

*A Traders Academy International Publication*

## EUR-USD Retreats After 6 Days Of Rally

EUR-USD slipped from a 7-week high on Wednesday after a disappointing Spanish bond auction and weak Euro zone economic data caused traders to unwind positions on ideas the Euro had risen too far, too fast in recent days

Optimism that Greece will receive more money from its international lenders had buoyed the Euro over the past week, but the rally lost steam as worries about Spain resurfaced.

Traders are also reluctant to take large positions on the Euro ahead of a policy meeting of the European Central Bank on Thursday. While the ECB is expected to keep its benchmark interest rate on hold at 0.75 percent, traders will be looking for clues on whether ECB President Mario Draghi will show a greater willingness to cut borrowing costs in the future as the Euro zone recession deepens.

The Euro is struggling to hold its ground ahead of the European Central Bank interest rate decision amid the negative developments coming out of the region. EUR-USD may continue to give back the rebound from the previous month as the fundamental outlook for the Euro area deteriorates.

Spain auctioned fewer bonds than it hoped to, sending yields sharply higher and reviving talk of an official bailout request from Europe's fourth-largest economy.

A sharp fall in Euro zone retail sales for October dented hopes of a consumer-led recovery from recession, which also pressured EUR-USD. It fell 0.1 percent to 1.30664, retreating from a session peak of 1.31254, the highest since October 18. It was the first fall in EUR-USD in six trading sessions.

USD-JPY rose 0.6 percent to 82.452. Traders have been expecting a more dovish stance from the Bank of Japan if the main opposition party, as expected, wins a December 16 election. Shinzo Abe, leader of the main opposition party, has called for the Bank of Japan to embark on "unlimited easing" and set an inflation target at 2 percent. Market talk that Abe would win an outright mandate added to the Dollar's allure against the Yen.

On Friday, the U.S. Labor Department is to release non-farm payrolls data for November. U.S. private-sector employers added 118,000 jobs in November, a report by payrolls processor ADP showed on Wednesday. Economists had forecast the ADP National Employment Report would show a gain of 125,000 jobs.

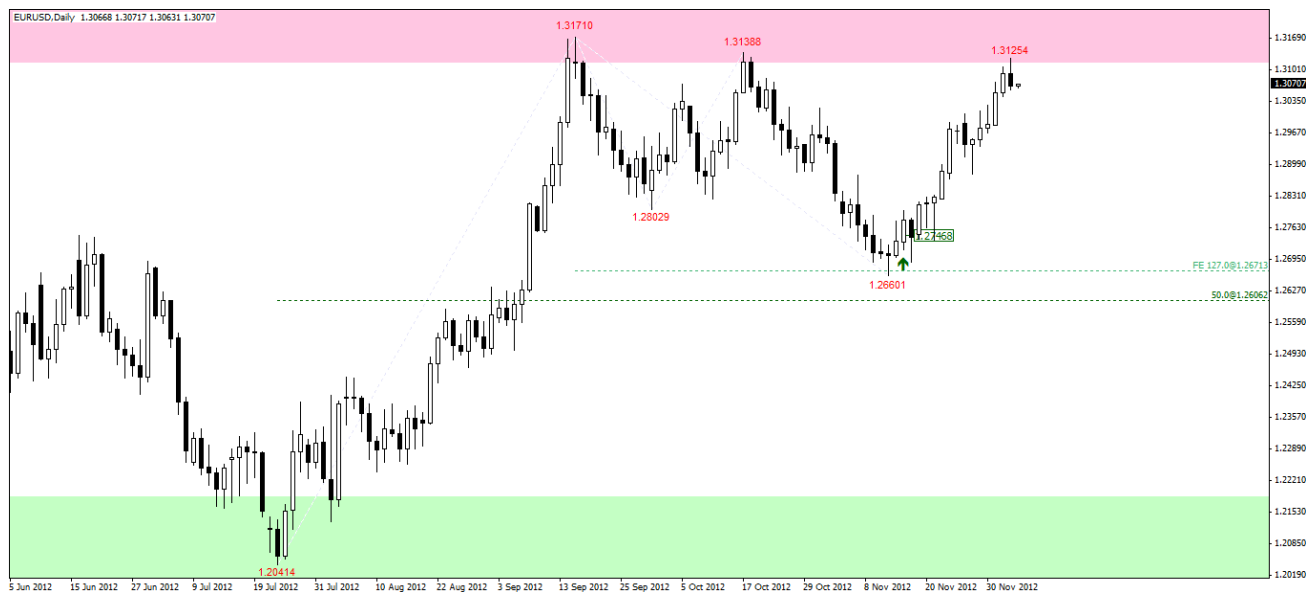
A separate report showed the pace of growth in the U.S. services sector increased more than expected in November. The data had a limited impact on currencies.

Some analysts said the Euro could also weaken if signs intensify that U.S. policymakers are struggling to avert the so-called fiscal cliff, fuelling worries the global economy could suffer, and lifting demand for the safe-haven US Dollar. The fiscal cliff is the combination of tax hikes and spending cuts due to kick in early next year that could tip the US economy into recession.

