

A Traders Academy International Publication

Euro Rallied On Short Squeeze

EUR-USD rallied from a two-year low on Friday, bolstered by a rebound in equities and commodities after China's economic data came in less dire than feared, although outlook remained bleak due to the region's persistent debt uncertainty. EUR-USD has made new daily lows nine days in a row and last night's rally was a result of a short squeeze.

The Euro survived a surprise cut in Italy's credit ratings by Moody's, which highlighted the risk that the debt crisis could potentially engulf the bloc's third-largest economy. Sentiment was buoyed, however, by data showing China's economy grew 7.6 percent in the second quarter, the weakest pace in more than three years but still better than some outlooks.

The Euro finally caught up with the risk rally that prompted short-covering given that it had been sold off sharply in recent sessions. However, traders still have a fairly skeptical outlook for the Euro and its overall bearish tone leaves it vulnerable to a sell on rallies. EUR-USD settled at 1.22480 in New York, up 0.3 percent, its biggest one-day rise in two weeks. It earlier fell as low as 1.21611, its weakest since mid-2010. On the week, it was down 0.2 percent and off more than 5 percent so far this year - far exceeding 2011's annual loss of 3.2 percent. Declines accelerated after last week's deposit and re-financing rate cuts by the European Central Bank.

The slide in the Euro came in the wake of Moody's Investors Service's downgrade of Italy's sovereign debt rating to Baa2, citing doubts over the country's long-term resolve to push through much-needed reforms. While Moody's warned it could further downgrade Italy's credit rating, now just two notches above junk status, if the country's access to debt markets were to dry up, Italy managed to pass a tough market test as three-year borrowing costs fell well below 5 percent.

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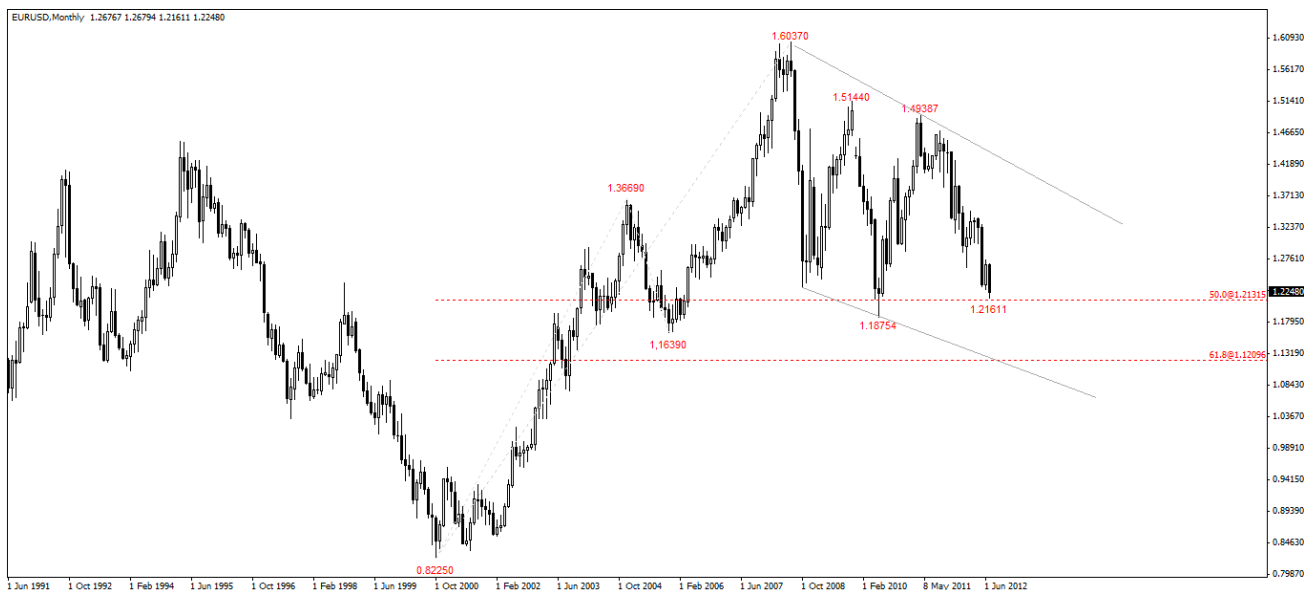
Traders also mostly shrugged off data in the United States that showed consumer sentiment cooling in early July to the lowest in seven months. Separately, U.S. producer prices rose only slightly last month as energy costs dropped, suggesting inflation pressures remain muted and leaving the door open for more easing by the Federal Reserve. USD-JPY was mostly flat at 79.194.

Next week, focus would shift to Federal Reserve Chairman Ben Bernanke's semi-annual testimony to the U.S. Congress on the economy. Analysts expect him to reiterate that the Fed would take further easing measures only if necessary but give no indication any such action is imminent. Traders hoping for more concrete plans about further stimulus to the U.S. economy may be disappointed and Bernanke's view could well support the dollar next week. Currency speculators have once again increased their bets in favor of the US Dollar, with the value of the Dollar's net long position rising to \$24.58 billion in the latest week.

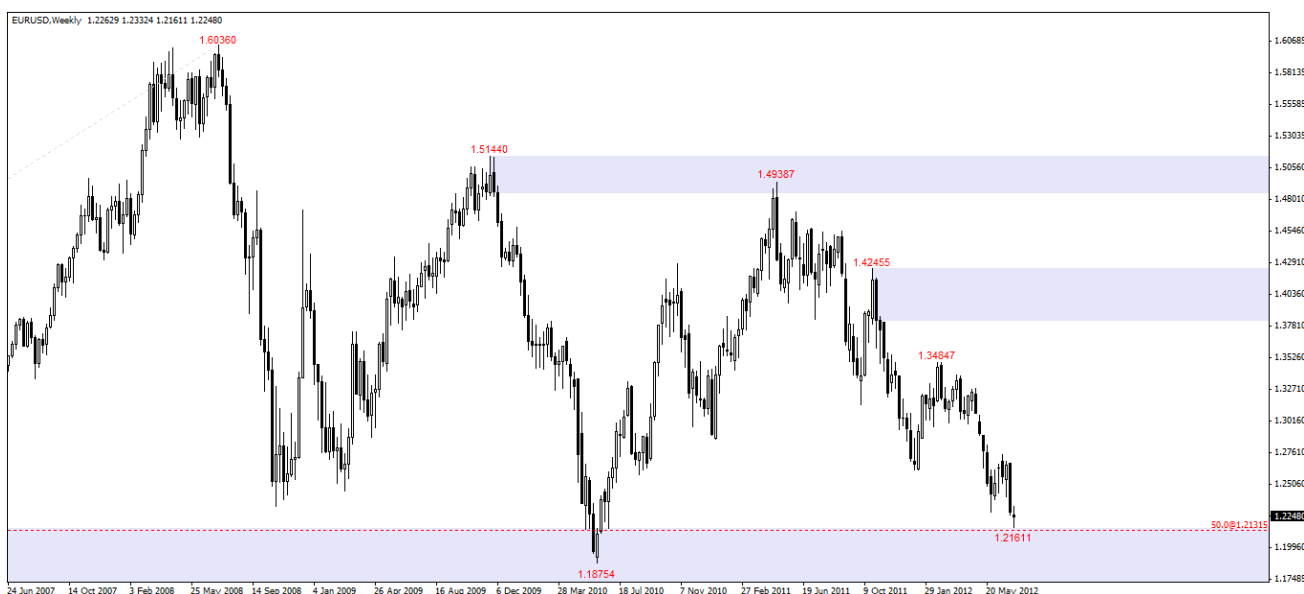
Content:

