

A Traders Academy International Publication

Directionless Trading As NY Shuts Down

USD-JPY held near four-month highs on Tuesday as traders counted down to a certain policy easing by the Bank of Japan, though traders fear it will again stop short of the bold action the economy needs. USD-JPY settled at 79.787 in New York, not far off last Friday's peak of 80.364.

Traders expect the BOJ to expand its asset-buying programme by at least ¥10 trillion (\$125 billion), although talk is that it could be as high as ¥20 trillion. Still, the BOJ has tended to undershoot market expectations. If it were to disappoint, bearish Yen positions could be unwound, leading to a sharp rise in the Japanese currency.

Elsewhere, EUR-USD stood at 1.29017, having drifted in a narrow 1.28840/1.29420 range on Monday in subdued trade as U.S. markets were mostly shut down due to Hurricane Sandy.

EUR-USD has been struggling to break out of a wider 1.28000/32000 range set in the previous few weeks as traders waited for Spain to seek a bailout and trigger the European Central Bank's bond-buying programme.

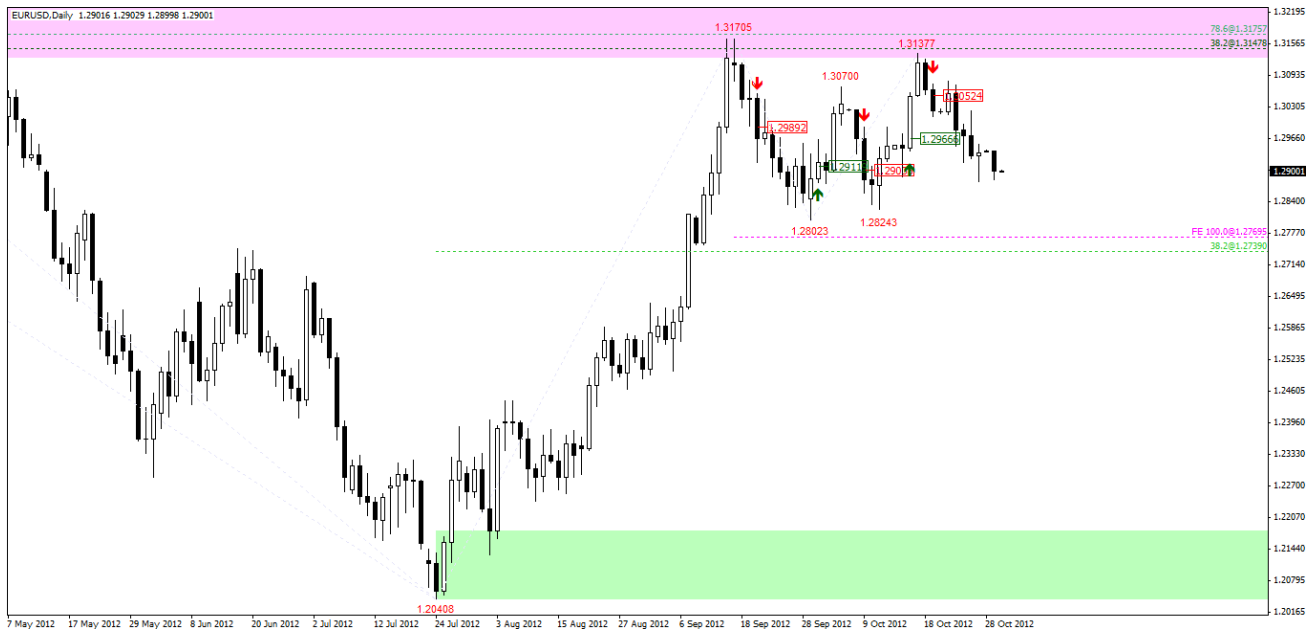
Spanish Prime Minister Mariano Rajoy kept financial markets guessing on Monday, saying he would seek a credit line from the Euro zone's rescue fund "when I think it is in the interests of Spain". His comments came even after data showed retail sales in the country fell at their fastest pace on record, further darkening the outlook for an economy already mired in recession. Spain's economy is struggling terribly, something which will continue to hit government revenues and a modest decline in bond yields will not solve the problem.

Also showing no inclination to break new ground, AUD-USD was at 1.03310, having drifted between a range of 1.03248-675 on Monday in directionless trading. Last week, it fell to 1.02343 and then quickly rebounded to 1.03951 in moves likely to keep the bears cautious.

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EUR-USD DAILY



EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

The start of day-light saving saw listless trading day in the currency market with this market spending the entire session within the immediate demand pocket at **1.28815-1.29311**; flirting numerous times with last Friday's low of 1.8815. Coupled with the super storm Sandy forecasted to hit landfall on the east coast of the US, life came to standstill in NY. Price action dipped six times into the window between the 78.6% retracement of 1.28243 to 1.31377 at **1.28914** and the 161.8 % projection of 1.29191 to 1.29811 from 1.29399 at **1.28396** in the NY session alone (see H1 chart). This is the same window in which price action rebounded from last Friday. As noted, this fall may yet take price action towards the next demand pocket at **1.27533-1.28159**; located just above the 38.2% retracement of 1.20408 to 1.31705 at **1.27390** which in turn is just below the 100.0% projection of 1.31705 to 1.28023 from 1.31377 at **1.27695** (see D1 chart). In the meantime, is vulnerable to profit-takings at current level.

