

A Traders Academy International Publication

Euro Slide For 2nd Week on Spain's Woes

EUR-USD fell on Friday, closing out a second straight week of declines, as uncertainty persisted about Spain's bailout prospects despite a generally positive audit report on the country's struggling banks. An independent audit from consultancy Oliver Wyman released on Friday showed that Spain's banking industry would need €59.3 billion in additional capital to cope with a serious economic downturn. Spain, however, said it would only ask for €40 billion in European aid for its banks.

European governments have allotted a €100-billion credit line for Spain's banking sector.

The audit report was viewed as positive because the final figure on the country's banking capital needs was largely in line with market expectations, removing another layer of uncertainty.

EUR-USD did trim losses following the news on the bank audit report, but the general stance on the common currency remained cautious. There are still a lot of questions about Spain, mainly related to whether or not it would seek a bailout. Overall, there are a lot of implementation risks in terms of all the measures committed by European policymakers to deal with the Euro zone crisis.

In late New York trading, EUR-USD was down 0.5 percent at 1.28568, not far from Thursday's 2-week low of 1.28292. For the week, EUR-USD was down 1.0 percent, after losses of 1.1 percent the previous week. It was the largest 2-week loss for the Euro since mid-July but fared better in September and appreciated 1.5 percent for the quarter. The gains largely reflected diminished debt crisis fears following assurances made during the summer by European Central Bank resident Mario Draghi that the ECB would do whatever it takes to preserve the Euro.

Also helping the Euro this quarter was the ECB's announcement this month that it would buy bonds from heavily indebted countries.

Analysts, however, said the Euro's gains may be limited. Longer term, concerns that Spain would be unable to implement its budget plans and bring down its deficit could weigh on the common currency. Spain on Thursday announced a detailed plan for economic reforms and a budget based mainly on spending cuts rather than tax measures, in what many analysts saw as an effort to pre-empt the conditions for a bailout.

Analysts said a bailout request from Spain seemed inevitable, adding that the troubled country may seek aid at around the European Union summit on Oct. 18. A request from Spain is a precondition for the ECB to start buying its debt to bring down its borrowing costs. This would lift the Euro, but Spain has appeared reluctant to take that step.

Moody's rating agency is due to review Spain's sovereign rating by the end of this month and may downgrade it to junk status. On Thursday, ratings agency Egan-Jones cut Spain's sovereign rating further into junk status.

In addition, much of the Euro zone is mired in a recession, which should keep ECB monetary policy accommodative for quite some time. A rate cut may be in the pipeline as well, perhaps as soon as its monthly policy meeting next Thursday.

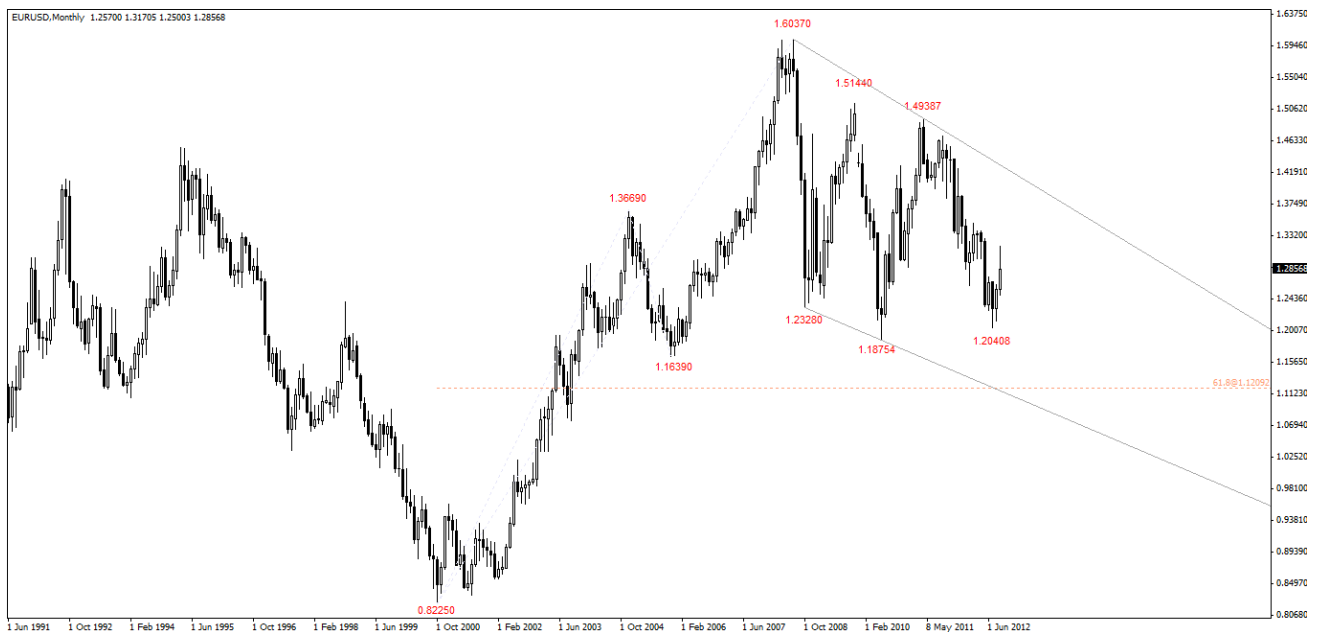
In other currencies, USD-JPY rose on Friday, after falling for seven straight sessions. USD-JPY ended the week traded at 77.916, up 0.5 percent on the day, its largest 1-day gain in two weeks.

Next week, traders will focus on the U.S. non-farm payrolls report. Economists expect a gain of 115,000 jobs for the month of September. Given the open-ended nature of the Federal Reserve's bond-buying program and its focus on the U.S. labor market, the outcome of this data will be crucial for the U.S. Dollar's fate.

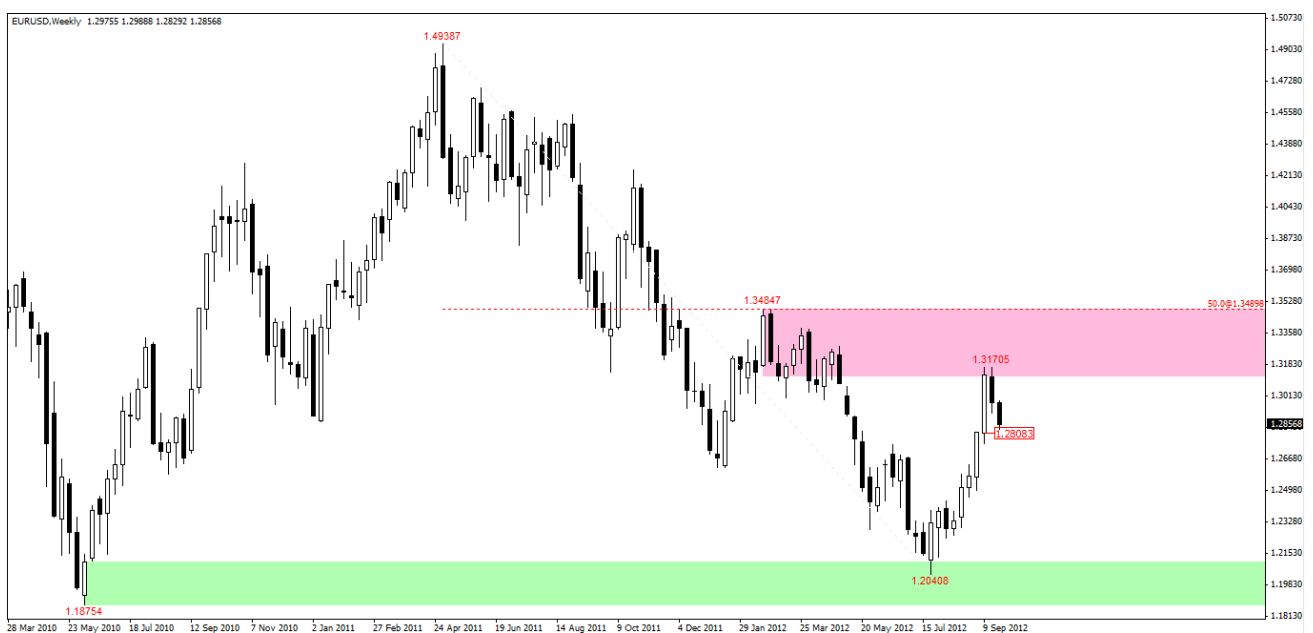
Content:

