

*A Traders Academy International Publication*

## USD-JPY At Year's High

USD-JPY rose to a 20-month high and EUR-JPY to a 16-month high on Wednesday, after Shinzo Abe assumed office as Japan's new prime minister and reiterated his pledge to push for more drastic monetary and fiscal measures and tame the strong Japanese Yen.

Meanwhile EUR-USD traded above the 1.32000 handle for a seventh straight session. EUR-USD gain was due to position adjustment going into the end of the year, with traders continuing to reduce short bets.

Overall trading volume was thin with many global financial centres still closed for the Christmas holiday. All G10 markets except Japan were closed on Tuesday, and only Japanese and U.S. markets were opened on Wednesday. Hong Kong and Australia also remained closed on Wednesday.

New Japan Prime Minister Shinzo Abe said on Wednesday his government will pursue bold monetary policy, a flexible fiscal strategy, and a growth plan to encourage private investment. Abe, whose party won a landslide victory on December 16, was elected prime minister by parliament's lower house on Wednesday.

The election of Abe has had a galvanizing effect on the USD-JPY and he has been able to accomplish more in two months of jawboning than the BoJ than others have over the past several years.

USD-JPY was buoyed further by minutes of the Bank of Japan's November policy meeting released on Wednesday which showed some board members considered policy options if the outlook for the economy and prices were to worsen. One board member even suggested that the BoJ commit to buying assets in an open-ended manner, without setting a strict deadline, until it achieved its 1 percent consumer inflation target.

USD-JPY rose as high as 85.712, its highest since October 2009. It settled at 85.616, up 1.0 percent on the day.

Options-related positions were said to lurk around 85.500.

USD-JPY has risen more than 600 pips since Abe started his campaign for more accommodative monetary policy and could move towards his ultimate target of 90.000 if he continues to keep the pressure on BoJ to further loosen its stance.

EUR-JPY rose as high as 113.370, a 16-month high. It settled at 113.870.

Ongoing concerns about the U.S. budget impasse continued to underpin the U.S Dollar. President Barack Obama may return to Washington from his Hawaiian holiday as early as Wednesday evening to address the unfinished negotiations with Congress, according to an administration official.

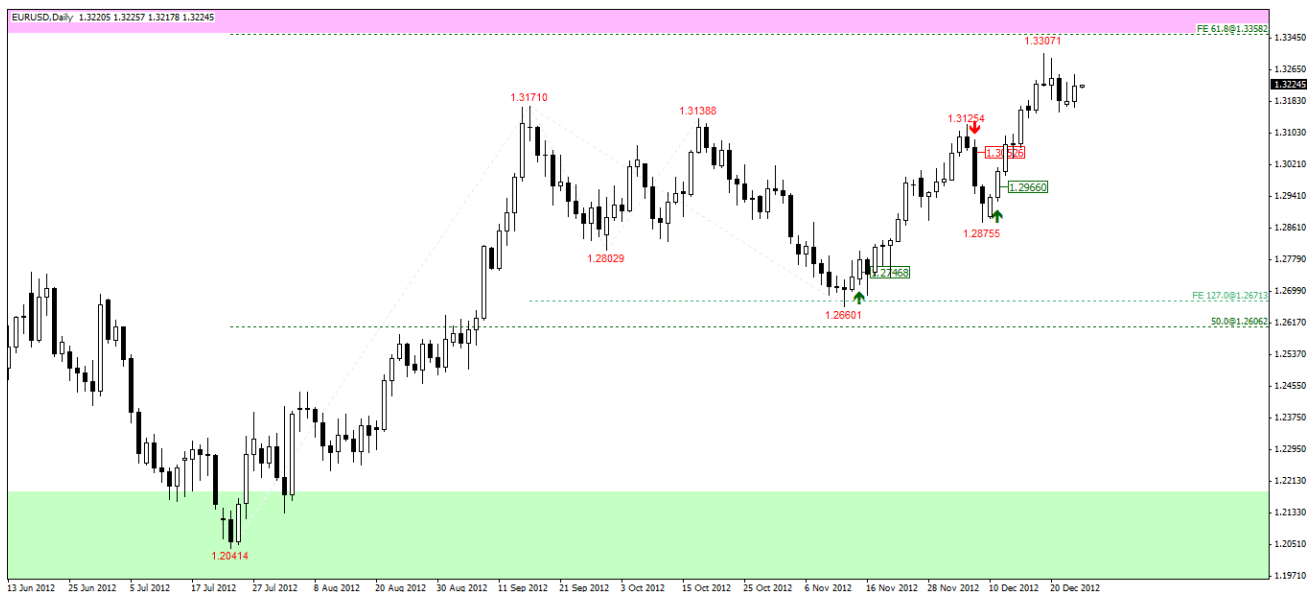
The next session of the U.S. Senate was set for Thursday, but the issues presented by "fiscal cliff" of tax hikes and spending cuts scheduled to take effect next year were not on the calendar.

The U.S. House of Representatives has nothing on its schedule this week, but its members have been told they could be called back on 48 hours notices, making their Thursday return a theoretical possibility.

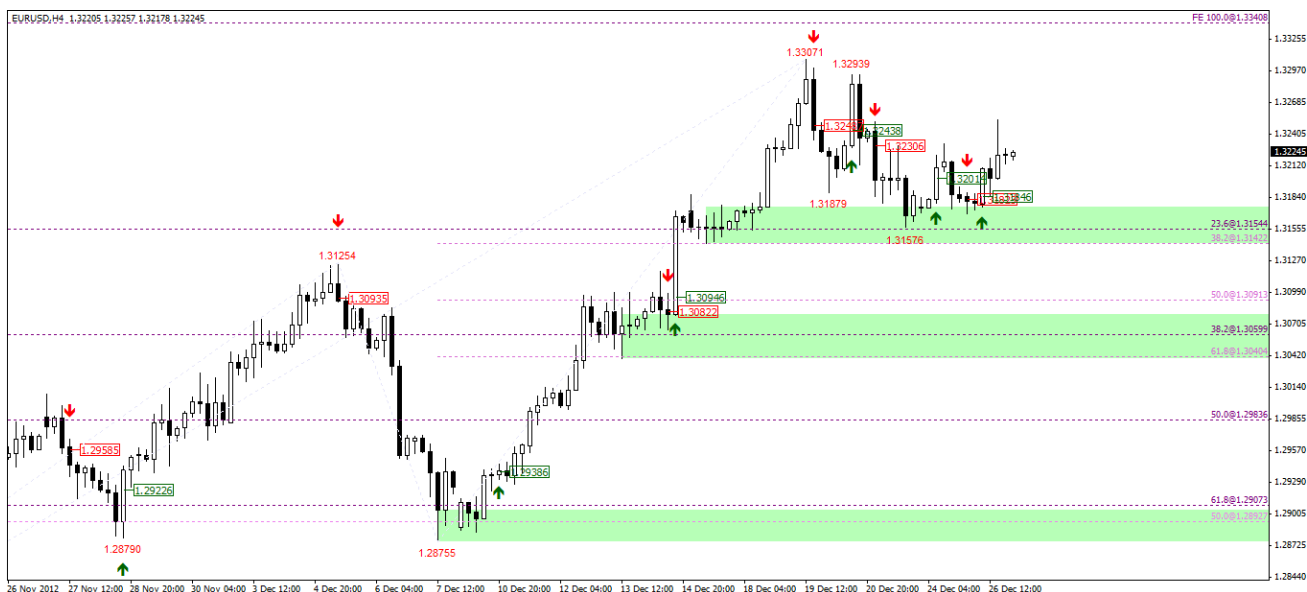
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## EUR-USD DAILY



