

# FOREX OUTLOOK

*A Traders Academy International Publication*

## Book Closing As Year End Lulls Set In

The Japanese Yen stayed under pressure after the Bank of Japan expanded its asset-buying programme by an expected ¥10 trillion (\$1 trillion) on Thursday and signalled more action ahead including setting a higher inflation target.

USD-JPY settled at 84.368, within easy reach of a 20-month high of 84.599 set 24 hours ago. EUR-JPY was at 111.730, off yesterday's 16-month high of 112.480. So far this year, USD-JPY has risen some 9 percent on the, while EUR-JPY was up more than 12 percent.

Traders expect USD-JPY to remain buoyant, although further significant upside was unlikely given that markets already hold very bullish positions in the currency pair.

The Japanese data calendar is heavy over the final week of the year, including November CPI and industrial output. Although soft data could put pressure on the Japanese Yen, traders believe that overextended positioning suggests only limited scope for further downside..

Traders said talks to avoid the 'fiscal cliff' of government spending cuts and tax hikes in the United States remained a key risk for markets in the closing days of the year. But traders remained ever hopeful that a deal to avert the fiscal cliff will be struck.

Despite the Euro zone's own debt problems, EUR-USD was on track to end the year some 2 percent higher. It was at 1.32432, near an 8-month high around 1.33071 set exactly 24 hours ago.

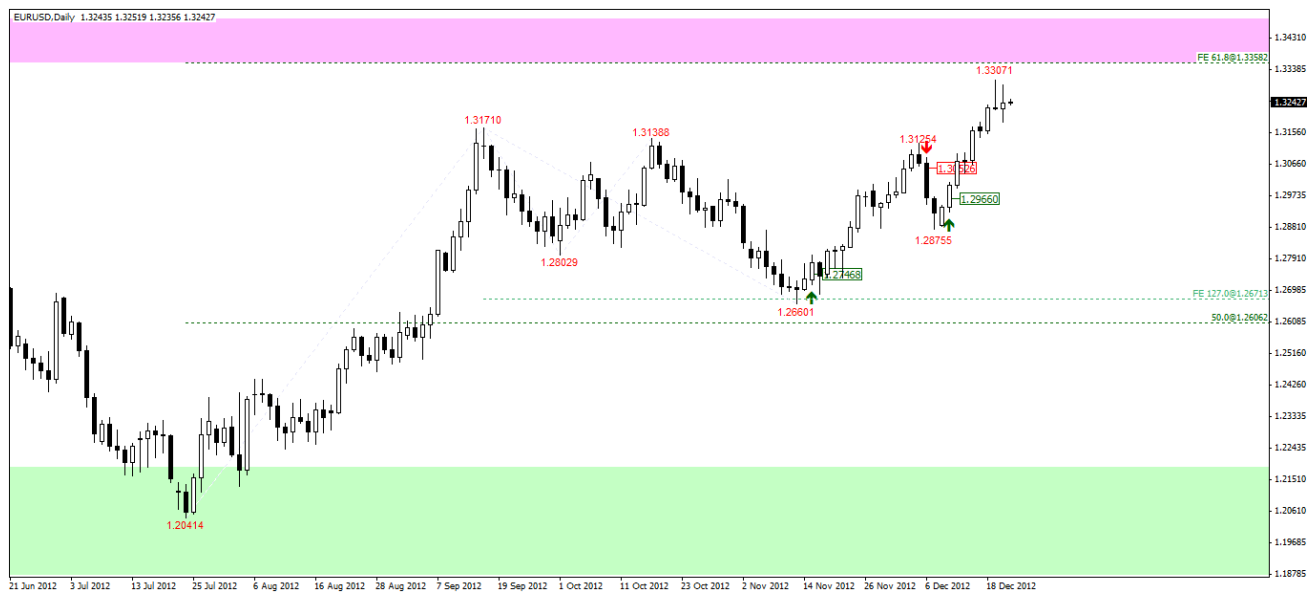
Recent positive developments in the Euro area included a disbursement of another tranche of long-delayed aid to Greece, and a rise in morale at German businesses that boosted hopes Europe's largest economy will bounce back quickly after a weak end to 2012.

AUD-USD was also up some 2.5 percent this year, despite four separate rate cuts. It was at 1.04808, having peaked at 1.08557 back in February.

