

A Traders Academy International Publication

Euro Down As ECB Holds Rate

After the ECB's decision to hold rates steady at 0.75 percent, President Mario Draghi said the bank cannot do much more to help Greece with its debt burden and gave Spain none of the assurance it has sought that ECB bond buying will lower its borrowing costs.

Uncertainties about the Euro zone's economic outlook, the ability of Greece to stay afloat and when Spain will request international aid have weighed on EUR-USD in recent days. It has rallied nearly 4 percent since the beginning of August.

EUR-USD slid to a two-month low of 1.27158, the weakest since September 7, before recovering to 1.27449, down 0.20 percent on the day. Option-related buying was noted ahead of the 1.27000 barrier.

Draghi's comments on growth left open the opportunity of an interest-rate cut although he said policymakers have not discussed plans for next year. The European economy needs to be revived. If the ECB will not do it, who will? The Euro will continue to weaken because there is no recovery in sight for Europe, and the rest of the world continues to slip.

German exports slid at their fastest pace since late last year, figures showed on Thursday, adding to evidence that the Euro zone's debt crisis has begun to inflict a heavy toll on Europe's largest economy.

With the U.S. Presidential election over, traders are training their focus on the "fiscal cliff" that is threatening to push the U.S. economy into a recession next year. Concerns about the U.S. fiscal situation have ironically prompted traders to seek safe haven in U.S. Treasuries, boosting the U.S. Dollar.

About \$600 billion in government spending cuts and higher taxes will kick in early next year, unless U.S. lawmakers take steps to reduce the deficit.

Spain's bond yields rose after signs of weak demand at an auction of new five-year Spanish bonds raised a warning flag, even though the sale completed the country's planned funding for 2012, allowing it to hold out a bit longer before requesting international aid.

A media report that said Spain is edging away from asking for aid this year also drove speculators - already positioned for further weakness - to sell EUR-USD aggressively. Earlier this week, Prime Minister Mariano Rajoy said conditions for a potential bailout were still being studied.

Financial markets had been waiting for Spain to ask for aid, a move seen as positive for Europe because it would activate the ECB's bond-buying program aimed at lowering borrowing costs for debt-laden Euro-zone economies.

In the meantime, the Bank of England left interest rates and its asset-purchase program unchanged.

USD-JPY slipped 0.76 percent to 79.308, staying below a 6-month high of 80.660 set last week.

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EURUSD:H4 1.27453 1.27482 1.27399 1.27423

1.31665
1.31400
1.31300
1.30865
1.30595
1.30330
1.30065
1.29795
1.29530
1.29260
1.28995
1.28730
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1.28195
1.27925
1.27660
1.27395
1.27125
1.26860

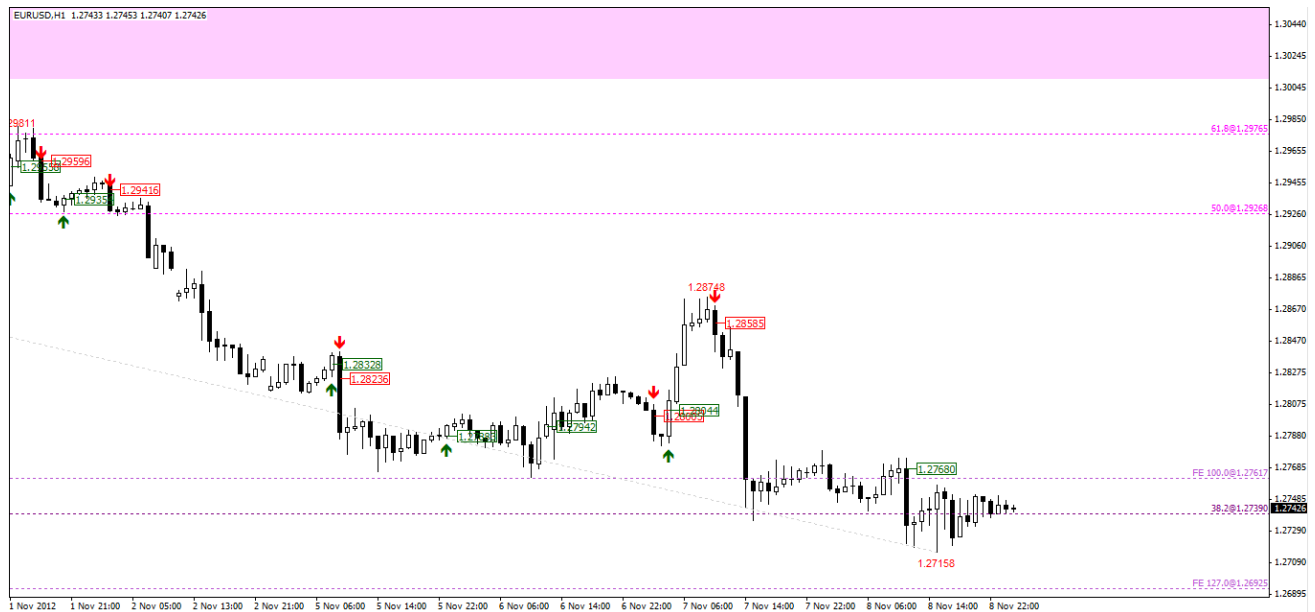
1.28243
1.28894
1.30117
1.30816
1.31377
1.30959
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10 Oct 2012 12 Oct 00:00 15 Oct 04:00 16 Oct 12:00 17 Oct 20:00 19 Oct 04:00 22 Oct 08:00 23 Oct 16:00 25 Oct 00:00 26 Oct 08:00 29 Oct 12:00 30 Oct 20:00 1 Nov 04:00 2 Nov 12:00 5 Nov 20:00 7 Nov 04:00 8 Nov 12:00

