

*A Traders Academy International Publication*

## US Manufacturing Data Prompt Sell-Off

USD-JPY fell from a 3-week high on Monday as a rise in U.S. manufacturing activity prompted a sell-off in safe-haven currencies. USD-JPY edged up 0.15 percent to 77.982, off a more than 2-week low of 77.424 hit on Friday.

The Bank of Japan's quarterly tankan survey of business sentiment released on Monday showed big Japanese manufacturers expect USD-JPY to average around 79.060 in the fiscal year through March 2013.

The survey also showed the mood among major manufacturers worsened in the latest quarter and was likely to stay gloomy, dragged down by weak Chinese and European demand.

The U.S. manufacturing sector last month grew for the first time since May, getting a boost from new orders. Also giving risk appetite a boost was an increase in Germany's purchasing managers' index (PMI), which grew last month to its highest reading since March, although it was still below the expansionary 50-mark.

While the U.S. economy experienced a soft patch in growth during Q3, Monday's report adds to evidence of a modest recovery in Q3. Global markets reacted more strongly than expected to this second-order release, suggesting sensitivity to upside U.S. economic surprises.

U.S. Federal Reserve Chairman Ben Bernanke defended the loose monetary policy encompassed in its controversial bond-buying plan, saying it was necessary to support a flagging economic recovery. Bernanke added the central bank still expects the economy to grow but not quickly enough to bring down unemployment. He also said he does not see an inconsistency between the Fed's policies and maintaining a strong U.S. Dollar.

Factory activity in China also contracted; in a sign the world's No. 2 economy lost momentum for a seventh consecutive quarter. China has been a crucial engine of global growth.

Speculators boosted bets against the safe-haven Dollar in the latest week to the highest in more than a year, according to data from the Commodity Futures Trading Commission released on Friday.

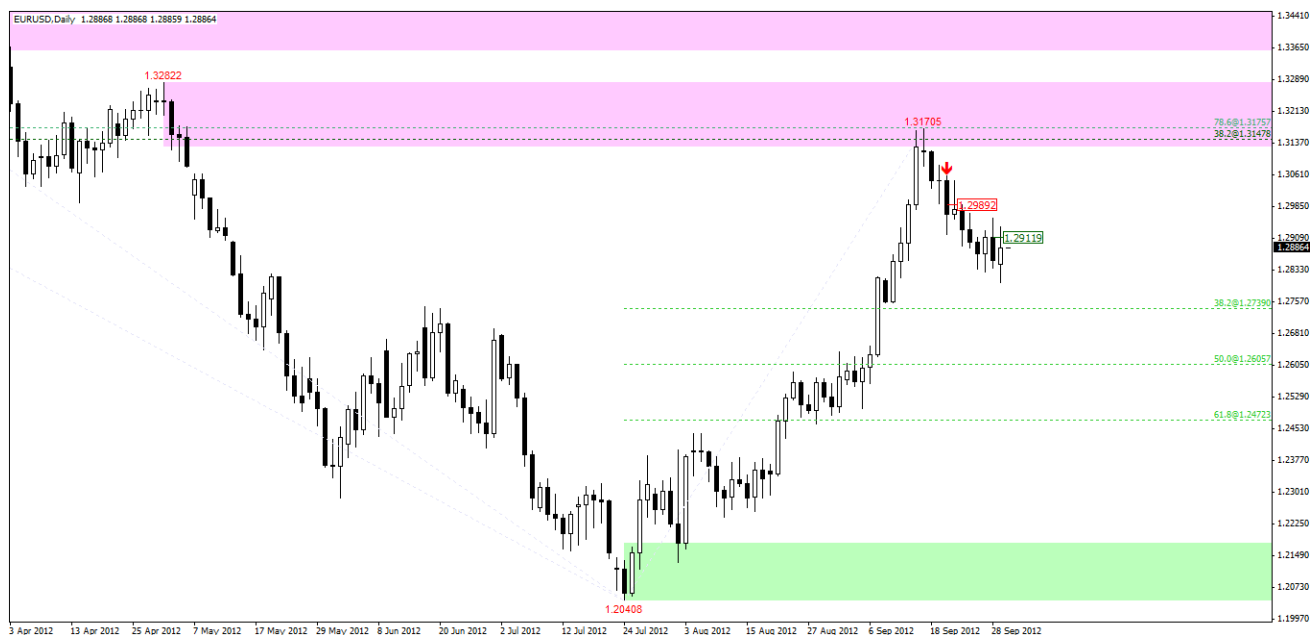
EUR-USD, on the other hand, rallied from 3-week lows; boosted mainly by the German data and decent manufacturing numbers from debt-plagued Spain and Italy. But traders said gains could be limited by concerns about a possible credit rating downgrade for Spain. EUR-USD rose 0.19 percent to 1.28866, although some analysts said its resilience was due less to confidence in the Euro zone than to Dollar weakness after the Fed unleashed its third round of monetary easing last month. It hit a 3-week low of 1.28023 in Asian trade.

