

A Traders Academy International Publication

Beige Book Suggests Steady Expansion

The Fed's Summary of Commentary on Current Economic Conditions, otherwise known as the Beige Book, was compiled using data collected on or before May 25, 2012 in preparation for the June 20 Federal Open Market Committee (FOMC) meeting and indicated that economic activity across all 12 Federal Reserve Districts had expanded from early April to late May (seven reported a "moderate pace" and three referred to the pace as "modest", while one reported steady growth, and another noted that the pace "had slowed slightly"). This assessment is generally in line with the previous report released in April, which referred to the pace of growth as "modest to moderate" and noted that all 12 Fed Districts noted some degree of improvement.

Consumer spending was characterized as "flat to modestly positive" across the Districts. Business contacts in three Districts reported that sales increased by a more moderate pace than the previous reporting period as the unseasonably warm weather and an earlier Easter holiday had brought activity forward. Other Districts, however, reported that the warm temperatures were continuing to provide a boost to retailers. Overall, outlooks were optimistic, with modest sales growth expected over the near term.

Manufacturing activity continued to expand across the country, with most Districts reporting gains in production or new orders. Strength was particularly evident in auto and steel manufacturing.

Residential real estate activity was again noted to have improved since the previous report, with several Districts seeing indications of a recovery in the fragile single-family housing market. The multi-family sector continued to improve and was supported by increased construction activity. Commercial real estate conditions improved in most Districts, with some reporting a pick-up in commercial construction.

Lenders in most Districts reported an improvement in loan demand and credit conditions, with banks in New York reporting the "most broad-based increase in loan demand since the mid-1990s." Credit quality was reported as "solid" while most Districts reported that loan delinquencies continued to decline.

With respect to labor markets, there were widespread reports that firms faced difficulty finding highly trained or skilled workers. Overall, upward pressures on wages continued to be "fairly modest."

Inflationary pressures remained modest across most Districts and overall cost pressures eased as the price of energy inputs declined.

The Beige Book's anecdotal assessment of the US economy indicates that overall economic activity improved further during the previous two months and economic outlooks remained positive, although respondents were found to be "slightly more guarded in their optimism."

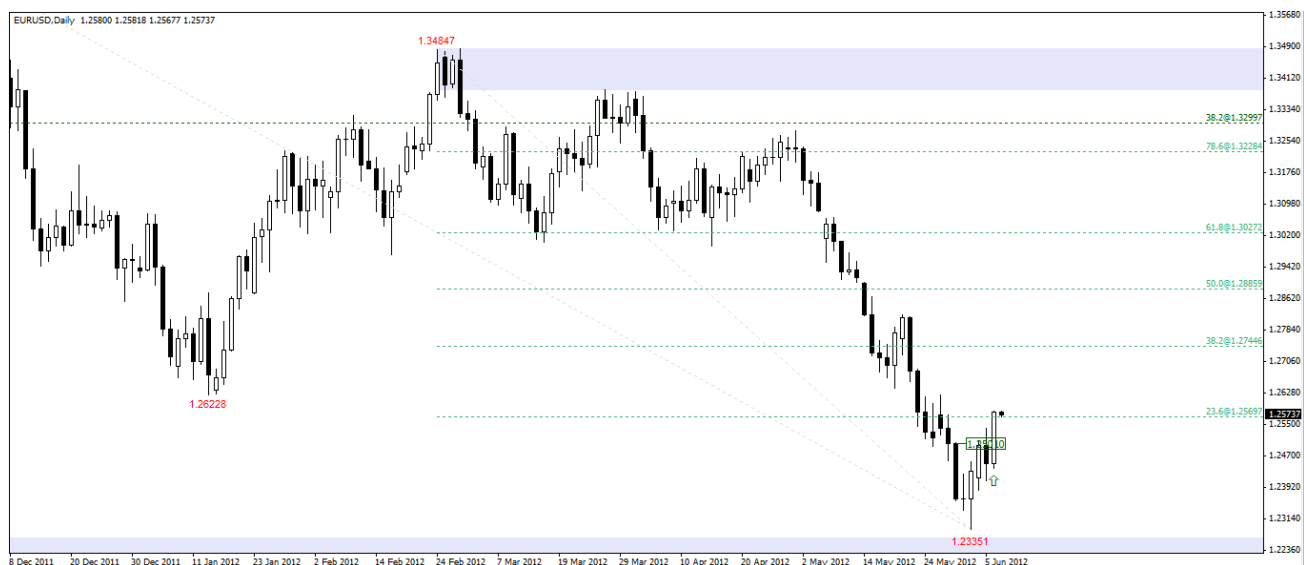
In particular, some respondents expressed concern regarding the effect of a slowdown in Europe and domestic political uncertainty on future business conditions.

While these concerns will carry some weight in the Fed's upcoming policy discussions, the key points of Wednesday's release from a monetary policy perspective were the evidence of declining price pressures and the indication that labor market conditions are seeing only modest improvements. This latter point is likely to be the main driver of policy deliberations as the reported easing in the pace of employment gains in recent months has boosted expectations that the Fed move to provide further policy stimulus at its upcoming meeting in an effort to support the recovery against a highly uncertain global economic backdrop.

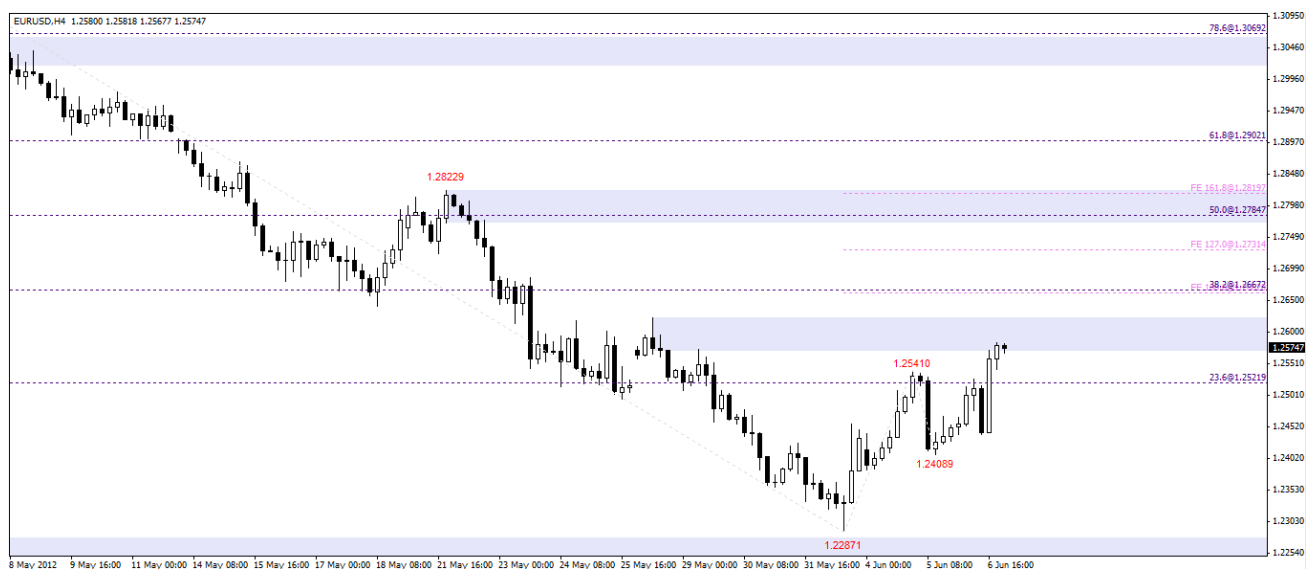
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EUR-USD DAILY



