

A Traders Academy International Publication

Euro Outperforms, Aussie Underperforms

EUR-USD hovered at multi-month highs on Wednesday, having extended recent gains as tentative signs of progress in the U.S. fiscal talks bolstered demand for riskier assets.

EUR-USD settled at 1.32273, not far off 1.32381 -- a level not seen since May. EUR-JPY was at 111.360, having scaled a 14-month peak around 111.453, near the Oct 2011 high of 111.561.

Year-end position squeeze is the main driver of the Euro's broad outperformance at the moment, especially as both valuations and positioning are starting to appear stretched for the high-beta currencies. Unless U.S. fiscal cliff talks take an unexpected turn for the worse, there is fair chance that EUR-USD could hit 1.33000 by year-end.

Hopes are high that a deal will be struck between President Barack Obama and House of Representatives Speaker John Boehner to prevent the US economy from going over the 'fiscal cliff'. Both sides have made compromises in recent days and the White House remained confident of an agreement.

USD-JPY managed to hold its ground as markets positioned for the Bank of Japan to ease monetary policy on Thursday. The BOJ kicks off its two-day meeting on Wednesday and is under intense political pressure to expand its asset-buying programme aggressively to snap the world's third-biggest economy out of its fourth recession since 2000.

USD-JPY settled at 84.191, not far off a 20-month high of 84.323 set Monday.

Markets will also be keeping an eye on Japan's trade figures due at 2350 GMT, which could add to the case for bold policy action from the BOJ. Japan's exports have been hurt by fallout from a diplomatic row with China and feeble global demand.

AUD-USD, however, barely budged in part because speculators were already holding record long positions in the currency.

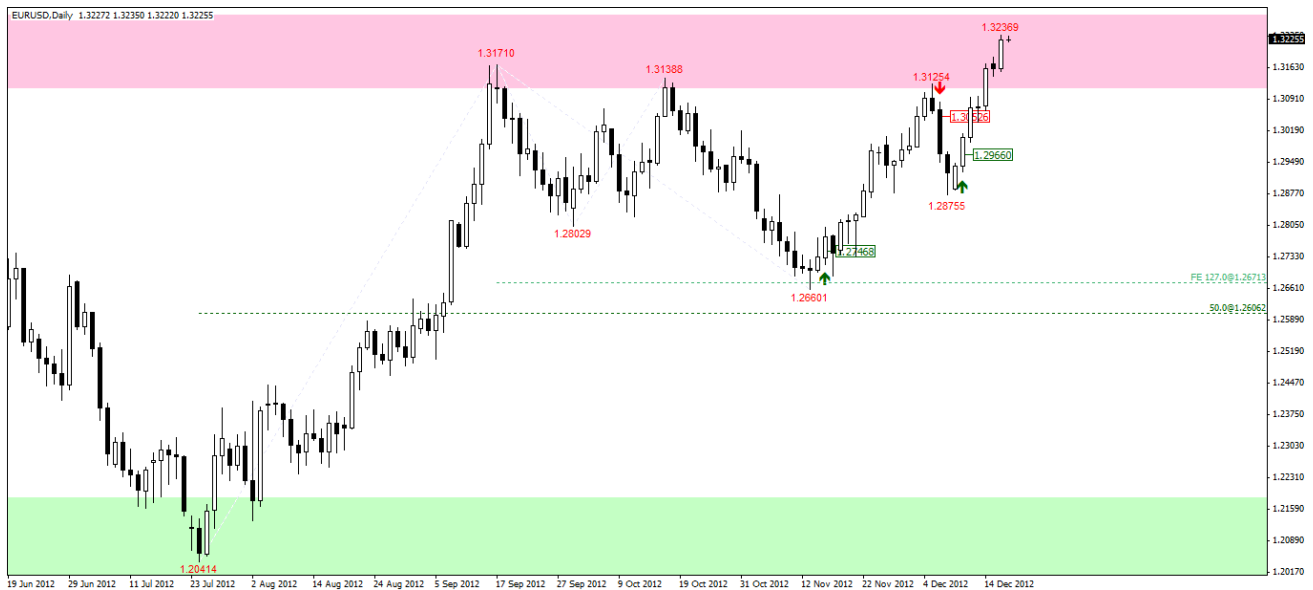
The standout among the major currencies was perhaps the underperformance of AUD-USD, which slipped despite the 'risk-on' market environment. Further gains were limited for the Aussie given that many traders already hold bullish positions and need fresh impetus to put on more.

AUD-USD was at 1.05319, having stalled just below 1.06000 since its rally from the November low of 1.02853 ran out of steam a week ago. It is still some way off its 2012 peak around 1.08557 and its post-float high of 1.10799 set in mid-2011.

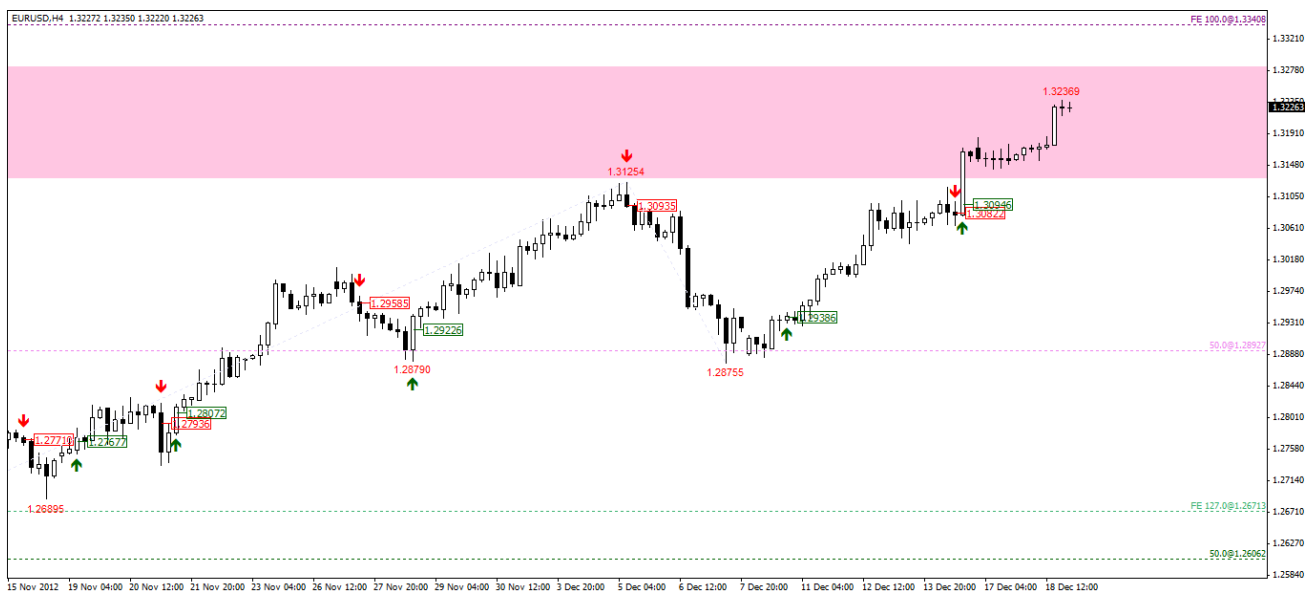
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EUR-USD DAILY



