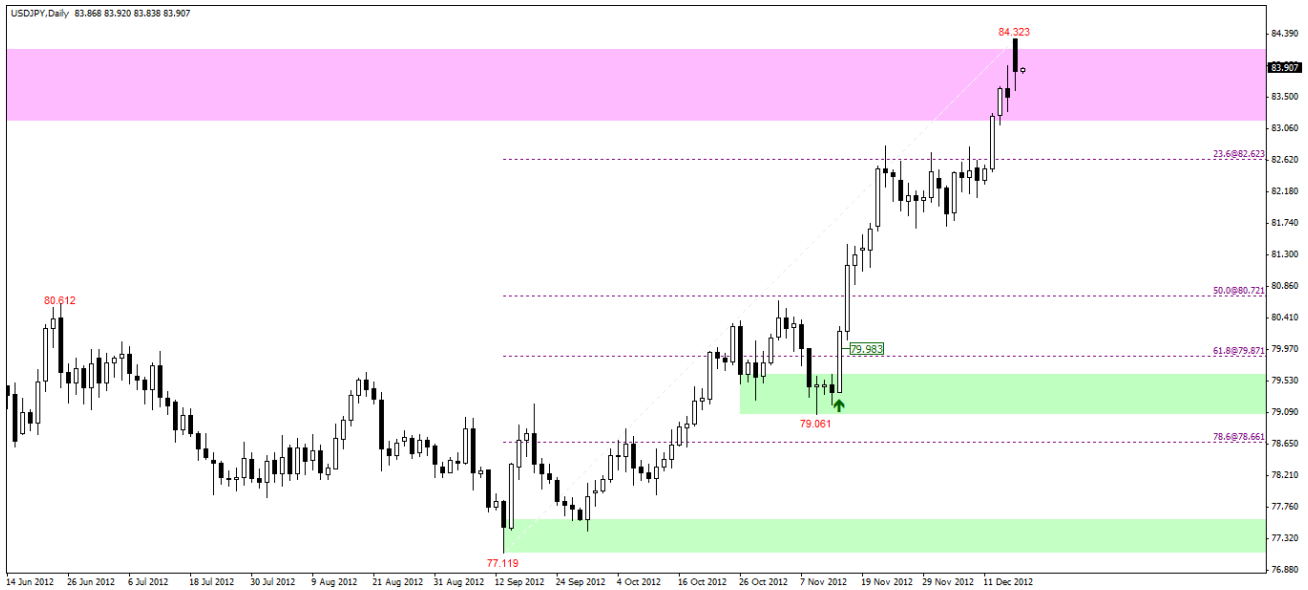
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
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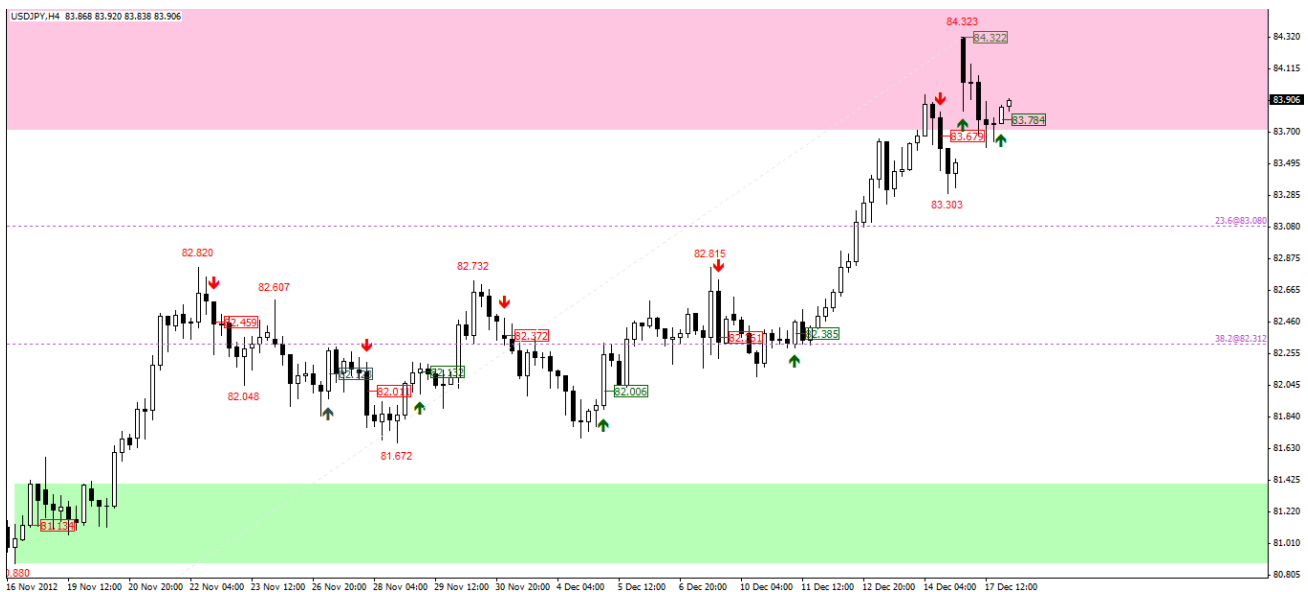
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 14-12-2012								\$35,851.84
							Unrealized	\$0.00	