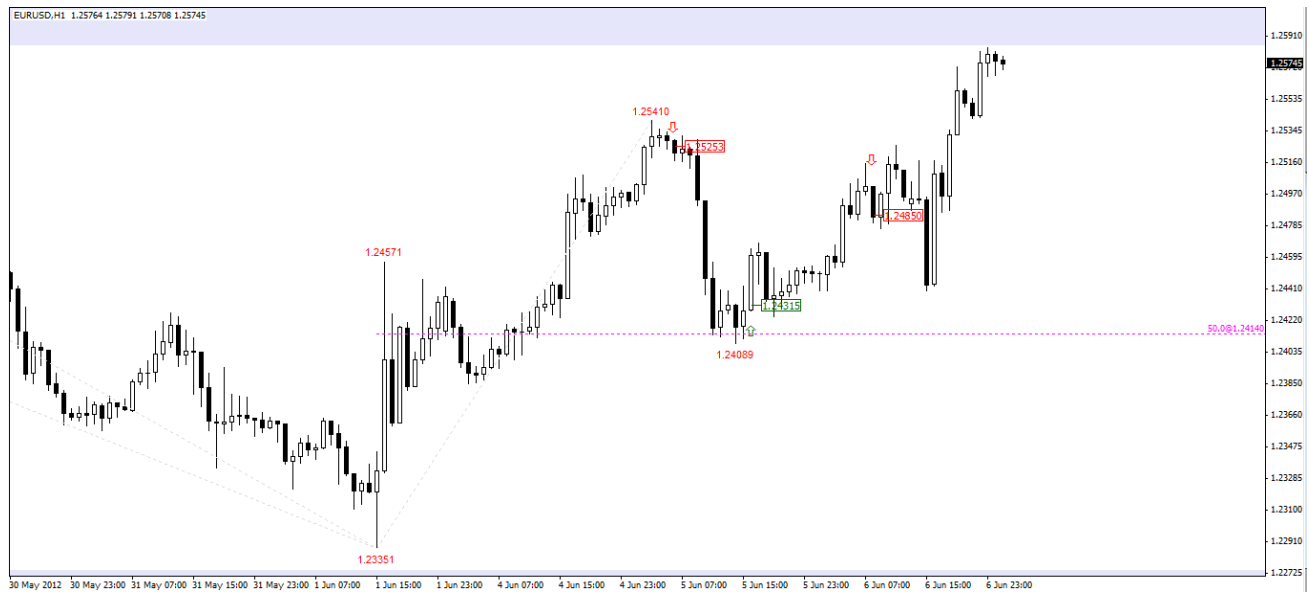
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

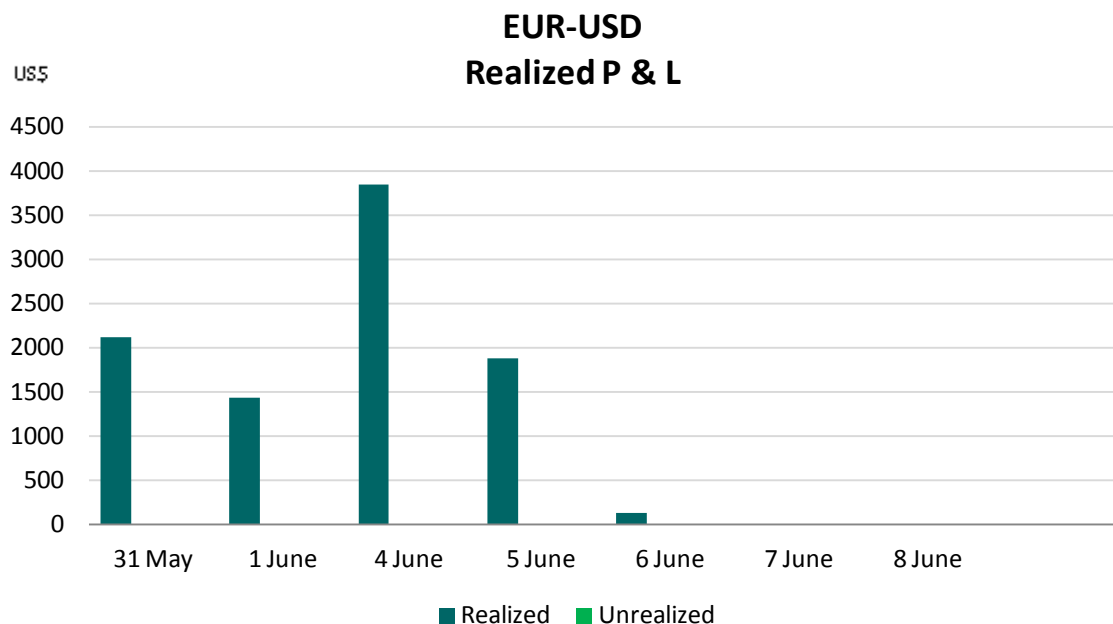
Of the two possible scenarios listed in the previous report, the case of a larger degree correction was exactly what happened in overnight trading. Price action first fell on the sell signals mentioned in Wednesday's report followed a late rally that took out Tuesday's high of **1.25410** and into the immediate SZ at **1.25706-1.26230**. As such, this 3-wave corrective rally is probably heading towards the 100.0% or 1.618% projection of 1.22871 to 1.25410 from 1.24089 at **1.26628** or **1.28197** respectively. Incidentally, the latter is situated within the SZ at **1.27717-1.28229**. From there, if price action does not accelerate to the upside, a resumption of the fall from 1.34847 to take out last week's low of **1.23351** is expected. In the meantime, buy signal, if any, in the smaller time-frames should be taken as we're only half way through this counter-trend rally.

