

A Traders Academy International Publication

Euro At 2-Month Low Over Eurozone Worries

EUR-USD dropped to a 2-month low on Friday as fears mount that the Euro zone's debt crisis and deteriorating economic conditions could drag down global economic growth. Growth in Germany, Europe's largest economy, is likely to slow in the fourth quarter and the first three months of 2013.

Industrial production in France, Europe's second-largest economy, shrank in October and the country's central bank said it expected to slip into recession at the end of 2012. It's the core Europe now, not just the peripheral Europe that may be sliding into a recession.

If that happens, then China will lose its export market and the whole global economy will begin to contract. The market is really afraid that Europe could drag the whole global economy down.

EUR-USD fell as low as 1.26887, the weakest since September 7, and was last down 0.27 percent at 1.27115.

Traders were also nervous ahead of a Greek vote on Sunday on the country's 2013 budget, the next big hurdle towards unlocking access to urgently needed international aid after Wednesday's tight vote in favour of an austerity package worth €13.5 billion. However, Euro zone finance ministers were unlikely to sign off on the next tranche of aid for Greece at a meeting on Monday.

Uncertainty over whether Spain will apply for financial aid also cast a shadow over the Euro. Such a move would allow the European Central Bank to buy its bonds and lift the Euro. Spain has so far resisted asking for aid. The prospect of ECB support has driven its borrowing costs down and it has met its 2012 bond issuance target.

As the Euro wilted, the U.S. Dollar rose a two-month high. Worries over a looming "fiscal cliff" for the United States, which could trigger tax rises and spending cuts if unresolved, is likely to prompt traders to buy the safe-haven Dollar. But for now, Europe remains a bigger worry.

U.S. President Barack Obama, fresh from his re-election victory over Republican candidate Mitt Romney, called on the U.S. Congress to meet with him next week to work out a compromise budget plan to avoid the "fiscal cliff."

Obama insisted any plan would require a tax increase for the very rich while John Boehner, the Republican Speaker of the House of Representatives repeated his party's commitment not to raise anyone's tax rates as part of a deal to address the fiscal crisis.

USD-JPY fell to a three-week low of 79.063, before recovering to 79.467, little changed on the day. Data showing U.S. consumer sentiment rising to its highest level in more than five years boosted stocks and Treasury yields, helping the USD-JPY.

AUD-USD lost 0.11 percent to 1.03840.

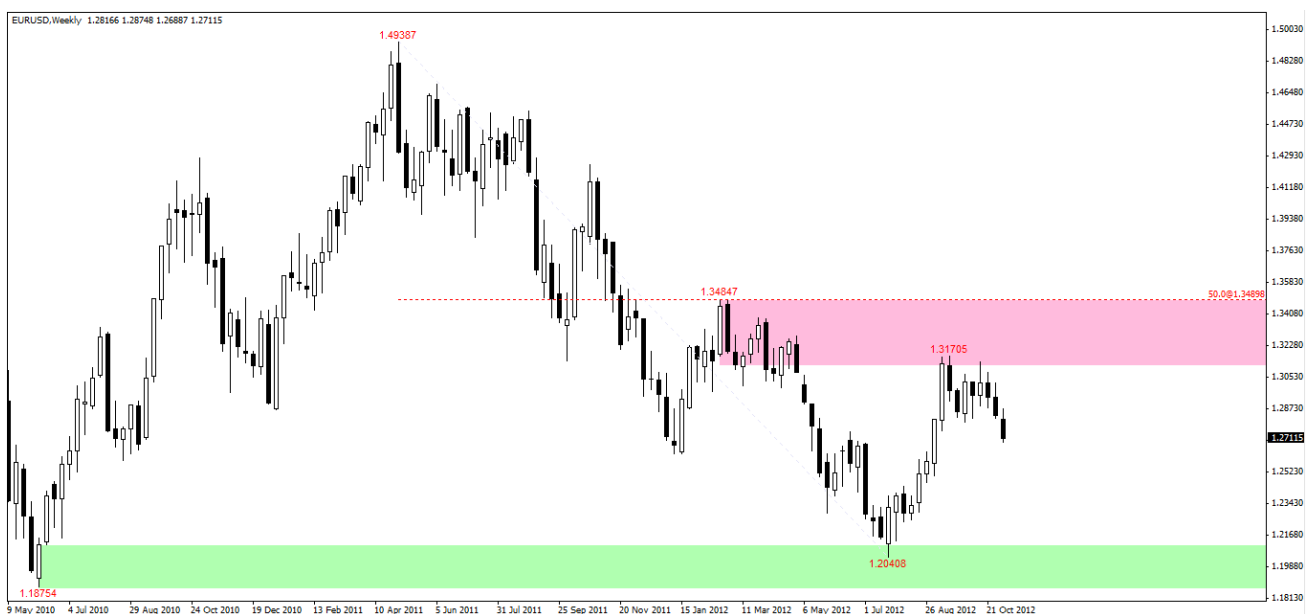
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EUR-USD MONTHLY