## USD-JPY DAILY



## USD-JPY 4-HOURLY

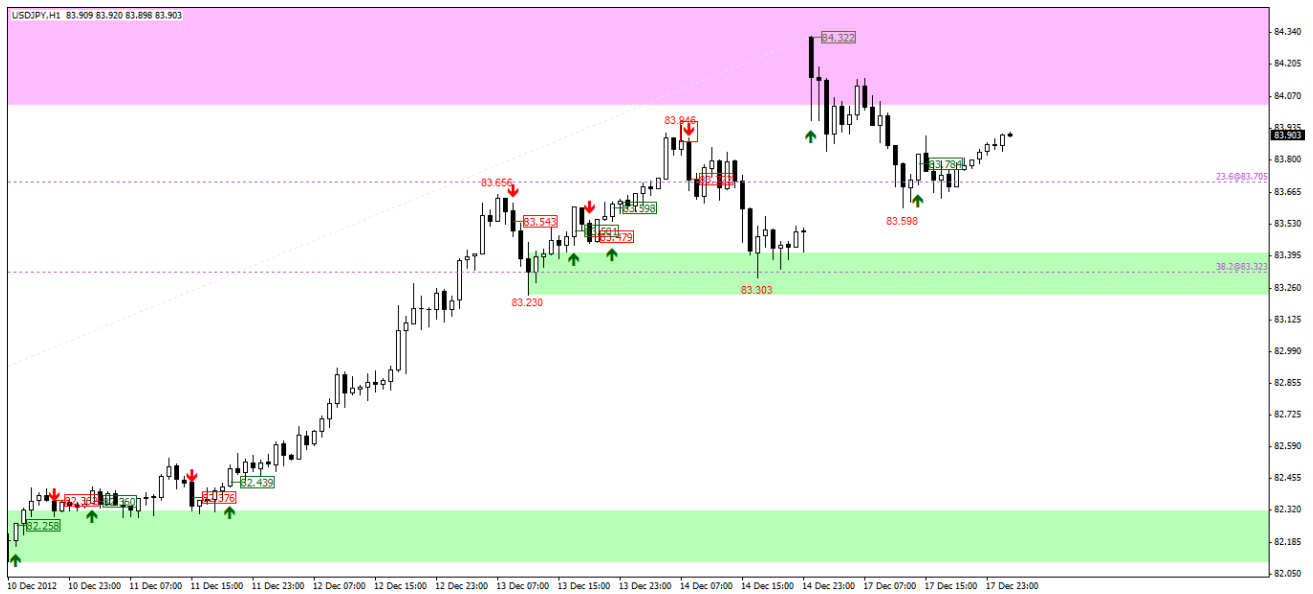


## USD-JPY Short to Medium Term Views

This market with a bang by 'gapping' up 82 pips and almost immediately started sliding. Last week's resumption of the rally from 79.061 continues to power higher. Despite the lower closing relative to where it opened Monday, this market is poised to end the year on a positive note for a change. Potentially, this rally has the momentum to gun for the 100.0% projection of 75.563 to 84.172 from 77.119 at **85.728**. As it is, price action is now within the supply zone at **83.719-84.85.520** and is likely to be capped within this price pocket. 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**. Immediate demand is expected at the minor demand pocket at **82.230-83.384**. Below this, focus will shift to the price pocket between **82.100-82.318** (see H1 chart). For the time being, there may some residual buying interests left and price action may yet trade higher but as price action inches higher towards last April's high of **85.520**, the downside risk increases disproportionately.



