

# FOREX OUTLOOK

*A Traders Academy International Publication*

## Japanese Yen Set To Close Week On High Note

The Japanese Yen remained weak on Friday as traders continued to give it a wide berth on expectations the Bank of Japan would print more money next week to stimulate the world's third biggest economy.

USD-JPY settled at 83.626, having risen as high as 83.657, a level not seen since March. EUR-JPY was at 109.352, not far off an 8-month high of 109.519. It is on track to end the week more than 2 percent higher.

The BOJ releases its Tankan survey of businesses later today and a weak reading would only add to the case for aggressive action. If the BOJ did not bite the bullet this time, markets are likely to be pretty unforgiving, with both Yen strength and equity weakness set to follow.

The US Dollar found a steadier footing against a basket of major currencies as the Euro's rally ran out of steam.

Traders said the Federal Reserve's move to replace its expiring 'Operation Twist' programme with outright Treasury purchases this week had been widely expected. The news initially saw the US Dollar slip broadly.

However, frustration over the U.S. 'fiscal cliff' talks gave the Dollar a bit of a safe-haven lift as negotiations to avert steep tax hikes and spending cuts between congressional Republicans and the White House hit a wall.

EUR-USD settled relatively unchanged at 1.30751, having found the going tough above 1.31000. Even news that European governments have clinched a landmark deal on bank supervision and approved long-delayed aid to Greece failed to give the Euro fresh impetus.

AUD-USD also recoiled to 1.05256, from a 3-month peak of 1.05835 set earlier in the week. Still, it remained resilient amid hopes that growth will pick up in China, Australia's most valuable export market.

HSBC's early reading of China's December manufacturing activity due at 0145 GMT (Singapore time 9:45 AM) will be closely watched for signs the world's second biggest economy has rediscovered its mojo.

AUD-USD has also enjoyed support from foreign central banks. Russia's First Deputy Chairman Alexei Ulyukayev was quoted as saying on Thursday Russia's central bank has increased the share of the Australian Dollar in its FOREX reserves to 1.5 percent.

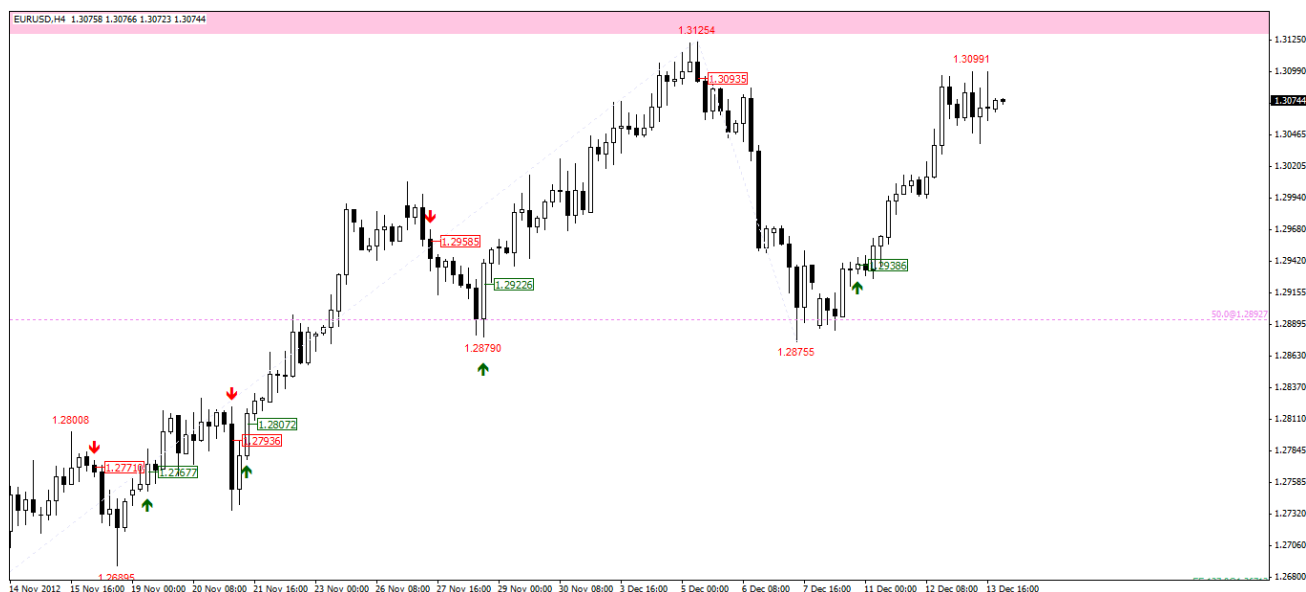
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## EUR-USD DAILY



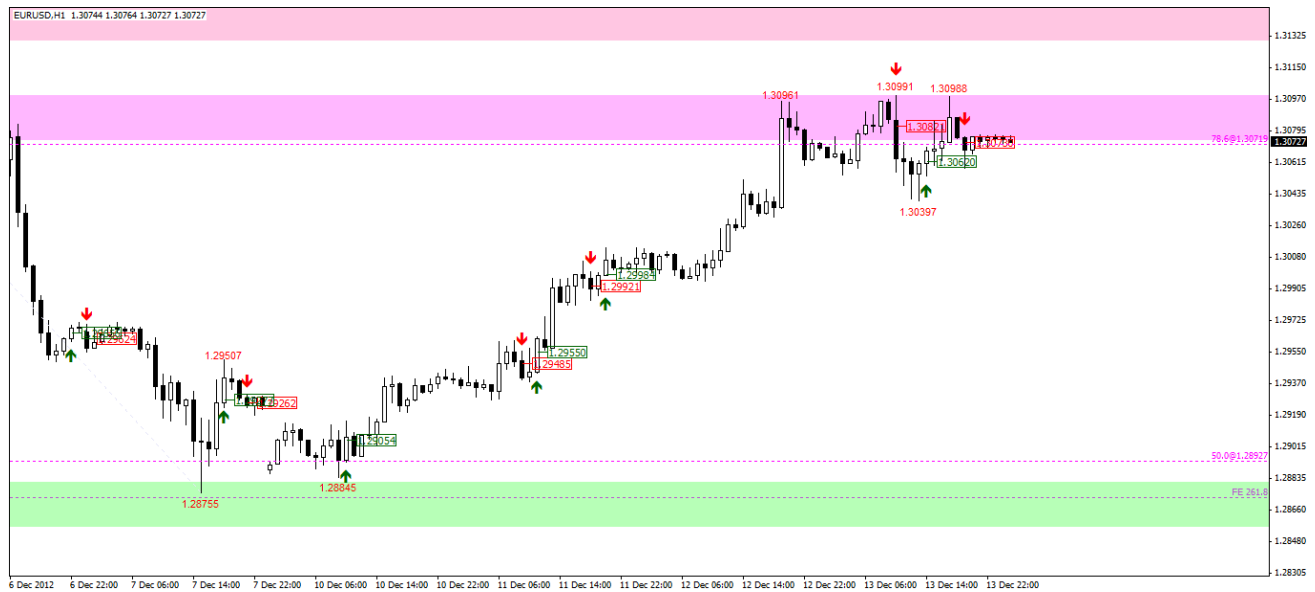
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