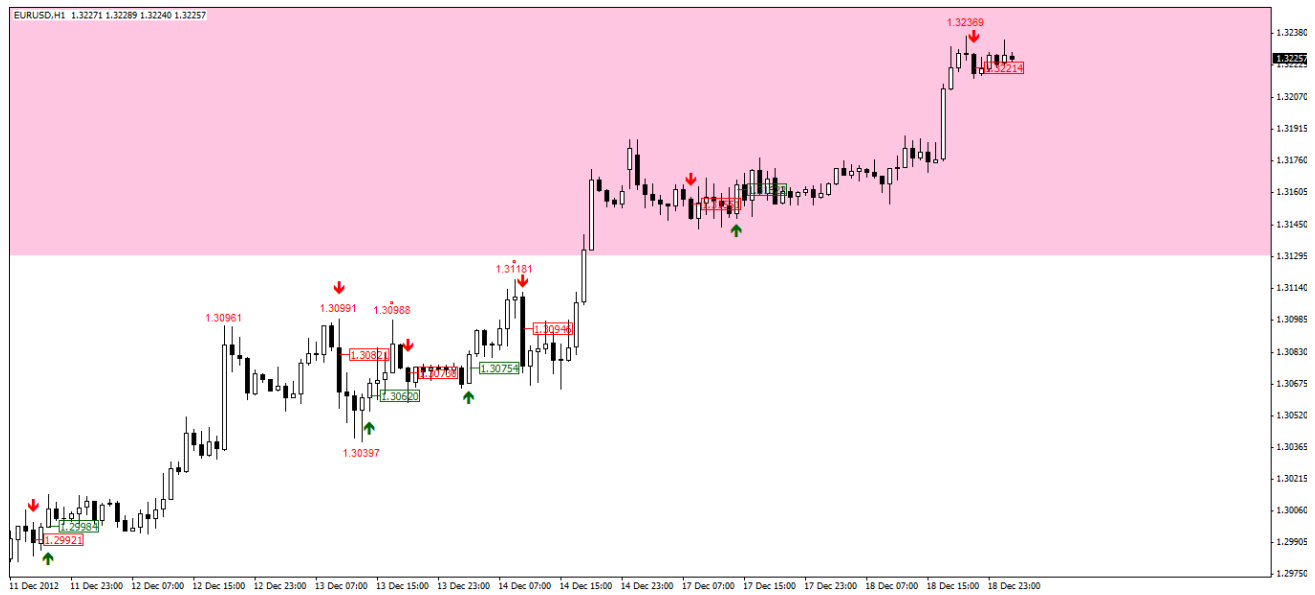
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

After doing practically nothing on Monday, this market once again continued its march higher passed 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 1.32369, not far from a 8-month high of 1.32829. 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**.