## USD-JPY 1-HOURLY



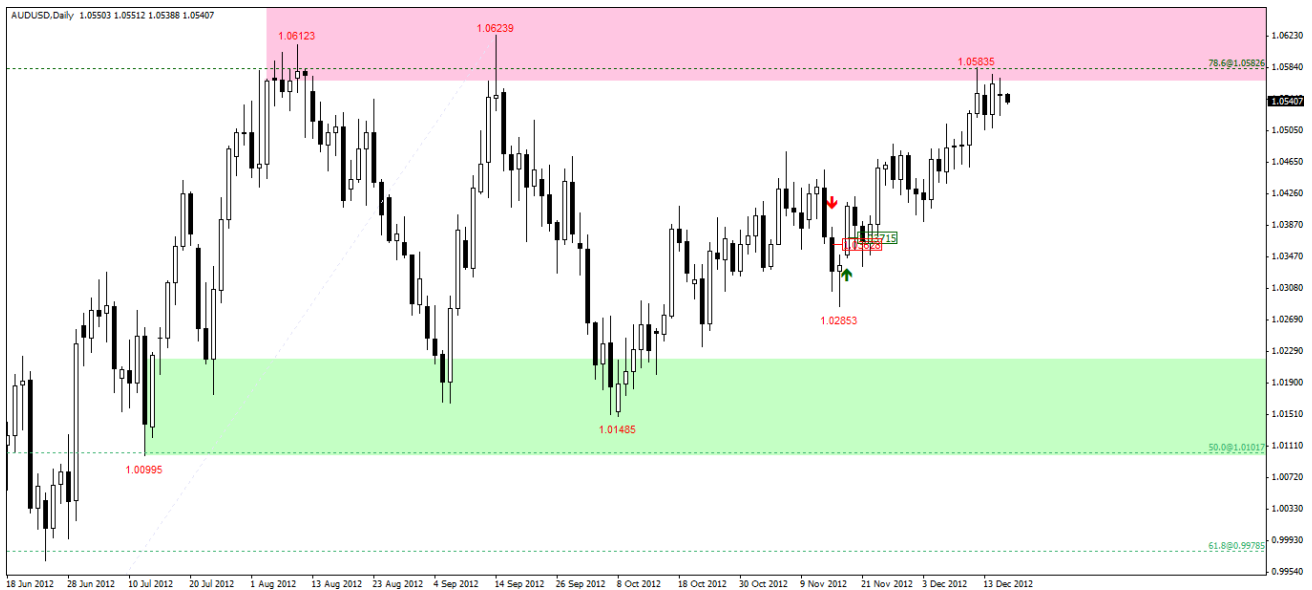
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
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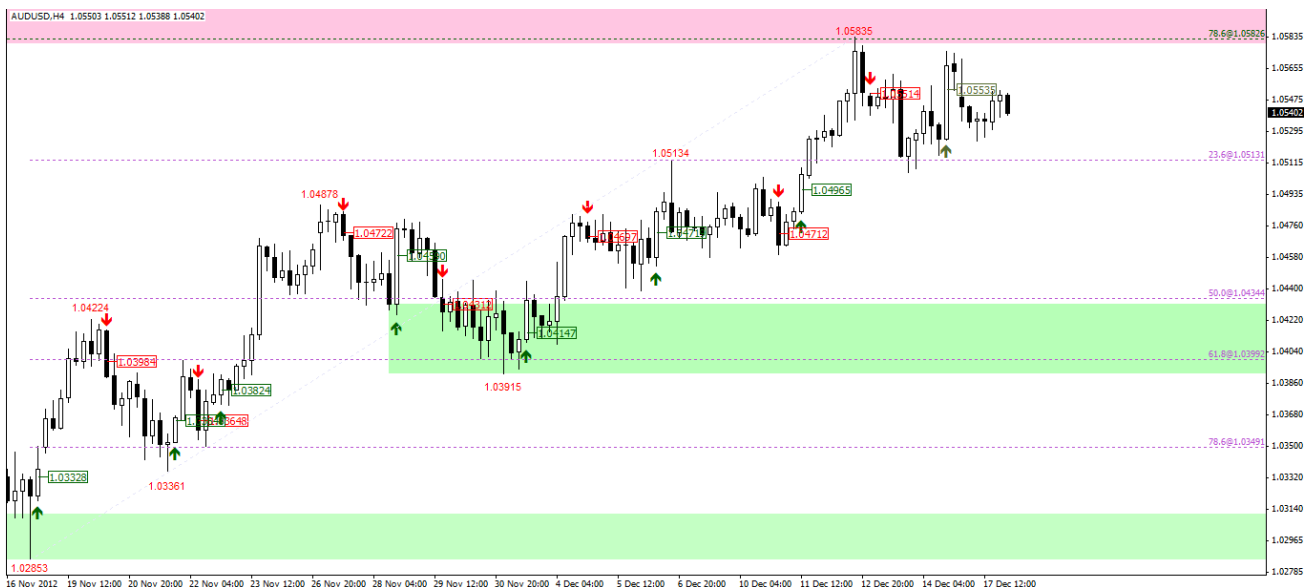
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 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
						Unrealized	\$0.00		