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

EUR-USD MONTHLY



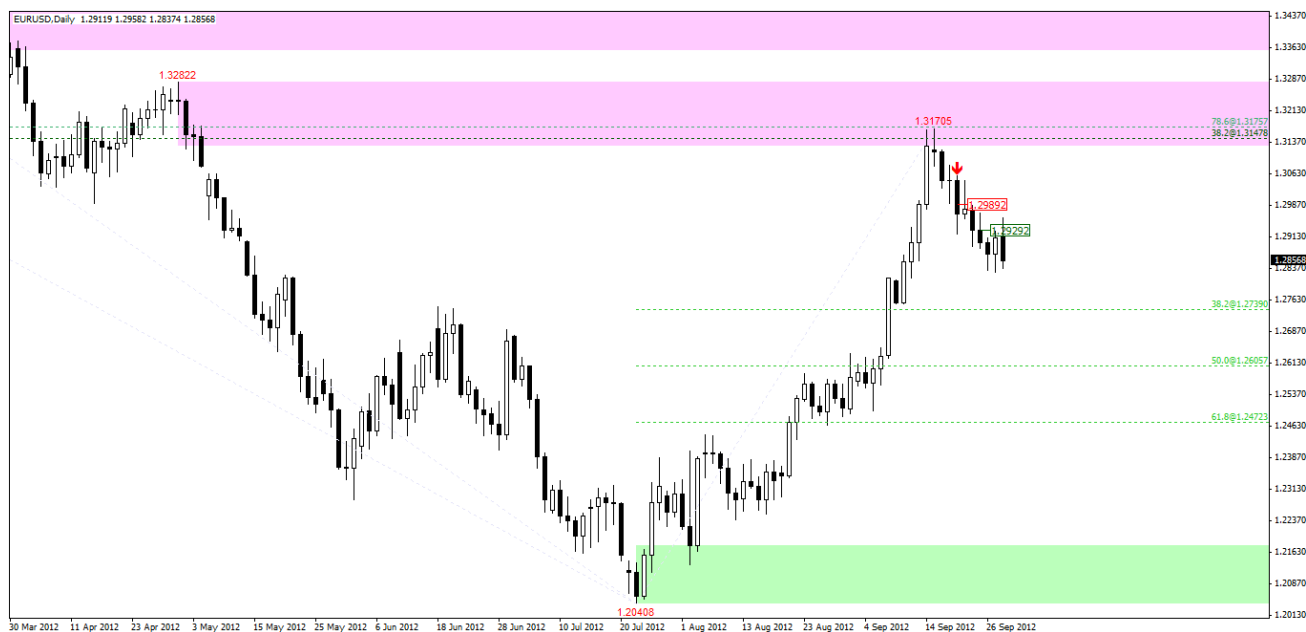
EUR-USD WEEKLY



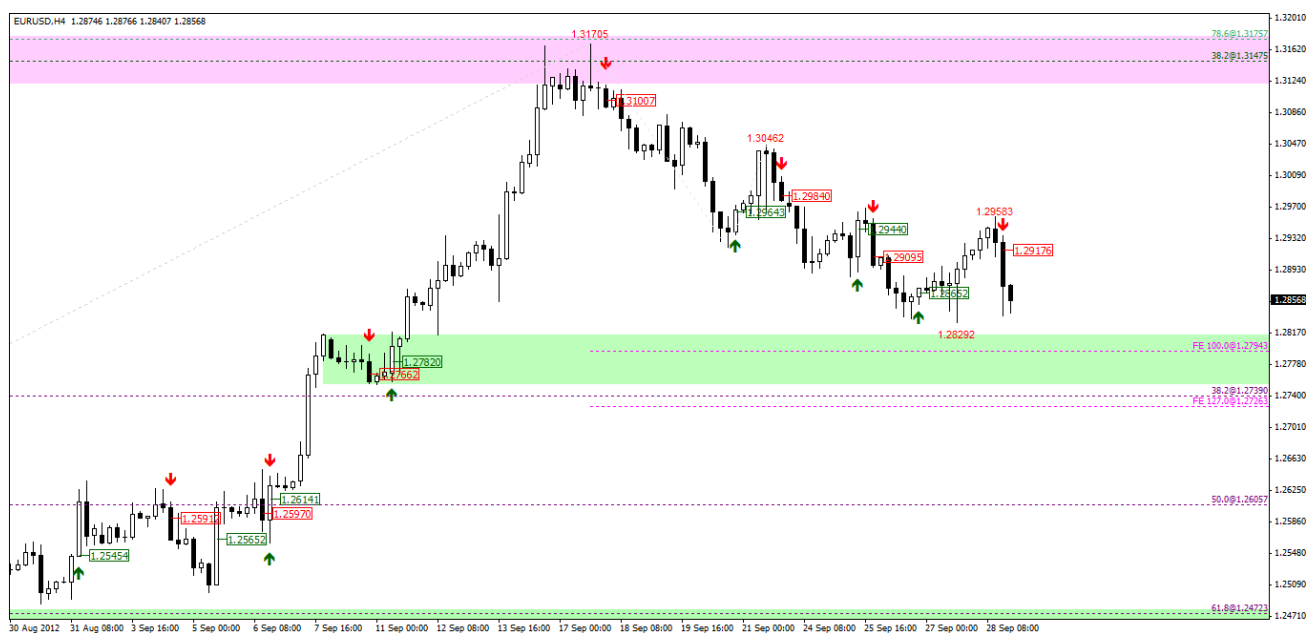
EUR-USD The Big Picture

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 (see MN chart). Some 2 months back, price action pulled back from a 29-month low at **1.20408** after threatening to challenge the 2010 low of 1.18754. This move bottomed out on the back of a bullish engulfing bar and has not looked back – until last week. The rally hit a 20-week high of 1.31705 last Monday. This was just above the 38.2% retracement of 1.49380 to 1.20408 at **1.31475**; an area in which price action was vulnerable to profit-taking. Since then, profit-takings have been prominent having stretched for the second week running. A close below **1.28083** next in the W1 chart would suggest that a top is possibly in place at 1.31705 and the rebound from 1.20408 may be over. If so, it would also mean that the longer-term fall from 1.49387 have resumed. Focus would thus shift towards the demand pocket between **1.18754 to 1.20408**.

EUR-USD DAILY



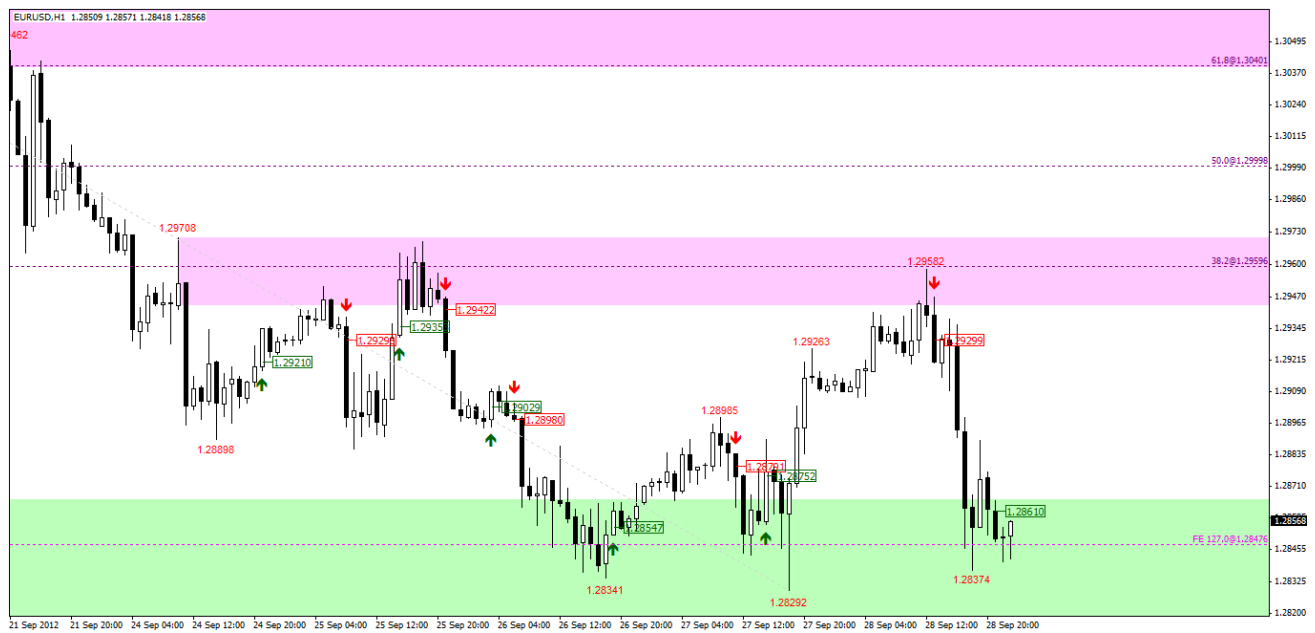
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

Price action reacted to the upside from within the DZ at **1.28147-1.28656** on Thursday but not before shaking off potential bulls by taking out Wednesday's low at 1.28341 before rebounding strongly. That rally rose purposefully into the overhead SZ at **1.29436- 1.29708** where the 38.2% retracement of 1.31705 to 1.28292 at **1.29560** is with a print at 1.29582 and unraveled dramatically overnight. Price action is now back within the DZ at **1.28147-1.28656**. A close above **1.28610** next in the H1 chart would invariably trigger a buy signal. Failing which, a slide to the secondary DZ at **1.27535-1.28159** to the 100.0% projection of 1.31705 to 1.29186 from 1.30462 at **1.27943** cannot be ruled out now in view of this latest development (see H4 chart). From either demand pockets, an ensuing rally should ideally complete the 5-wave rally originating from 1.20408 (see D1 chart). As noted in previous updates, another challenge of the **1.31705** high is expected after this correction is over. If so, focus is on the major supply pocket at **1.33550-1.34847** (revised).