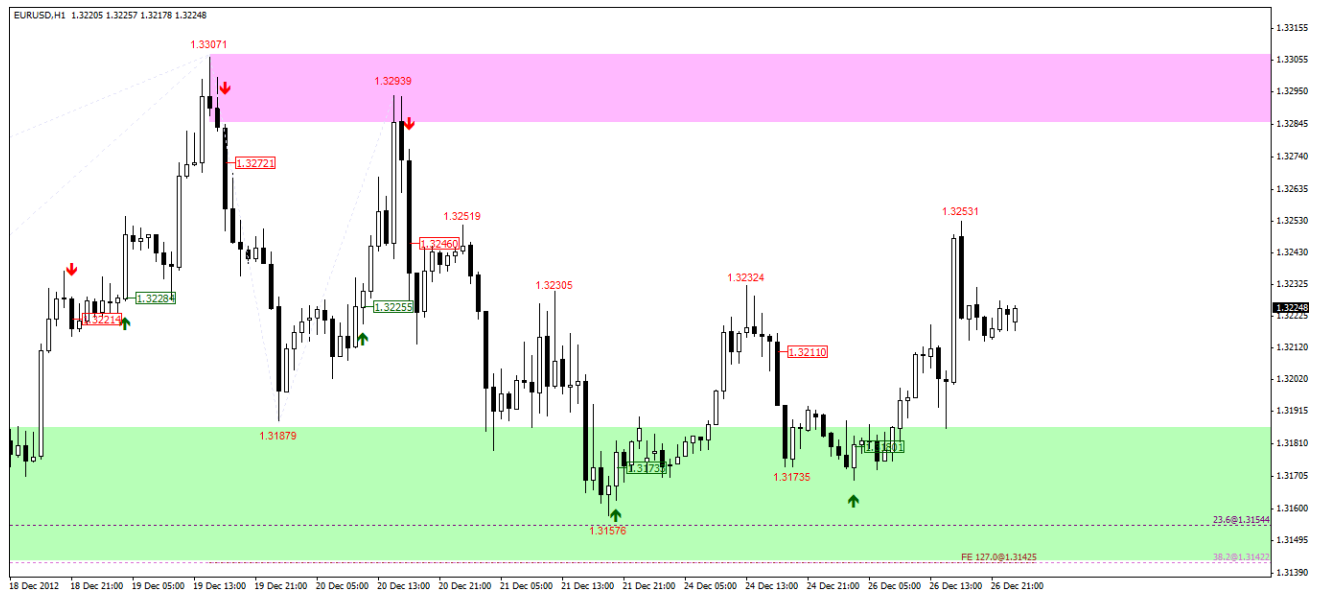
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

The idea that this market may have found a temporary top at 1.33071; just short of the 61.8% projection of 1.20414 to 1.31710 from 1.26601 at **1.33582** was right on. This level, as noted, lies just a touch above the immediate supply pocket of **1.33575-1.34857** (see D1 chart) which in turn lies just above the 8-month high of 1.32829 but below the year's high at **1.34857**. Even though London was closed for the Boxing Day holiday, NY is opened for business. Last Friday saw this market came close to triggering a sell signal in the D1 chart if only it has a close below **1.31621** (overnight low was 1.31702). Overall, the medium to long-term pictures are still decidedly bullish and this pullback we are seeing since last Wednesday is currently treated as a correction. With each passing day (without triggering the sell signal), the odds of this correction hitting its full potential is getting remote. As noted, this pullback ideal outcome is to stabilize at or in between the 23.6% retracement of 1.26601 to 1.33071 at **1.31544** and the 38.2% retracement of 1.28755 to 1.33071 at **1.31422**, coinciding with the 127.0% projection of 1.33071 to 1.31879 from 1.32939 at **1.31425** also coincides with the 38.2% retracement of 1.28755 to 1.33071 at **1.31422**. Together, these Fibonacci confluences represent an ideal launch pad for another assault at the year's high at **1.34857** next. Last night marked the 4th day of this correction from 1.33071 and it is highly probable that this sell signal may never be triggered and the rally from 1.20414 may resumes in earnest.

## EUR-USD 1-HOURLY



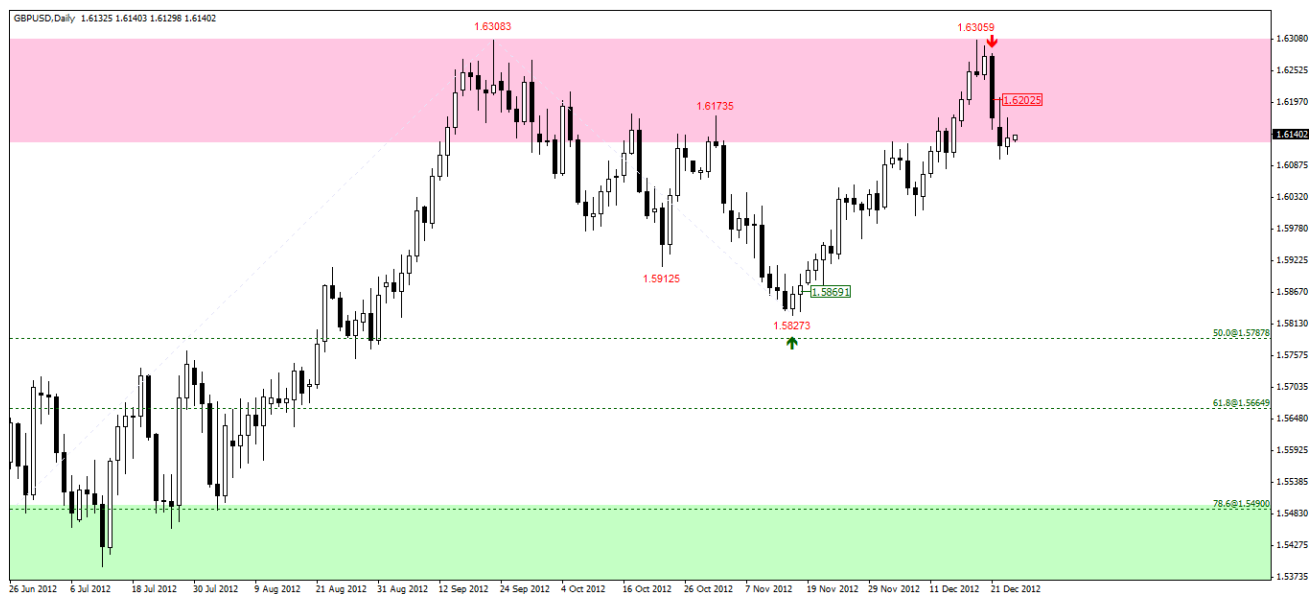
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on buy signal within 1.31430-1.31864	1.32853	1.33582	1.31330 STOP