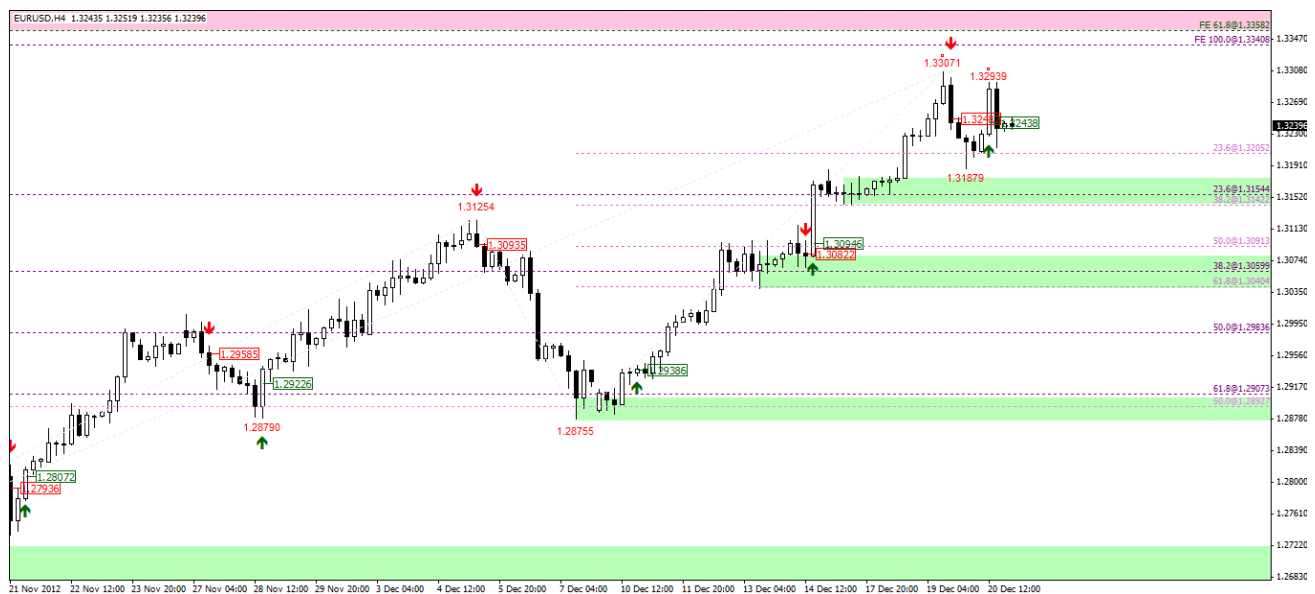
### **Content:**

EUR-USD	2
GBP-USD	4
USD-CHF	6
USD-JPY	8
AUD-USD	10
Performance	11

## EUR-USD DAILY



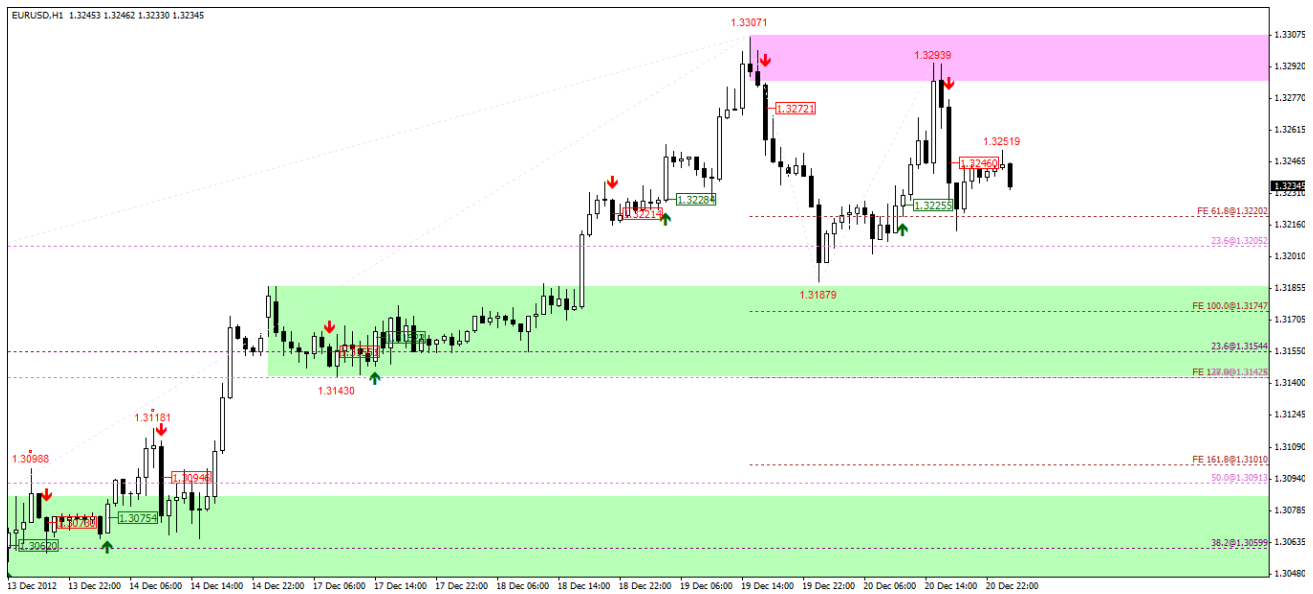
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

Despite triggering sell signals across both the H1 and H4 charts, the rally from 1.26601 attempted a last hurrah for the year in overnight trading. It is highly probable that this market may have found a temporary top 1.33071 some 48 hours ago; just short of the 61.8% projection of 1.20414 to 1.31710 from 1.26601 at **1.33582**; which lies a just touch above the immediate supply pocket of **1.33575-1.34857** (see D1 chart). This level is, in turn, just above the 8-month high of 1.32829 but below the year's high at **1.34857**. Book squaring by traders before the super long weekend over the Christmas season was apparent in the last 48 hours of trading. Today being the last weekend before most traders officially close their books, a daily close below **1.31621** (triggering a sell signal) would set the tone for the remaining days of 2012. Overall the medium to long-term pictures are still decidedly bullish and this pullback we are seeing is currently treated as a correction. In terms of potential, this pullback may possibly 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 **1.13142**. Interestingly 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 **1.13142**. Together these Fibonacci confluences may well be an ideal launch pad for another assault at the year's high at **1.34857** next.

## EUR-USD 1-HOURLY



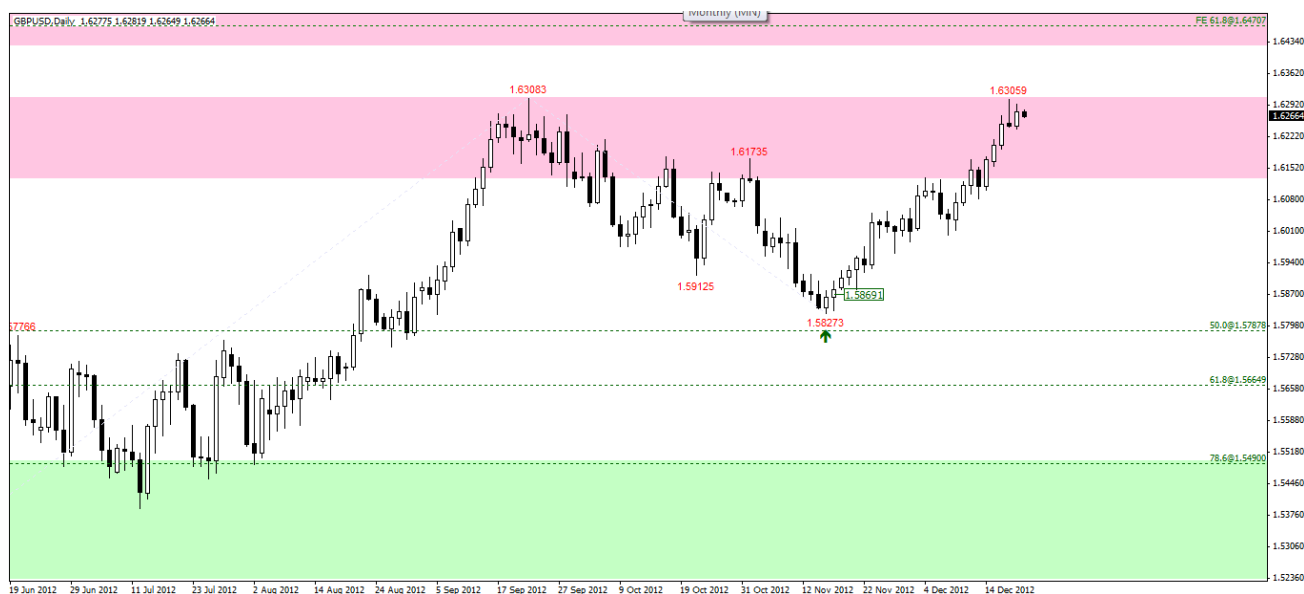
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.32460	1.31430	1.30599	1.32619 STOP