Traders are awaiting the outcome of credit agency Moody's review of Spain's sovereign rating. Europe's fourth largest economy may be downgraded to junk status, piling pressure on it to seek an international bailout soon. A downgrade could force Spain's hand in seeking a bailout and should see a relief rally in the Euro. But until that happens, weak economic data will add to the downward pressure on the Euro.

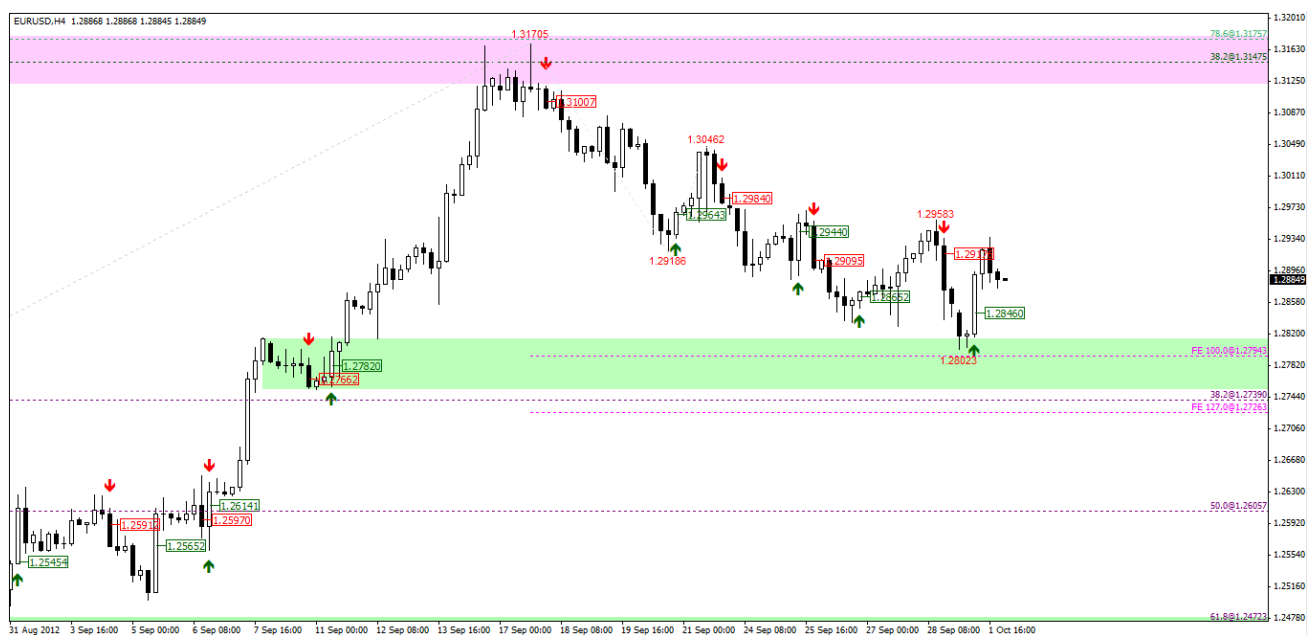
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## EUR-USD DAILY