EURUSD, H1 1.29016 1.29029 1.28998 1.29027

1.30816

1.30810

1.30695

1.30585

1.30470

61.891.30395

1.30355

1.30240

50.891.30096

1.30125

1.30015

1.29900

38.291.29794

1.29790

1.29675

1.29560

23.691.29420

1.29445

1.29330

1.29220

1.29105

1.29000

78.691.28914

1.28880

FE 161.891.28782

1.28770

1.30217

1.29966

1.29533

1.29191

1.28815

1.2841

1.28007

1.28995

1.28880

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1.28655

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1.28425

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1.21295

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1.20605

1.20490

1.20375

1.20260

1.20145

1.20030

1.19915

1.19800

1.19685

1.19570

1.19455

1.19340

1.19225

1.19110

1.18995

1.18880

1.18765

1.18650

1.18535

1.18420

1.18305

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1.17040

1.16925

1.16810

1.16695

1.16580

1.16465

1.16350

1.16235

1.16120

1.16005

1.15890

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1.15430

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1.15200

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1.14855

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| ACTION | Target 1 | Target 2 | EXIT |
|----------------|---------------------|----------|--------------------------------|
| Sold @ 1.30261 | 1.29347 Realized | 1.28159 | Exit on D1 close above 1.29719 |
| Sold @ 1.29966 | 1.29347 Realized | 1.27390 | Exit on D1 close above 1.29719 |

| Currency | Date | Buy | Price | Date | Sell | Price | Per Trade +/- | Realized +/- | Accumulative +/- |
|----------|------------------------|-----|---------|------------|------|------------|------------------|-----------------|---------------------|
| | B/F from 26-10-2012 | | | | | | | | \$70,956.00 |
| EUR-USD | 29-10-2012 | 1.0 | 1.29017 | 23-10-2012 | 1.0 | 1.30261 | +\$1,244.00 | | |
| EUR-USD | 29-10-2012 | 1.0 | 1.29017 | 25-10-2012 | 1.0 | 1.29966 | +\$949.00 | | |
| | | | | | | Unrealized | +\$2,194.00 | | |

GBP/USD, H4 1.60268 1.60307 1.60206 1.60307

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1.58475

78.8@1.62779
61.8@1.61944
51.8@1.59995
50.0@1.58495

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0.84718
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0.83318
0.83118
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0.82118
0.81918
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0.81318
0.81118
0.80918
0.80718
0.80518
0.80318
0.80118
0.79918
0.79718
0.79518
0.79318
0.79118
0.78918

While EUR-USD was moribund, this market fell purposefully throughout the day. Previous update allured to the possibility of profit-takings taking this market towards the minor demand pocket at **1.60116-1.60280**. This panned out rather nicely. In fact, the market 'overshot' to a low at 1.60050 in NY in overnight trading. At current levels, buying interests may emerge. A close above **1.60402** in the H1 may signal the resumption of this rally. Last week's rally from the demand pocket at **1.58800-1.59223** was strong and as noted, extended rally beyond **1.61764**, above the supply pocket at **1.62272-1.60377**, would suggest that the correction from 1.60377 is over. In this scenario, the rally from 1.59116 is viewed as the start of the 5th wave and an assault on the September 21 high of **1.63077** has begun. On the other hand, continued weakness below the overnight low of 1.60050 may see price action easing back to the demand pocket at **1.58800-1.59223**, where the 38.2% retracement of 1.52666 to 1.63077 at **1.59100** is located.

GBP-USD 1-HOURLY



Trade Ideas

| ACTION | Target 1 | Target 2 | EXIT |
|----------------------------------|----------|----------|--------------|
| Buy on H1 close above 1.60402 | 1.62272 | 1.64208 | 1.59950 STOP |

Weekly Performance

| Currency | Date | Buy | Price | Date | Sell | Price | Per Trade + / - | Realized + / - | Accumulative + / - |
|------------|------------------------|-----|-------|------|------|-------|--------------------|-------------------|-----------------------|
| | B/F from 26-10-2012 | | | | | | | | \$48,810.00 |
| Unrealized | | | | | | | \$0.00 | | |

USDCHF.Daily 0.93629 0.93637 0.93616 0.93632

Key Price Levels and Annotations:

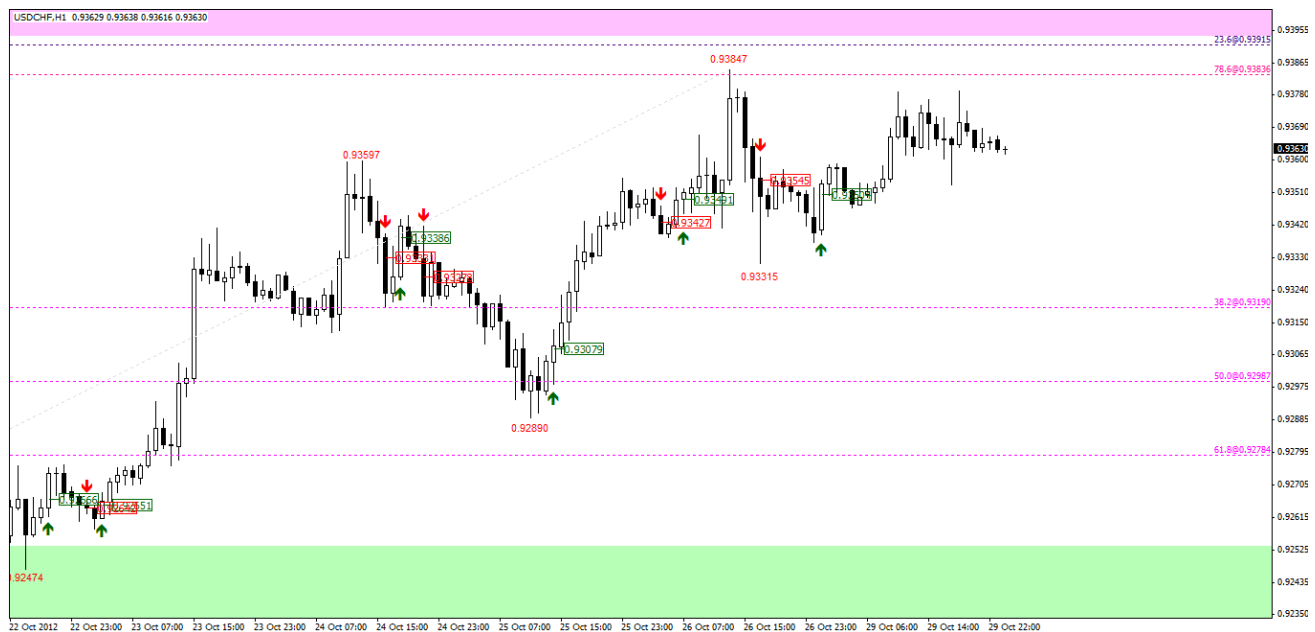
- 0.97692 (Red text, peak in late May)
- 0.94205 (Red text, low in late June)
- 0.96933 (Red text, low in late July)
- 0.95702 (Red text, peak in late July)
- 0.93366 (Red text, peak in late July)
- 0.92369 (Red text, low in late August)
- 0.92737 (Red text, low in late August)
- 0.94363 (Red text, peak in late August)
- 0.92127 (Red text, low in late September)
- 0.93313 (Red text, peak in late September)
- 0.92583 (Green text, low in late September)
- 0.93538 (Green text, peak in late September)
- 0.93532 (Green text, peak in late September)
- 0.93700 (Green text, peak in late September)
- 0.91345 (Green text, low in late September)
- 0.90805 (Green text, low in late September)
- 0.91870 (Green text, low in late September)
- 0.92410 (Green text, low in late September)
- 0.92950 (Green text, low in late September)
- 0.93430 (Green text, low in late September)
- 0.93970 (Green text, low in late September)
- 0.94555 (Green text, low in late September)
- 0.95095 (Green text, low in late September)
- 0.95635 (Green text, low in late September)
- 0.96175 (Green text, low in late September)
- 0.96715 (Green text, low in late September)
- 0.97255 (Green text, low in late September)
- 0.97780 (Green text, low in late September)
- 0.98320 (Green text, low in late September)
- 0.98860 (Green text, low in late September)
- 0.99400 (Green text, low in late September)
- 0.99940 (Green text, low in late September)
- 1.00480 (Green text, low in late September)
- 1.01020 (Green text, low in late September)

USDCHF, H4 0.93629 0.93638 0.93616 0.93630

0.94363
0.94072
0.93570
0.93306
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0.93044
0.92127
0.93847
23.680.92915
78.6860.93038
0.93540
0.93440
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0.93189
FE.127.000.92238
FE.161.800.91670

Price action remains well bid throughout the day although it failed to break out of last Friday's trading range. Last Friday saw price action traded into the window between the 78.6% retracement of 0.94301 to 0.92127 at **0.93836** and the 23.6% retracement of 0.99702 to 0.92127 at **0.93915** and eased (see H4 chart). To maintain its overall bullish bias, it is imperative that the overhead supply pocket at **0.93941-0.94363** and the 261.8% projection of 0.92127 to 0.92881 from 0.92474 at **0.94448** are overcome. If that should happen, it would cement the short-term bullish case considerably. But traders need to keep things in perspective. The upside potential is probably limited. This is because this rebound is viewed as a corrective move of the fall from 0.99702 and what we are currently seeing is probably a 3-wave up with a potential target at the 38.2% retracement of 0.99702 to 0.92127 at **0.95021**.