EUR-USD 1-HOURLY

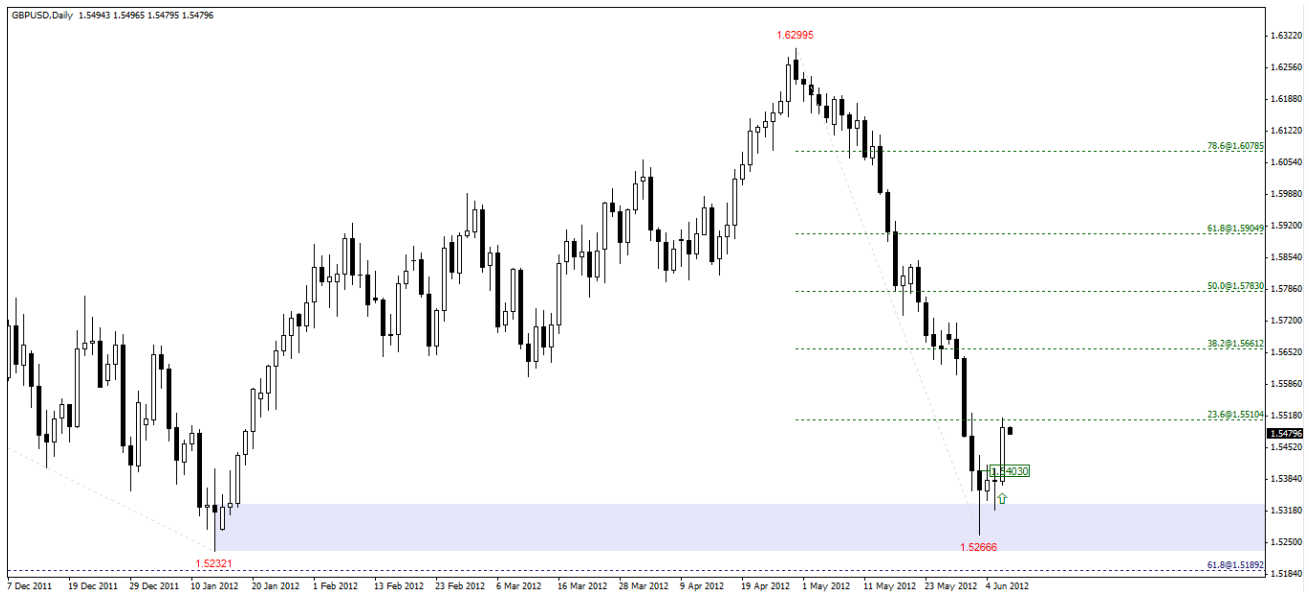


Trade Ideas

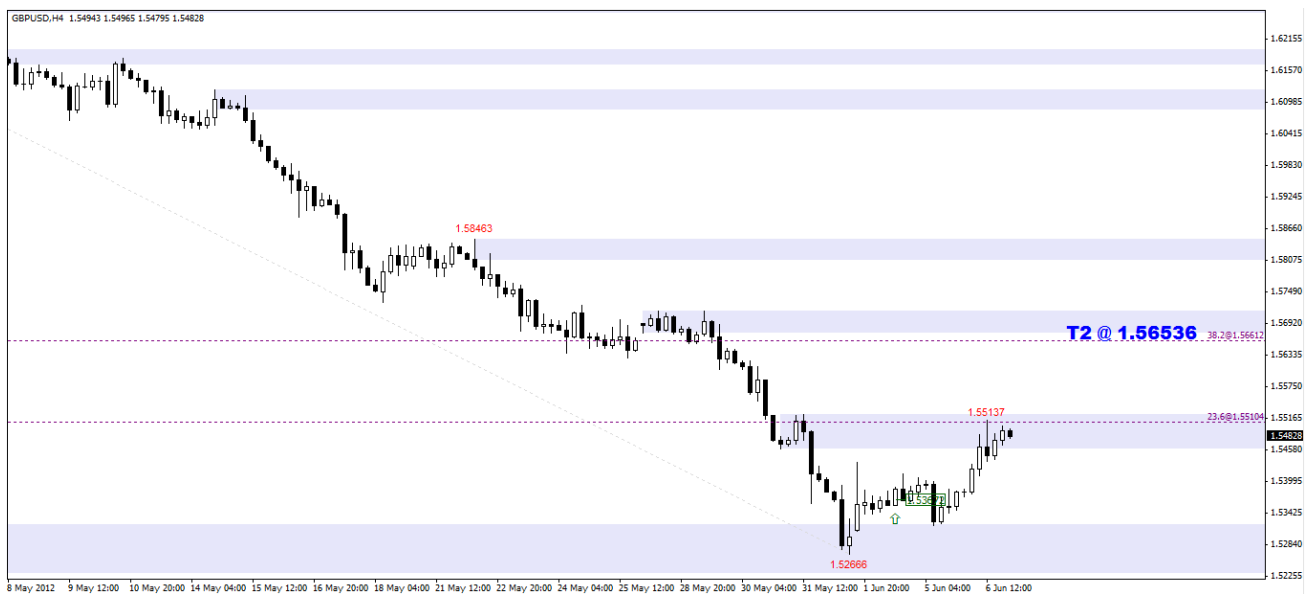
ACTION	Target 1	Target 2	EXIT
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GBP-USD DAILY