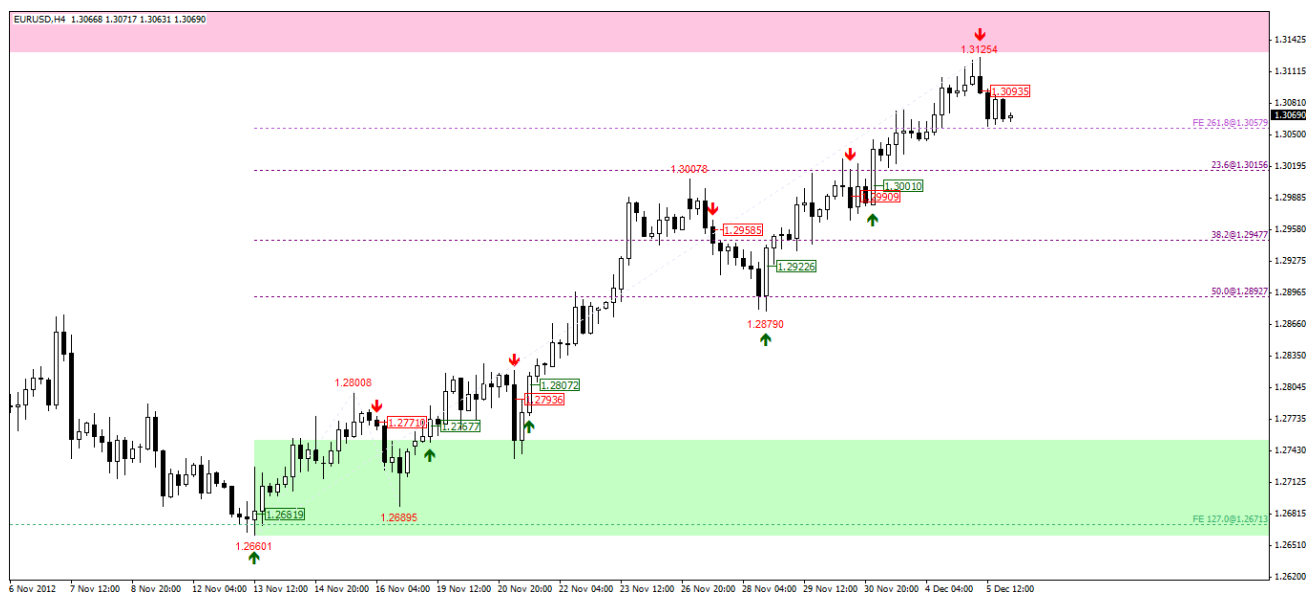
### Content:

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

## EUR-USD DAILY



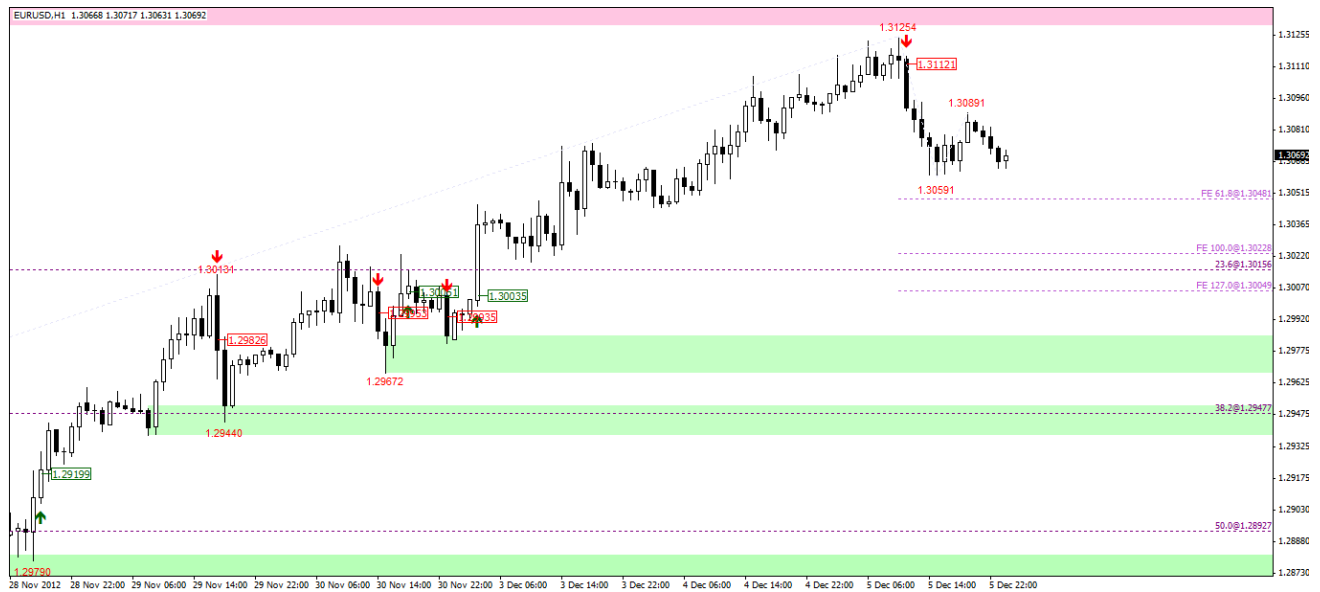
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

Yesterday's update alluded to the possibility of a correction and as if on cue, this was exactly what happened in overnight trading. Price action just missed the supply pocket at **1.31300-1.32831** with a print at 1.31254 and eased as profit-taking set in after 6 straight days of rally. Further losses cannot be ruled out. A possible target for this pullback is the 100.0% projection of 1.31254 to 1.30591 from 1.30891 at **1.30228** (see H1 chart). Overall, the last 6 days of rally climb is part of a larger degree rally from 1.26601 from way back in November 13. After a period of correction, this 5<sup>th</sup> wave rally resumed two Fridays ago on 23 October. This is further aided by the appearance of a hammer in the D1 chart last Wednesday. The rise from 1.26601 now has a clear 5-waves up structure and may ultimately trade above **1.31710** to perhaps to as high as **1.33582** (being the 61.8% of 1.20414 to 1.31710 from 1.26601).

