

A Traders Academy International Publication

Likely Spanish Bailout Spooked Markets

On a tumultuous day, the Spanish government cut its economic forecast for 2013, indicating the country would stay mired in recession well into next year after a contraction expected at 1.5 percent in 2012. But what spooked the markets was Spain's heavily indebted eastern region of Valencia said on Friday saying it would need financial help from Madrid, complicating central government efforts to stave off a full-blown sovereign bailout.

Valencia, Spain's most indebted region alongside its northern neighbor Catalonia, sought help under an 18-billion (\$22.1 billion) program passed on Thursday and aimed at helping the autonomous regions which, together with local authorities, account for around half of all public spending. Valencia, like in other autonomous regions, is suffering the consequences of the liquidity shortage in markets due to the economic crisis. The troubled regions, as well as a banking sector beset by a burst property bubble, have pushed Spain's borrowing costs to record highs and pushed the country closer to requiring a full-scale bailout.

Euro zone finance ministers approved the terms of a loan of up to €100 billion (\$123 billion) for Spain to recapitalize its banks on Friday. The exact size of the support will only be determined in September. But the Valencia announcement sent the risk premium on Spanish government debt to a euro-era high on Friday as its borrowing costs climbed to a record 7.29 percent, a level considered unsustainable, with little relief likely soon.

Despite its downgraded GDP forecasts the government confirmed its deficit objectives for 2012 and 2013 but did not release the details on how the efforts would be split between the regions and the central government this year. It will use the new forecasts as a base to draw up the 2013 budget, for which the ceiling has been set at €127 billion compared to €119 billion in 2012.

The risk premium on government debt hit a Euro-era high as its borrowing costs rose to 7.32 percent. That is above the 7 percent threshold considered unsustainable, with little relief in sight.

The Euro plumbed record lows against the Australian, Canadian and New Zealand currencies and hit multi-month lows against the Norwegian and Swedish crowns. Against the Yen, it hit the lowest level in more than 11 years. EUR-USD fell as low as 1.21430, its weakest level since mid-June 2010. It last traded at 1.216552, down 1.0 percent, as a sell-off against Sterling and the Swedish Crown exacerbated the Euro's slide.

German 10-year bond yields fell 5 basis points to 1.168 percent, and the benchmark 10-year U.S. Treasury note was up 15/32 in price to yield 1.4584 percent.

Spain's regions, currently shut out of international debt markets, have been pushing for months for a financing mechanism to help them meet their financial obligations. Valencia, which already used several government credit lines in the first half of the year to meet debt repayments, still needs to repay €2.85 billion by the end of the year.

There are signs of growing discontent at the economic pain being heaped on the Spanish public. Hundreds of thousands of Spaniards marched against the centre-right government's latest measures, following more than a week of demonstrations across the country.

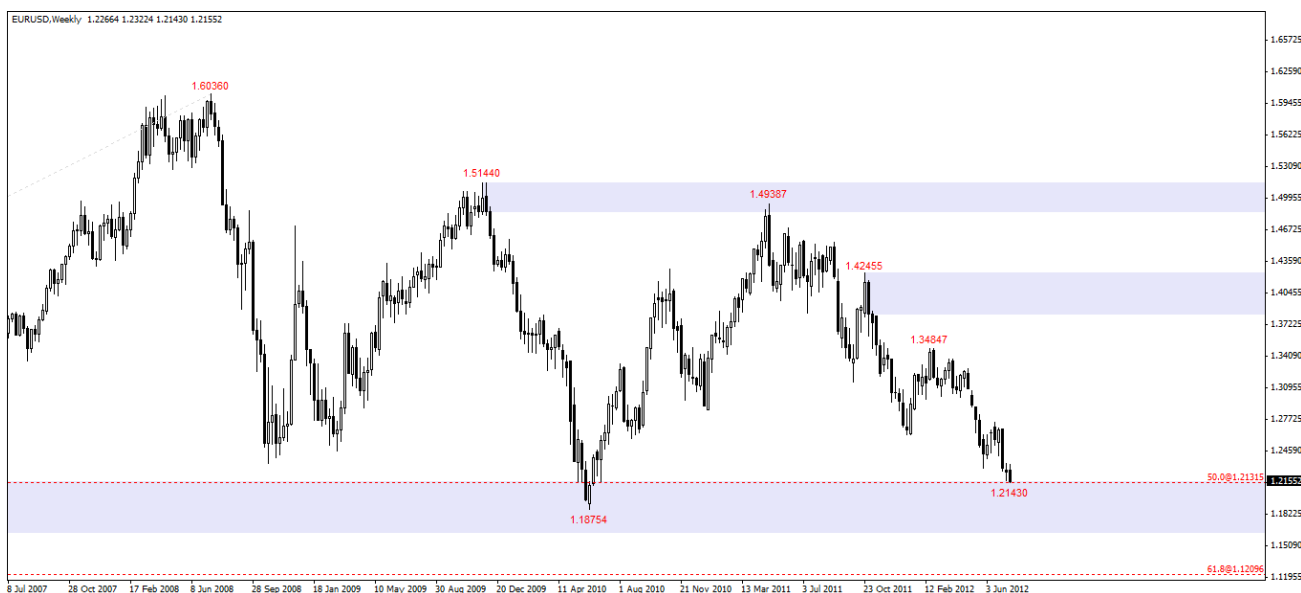
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EUR-USD MONTHLY