EUR-USD	2
GBP-USD	5
USD-CHF	8
USD-JPY	11
AUD-USD	14
Performance	17

EUR-USD MONTHLY



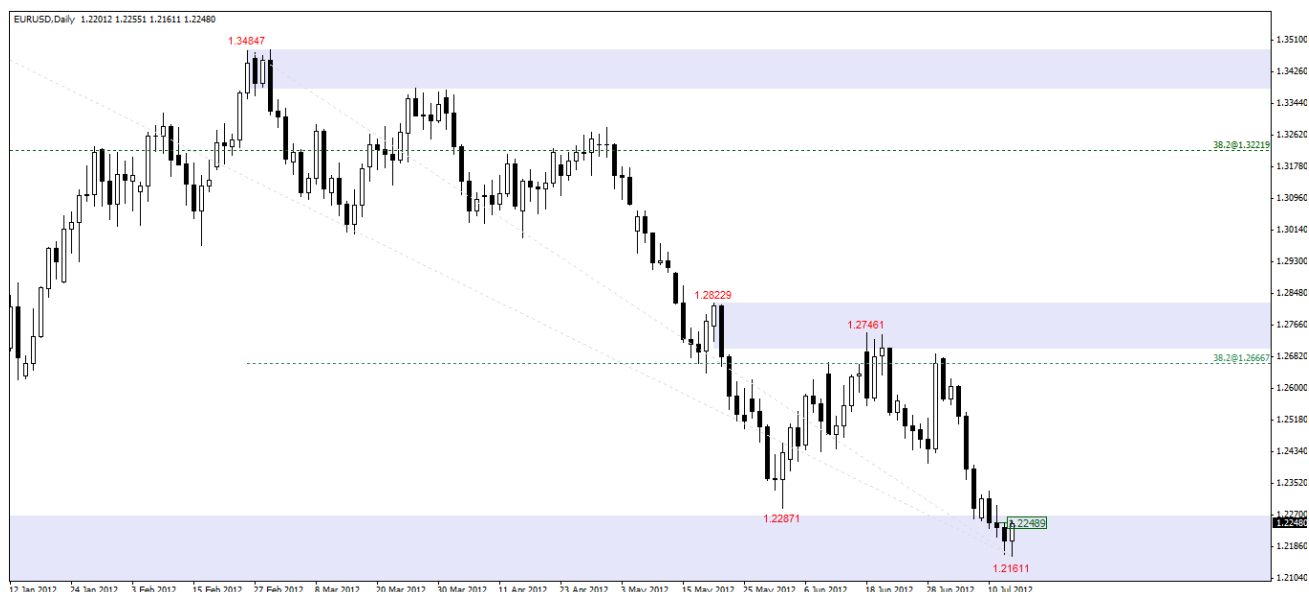
EUR-USD WEEKLY



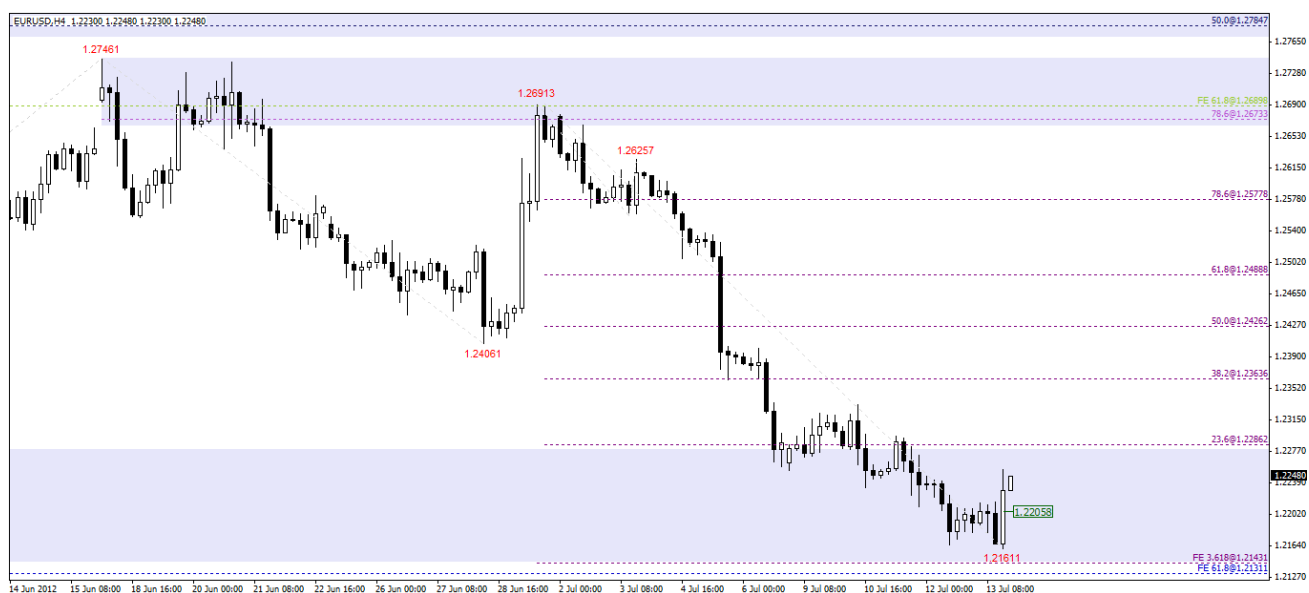
EUR-USD The Big Picture

In the bigger picture, the rise from 0.82250 to 1.60370 is part of a longer-term rally. Likewise, the fall from the July 15, 2008 high of 1.60370 marked the start of a long-term consolidation/continuation pattern which may ultimately stretch to the 61.8% retracement of 0.82250 to 1.60370 at **1.12092**; from which price action is likely to rise beyond its all-time high in a multi-year rally. As noted, the 100.0% projection of 1.49387 to 1.31449 from 1.42445 at 1.24507 represents perhaps the last line of defense before an all-out assault on the 2001 low of **1.18754** begins in earnest. May saw an almost 900 pips drop before stabilizing in June, recovering some 300 pips but this week was practically a one-way street. July began ended with a bang; with the first week erasing the entire June's gains and eroded further to near the 50.0% retracement of 0.82250 to 1.60370 at **1.21310** with a weekly low of 1.21611 on Friday only recover on a classic short squeeze before the week ended.

EUR-USD DAILY



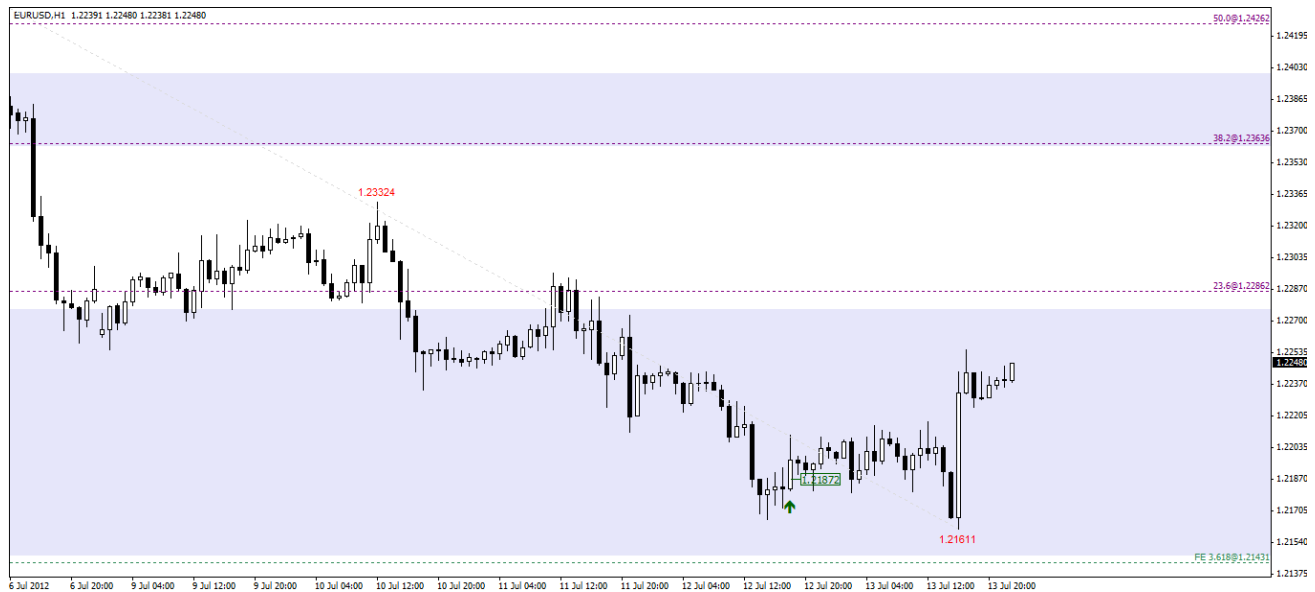
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

After nine consecutive days of making new lows, the market finally had a retracement that ended as a bullish engulfing bar in the D1 chart. Though premature, this retracement has been anticipated without success throughout the week – until now. The fact that price action has stayed within the key DZ at **1.21453-1.22794** for most of the week was the reason for the short-term bullishness. The added confidence for this call was also the fact that this DZ lies just above a Fibonacci cluster make up of the 3.618% projection 1.26913 to 1.25579 from 1.26257 at **1.21430** as well as the 61.8% projection of 1.32822 to 1.22871 from 1.27461 at **1.21311**. As a result, serious buying interests were expected to emerge at the lower band of the DZ. Though a rebound has occurred, a daily close above **1.22489** would have added confidence that this nascent recovery is durable. If so, this recovery has the potential to rally back 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). The ideal outcome is for a corrective run to extend to these levels and position shorts there 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



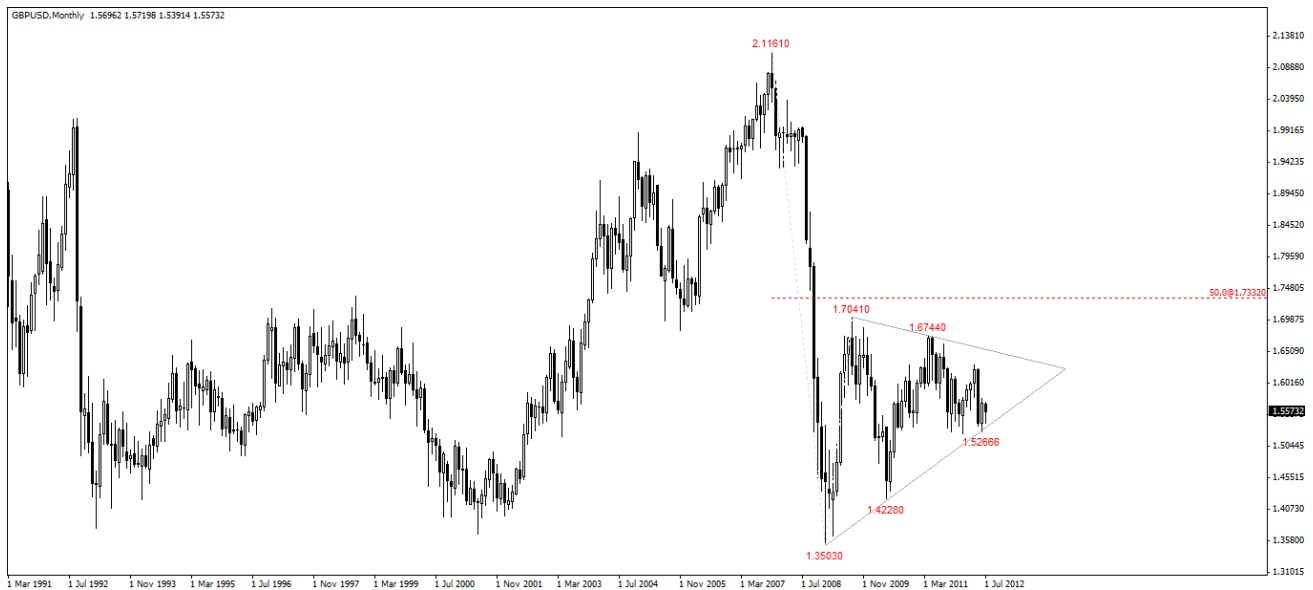
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.21872	1.23618	1.26979	1.21467 STOP

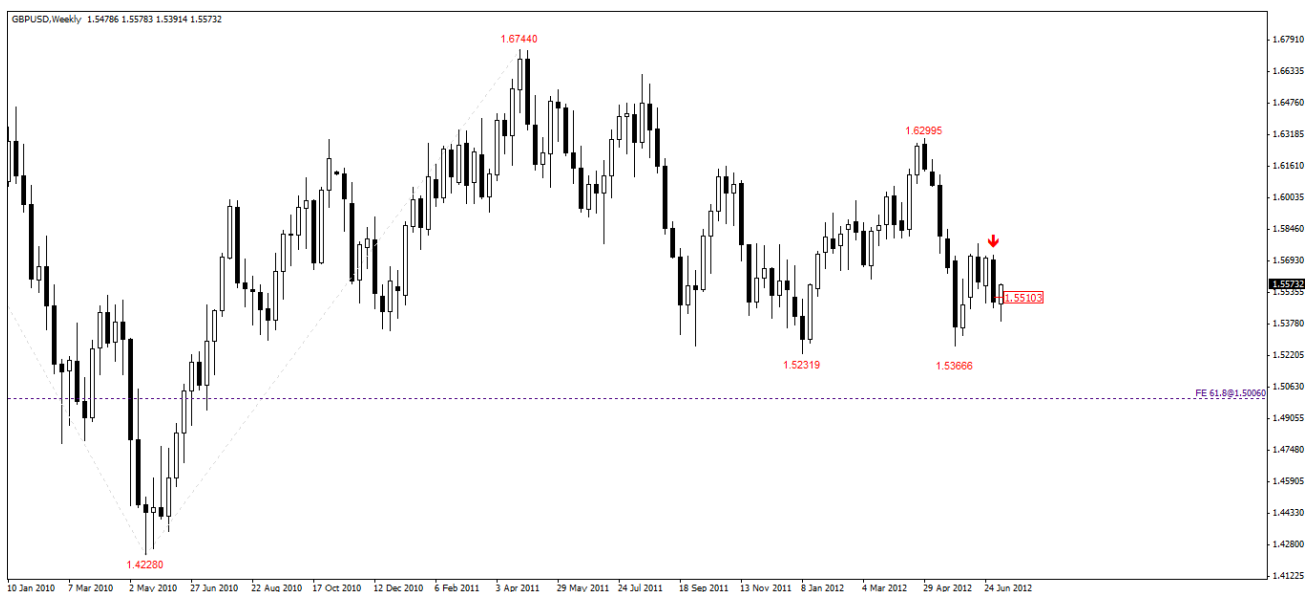
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 06-07-2012								+\$34,926.00
EUR-USD	06-07-2012	1.0	1.22794	10-06-2012	1.0	1.22448	-\$346.00		+\$34,580.00
EUR-USD	06-07-2012	1.0	1.22794	10-06-2012	1.0	1.22448	-\$346.00	-\$692.00	+\$34,234.00
EUR-USD	11-07-2012	1.0	1.22715	11-07-2012	1.0	1.22241	-\$474.00		+\$33,760.00
EUR-USD	11-07-2012	1.0	1.22715	11-07-2012	1.0	1.22241	-\$474.00	-\$945.00	+\$33,286.00
EUR-USD	12-07-2012	1.0	1.21872	13-07-2012	1.0	1.22480	+\$608.00		
EUR-USD	12-07-2012	1.0	1.21872	13-07-2012	1.0	1.22480	+\$608.00		
Unrealized							+\$1,216.00		