EUR-USD 1-HOURLY



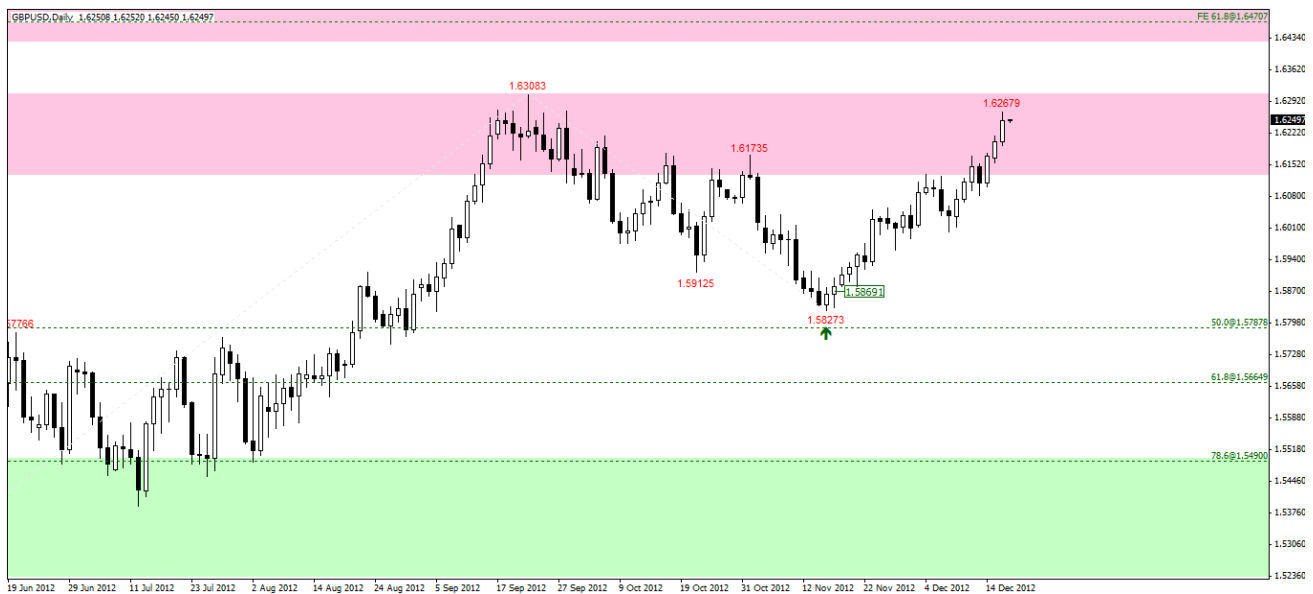
Trade Ideas

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

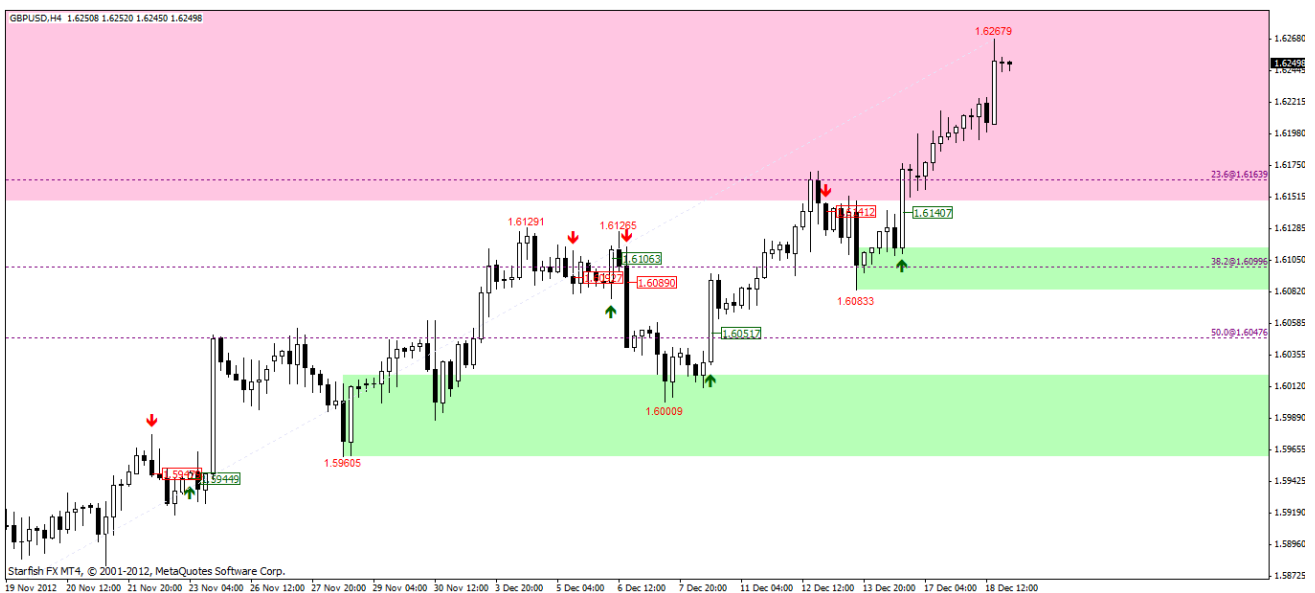
Weekly Performance

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



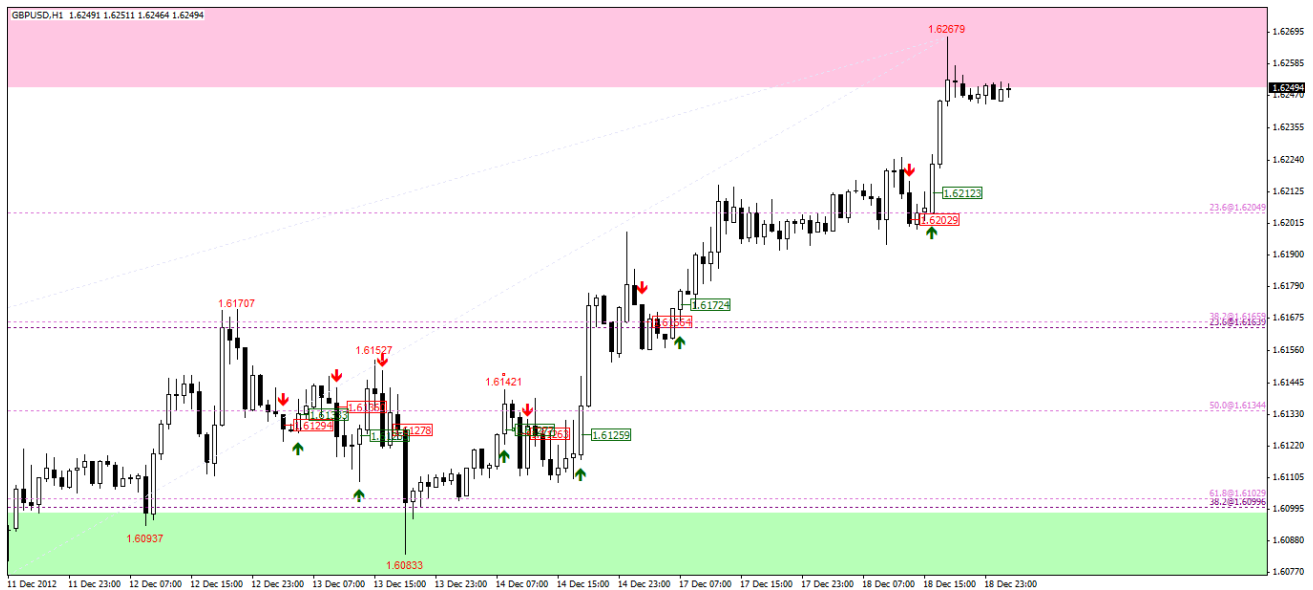
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

Price action ramped through the 78.6% retracement of 1.63083 to 1.58273 at **1.62054** with a print at 1.62679 in overnight actions. Once again, NY based traders waited until London closes before making their moves. This is because London based traders have been trying to sell the pound throughout the London session with marginal success. Selling pressure eased the moment New York is in session, Nonetheless, heavy resistance is still 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) as mentioned 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