EUR-USD 1-HOURLY



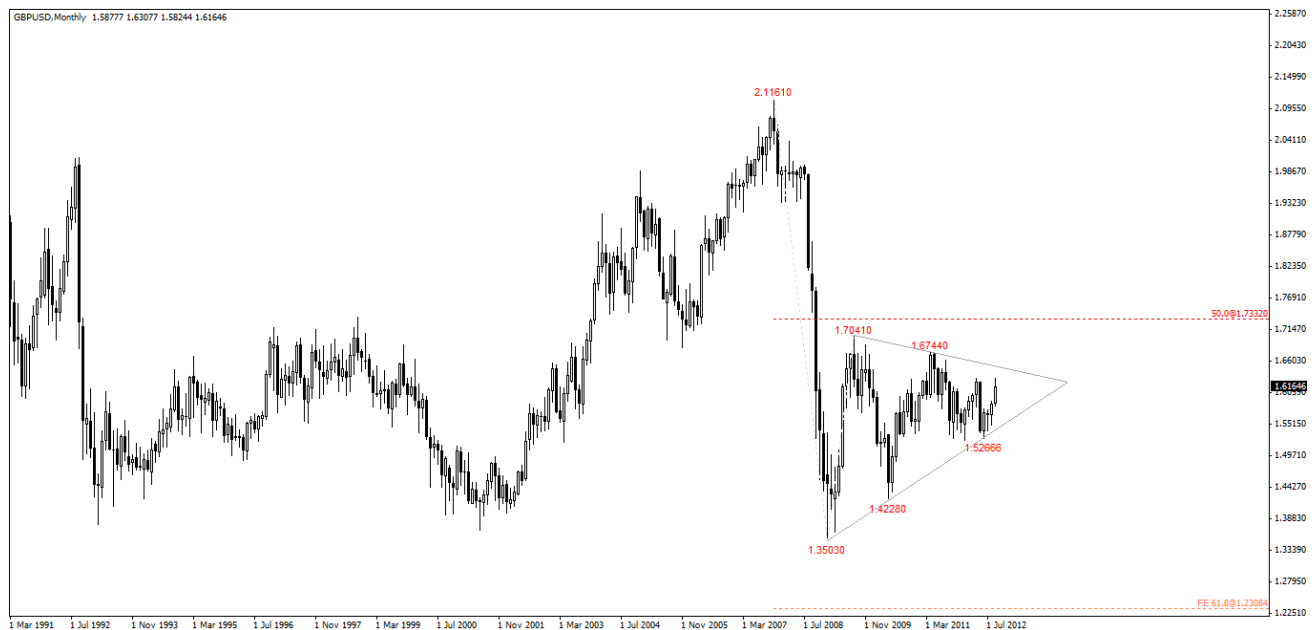
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on H1 close above 1.28610	1.29436	1.30390	1.28047 STOP

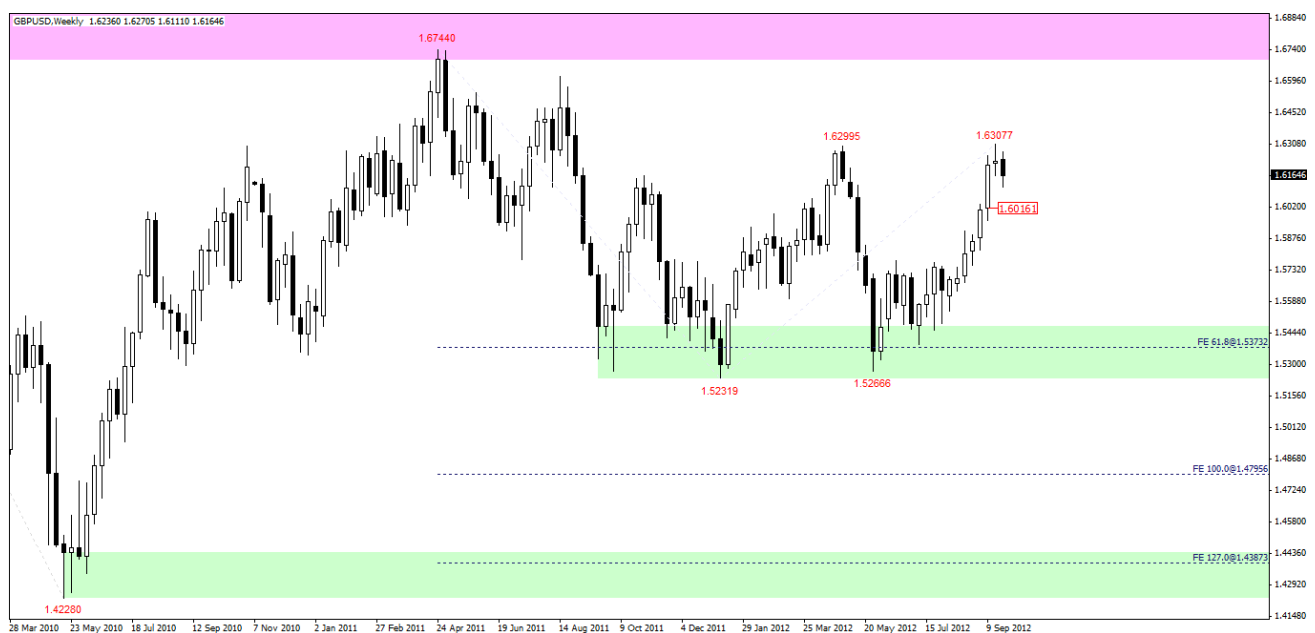
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-09-2012								\$60,291.00
EUR-USD	24-09-2012	1.0	1.29210	25-09-2012	1.0	1.28798	-\$412.00		\$59,879.00
EUR-USD	24-09-2012	1.0	1.29210	25-09-2012	1.0	1.28798	-\$412.00	-\$824.00	\$59,467.00
EUR-USD	25-09-2012	1.0	1.28547	28-09-2012	1.0	1.29526	+\$979.00		\$60,446.00
EUR-USD	25-09-2012	1.0	1.28547	28-09-2012	1.0	1.29176	+\$629.00	+\$1,608.00	\$61,075.00
Unrealized							\$0.00		