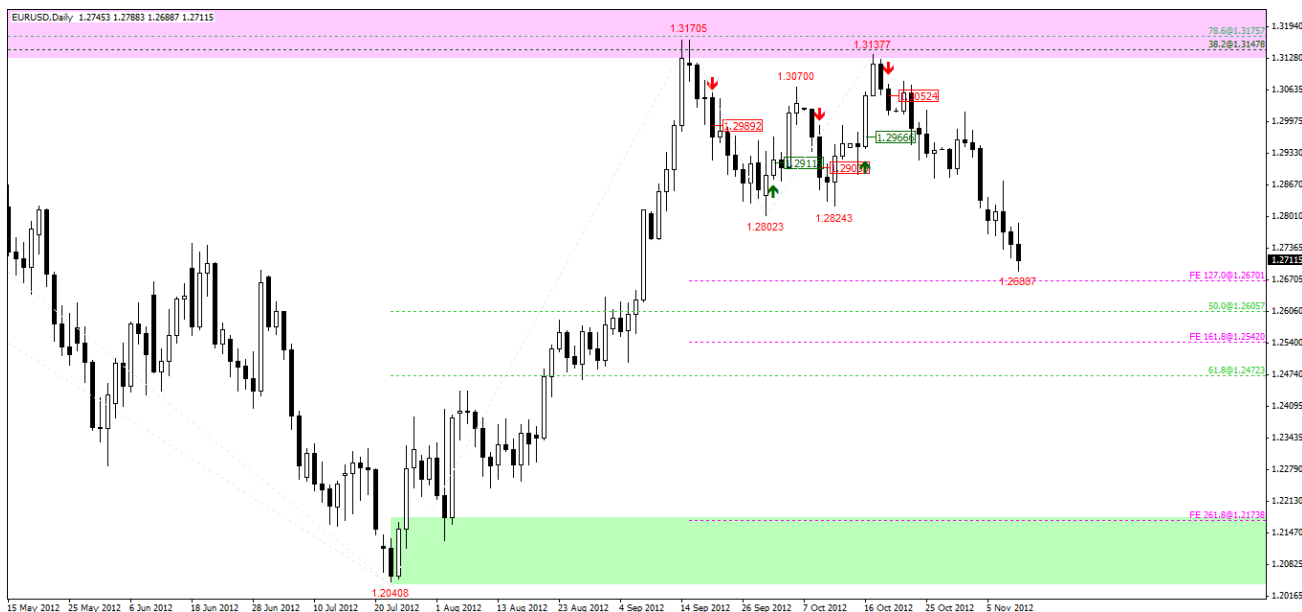
EUR-USD WEEKLY



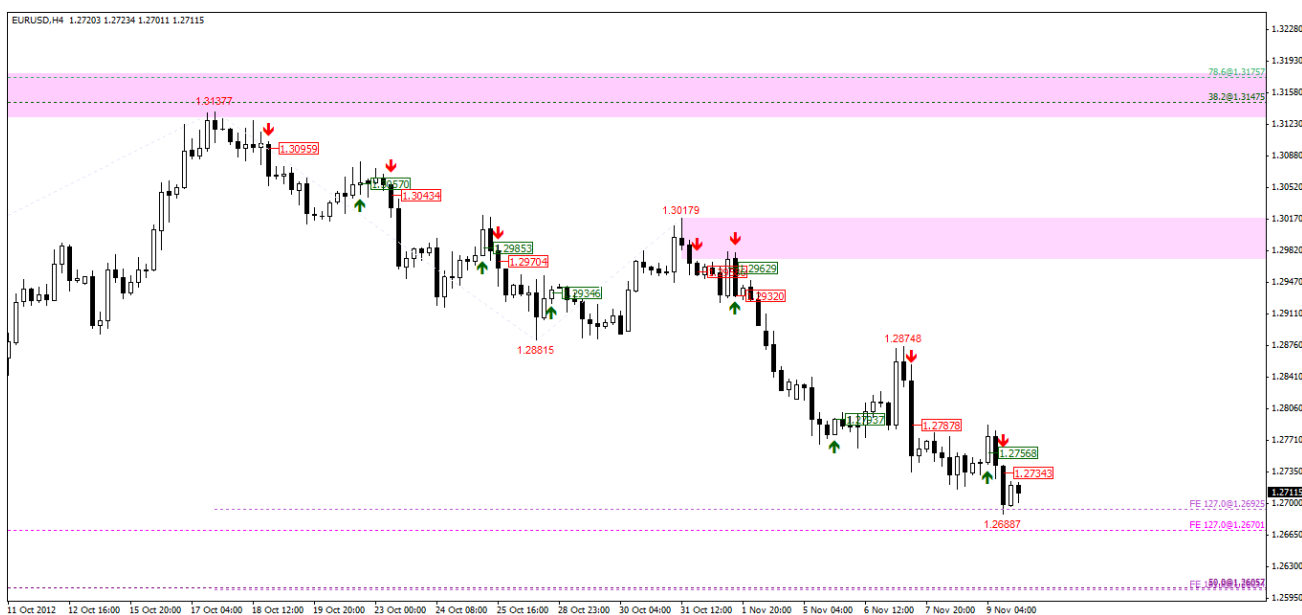
EUR-USD The Big Picture

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). On 24 July 2012, price action pulled back from a 29-month low at **1.20408** after failing to take out the 2010 low of 1.18754 and ended the week as a bullish engulfing bar. The resulting rally lasted a good 7 weeks and hit a 20-week high of 1.31705, just above the 38.2% retracement of 1.49380 to 1.20408 at **1.31475**; in an area in which price action was vulnerable to profit-taking. Since the appearance of a bearish Harami 8 weeks ago in the W1 week chart, this week saw a close below **1.28083**, which as mentioned in previous update would have triggered a sell signal. This now suggests that the longer-term fall from 1.49387 may have resumed. Focus would shift towards the longer-term demand pocket at **1.18754-1.20408**.

EUR-USD DAILY



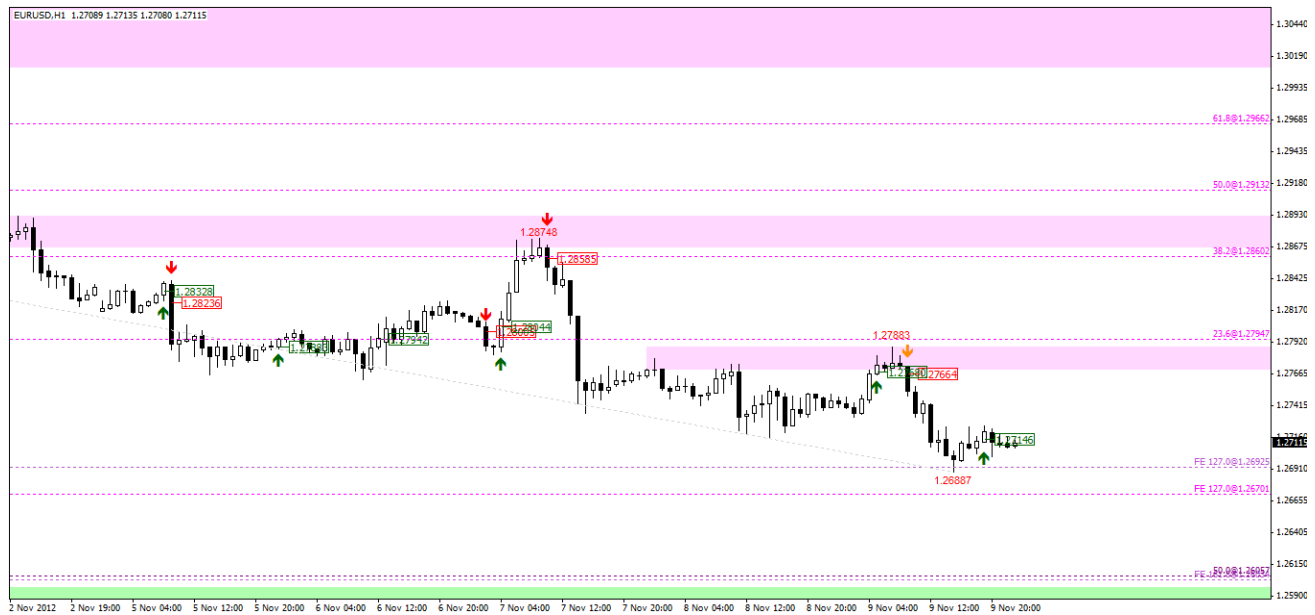
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

Price action fell decisively below the 38.2% retracement of 1.20408 to 1.31705 at 1.27390 with a print at 1.26887 in overnight trading; clearing the path for an assault on the 161.8% projection of 1.31377 to 1.28815 from 1.30179 at **1.26034** – at the minimum. As noted, it was crucial that price holds at the 38.2% retracement of 1.20408 to 1.31705 at 1.27390 to keep the 4th wave correction scenario alive. With this fall, the 4th wave scenario is dead and a potentially aggressive 3rd wave fall may next unfold in the days ahead. In the meantime, some support may merge from the 127.0% projection of 1.31377 to 1.28815 from 1.30179 at **1.26925** but it is doubtful this level can hold as the 3rd wave scenario pans out. At any rate, should there be a rebound next, the immediate supply pocket at **1.27696-1.27883** may offers an opportunity to re-position shorts although the ideal launchpad of the next fall is located at the 38.2% retracement of 1.31377 to 1.26887 at **1.28602**, just below another supply pocket at **1.28665-1.28925**. With the W1 chart too succumbing to a sell signal, the next move could be very aggressive indeed and has the potential to fall all the way to the DZ at **1.20408-1.21794** where the 261.8% projection of 1.31705 to 1.28023 from 1.31377 at **1.21737** is located.

EUR-USD 1-HOURLY



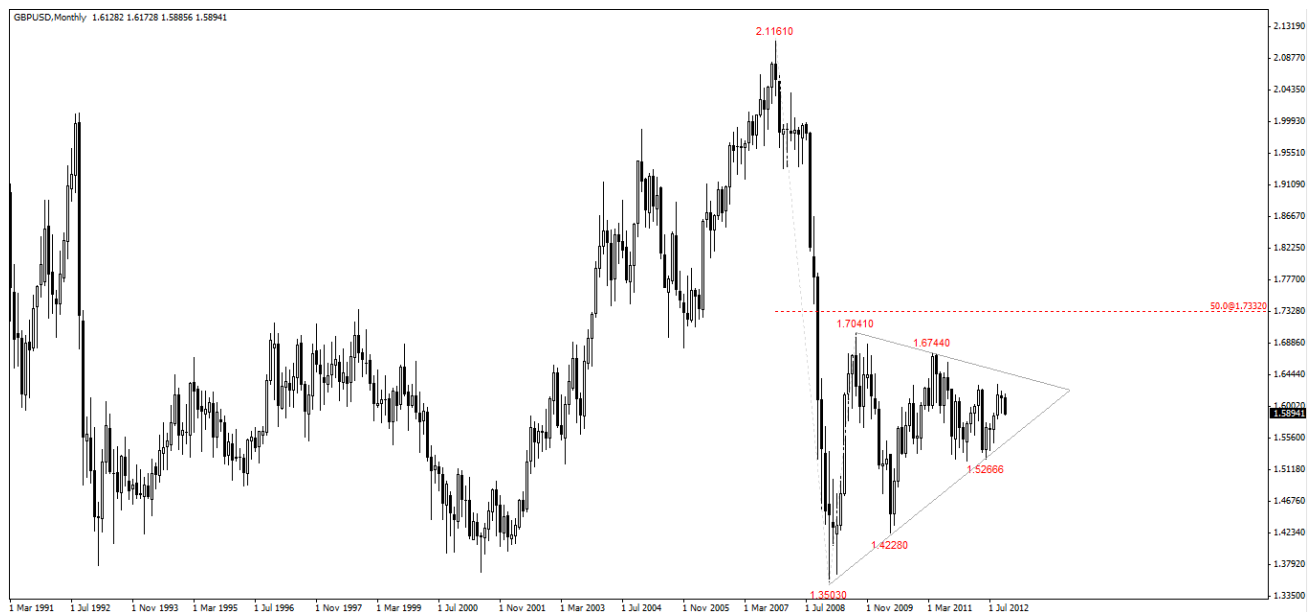
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal within 1.27696-1.27883	1.26034	1.24723	1.28047 STOP