PE 127.09/1.26925

Price action remains at the 38.2% retracement of 1.20408 to 1.31705 at **1.27390** with a marginal low at **1.27158** in overnight trading. As noted, this level is pivotal. Despite the overnight the week's fall, the 4th wave correction scenario is still intact. This scenario calls for a rally beyond the September 17 high of **1.31705** from near current level. Only a sharp fall from here would debunk this bullish bias. As such, the idea is still to go long on the next buy signal going forward. In the H1 chart, trigger is a close above **1.27680** and in the H4 chart, it is **1.27568**. Today being Friday, if we have close above **1.28124** in the D1 by NY closing, the door is sealed and the bears are trapped.

EUR-USD 1-HOURLY



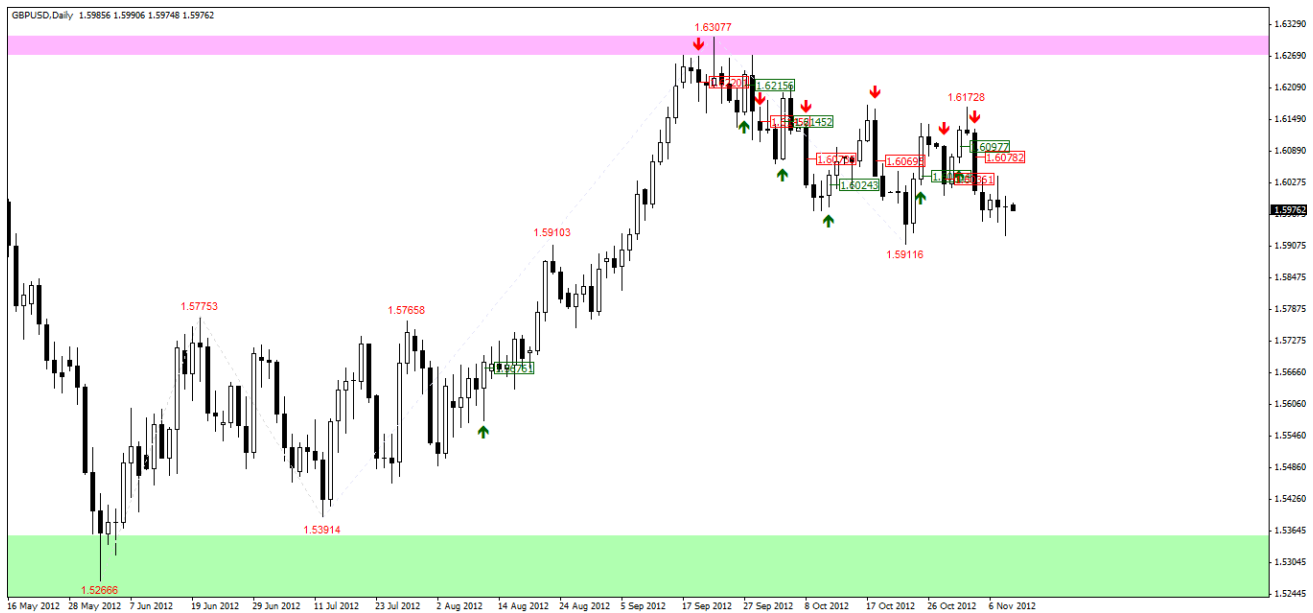
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on H4 close above 1.27568	1.28554	1.30099	1.27058 STOP