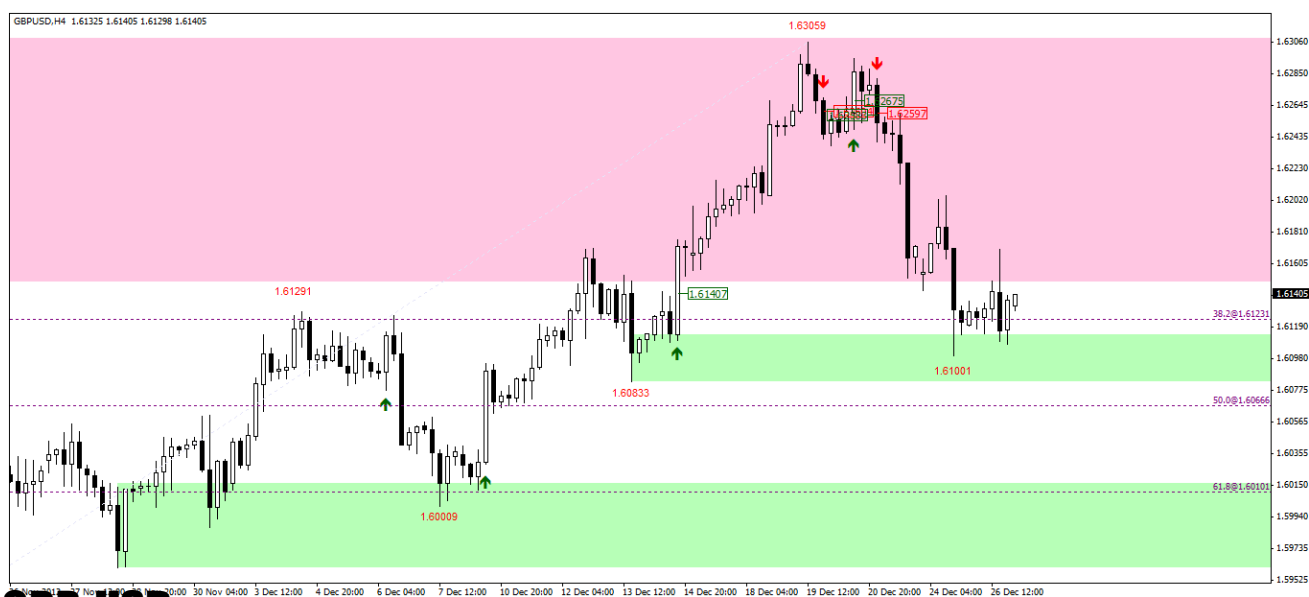
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-12-2012								\$77,678.00
EUR-USD	26-12-2012	1.0	1.32460	20-12-2012	1.0	1.32460			
EUR-USD	26-12-2012	1.0	1.32460	20-12-2012	1.0	1.32460			
						Unrealized	\$0.00		

## GBP-USD DAILY



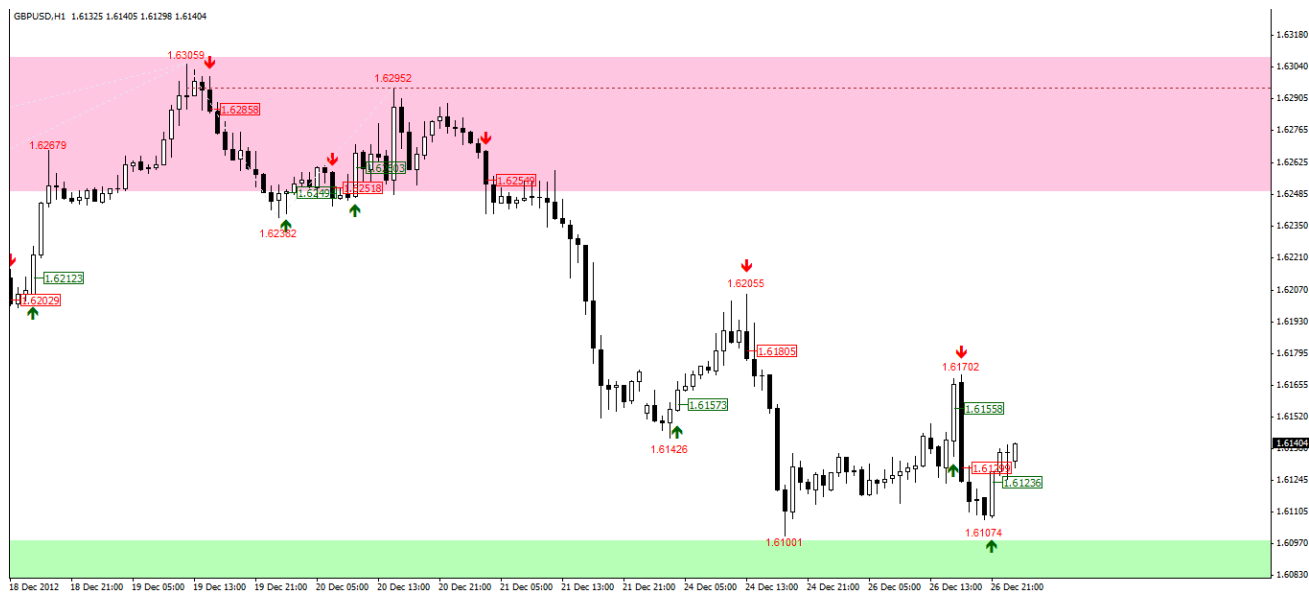
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

Price action surged to the upper boundary of a major supply zone at **1.61302-1.63083** last Wednesday, stalled and unraveled (see D1 chart). The resulting profit-takings was so persistent, it triggered a sell signal in the D1 chart with a close below **1.62025**. The demand pocket at **1.60883-1.61141** has so far held off the onslaught but it is likely that this fall may only hit bottom within the demand pocket at **1.59605-1.60165** where the 61.8% retracement at 1.58273 to 1.63059 at **1.60101** is located. To maintain the overall bullish outlook, it is imperative that this latter price pocket hold the market. After which, for another jab at the 2012 high of **1.63083** is anticipated probably early next year.