GBP-USD MONTHLY



GBP-USD WEEKLY



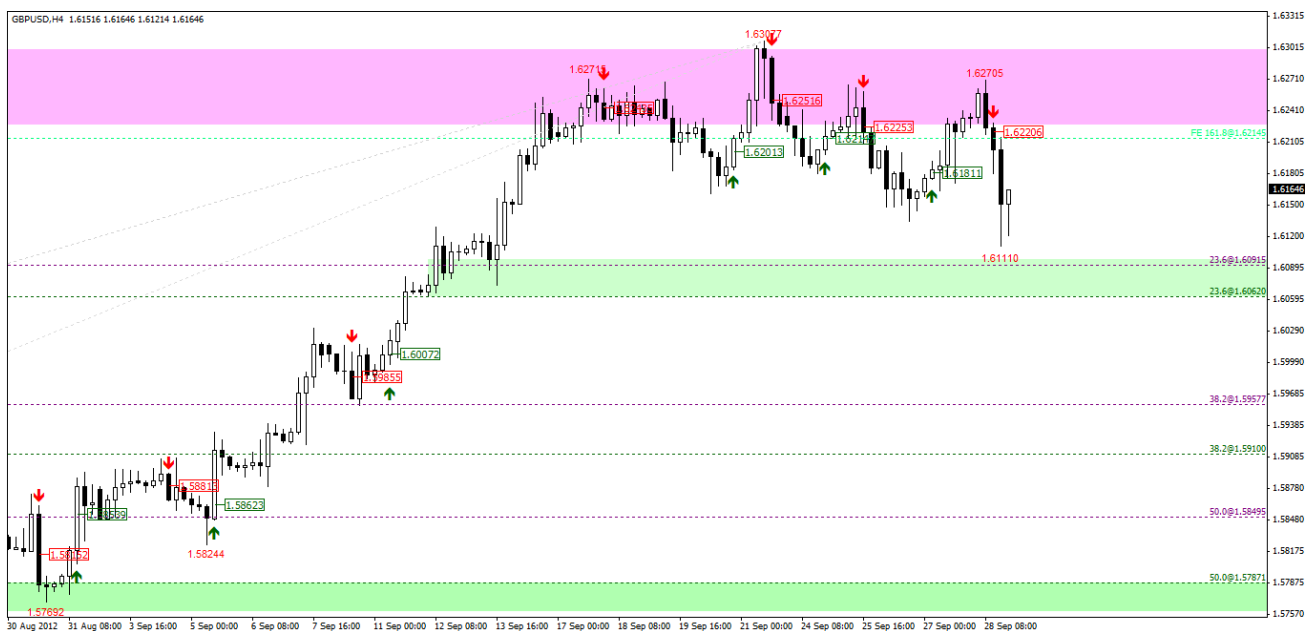
GBP-USD The Big Picture

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. Twice in July, price action pulled back from the baseline of this triangle formation and recovered. As a matter of fact, this baseline has held out pretty well for the last four years. For 16 weeks, price action was largely confined within the May low of **1.52666** and the June high **1.57753**. This sideways consolidation phase ended slightly over a month ago and saw price action surging to a high at 1.63077 last week. As noted, this market ended with tantalizing clues of a classic reversal - a hangman in the D1 chart and a long-legged shadow doji in W1 chart. Sure enough, this top was not violated this week and profit-takings ensued. That said, ideally, price action extends its rally to the long-term SZ at **1.66930-1.70410** (see W1 chart); roughly fulfilling the "E" leg of the triangle formation seen in the MN chart. From there, a dramatic multi-months fall is anticipated. This is likely to be followed by an equally dramatic rally back to the bottom of this triangle before declining towards parity with the once mighty U.S. Dollar.

GBP-USD DAILY



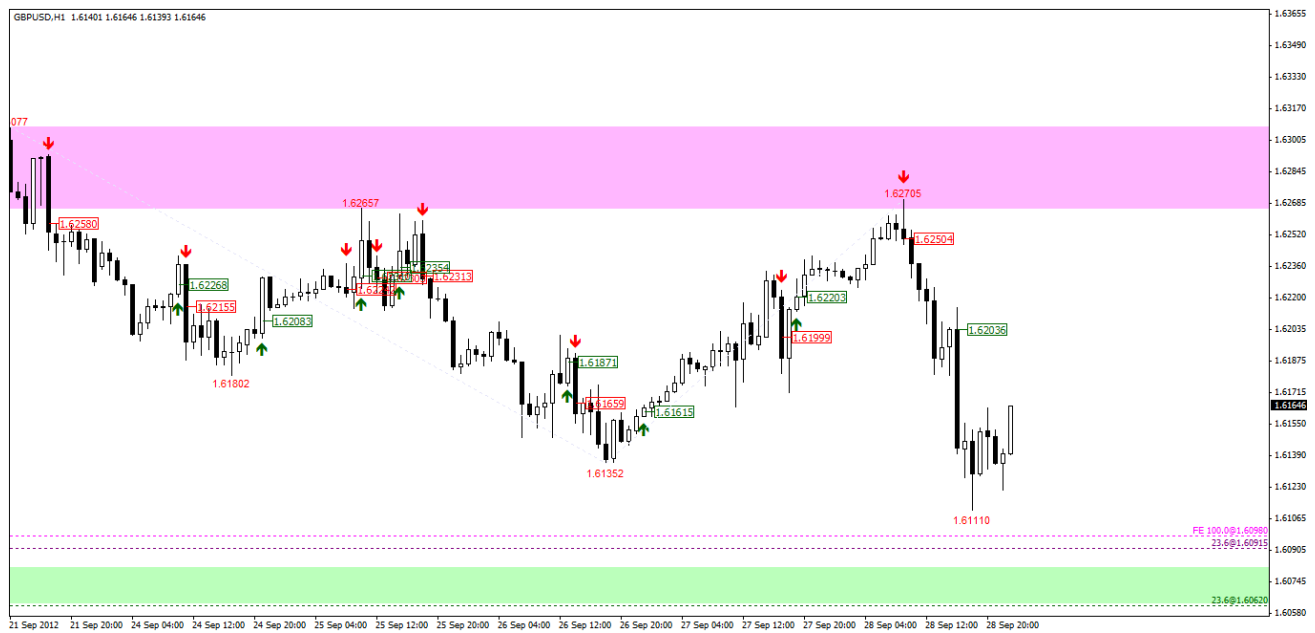
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

An epic struggle took place within the SZ at **1.62272-1.62995** this week. After two false starts, resulting in price action rebounding back into this supply pocket, the idea that the short-term is one that favors the downside finally pays off. Yesterday's update pointed out to the possibility of selling within this zone on any reversal signal in the H1 chart was right on. With a close below **1.62504** in the H1 chart, this market finally succumbed to renewed selling pressure and fell to the day low at 1.61110; missing out on the 100.0% projection of 1.63077 to 1.61352 from 1.62705 at **1.60980**; which in turn is just above the first target made up of the window between the 23.6% retracement of 1.52666 to 1.63077 at **1.60620** and the 23.6% retracement of 1.53914 to 1.63077 at **1.60915**. With this fall, the secondary target at the window between the 38.2% retracement of 1.53914 to 1.63077 at **1.59577** and the 38.2% retracement of 1.52666 to 1.63077 at **1.59100** now seems possible. This would be the most ideal bottom for this correction (see H4 chart). Whatever the case, a strong rally emanating from either of these demand pockets could signal the resumption of the rally from 1.52666 to beyond last Friday's high of **1.63077**. Two possible targets are lined up (1) the 78.6% retracement of 1.67445 to 1.52321 at **1.64208** and (2) the 61.8% projection of 1.42280 to 1.67445 from 1.52321 at **1.67873** which in turn lies within the SZ at **1.66930-1.70410** (see W1 chart).

GBP-USD 1-HOURLY



Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.62504	1.60915	1.59577	Exit on H4 close above 1.62036

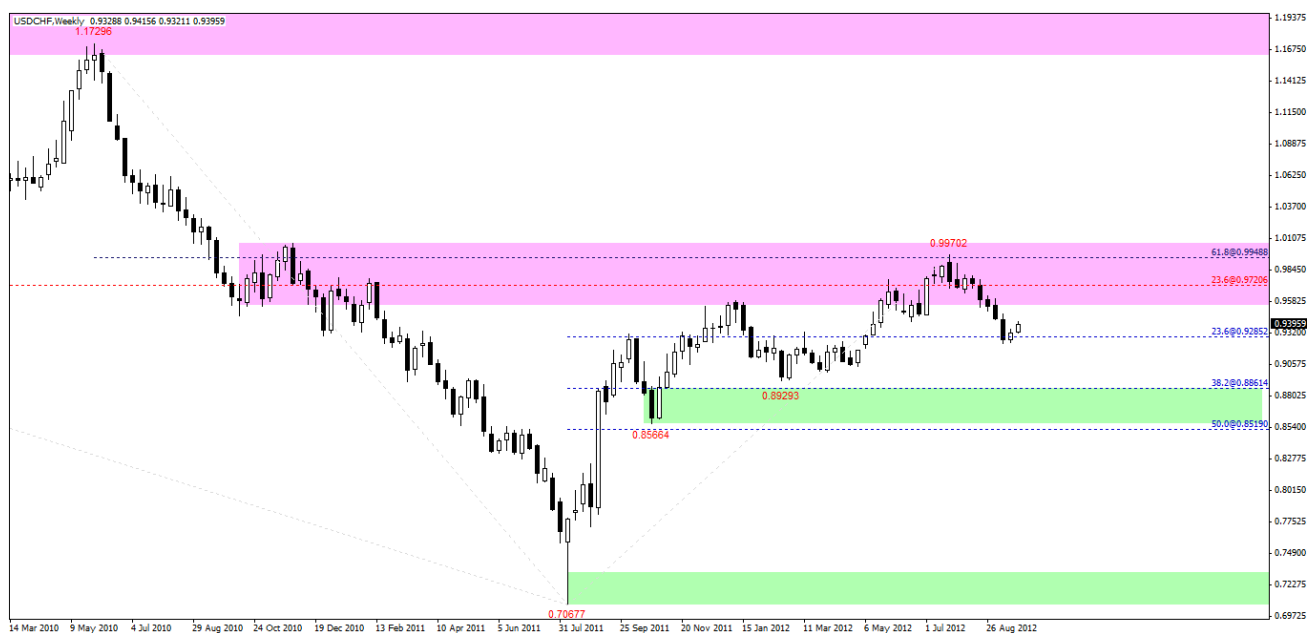
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
B/F from									+ \$41,916.00
21-09-2012									
GBP-USD	25-09-2012	1.0	1.62408	21-09-2012	1.0	1.62408			
GBP-USD	25-09-2012	1.0	1.62408	21-09-2012	1.0	1.62408			
GBP-USD	27-09-2012	1.0	1.62253	25-09-2012	1.0	1.62253			
GBP-USD	27-09-2012	1.0	1.62253	25-09-2012	1.0	1.62253			
GBP-USD	28-09-2012	1.0	1.61646	28-09-2012	1.0	1.62504	+\$858.00		
GBP-USD	28-09-2012	1.0	1.61646	28-09-2012	1.0	1.62504	+\$858.00		
Unrealized							+\$1,716.00		

