

*A Traders Academy International Publication*

## Markets Positioning For A Obama Win

The U.S. Dollar was a touch softer in Asia this morning, having retreated from a 2-month high as markets awaited the outcome of the U.S. presidential election, while AUD-USD stood out with broad gains after interest rates were left unchanged.

Traders were mostly adjusting position as Americans head to the polls and markets grew hopeful the Greek parliament will approve the government's new austerity measures needed to secure aid from foreign lenders.

Opinion surveys showed Barack Obama and Mitt Romney in a virtual dead heat, although the Democratic incumbent has a slight advantage in several vital swing states. The market appeared to be positioned for an Obama victory.

The market would start focusing on the U.S. fiscal cliff, following a resolution to the drawn-out race for the White House.

In the meantime, attention will quickly shift to the European Central Bank meeting later this week, considering that Spain has continued to drag its feet with respect to a bailout. EUR-USD appears to be constrained by 1.27500 to the downside and 1.29000 to the upside until the ECB meets, barring unforeseen event risk.

USD-JPY settled at 80.341, having survived a brief dip below 80.000.

AUD-USD was the best performing major currency pair on Tuesday, having climbed more than 0.7 percent to a 5-1/2 week high of 1.04454 after the Reserve Bank of Australia kept interest rates unchanged, but left the door ajar for more cuts. Markets had been in two minds about an easing at the Nov. 6 policy meeting, but were more certain of one early next year.

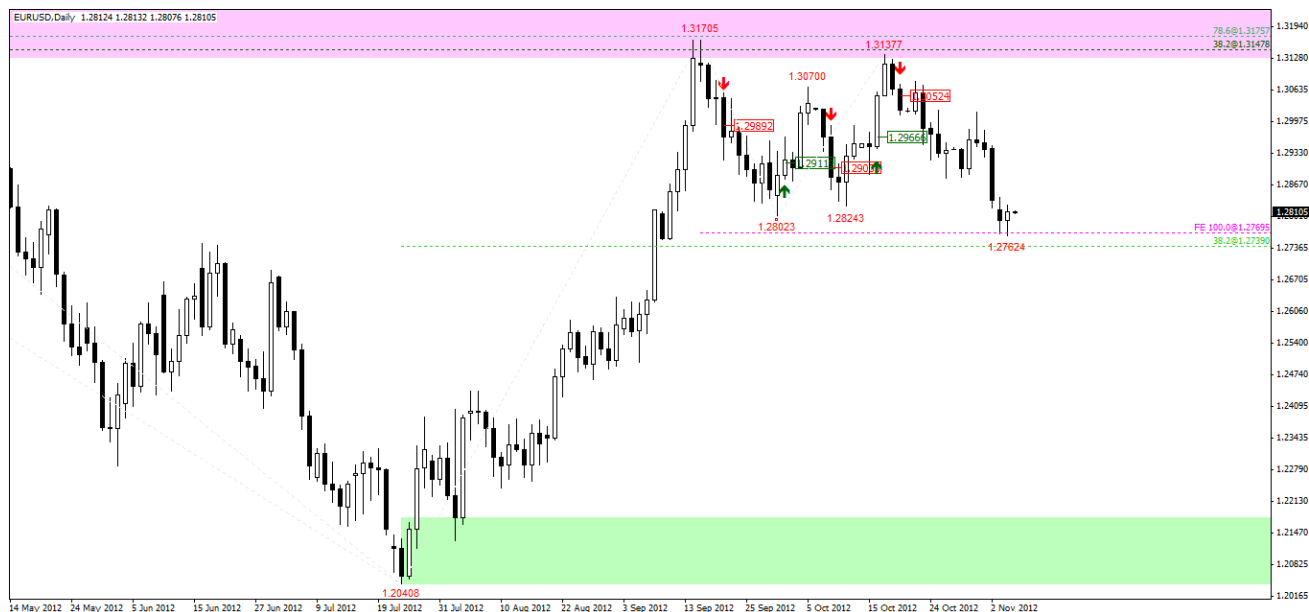
The break above 1.04000 has paved the way for AUD-USD to test the September 28 high of 1.04722, followed by 1.06227 -- a peak set on September 14.

Australia's employment data on Thursday will be the next flash point for AUD-USD bulls, followed on Friday by a raft of data on China, Australia's single biggest export market. Given that much of the domestic data in question is still showing some vulnerability, the exchange rate still high, and the outlook for the global economy is constrained, a cut is seen be a reasonable bet in December. However, the timing of the next interest rate cut has become more data dependent.