## EUR-USD 1-HOURLY



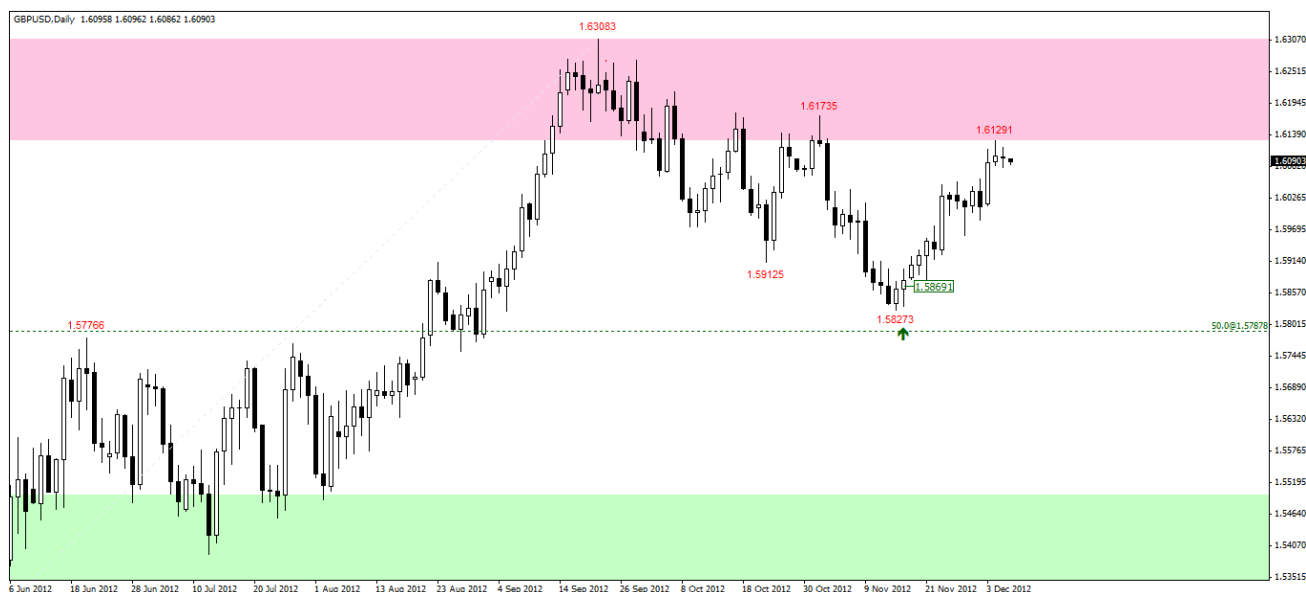
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.28923 (M5 chart)	1.30364 Realized	1.32831	Exit on D1 close below 1.30526

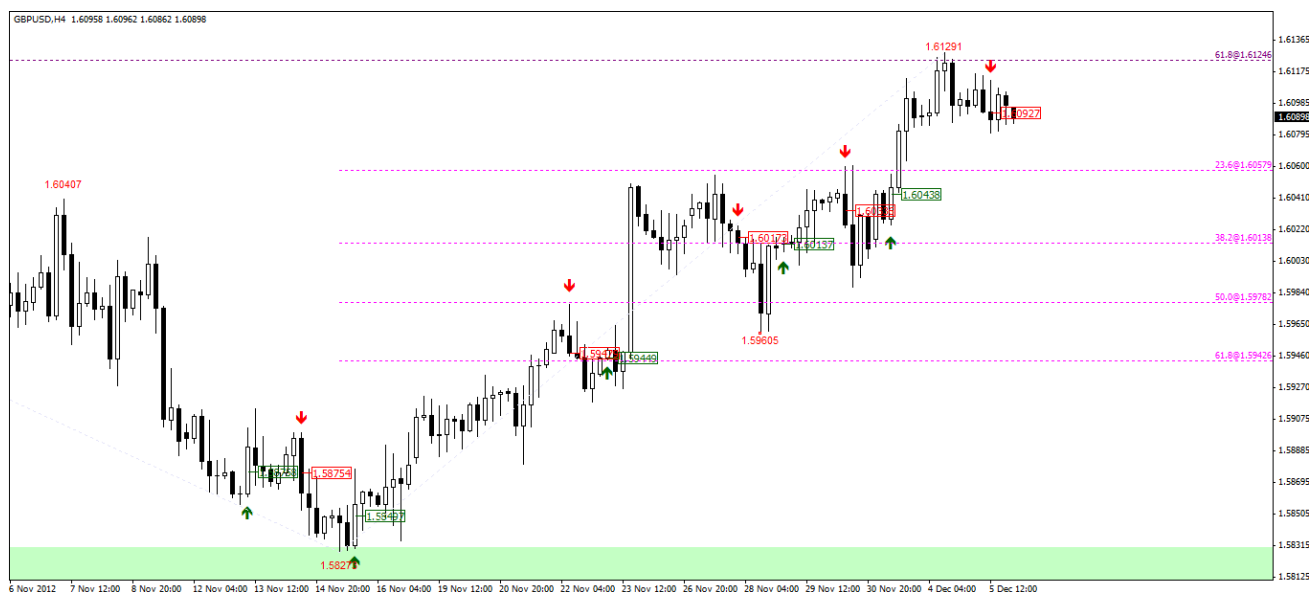
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from								\$72,447.00
	30-11-2012								
EUR-USD	28-11-2012	1.0	1.28923	03-12-2012	1.0	1.30364	+\$1,441.00	+\$1,441.00	\$73,888.00
EUR-USD	28-11-2012	1.0	1.28923	05-12-2012	1.0	1.30664	+\$1,741.00		
						Unrealized	+\$1,741.00		

## GBP-USD DAILY



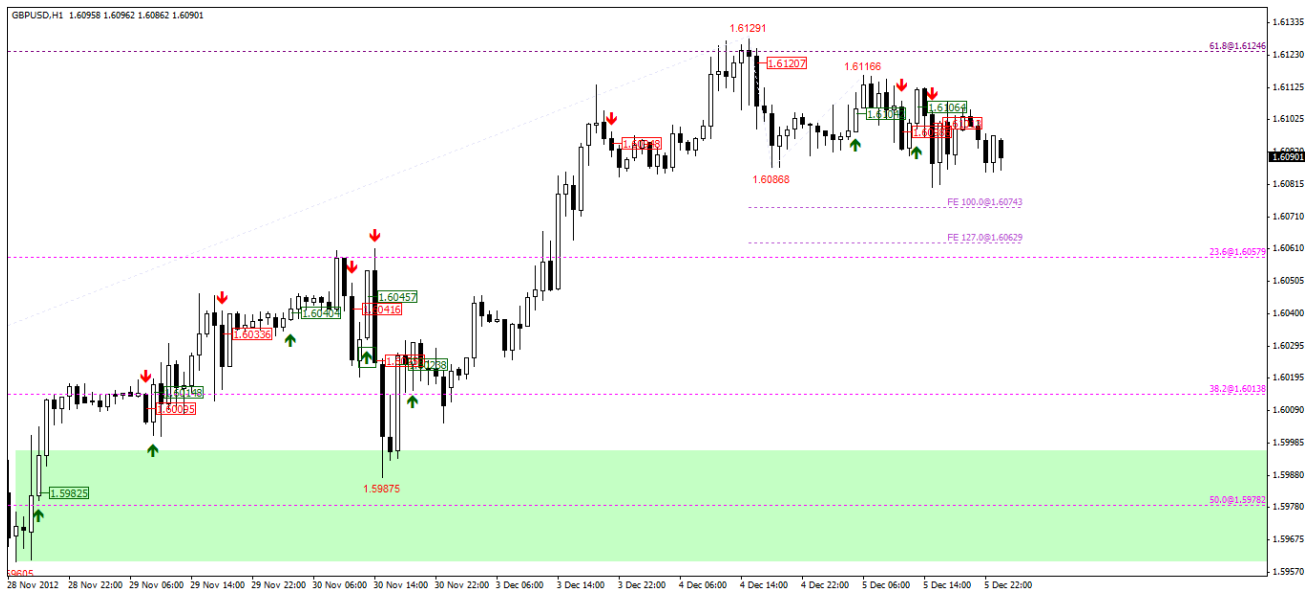
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