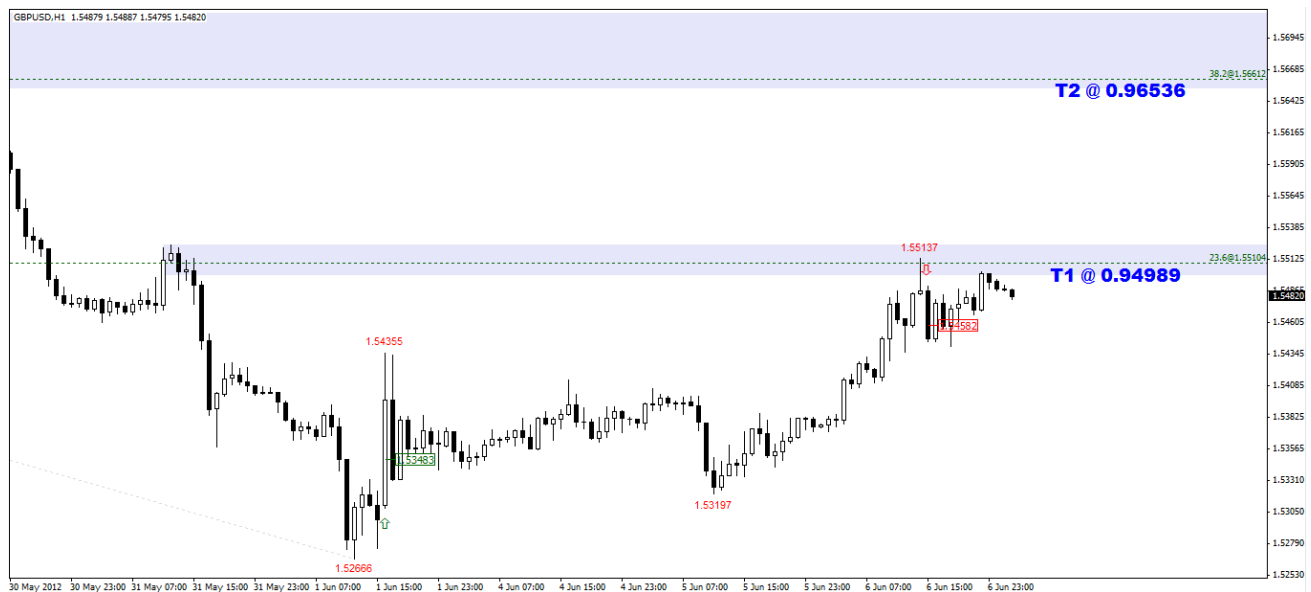
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

The counter-trend rally from last Friday's low of 1.52666 has done a 3-wave up move that probably terminated at the overnight high of **1.55137**. This level is incidentally just above the 23.6% retracement of 1.62995 to 1.52666 at **1.55104** which lies within the previously mentioned SZ at **1.54982-1.55242**. There is good chance this initial push upwards is likely to be capped at this overhead SZ to be followed by a brief pullback before another counter-trend rally is attempted. If so, focus is on the next SZs at **1.5744-1.57149** and **1.58087-1.58463**. From there, a resumption of the fall from 1.62995 is expected. Of course, this is assuming there is no acceleration to the upside beyond these SZs.

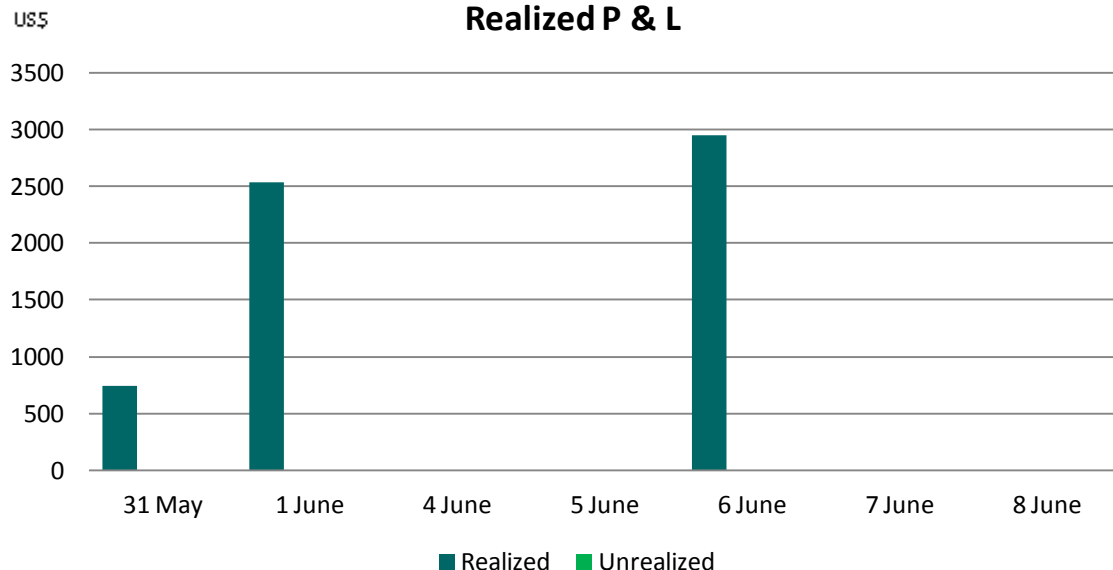
GBP-USD 1-HOURLY



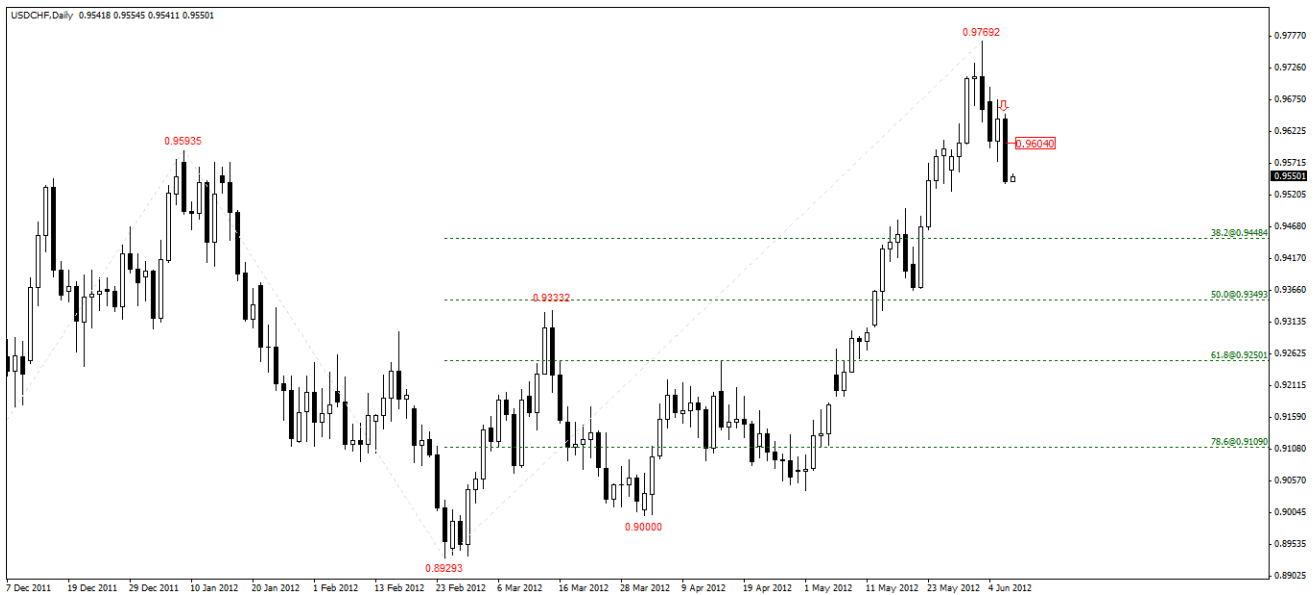
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.53483	1.54958	1.56536	1.52566 STOP
	Realized		