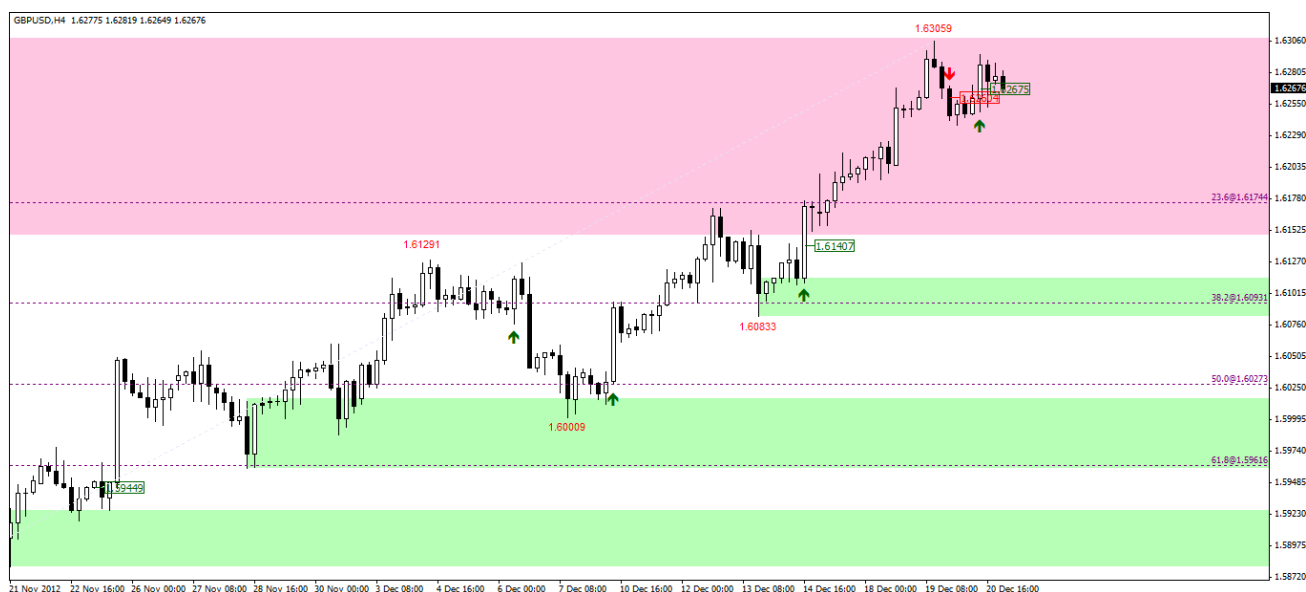
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 14-12-2012								\$77,009.00
EUR-USD	20-12-2012	1.0	1.32052	19-12-2012	1.0	1.32721	+\$669.00	+\$669.00	\$77,678.00
EUR-USD	20-12-2012	1.0	1.32721	19-12-2012	1.0	1.32721	\$0.00		
EUR-USD	20-12-2012	1.0	1.32432	20-12-2012	1.0	1.32460	+\$72.00		
EUR-USD	20-12-2012	1.0	1.32432	20-12-2012	1.0	1.32460	+\$72.00		
Unrealized							+\$144.00		

## 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** on Wednesday and stalled (see D1 chart). The resulting pushback was so strong; this market gave back all the day's entire gains and then some to close in negative territory; ending the day as a *gravestone doji*. In overnight trading, diehard bulls attempted to retake the market but ran out of fuel at 1.62952 and once again stalled. Signs of book-squaring by traders were evident across all majors and it should not be too different for this currency pair. If we have a close below **1.62025** in the D1 chart next, that is the definitive sign that profit-taking is ongoing. Wednesday's high of 1.63059 came within a hair breath away from the year's high of **1.63083** set on September 21. Though the bull trap mentioned in previous updates was not sprung, a rush above this sensitive level may still happen. The call not to chase this bull market at these heightened levels is still valid. Should selling takes precedence, immediate focus is the Fibonacci confluence of the 23.6% retracement of 1.58273 to 1.63059 at **1.61930** and the 38.2% retracement of 1.60009 to 1.63059 at **1.61894** as well as the 161.8% projection of 1.63059 to 1.62382 from 1.62952 at **1.61857**.

## GBP-USD 1-HOURLY



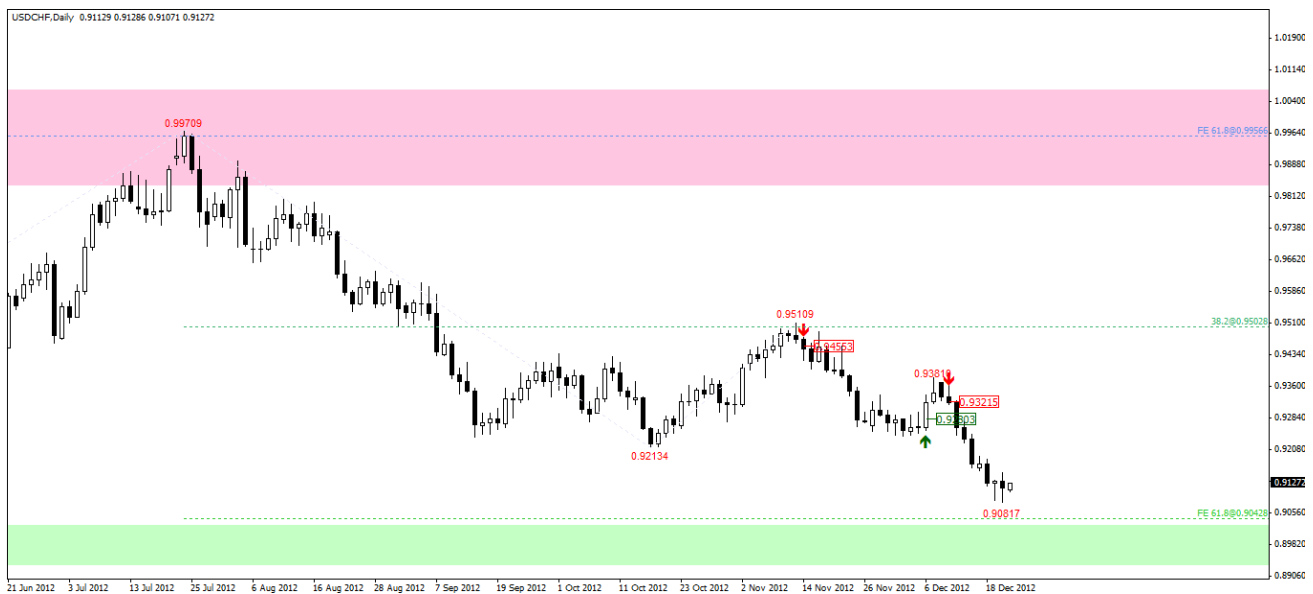
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on D1 close below 1.62025