USD-CHF 1-HOURLY



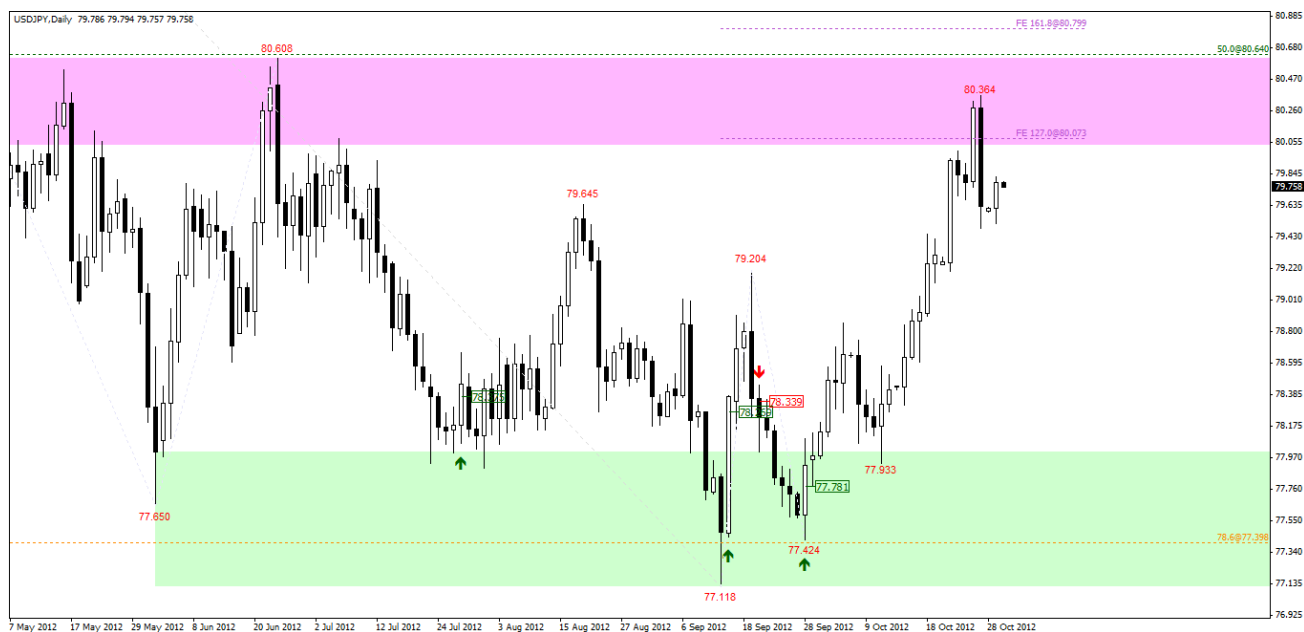
Trade Ideas

| ACTION | Target 1 | Target 2 | EXIT |
|------------------|---------------------|----------|--------------------------------|
| Bought @ 0.92352 | 0.93214 Realized | 0.93941 | Exit on D1 close below 0.93224 |
| Bought @ 0.93079 | 0.93500 Realized | 0.96073 | Break-even |