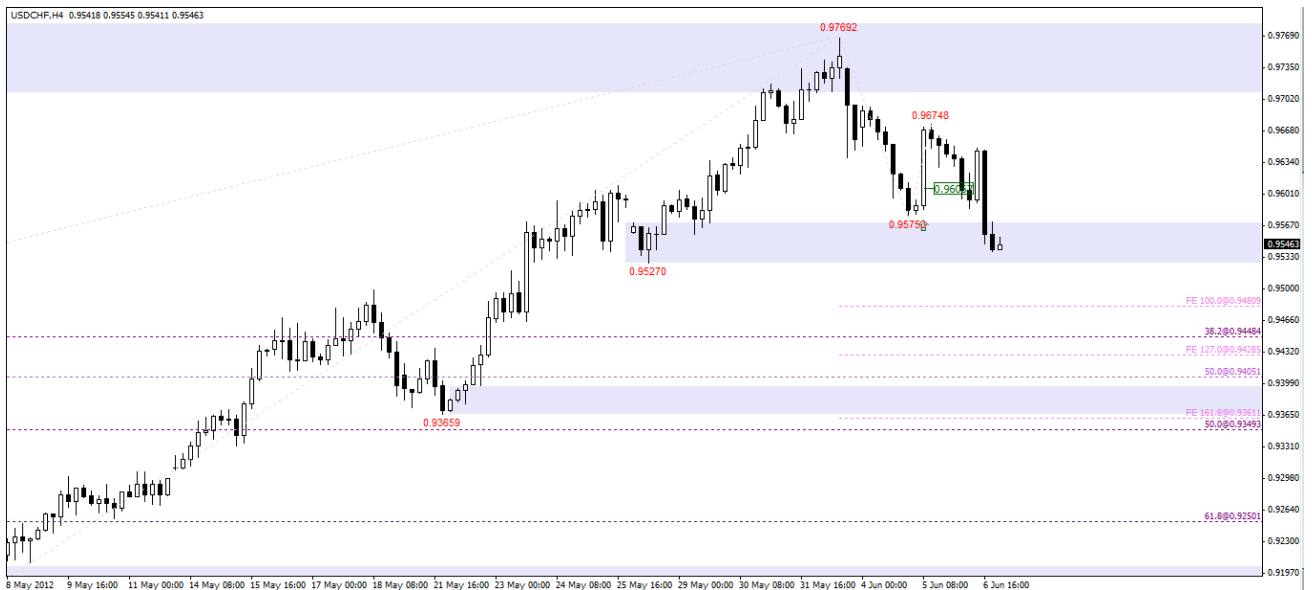
GBP-USD Realized P & L



USD-CHF DAILY



USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

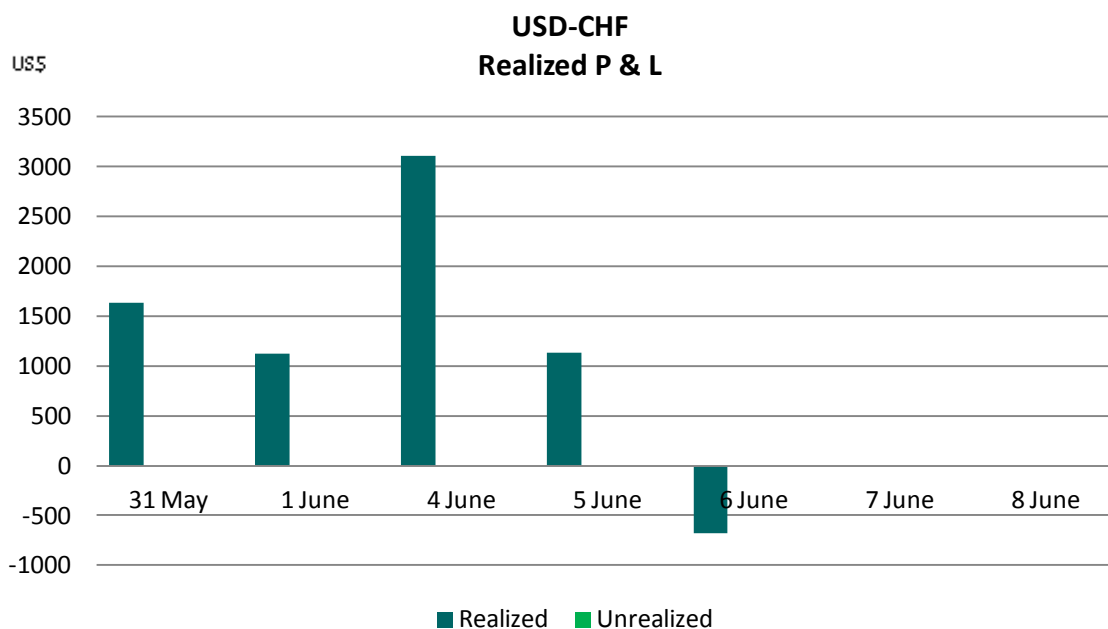
The fall from the ancient SZ at **0.96631-0.97820** from way back in January 11, 2011 continued below Tuesday's low of **0.95753**. This fall was deeper than anticipated and is developing into a possible 3-wave down to perhaps the next DZ at **0.93656-0.93952** – assuming price action falls through the immediate DZ at **0.95270-0.95704**. If so, look out for sell signal, if any, in the smaller time-frames as there is still some distance to go before price action hit the next target zone. Much will depend on how price action reacts now that it is within the immediate DZ. A brief rebound from current level followed by a sell signal is, of course, the best outcome. Should price action plunged right through this immediate DZ, do not give chase.