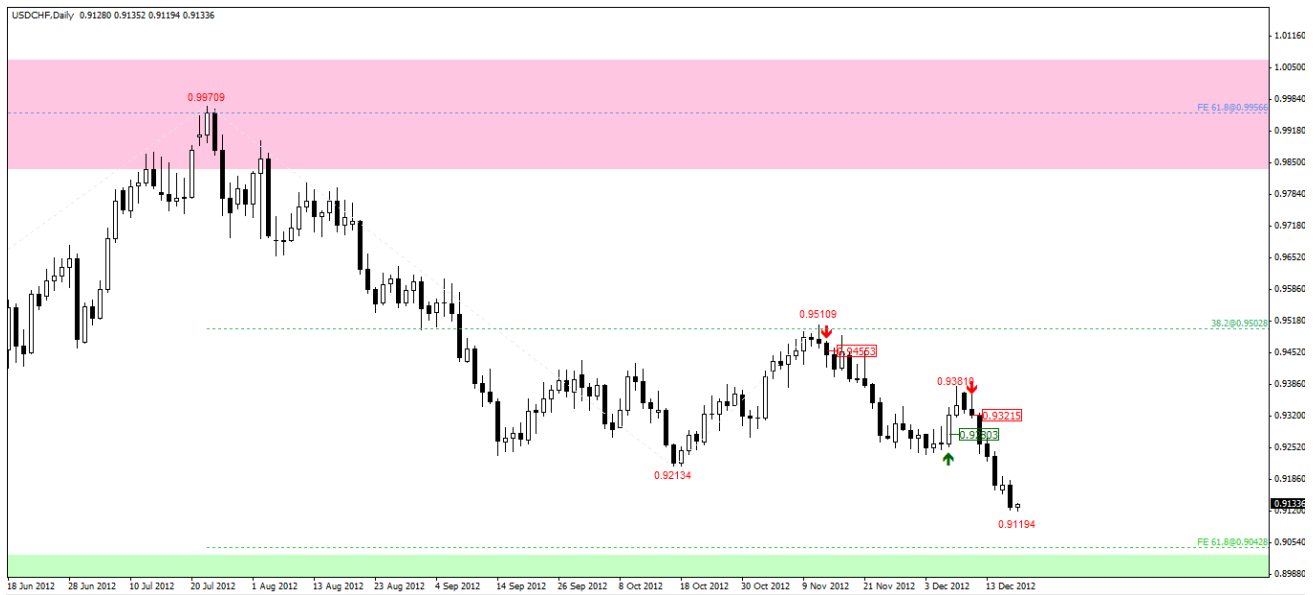
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on D1 close below 1.61664
Bought @ 1.59825	1.61546 Realized	1.62589 Realized	

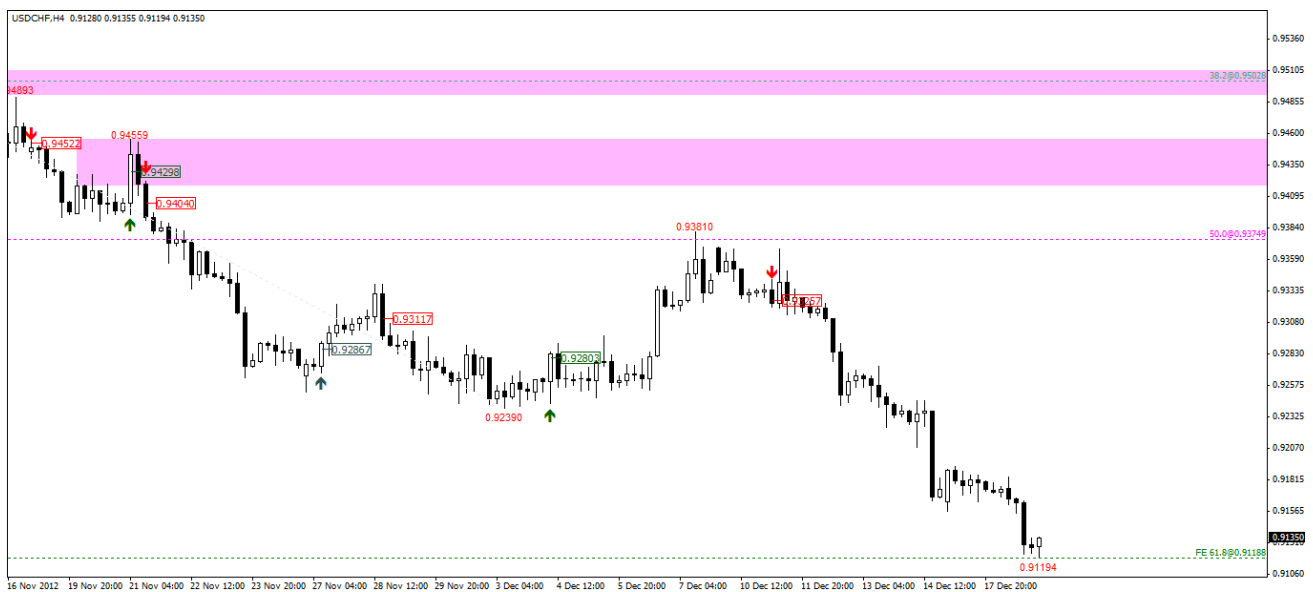
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 14-12-2012								\$52,030.00
GBP-USD	28-11-2012	1.0	1.59825	18-12-2012	1.0	1.62589	+\$2,764.00	+\$2,764.00	\$54,794.00
GBP-USD	21-11-2012	1.0	1.59037	18-12-2012	1.0	1.62504	+\$3,467.00		
						Unrealized	+\$3,467.00		