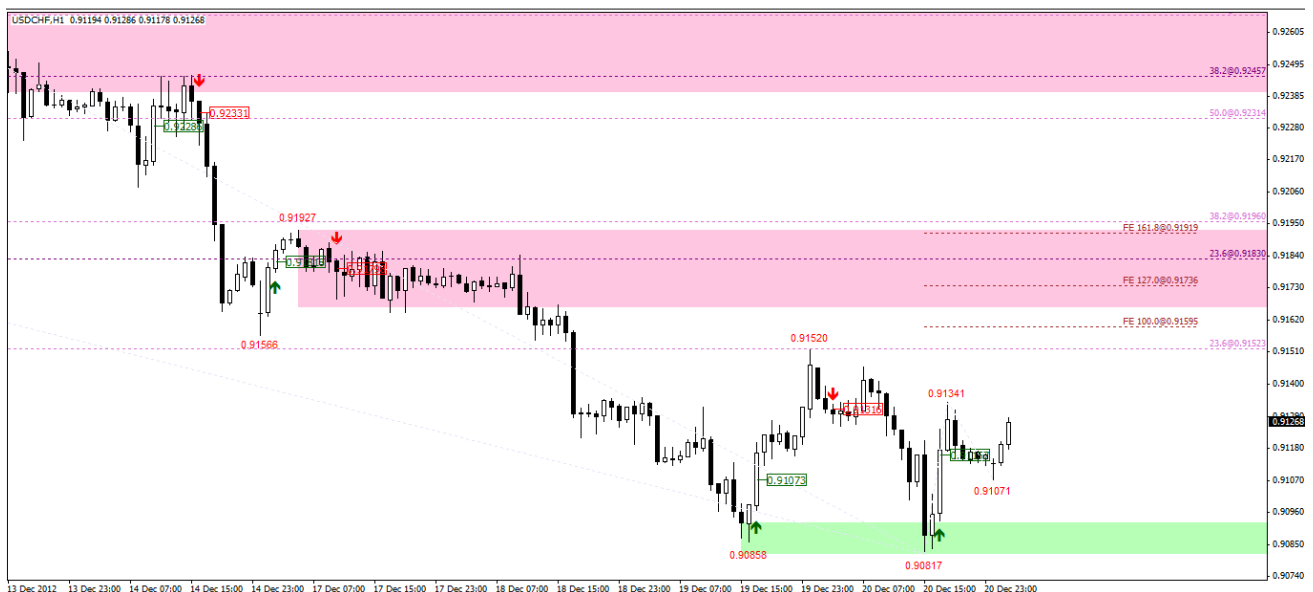
## Weekly Performance

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	20-12-2012	1.0	1.62774	+\$3,737.00		
						Unrealized	+\$3,737.00		

## USD-CHF DAILY



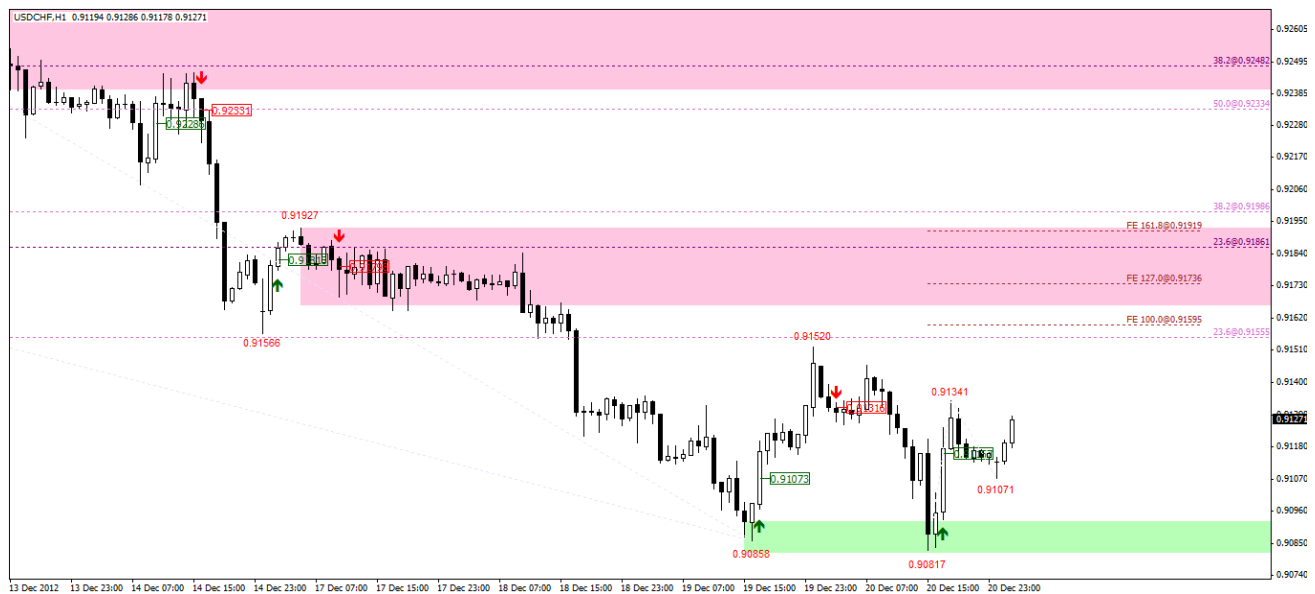
## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