Upward momentum appears to be lost in this rally as price action approaches the 1.31000 handle. Even news that Greece had secured funding overnight failed to fire up the Euro. This is typically a sign of market fatigue as prices failed to rally on good news. Price action hit an overnight high at 1.30991 and stalled. This prompted a revision of the immediate supply pocket from **1.30739-1.30891** to **1.30739-1.30991** to reflect the new reality. With this adjustment, the 1.31000 level may be pivotal. A sustained rally above this level would instead shift focus towards the 61.8% projection of 1.26601 to 1.31254 from 1.28755 at **1.31630** which in turn lies within the supply pocket of **1.31300-1.32831**. On the downside, price action needs to close below **1.30620** in the H4 chart to trigger a sell signal. In view of the loss of momentum overnight, there is a fair chance an eventual rally into the upper supply zone at **1.31300-1.32831** may not materialize. As noted, the rally from 1.26601 is seen as part of a larger degree rally from way back in November 13. Heavy resistance is expected at the supply pocket of **1.31300-1.32831**.

## EUR-USD 1-HOURLY



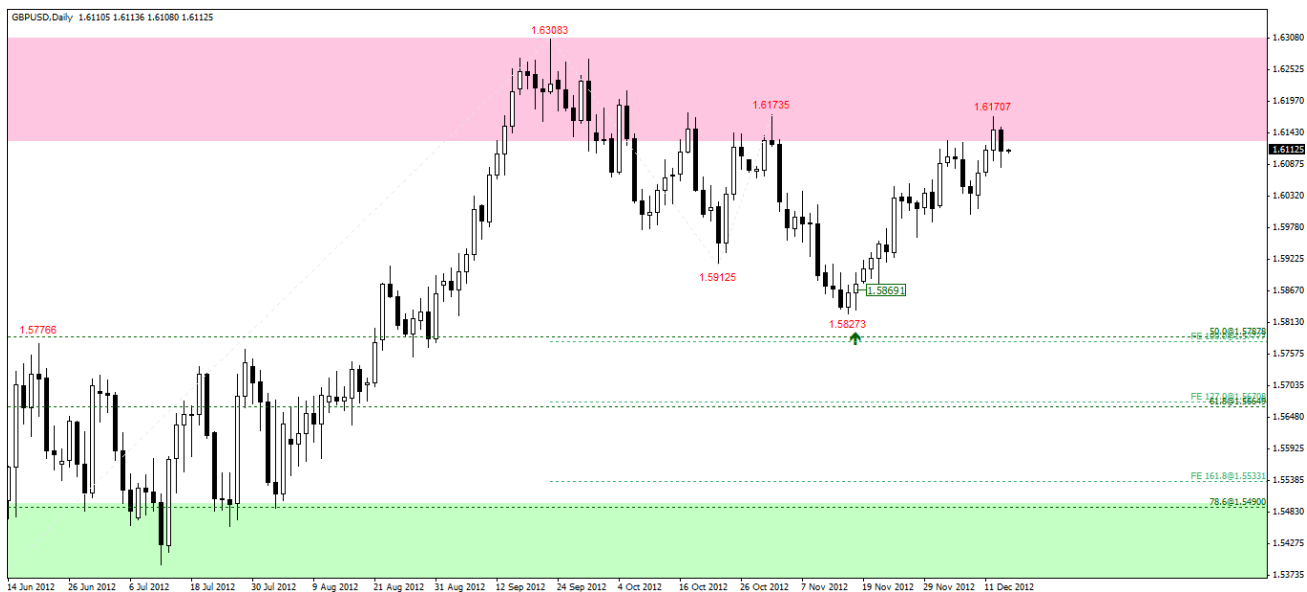
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.30730	1.30135	1.29624	1.31100 STOP
Sell on sell signal within 1.31300-1.32831			1.32931 STOP (tentative)