USD-CHF DAILY



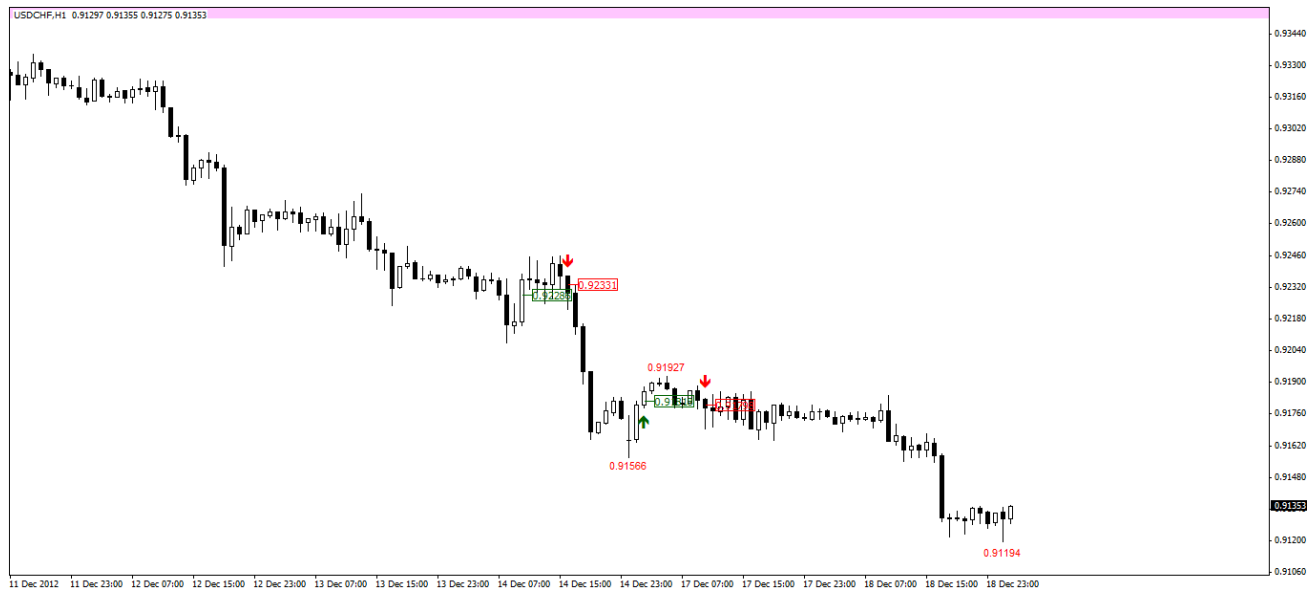
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

Price action opened the week marginally lower at 0.91643 and registered a new 7-month low at 0.91217 (0.91194 this morning) in overnight trading. With the resumption of bearish trend, focus has shifted to the 61.8% projection of 0.99709 to 0.921334 from 0.95109 at **0.90428** which lies just above demand zone at **0.89301-0.90278**; followed by the 38.2% retracement of 0.70667 to 0.99709 at **0.88615** (see H4 chart). Despite the obvious resumption of the fall, resist the temptation to sell at current levels. Instead wait for a decent rebound before doing so. If no rebound occurs, so be it.

USD-CHF 1-HOURLY



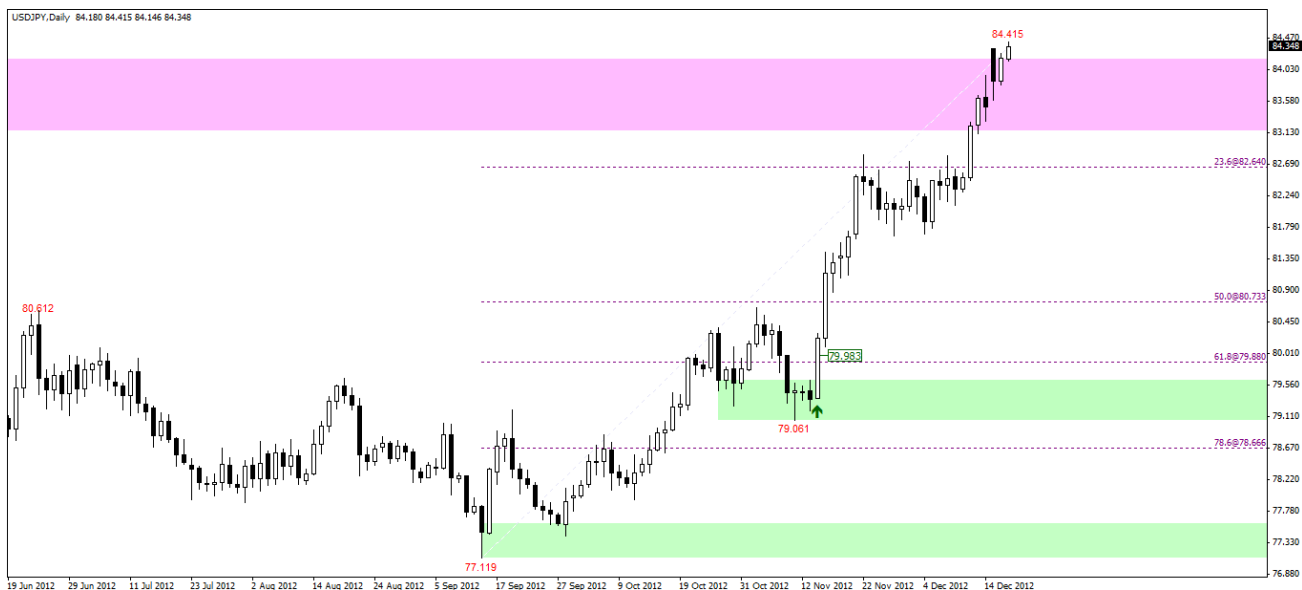
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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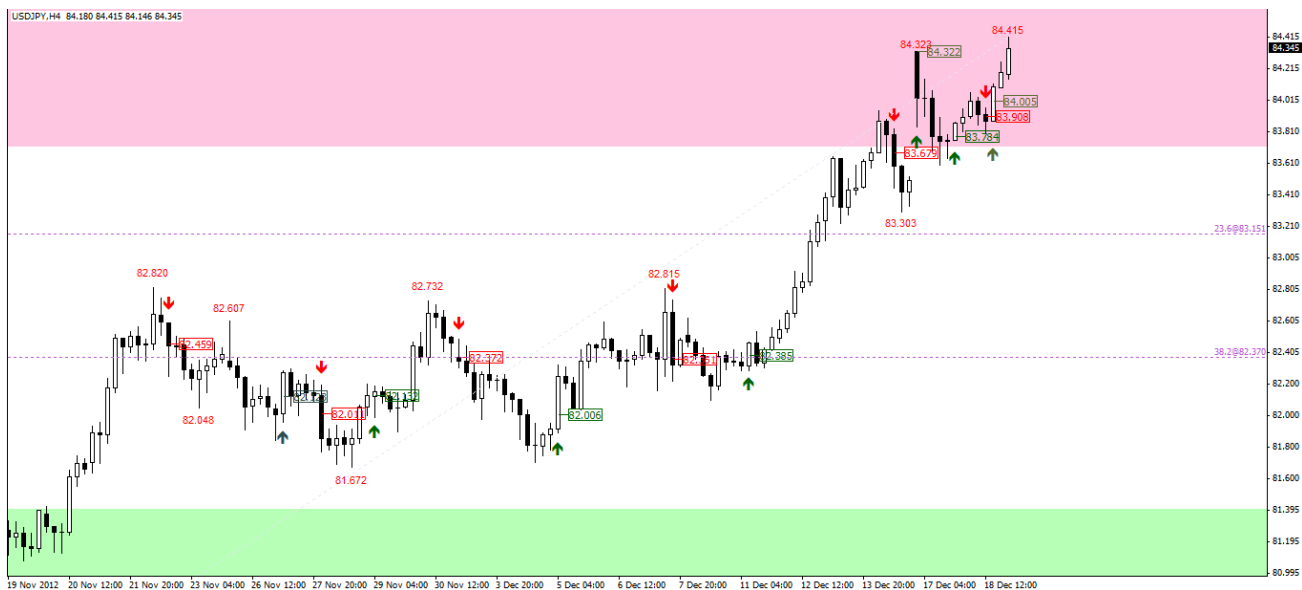
Weekly Performance