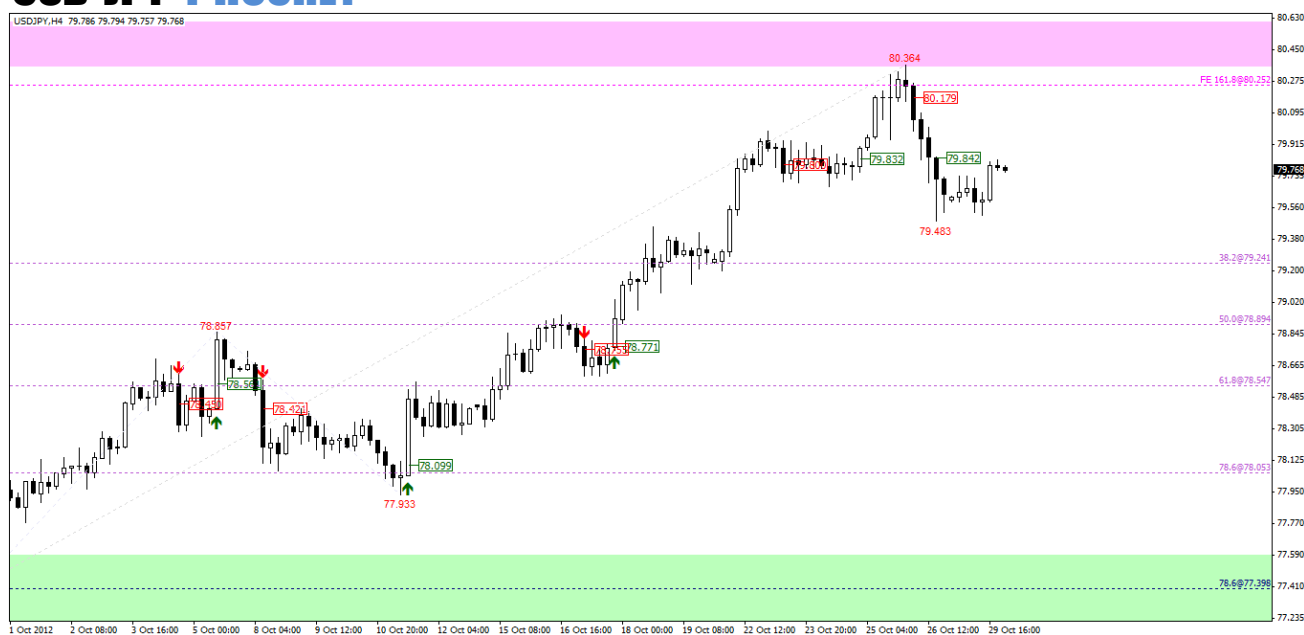
Weekly Performance

| Currency | Date | Buy | Price | Date | Sell | Price | Per Trade + / - | Realized + / - | Accumulative + / - |
|----------|------------|-----|---------|------------|------|------------|--------------------|-------------------|-----------------------|
| | B/F from | | | | | | | | \$33,516.33 |
| USD-CHF | 18-10-2012 | 1.0 | 0.92352 | 29-10-2012 | 1.0 | 0.93395 | +\$1,116.76 | | |
| USD-CHF | 25-10-2012 | 1.0 | 0.93079 | 29-10-2012 | 1.0 | 0.93395 | +\$338.35 | | |
| | | | | | | Unrealized | +\$1,455.11 | | |

USD-JPY DAILY



USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

Last week saw the resumption of the rally from 77.933, taking price action to a 4-month high of 80.364 on Friday. As the market traded into the upper boundary of a known trading bands demarcated by the supply pocket at **80.357-80.608** and demand pocket at **77.118-77.592**, Friday witnessed persistent profit-takings as traders booked their profits before the weekend. The usual weekend profit-takings plus the idea that the BOJ might do a QE similar to the Fed, prompted traders to exit the market en masse. Traders expect the BOJ to expand its asset-buying program by at least ¥10 trillion (\$125 billion), although talk is that it could be as high as ¥20 trillion. Monday saw the return of some buying interests but not much. Below, the demand pocket at **78.979-79.250**, where the 50.0% retracement of 77.933 to 80.364 at **79.149**, beckons (see H1 chart).

USDJPY, H1 79.786 79.794 79.757 79.769

80.660
80.575
80.490
80.320
80.235
80.150
80.065
79.980
79.895
79.810
79.725
79.640
79.555
79.470
79.385
79.300
79.215
79.130