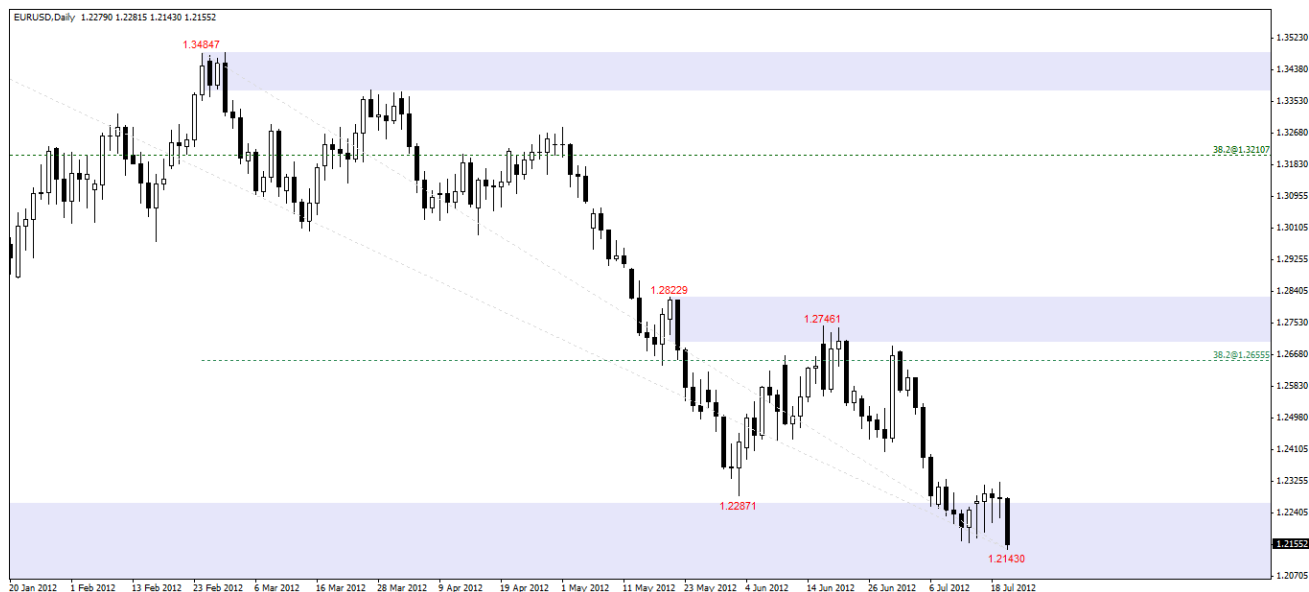
EUR-USD WEEKLY



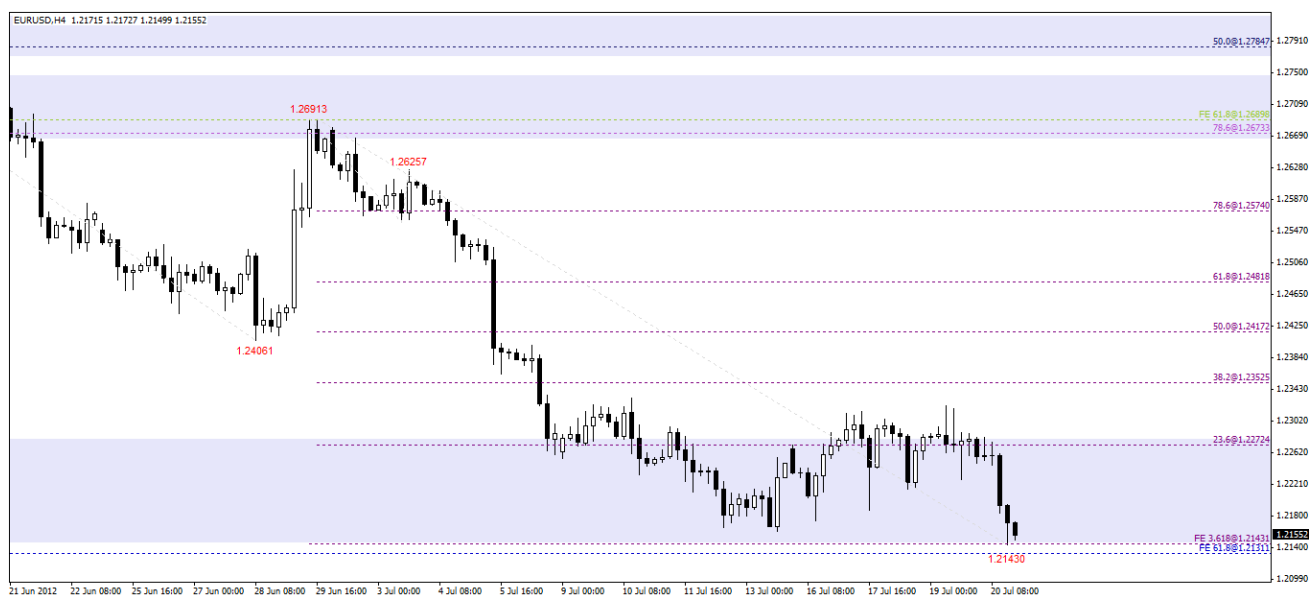
EUR-USD The Big Picture

In the bigger picture, the rise from 0.82250 to 1.60370 is part of a longer-term rally. Likewise, the fall from the July 15, 2008 high of 1.60370 marked the start of a long-term consolidation/continuation pattern which may ultimately stretch to the 61.8% retracement of 0.82250 to 1.60370 at **1.12092**; from which