USD-CHF 1-HOURLY

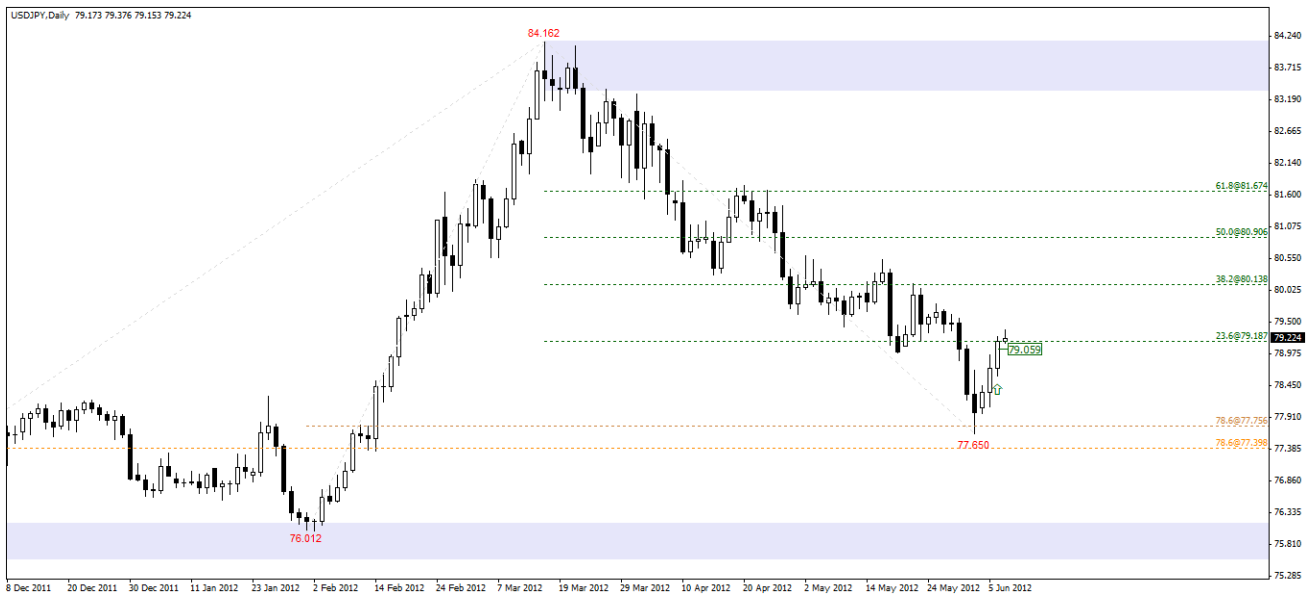


Trade Ideas

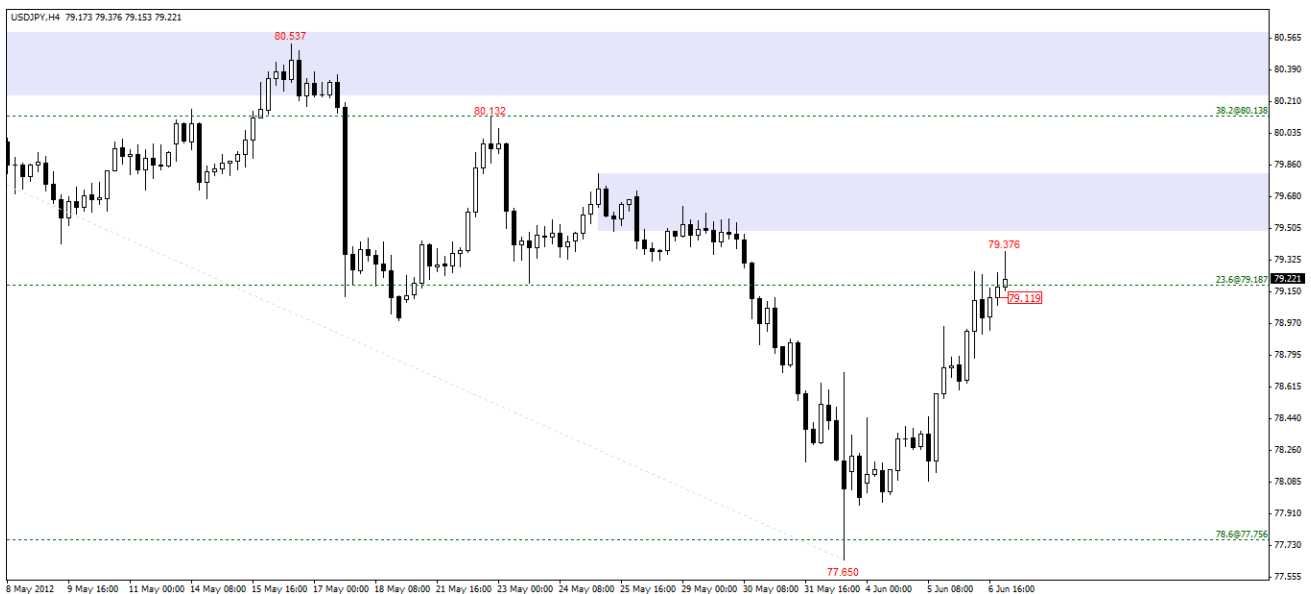
ACTION	Target 1	Target 2	EXIT
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USD-JPY DAILY



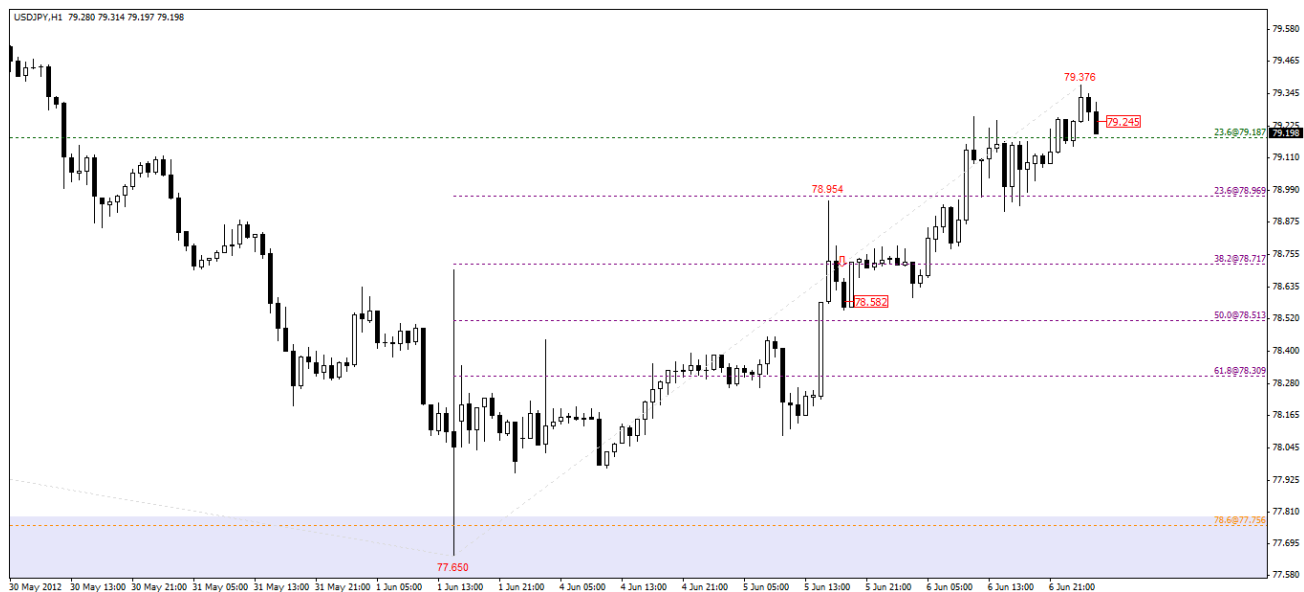
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