80.364
80.283
80.126
79.852
79.769
79.483
79.513
79.434
79.355
79.75

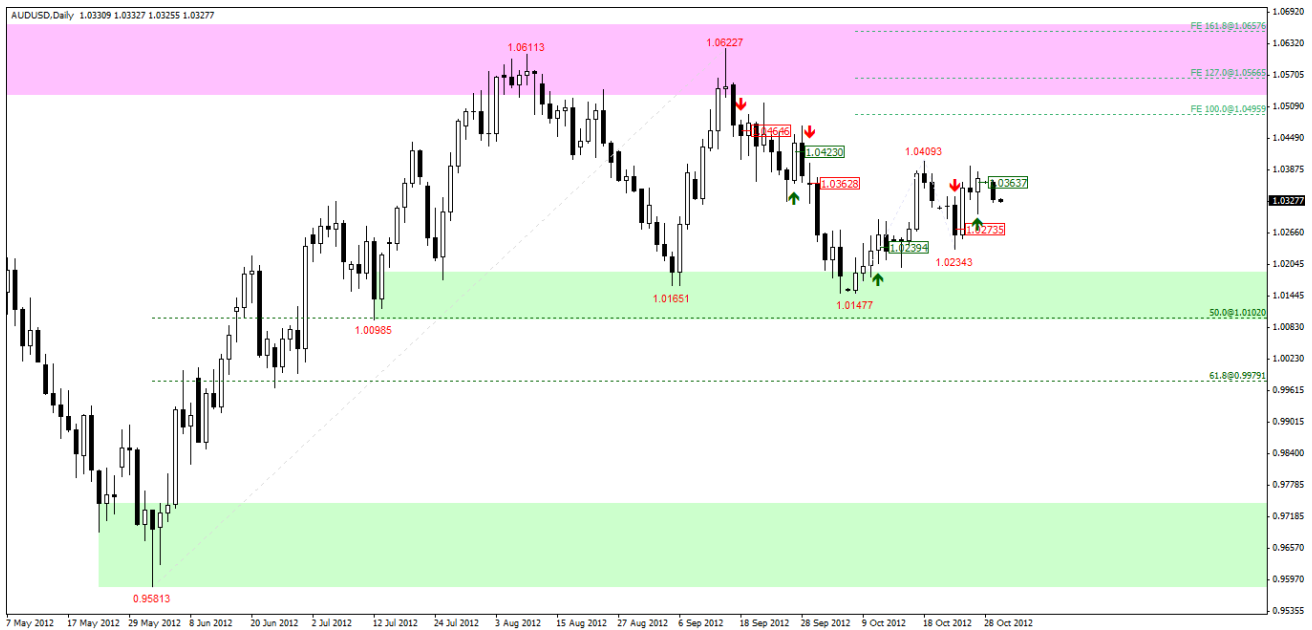
FE 161.899.252
38.2979.493
38.0979.149

22 Oct 2012 22 Oct 23:00 23 Oct 07:00 23 Oct 15:00 23 Oct 23:00 24 Oct 07:00 24 Oct 15:00 24 Oct 23:00 25 Oct 07:00 25 Oct 15:00 25 Oct 23:00 26 Oct 07:00 26 Oct 15:00 26 Oct 23:00 29 Oct 06:00 29 Oct 14:00 29 Oct 22:00

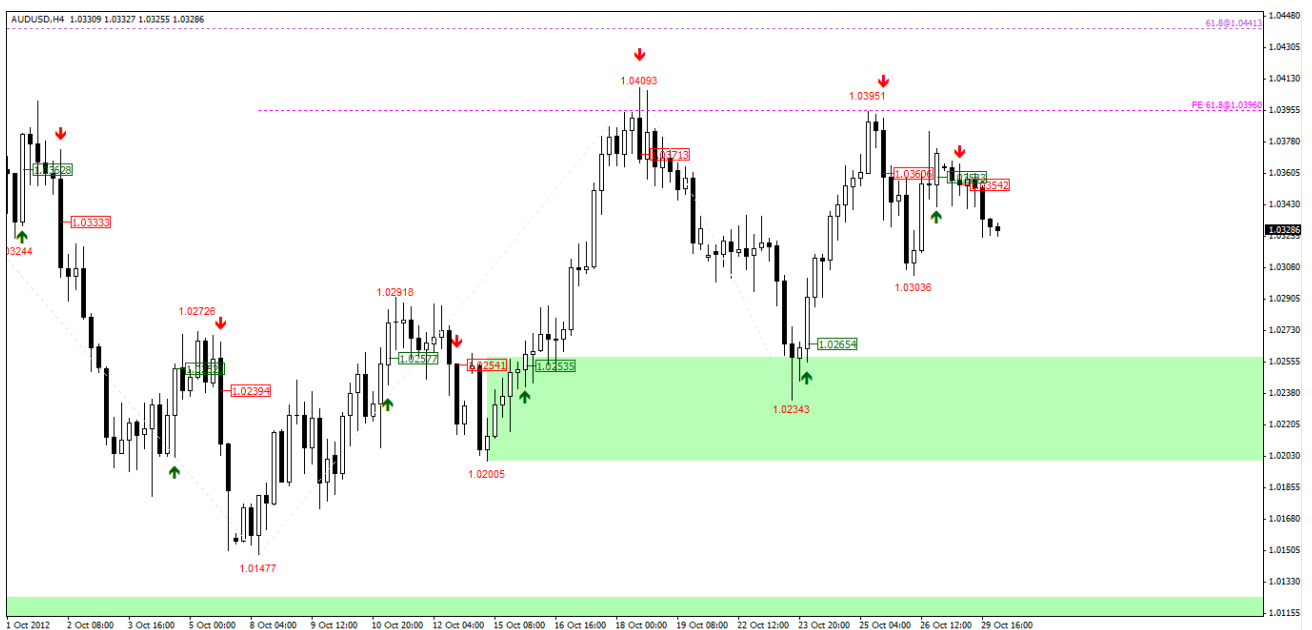
| ACTION | Target 1 | Target 2 | EXIT |
|---------------|----------|----------|-------------------------------|
| Sold @ 80.281 | 79.754 | 79.149 | Exit on H4 close above 79.842 |
| | Realized | | |

| Currency | Date | Buy | Price | Date | Sell | Price | Per Trade +/- | Realized +/- | Accumulative +/- |
|----------|------------------------|-----|--------|------------|------|------------|------------------|-----------------|---------------------|
| | B/F from 26-10-2012 | | | | | | | | \$25,464.19 |
| USD-JPY | 29-10-2-12 | 1.0 | 79.787 | 26-10-2012 | 1.0 | 80.281 | +\$619.15 | | |
| | | | | | | Unrealized | +\$619.15 | | |