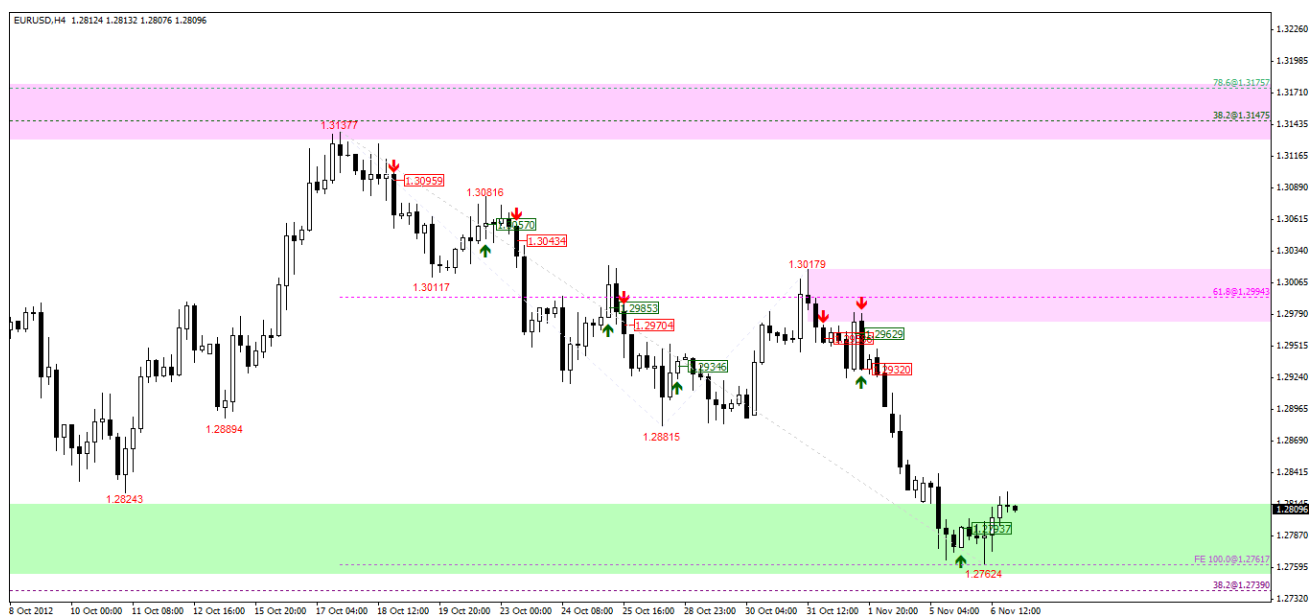
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## EUR-USD DAILY



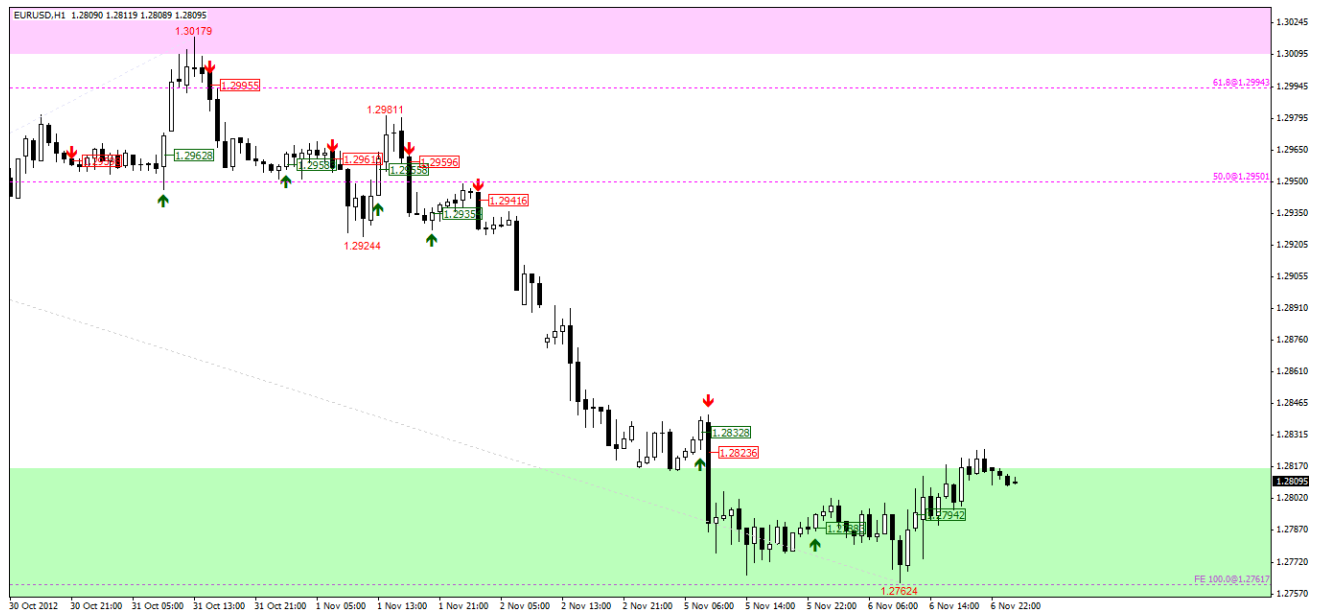
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

Price action first triggered buy signals in both H1 and H4 charts overnight before dipping into a marginal new low at 1.27624 and closed above the 1.28000 handle. Price action dipped into the demand pocket at **1.27533-1.28159** some 48 hours ago and hit the 100.0% projection of 1.31705 to 1.28023 from 1.31377 at **1.27695** (see D1 chart). As noted, there is a very good chance price action may rebound strongly from current level as the medium-term view is that the rise from 1.20408 was impulsive and the current pullback from 1.31705 was viewed as part of a 4<sup>th</sup> wave correction, a rally beyond the September 17 high of **1.31705** is anticipated. With the fall into the demand pocket at **1.27533-1.28159**, this 4<sup>th</sup> wave correction could have been completed. The idea is to go long on buy signals with a tight stop just below this demand pocket.