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



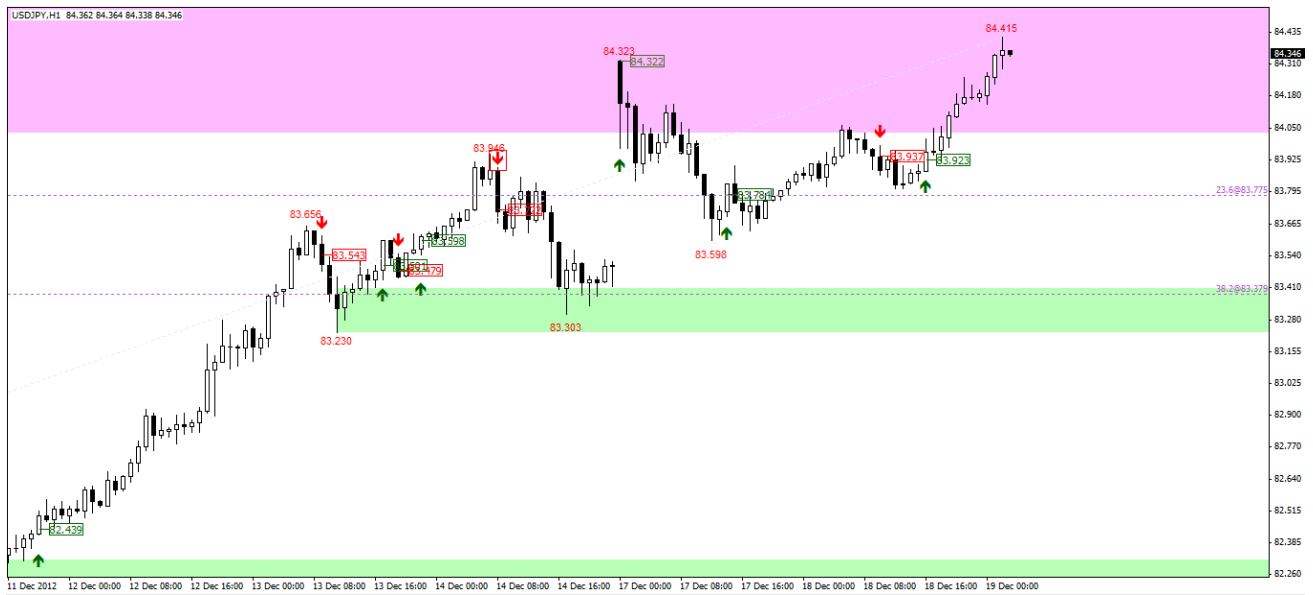
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

Despite the weaker closing relative to its opening price on Monday, this market powered to a new 20-month high this morning with a print at 84.415 this morning. This market is poised to end the year on a positive note for a change. As noted, 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 **83.719-85.520** 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