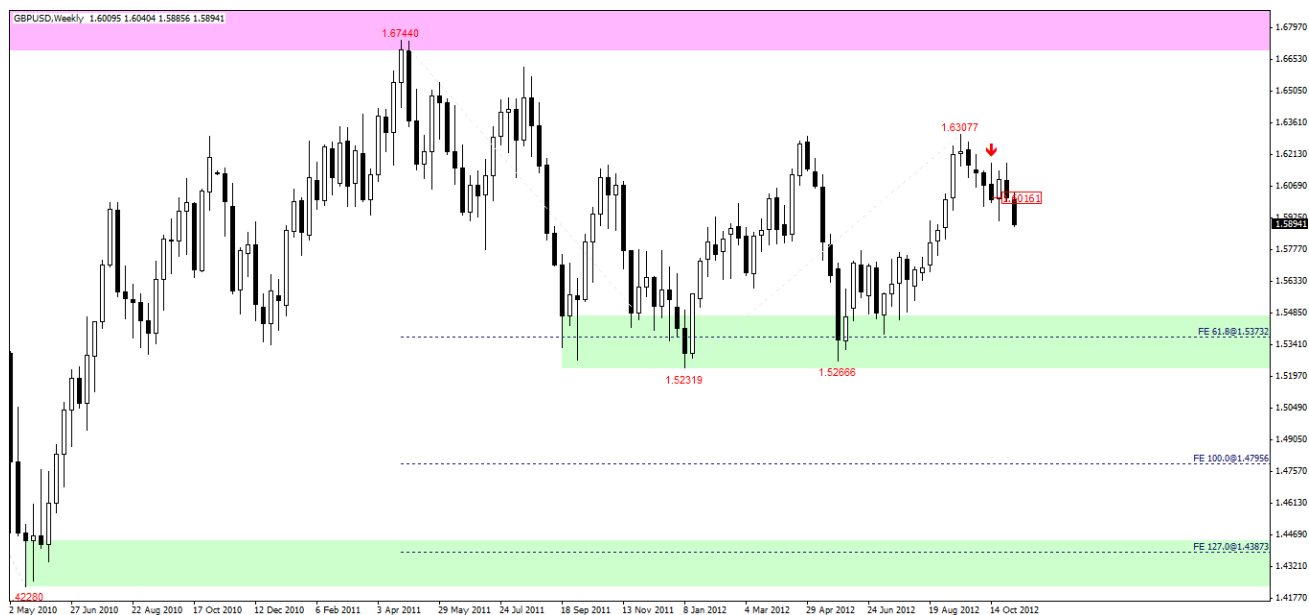
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 02-11-2012								\$70,956.00
EUR-USD	05-11-2012	1.0	1.28159	23-10-2012	1.0	1.30261	+\$2,102.00		
EUR-USD	05-11-2012	1.0	1.27937	25-10-2012	1.0	1.29966	+\$2,029.00	+\$4,131.00	\$75,087.00
EUR-USD	05-11-2012	1.0	1.27937	07-11-2012	1.0	1.27433	-\$504.00		\$74,583.00
EUR-USD	05-11-2012	1.0	1.27937	07-11-2012	1.0	1.27433	-\$504.00	-\$1,008.00	\$74,079.00
EUR-USD	09-11-2012	1.0	1.27568	09-11-2012	1.0	1.27058	-\$510.00		\$73,569.00
EUR-USD	09-11-2012	1.0	1.27568	09-11-2012	1.0	1.27058	-\$510.00	-\$1,020.00	\$73,059.00
Unrealized							\$0.00		

GBP-USD MONTHLY



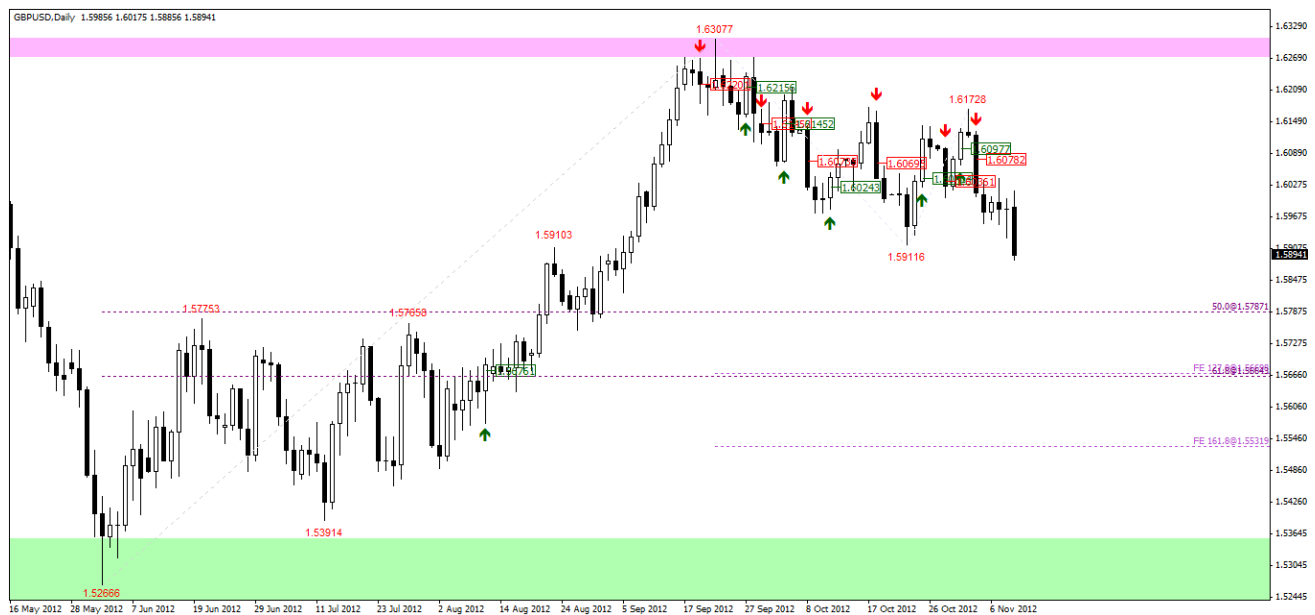
GBP-USD WEEKLY



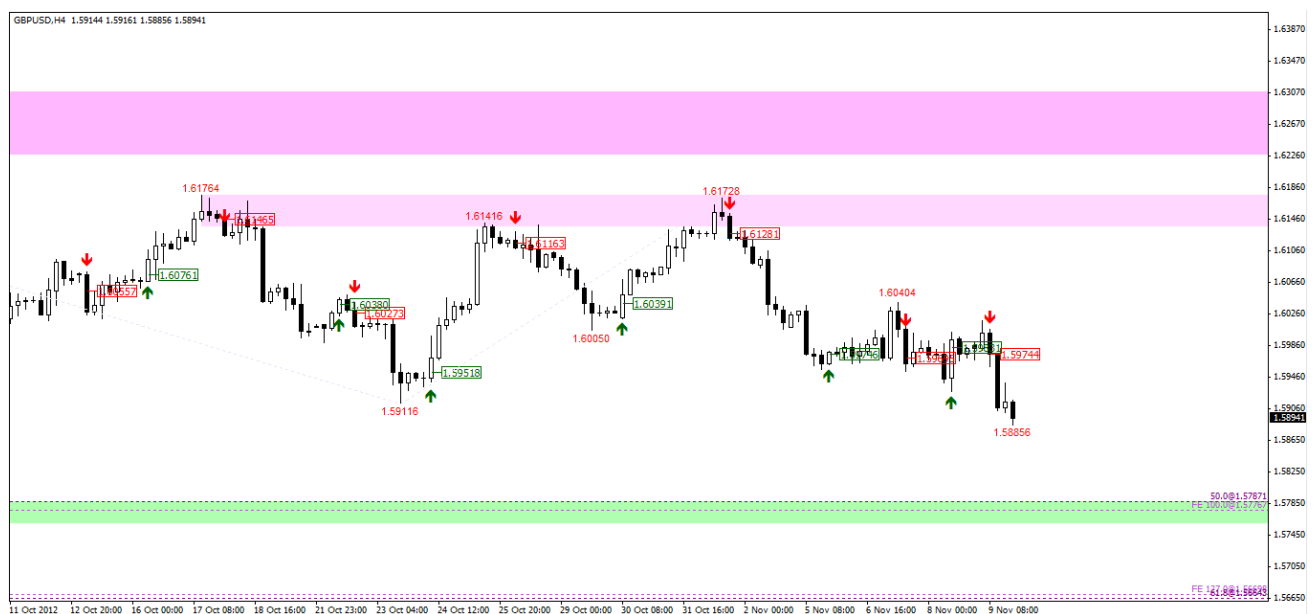
GBP-USD The Big Picture

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. Seven weeks ago, this market ended with tantalizing clues of a classic reversal - a long-legged shadow doji in W1 chart. Sure enough, this market has seen persistent profit-takings. As we have it, 3 weeks ago, a sell signal was triggered in the W1 chart with a close below **1.60160**. This was the confirmation needed that the rebound from 1.52666 is over and this market is set up for a fall. In the longer-term trend, this market is probably near the last leg of a triangle formation that may result in a dramatic multi-months fall. This is likely to be followed by an equally dramatic rally back to the base of this triangle before declining towards parity with the once mighty U.S. Dollar. If so, the nearest longer-term target is the 61.8% projection of 2.11610 to 1.35030 from 1.70410 at **1.23084**, which is roughly equidistance from the widest part of the triangle.