## EUR-USD 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.27937	1.29450	1.34894	1.27433 STOP

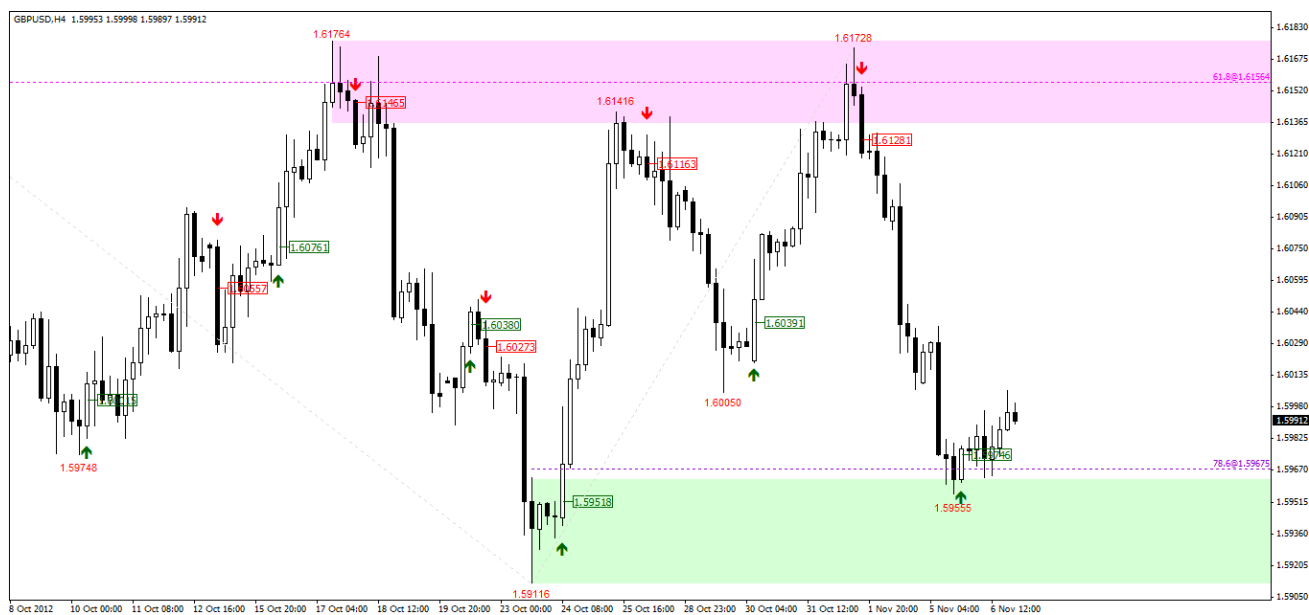
## Weekly Performance

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	06-11-2012	1.0	1.28127	+\$190.00		
EUR-USD	05-11-2012	1.0	1.27937	06-11-2012	1.0	1.28127	+\$190.00		
Unrealized							+\$380.00		

## GBP-USD DAILY



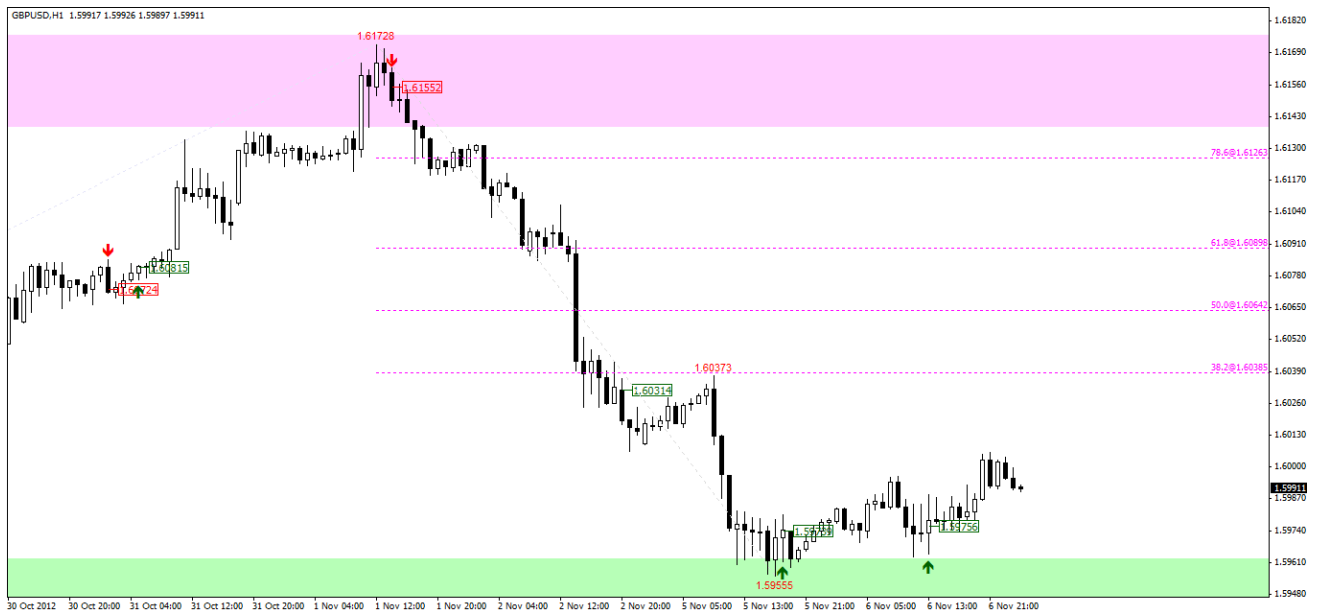
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

After the near collapse last Friday, the idea that price actions from 1.63077 to 1.59116 were part of a 4<sup>th</sup> wave correction and had terminated at 1.59116 last week may still be alive. The reason for this renewed optimism was the way price action held at the 78.6% retracement of 1.59116 to 1.61728 at **1.59675** in the last 48 hours. As the 78.6% Fibonacci ratio represents the maximum retracement allowable, if price action can hold from there, it suggests that the correction is over and a resumption of its original direction of trade is a high probability. Monday's fall to this sensitive Fibo level had triggered buy signals in both the H4 and H1 charts respectively. Ideal 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). However, if price action falls below **1.59103**, all bets are off.