The rally from 1.58273 stalled after registering a marginal high at 1.61291 on Tuesday after hitting the 61.8% retracement of 1.63083 to 1.58273 at **1.61245**. Despite softening, profit-takings have been rather shallow. Potentially, this pullback may eased further to the 100.0% projection of 1.61291 to 1.60868 from 1.61166 at **1.60743** to perhaps the 23.6% retracement of 1.58273 to 1.61291 at **1.60579** (see H1 chart). Overall, it is unlikely this rally has run its entire course and may be poised to challenge September 21 peak of **1.63083** eventually. However, too deep a correction may compromise this rally. A close below **1.60165** in the D1 chart is a warning that this rally may be in trouble.

## GBP-USD 1-HOURLY



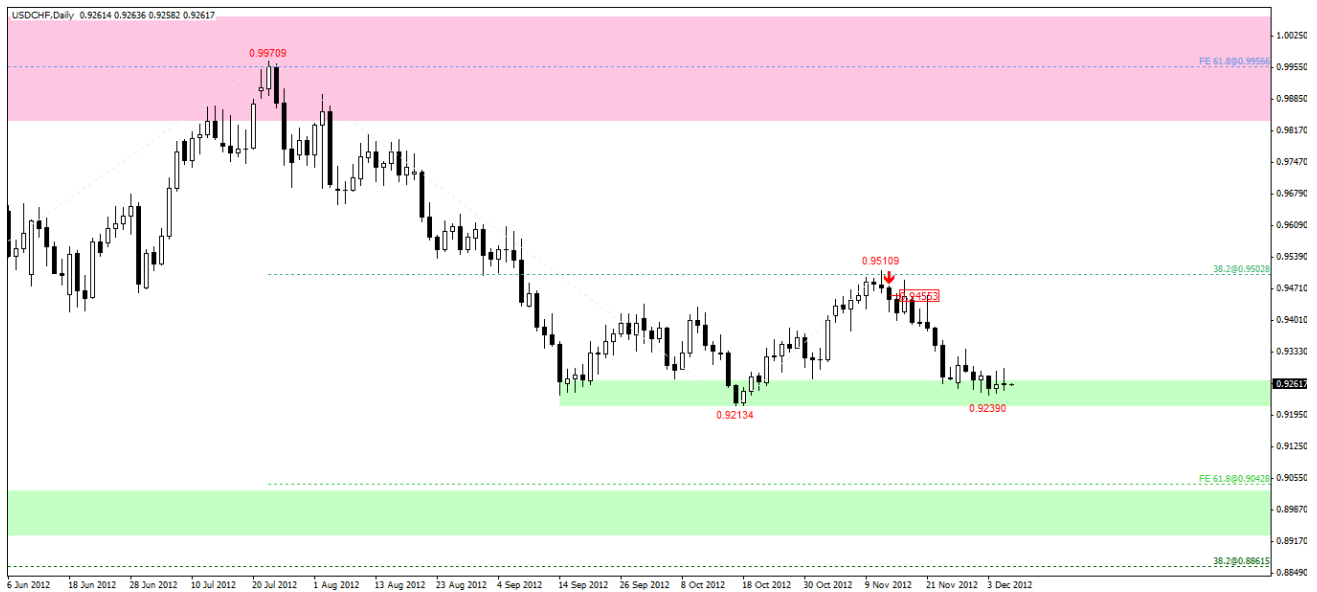
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59037	1.60063 Realized	1.65416	Exit on D1 close below 1.60165
Bought @ 1.59825	1.61546	1.62589	

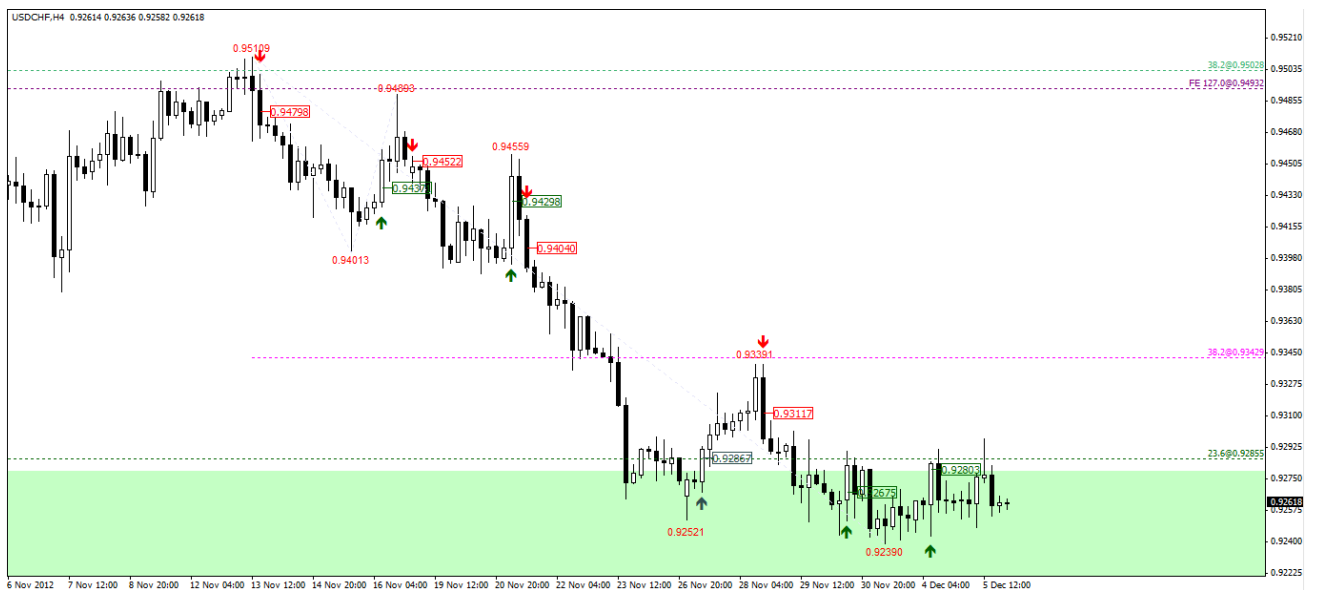
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 30-11-2012								\$50,309.00
GBP-USD	21-11-2012	1.0	1.59037	05-12-2012	1.0	1.60973	+\$1,936.00		
GBP-USD	28-11-2012	1.0	1.59825	05-12-2012	1.0	1.60973	+\$1,148.00		
GBP-USD	28-11-2012	1.0	1.59825	05-12-2012	1.0	1.60973	+\$1,148.00		
						Unrealized	+\$4,231.00		