GBP-USD MONTHLY



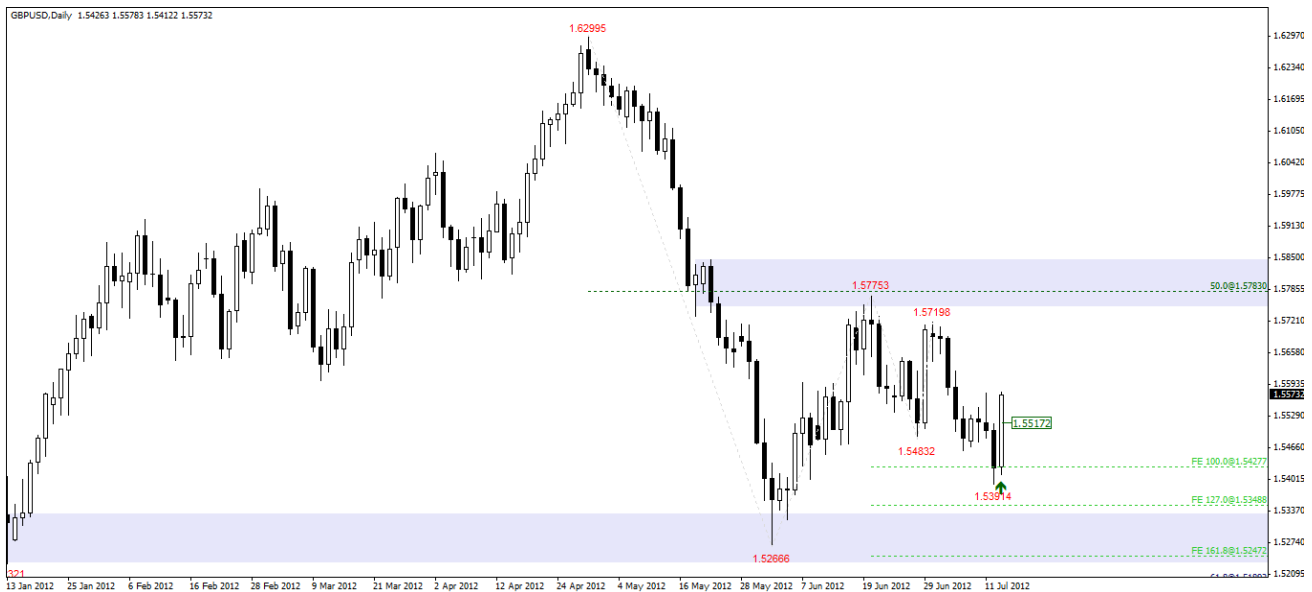
GBP-USD WEEKLY



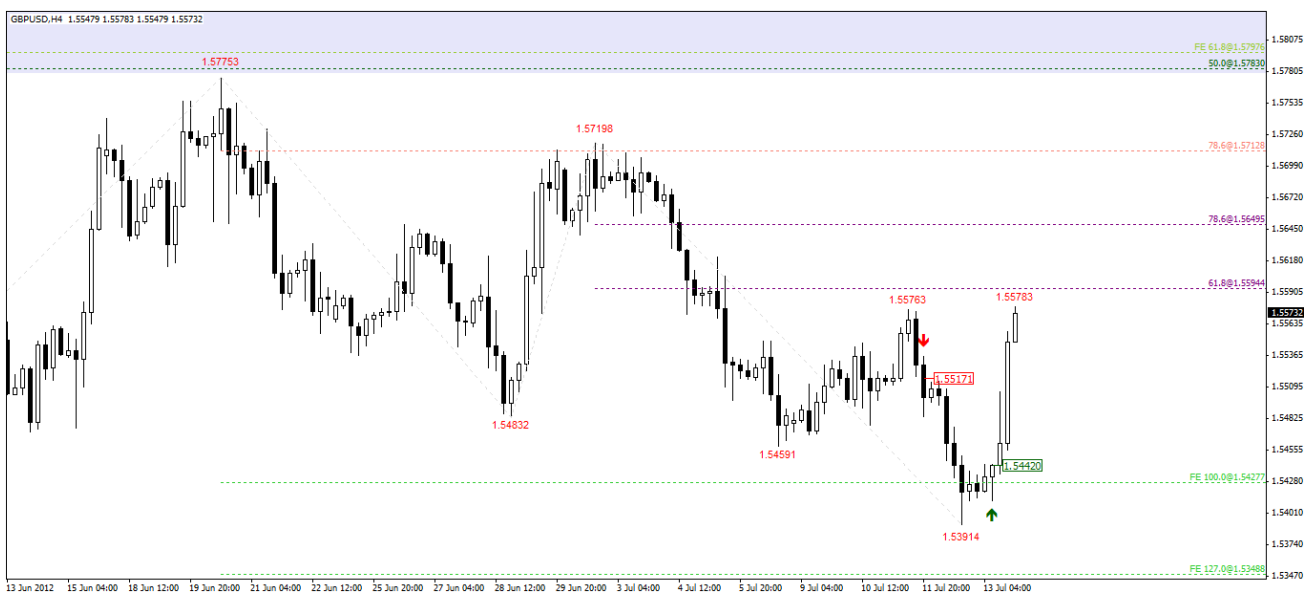
GBP-USD The Big Picture

In the bigger picture, price action from the 2009 low of 1.35030 is treated as a correction to the longer-term downtrend from the 2007 high of 2.11610. This multi-year correction beginning at the start of 2008 is developing into a triangle - which is a continuation pattern. Since the beginning of 2012, price action had rebounded from just above the baseline of the triangle formation near the 61.8% retracement of 1.42280 to 1.67440 at 1.51891 with a low of **1.52319**. The rally from there terminated at 1.62995 - on the last day of the April. May threatened to break out of the triangle formation only to hold at the baseline once again and rebounded. After a month of recovery in June which at one stage managed a rebound of some 50.0% of May's losses, the first week of July gave us a taste of what is to come in the following weeks. As noted, a weekly close below **1.55103** would suggest that the recovery seen in June is over and focus will once again shift towards the baseline of the triangle formation. This was exactly what the market did this week only to witness another retreat from the baseline as the market staged a remarkable rally from 1.53914 just when it seems traders were determined to trigger the massive sell-stops that must have accumulated below there. Friday's close at 1.55732 was so strong; it erased the entire week's losses to close just under the week's high at 1.55732. As noted, sustained trading below this long-term triangle baseline would have serious bearish connotation in that we may see this market extending its losses towards the longer-term target at the 61.8% projection of 2.11610 to 1.35030 from 1.70410 at **1.23084!**

GBP-USD DAILY



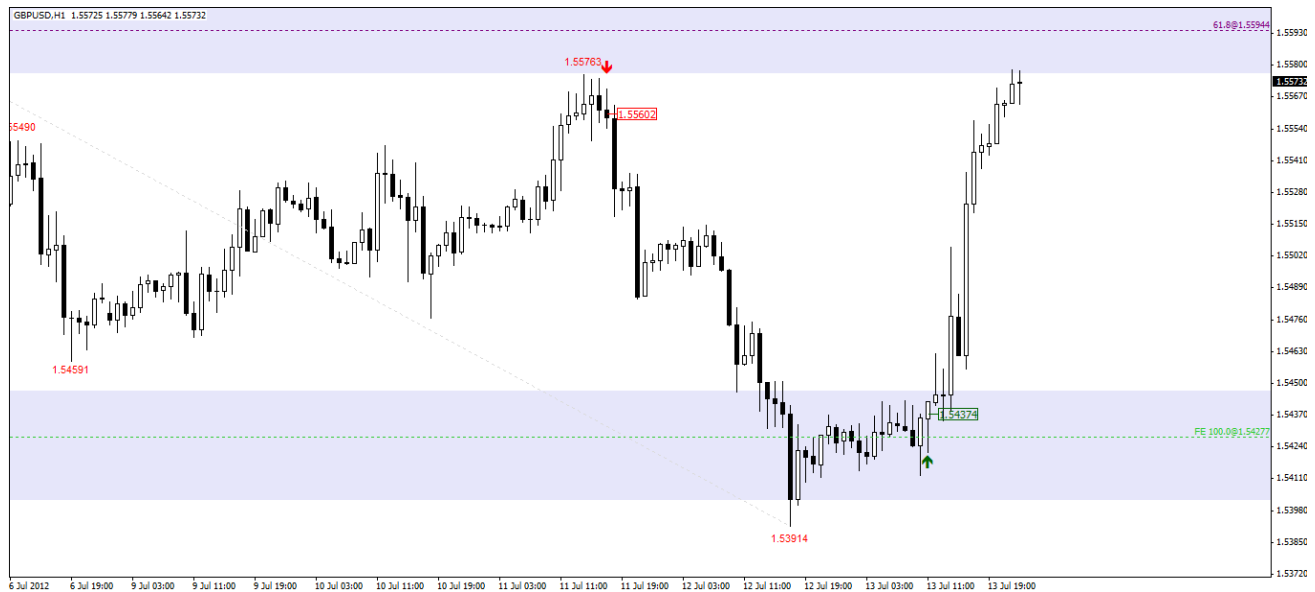
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