# AUD-USD DAILY



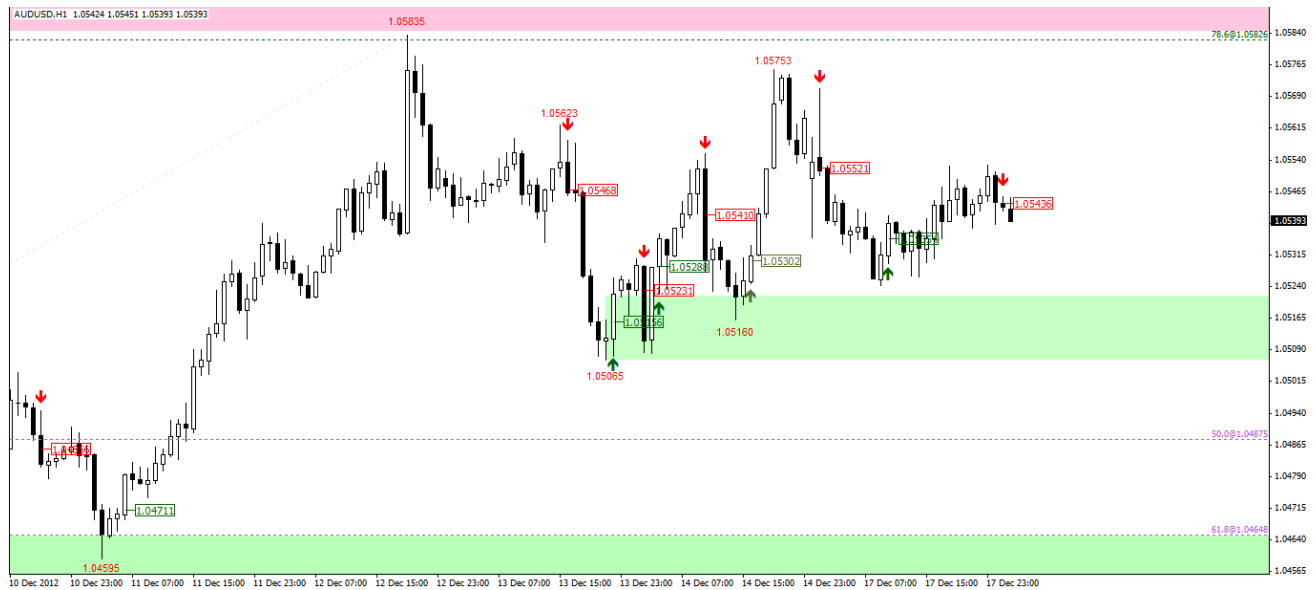
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

The 78.6% retracement of 1.08557 to 0.95795 at **1.05826** having proved to be the turning point of the rally from 1.04595 earlier last week may yet be tested. Since then, this market has attempted to re-test this level late last Friday before ending the week. Monday saw this market opened weaker by some 14 pips and struggled to inch higher but ended the day down 13 pips; essentially ending the first trading day of the week as a doji. Though some diehard the bulls may still be around, the upside potential is (for the time being) rather limited. 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 **1.04390-1.05650** is still probable and if this happens, a long position there may be attempted but only if this market pulls back first. However, should this market rallies back into the overhead supply pocket at **1.05675-1.06692**, selling there offers better odds.