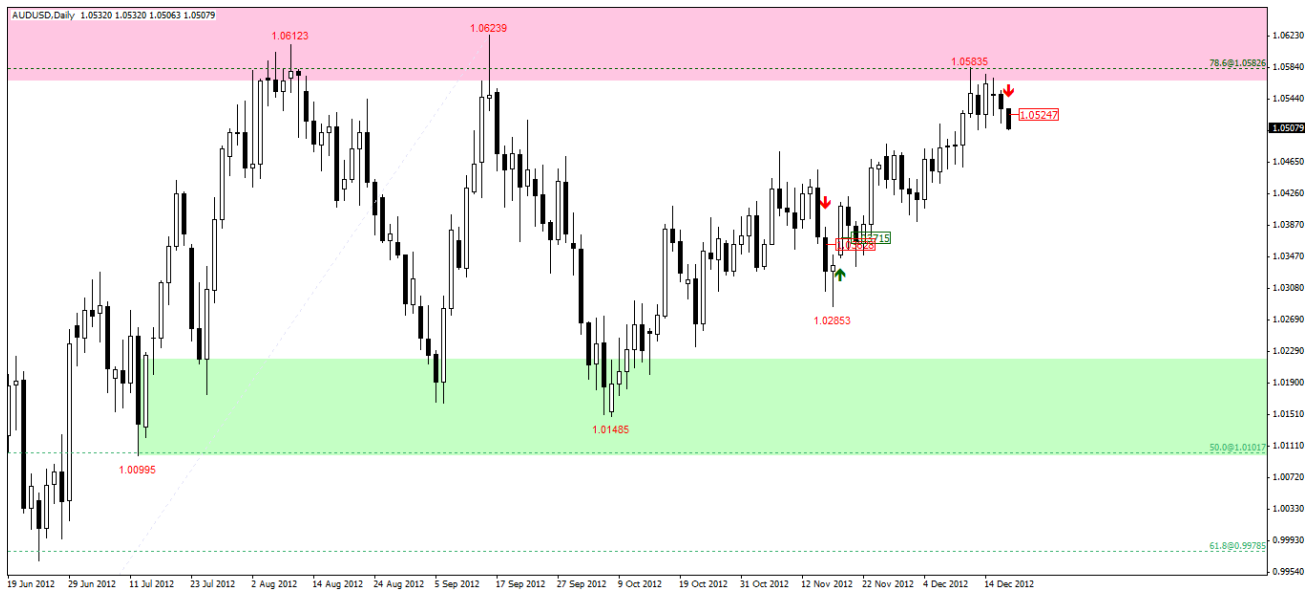
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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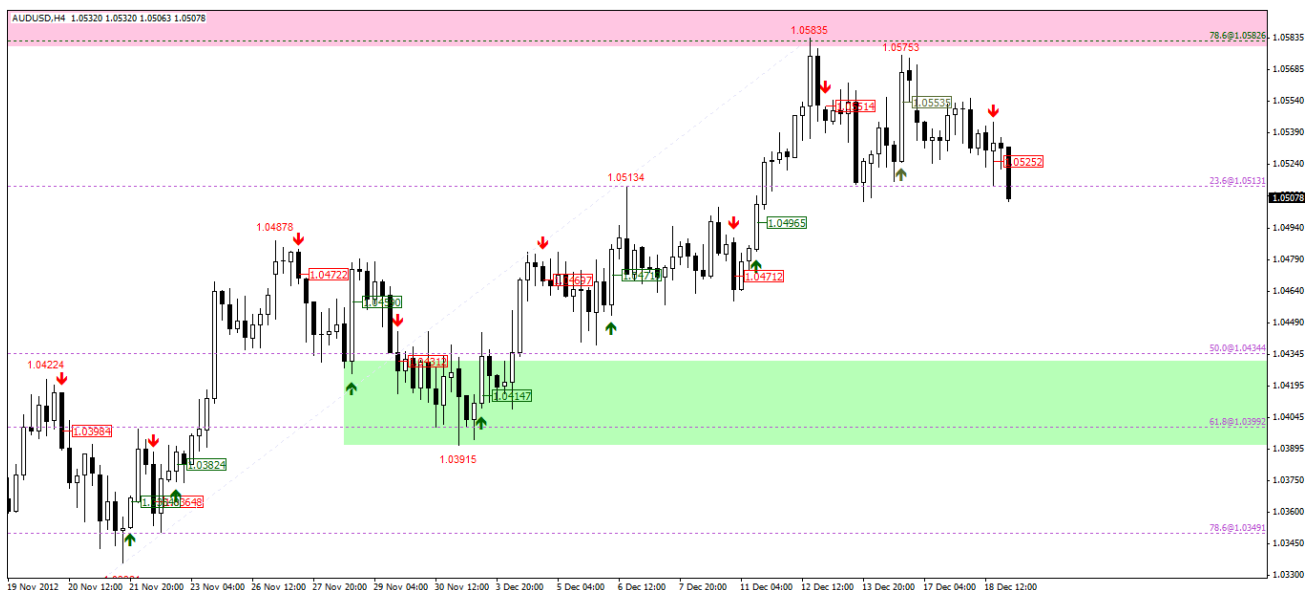
Weekly Performance

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



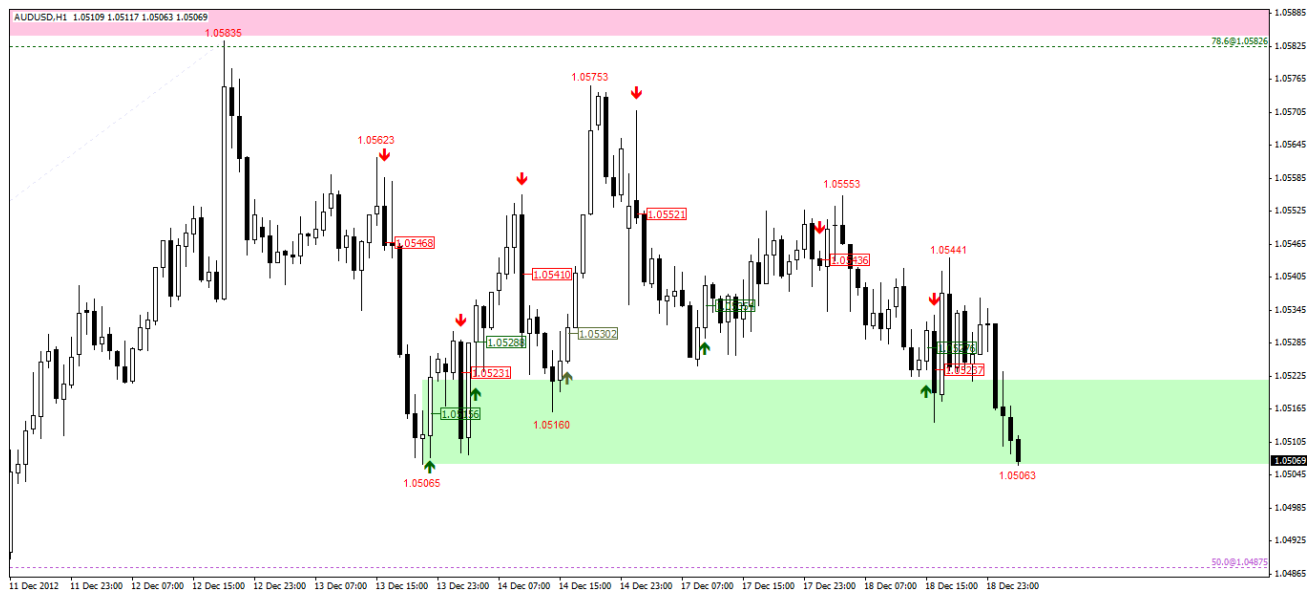
AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

The 78.6% retracement of 1.08557 to 0.95795 at **1.05826** proved to be the turning point of the rally from 1.04595 earlier last week. Price action attempted to re-test this level late last Friday before falling back. Early this week saw this market opened weaker by some 14 pips and struggled; ending the first trading day of the week as a doji. As noted, even though some diehard bulls may still be around, the upside potential is rather limited. 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 **1.04390-1.04650** is still probable and if this happens, a long position there may be attempted. This morning saw an acceleration to the downside possibly reflecting the abandonment of long positions by hardcore bulls.