After falling from just under the overhead SZ at **1.55766-1.56210** into the immediate DZ at **1.54023-1.54469** where the 100.0% projection of 1.57753 to 1.54832 from 1.57198 at **1.54277** is located, the recovery from there on Friday was spectacular. Though a strong rebound from this DZ was expected, the multitude in which it did was stunning to say the least. As noted in previous updates, failure to arrest this fall within this DZ could result in a move towards the 1.618% projection of 1.57753 to 1.54832 from 1.57198 at **1.52471**, which in turn lies within a major DZ at **1.52302-1.53195**. More importantly, a weekly close below **1.52666** would have serious bearish implications as a ton of sell-stops must have accumulated below this key level by now. Friday's rally hit a minor SZ at **1.55767-1.56210** and eased. This SZ has previously capped attempts to rally these past two weeks. However, the SZ to watch out for is the one located at **1.57505-1.58463**. (see D1 chart)

GBP-USD 1-HOURLY



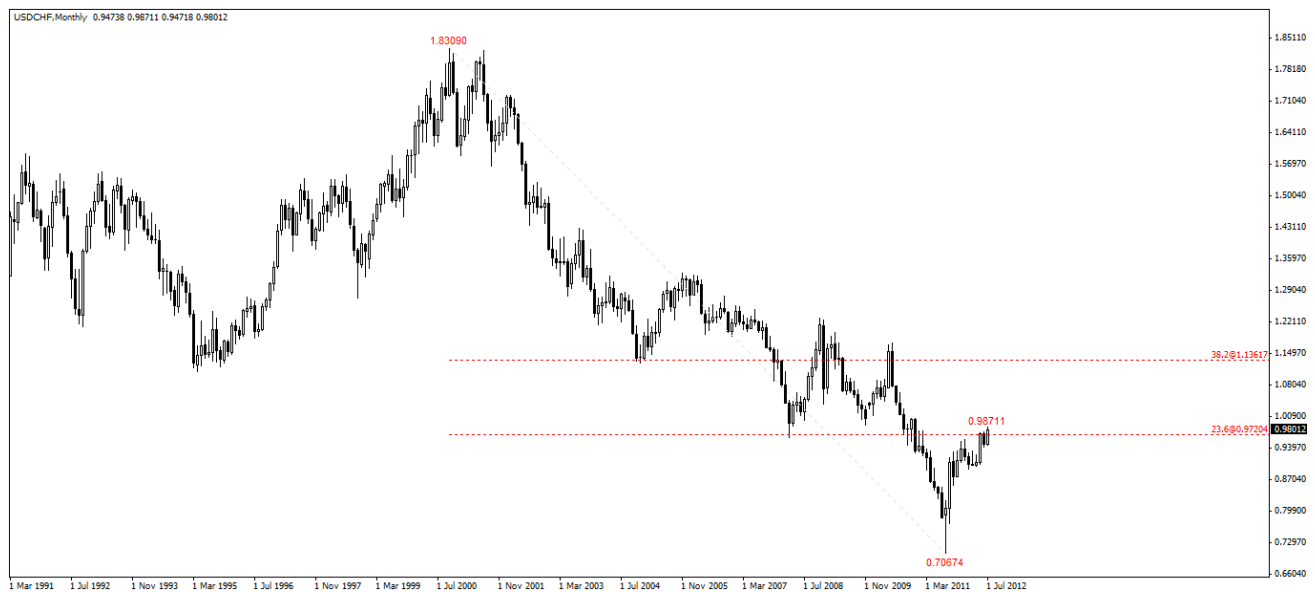
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.54420	1.55767	1.57505	Exit on H1 close below 1.55479

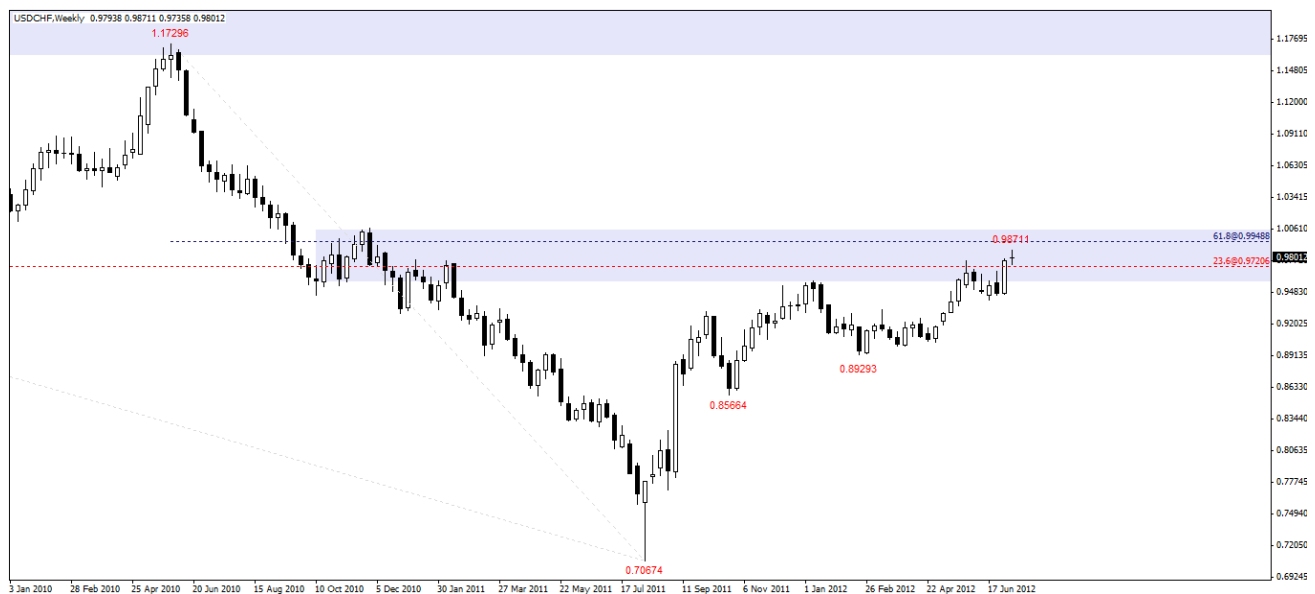
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 06-07-2012								+\$25,621.00
GBP-USD	12-07-2012	1.0	1.54469	11-07-2012	1.0	1.55603	+\$1,134.00	+\$1,134.00	+\$26,755.00
GBP-USD	13-07-2012	1.0	1.54420	11-07-2012	1.0	1.55603	+\$1,183.00	+\$1,183.00	+\$27,938.00
GBP-USD	13-07-2012	1.0	1.54420	13-07-2012	1.0	1.55767	+\$1,347.00	+\$1,347.00	+\$29,285.00
GBP-USD	13-07-2012	1.0	1.54420	13-07-2012	1.0	1.55732	+\$1,312.00		
						Unrealized	+\$1,312.00	+\$3,667.00	