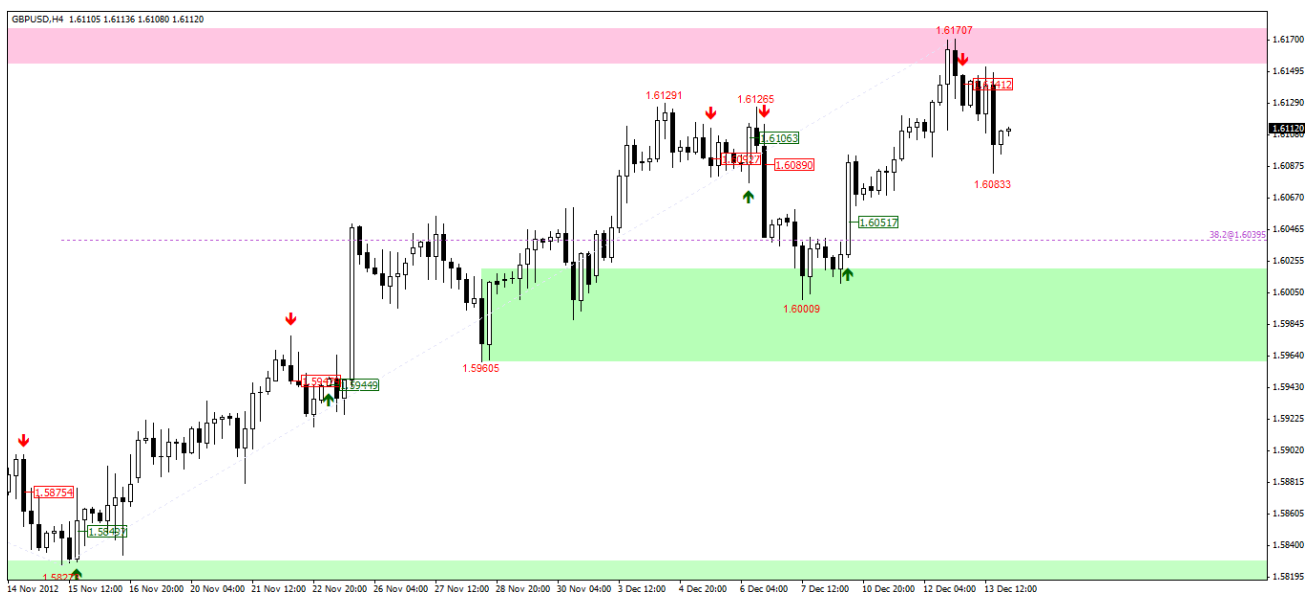
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 07-12-2012								\$75,491.00
EUR-USD	07-12-2012	1.0	1.28995	11-12-2012	1.0	1.29532	+\$537.00	+\$537.00	\$76,028.00
EUR-USD	07-12-2012	1.0	1.28995	12-12-2012	1.0	1.30716	+\$1,721.00	+\$1,721.00	\$77,749.00
EUR-USD	13-12-2012	1.0	1.30751	13-12-2012	1.0	1.30730	-\$21.00		
EUR-USD	13-12-2012	1.0	1.30751	13-12-2012	1.0	1.30730	-\$21.00		
Unrealized							-\$42.00		

## GBP-USD DAILY



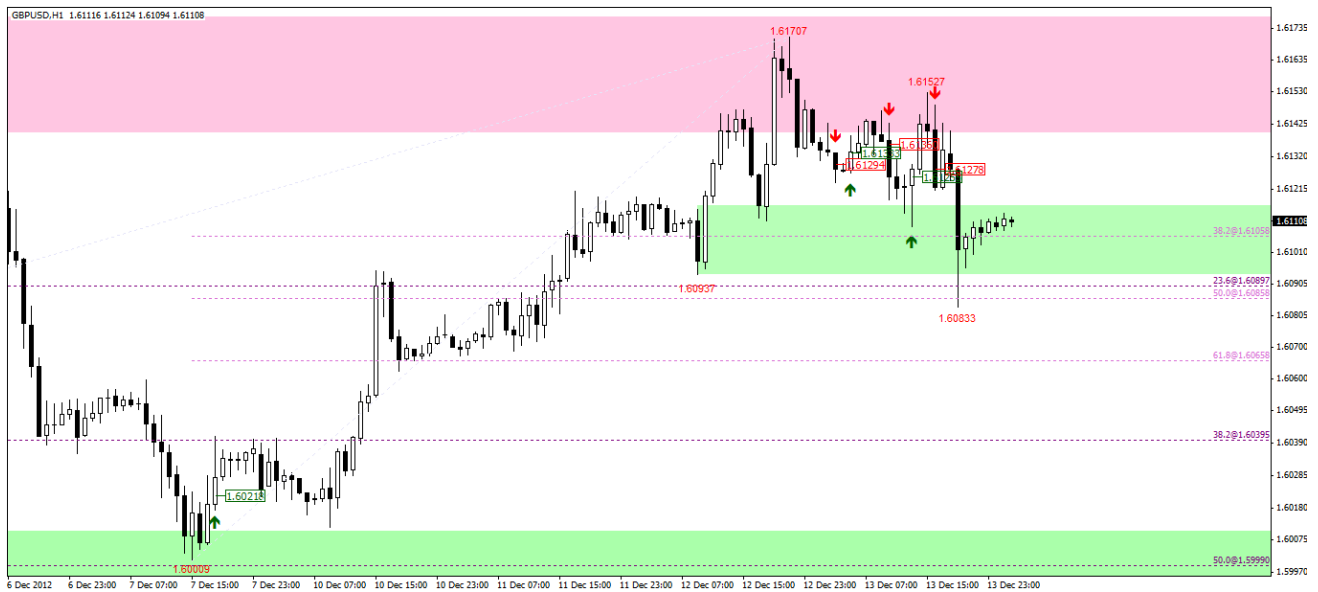
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

After 3 consecutive sessions of rally, the upward momentum appeared to be lost. Price action traded into **1.61302-1.63005** on Wednesday with a high at 1.61707. Previous updates have noted that in order to maintain its overall bullish bias, price action needs to immediately rally beyond last week's high of **1.61291**. As heavy resistance was expected within the major supply zone at **1.61302-1.63005**, this loss of momentum is not surprising. The *bearish harami* in the H4 chart mentioned in yesterday's update suggesting a potential reversal proved to be prescient. With a close below **1.61412**, a sell signal was invariably triggered as suggested. Price action did not immediately fall as can be seen in the H1 chart. 2 earlier sell signals there failed to entice a concerted sell-off. It took the 3<sup>rd</sup> sell signal to finally convinced buyers that the odds have shifted in favor of the sellers. Price action fell through the minor demand pocket at **1.60937-1.61160**, where the 38.2% retracement of 1.60009 to 1.61707 at **1.61058** is located but quickly bounced back and have stayed within this price pocket since. Below this demand pocket would shift focus to the 61.8% retracement of 1.60009 to 1.61707 at **1.60658**. A close below **1.60743** in the D1 chart would all but confirm that the rally from last month low of 1.58273 is over.