## USD-CHF DAILY



## USD-CHF 4-HOURLY



## USD-CHF Short to Medium Term View

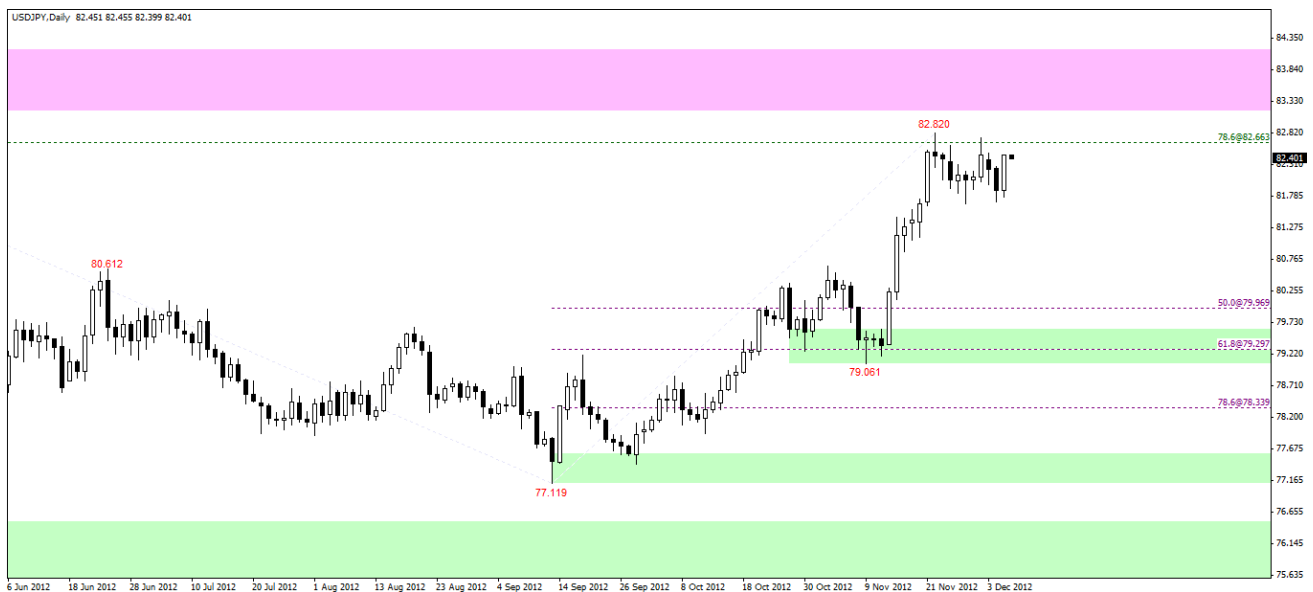
The day after news that Swiss banks are charging negative interests was business as usual in the foreign exchange markets. The initial excitement faded away as focus reverts back to the larger and more intractable problems facing the Eurozone. As noted, previous negative interests practices have failed to stem the flow of hot money into the Swiss Franc. Chart wise, this market has stopped making new low and that may be supportive of a rebound. Chart patterns from the D1 to the H1 charts showed that there are enough buying interests at around current price levels to support a punt on the long side of this market. Though there is no classic buy signal, any rally out of the immediate demand pocket at **0.92746-0.92975** may signal the start of a correction. After all, the fall from the November 13 high of 0.95109 has developed into a neat 5-wave down structure into the demand pocket at **0.92746-0.92975** and a rebound is overdue. If so, any rebound from here is likely to be in the form of a 3-wave up structure with focus on the 38.2% retracement of 0.95109 to 0.92435 at **0.93456**. This is slightly above last Wednesday's high of **0.93391** and below a minor supply pocket at **0.93507-0.93836**. Should this scenario pan out; the idea is to position shorts near those price levels for the next leg of this fall. This bearish scenario has the potential to eventually extend below the demand pocket at **0.92746-0.92975**. A further break below the October 17 low of **0.92134** would all but confirm that another massive fall is in motion.

[illegible]

ACTION	Target 1	Target 2	EXIT
Bought 0.92647	0.93507	0.94465	0.92290 STOP

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 23-11-2012								\$34,932.12
USD-CHF	05-12-2012	1.0	0.92647	05-12-2012	1.0	0.92617	-\$32.39		
USD-CHF	05-12-2012	1.0	0.92647	05-12-2012	1.0	0.92617	-\$32.39		
						Unrealized	-\$64.78		