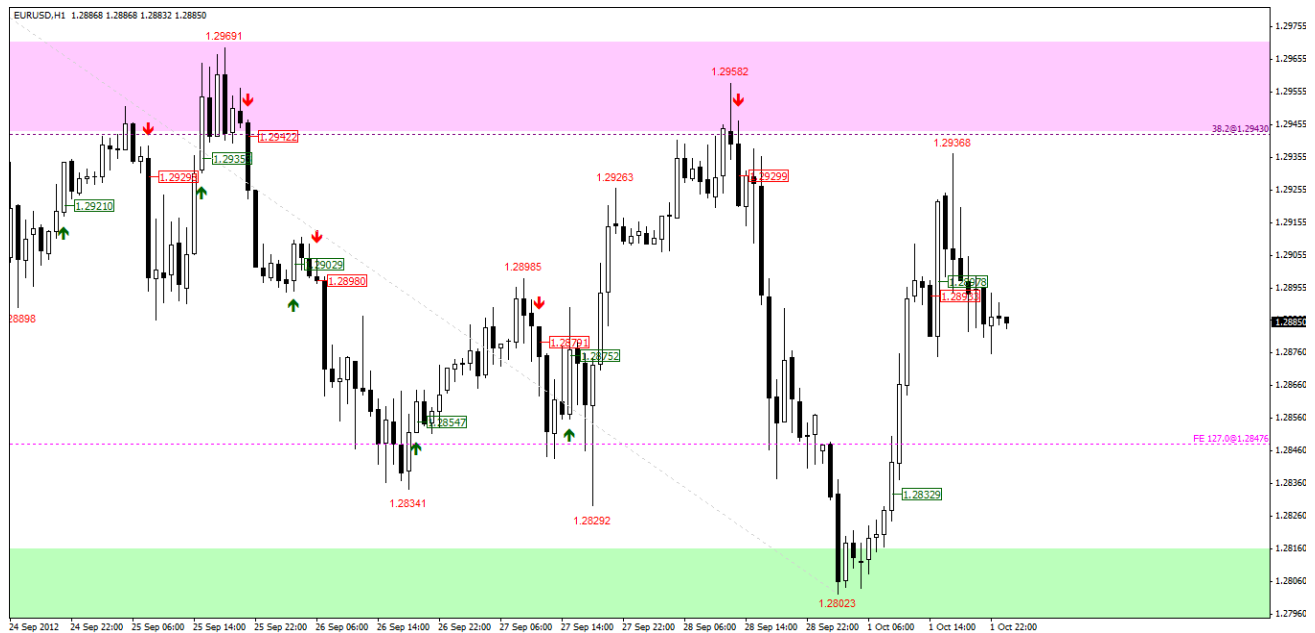
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

Price action reacted strongly from within the revised DZ at **1.27535-1.28159** in overnight trading. As noted in the weekend report, a close above **1.28610** in the H1 chart would invariably trigger a buy signal when in actual fact; the signal was triggered with a close above **1.28329** in early Asia trading session. From here, ideally this rally sustains to complete the 5-wave rally originating from 1.20408 (see D1 chart). As mentioned, 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**.

## EUR-USD 1-HOURLY



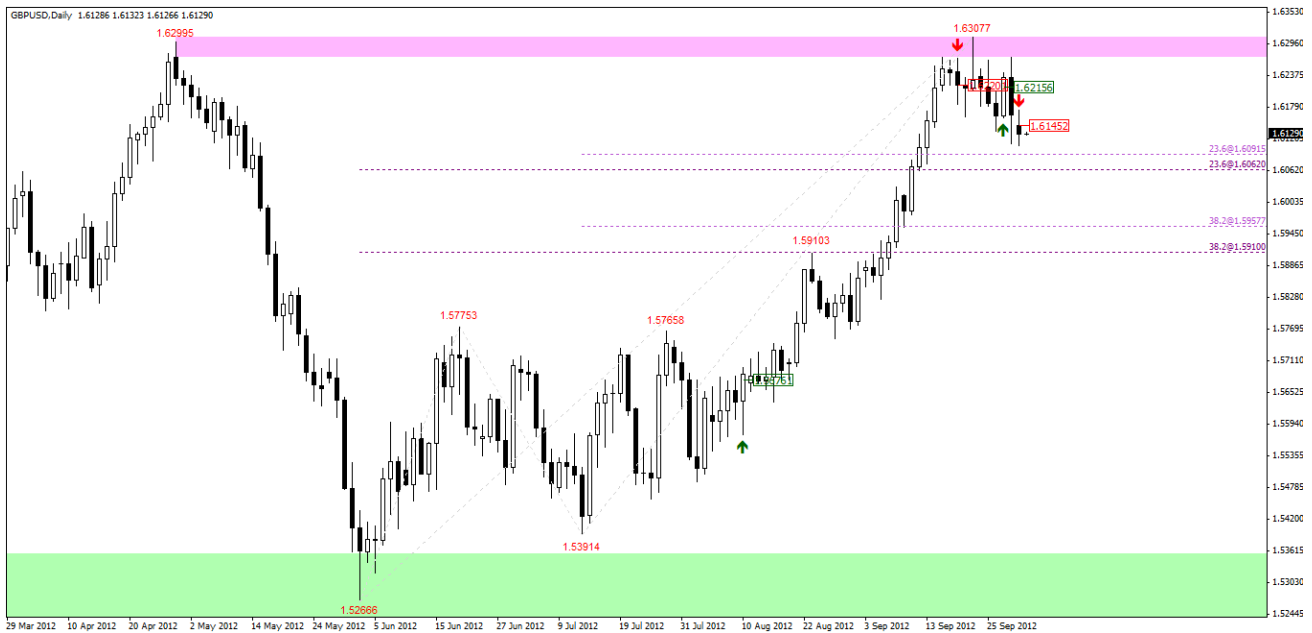
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.28329	1.29436	1.30390	Break-even