GBP-USD DAILY



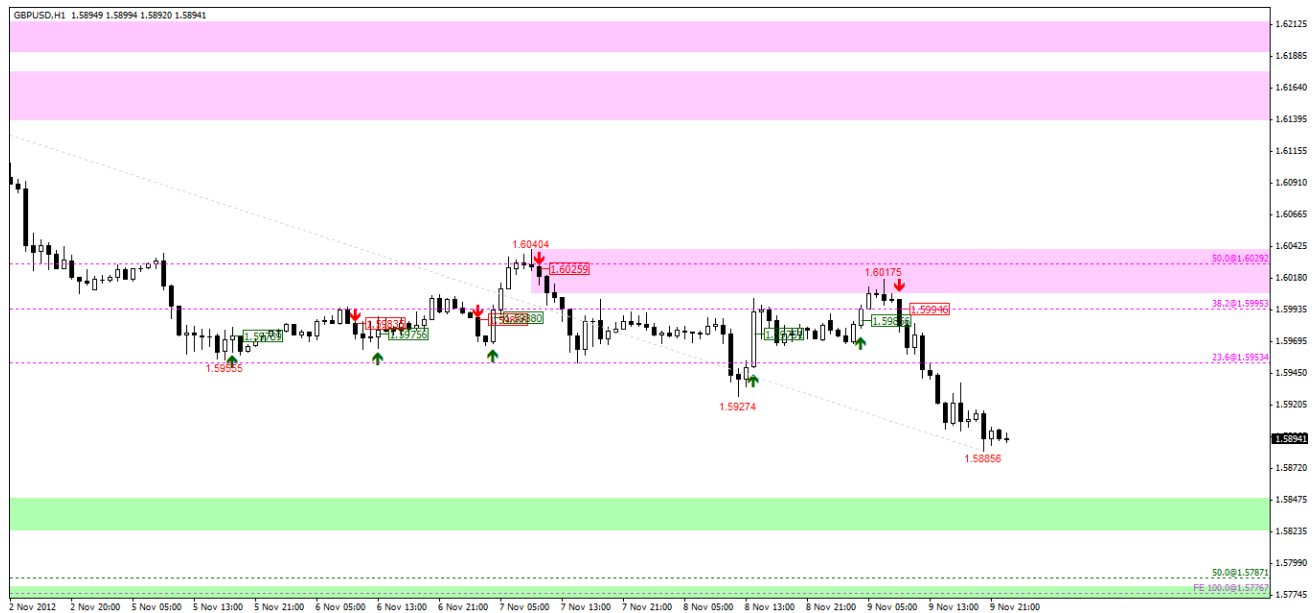
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

Just like the EUR-USD, price actions since the peak at 1.63077 on September 21 were viewed as part of a wave 4. This bullish bias is now canned with the lowest weekly closing in 10 weeks. As noted in previous updates, a fall below **1.59116** essentially killed all expectations of an eventual rally above the September 21 peak of 1.63077. In terms of potential, one only has to look at the W1 chart to get a sense of where this market may potentially falls to. The nearest DZ is at **1.52319-1.54740**. That's a good 400 pips away. In the meantime, should the overnight fall extends; the nearest pocket of demand is at **1.57523-1.57814** where a confluence of 2 Fibonacci ratios lie in wait. There are the 50.0% retracement of 1.52666 to 1.1.63077 at **1.57871** and the 100.0% projection of 1.63077 to 1.59116 from 1.61728 at **1.57767**. Ideally, a rebound can occur first and if so, an ideal area to position shorts is within the window between the 38.2% and 50.0% retracement of 1.61728 to 1.58856 at **1.59953** and **1.60292** respectively. This is also where a minor supply pocket is located at **1.60062-1.60404**.

GBP-USD 1-HOURLY



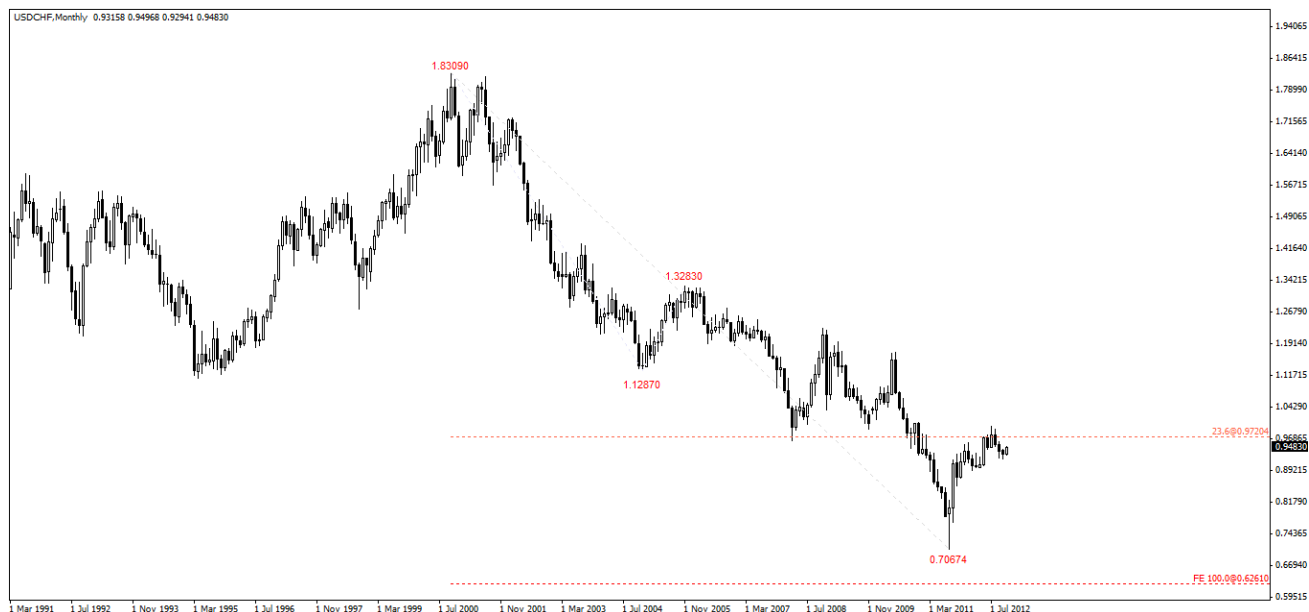
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signal within 1.60062-1.60404	1.58492	1.56815	1.60554 STOP