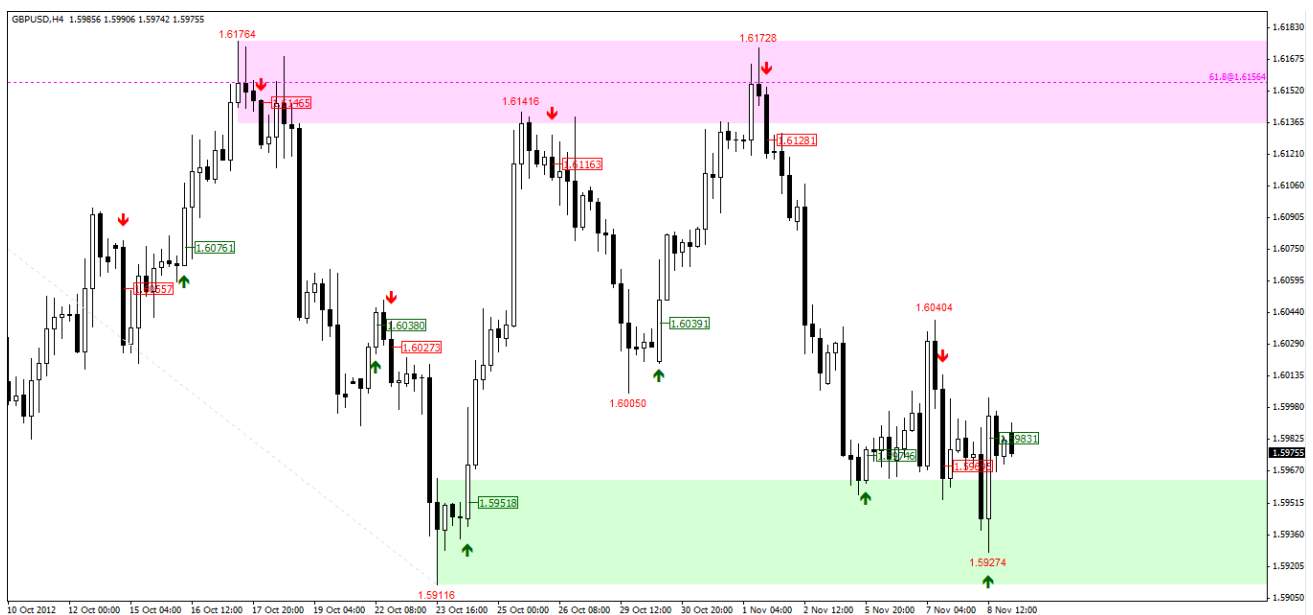
Weekly Performance

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
Unrealized							\$0.00		

GBP-USD DAILY



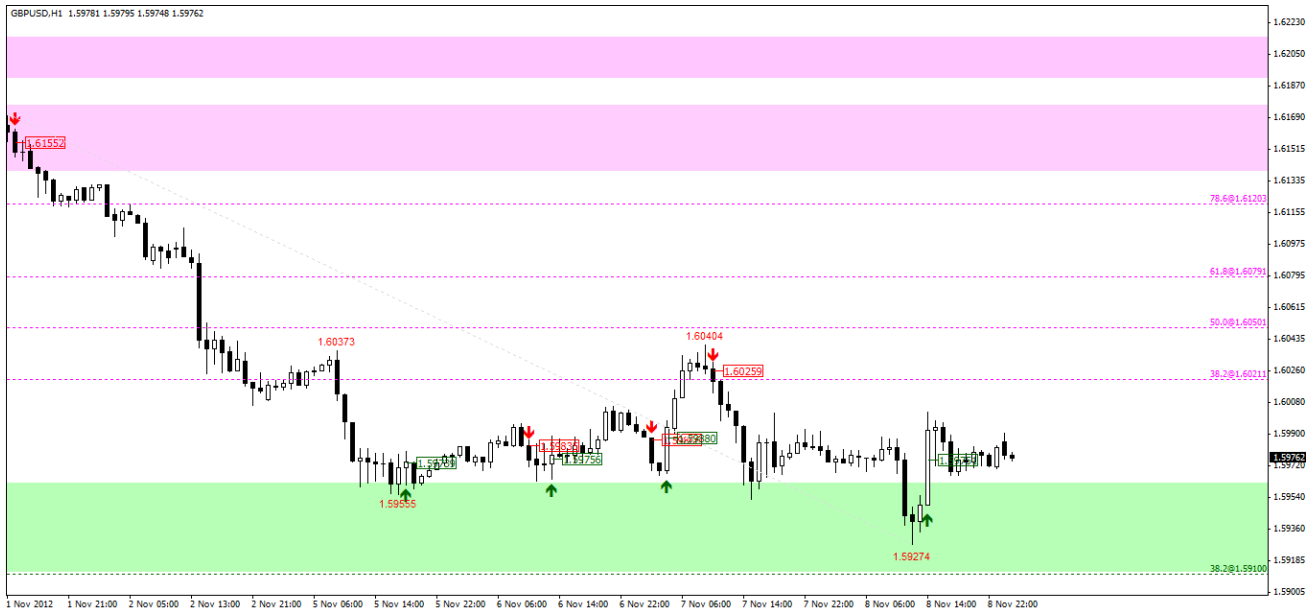
GBP-USD 4-HOURLY



GBP-USD Short to Medium Term Views

Price action dipped further into the demand pocket at **1.59116-1.59625** with a low at 1.59274 in overnight trading and rebounded out of the zone. Though tentative, this rebound may yet unfold into a sustainable rally in the hours ahead. A meaningful rally from here is critical to the continued bullish case that what are seeing since the peak at 1.63077 on September 21 is part of a wave 4. The fact that Thursday ended as a long-legged shadow doji in D1 is promising. With both H1 and H4 having triggered buy signals, a close above **1.59953** or **1.60095** would add confidence that a bottom is in place at 1.59116. If so, an intermediate target for this potential rally is the supply pocket at **1.61363-1.61764**, where the 61.8% retracement of 1.63077 to 1.59116 at **1.61564** is located (see H4 chart). If the wave 4 scenario is validated, a break above **1.63077** is imminent. On the other hand, if price action falls below **1.59116**, all bets are off.