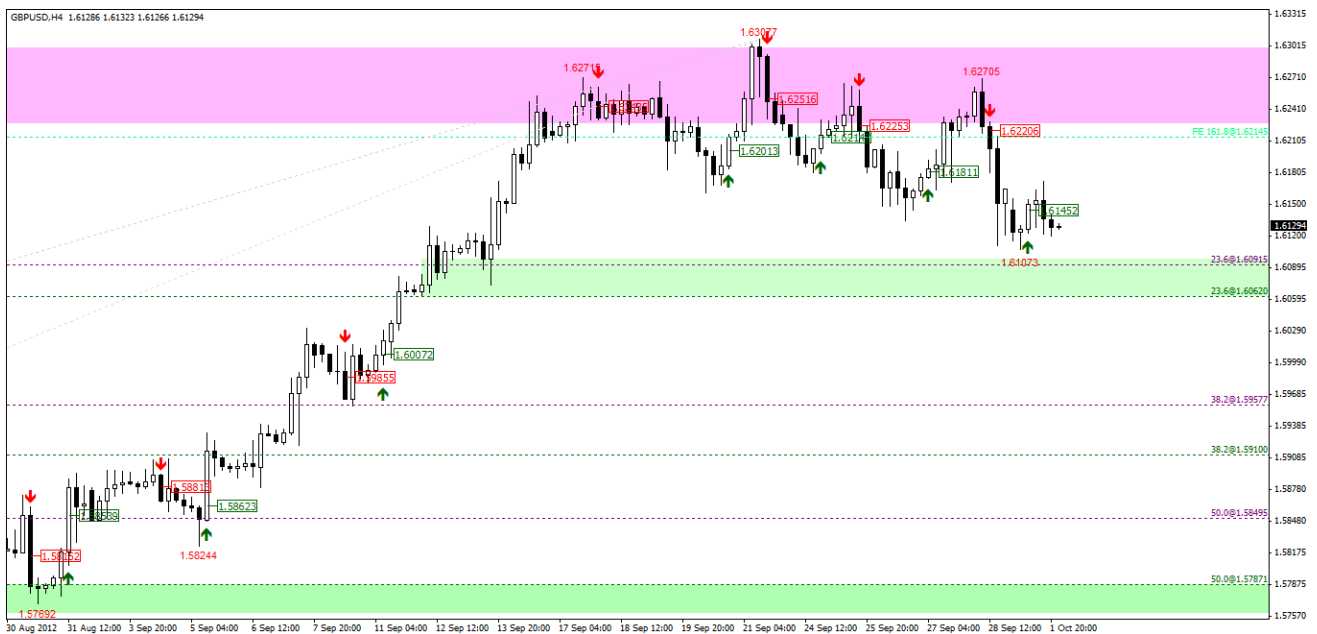
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 28-09-2012								\$61,075.00
EUR-USD	01-10-2012	1.0	1.28329	01-10-2012	1.0	1.28866	+537.00		
EUR-USD	01-10-2012	1.0	1.28329	01-10-2012	1.0	1.28866	+537.00		
						Unrealized	+\$1,074.00		

## GBP-USD DAILY



## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

GBP-USD started the week decidedly weaker and triggered a sell signal in the D1 chart at the opening. It subsequently edged lower but missed hitting the first target 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**. Should these levels fail to hold, a fall towards the secondary target 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** is back in focus. As mentioned, these levels represent the most ideal bottom for the current correction (see H4 chart). Whatever the case, a strong rally emanating from either of these zones could signal the resumption of the rally from 1.52666 beyond last Friday's high of **1.63077**. That said, the first barrier to higher prices is the overhead SZ at **1.62272-1.62995**.

## GBP-USD 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.62504	1.60915	1.59577	Exit on H4 close above 1.61537

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 28-09-2012								+\$41,916.00
GBP-USD	01-10-2012	1.0	1.61452	28-09-2012	1.0	1.62504	+\$1,049.00	+\$1,049.00	+\$42,965.00
GBP-USD	01-10-2012	1.0	1.61288	28-09-2012	1.0	1.62504	+\$1,216.00		
						Unrealized	+\$1,216.00		

Price action overshot the overhead SZ at **0.93879-0.94185** and hit the 127.0% projection of 0.92369 to 0.93541 from 0.92831 at **0.94319** with a print at 0.94363 and unraveled dramatically in overnight trading. As mentioned, a fall from here should ideally take out last Monday's low at **0.92369**. Sustained fall below the immediate DZ at **0.93264-0.93376** would shift focus to the next DZ at **0.92831-0.92955**. A successful clearance of these levels would, in turn, increase confidence that this bearish count is in progress. Somewhere between the 261.8% projection of 0.99702 to 0.96933 from 0.98966 at **0.91717** and the 78.6% retracement of 0.89293 to 0.99702 at **0.91521** is the area in which real demand may re-emerge. From there, a larger degree rebound is likely to unfold; ideally taking price action back to the revised SZ at **0.93941-0.94363** (see D1 chart).