USD-CHF MONTHLY



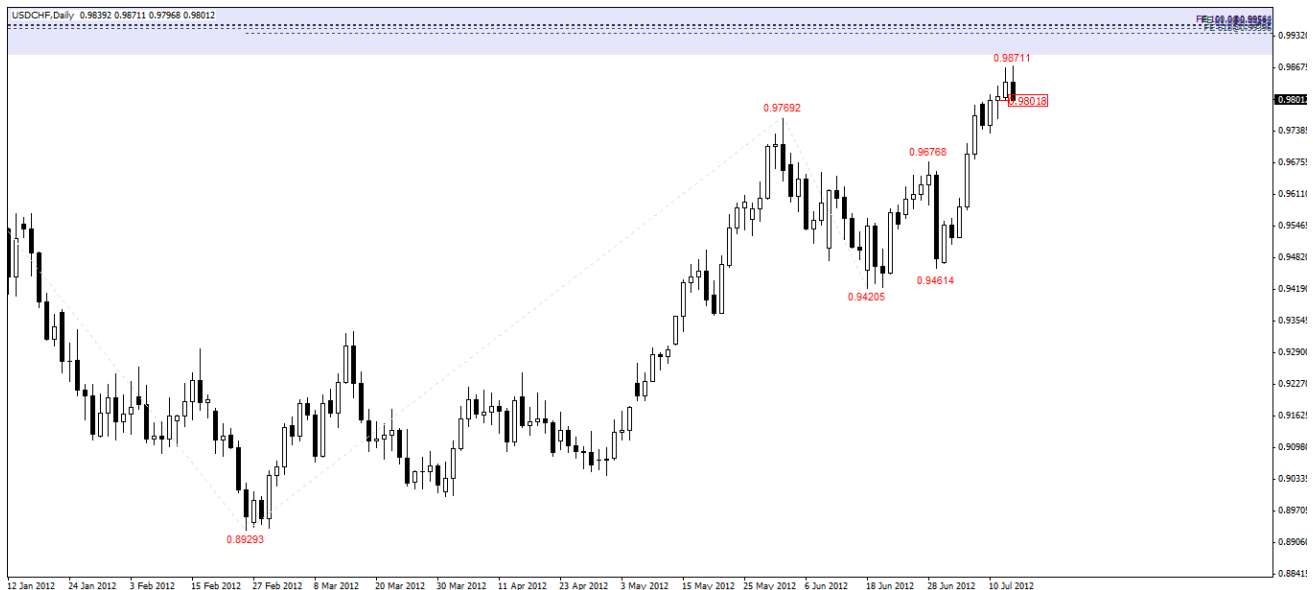
USD-CHF WEEKLY



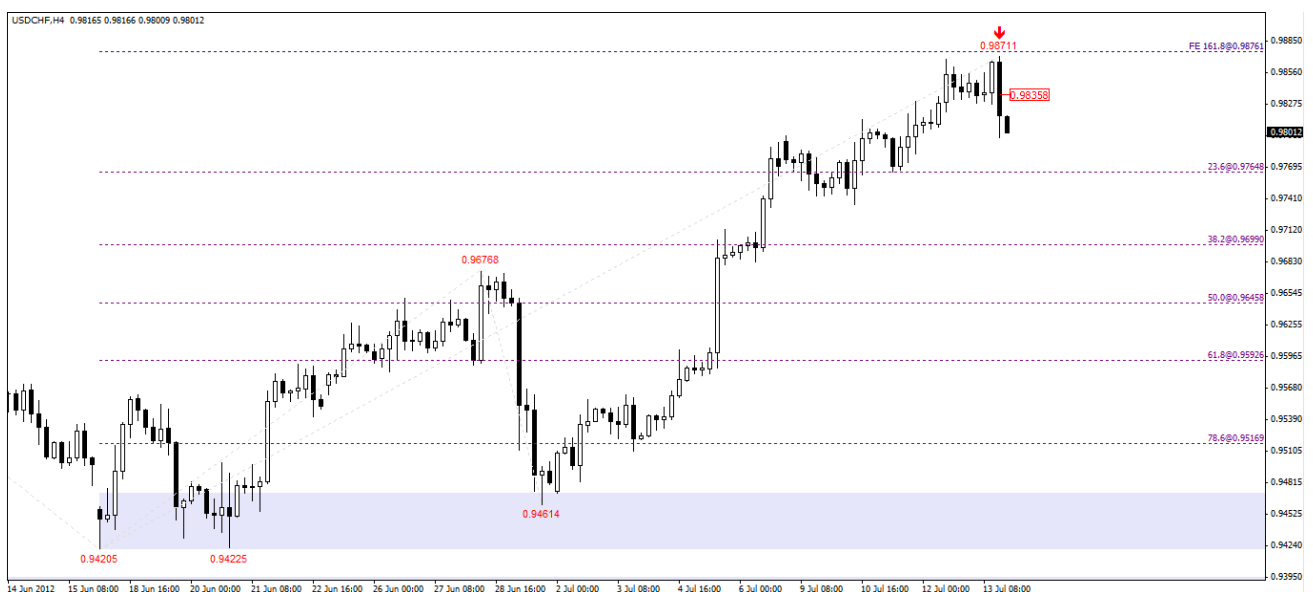
USD-CHF The Big Picture

In the bigger picture, the downtrend from 1.83090 has made an important long-term low at 0.70674 – having fallen short of a longer-term target at the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62610**. The rebound from 0.70674 is presently treated as a correction to this multi-year fall with strong resistance expected at the 38.2% retracement of 1.83090 to 0.70674 at **1.13617**. Back in January, this rebound met resistance at the 23.6% retracement of 1.83090 to 0.70674 at **0.97204** and has remained a stiff barrier – until now. The last time price action hit this level was on January 9 where persistent selling interests emerged from just under this level with the highest traded then at **0.95935**. For almost 5 months, this market drifted before another attempt on June 1 was made which resulted in a rally culminating at a 16-month high at **0.97692** and then unraveled spectacularly on the last trading day of the month. Last week saw price action mounting another challenge on the 23.6% retracement of 1.83090 to 0.70674 at **0.97204** and successfully closed above it for the first time in 81 weeks. Though this week had a marginal high at 0.98711, the week's closing suggested uncertainty ahead as the W1 chart ended as a doji star. Barring a sell-off next, focus is on the 61.8% retracement of 1.17296 to 0.70677 at **0.99488**; near the 61.8% projection of 0.70677 to 0.93132 from 0.85669 at **0.99546**. Strong sell interests is expected to emerge from within this cluster.

USD-CHF DAILY



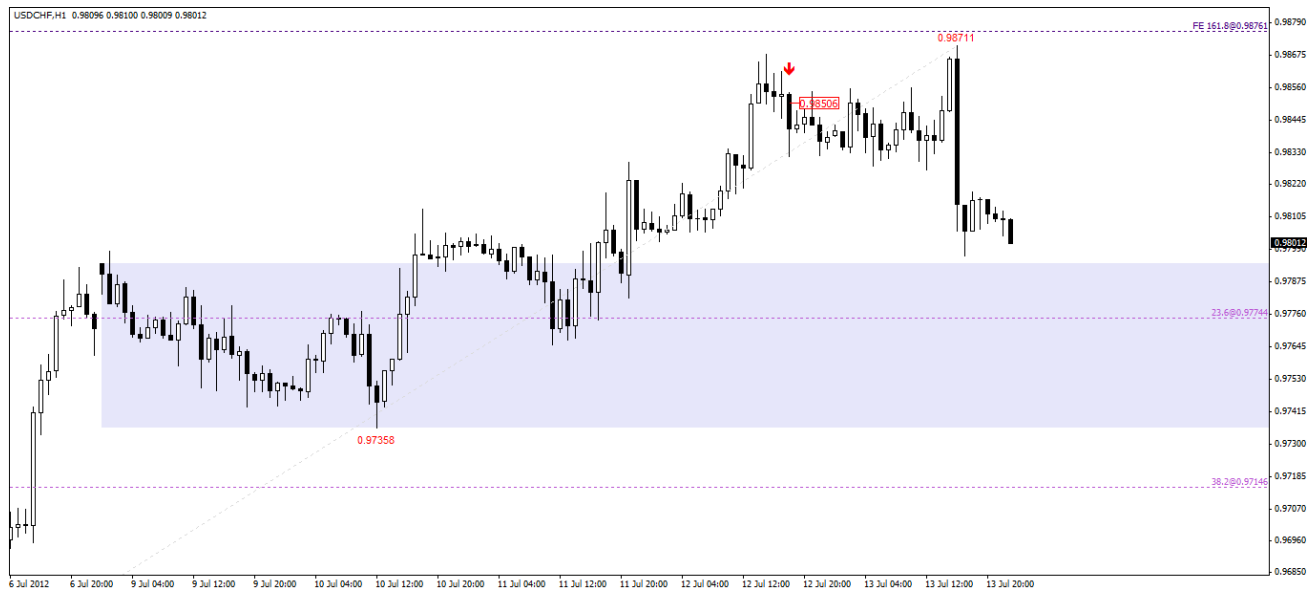
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

As noted, Thursday's rally has the look and feel of a 3rd wave move. Price action surged to the SZ at **0.97070-0.97820** and then some, with a print at 0.97927 before easing. In the bigger picture, the rally from 0.89293 has technically completed the entire 5-wave move from the February 24 low. It is now 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**. Though this bearish scenario is a little premature especially after such a strong closing this week, it is something traders should be aware of. That said, sustained trading above the SZ at **0.97070-0.97820** would sharpen the case for a challenge of 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



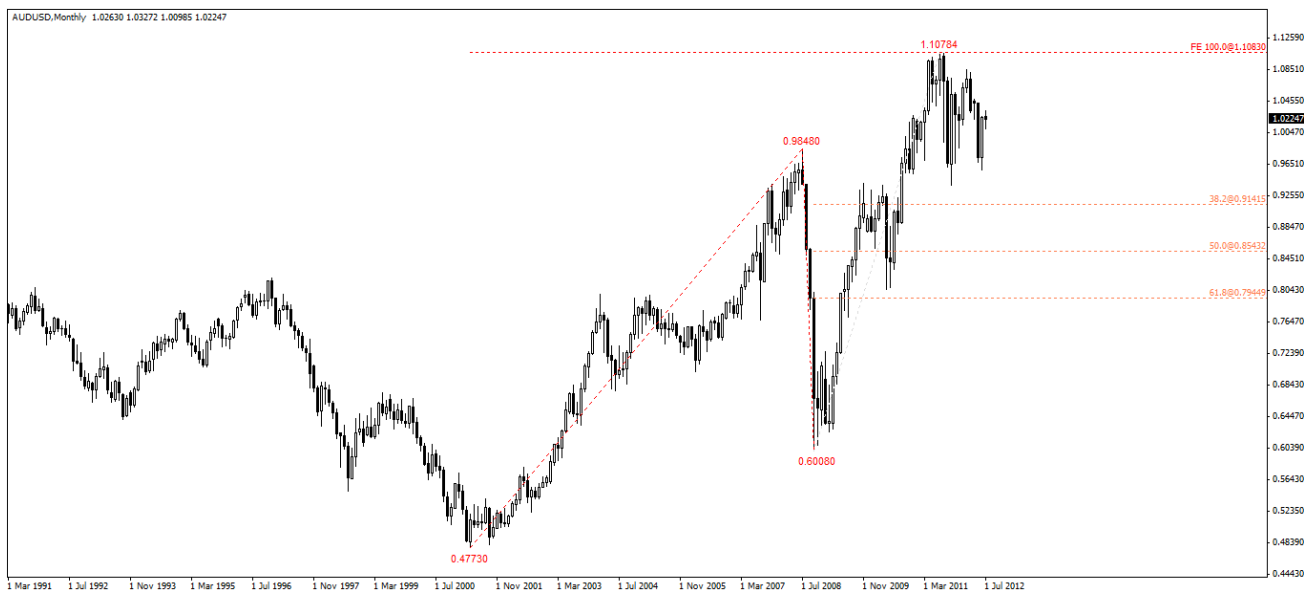
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 0.98506	0.97721	0.97135	0.98781 STOP

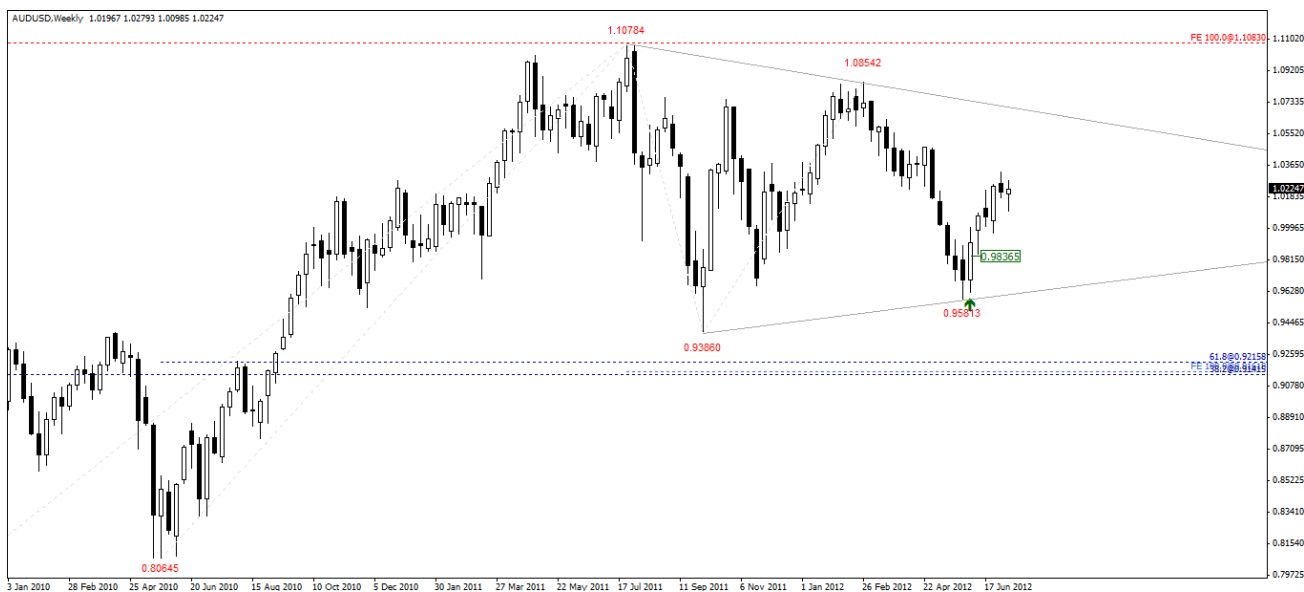
Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 06-07-2012								+\$22,288.66
USD-CHF	10-07-2012	1.0	0.98083	09-07-2012	1.0	0.97670	-\$421.07		+\$21,867.59
USD-CHF	10-07-2012	1.0	0.98083	09-07-2012	1.0	0.97670	-\$421.07	-\$842.14	+\$21,446.52
USD-CHF	11-07-2012	1.0	0.98083	11-07-2012	1.0	0.97820	-\$268.14		+\$21,178.38
USD-CHF	11-07-2012	1.0	0.98083	11-07-2012	1.0	0.97820	-\$268.14	-\$536.28	+\$20,910.24
USD-CHF	13-07-2012	1.0	0.98012	12-07-2012	1.0	0.98506	+\$504.02		
USD-CHF	13-07-2012	1.0	0.98012	12-07-2012	1.0	0.98506	+\$504.02		
					Unrealized		+\$1,008.04	-\$1,378.42	