## GBP-USD 1-HOURLY



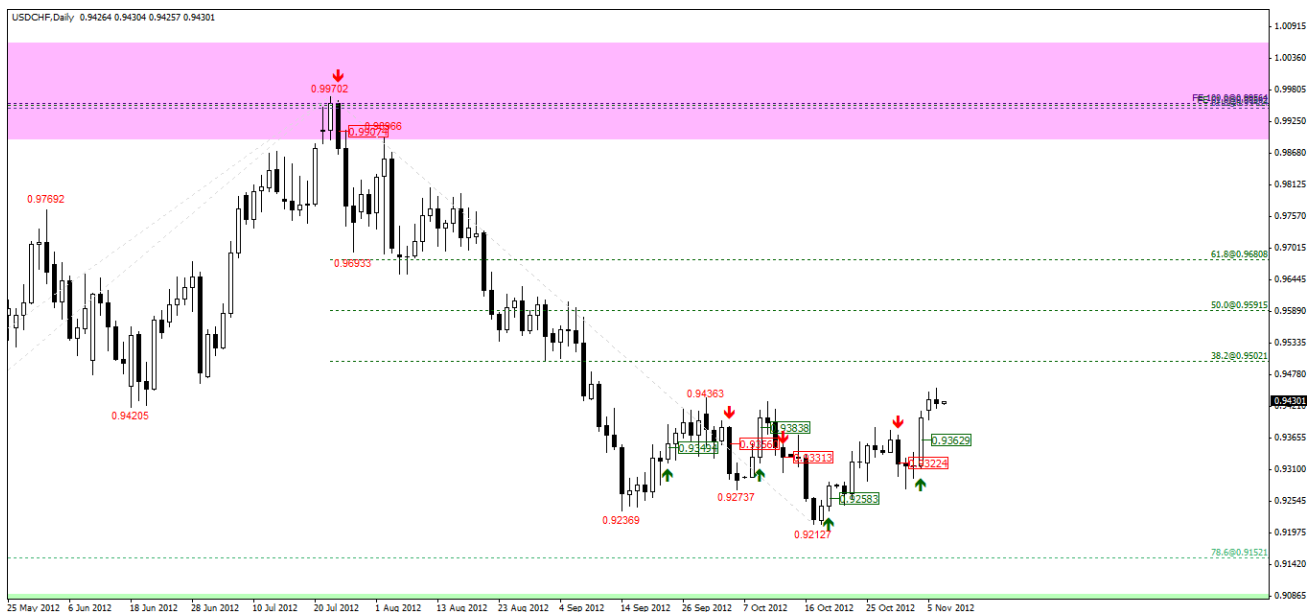
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 1.59739	1.61363	1.64208	1.59012 STOP

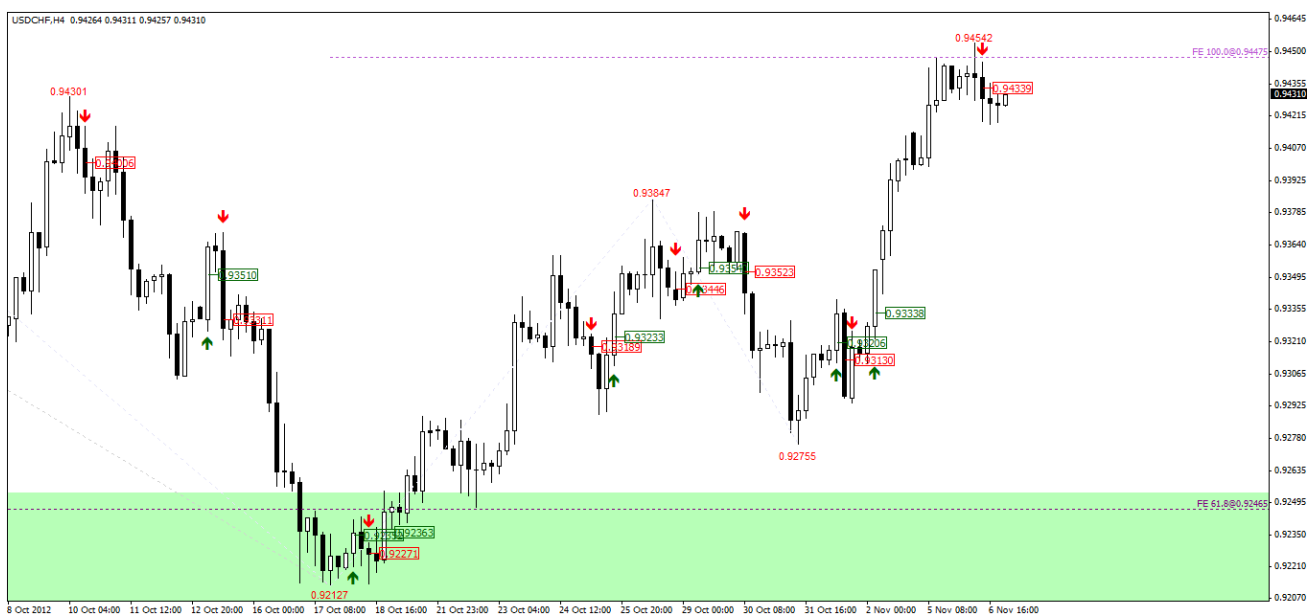
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 02-11-2012								\$49,689.00
GBP-USD	05-11-2012	1.0	1.59739	06-11-2012	1.0	1.59952	+\$213.00		
GBP-USD	05-11-2012	1.0	1.59739	06-11-2012	1.0	1.59952	+\$213.00		
						Unrealized	+\$426.00		