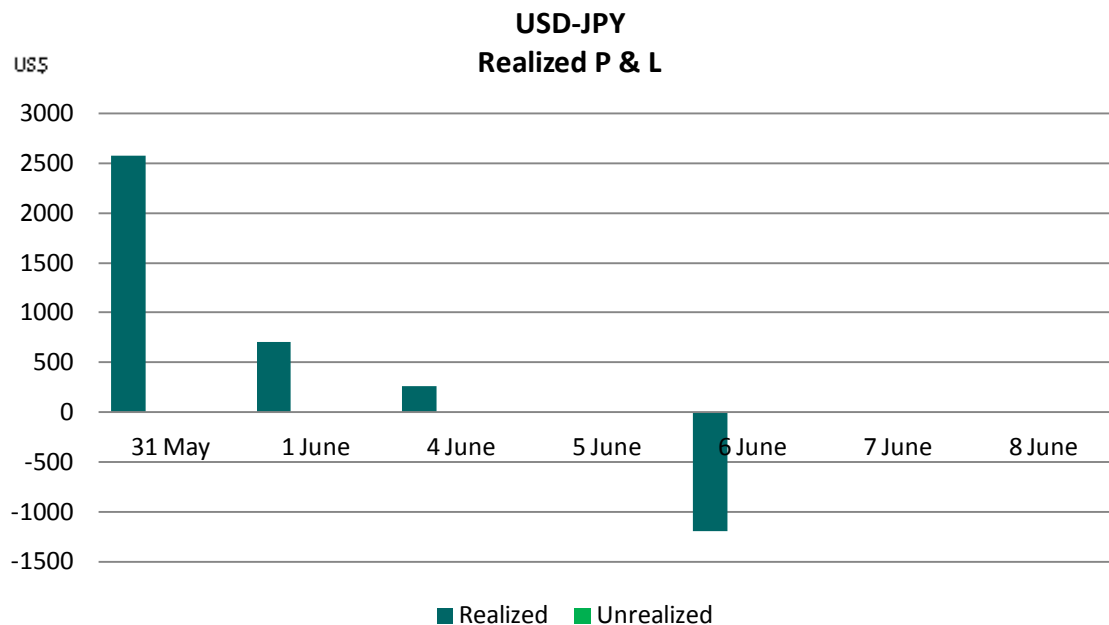
The rebound from last Friday's of 77.650 surged through the SZ at **78.902-79.122** (which sits just below the 23.6% retracement of 84.162 to 77.650 at **79.187**) towards the next SZ at **79.485-79.808**. This recovery was more robust than anticipated. In any case, this should not come as a complete surprise. As mentioned in previous updates, this correction may well extend towards the SZ at **80.244-80.598**, which is just below the 38.2% retracement of 84.162 to 77.650 at **80.138**. On balance, this recovery is probably part of an initial wave of counter-trend rally. As in most corrective waves, a brief pullback is expected before taking out the recent high to complete a 3-wave corrective rally. Until and unless this brief pullback occurs, a firm target cannot be ascertained at this stage. In the absence of this pullback, the best guess for this target is the 38.2% retracement of 84.162 to 77.650 at **80.138** or the SZ at **80.244-80.598**. In the meantime, a close below **79.245** in the H1 chart would trigger a sell signal and perhaps mark the start of this anticipated pullback.