GBP-USD 1-HOURLY



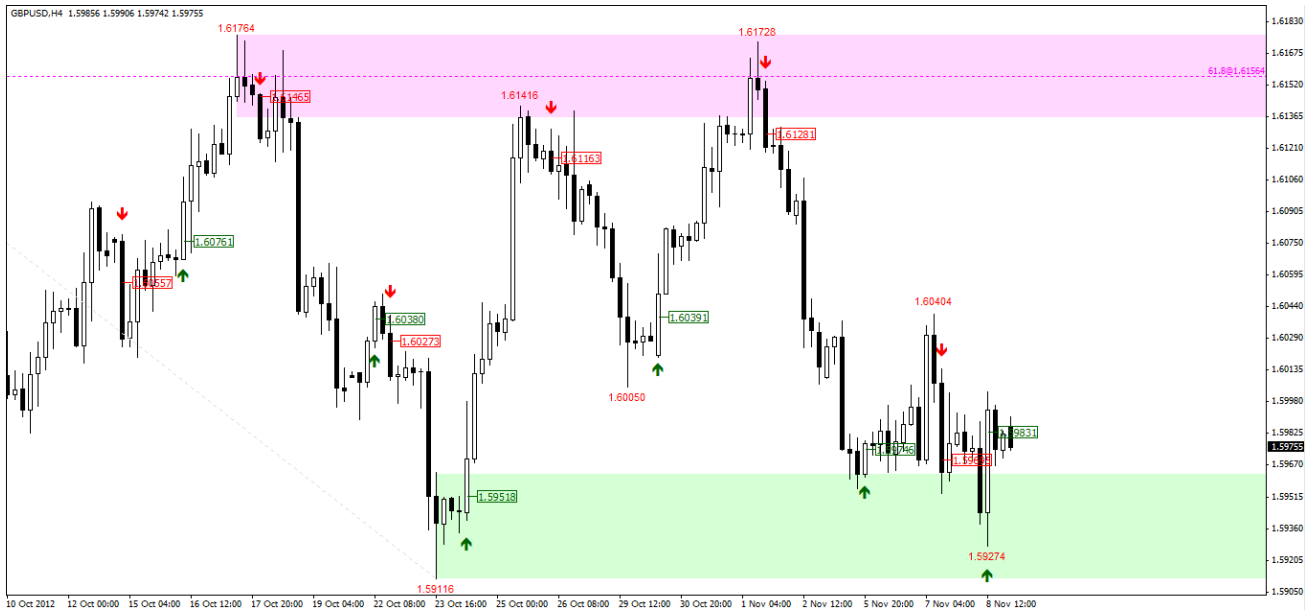
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59353 (M5 chart)	1.60370	1.64208	Break-even

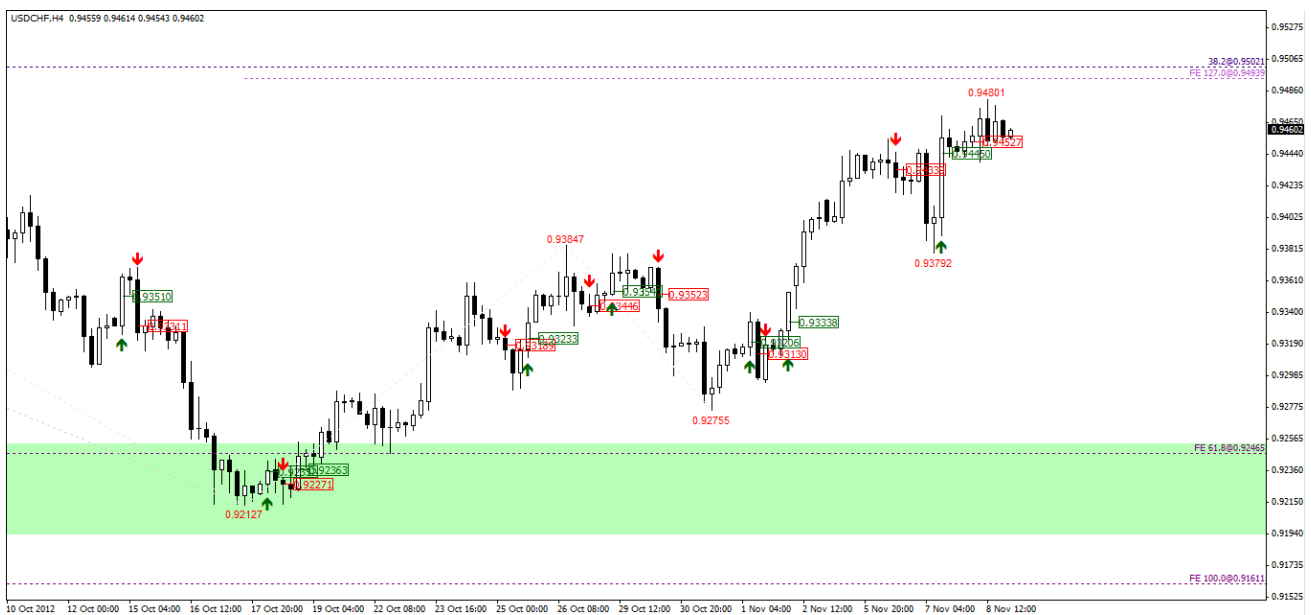
Weekly Performance

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	1.59823	+\$470.00		
GBP-USD	08-11-2012	1.0	1.59353	08-11-2012	1.0	1.59823	+\$470.00		
						Unrealized	+\$940.00		

USD-CHF DAILY



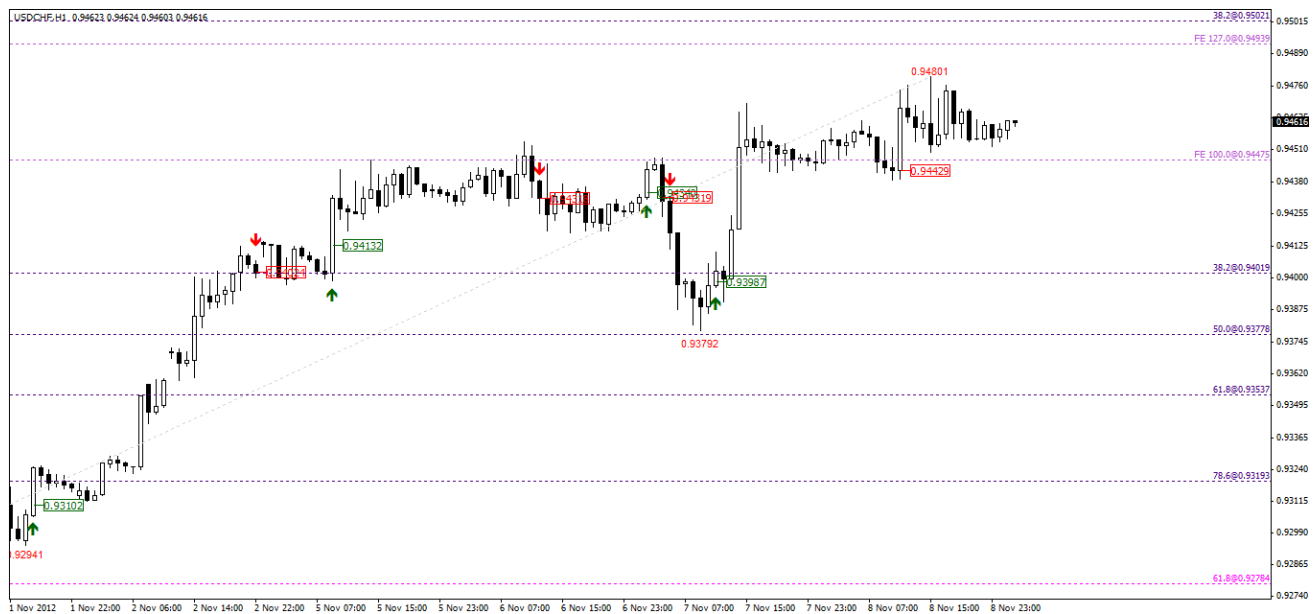
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