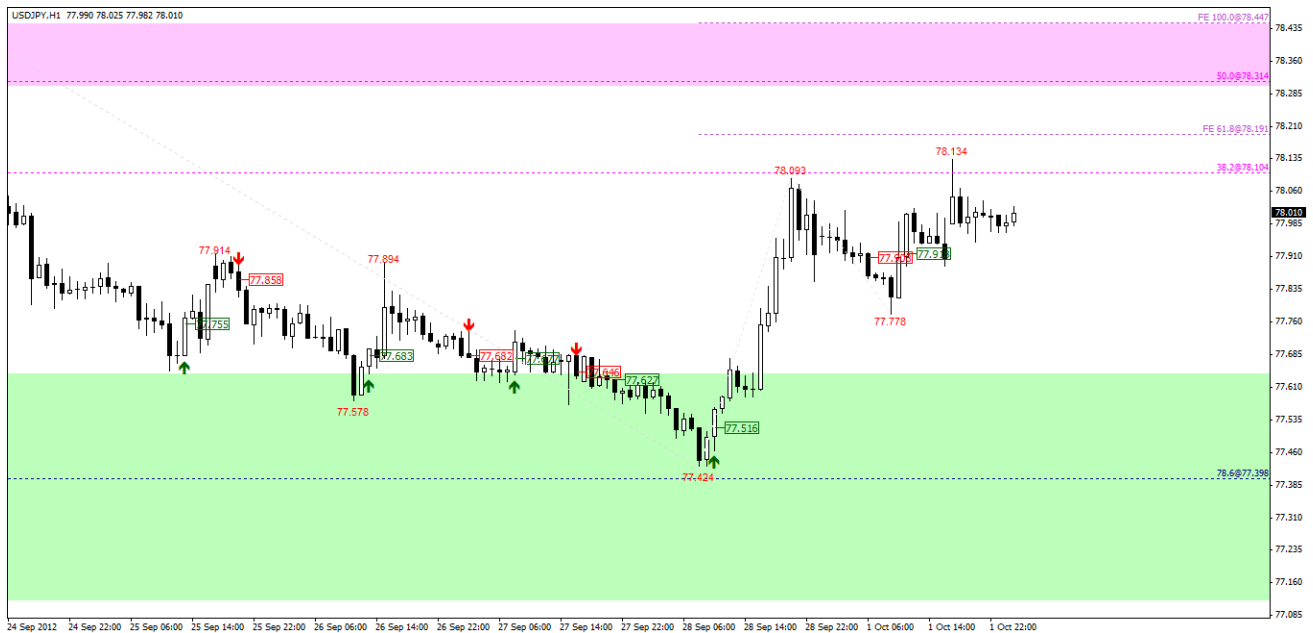
ACTION	Target 1	Target 2	EXIT
Sold @ 0.94261	0.93376	0.92955	Break-even

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 28-09-2012								\$28,954.39
USD-CHF	01-10-2012	1.0	0.93802	01-10-2012	1.0	0.94261	+ \$489.33		
USD-CHF	01-10-2012	1.0	0.93802	01-10-2012	1.0	0.94261	+ \$489.33		
						Unrealized	+ \$978.66		

The fall from 79.204 as suspected, terminated at Friday's low of 77.424. This was an ideal development. As mentioned, 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 and it did. This is because price action was within a known demand pocket at **77.118-77.640** where buying interest is expected to emerge. 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