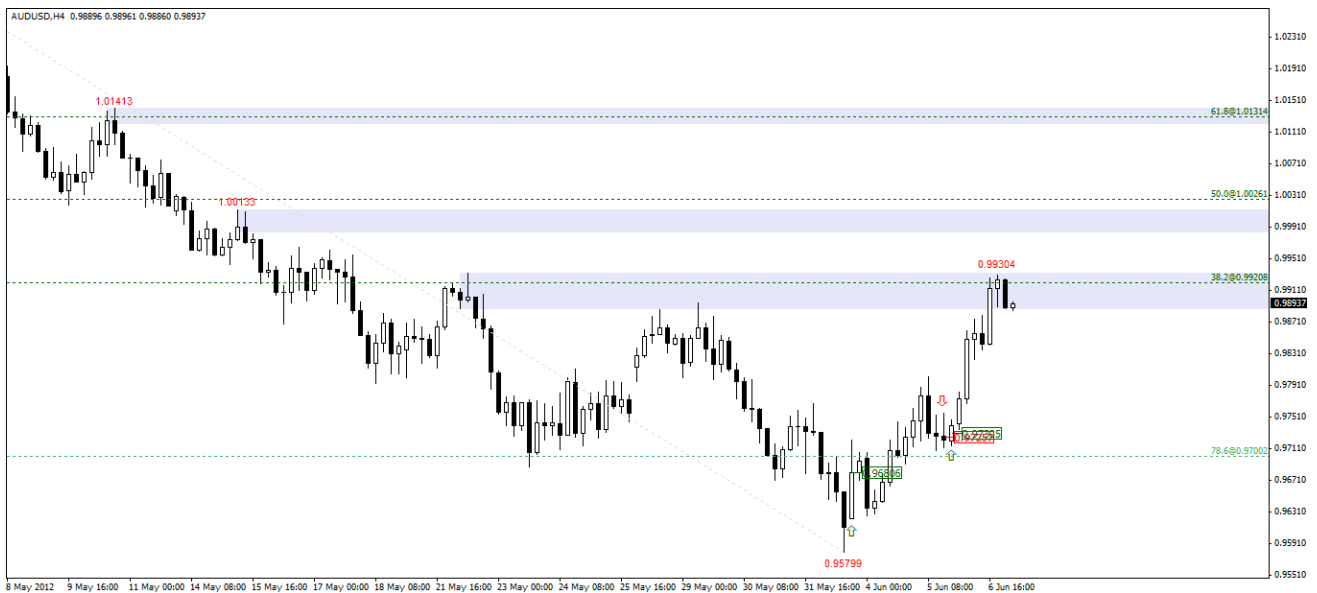
USD-JPY 1-HOURLY



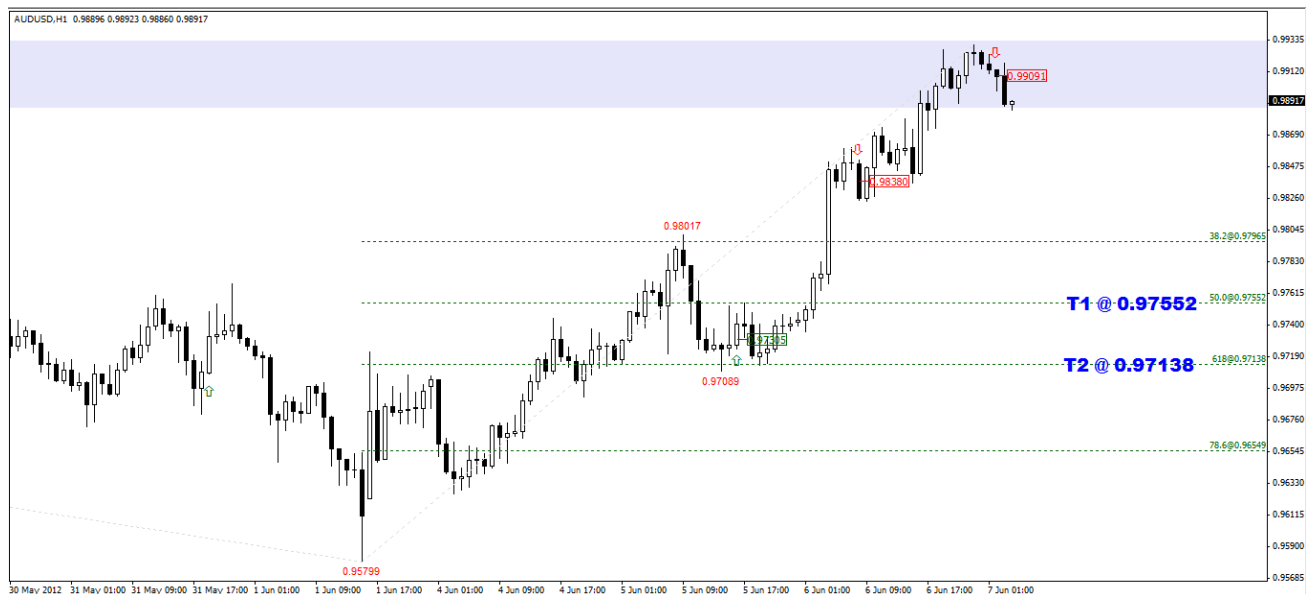
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on 1-hour close below 79.245	78.717	-	79.476 STOP

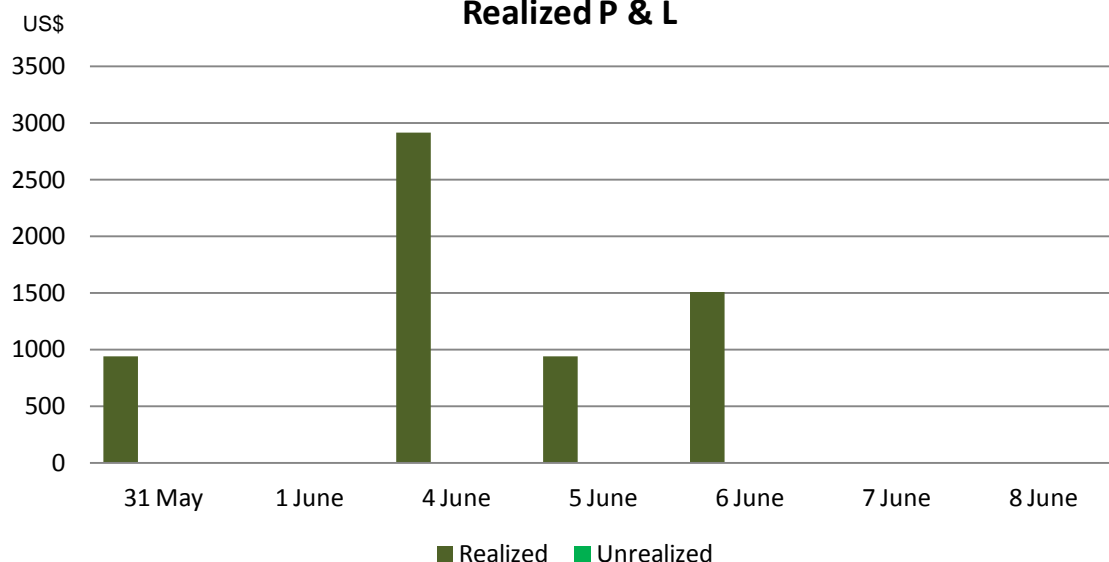


AUD-USD DAILY**AUD-USD 4-HOURLY****AUD-USD** Short to Medium Term Views

As suspected, the fall from 1.08542 on the last day of February reached a climatic blowout last Friday with an accelerated fall to a 14-weeks low at **0.95799**. As mentioned, a daily close above **0.98470** would add considerable confidence to this assessment and last night aggressive closing at 0.99249 confirmed this outcome. In overnight actions, price action surged past the 23.2% retracement of 1.04723 to 0.95799 at **0.97905** to the 38.2% retracement of 1.04723 to 0.95799 at **0.99208** with a high at **0.99304**. This surge now completes a minor 5-wave up pattern. Now that price action is in the overhead SZ at **0.98878-0.99329**, any sell signal in the smaller time-frame is a sign of an impending counter-correction to possibly the 50.0% or 61.8% of the rise from 0.95799 to 0.99304 at **0.97552** or **0.97138** respectively. As we have it, a sell signal was triggered with a close below 0.99091 in the H1 chart some two hours ago. In the event that this trade does not work out as planned, focus will shift towards the next SZs at **0.99834-1.00133** and **1.01214-1.01412** where the 61.8% retracement of 1.04723 to 0.95799 at **1.01314** is.

AUD-USD 1-HOURLY**Trade Ideas**

ACTION	Target 1	Target 2	EXIT
Sold @ 0.99091	0.97552	0.97138	0.99404 STOP

**AUD-USD
Realized P & L**

Website under development

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.

Non Affiliation Policy

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.