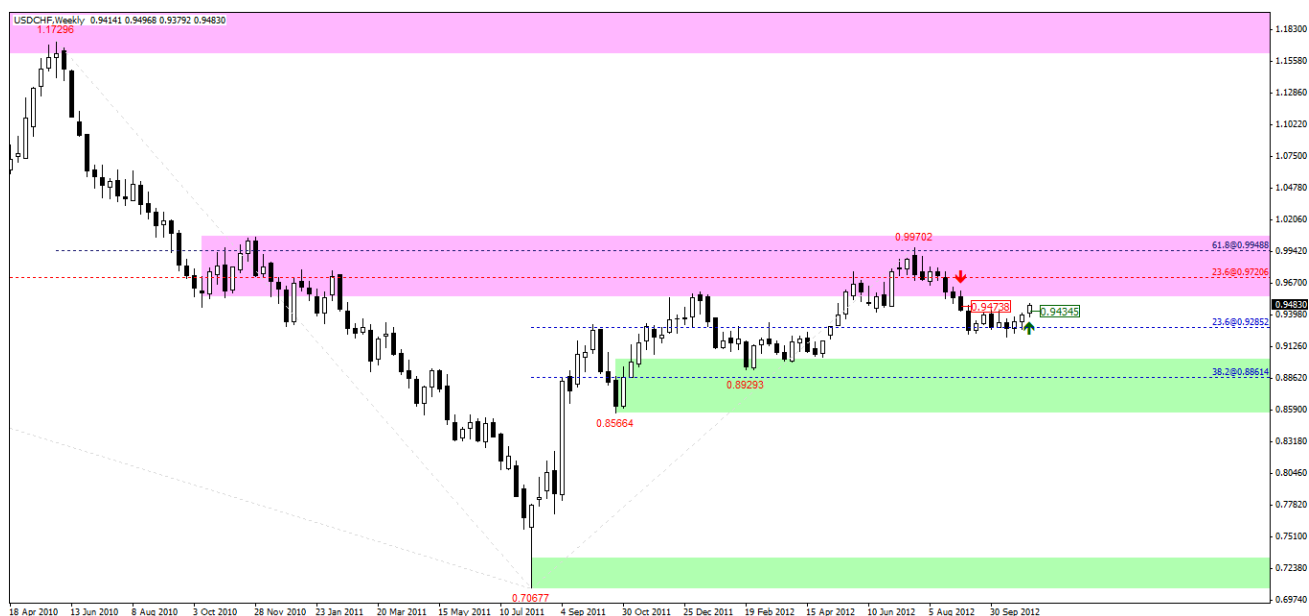
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 02-11-2012								\$50,069.00
GBP-USD	05-11-2012	1.0	1.59739	08-11-2012	1.0	1.59739			
GBP-USD	05-11-2012	1.0	1.59739	08-11-2012	1.0	1.59739			
GBP-USD	08-11-2012	1.0	1.59353	08-11-2012	1.0	1.59353			
GBP-USD	08-11-2012	1.0	1.59353	08-11-2012	1.0	1.59353			
Unrealized							\$0.00		

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**. Since hitting the price 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** (see D1 chart), selling interests emerged; having taken price action to a 18-week low of **0.92127** 3 weeks ago. This is just above the 23.6% retracement of 0.70677 to 0.99702 at **0.92852**. Price action consolidated along this level for 8 long weeks as noted last weekend, this is about to change. As last Friday's rally was strong, expectations have risen that the rally from 0.70677 may have resumed with price action expected to mount a challenge on the July high of **0.99702** and beyond next.

USDCHF, Daily 0.94559 0.94968 0.94272 0.94830

1.00310
0.99820
0.99330
0.98840
0.98350
0.97860
0.97370
0.96880
0.96390
0.95900
0.95410
0.94920
0.94430
0.93940
0.93450
0.92960
0.92470
0.91980
0.91490

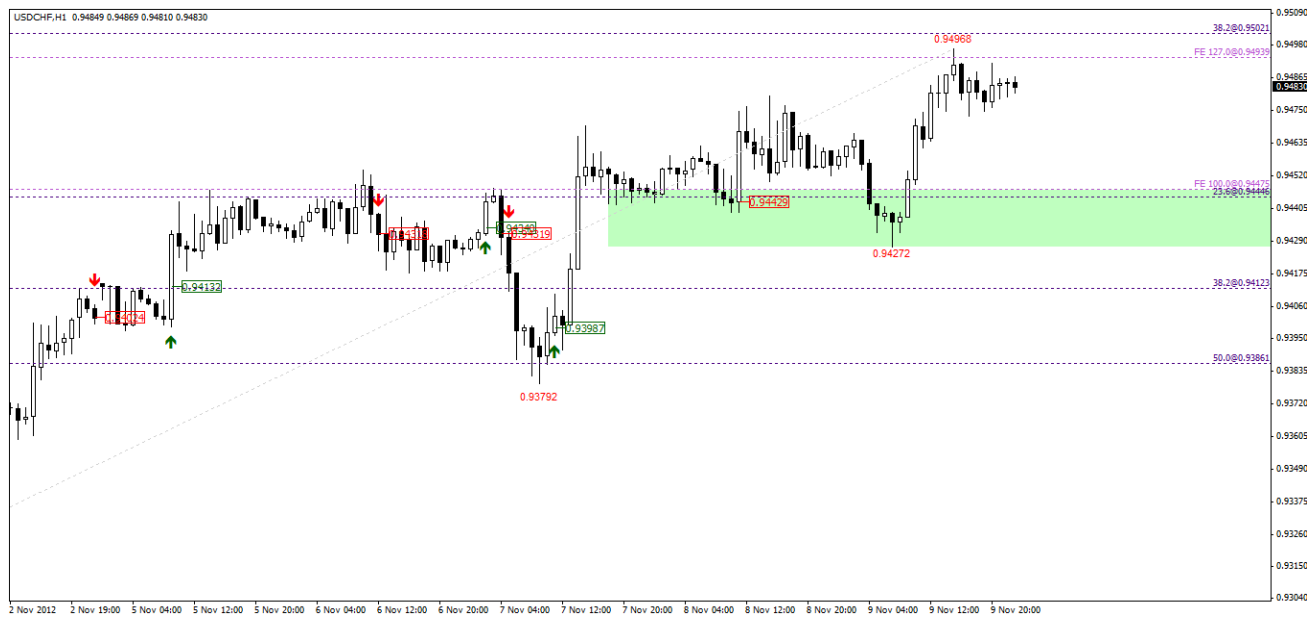
0.97692
0.94205
0.99702
0.98968
0.95072
0.96933
0.94363
0.92369
0.92737
0.9338
0.93316
0.94968
0.93626
0.93224
0.92127
0.92583

61.890.96808
50.090.95915
38.290.95021
26.490.94830
14.690.91521

16 May 2012 28 May 2012 7 Jun 2012 19 Jun 2012 29 Jun 2012 11 Jul 2012 23 Jul 2012 2 Aug 2012 14 Aug 2012 34 Aug 2012 5 Sep 2012 17 Sep 2012 27 Sep 2012 8 Oct 2012 17 Oct 2012 26 Oct 2012 6 Nov 2012

With price action closing near a 10-week high in the W1 chart and it appears that the long-term counter-trend rally from 0.70677 may have resumed, the original idea that price actions since October 17 low of 0.92127 was part of a 4th wave is probably doomed. If the alternatively view that the fall from the July 24 high of 0.99702 is deemed 'completed', then price action should rally from here. Previous updates mentioned that this rally has the potential to rally to the window between the 127.0% projection of 0.92127 to 0.93847 from 0.92755 at **0.94939** and the 38.2% retracement of 0.99702 to 0.92127 at **0.95021** (see H4 chart). This was exactly what happened. This confluence of Fibonacci ratios makes this price window very sensitive to reversal. Though a short position there (as happened in overnight actions) has a higher probability of success in the short-term, the overall structure now looks bullish. To be fair, at this stage, both bullish and bearish views are at an even keel; meaning this market can still swing in either direction. A close below **0.94651** in the H4 chart would favor the bears – at least in the short-term. If so, this may give us another chance to anchor long positions for the next ride higher. A 23.6% pullback 0.92755 to 0.94968 at **0.94446** would take price action to a minor demand pocket at **0.94272-0.94469** resides. On the upside, the medium-term potential includes the supply pocket at **0.96073-0.96486**.

USD-CHF 1-HOURLY



Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on buy signals between 0.94272-0.94469	0.94939	0.95915	0.94122 STOP