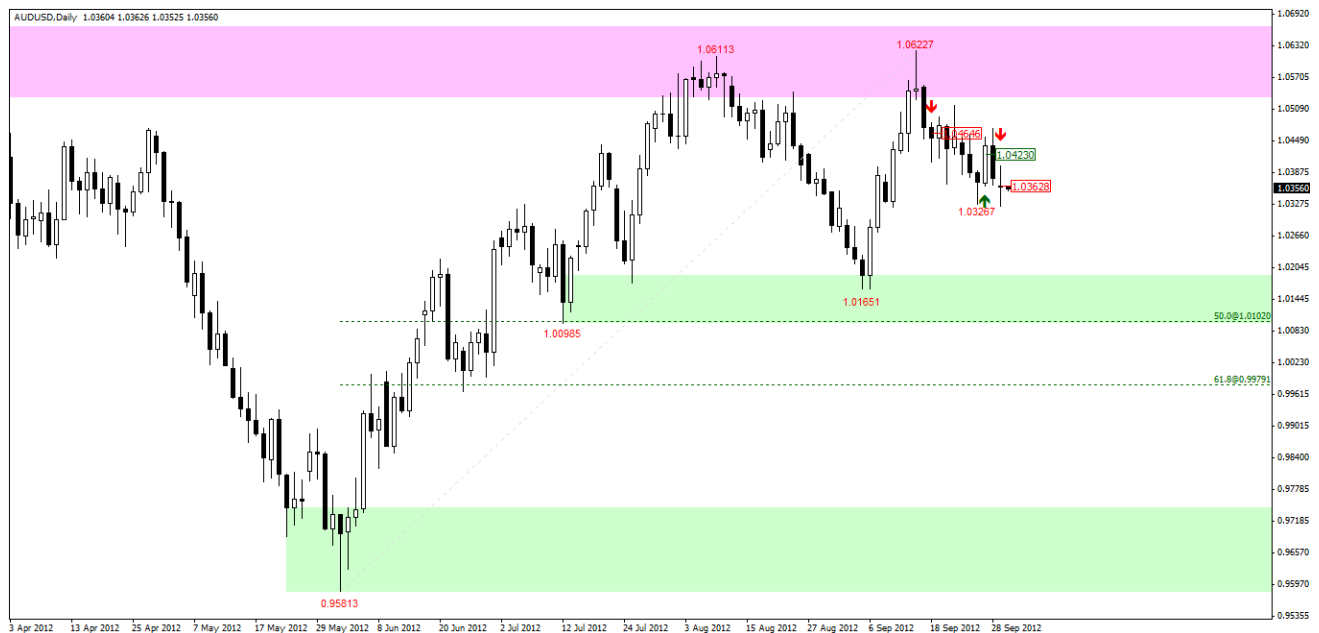


## Trade Ideas

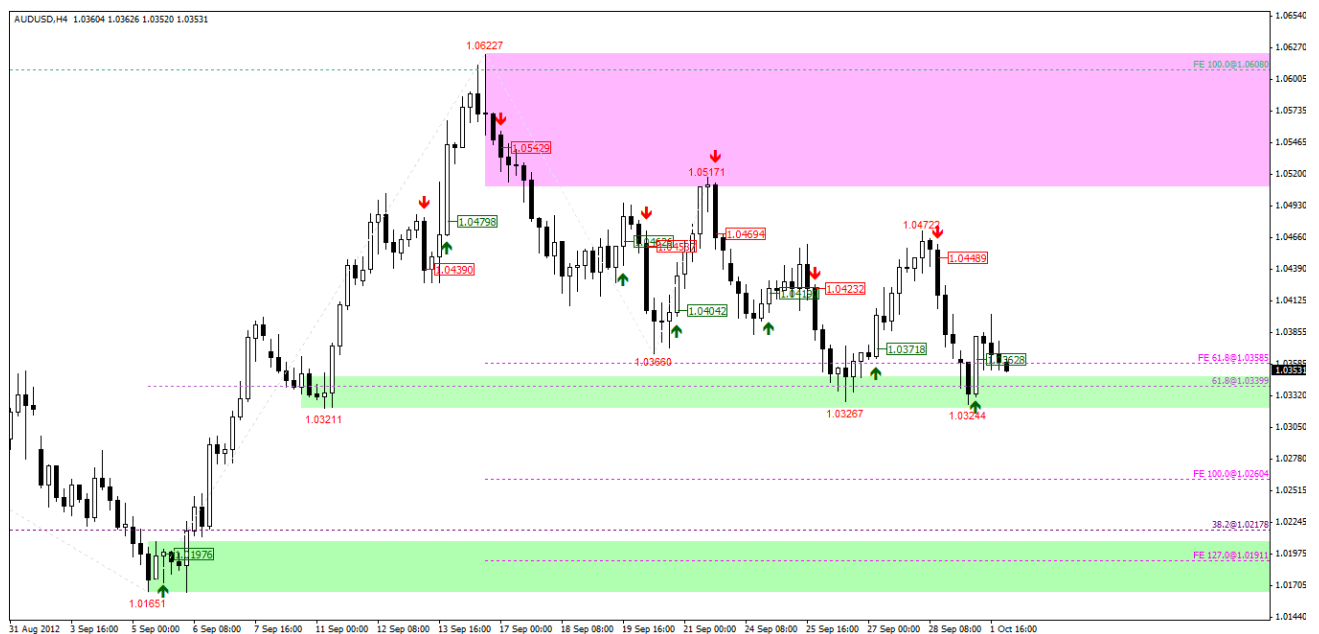
ACTION	Target 1	Target 2	EXIT
Bought @77.683	78.301	79.104	Break-even