This market went into a freefall after taking out the October low of 0.92134 last Friday. Wednesday saw price action coming close to the 61.8% projection of 0.99709 to 0.92134 from 0.95109 at **0.90428** and rebounded. This level lies just above demand zone at **0.89301-0.90278** and just when it appears to have hit bottom, this market headed south again to trigger what looks like a bear trap in overnight trading. Right after a marginal low was registered at 0.90817, the turnaround was abrupt. That smelled and looked like a bear trap to me. At any rate, in the short and perhaps the medium-term, a rebound is overdue even though the overall longer-term picture is still decidedly bearish. For the time being, should this market rebound, it is treated as a correction of the fall from 0.99709. In the long to longer picture, it is conceivable that another challenge of the year's low at **0.89301** may be mounted over time. For the time being, immediate focus is the Fibonacci confluence of the 23.6% retracement of 0.95109 to 0.90817 at **0.91830** and the 38.2% retracement of 0.93810 to 0.90817 at **0.91960** as well as the 161.8% projection of 0.90817 to 0.91341 from 0.91071 at **0.91919**.

## USD-CHF 1-HOURLY



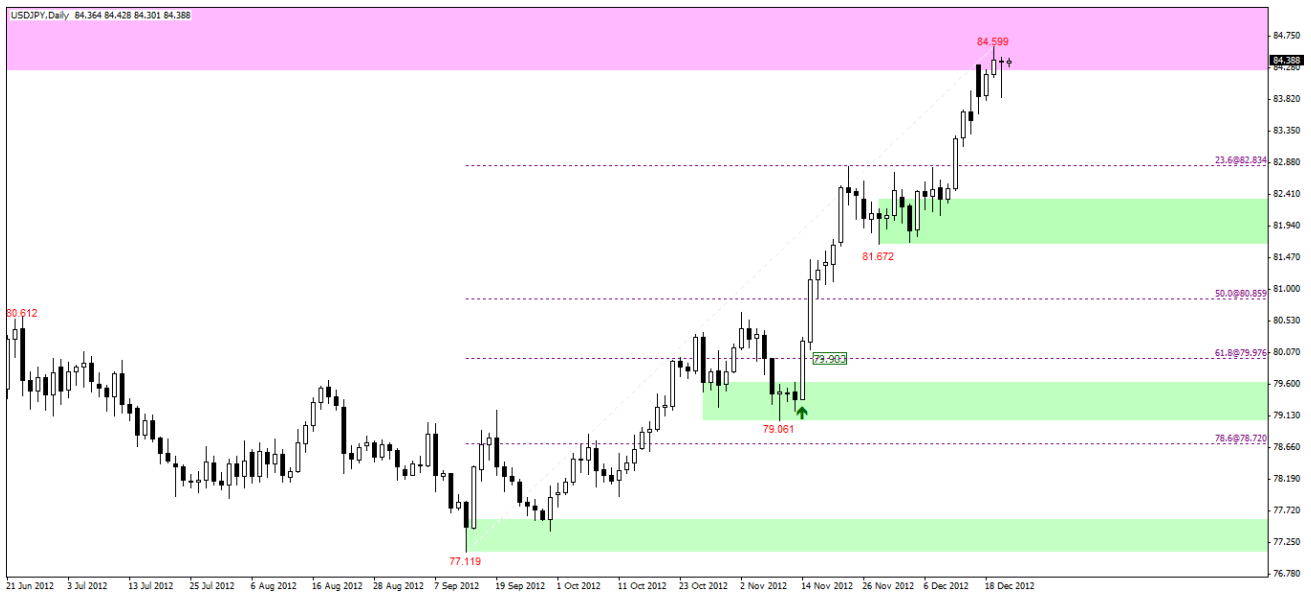
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 0.91157	0.91861	0.92482	0.90971 STOP

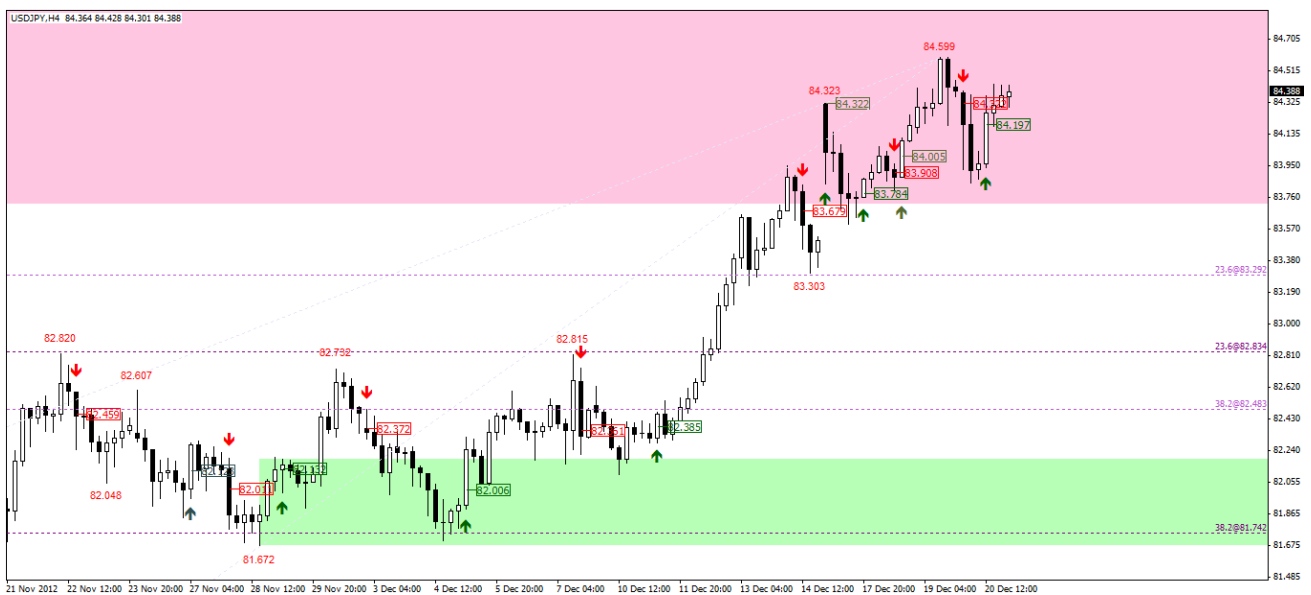
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from								\$35,851.84
	14-12-2012								
USD-CHF	19-12-2012	1.0	0.91073	20-12-2012	1.0	0.91073			
USD-CHF	19-12-2012	1.0	0.91073	20-12-2012	1.0	0.91073			
USD-CHF	20-12-2012	1.0	0.91157	20-12-2012	1.0	0.91158	+\$10.97		
USD-CHF	20-12-2012	1.0	0.91157	20-12-2012	1.0	0.91158	+\$10.97		
						Unrealized	+\$21.94		