USD-JPY MONTHLY



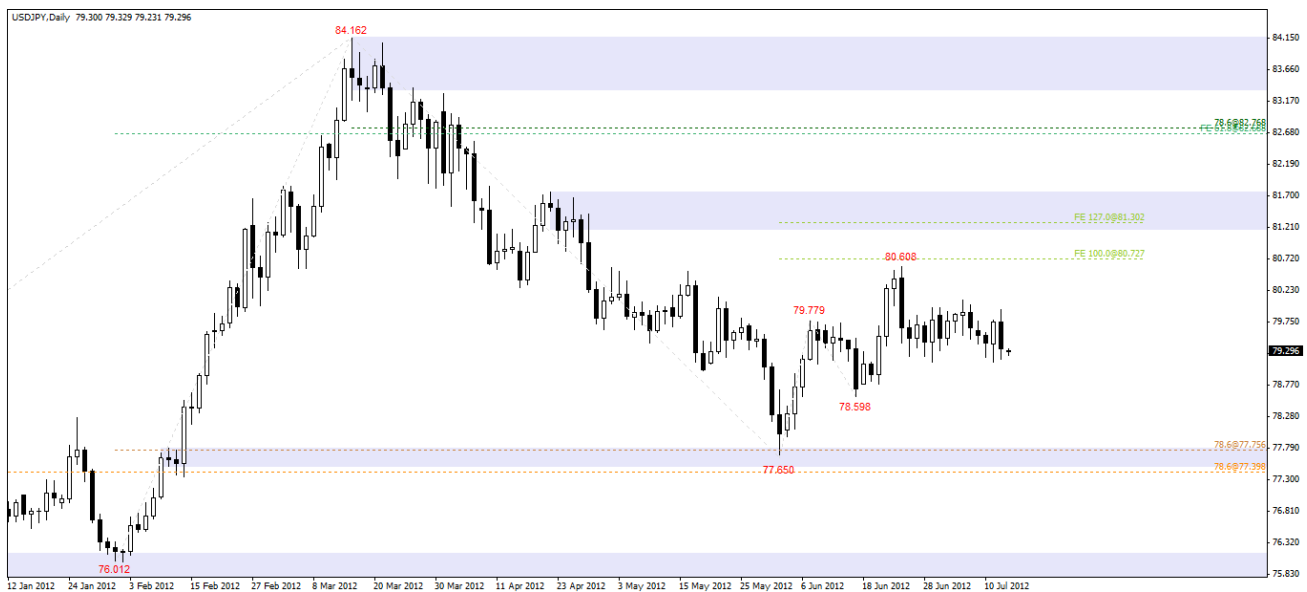
USD-JPY WEEKLY



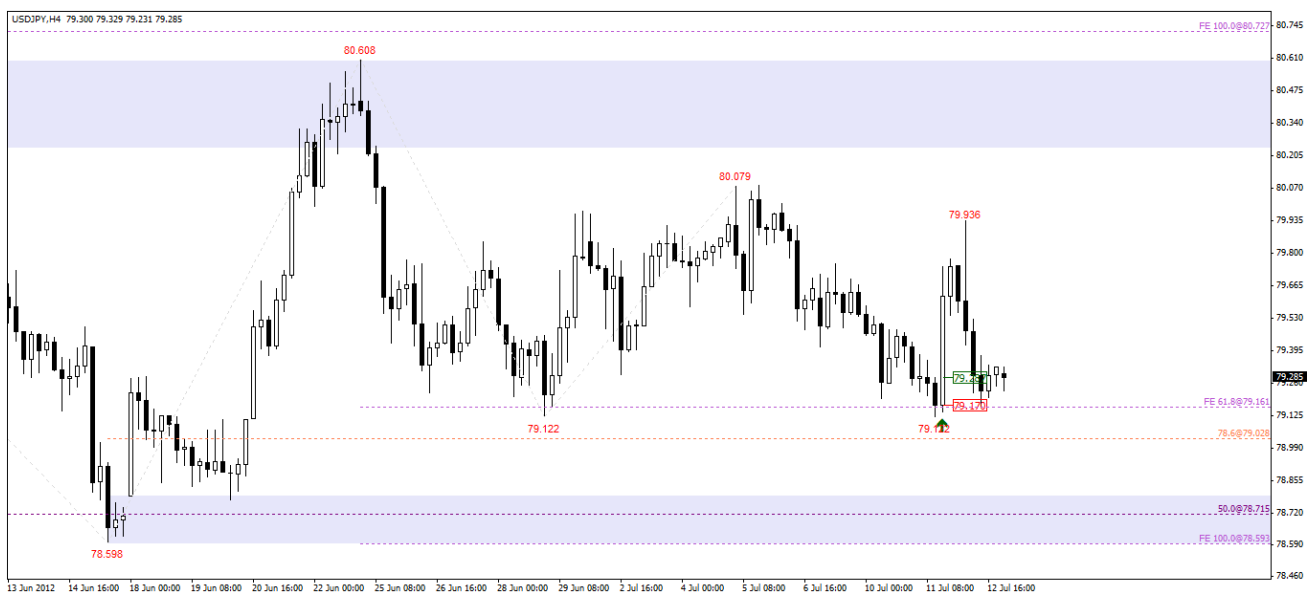
USD-JPY The Big Picture

The fall from 124.120 which started on June 2007 probably terminated on October 2011 at 75.556, just below the 127.0% projection of 147.710 to 101.220 from 135.190 at **76.148**. In the bigger picture, the move from 75.556 to 84.162 is probably the termination point of wave B at **84.162** with wave A at **75.556**. Wave C probably is the low at **77.650** and if this low holds out, another set of 3-wave corrective wave from 77.650 can be expected. This assumes there is no acceleration in the next rally. That being the case, a likely target is the 100.0% projection of 75.556 to 84.162 from 77.650 at **86.256**. Conversely, the entire structure from 77.650 can also be seen as a smaller degree 3-wave corrective move up and another leg down is unfolding (see D1 chart). Sustained trading below **78.598** would give this alternate bearish scenario credence.

USD-JPY DAILY



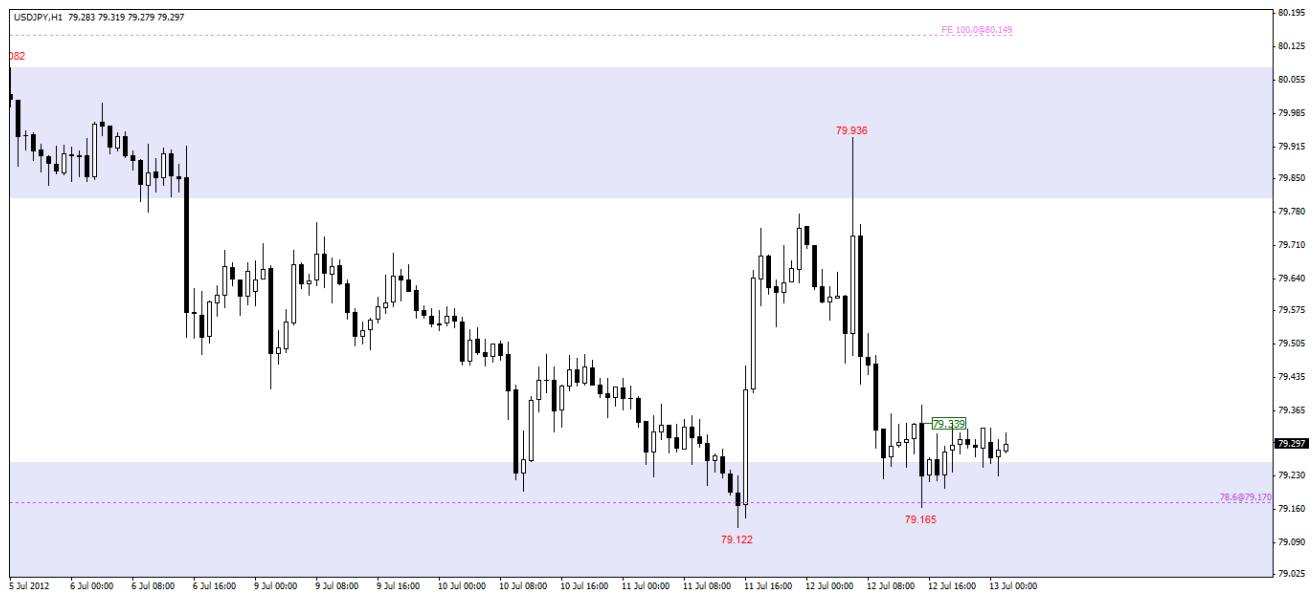
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

After Wednesday's sharp rally and equally sharp sell-off on Thursday, traders are probably wary of taking any sizable position in USD-JPY. Friday was a relatively tame affair with one of tightest trading range in recent memories. Of two possible medium-term scenarios, namely: (1) Price action rally to test the March high of **84.162** or (2) price action continues to stall below the SZ at **80.238-80.598** and **81.440-81.850** and resumes its fall towards the June low of **77.650**. That said, in so long as price action holds at the DZ at **78.595-78.795**, the bullish case is still alive. However, sustained trading below the 78.6% retracement of 78.779 to 80.608 at **79.170** would obviously compromise the bullish case.