## GBP-USD 1-HOURLY



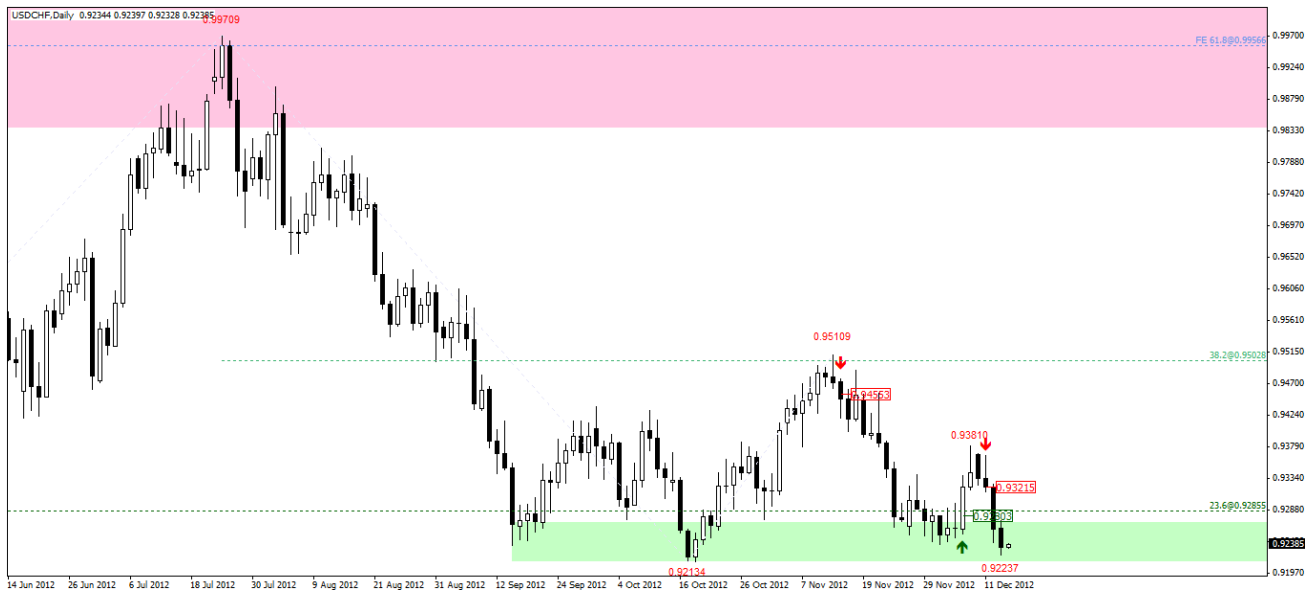
## Trade Ideas

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	

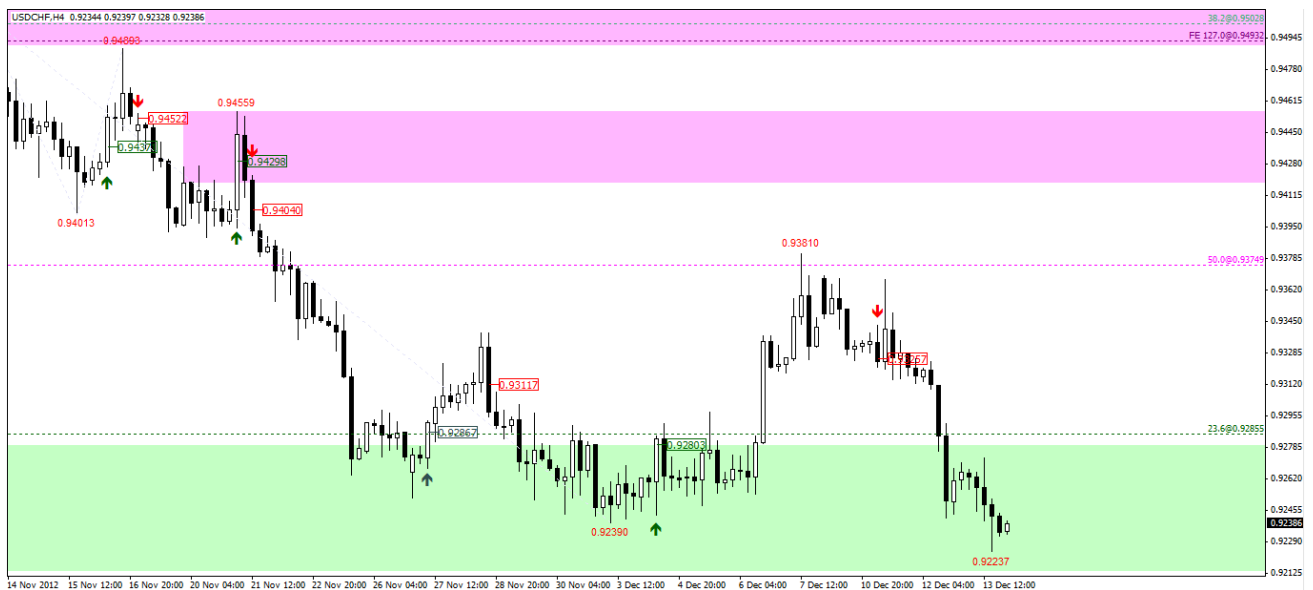
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$50,309.00
GBP-USD	28-11-2012	1.0	1.59825	12-12-2012	1.0	1.61546	+\$1,721.00	+\$1,721.00	\$52,030.00
GBP-USD	21-11-2012	1.0	1.59037	13-12-2012	1.0	1.61108	+\$2,071.00		
GBP-USD	28-11-2012	1.0	1.59825	13-12-2012	1.0	1.61108	+\$1,283.00		
Unrealized							+\$3,354.00		