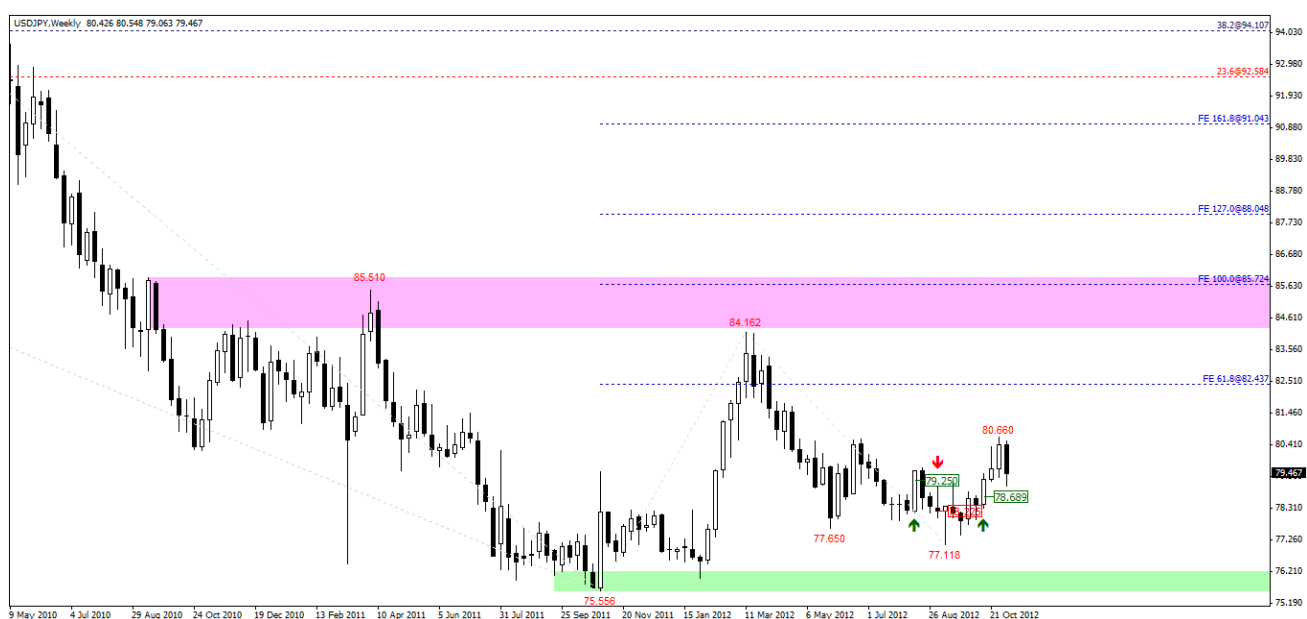
Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 02-11-2012								\$34,451.71
USD-CHF	07-11-2012	1.0	0.94642	06-11-2012	1.0	0.94339	-\$320.15		\$34,131.56
USD-CHF	07-11-2012	1.0	0.94642	06-11-2012	1.0	0.94339	-\$320.15	-\$640.30	\$33,811.41
						Unrealized	\$0.00		

USD-JPY MONTHLY



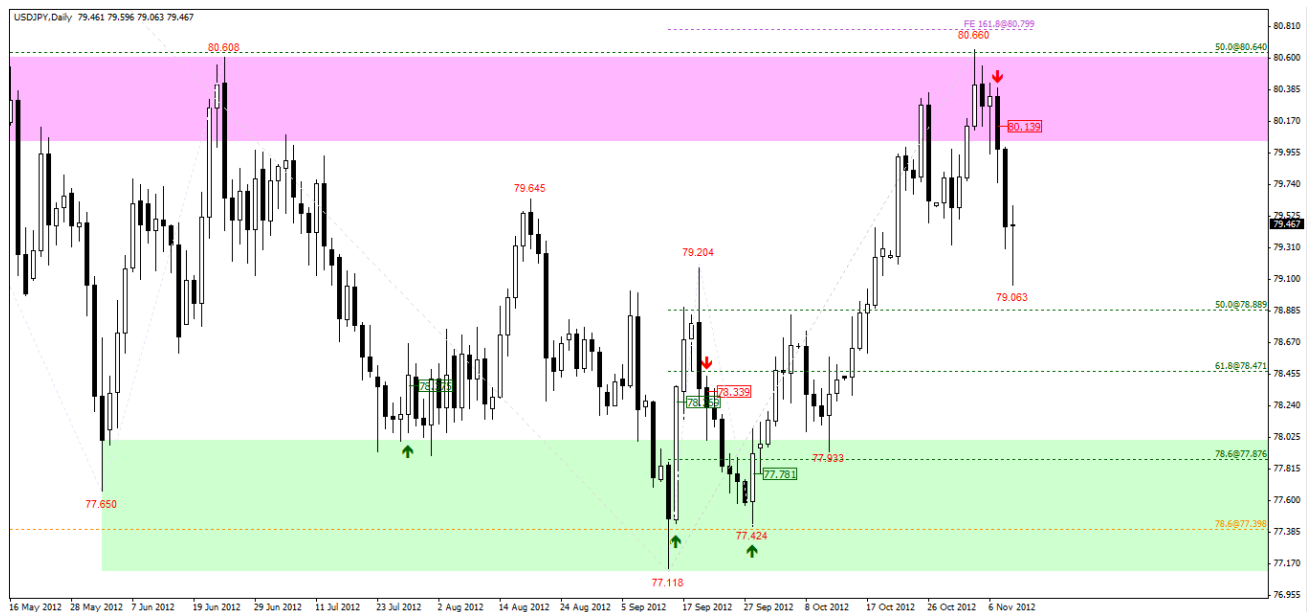
USD-JPY WEEKLY



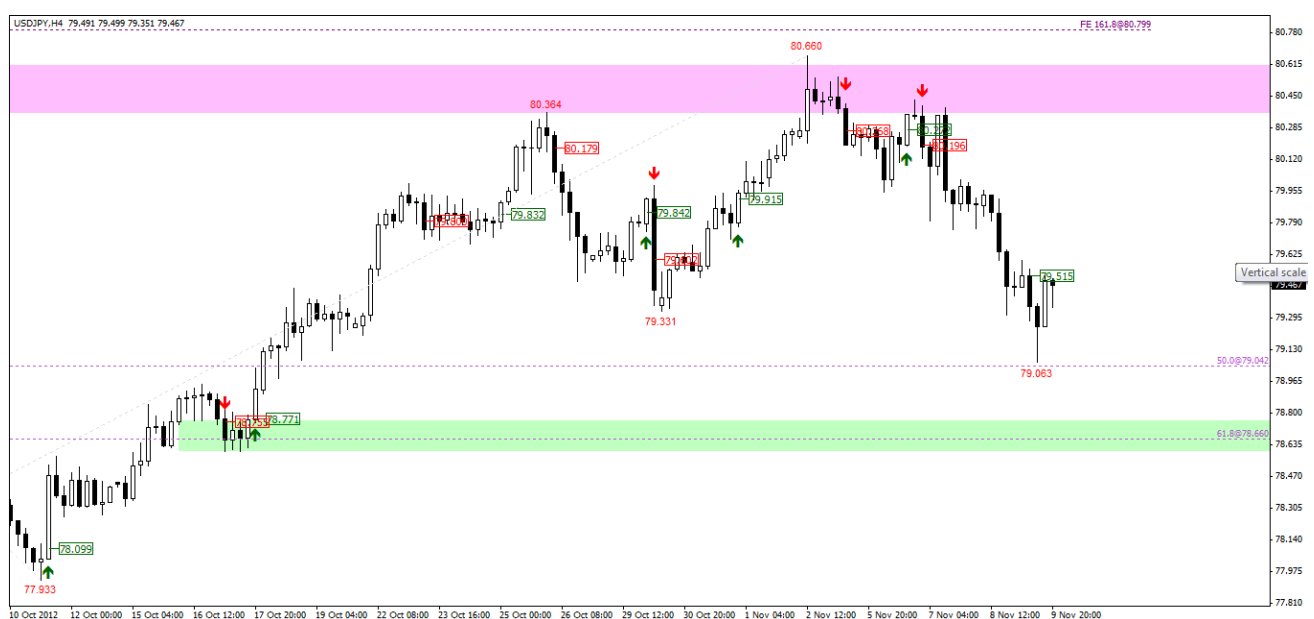
USD-JPY The Big Picture

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 **77.118**. As noted, a hammer appeared in the W1 chart 9 weeks ago and price action has been rising since. This week, however, witnessed the failure take out last week's high at 80.660. At this stage, it is premature to announce the end of the rally from 77.118. Only a weekly close below **79.257** would pose complications to the bullish case. On the other hand, this rally, if sustained, may well take the form of a 3-wave corrective rally beginning from the 100.0% projection of 75.556 to 84.162 from 77.118 at **85.724**.