## GBP-USD 1-HOURLY



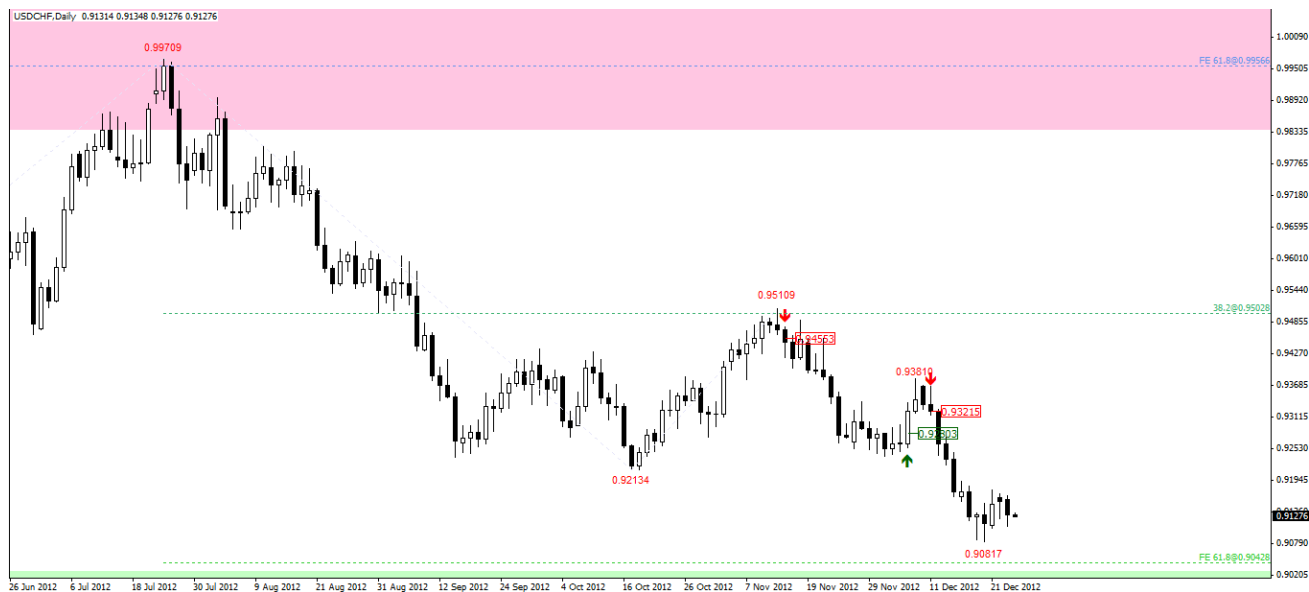
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on buy signal within 1.59605-1.60165	1.61020	1.62499	1.59505 STOP

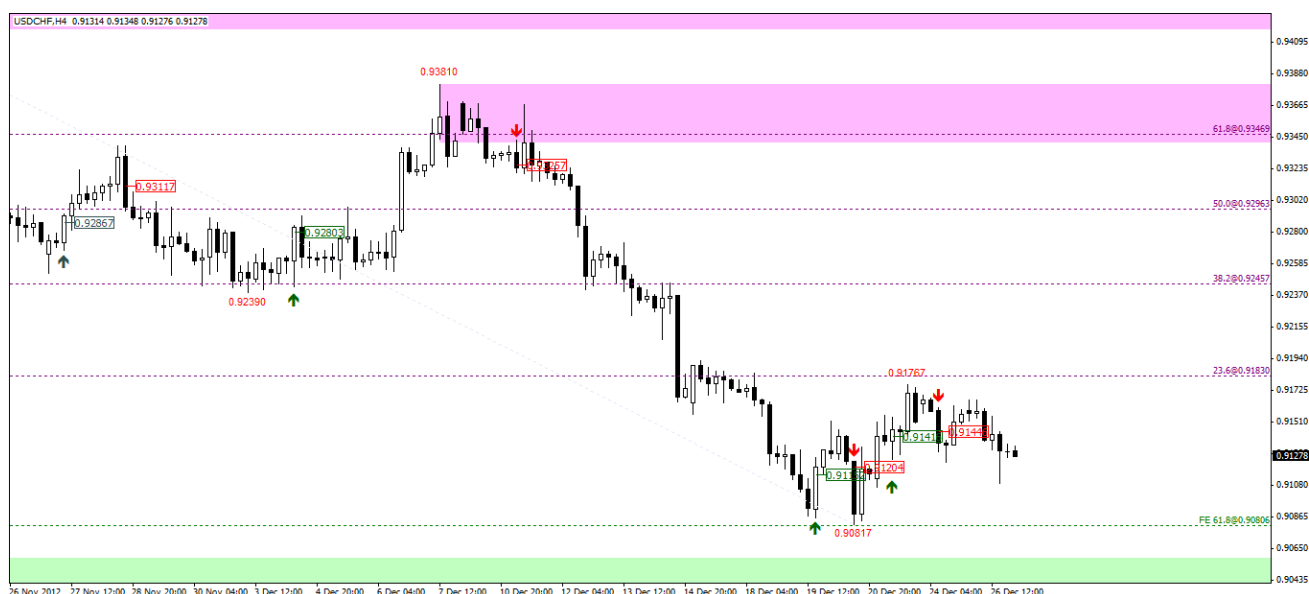
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-12-2012								\$57,782.00
Unrealized							\$0.00		