## USD-CHF DAILY



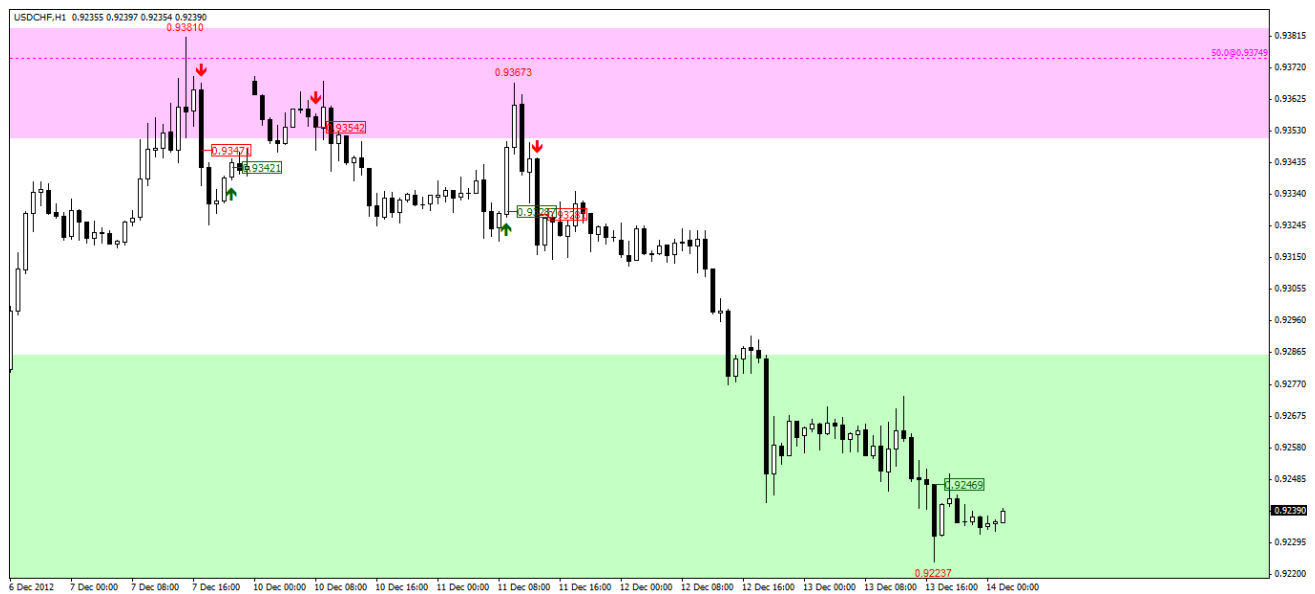
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

Price action after hitting a high of 0.93810 last Friday unraveled and returned all its recent gains and hit a 8-week low at 0.92237 overnight. Price action is now back within the demand pocket at **0.92134-0.92858**. Is this the resumption of the fall from 0.99709? While this possibility was considered relative high just 24 hours ago, the same cannot be said today as majors like the GBP-USD (which has an inverse correlation to USD-CHF) appears to have lost its upward momentum. Recent history has suggested there are demands within this price pocket previously. For the bearish bias to gain prominence, this market needs to break below **0.92134** convincingly to cement the idea that the resumption of the fall from the July 24 high of 0.99709 has taken hold. In the meantime, a low risk counter-trend trade may develop next. Should we have a close above **0.92469** in the H1 chart followed by a close above **0.92483**; it could signal the return of the bulls. A speculative buy there with focus on the overhead supply pocket at **0.95741-0.96340** may be worth while attempting.

## USD-CHF 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on H1 close above 0.92469	0.93507	0.94262	0.92034 STOP

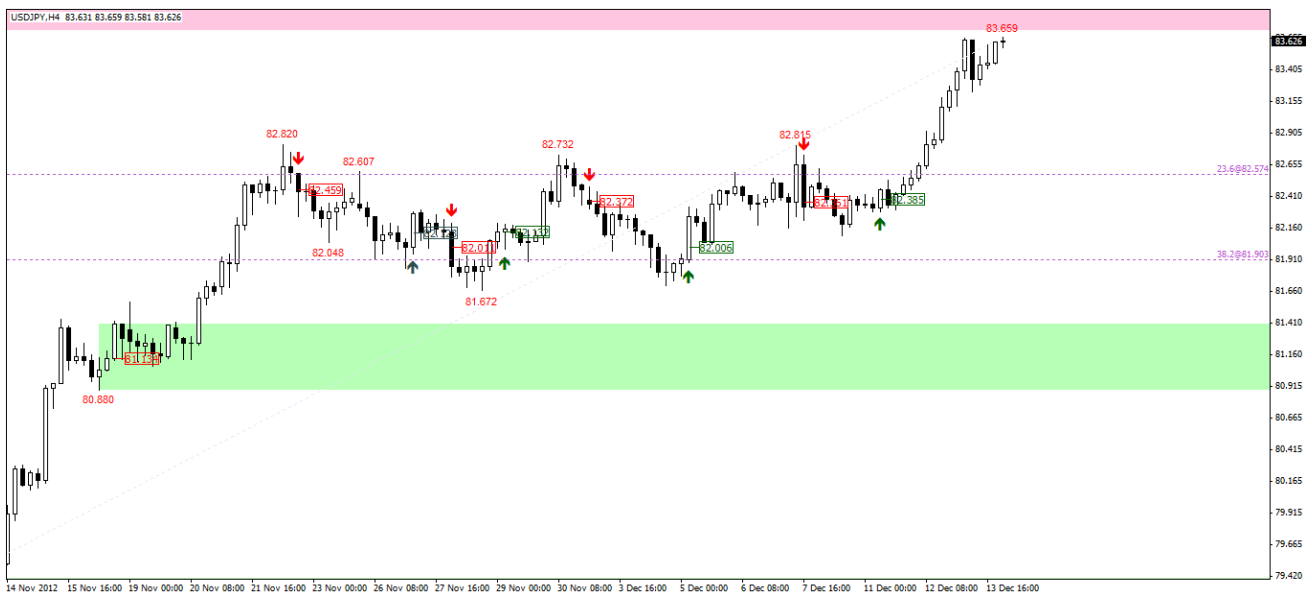
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$35,851.84
USD-CHF	05-12-2012	1.0	0.92647	11-12-2012	1.0	0.93214	+\$608.28	+\$608.28	\$36,460.12
						Unrealized	+0.00		