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**. Some 2 months ago, price action fulfilled the long-term target at the window between the 61.8% retracement of 1.17296 to 0.70677 at **0.99488** and the 61.8% projection of 0.70677 to 0.93132 from 0.85669 at **0.99546**. As expected, strong selling interests indeed emerged from there and for 8 weeks, sustained selling in this market has seen price action decayed to an 18-week low of **0.92369** a fortnight ago. This was below the 23.6% retracement of 0.70677 to 0.99702 at **0.92852**. After stabilizing last week, this week saw further consolidation. It is probable that after this rebound is over, providing of course there is no acceleration to the upside, price action may head towards the window between the 38.2% and 50.0% retracement of 0.70674 to 0.99702 at **0.88613** and **0.85188** next (see W1 chart).

[illegible]

Once again, just when it appears that price action is heading lower, it rebounded back into the overhead SZ at **0.93879-0.94185** in overnight trading - but failed to take out the Wednesday's high of 0.94156. As mentioned, it is imperative that this supply pocket cap this run and a sustained fall ensues. The longer price action lingers in this zone, the higher the odds of a push higher; thus casting doubts on the medium-term bearish case. This is because the fall from 0.99702 was impulsive; suggesting that the longer-term downtrend from 1.17296 may have resumed. So far, the rebound from 0.92369 is corrective in nature and is not expected to accelerate much higher. A fall from here, if it pans out, should ideally take out the low at **0.92369**; to be followed by a larger degree rally; ideally back to where the SZ at **0.93879-0.94185** is.

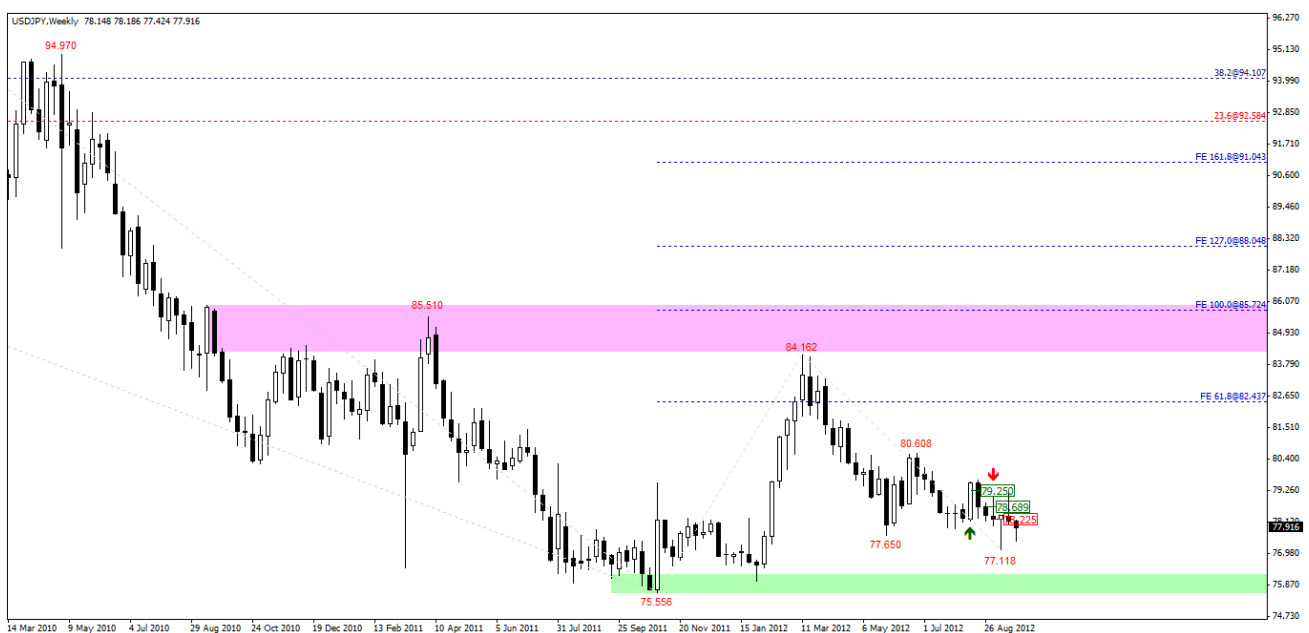
ACTION	Target 1	Target 2	EXIT
Sell on sell signal in H1 within 0.93879-0.94185	0.93376	0.92955	0.94285 STOP

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-09-2012								+\$28,809.73
USD-CHF	24-09-2012	1.0	0.93641	20-09-2012	1.0	0.93304	-\$359.89		+\$28,449.84
USD-CHF	24-09-2012	1.0	0.93641	20-09-2012	1.0	0.93304	-\$359.89	-\$719.77	+\$28,089.95
USD-CHF	26-09-2012	1.0	0.93997	24-09-2012	1.0	0.93813	-\$172.95		\$27,917.00
USD-CHF	26-09-2012	1.0	0.93997	24-09-2012	1.0	0.93813	+\$172.95	-\$349.90	\$27,744.05
USD-CHF	28-09-2012	1.0	0.93376	26-09-2012	1.0	0.94022	+\$691.83		\$28,435.88
USD-CHF	28-09-2012	1.0	0.93537	26-09-2012	1.0	0.94022	+\$518.51	+\$1,210.34	\$28,954.39
						Unrealized	\$0.00		