USD-JPY 1-HOURLY



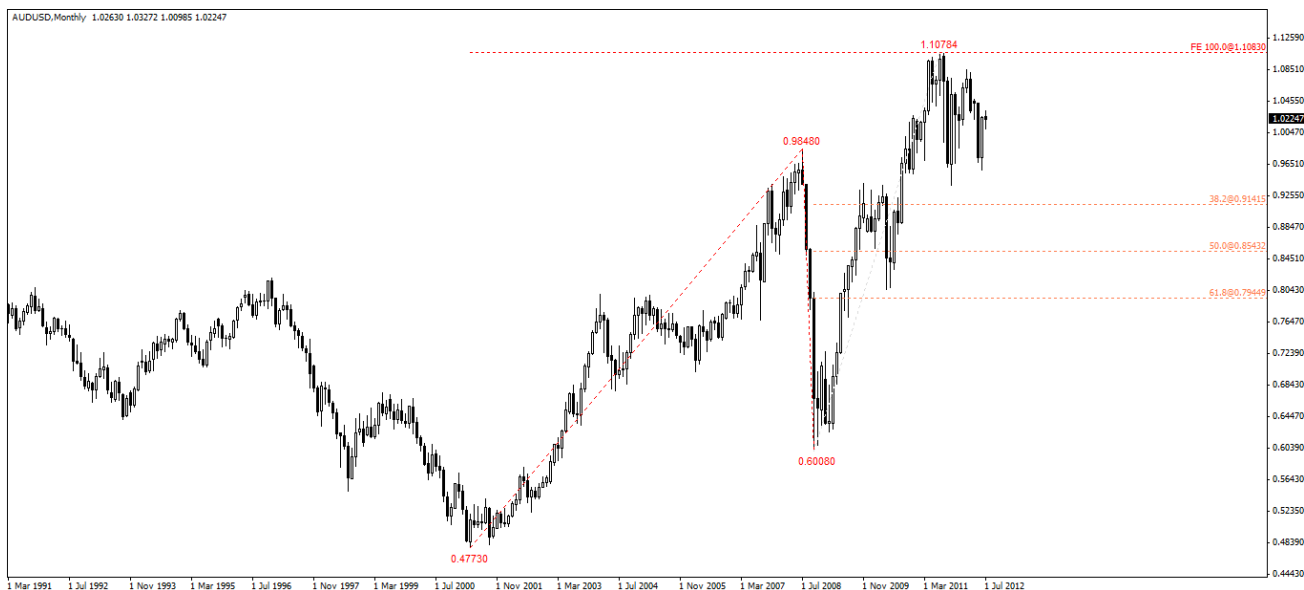
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 79.339	79.808	-	79.022 STOP

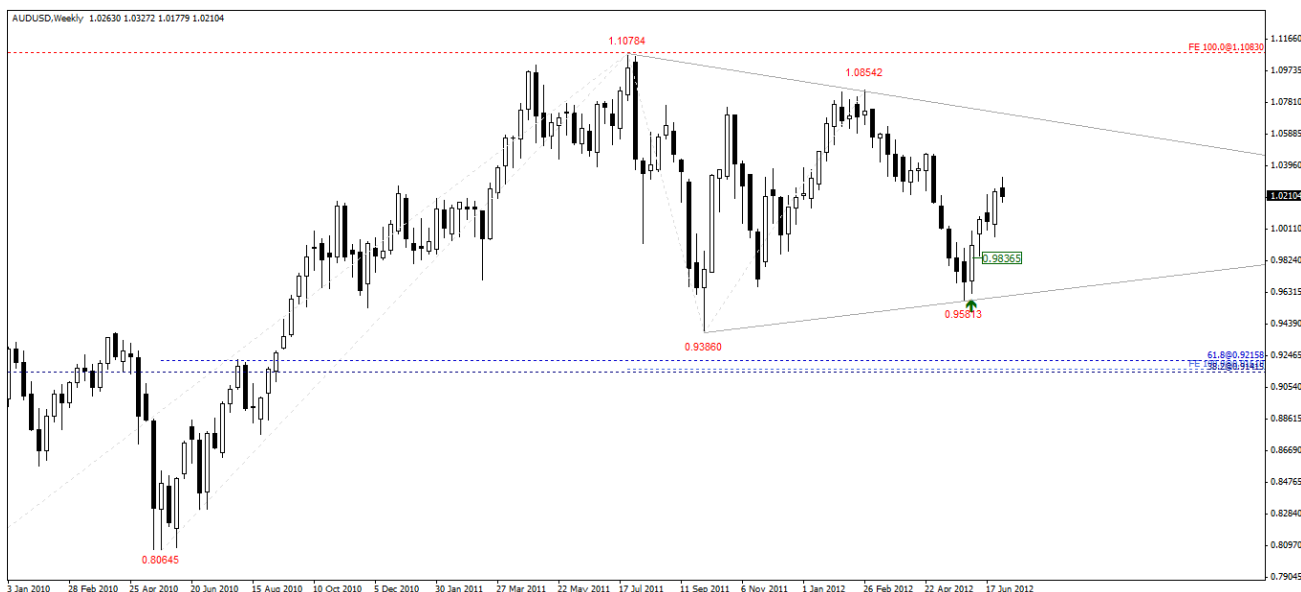
Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
B/F from 06-07-2012									+\$12,674.04
USD-JPY	11-07-2012	1.0	79.235	12-07-2012	1.0	79.613	+\$474.80		+\$13,148.84
USD-JPY	11-07-2012	1.0	79.235	12-07-2012	1.0	79.613	+\$474.80	+\$949.60	+\$13,623.64
USD-JPY	13-07-2012	1.0	79.339	13-07-2012	1.0	79.194	-\$183.10		
USD-JPY	13-07-2012	1.0	79.339	13-07-2012	1.0	79.194	-\$183.10		
Unrealized							-\$366.20	+\$949.60	

AUD-USD MONTHLY



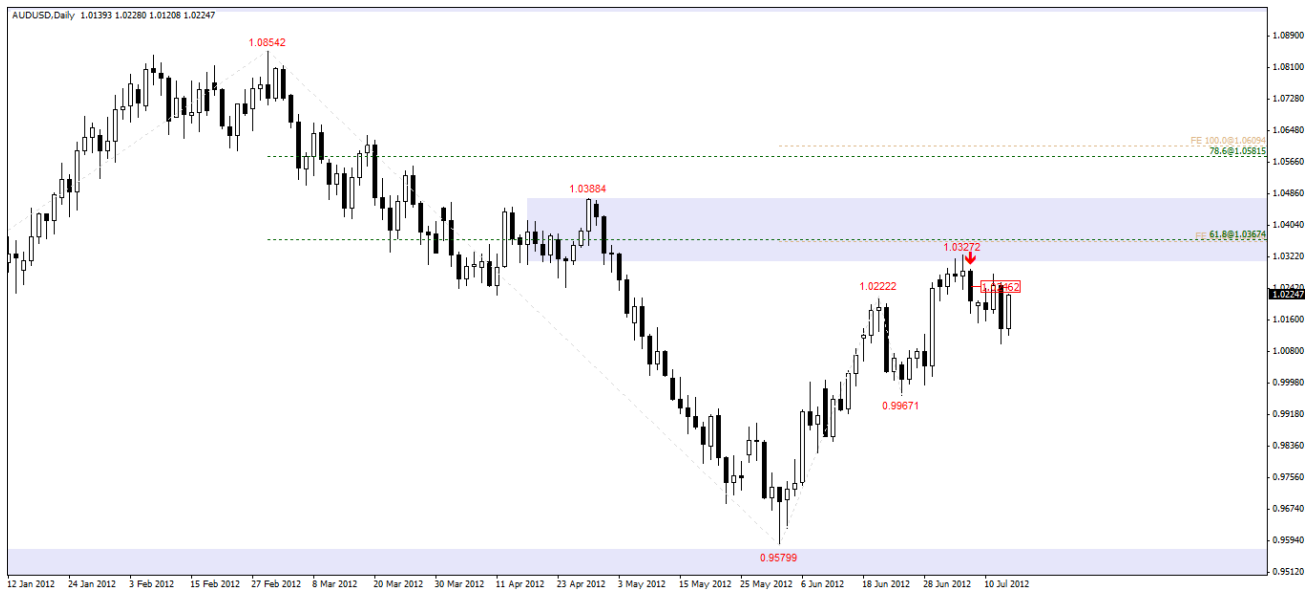
AUD-USD MONTHLY



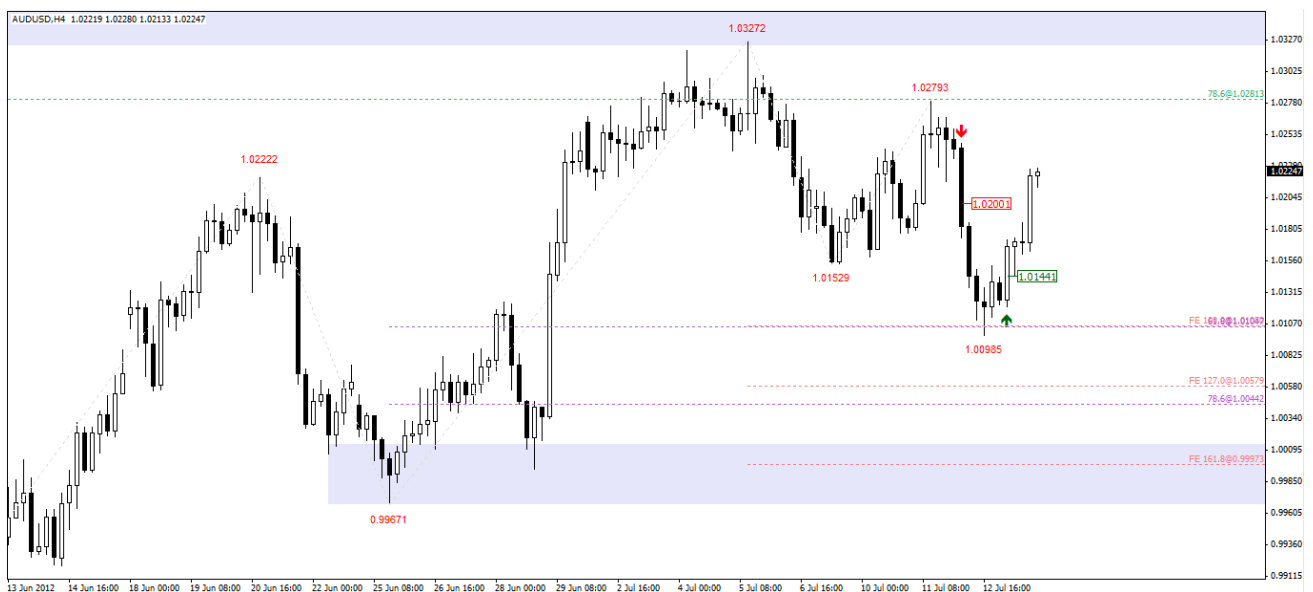
AUD-USD The Big Picture

In the bigger picture, the rise from 0.47730 missed the 100.0% projection of 0.47730 to 0.98480 from 0.60080 at **1.10830** on July 27 by a mere 4.6 pips with a high at 1.10784. Price action since has been very choppy as it gyrates within an almost 1700 pips range between the all-time high and the October 4 low of **0.93860**. Overall, the broad sideways market since has sets of 3-waves structures, implying a period of consolidation between these two extreme points. Alternatively, it can also be said that price action since has been locked between the 100.0% projection of 0.47730 to 0.98480 from 0.60080 at **1.10830** and the 61.8% retracement of 0.80645 to 1.10784 at **0.92158**. Likewise, it is also possible that this market is consolidating within a triangle formation, which helps explains the narrowing trading range seen since last October. As such, the rally from 0.95813 has the potential to extend to perhaps the 78.6% projection of 1.08542 to 0.95813 at **1.05818** or the upper band of the triangle formation before serious selling interests emerge.