## USD-CHF DAILY



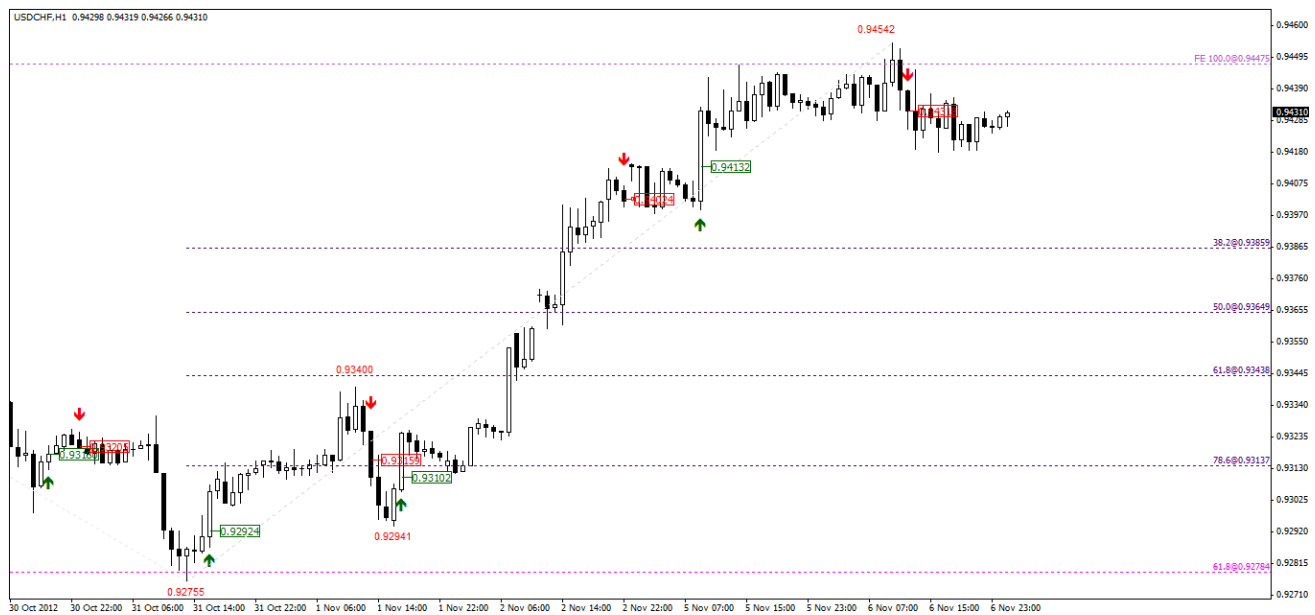
## USD-CHF 4-HOURLY



## 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 4<sup>th</sup> wave corrective rally makes chasing this rally not particularly appetizing. If this view is correct, price action is vulnerable to a sudden and violent sell-off below **0.92127** in due course. Potentially this rally may have enough fuel to power 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. However, last night's rise to a marginal new high at 0.94542 and eased after hitting the 100.0% projection of 0.92127 to 0.93847 from 0.92755 at 0.94475 suggests that selling interests may have positioned themselves already. As such, it may be worth positioning to position a test sell position on sell signals with a tight stop above yesterday's high. As we have it, sell signals were triggered in both the H1 and H4 charts with closes below **0.94318** and **0.94339** respectively.

## USD-CHF 1-HOURLY



## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 0.94339	0.92864	0.90293	0.94642 STOP

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from								\$34,451.71
	02-11-2012								
USD-CHF	06-11-2012	1.0	0.94263	06-11-2012	1.0	0.94339	+\$80.63		
USD-CHF	06-11-2012	1.0	0.94263	06-11-2012	1.0	0.94339	+\$80.63		
Unrealized							+\$161.26		

USDJPY Daily 80.342 80.400 80.281 80.287

80.895  
80.675  
80.660  
80.799  
80.139  
80.608  
79.645  
79.204  
78.339  
77.933  
77.424  
77.118  
78.59/77.399  
77.650  
77.781  
77.781

14 May 2012 24 May 2012 5 Jun 2012 15 Jun 2012 27 Jun 2012 9 Jul 2012 19 Jul 2012 31 Jul 2012 10 Aug 2012 22 Aug 2012 3 Sep 2012 13 Sep 2012 25 Sep 2012 5 Oct 2012 15 Oct 2012 24 Oct 2012 2 Nov 2012

USDJPY, H4 80.342 80.400 80.277

80.725  
80.565  
80.405  
80.364  
80.179  
80.660  
80.277  
79.930  
79.832  
79.847  
79.919  
79.615  
79.455  
79.331  
79.295  
79.140  
79.980  
79.820  
79.665  
79.505  
79.345  
79.190  
79.030  
78.870

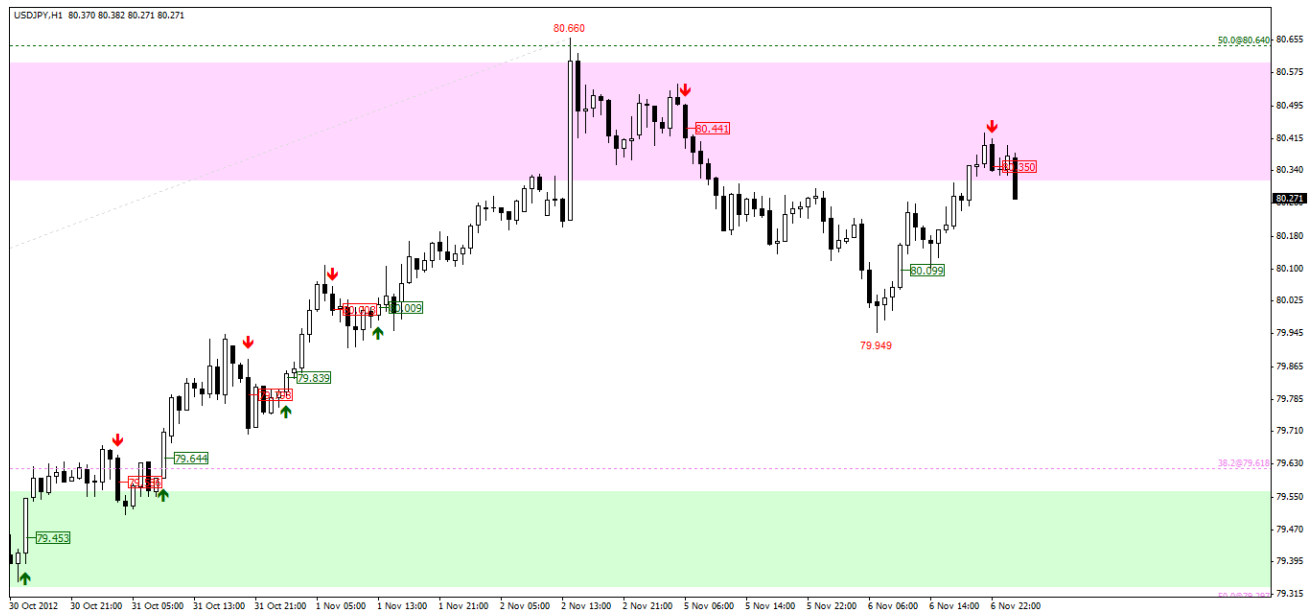
77.933  
78.093  
78.771  
79.253  
79.423  
79.688  
79.832  
79.847  
79.919  
80.277