AUD-USD 1-HOURLY

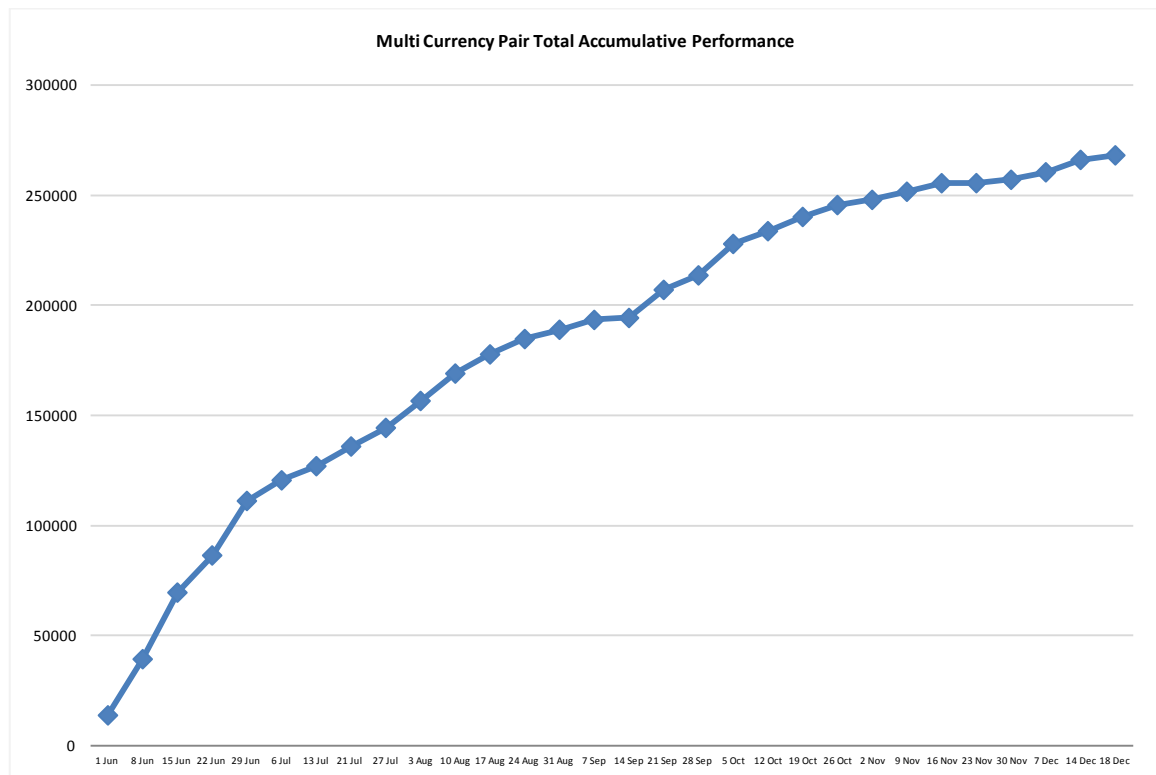
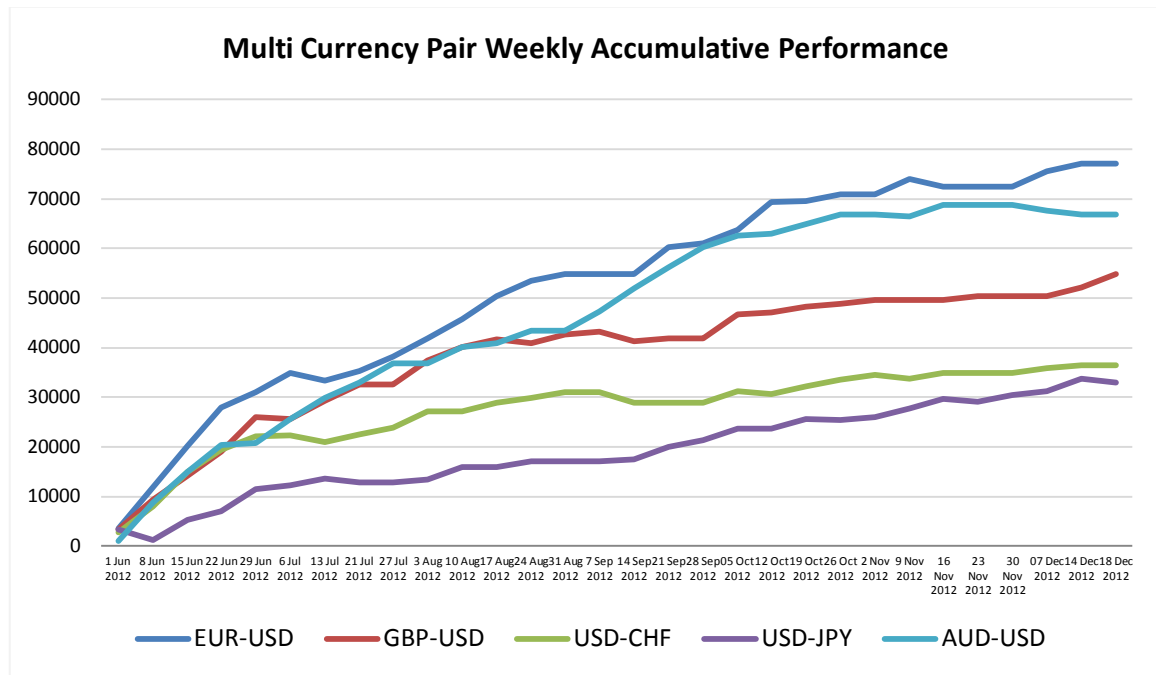


Trade Ideas

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							\$0.00		



Check out our website at

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.