## USD-JPY DAILY



## USD-JPY 4-HOURLY

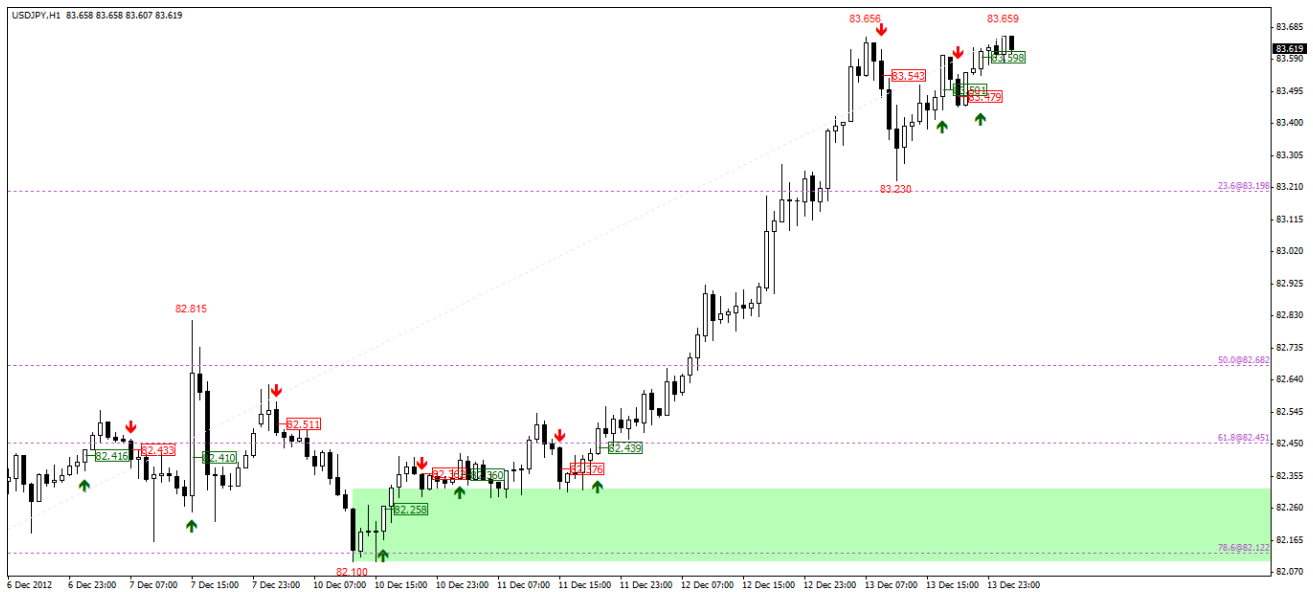


## USD-JPY Short to Medium Term Views

After consolidating and basing for 3 weeks or so, price took off. As it is, USD-JPY is at a 9-months high and is on course to end the year on a positive note; something that is unfamiliar to this currency pair. As noted, this rally has the potential to gun for the 100.0% projection of 75.563 to 84.172 from 77.119 at **85.728**. In fact, the supply zone at **83.719-84.85.520** is expected to cap this run. From the longer-term perspective there, the longer-term down trend is still very much intact and a short position within this price pocket may well represent a very attractive proposition considering that the ensuing fall is expected to resume below the all-time low of **75.563**.



## USD-JPY 1-HOURLY



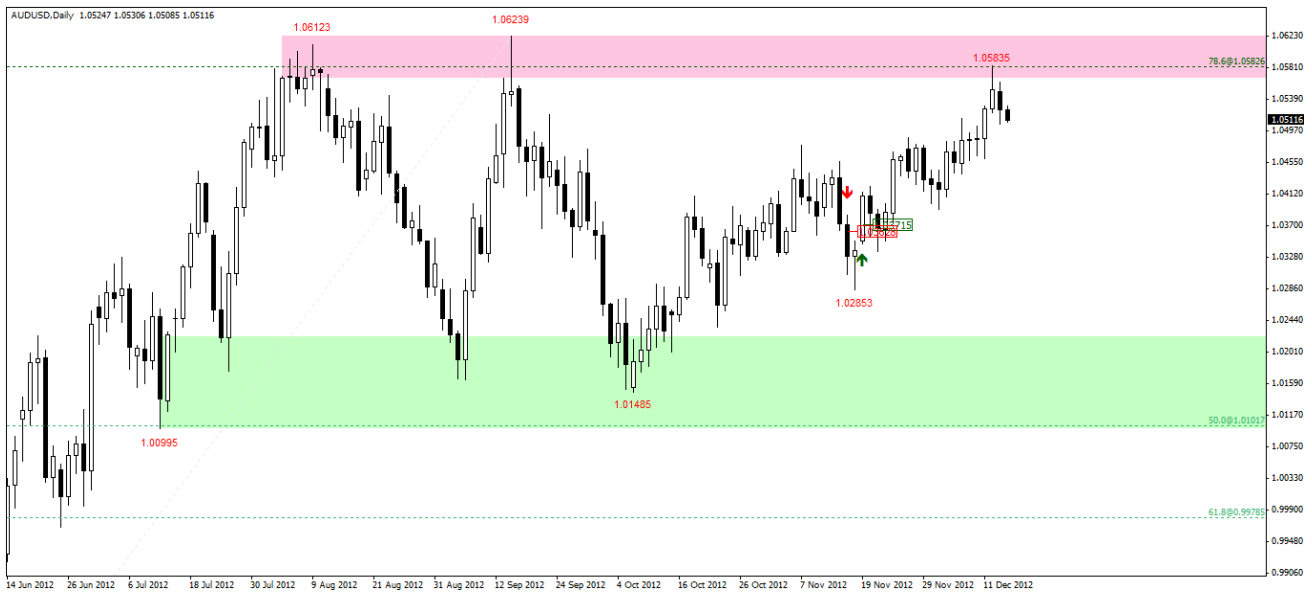
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 81.903	82.424 Realized	83.716	Exit on H4 close below 83.329