USD-JPY DAILY



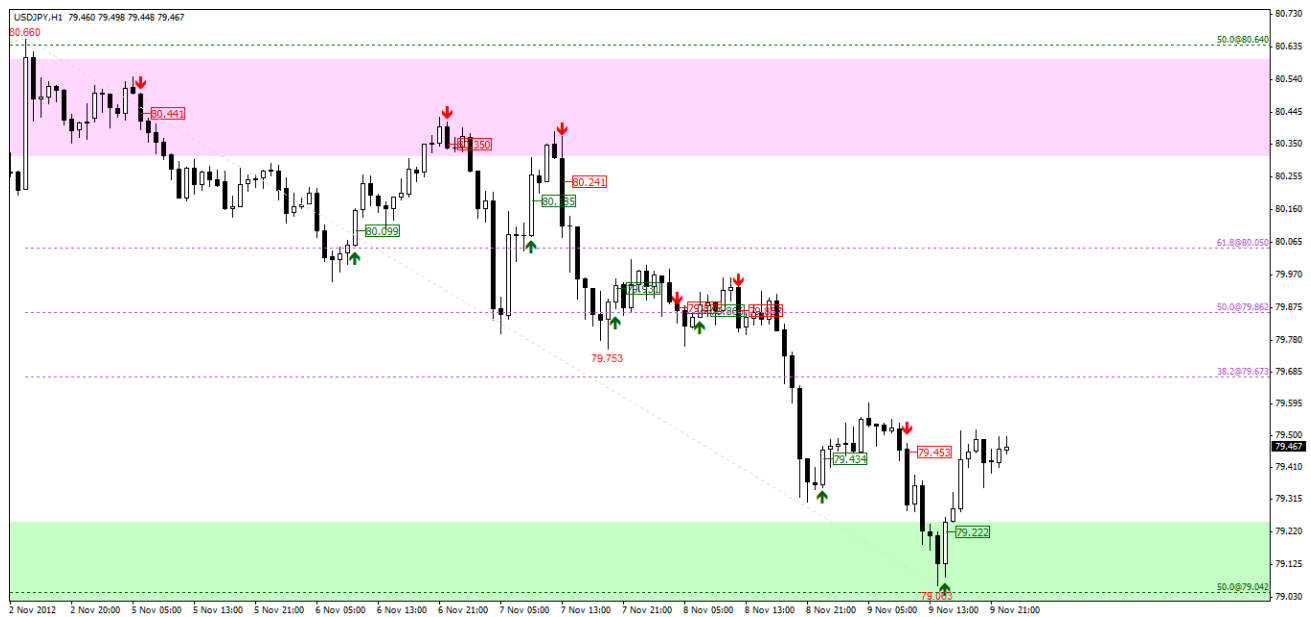
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

Since spiking to a 6-month high at 80.660 last week, this market have come under profit-taking. Even though profit-takings were deeper than expected, the medium-term bullish outlook remains intact. In overnight actions, price action fell to near the 50.0% retracement of 77.424 to 80.660 at **79.042** and rebounded but not before stopping out the recently established long positions. At any rate, this level happens to be within another demand pocket at **78.979-79.250**. As such, it makes this zone relevant. As we have it, a buy signal was triggered with a close above **79.222** in the H1 chart shortly after the week's low was established. We'll only know if this amounts to much if and when price action rises above the immediate supply pocket at **80.357-80.608** followed by another at **81.469-81.850** (see H4 chart). The long-legged shadow doji in the D1 chart, being a reversal signal, is in support of a possible turn-around in this market. A strong closing above these zones would pave the way for an attempt at the year's high **84.162** last seen in March. As mentioned, this bullish bias has a potential for a 5 yen or 500 pips rally. A possible target is the 100.0% projection of 75.556 to 84.162 from 77.118 at **85.724** which incidentally sits within a known supply zone. Previous updates have suggested buying on pullbacks.

USD-JPY 1-HOURLY



Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 79.222	79.862	80.313	79.050 STOP

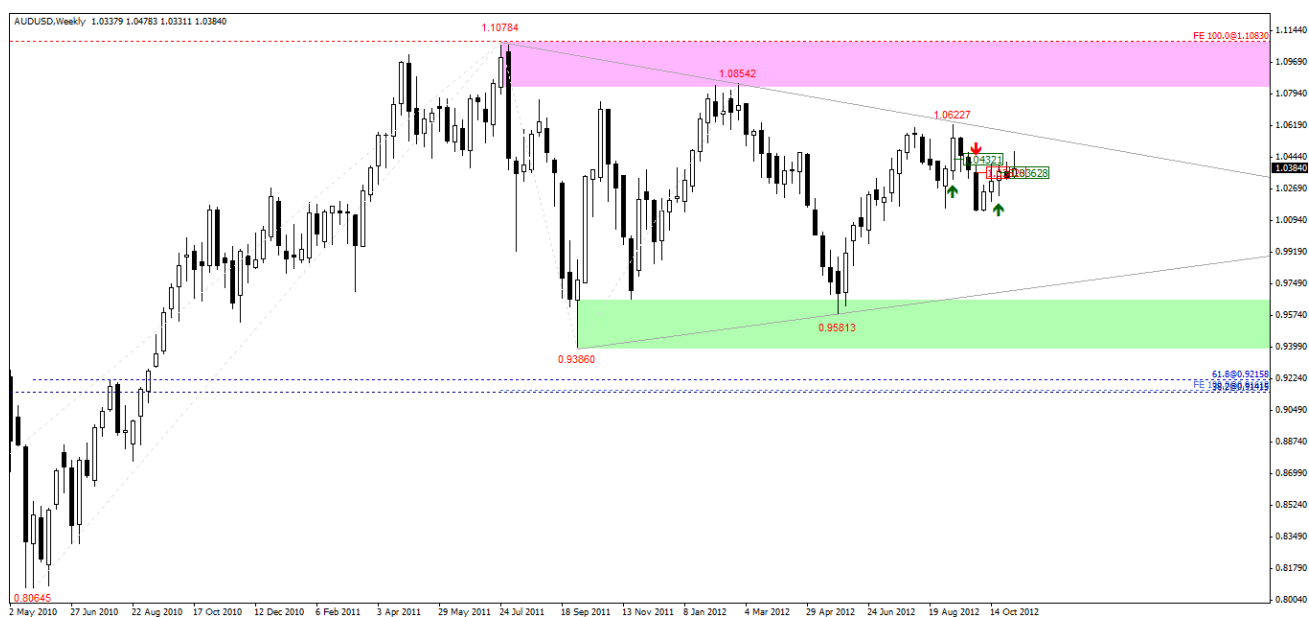
Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 02-11-2012								\$26,014.03
USD-JPY	30-10-2-12	1.0	79.453	07-11-2012	1.0	80.139	+\$856.01		\$26,870.04
USD-JPY	30-10-2-12	1.0	79.453	07-11-2012	1.0	80.139	+\$856.01	+\$1,712.02	\$27,726.05
USD-JPY	08-11-2-12	1.0	79.434	09-11-2012	1.0	79.208	-\$285.33		\$27,440.72
USD-JPY	08-11-2-12	1.0	79.434	09-11-2012	1.0	79.208	-\$285.33	-\$570.66	\$27,155.39
USD-JPY	09-11-2-12	1.0	79.222	09-11-2012	1.0	79.467	+\$308.30		
USD-JPY	09-11-2-12	1.0	79.222	09-11-2012	1.0	79.467	+\$308.30		
Unrealized							+\$616.60		

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 on September 24. This week saw price action traded to a 7-week high at 1.04783 before easing; essentially ending as a shooting star in the W1 chart. Is the harbinger of the last leg of the triangle pattern before an explosive breakout to the upside over the long-term? Until the triangle scenario is invalidated, this is the preferred view.

AUDUSD Daily 1.04037 1.04333 1.03575 1.03840

0.95813

1.00985

1.01651

1.01477

1.02343

1.02735

1.03654

1.03991

1.04230

1.04093

1.04783

1.05245

1.06227

1.06113

FE 161.881.06575

FE 127.081.05660

FE 100.001.04959

50.081.01020

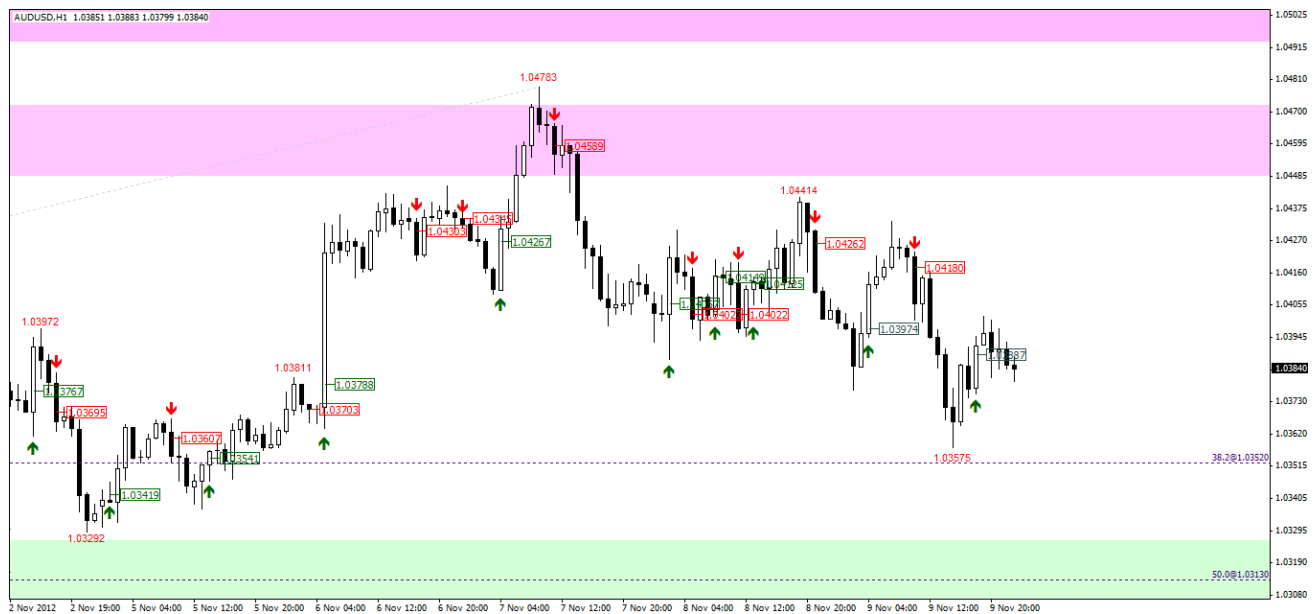
61.880.99791

0.95475 0.96090 0.96705 0.97320 0.97935 0.98550 0.99165 0.99780 1.00395 1.01010 1.01625 1.02250 1.02875 1.03485 1.04100 1.04715 1.05330 1.05945 1.06560