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 28-09-2012								+\$21,414.24
USD-JPY	26-09-2012	1.0	77.683	01-10-2012	1.0	77.982	+\$383.42		
USD-JPY	26-09-2012	1.0	77.683	28-09-2012	1.0	77.916	+\$383.42		
						Unrealized	+\$766.84		

**AUD-USD DAILY**

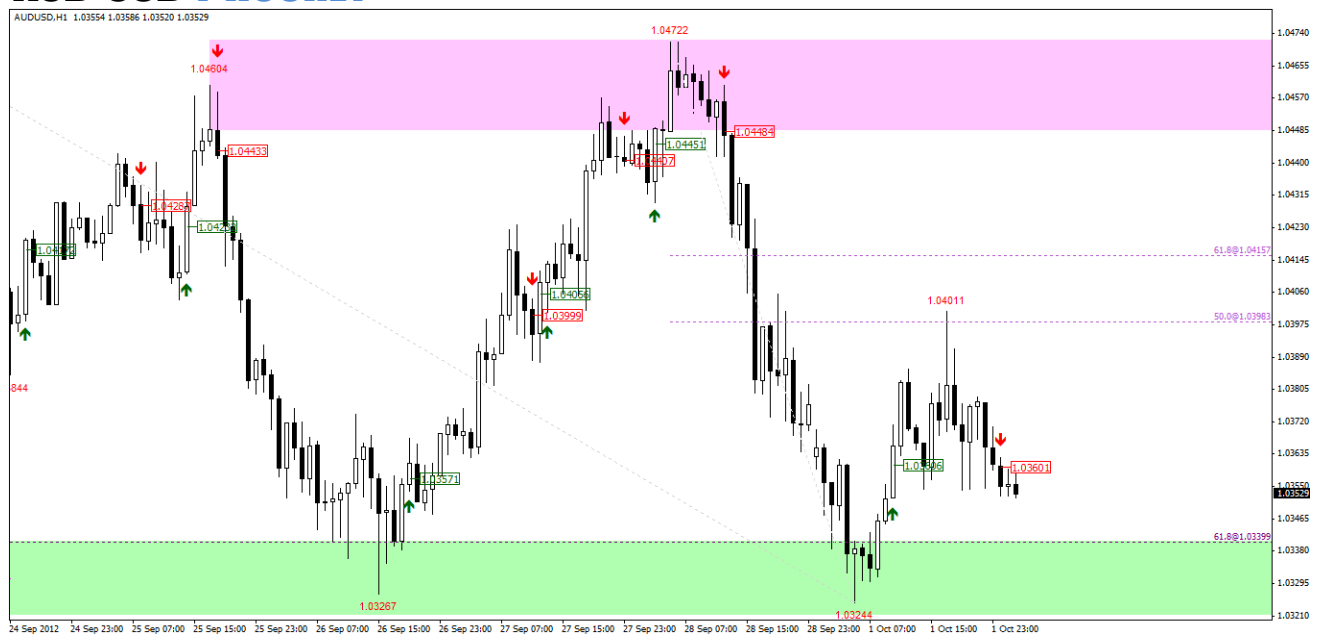
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

The fall from 1.06227 struggled to hit the the DZ at **1.03211-1.03481** within which lies the 61.8% retracement of 1.01651 to 1.06227 at **1.03399** the first time around last Wednesday and promptly rebounded. Yesterday marked the second time this demand pocket has been tested and again price action rebounded from there. This being the case and the fact that a marginal new low was registered at 1.03244, increases the odds that this 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 the 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