8 Oct 2012 10 Oct 00:00 11 Oct 08:00 12 Oct 16:00 15 Oct 20:00 17 Oct 04:00 18 Oct 12:00 19 Oct 20:00 23 Oct 00:00 24 Oct 08:00 25 Oct 16:00 28 Oct 23:00 30 Oct 04:00 31 Oct 12:00 1 Nov 20:00 5 Nov 04:00 6 Nov 12:00

Since spiking to a 6-month high at 80.660 last week, caution has set in. As noted, the first real test of the bullish case is 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. Friday's high at 80.660 is a tag above the immediate supply pocket and actions in the past 48 hours suggests that bulls are getting cautious as 80.660 has not been challenged since. But a look at the W1 chart, also suggests that this rally still has some more upside potential. A 100.0% projection of 75.556 to 84.162 from 77.118 reveals a potential target at **85.724** which incidentally sits within a known supply zone. That's a good 5 yen or 500 pips from where prices are right now. As such, traders should stay on the long side of this market. Any pullback would offer opportunities to join in the rally for those left out of this rally so far. After falling just below the 80.000 handle last night, price action has rallied back into the minor supply pocket at **80.357-80.608** and has since met with selling interests once again. A close below **80.139** in the D1 chart would suggests more robust selling going forward. If so, one possible target is the 38.2% retracement of 77.424 to 80.660 at **79.424** where a minor demand pocket at **79.331-79.564** is located. Buy signal from within this zone, if any, should be acted upon.



## USD-JPY 1-HOURLY



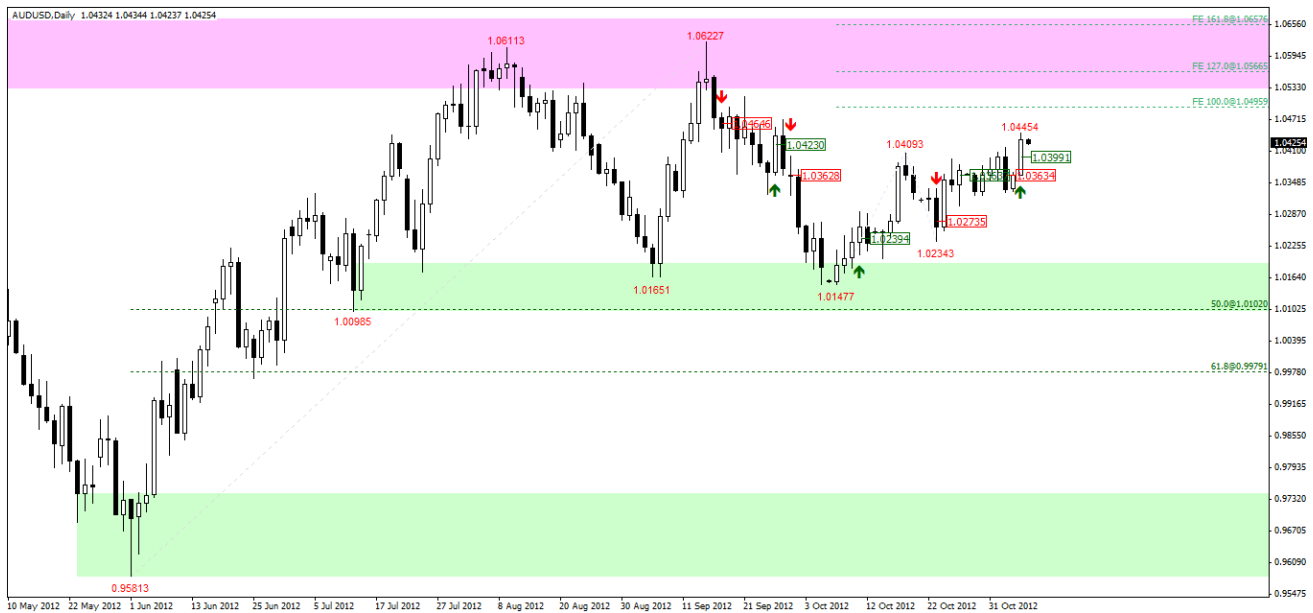
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Bought @ 79.453	81.469	83.711	Exit on D1 close below 80.139