USD-JPY MONTHLY



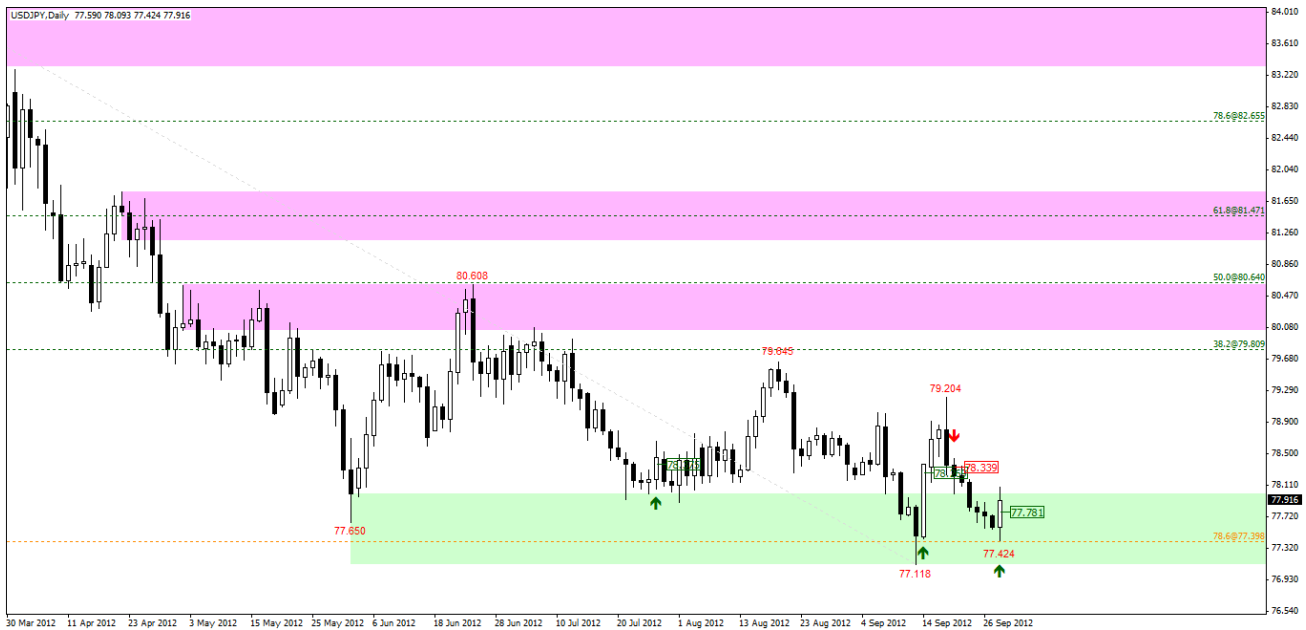
USD-JPY WEEKLY



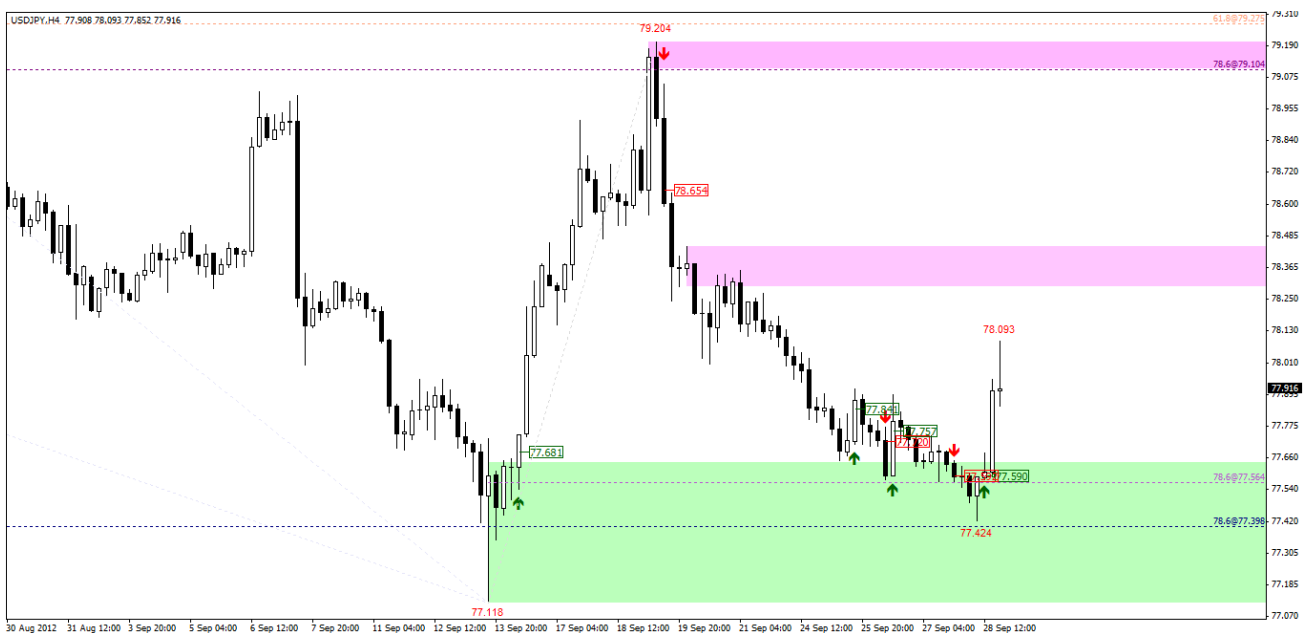
USD-JPY The Big Picture

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 most likely the termination point of wave B at **84.162** with wave A at **75.556**. Wave C instead being the low at **77.650** (as originally thought) is probably at last week's low of **77.118**. Two weeks ago, a hammer appeared in the W1 chart. As this is a classic reversal signal, increasing the odds of a rally. Unfortunately, the resulting rally frizzled out after registering a high at 79.204 and ended as a shooting star last week in the W1 chart. Even though this is a negative development, it is still too early to bury the bulls. Another rally may yet be attempted and if this comes to pass and assuming 75.556 holds, another set of 3-wave corrective wave from 77.118 to the 100.0% projection of 75.556 to 84.162 from 77.118 at **85.724** can be expected.

USD-JPY DAILY



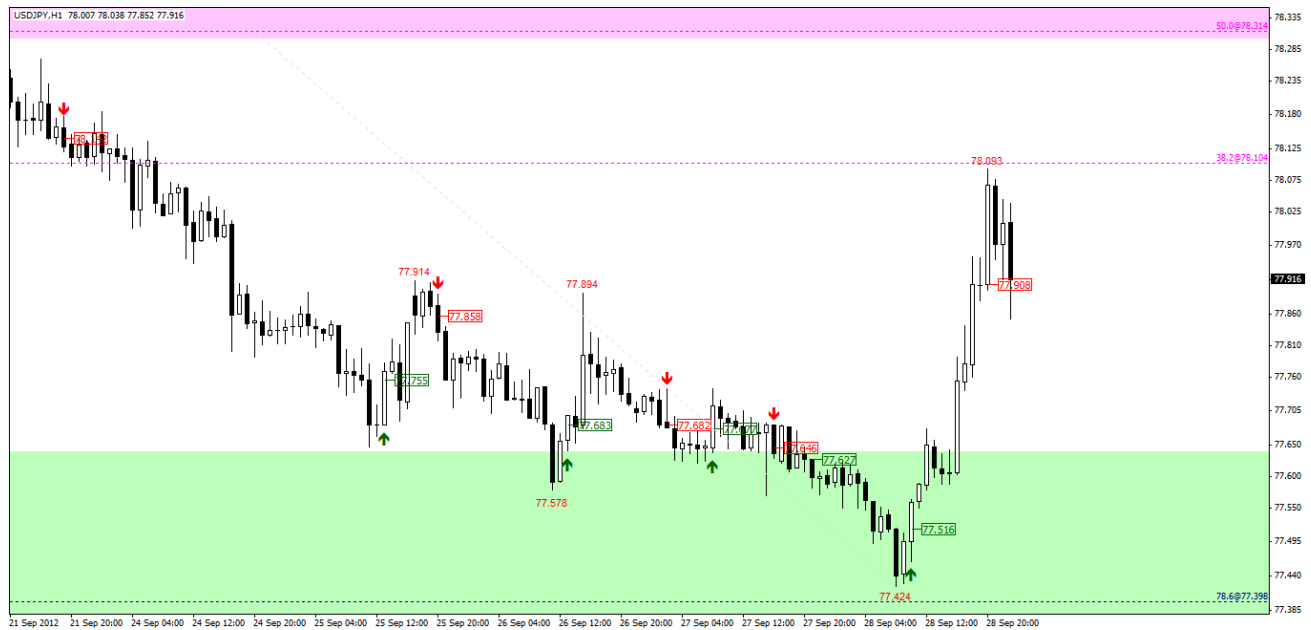
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

The fall from 79.204 probably terminated at the overnight low of 77.424. This was an ideal development. As mentioned in Thursday's update, buying within the sweet-spot between the 78.6% retracement of 77.118 to 79.204 at **77.564** and the 78.6% retracement of 75.556 to 84.162 at **77.398** offers the perfect setup for a rally. This is because price action was within a known demand pocket at **77.118-77.640** where buying interest is expected to emerge - and it did in a big way. Now that this has come to pass, the immediate target is the minor supply pocket at 78.301-78.446; followed by another at **79.106-79.204**; just above the 78.6% retracement of 77.118 to 79.645 at **79.104** is located.

USD-JPY 1-HOURLY



Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @77.683	78.301	79.104	Break-even

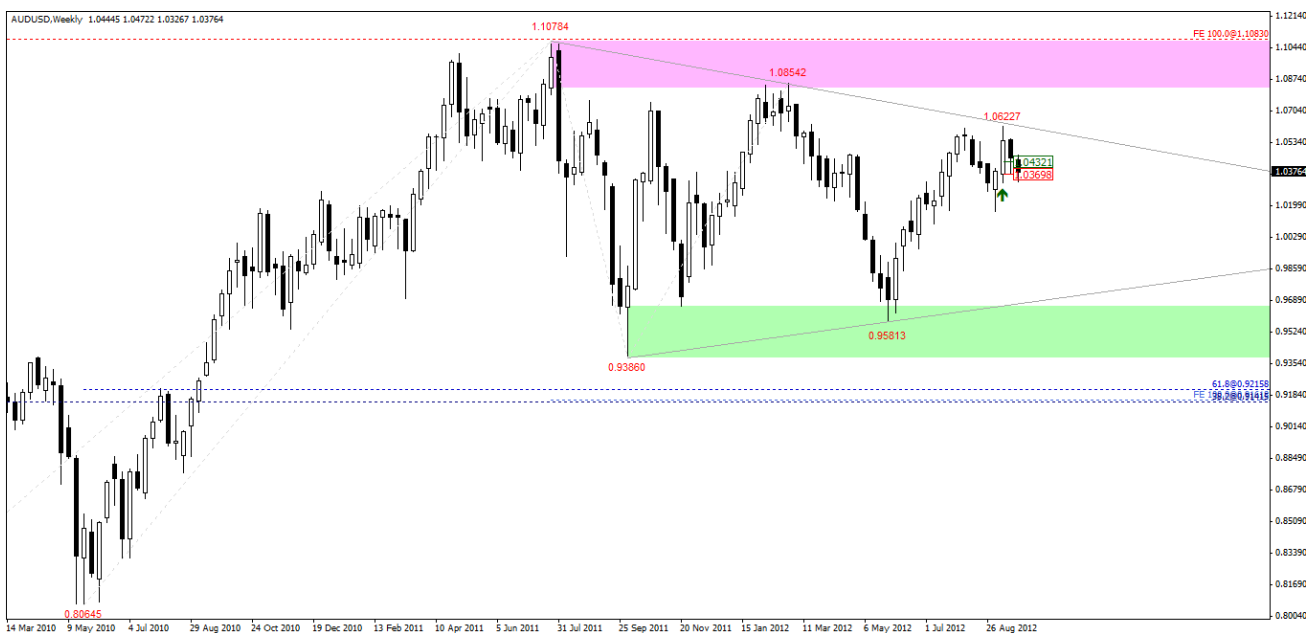
Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 21-09-2012								+\$19,943.16
USD-JPY	25-09-2012	1.0	77.766	19-09-2012	1.0	78.910	+\$1,471.08	+\$1,471.08	+\$21,414.24
USD-JPY	26-09-2012	1.0	77.683	28-09-2012	1.0	77.916	+\$299.04		
USD-JPY	26-09-2012	1.0	77.683	28-09-2012	1.0	77.916	+\$299.04		
						Unrealized	+\$598.08		