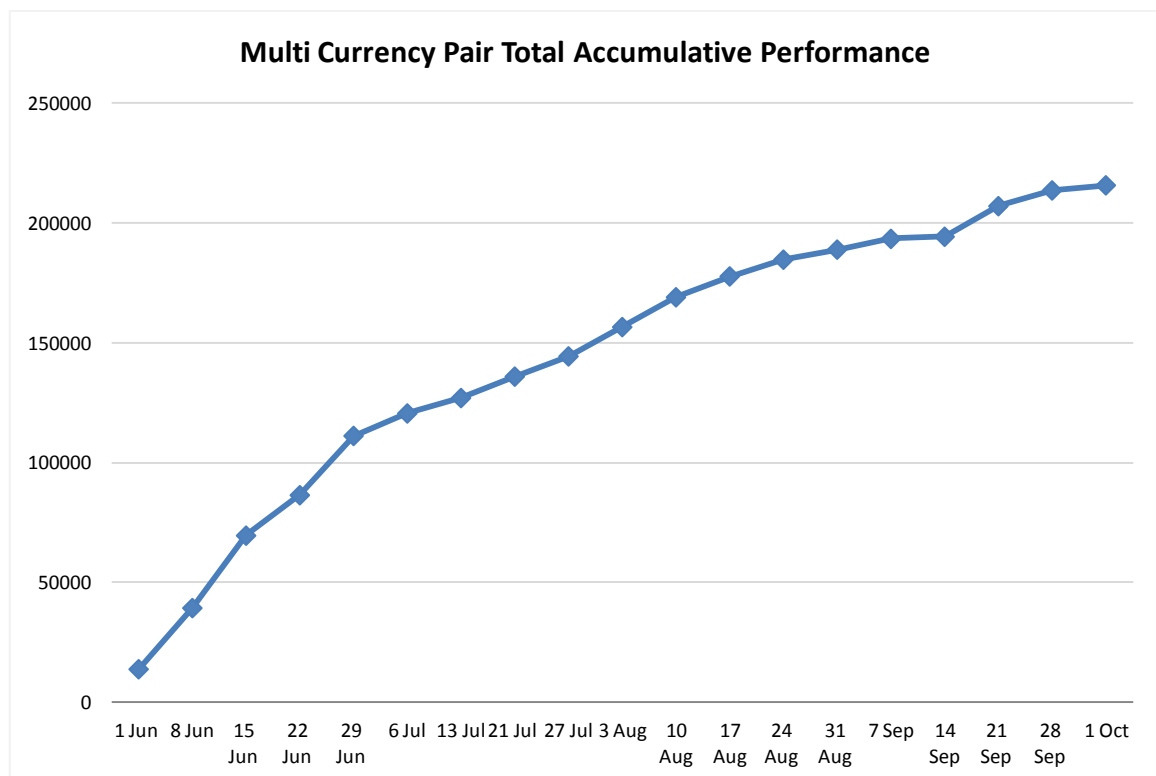
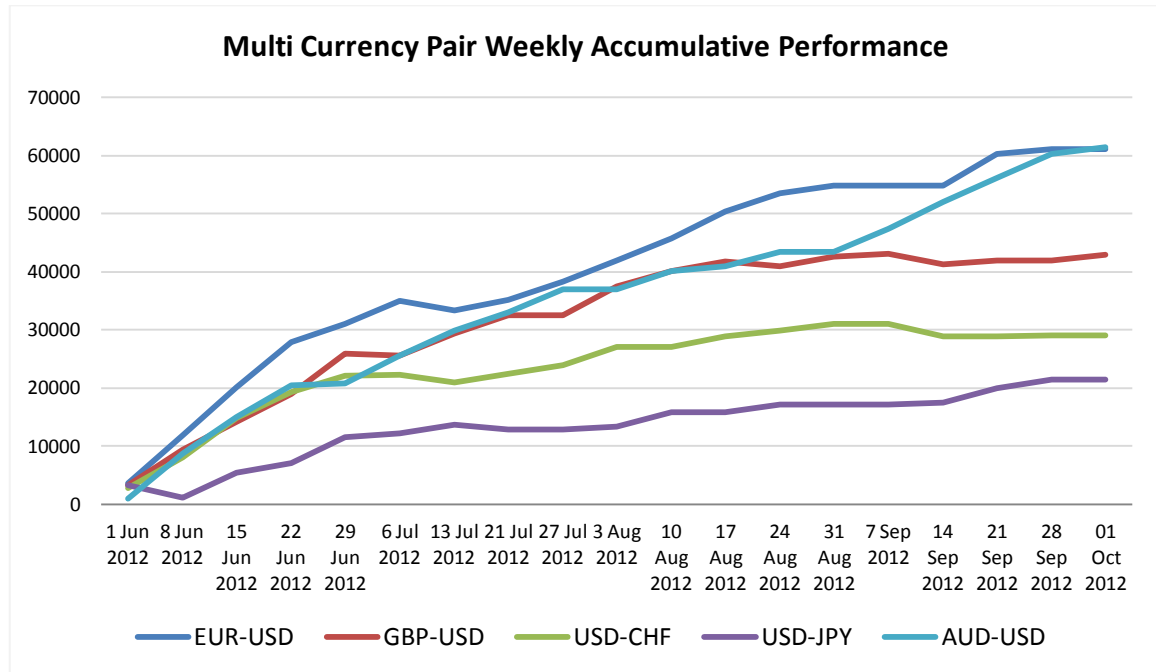


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.04484	1.03407	1.01993	Exit on H4 close above 1.03822
	Realized		

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from								
	28-09-2012								+\$60,295.00
AUD-USD	01-10-2012	1.0	1.03407	28-09-2012	1.0	1.04484	+\$1,077.00	+\$1,077.00	+\$61,372.00
AUD-USD	01-10-2012	1.0	1.03608	28-09-2012	1.0	1.04484	+\$876.00		
						Unrealized	+\$876.00		



Website under development

## Traders Academy International

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.

### Non Affiliation Policy

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.