## USD-CHF DAILY



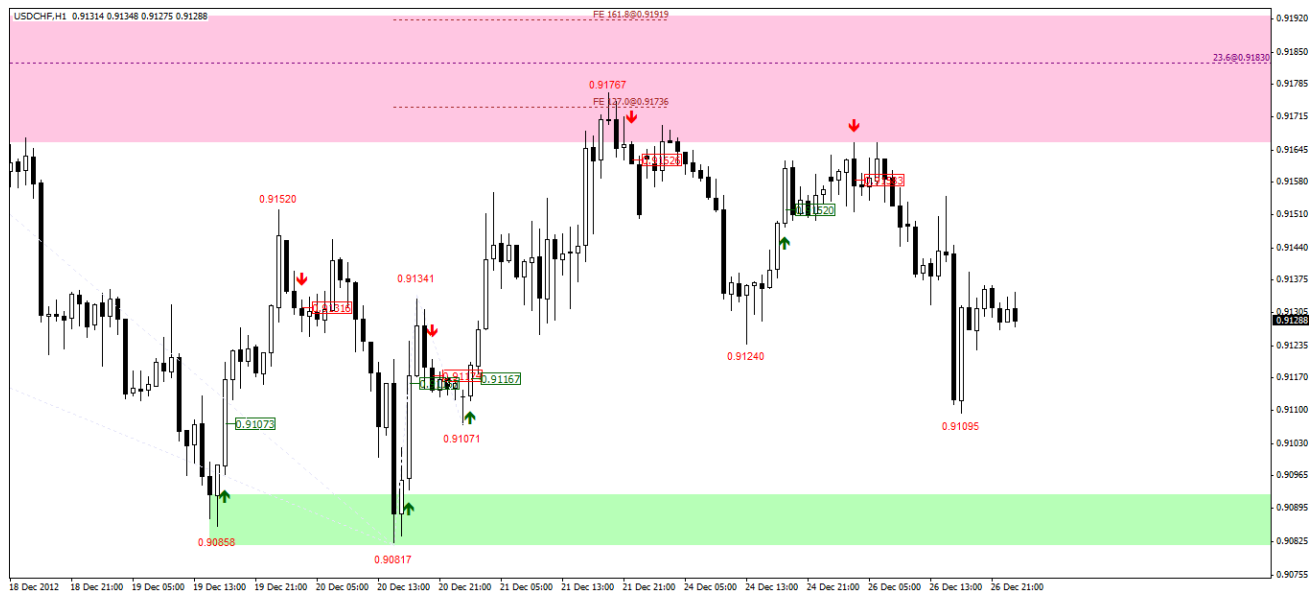
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

After going into a freefall last week by taking out the October low of 0.92134, this market hit a temporary bottom at 0.90817 last Thursday and rebounded. This level is not far from the 61.8% projection of 0.99709 to 0.92134 from 0.95109 at **0.90428**. As noted, the rebound from 0.90428 may be very limited as the overall longer-term picture is still decidedly bearish. The initial rebound topped out at the 127.0% projection of 0.90817 to 0.91341 from 0.91071 at **0.91737** within the supply pocket at **0.91662-0.91927** last Friday. Though unlikely at this stage, the ideal outcome is for this market to rise towards the 38.2% retracement of 0.95109 to 0.90817 at **0.92457** where a supply pocket at **0.92400-0.92734** lies. A sell here offers a much better risk/reward profile. Thereafter, the fall from 0.99709 is expected to trade below the year's low at **0.89301** over time.

## USD-CHF 1-HOURLY



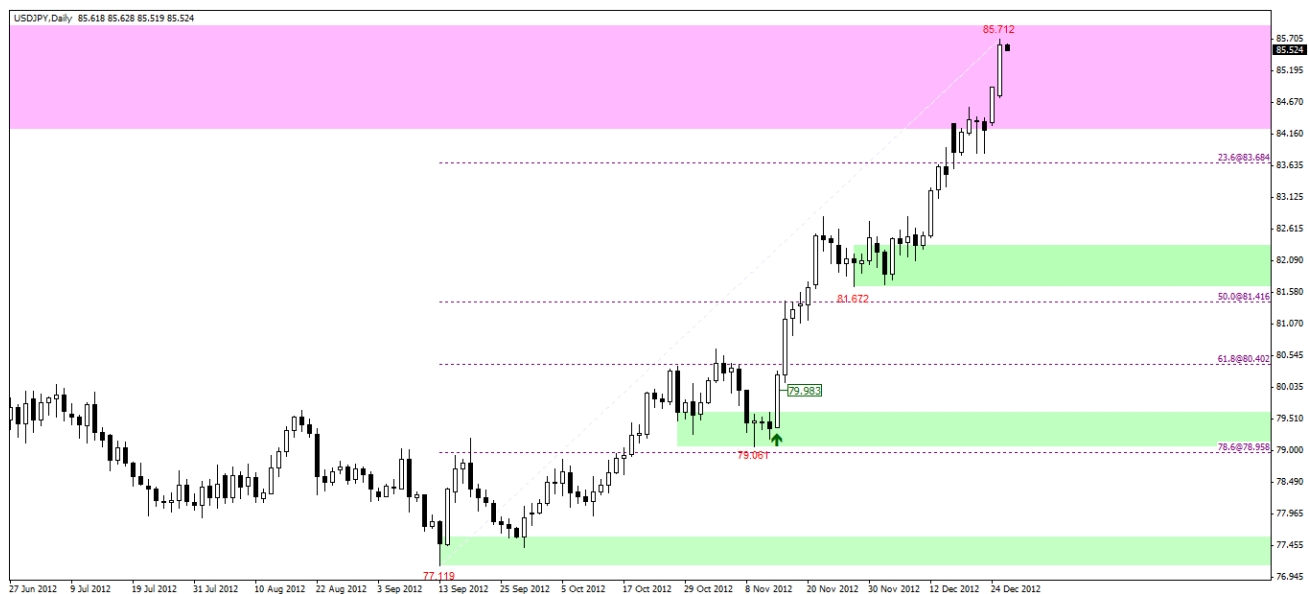
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 0.91157	0.91626 Realized	0.92482	0.91140 STOP