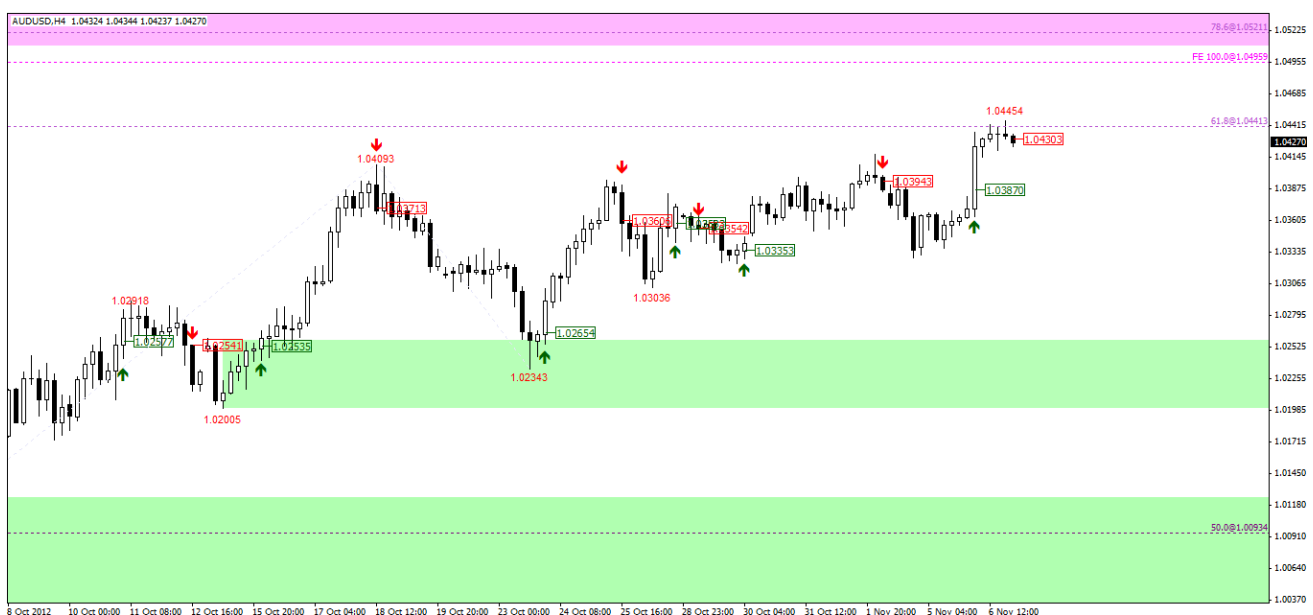
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from								\$26,014.03
	02-11-2012								
USD-JPY	30-10-2012	1.0	79.453	06-11-2012	1.0	80.341	+\$1,105.29		
USD-JPY	30-10-2012	1.0	79.453	06-11-2012	1.0	80.341	+\$1,105.29		
Unrealized							+\$2,210.58		

## AUD-USD DAILY



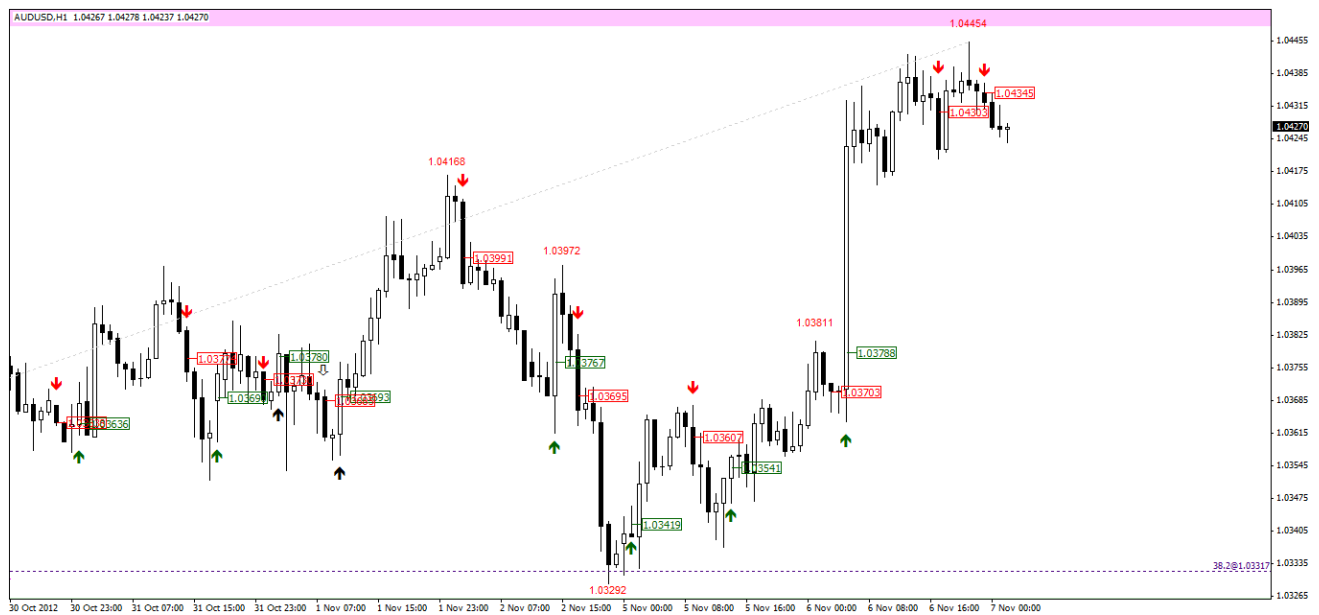
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

For more than a week price action has been in consolidation mode. However, yesterday's decision by the Australian central bank not to cut interest rate cut of 0.25% caught most traders unprepared. They reacted by buying back prepositioned short positions and the market spiked up to a 5-1/2 week high of 1.04454. However, there are early signs selling interests may be returning. In the H1 chart, a sell signal has been triggered this morning with a close below **1.04345** on the back of a shooting star. Likewise, a subsequent close below **1.04303** in the H4 chart too would invariably triggers a sell signal. Should a fall materializes, price action may test the immediate 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 other hand, should this rally extends, caution must be exercised in chasing this rally as the upside potential is rather limited considering price action is in a wide consolidation pattern and with price action rapidly nearing the upper boundry, extreme caution is warranted (see D1 chart).