AUD-USD DAILY



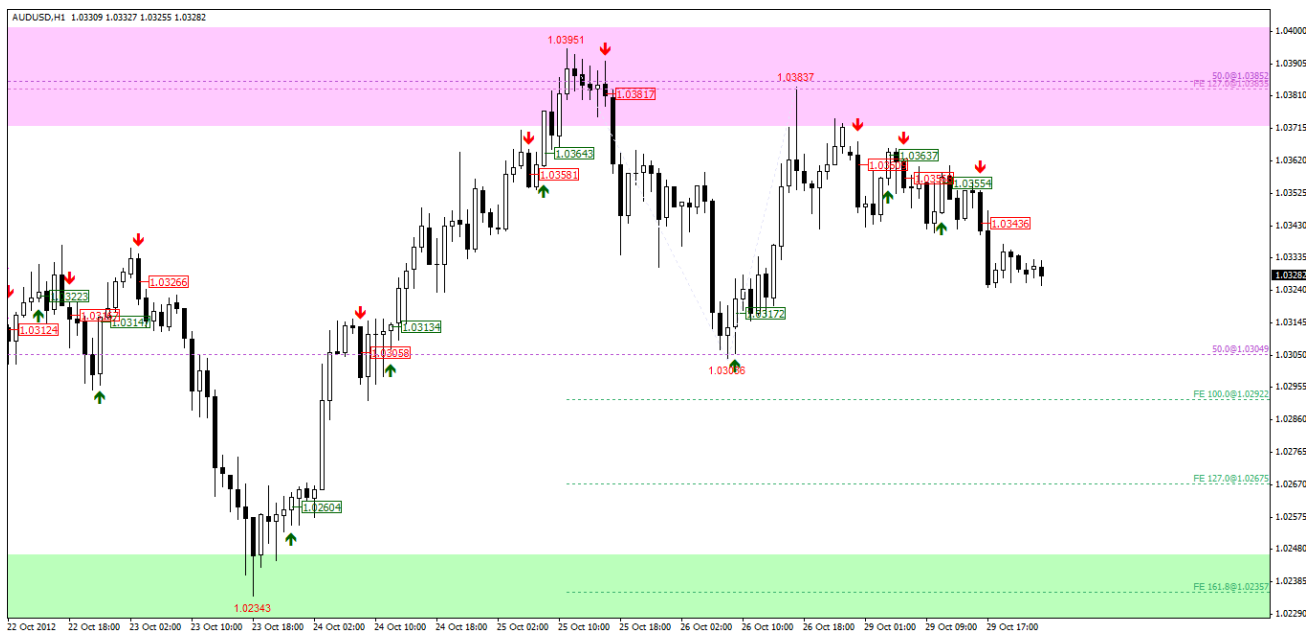
AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

With this market trading in between two well defined boundaries marked by the demand pocket at **1.00985-1.01911** and the supply pocket at **1.05317-1.06677**, it is a difficult call as to where this market may head in the short-term (see D1 chart). After hitting the 50.0% retracement of 1.02005 to 1.04093 at **1.03049** from within the minor supply pocket **1.03722-1.04011** with a print at 1.03036 on Friday, Monday saw some light profit-taking (see H1 chart). As noted, sustained trading above **1.04093** would see this market challenge the September 14 peak of **1.06227**. Bearing in mind the larger time frame and triangle pattern (in W1 chart), unless and until this market breaks out of either boundaries marked by the demand pocket at **1.00985-1.01911** and the supply pocket at **1.05317-1.06677**, trading this range is still the way to go.