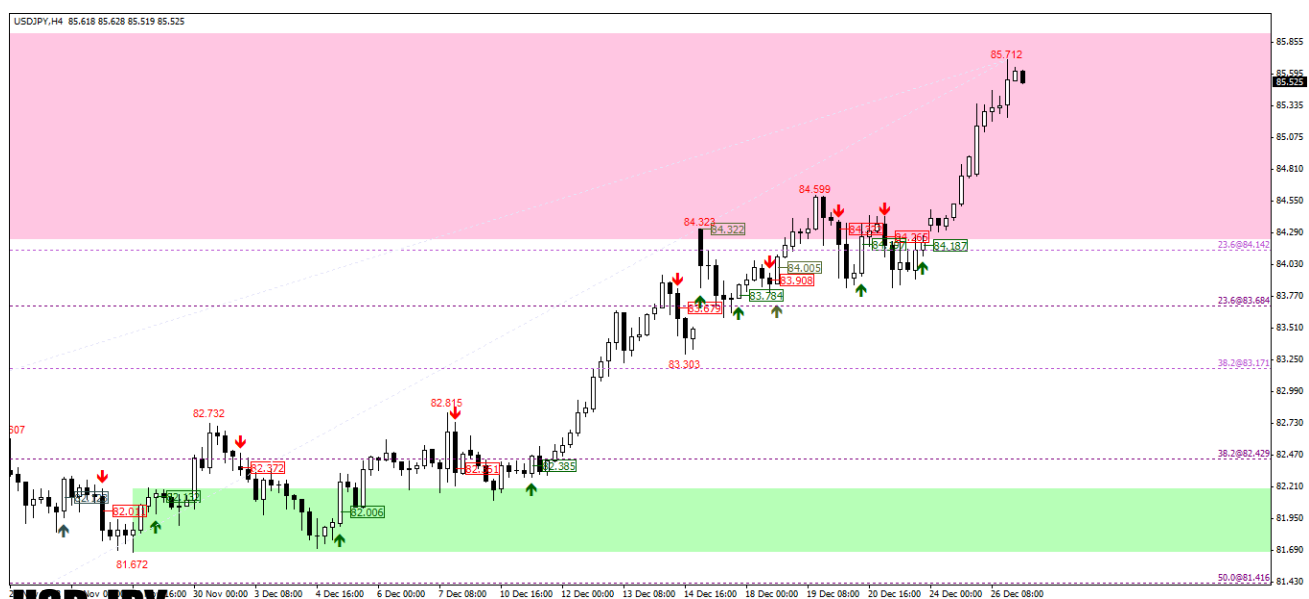
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 21-12-2012								\$36,363.70
USD-CHF	20-12-2012	1.0	0.91157	26-12-2012	1.0	0.91312 Unrealized	+\$169.75 +\$169.75		

## USD-JPY DAILY



## USD-JPY 4-HOURLY

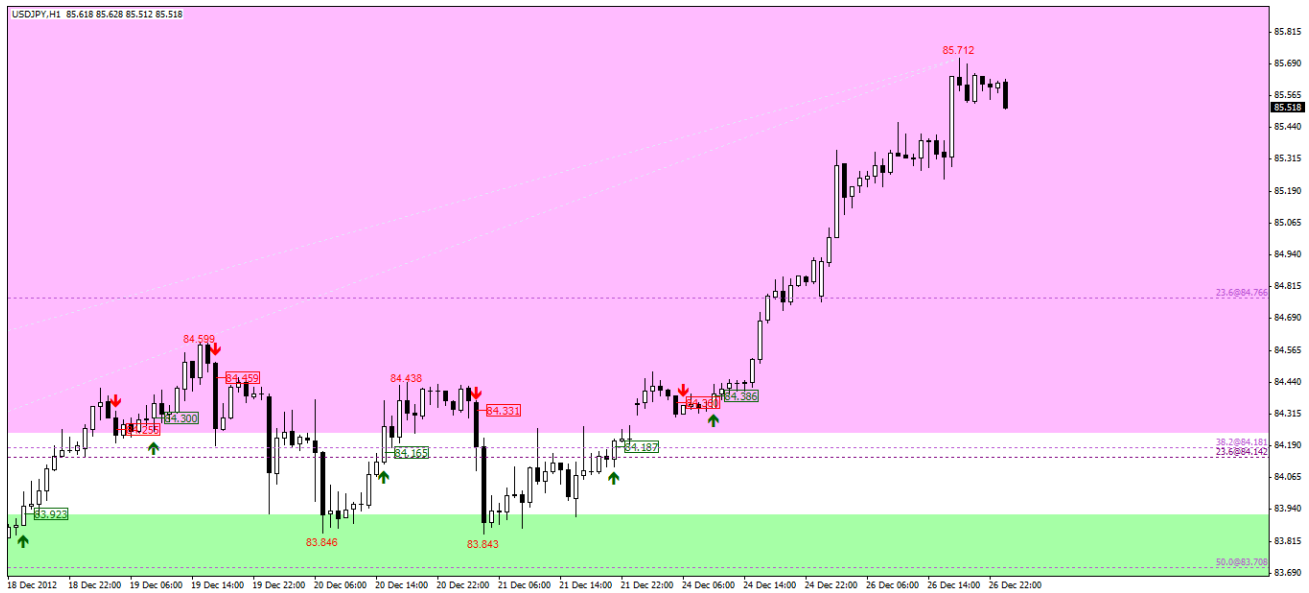


## USD-JPY Short to Medium Term Views

This market continued to power higher to a post September 2010 high of 85.712, effectively taking out last year's high of 85.520. Traders interpret the newly re-elected Shinzo Abe as prime minister as meaning serious business as he continues to pressure the BoJ into hitting a 2% inflation target to roll back the effect of a decade long deflation. The threat to amend the constitution to remove the independence of the BoJ if the central bank does not toe the guideline came even after it expanded its asset-buying programme by an expected ¥10 trillion last week. It is widely believed that the USD-JPY target is 90.000. Even though the longer-term trend is decidedly bullish, short positions within the supply zone at **84.240-84.85.920** (revised) still 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**. Considering the longer-term potential, it may be worth the while to keep some long-term core short positions for an eventual fall below the all-time low of **75.563** – assuming of course this market does not rallies beyond 85.920.