16 May 2012 28 May 2012 7 Jun 2012 19 Jun 2012 29 Jun 2012 11 Jul 2012 23 Jul 2012 2 Aug 2012 14 Aug 2012 24 Aug 2012 5 Sep 2012 17 Sep 2012 27 Sep 2012 8 Oct 2012 17 Oct 2012 26 Oct 2012 6 Nov 2012

As noted, early signs of selling interests returning was first seen in the H1 chart when a Bearish Harami appeared within the minor supply pocket at **1.04486-1.04722** following the spike to this week's high at 1.04783. This was immediately followed by the same in the H4 shortly after. By Wednesday closing, even the D1 chart has a potential reversal signal. The anticipated sell-off has yet to materialize and the structure in the short-term charts are less than encouraging – so far. An eventual close below **1.03631** in the D1 chart would add confidence to this bearish stance. If so, all important time frames will have sell signals triggered and that can only mean further weakness going forward. If this happens, immediate target is the demand pocket at **1.03036-1.03262** and if this zone cannot hold, an obvious medium-term target is the demand pocket at **1.00985-1.01911**. Alternatively, the 61.8% and 100.0% projection of 1.06227 to 1.01477 from 1.04168 at **1.01233** and **0.99418** respectively are also viable targets. On the flip side, another spike towards the the overhead SZ at **1.05317-1.06677** cannot be ruled out. This is also where the 78.6% retracement of 1.06227 to 1.01477 at **1.05211** resides.

AUD-USD 1-HOURLY

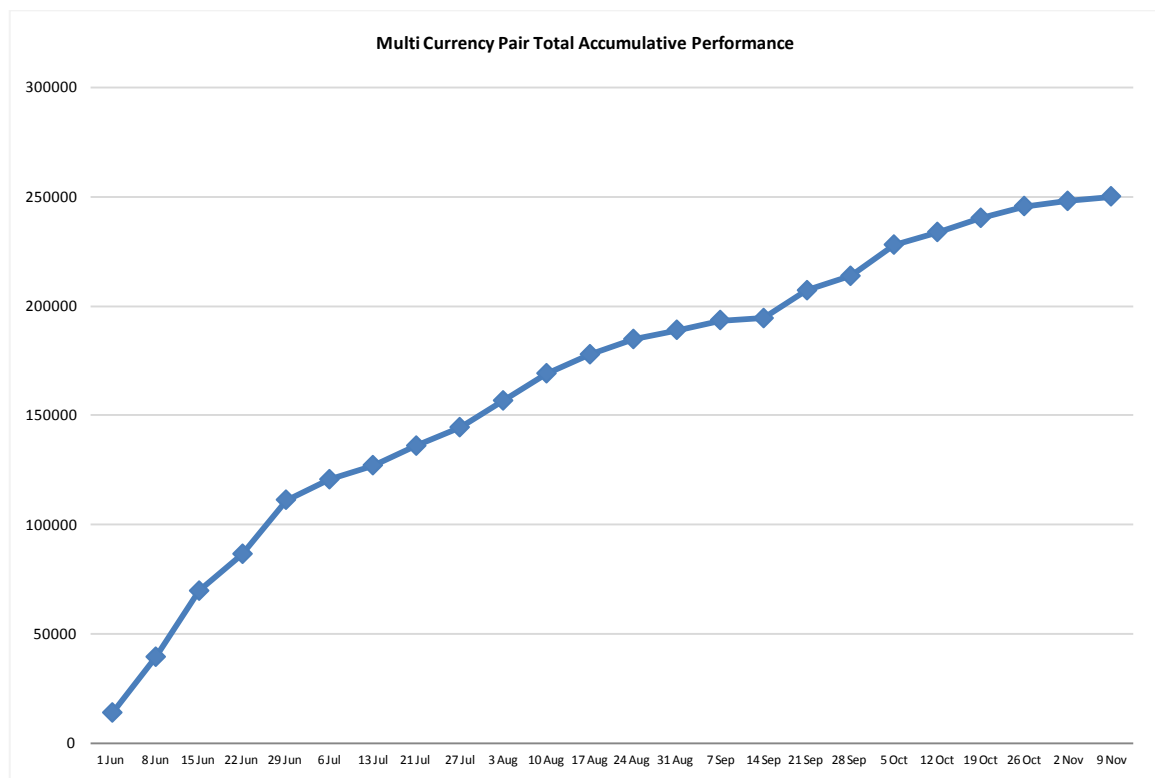
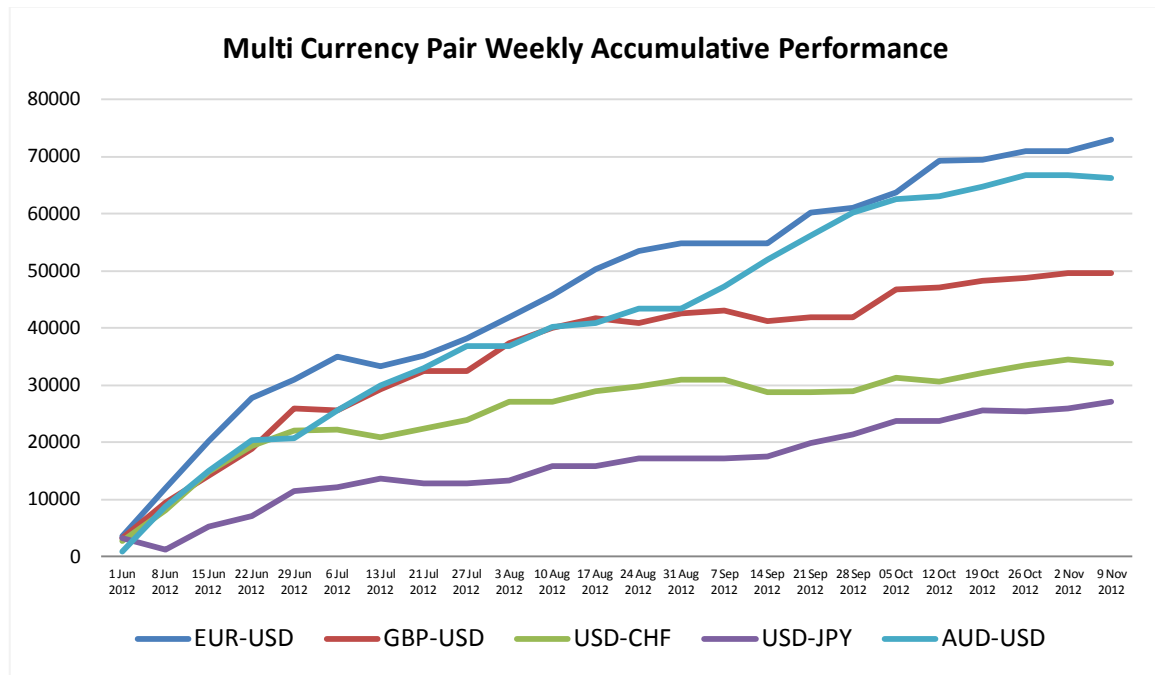


Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.04589	1.03262	1.01911	Break-even

Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 26-10-2012								\$66,845.00
AUD-USD	07-11-2012	1.0	1.04554	07-11-2012	1.0	1.04303	-\$251.00		\$66,594.00
AUD-USD	07-11-2012	1.0	1.04554	07-11-2012	1.0	1.04303	-\$251.00	-\$502.00	\$66,343.00
AUD-USD	09-11-2012	1.0	1.03840	07-11-2012	1.0	1.04589	+\$749.00		
AUD-USD	09-11-2012	1.0	1.03840	07-11-2012	1.0	1.04589	+\$749.00		
Unrealized							+\$1,498.00		



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.

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