The alternatively view that the fall from the July 24 high of 0.99702 is deemed 'completed' (it has a clear 5-wave down) and price action should rally has come to pass. Even though this market has rallied, the idea that this is a 4th wave corrective rally makes chasing this rally not particularly appetizing – especially at current levels. If this view is correct, price action is vulnerable to a sudden and violent sell-off below **0.92127**. As noted in previous updates, 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 confluence of Fibo ratios makes this price window very sensitive to reversal. Price action is now just below this sweet-spot. A short position there (on sell signals) has a higher probability of success.

USD-CHF 1-HOURLY



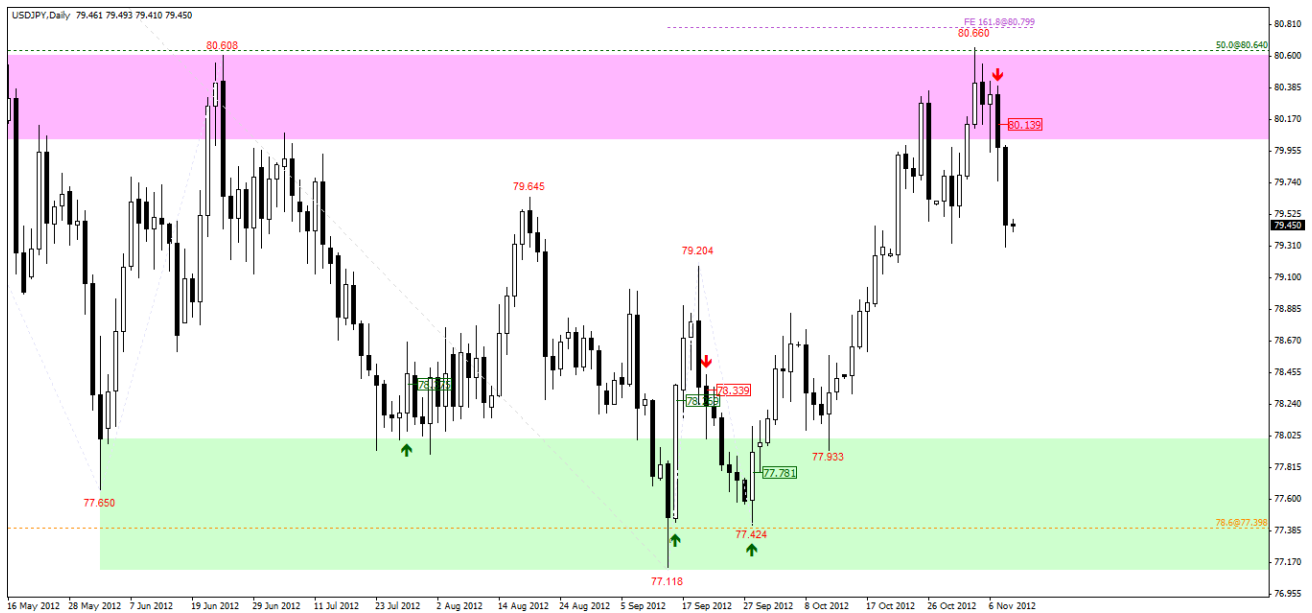
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signals between 0.94939-0.95021	0.93954	0.90293	0.95221 STOP