## USD-JPY 1-HOURLY



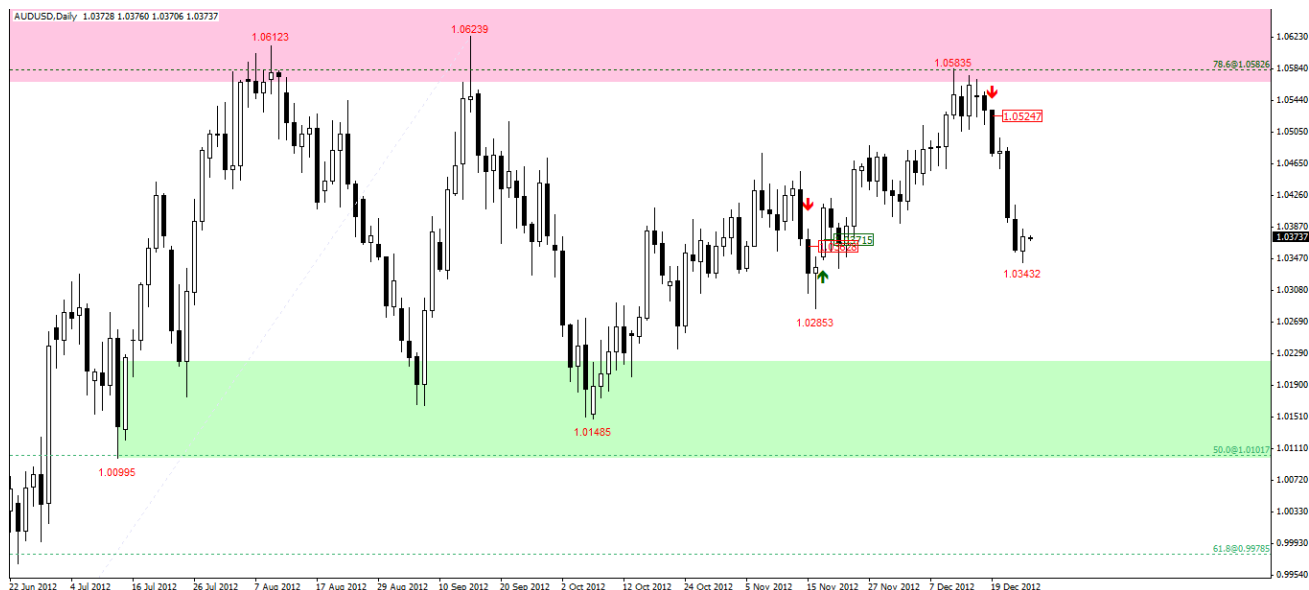
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal within 85.239-84.85.920	84.766	84.181	86.020 STOP

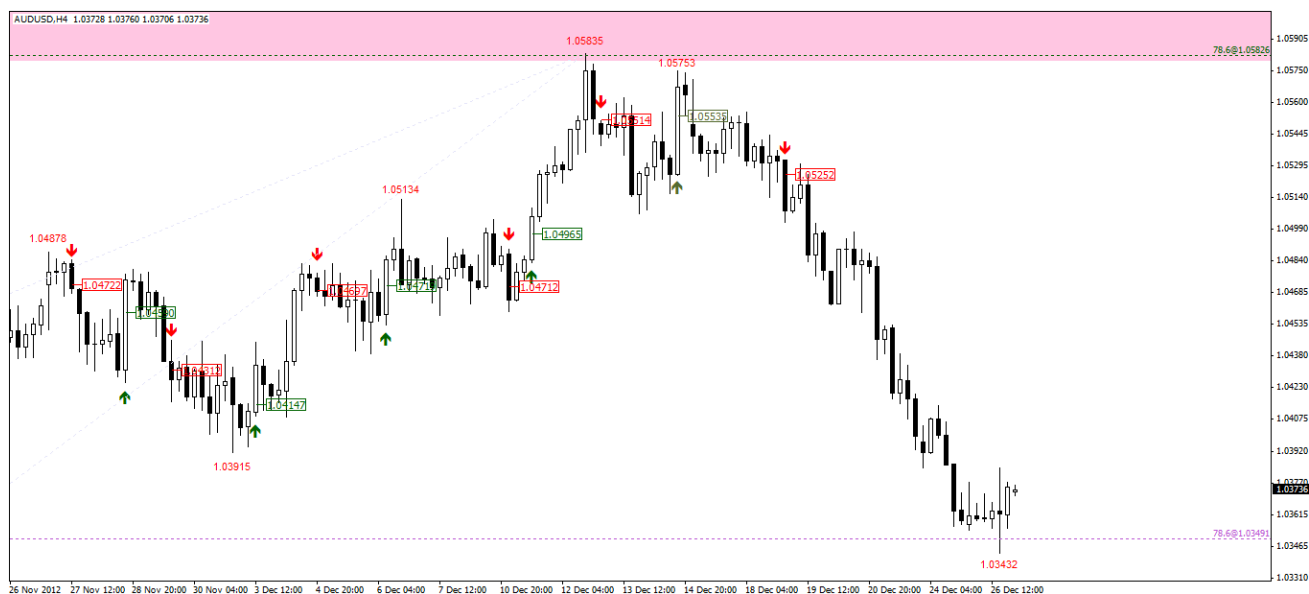
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 21-12-2012								\$33,679.11
USD-JPY	24-12-2012	1.0	84.459	19-12-2012	1.0	84.459			
						Unrealized	\$0.00		

## AUD-USD DAILY



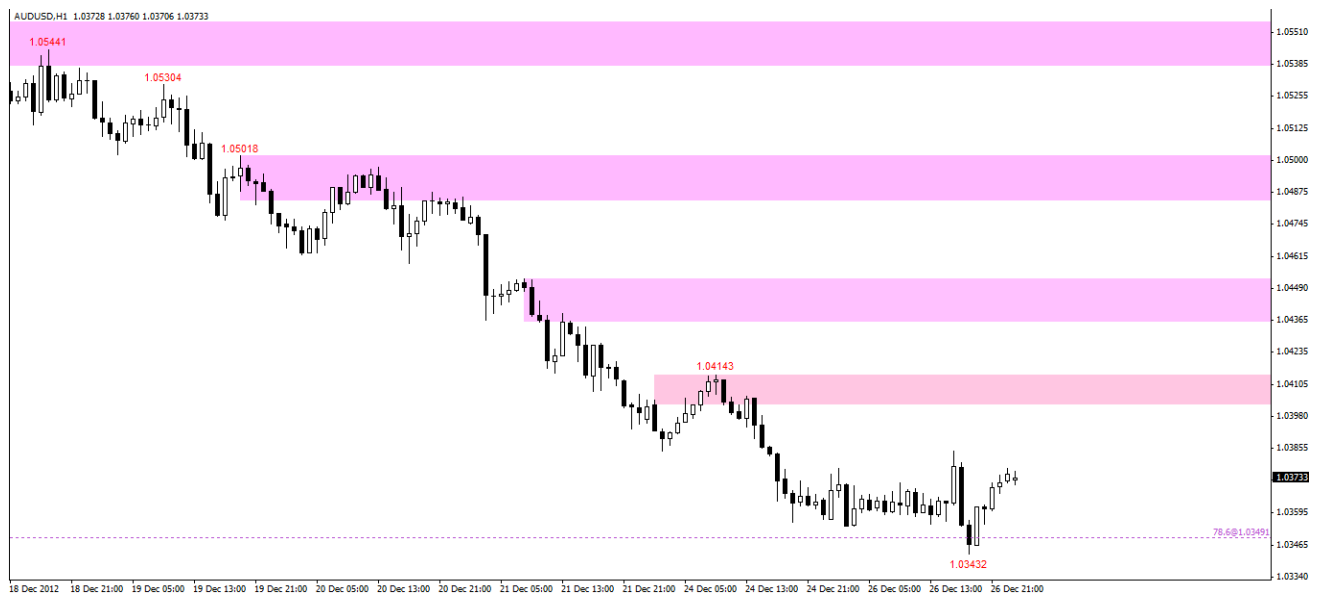
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

The fall from the 78.6% retracement of 1.08557 to 0.95795 at **1.05826** appears to be accelerating but may have found a temporary bottom at the overnight low of 1.03432. This level is just below the 78.6% retracement of 1.02853 to 1.05835 at **1.03491**. As noted, the short-term outlook is extremely over-stretched and a decent rebound is to be expected. Should a correction ensue, other than the minor supply pocket at **1.04354-1.04528**, it is probable that any rebound may be capped at the immediate price pocket at **1.04027-1.04143**.