## USD-JPY DAILY



## USD-JPY 4-HOURLY

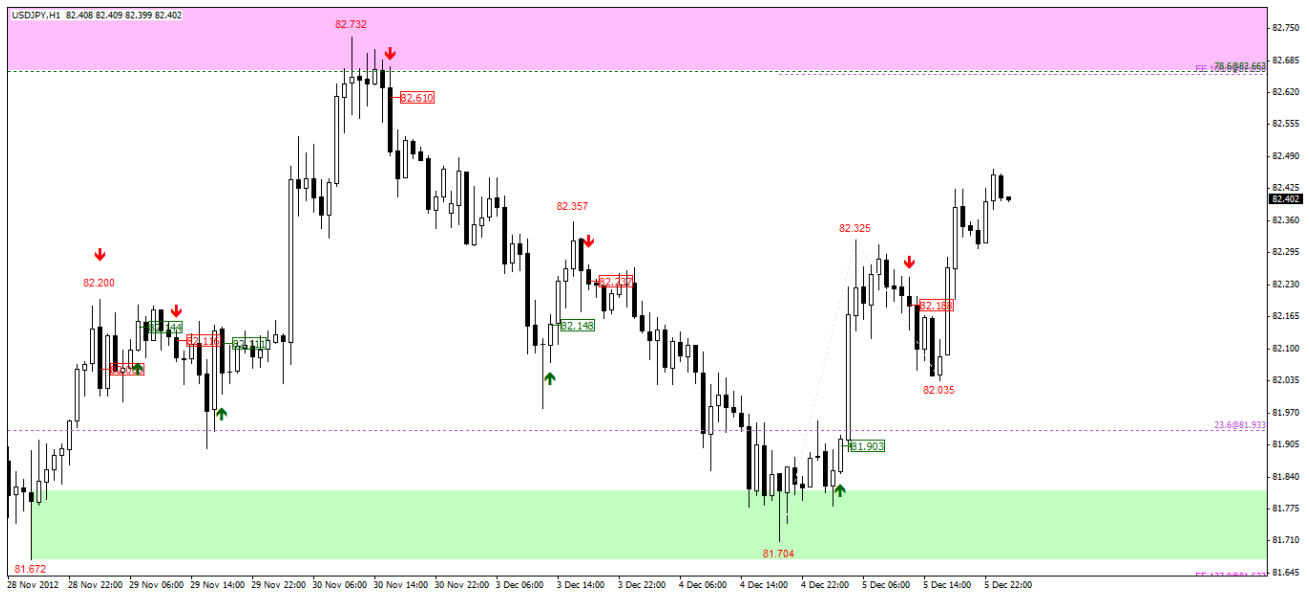


## USD-JPY Short to Medium Term Views

The long-legged shadow in the H4 chart was pivotal as this market rebounded strongly in overnight trading. As noted, closes above **81.903** in the H1 and **82.006** would invariably trigger buy signals and they did. While the latest buy signals may result in a resumption of the rally from 77.119, the structure so far suggest a potential cap at the 82.660 area. This because the 100.0% projection of 81.704 to 82.325 from 82.035 at **82.656** is located just below the 78.6% retracement of 84.172 to 77.119 at **82.663** which in turn is located just below the supply pocket at **82.424-83.380**. Failure to break above this barrier may invite profit-taking all over again. As noted, in order to maintain the medium-term bullish bias, it is imperative for price action takes out the 78.6% retracement of 84.172 to 77.119 at **82.663** and breaks above this supply pocket at **82.424-83.380**. This is because the 78.6% retracement of 84.172 to 77.119 at **82.663** represents (to me) the maximum allowance retracement. So far, this market has not been successful in clearing this barrier. With the year's high at **84.172** in sight, this bullish bias has the potential to gun for the 100.0% projection of 75.563 to 84.172 from 77.119 at **85.728** which incidentally sits within a known supply zone. From there, the longer-term down trend is expected to resume below the all-time low of **75.563** (read big picture view above).



## USD-JPY 1-HOURLY



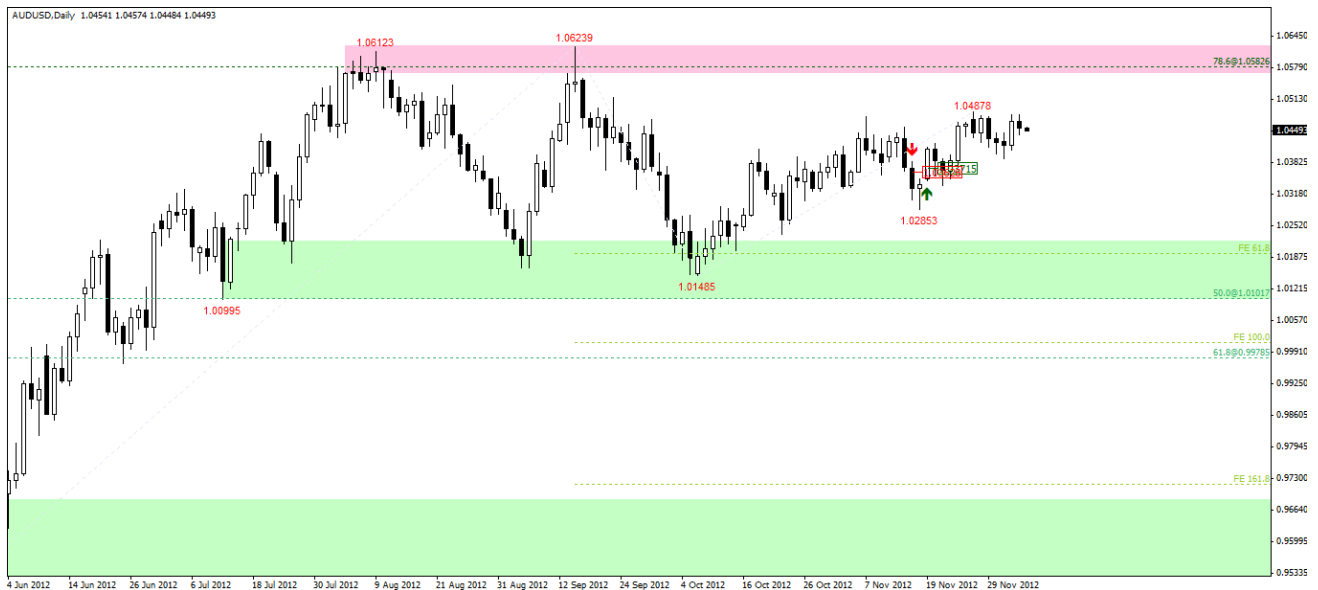
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 81.903	82.424 Realized	83.716	Break-even