## USD-JPY DAILY



## USD-JPY 4-HOURLY

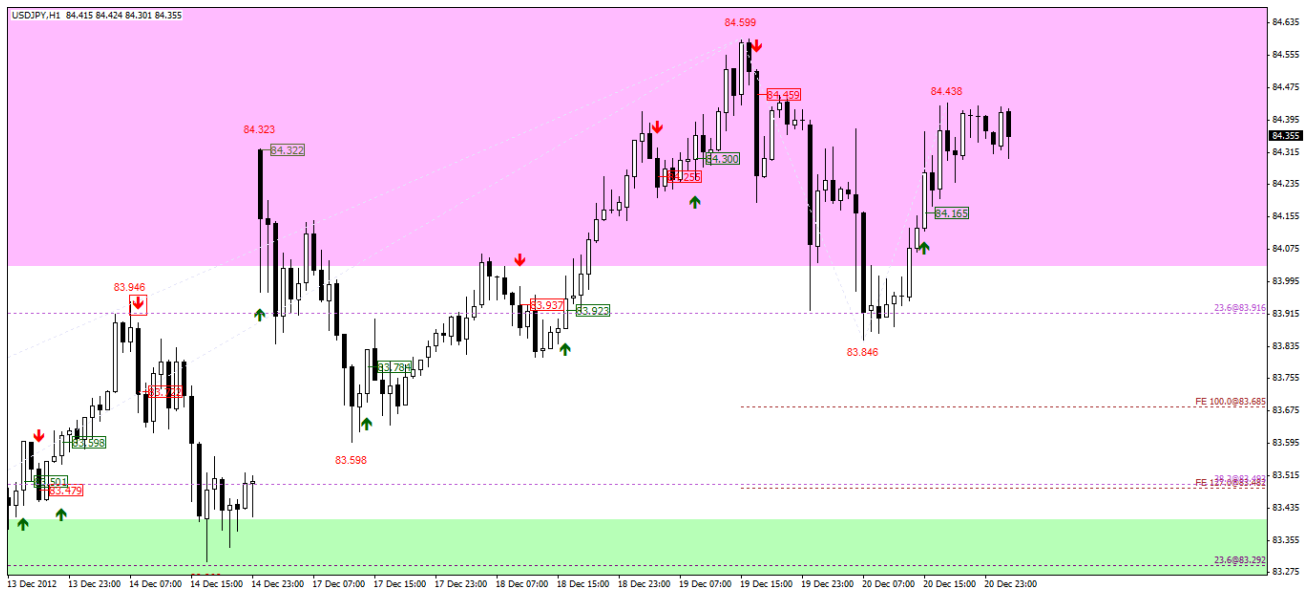


## USD-JPY Short to Medium Term Views

Just when it appears this market is gunning for last year's high of 85.520, the pullbacks seen in the other majors stopped this bull-run in its track on Wednesday. In a somewhat delayed reaction to the pullbacks seen in all other majors, prices only started to come off early Thursday morning in Sydney. The unwinding of short positions did not last long. By London midday, the bulls are back on news that the BoJ had indeed expanded its asset-buying programme by an expected ¥10 trillion. Technically, though the longer-term trend is decidedly bullish, short positions within the current 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**. Until and unless this week's peak at 84.599 is taken out, immediate focus is on the 23.6% retracement of 81.704 to 84.599 at **83.917**; followed by the 38.2% retracement level at **83.493**. A demand pocket at **82.230-83.384** lies just above the latter and may possibly arrest any further fall – at least in the short-term. Below this, focus will shift to the price pocket between **82.100-82.318** (see H1 chart). 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**.



## USD-JPY 1-HOURLY



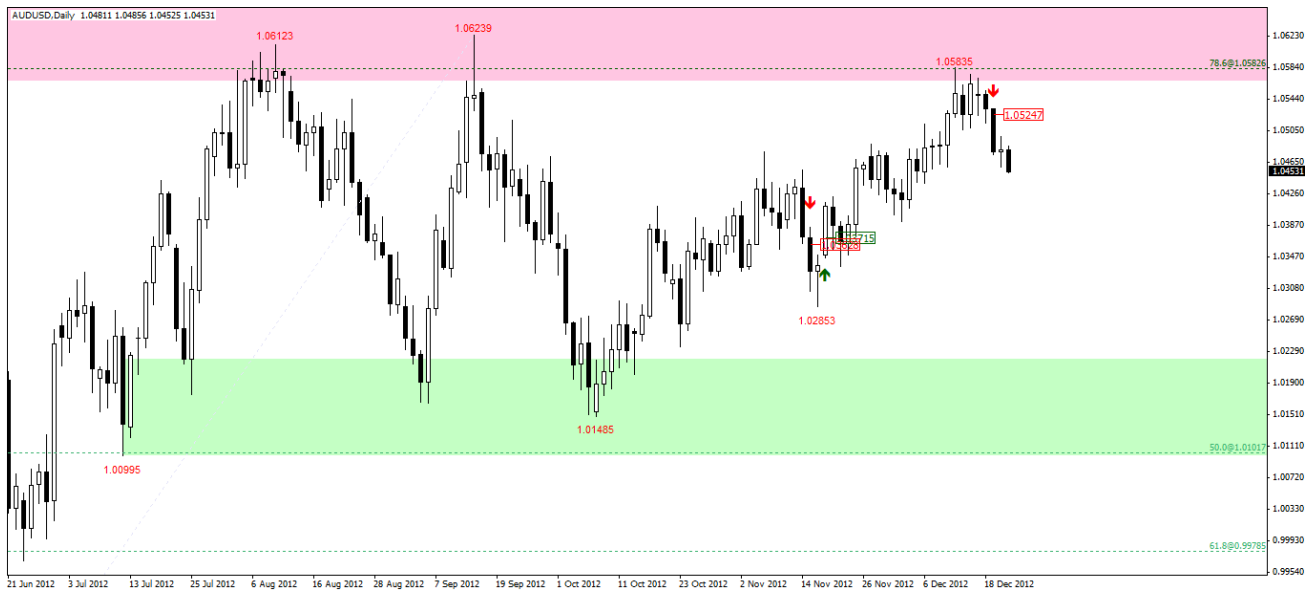
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 84.459	83.916	83.292	Break-even