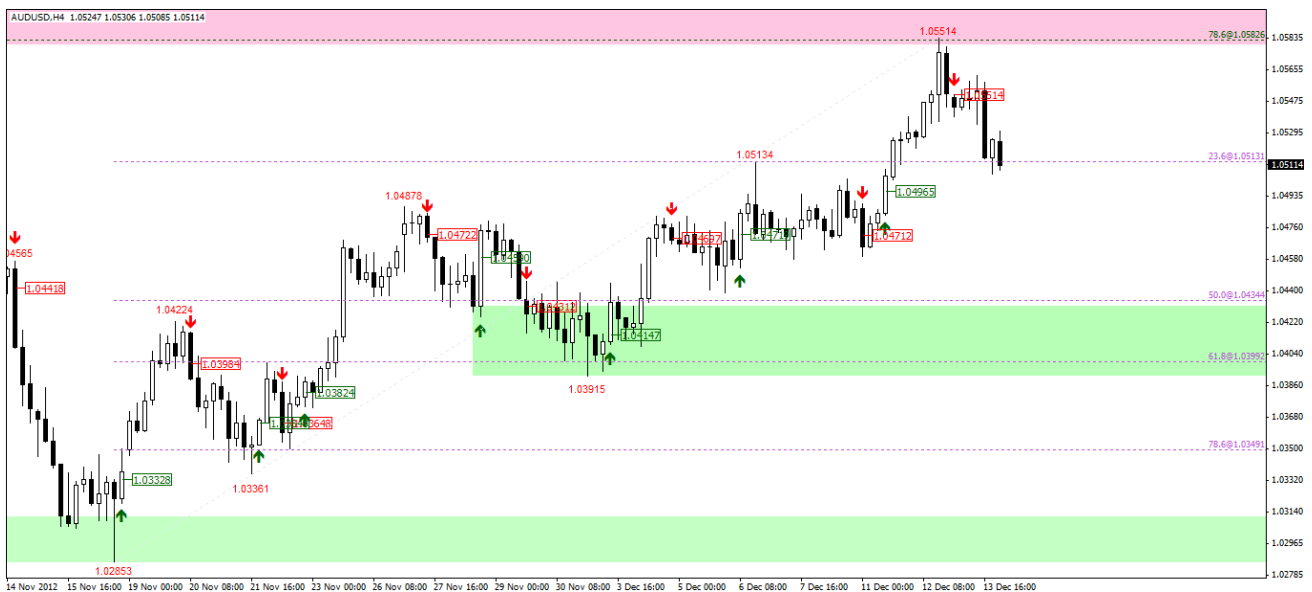
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 07-12-2012								\$31,172.58
USD-JPY	05-12-2012	1.0	81.903	13-12-2012	1.0	83.626	+\$2,060.36		
						Unrealized	+\$2,060.36		

## AUD-USD DAILY



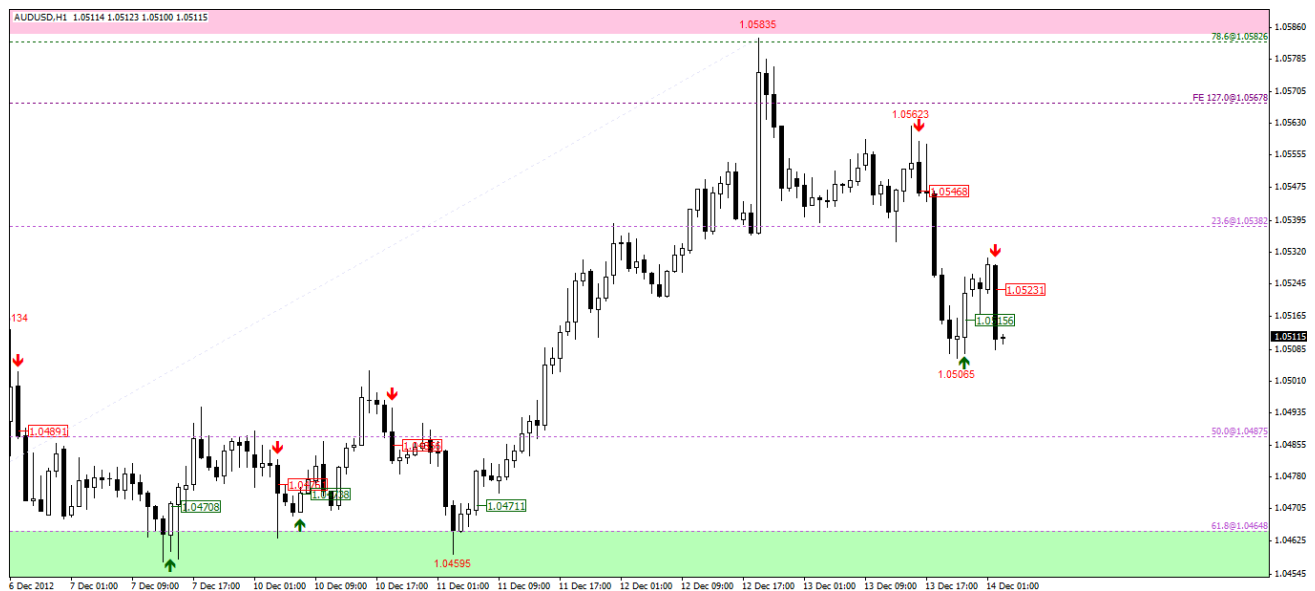
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

The 78.6% retracement of 1.08557 to 0.95795 at **1.05826** proved to be the turning point of the rally from 1.04595. But this is no comfort in that the original idea was to position shorts within the major supply zone at **1.05675-1.06239** at/near the 78.6% retracement of 1.08557 to 0.95795 at **1.05826**. As explained in the previous update, this was not to be as unfortunately, a long bullish bar in the H1 chart on the hour when the high was registered makes the risk/reward to position short then poor. This is because the trigger price for the sell signal (*bearish harami*) has to be a close below **1.05366**. From where the the stop-loss level needed to be placed (above 1.06239), this makes selling then not very appetizing. At any rate, it was also mentioned that the next best option is to wait for a rebound (after the sell signal is triggered) and sell on the next reversal signal using the lower time time charts, ideally with a better risk/reward profile. This opportunity eventually presented itself when price action finally had a rebound and a sell signal was once again triggered with a close below **1.05468** in the H1 chart. Price action promptly hit a daily low at 1.05065 overnight before rebounding once again. This morning, another sell signal was triggered with a close below **1.05231** in the H1 chart. The nearest area of demand is expected to emerge from within the demand pocket at **1.04390-1.05650**.