## AUD-USD 1-HOURLY

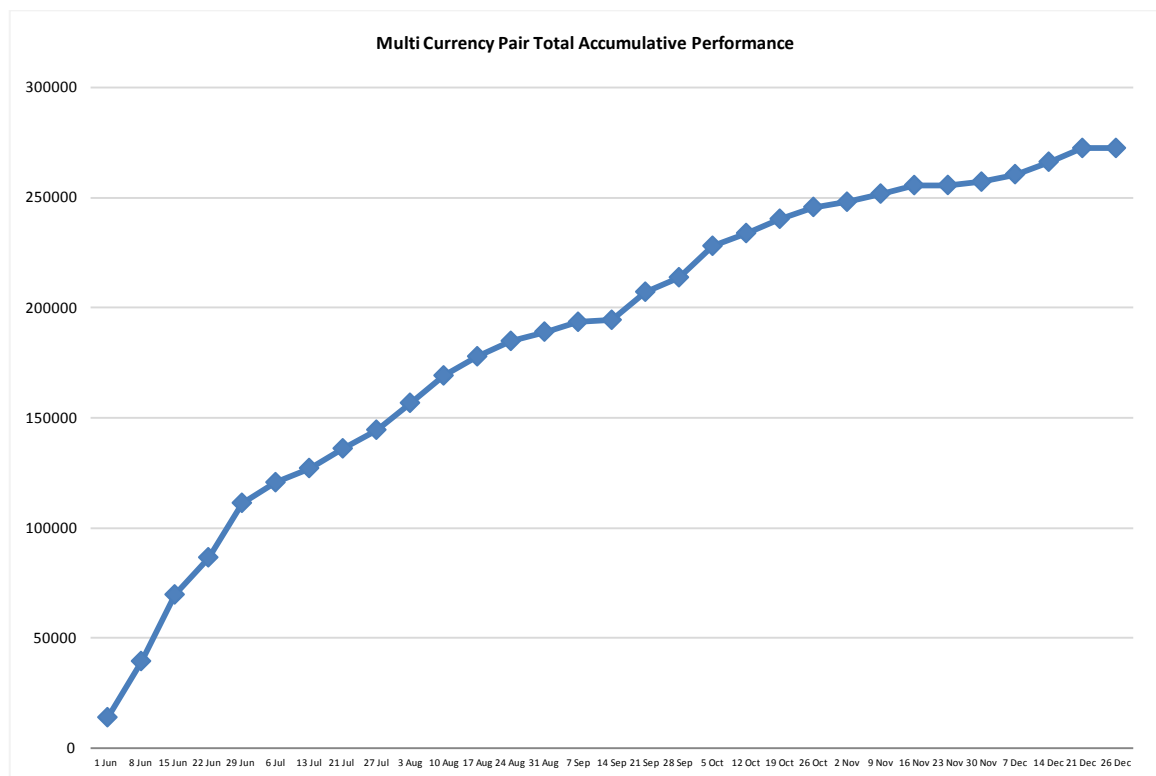
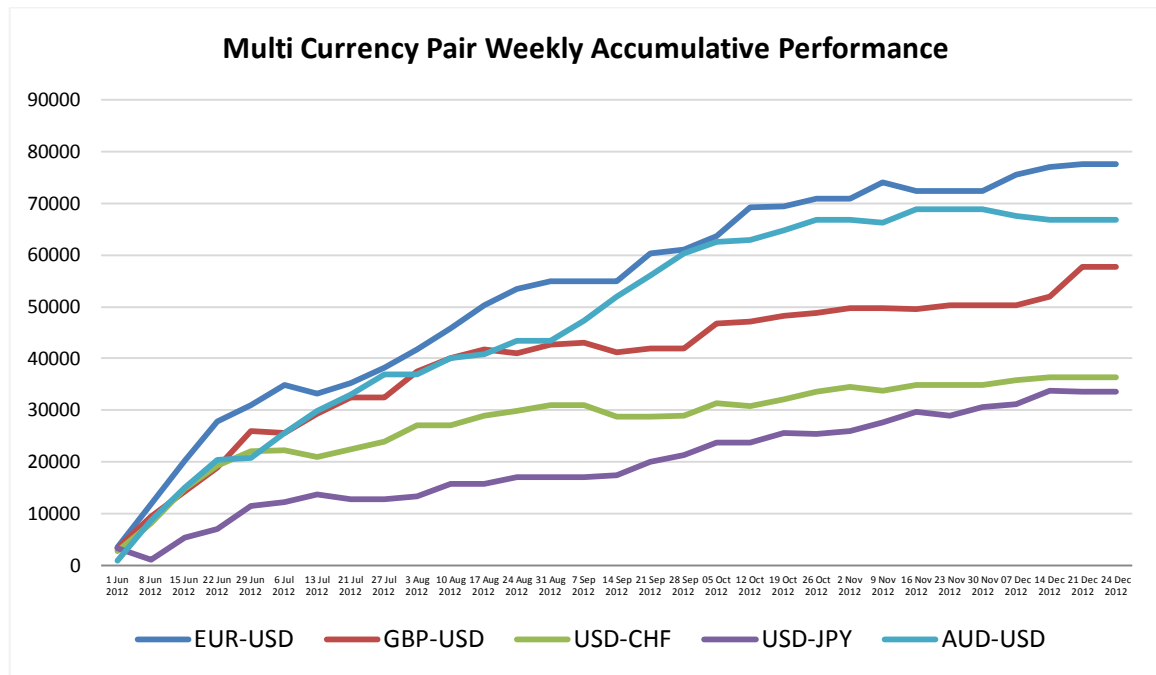


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on buy signal on H1 close above 1.03858	1.04350	1.04835	1.03332 STOP

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 14-12-2012								\$66,879.00
Unrealized							\$..00		



Check out our website at

[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.