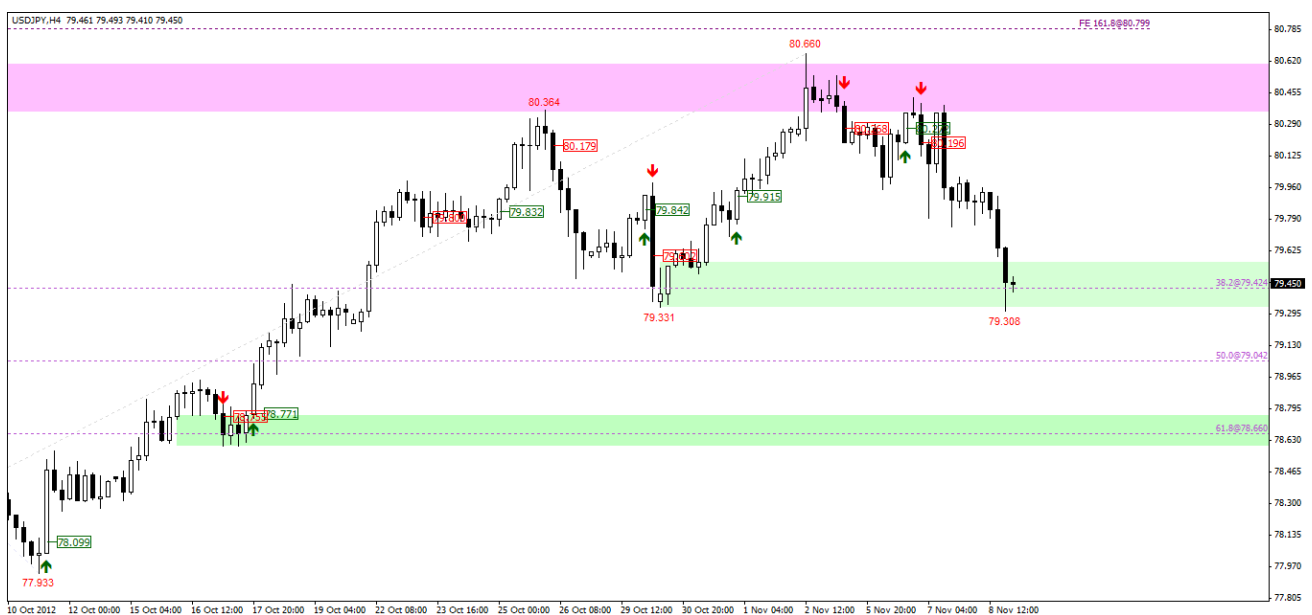
Weekly Performance

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 DAILY



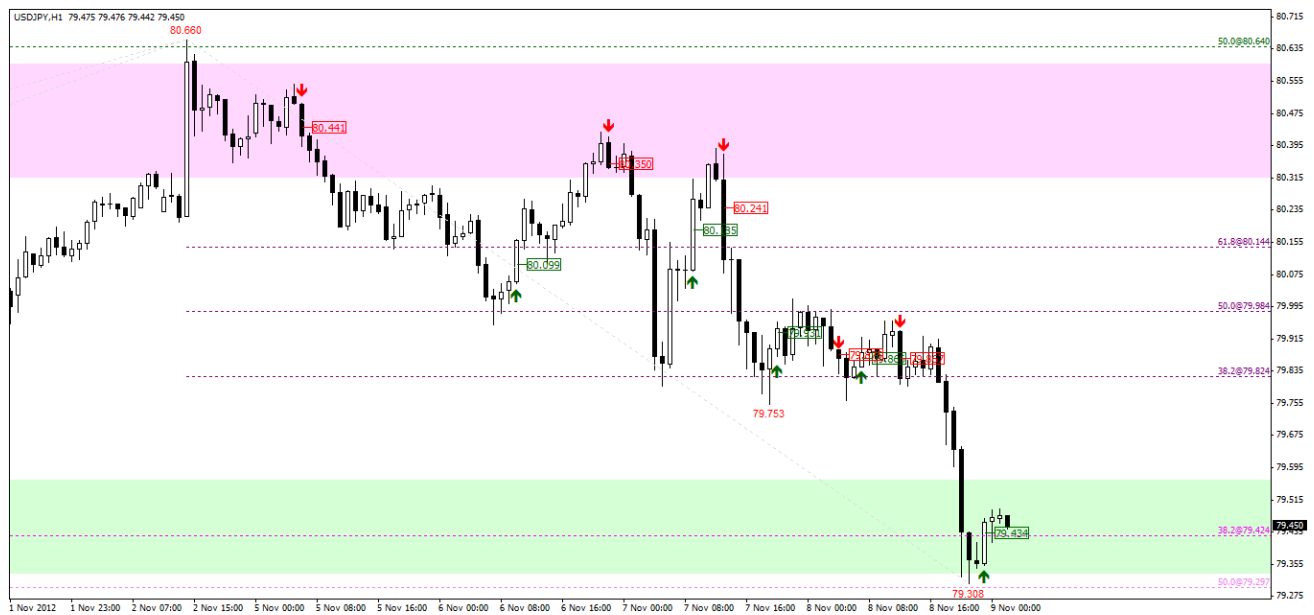
USD-JPY 4-HOURLY



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 this low was marginally below the minor demand pocket at **79.331-79.564**, price action never really traded out of the zone. Signs of buying interests returning can be seen in the H1 chart where a buy signal was recently triggered with a close above **79.434** in the hour before NY session closes. For the medium-term bullish case to be valid, price action need to rally above the immediate supply pocket at **80.357-80.608** followed by another at **81.469-81.850** (see H4 chart). 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. We had our pullback and last night's low at **79.308** could well be the bottom for this run. Previously, rallies were met with persistent selling from within the minor supply pocket at **80.357-80.608**. It is, therefore, a barrier to overcome. As such, expect selling interests to emerge from there.