AUD-USD 1-HOURLY

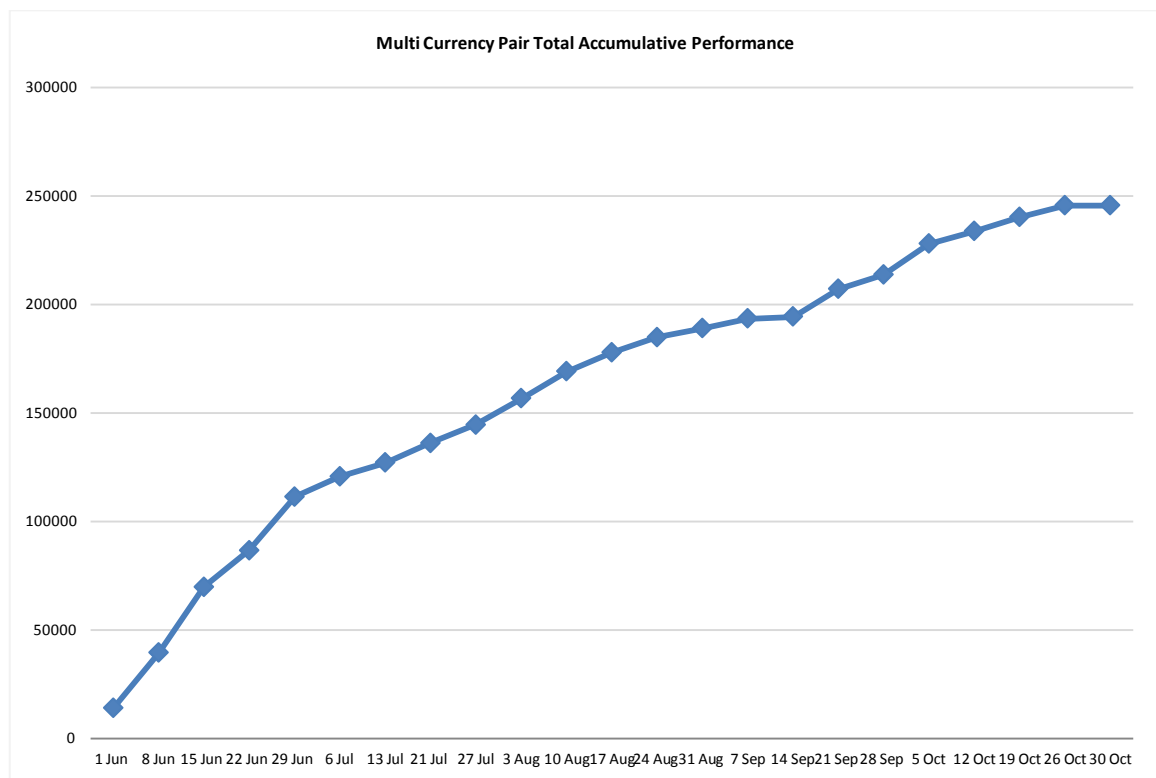
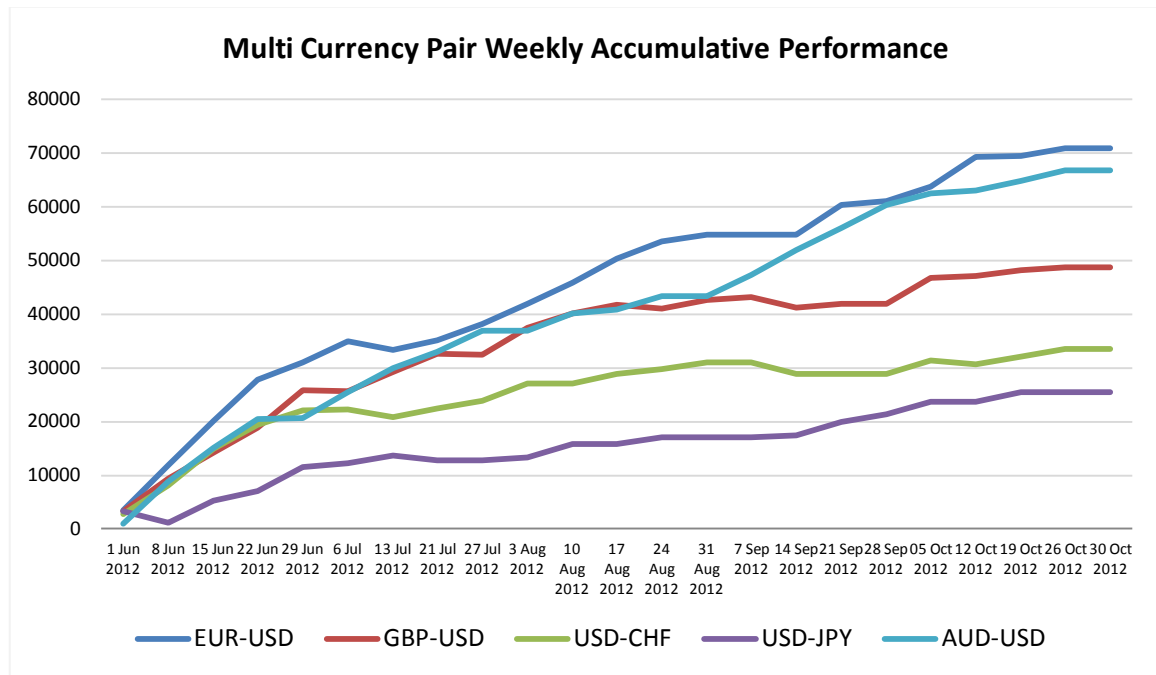


Trade Ideas

| ACTION | Target 1 | Target 2 | EXIT |
|--------|----------|----------|------|
|--------|----------|----------|------|

Weekly Performance

| Currency | Date | Buy | Price | Date | Sell | Price | Per Trade +/- | Realized +/- | Accumulative +/- |
|------------|------------------------|-----|-------|------|------|-------|------------------|-----------------|---------------------|
| | B/F from 26-10-2012 | | | | | | | | \$66,845.00 |
| Unrealized | | | | | | | \$0.00 | | |



Website under development

Traders Academy International

Traders Academy International is an independent organization with no affiliation with any brokers or organizers of our events. From the onset, this policy of non-affiliation has served us well as we do not believe our students' interests will be served if we have a separate agenda. This is in contrast with industry practice. Our objective has been and will continue to be to educate the trading public our time-tested and highly effective methodologies to take on the markets in an easy-to-understand format.

We have never advertised our services but words of mouth have spread far and wide. Over the last three years or so, demands for our trading workshops are so high that we have to turn away some due to scheduling.

Non Affiliation Policy

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.