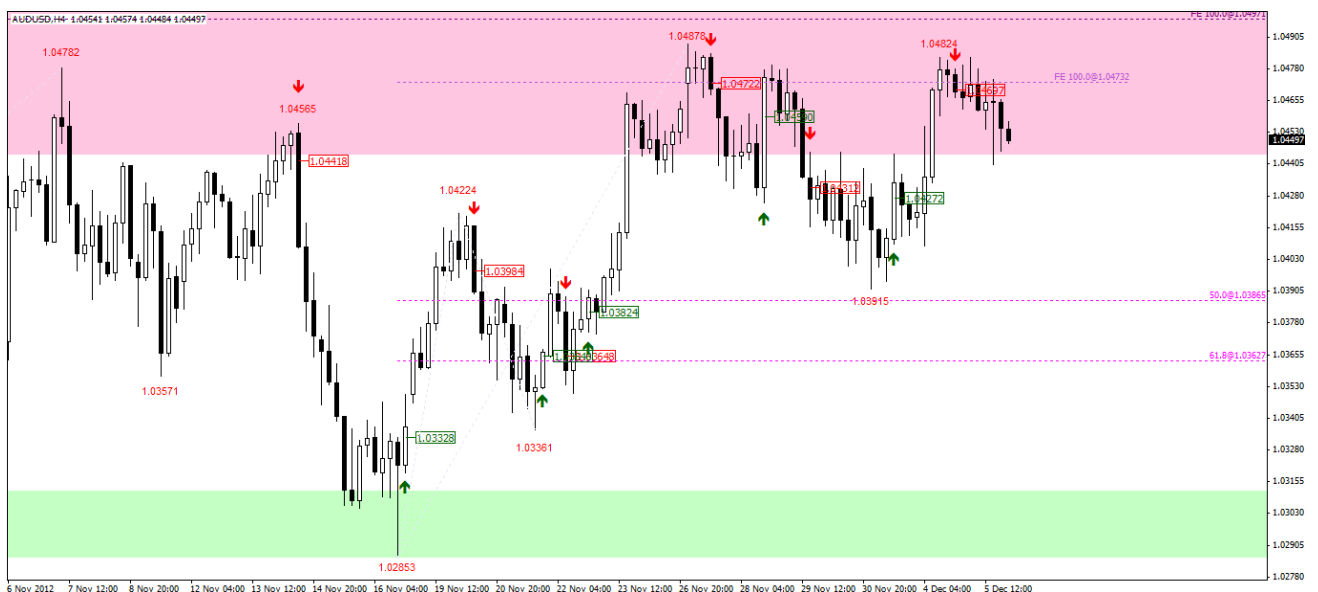
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 30-11-2012								\$30,540.48
USD-JPY	28-11-2012	1.0	81.774	04-12-2012	1.0	81.774			
USD-JPY	05-12-2012	1.0	81.903	05-12-2012	1.0	82.424	+\$632.10	+\$632.10	\$31,172.58
USD-JPY	05-12-2012	1.0	81.903	05-12-2012	1.0	82.452	+\$665.84		
						Unrealized	\$665.84		

## AUD-USD DAILY



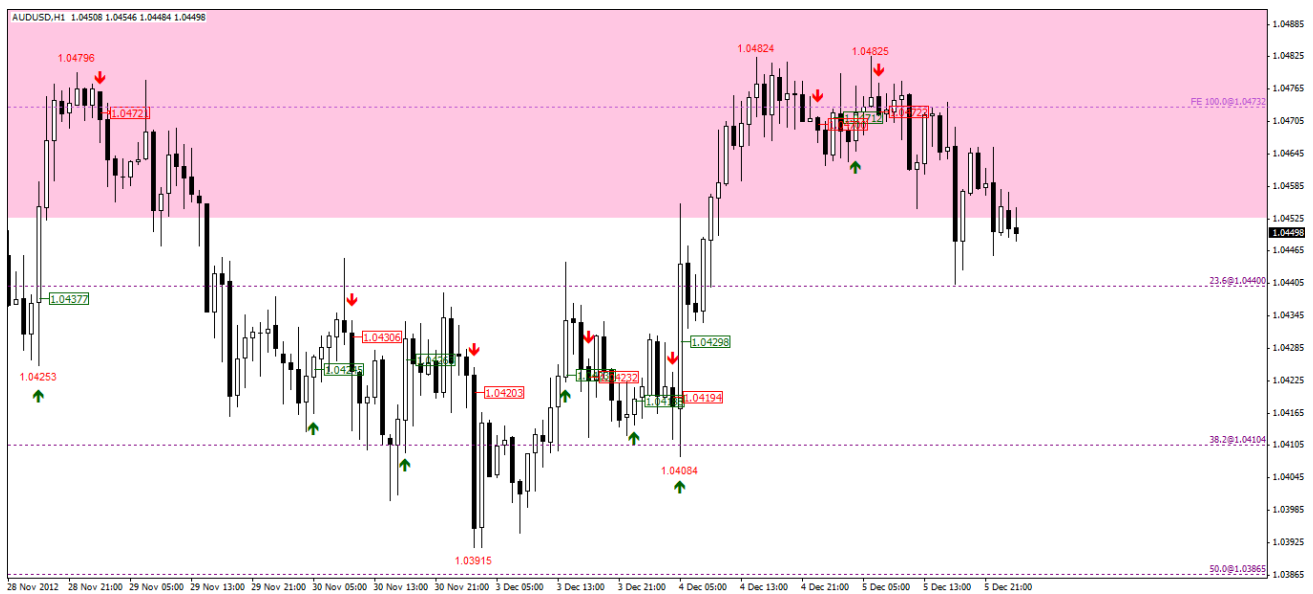
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

The day after RBA cut interest rate, this market did not fall. In fact, a marginal new high was registered at 1.04825 in overnight session before easing somewhat. For almost 4 months since August, this market has been locked within a roughly 500 pips range (see D1 chart). Price action climbed back into the minor supply pocket at **1.04526-1.04722** (revised) where the 100.0% projection of 1.01485 to 1.04104 from 1.02853 at **1.05472** is located. As with previous instances, each time price action climbed into this price pocket, selling interests emerged. It is, therefore, no surprise, that prices eased once again from its overnight high of 1.04825. However, this time, there is a subtle difference. A *shooting star* has appeared in the H1 chart immediately following the day's high and triggered a sell signal with a close below **1.04722**. This is repeated in the H4 chart as well as it too triggered a sell signal with a close below **1.04697** on the back of a *bearish harami*. To confirm these signals, I waited until there was a close below **1.04643** before pulling trigger to sell (see H1 chart). This is a short-term punt as potential is likely to be limited.