AUD-USD DAILY



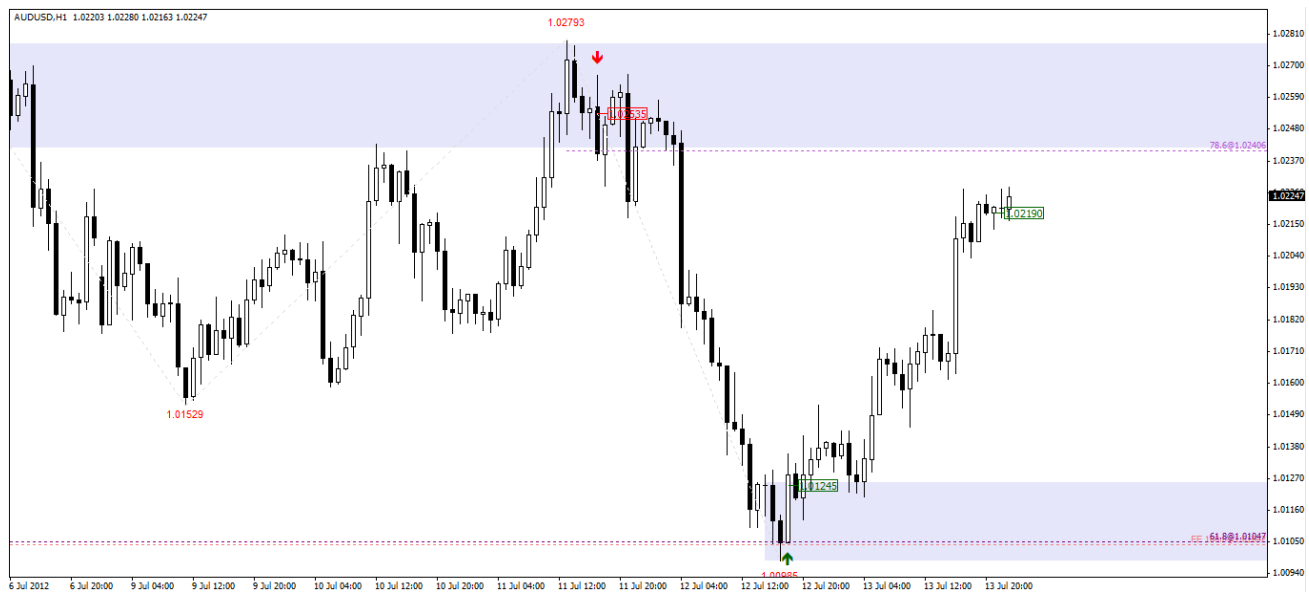
AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

From fall from the minor SZ at **1.02415-1.02777**, price action not only hit the 100.0% projection of 1.03272 to 1.01529 from 1.02793 at **1.01050**, it also hit the 61.8% retracement of 0.99671 to 1.03272 at **1.01047** and subsequently rebounded. Price action after basing around 1.00985-1.01249, rallied strongly throughout Friday's session to close near the day's high of 1.02280. This ties in neatly with the view that in so long as price action does not close below **1.00445** in the W1 chart, the bullish bias is basically intact. In the medium-long term, the rally from 0.95799 has the potential to climb 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 extend in a powerful surge to possibly the 161.8% projection of 0.95799 to 1.02222 from 0.99671 at **1.10063**. This bullish scenario assumes, of course, that price action can clear above the immediate SZ at **1.03224-1.03536**.

AUD-USD 1-HOURLY

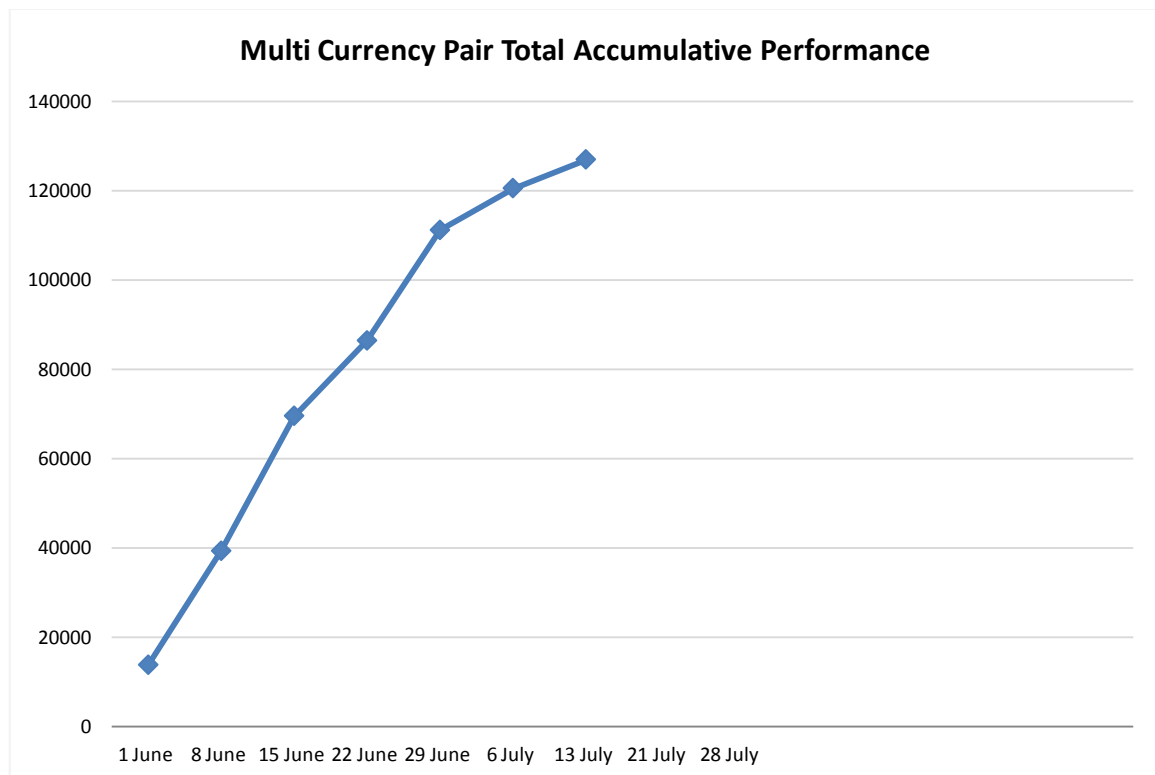
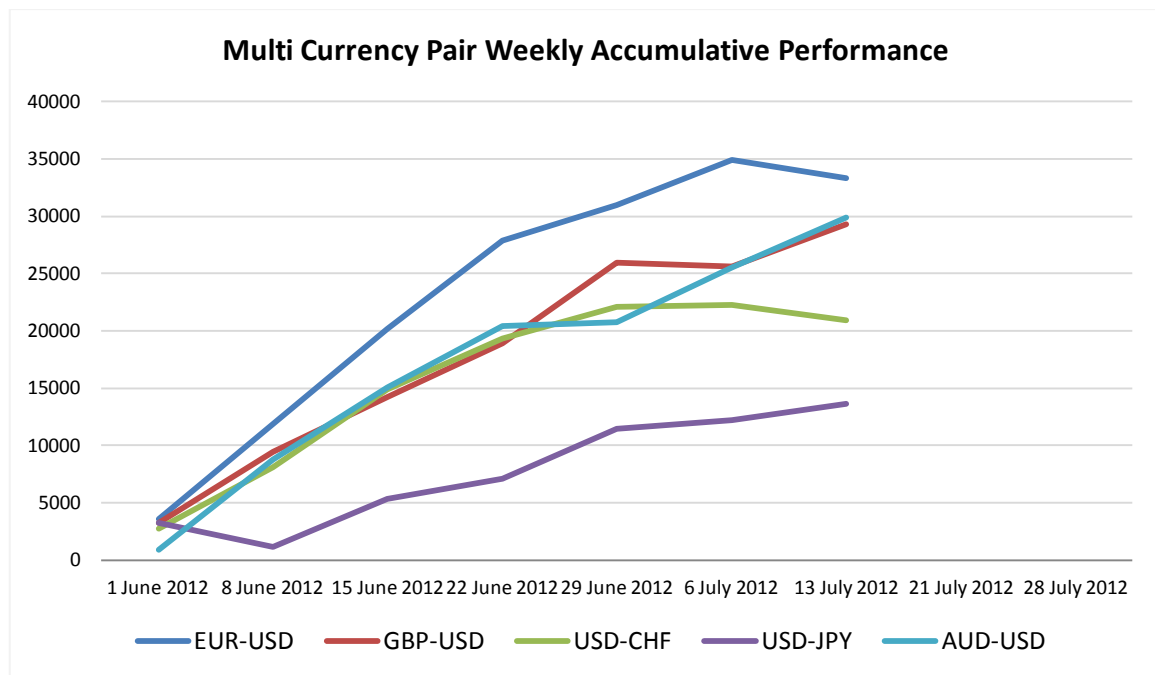


Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.01441	1.03224	1.04364	Exit on H1 close above 1.02089

Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
B/F from 06-07-2012									+\$25,563.00
AUD-USD	06-07-2012	1.0	1.02154	09-07-2012	1.0	1.01679	-\$475.00		+\$25,088.00
AUD-USD	06-07-2012	1.0	1.02154	09-07-2012	1.0	1.01679	-\$475.00	-\$950.00	+\$24,613.00
AUD-USD	09-07-2012	1.0	1.01876	10-07-2012	1.0	1.02000	+\$124.00		+\$24,737.00
AUD-USD	09-07-2012	1.0	1.01876	10-07-2012	1.0	1.02000	+\$124.00		+\$24,861.00
AUD-USD	10-07-2012	1.0	1.01688	10-07-2012	1.0	1.02000	+\$312.00		+\$25,173.00
AUD-USD	10-07-2012	1.0	1.01688	10-07-2012	1.0	1.02000	+\$312.00		+\$25,485.00
AUD-USD	10-07-2012	1.0	1.01688	10-07-2012	1.0	1.02232	+\$544.00		+\$26,029.00
AUD-USD	10-07-2012	1.0	1.01688	10-07-2012	1.0	1.02232	+\$544.00	+\$1,960.00	+\$26,573.00
AUD-USD	11-07-2012	1.0	1.01907	10-07-2012	1.0	1.02232	+\$325.00		+\$26,898.00
AUD-USD	11-07-2012	1.0	1.01907	11-07-2012	1.0	1.02535	+\$628.00		+\$27,526.00
AUD-USD	11-07-2012	1.0	1.01907	11-07-2012	1.0	1.02535	+\$628.00	+\$1,581.00	+\$28,154.00
AUD-USD	12-07-2012	1.0	1.01884	11-07-2012	1.0	1.02535	+\$651.00		+\$28,805.00
AUD-USD	13-07-2012	1.0	1.01441	11-07-2012	1.0	1.02535	+\$1,094.00	+\$1,094.00	+\$29,899.00
AUD-USD	13-07-2012	1.0	1.01441	13-07-2012	1.0	1.02247	+\$806.00		
AUD-USD	13-07-2012	1.0	1.01441	13-07-2012	1.0	1.02247	+\$806.00		
Unrealized							+\$1,612.00	+\$3,685.00	



Website under
development

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.

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.

Non Affiliation Policy

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.