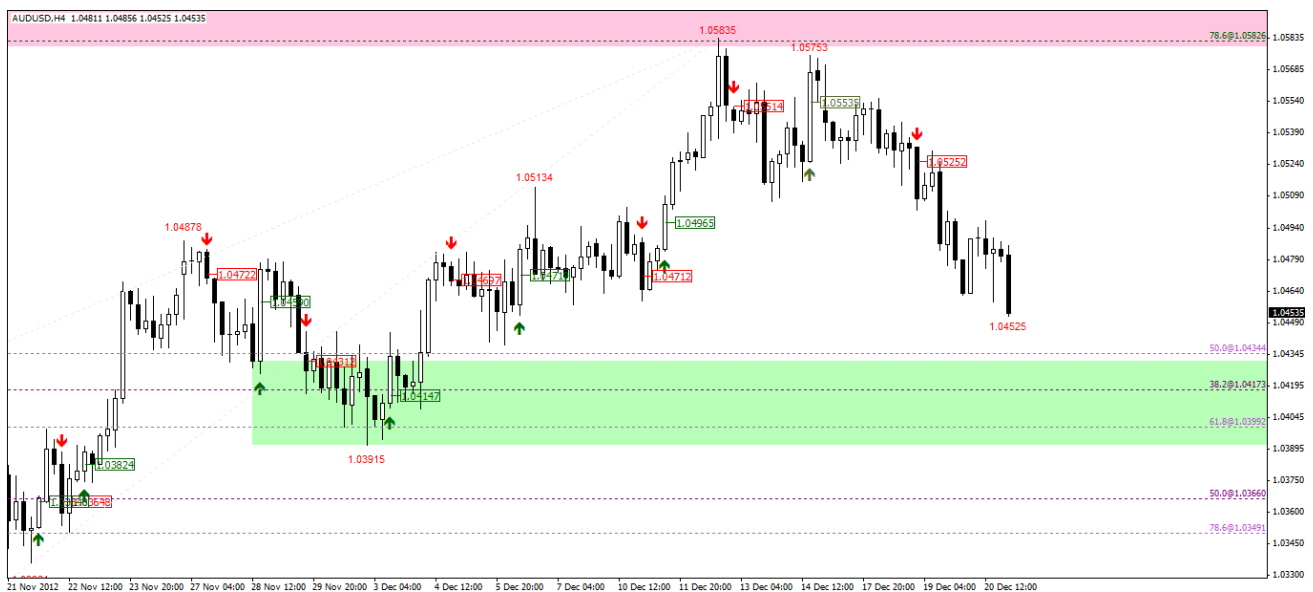
## Weekly Performance

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
USD-JPY	20-12-2012	1.0	84.368	19-12-2012	1.0	84.459	+\$107.86		
USD-JPY	20-12-2012	1.0	84.368	19-12-2012	1.0	84.459	+\$107.86		
Unrealized							+\$215.72		