## AUD-USD 1-HOURLY

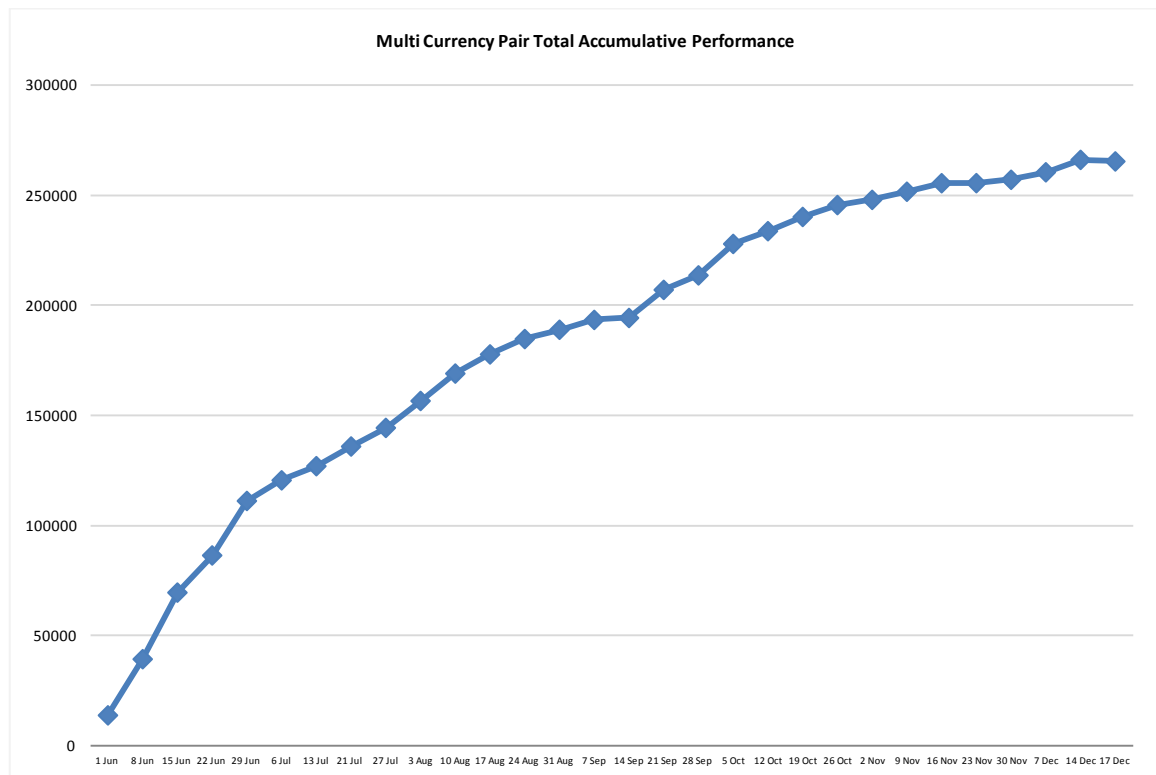
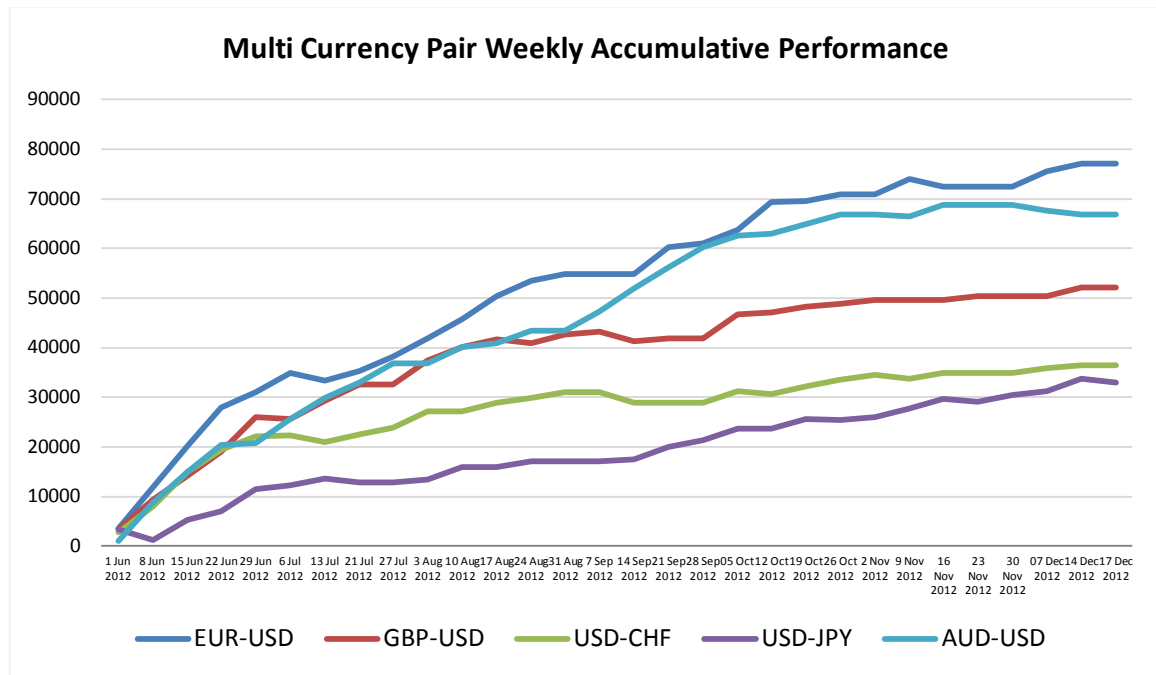


## Trade Ideas

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							\$,00		



Check out our website at

[www.tradersacademyonline.com](http://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.