AUD-USD MONTHLY

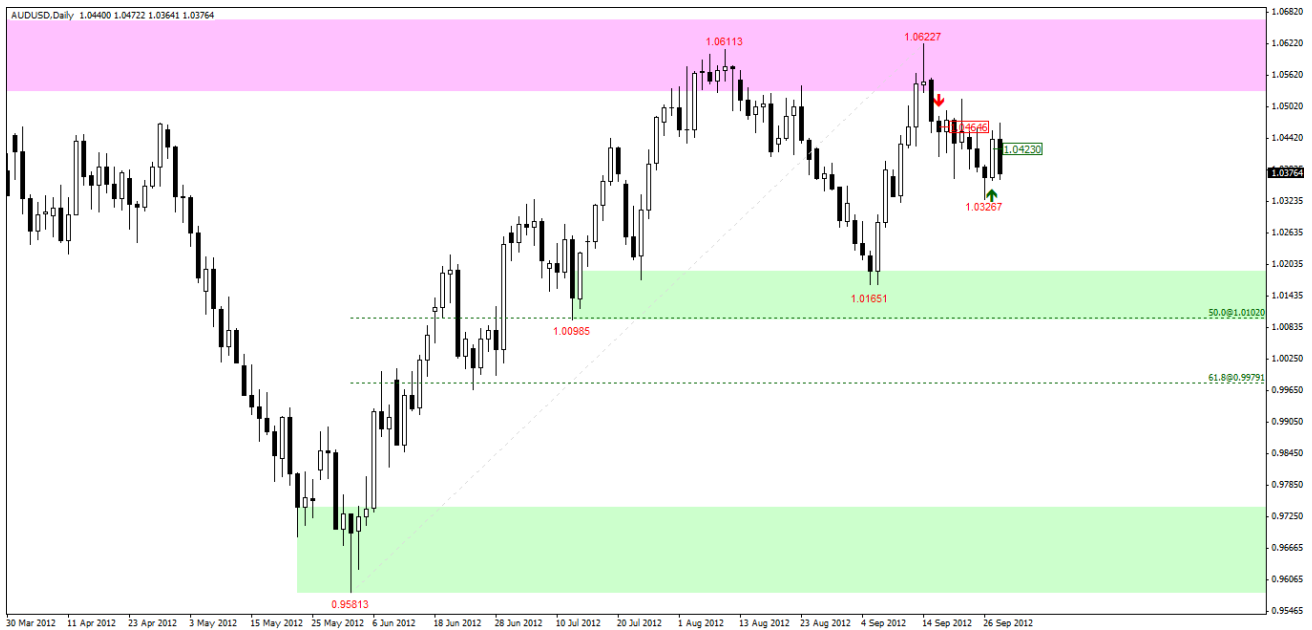
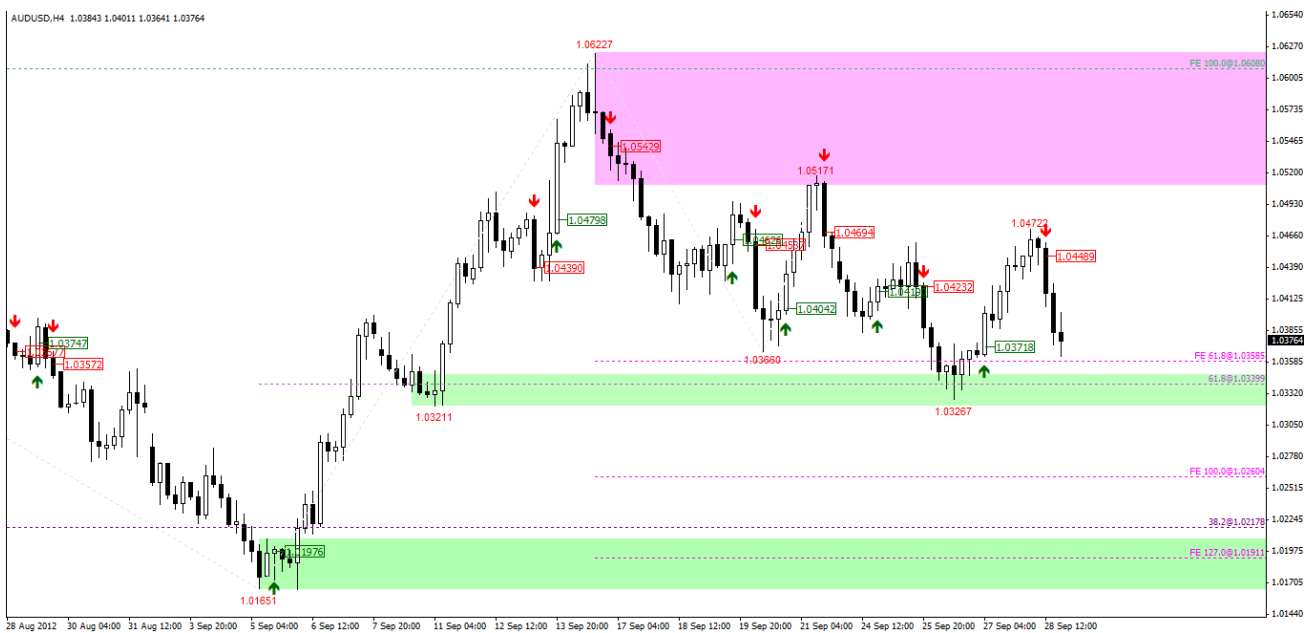


AUD-USD WEEKLY



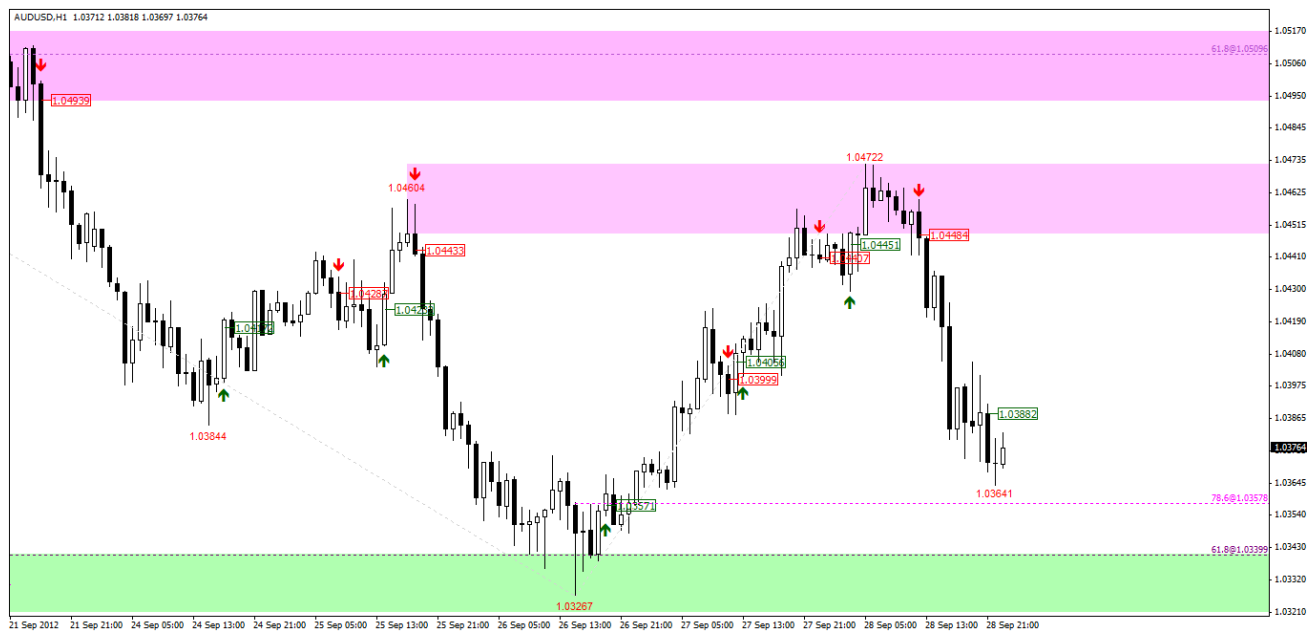
AUD-USD The Big Picture

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 last 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**. The long-held view that this market is consolidating within a triangle will continue to be severely tested in the aftermath of the spike up to a 25-week high at 1.06227 3 weeks ago. This week witnessed another climb-down; underlying relevance technical traders give to this triangle pattern. Until the triangle scenario is invalidated, the idea that price action is likely to head towards the lower band of the triangle formation for perhaps the last time before an explosive breakout to the upside over the long-term. In the meanwhile, a close below **1.03698** in the W1 chart would add confidence that an important top was in place at **1.06227**.