USD-JPY 1-HOURLY



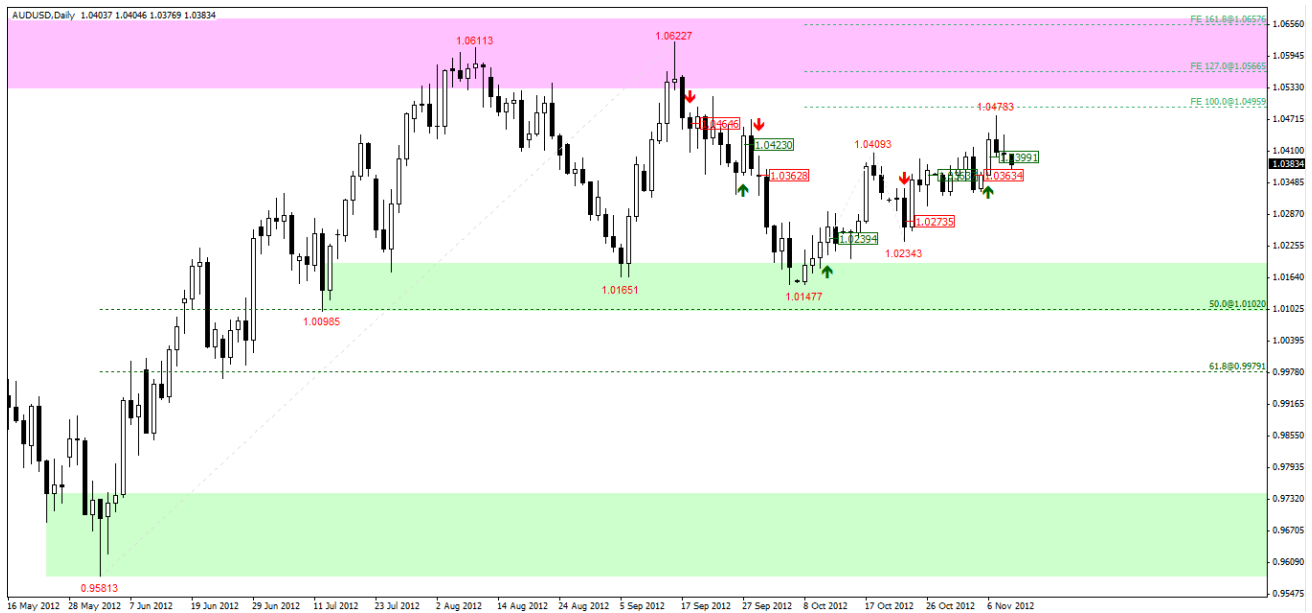
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 79.434	79.824	80.313	79.208 STOP

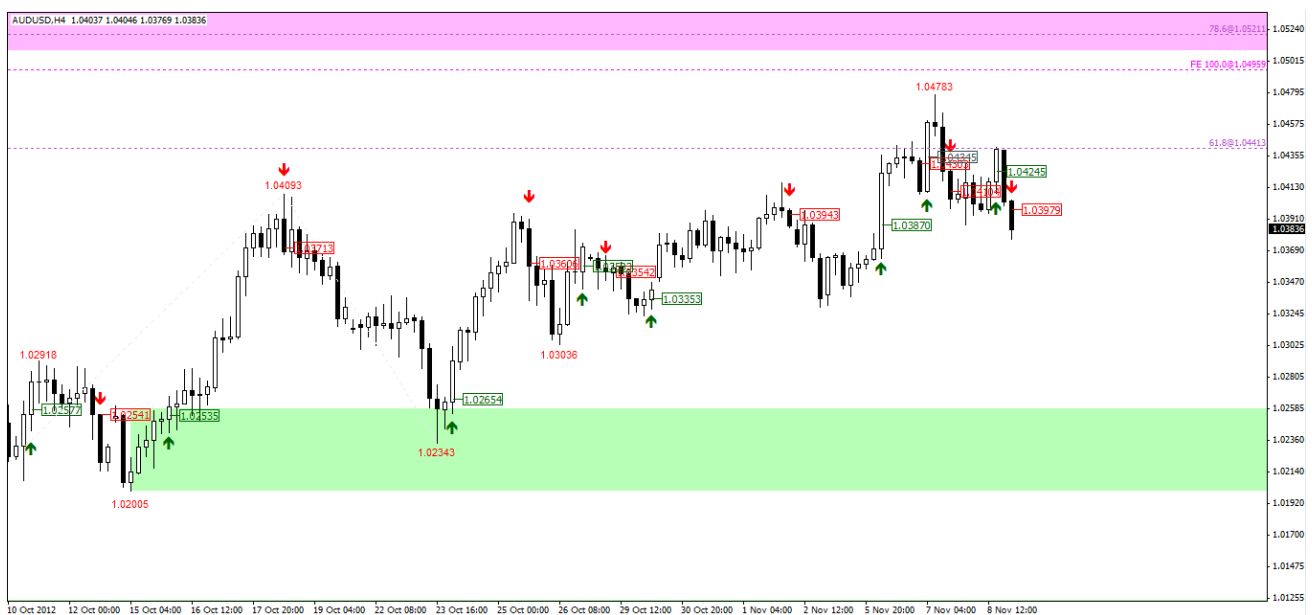
Weekly Performance

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	08-11-2012	1.0	79.459	+\$31.46		
USD-JPY	08-11-2-12	1.0	79.434	08-11-2012	1.0	79.459	+\$31.46		
Unrealized							+\$62.92		

AUD-USD DAILY



AUD-USD 4-HOURLY



AUD-USD Short to Medium Term Views

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. If we have a closing below **1.03631** by NY closing later tonight, all important time frames will have sell signals triggered and that can only mean further weakness going into the new week. 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 **1.00985-1.01191**. 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.