## AUD-USD 1-HOURLY

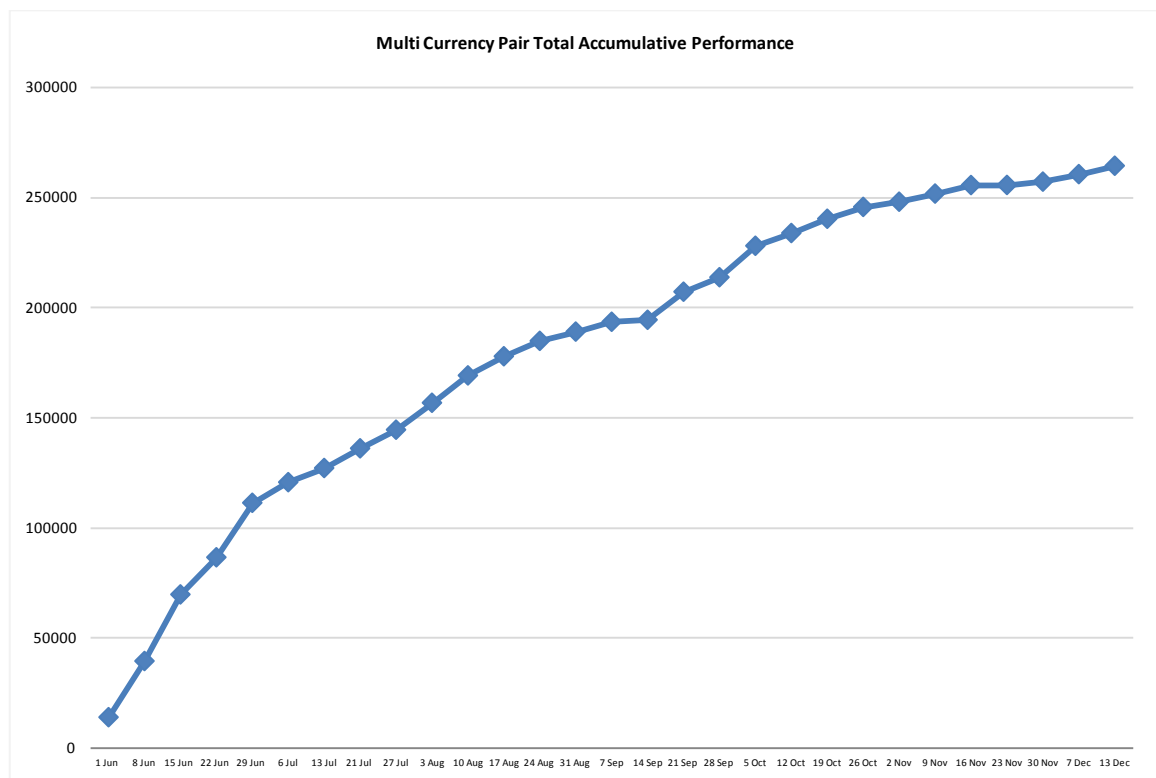
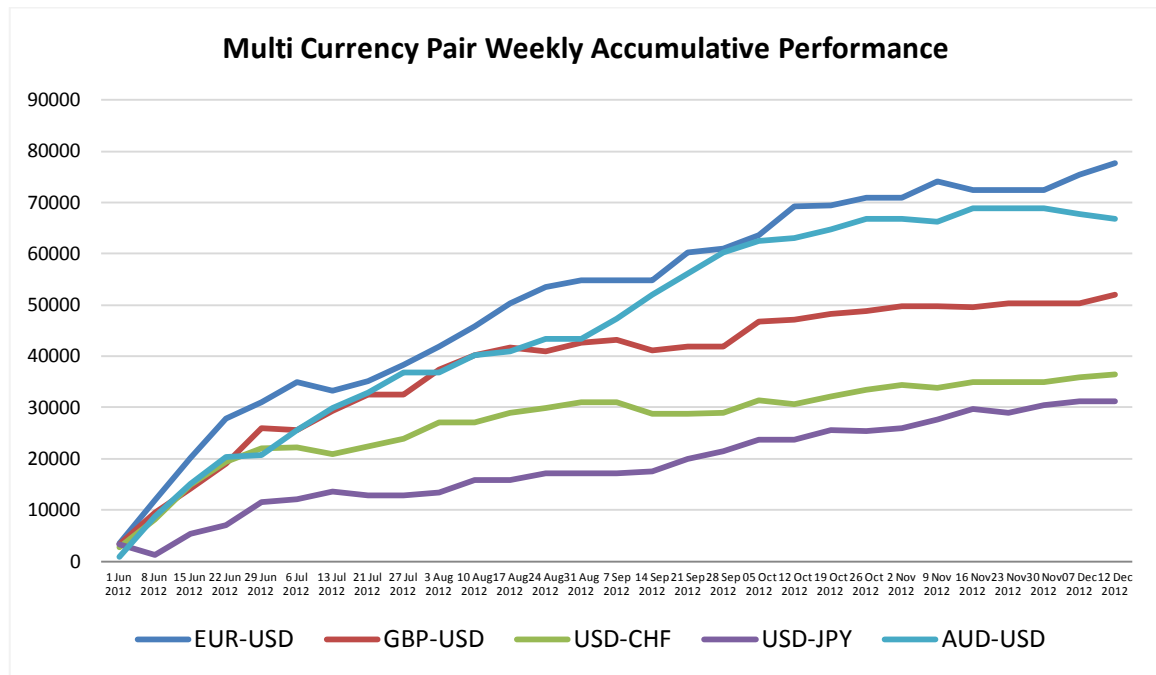


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.05468	1.04650	1.03118	Break-even

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 07-12-2012								\$67,661.00
AUD-USD	11-12-2012	1.0	1.05282	06-12-2012	1.0	1.04891	-\$391.00		\$67,270.00
AUD-USD	11-12-2012	1.0	1.05282	06-12-2012	1.0	1.04891	-\$391.00	-\$782.00	\$66,879.00
AUD-USD	13-12-2012	1.0	1.05256	13-12-2012	1.0	1.05468	+\$212.00		
AUD-USD	13-12-2012	1.0	1.05256	13-12-2012	1.0	1.05468	+\$212.00		
Unrealized							+\$424.00		



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[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.