AUD-USD DAILY**AUD-USD 4-HOURLY****AUD-USD** Short to Medium Term Views

The fall from 1.06227 struggled to hit the the DZ at **1.03211-1.03481** (revised) within which lies the 61.8% retracement of 1.01651 to 1.06227 at **1.03399** and promptly rebounded. Though the ensuing rebound was expected to extend towards the long-term SZ at **1.05094-1.06227** (revised), the rally friezled out last night and unravelled to register a low at 1.03641. That being the case, the immediate demand pocket at **1.03211-1.03481** may not hold. Should that happens, focus would shift towards the next demand pocket at **1.01651-1.02087**; which incidentally is where the 127.0% projection of 1.06227 to 1.03660 from 1.05171 at **1.01911** is (see H4 chart). Whatever the case, price action is expected to trade between long-term SZ at 1.05317-1.06677 and the DZ at **1.00985-1.01911** (see D1 chart) for awhile yet.

AUD-USD 1-HOURLY

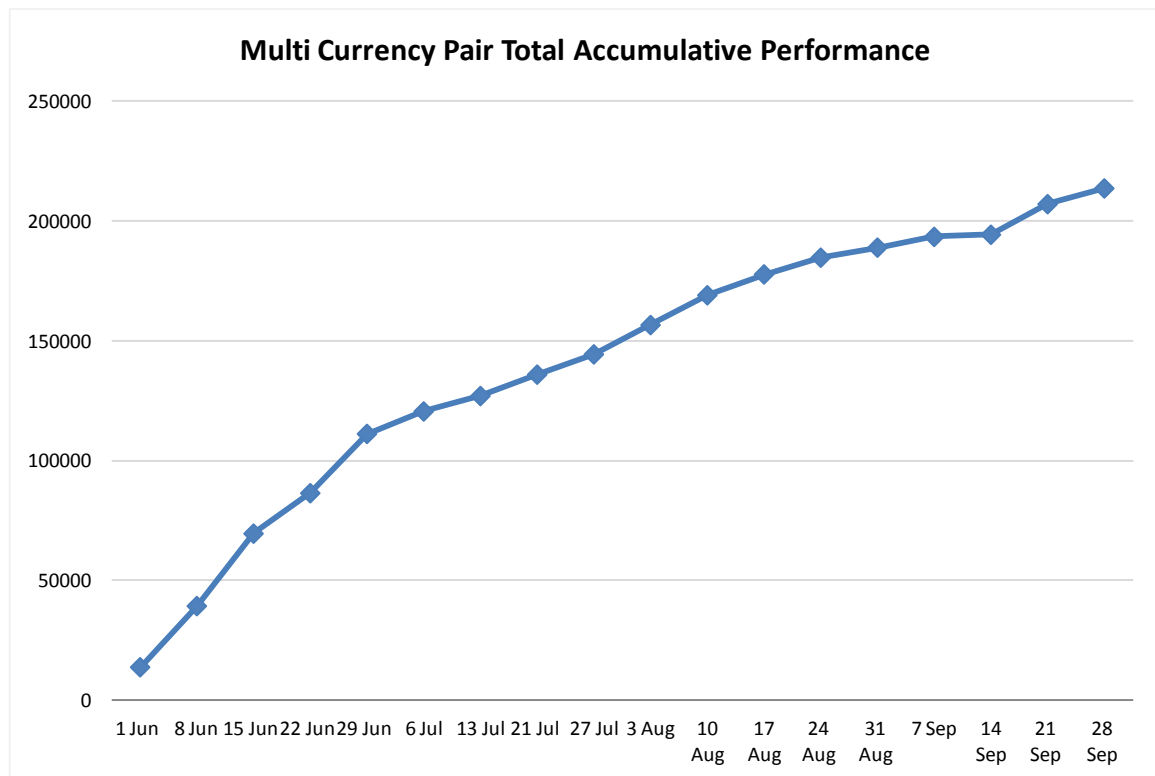
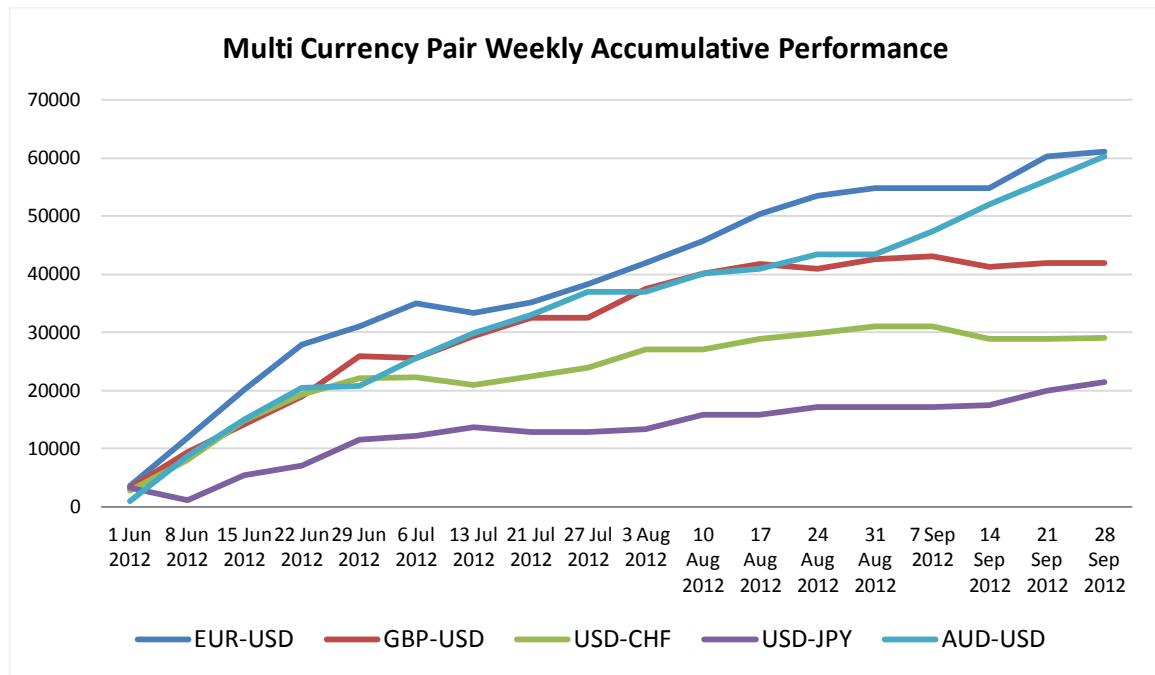


Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.04484	1.03407	1.01993	Exit on H4 close above 1.04175

Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-09-2012								+\$56,114.00
AUD-USD	24-09-2012	1.0	1.03970	21-09-2012	1.0	1.04939	+\$969.00	+\$969.00	+\$57,083.00
AUD-USD	24-09-2012	1.0	1.03893	25-09-2012	1.0	1.04433	+\$540.00		+\$57,593.00
AUD-USD	24-09-2012	1.0	1.03893	25-09-2012	1.0	1.04433	+\$540.00	+\$1,080.00	+\$58,163.00
AUD-USD	26-09-2012	1.0	1.03423	28-09-2012	1.0	1.04489	+\$1,066.00		+\$59,229.00
AUD-USD	26-09-2012	1.0	1.03423	28-09-2012	1.0	1.04489	+\$1,066.00	+\$2,132.00	+\$60,295.00
AUD-USD	28-09-2012	1.0	1.03764	28-09-2012	1.0	1.04484	+\$720.00		
AUD-USD	28-09-2012	1.0	1.03764	28-09-2012	1.0	1.04484	+\$720.00		
Unrealized							\$1,440.00		



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.