## AUD-USD 1-HOURLY

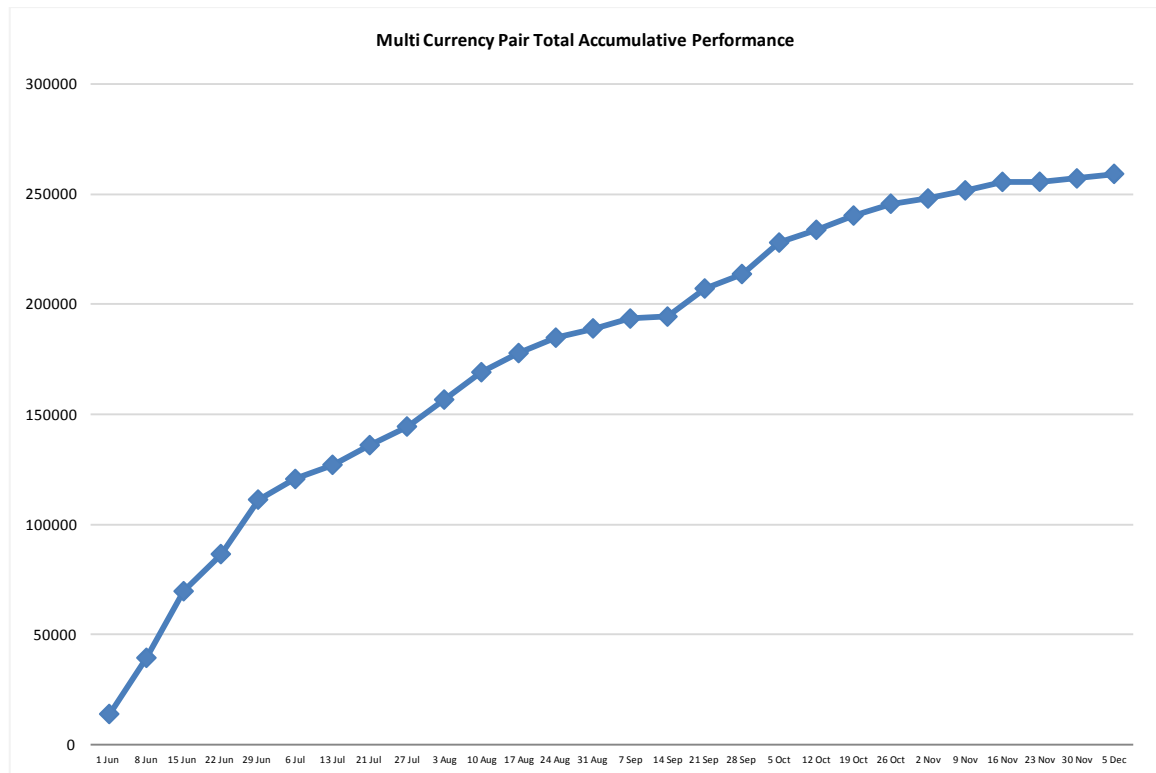
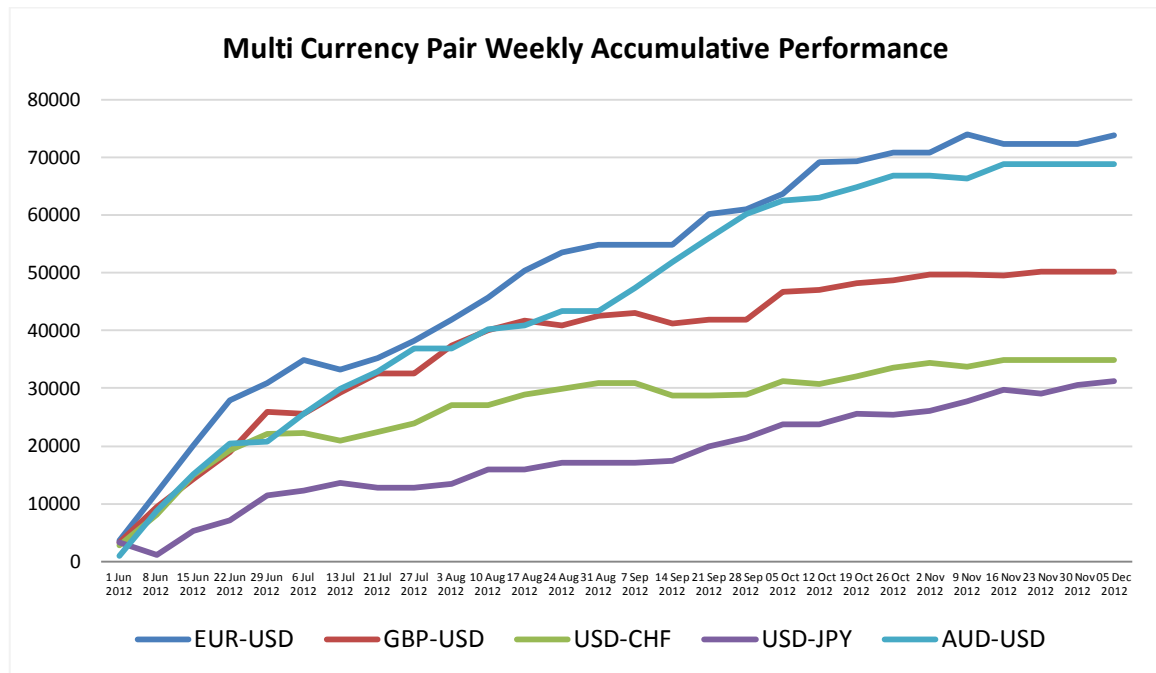


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.04643	1.04157	1.03118	1.04925 STOP

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 30-11-2012								\$68,225.00
AUD-USD	05-12-2012	1.0	1.04547	05-12-2012	1.0	1.04643	+\$96.00		
AUD-USD	05-12-2012	1.0	1.04547	05-12-2012	1.0	1.04643	+\$96.00		
						Unrealized	+\$192.00		



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.