# AUD-USD DAILY

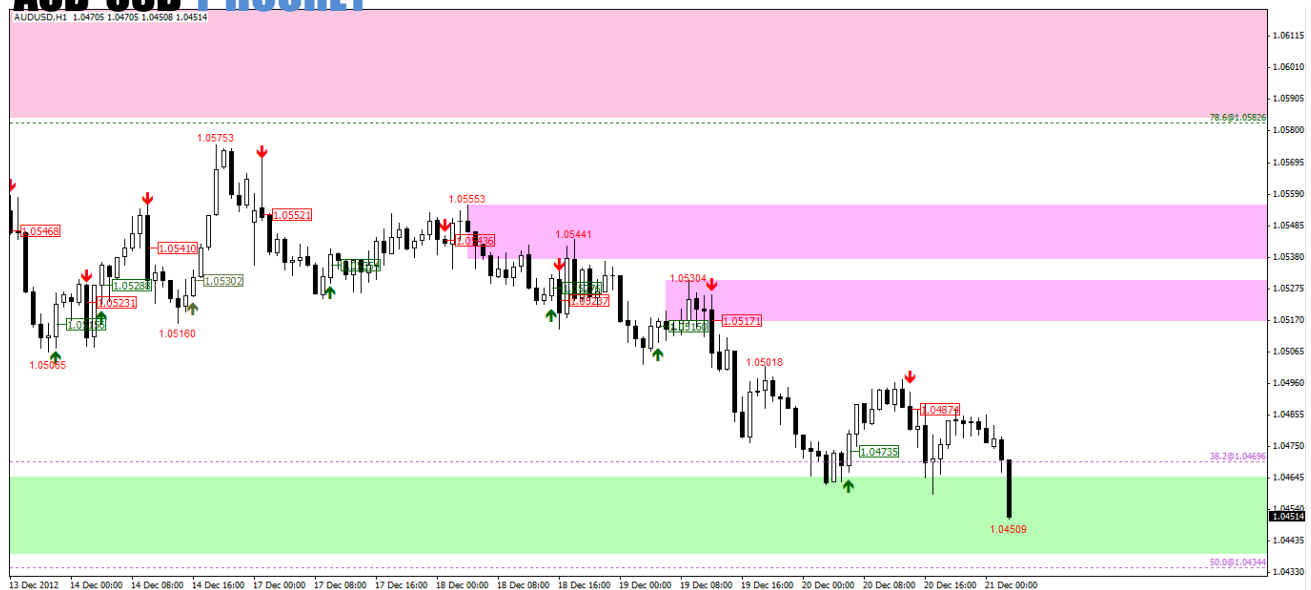


## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

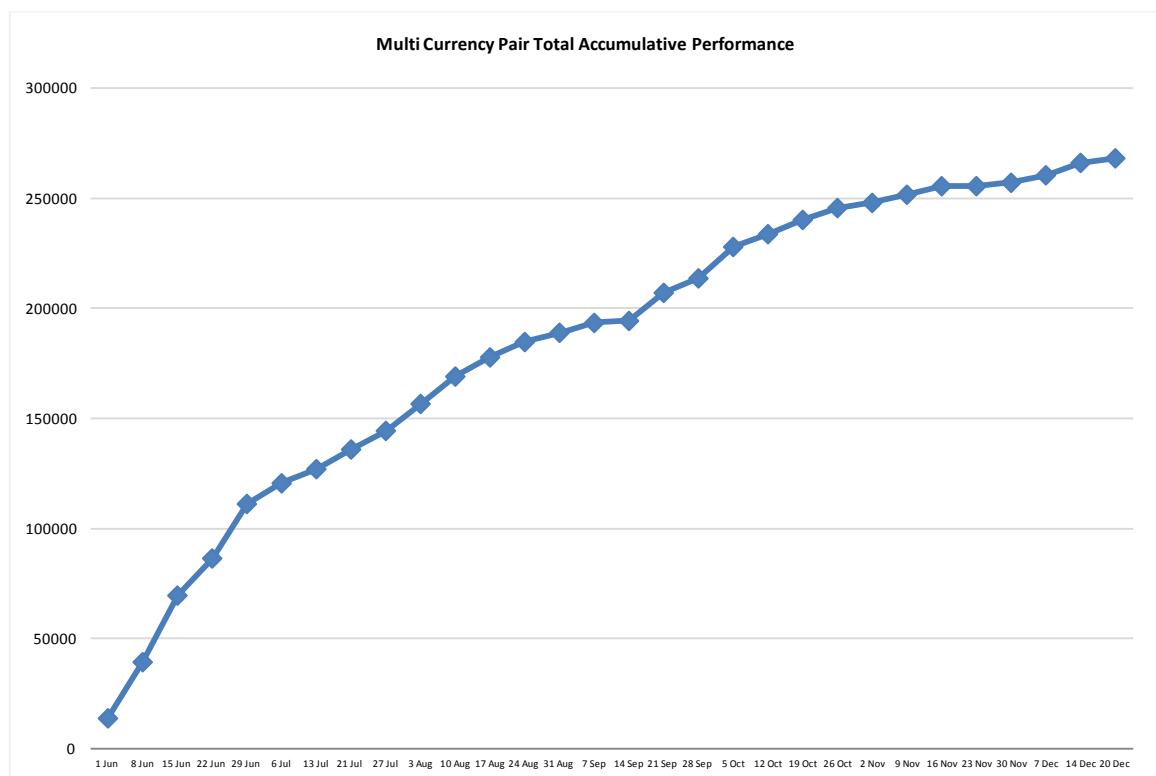
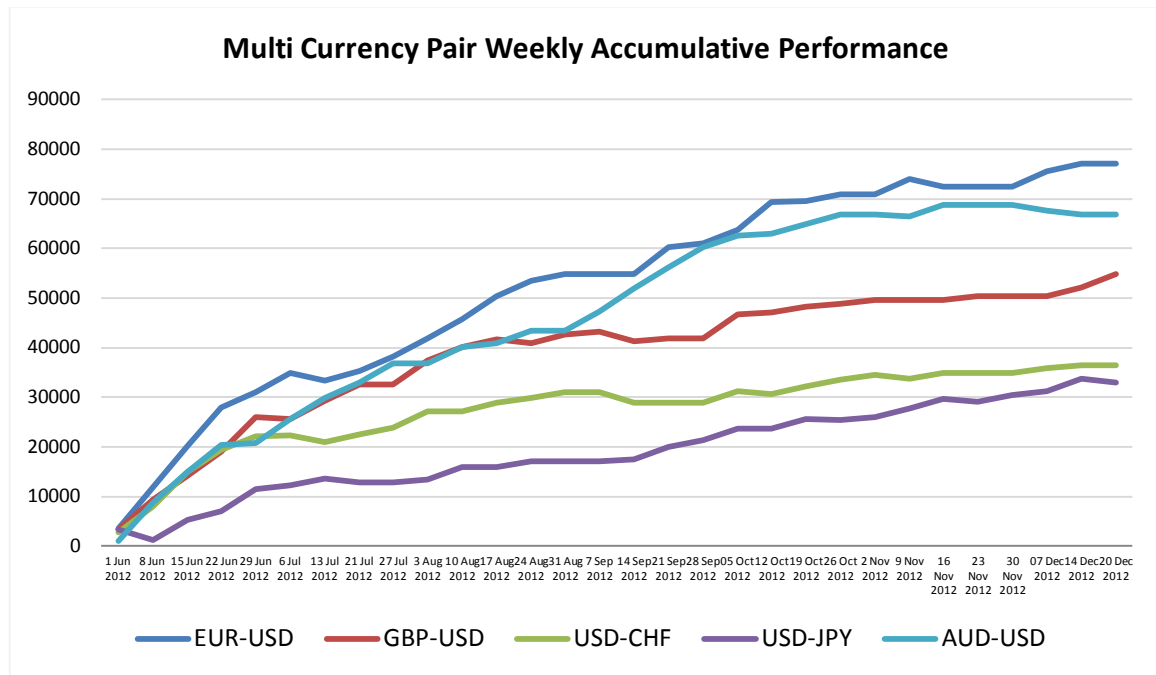
As mentioned, the 78.6% retracement of 1.08557 to 0.95795 at **1.05826** proved to the turning point of the rally from 1.04595 earlier last week. Price action attempted to re-test this level late last Friday before falling back. Early this week saw this market opened weaker by some 14 pips and struggled; ending the first trading day of the week as a doji. As noted, 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 unfolding at the point of writing. As early as Wednesday morning, signs of hardcore bulls dumping long positions was evident. Immediate focus is the 38.2% retracement of 1.01485 to 1.05835 at **1.04173** which lies within the demand pocket at **1.03915-1.04312**. It is highly probable a bounce off this price pocket may occur. A short position thereafter makes a lot more sense than chasing this market lower at current levels.

**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							\$ .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.