## AUD-USD 1-HOURLY

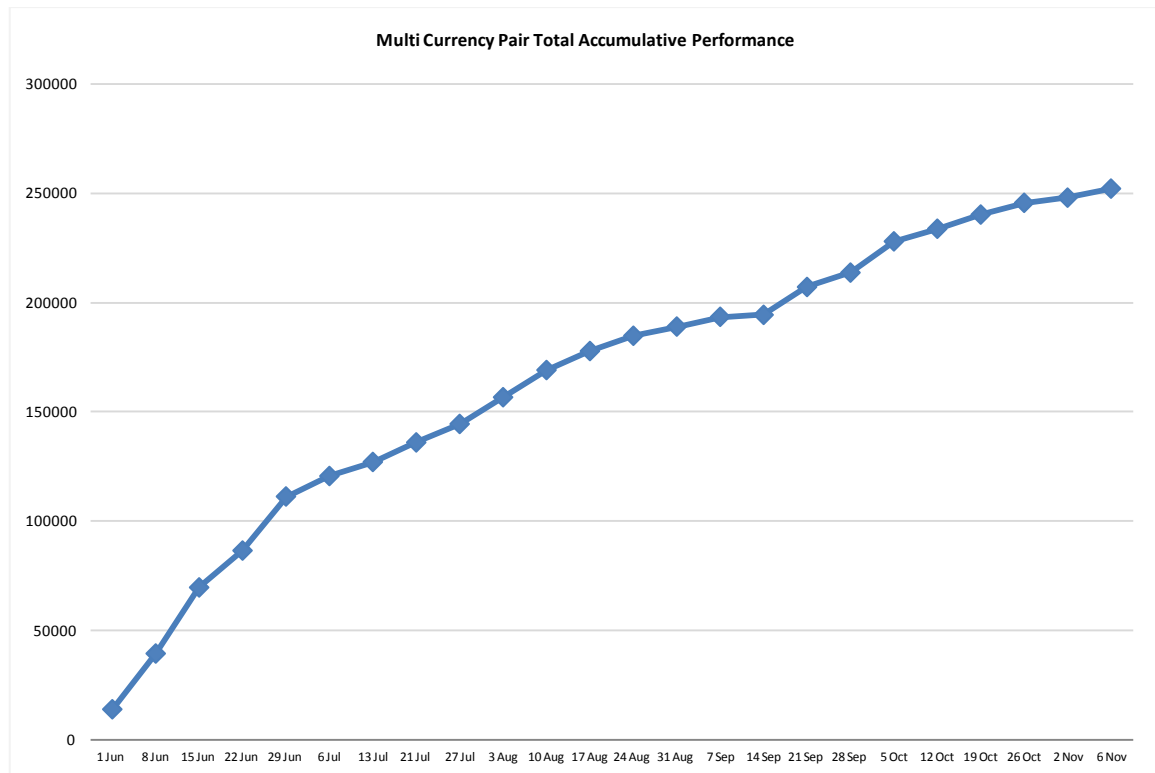
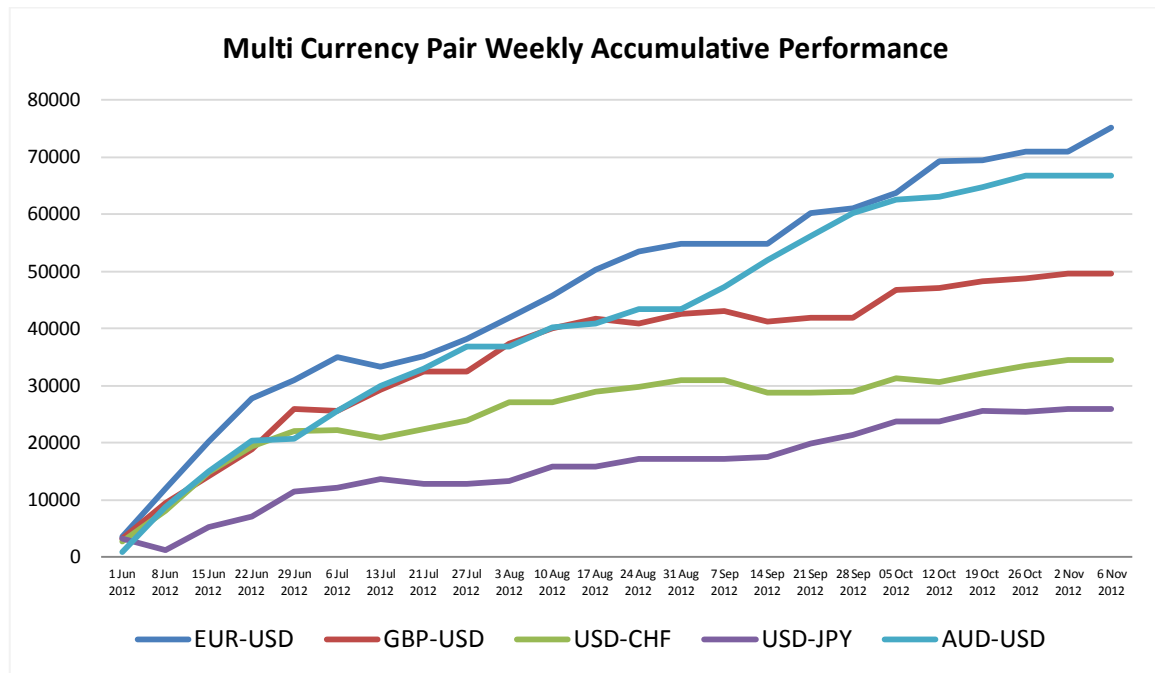


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on H4 close below 1.04303	1.03262	1.01911	1.04554 STOP

## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 02-11-2012								\$66,845.00
						Unrealized	\$0.00		



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.