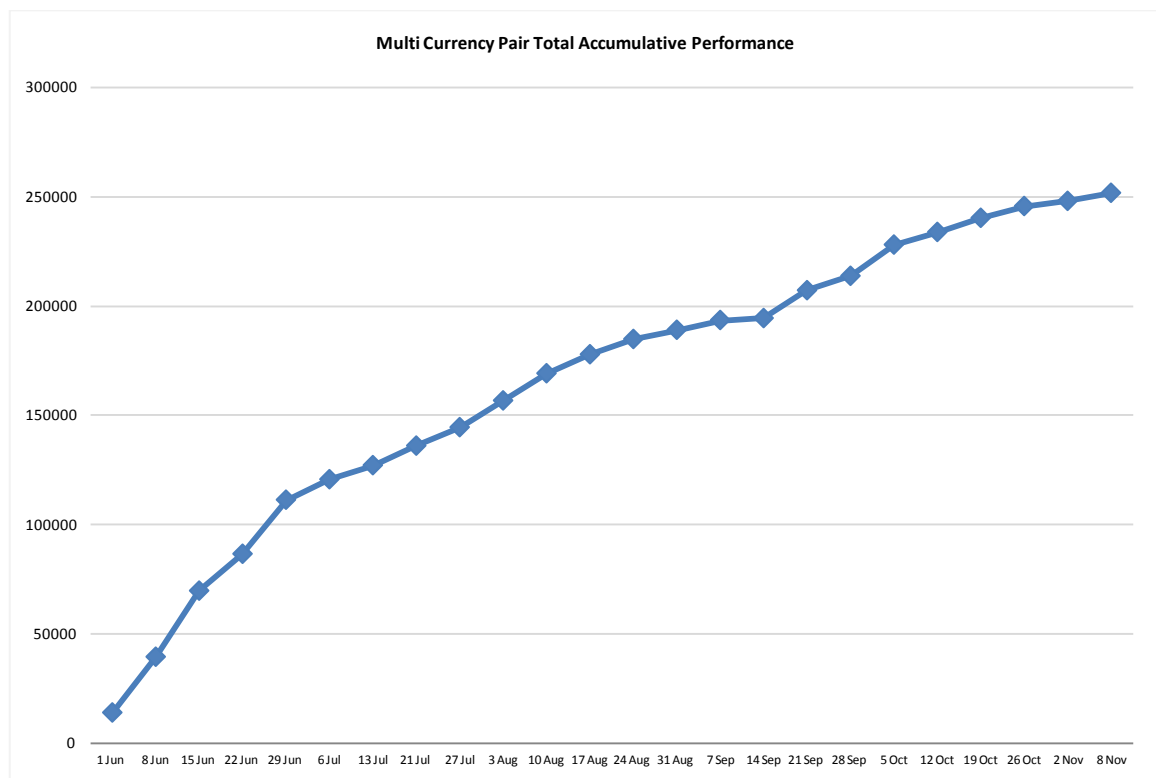
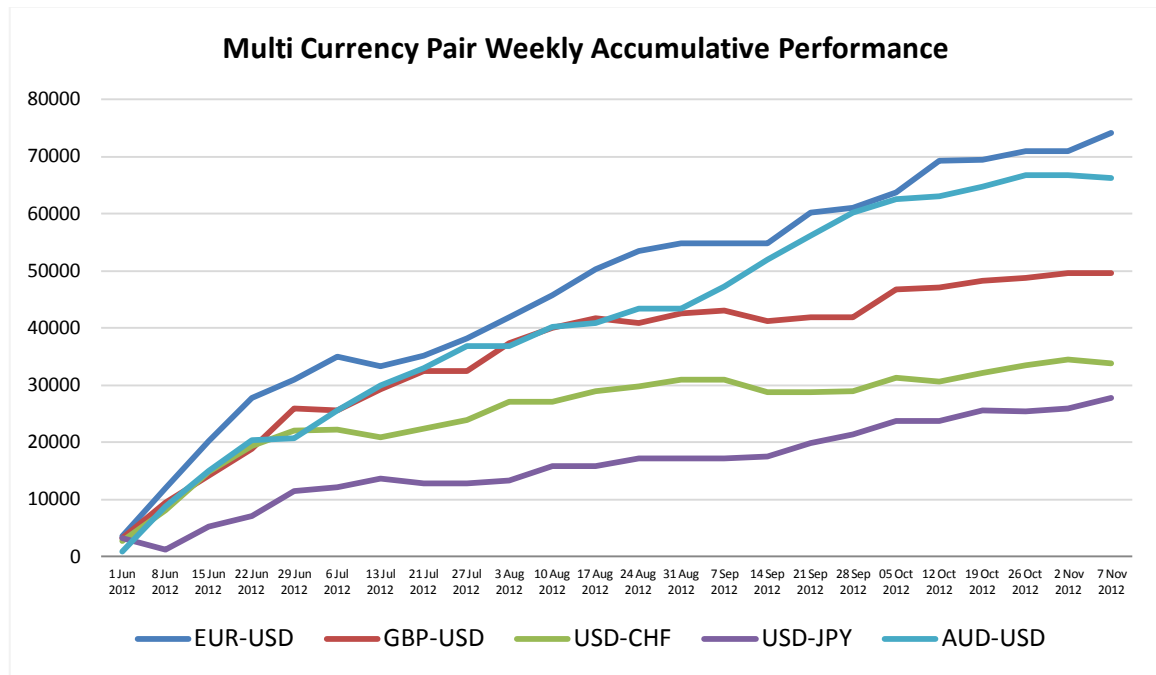


Trade Ideas

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								\$66,845.00
	26-10-2012								
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	08-11-2012	1.0	1.04035	07-11-2012	1.0	1.04589	+\$554.00		
AUD-USD	08-11-2012	1.0	1.04035	07-11-2012	1.0	1.04589	+\$554.00		
Unrealized							+\$1,108.00		



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.

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.