price action is likely to rise beyond its all-time high in a multi-year rally. July began with a bang with price action now at a 25-months low at 1.21430. As noted, the 100.0% projection of 1.49387 to 1.31449 from 1.42445 at 1.24507 represents perhaps the last line of defense before an all-out assault on the 2001 low of **1.18754** begins in earnest.

EUR-USD DAILY



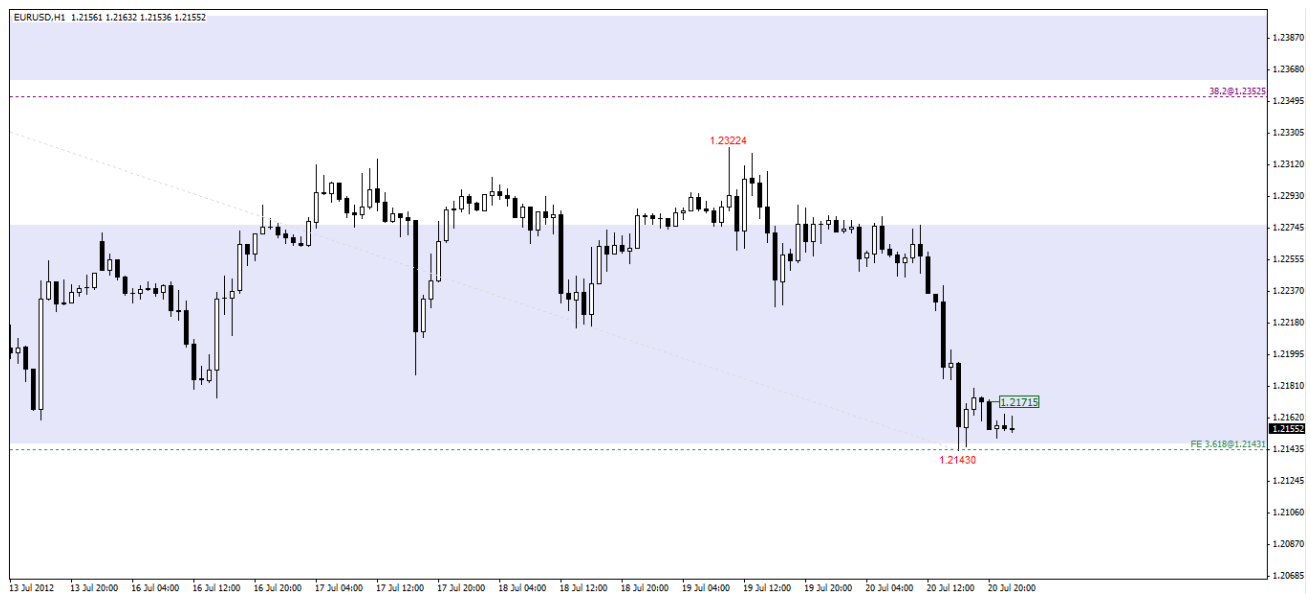
EUR-USD 4-HOURLY



EUR-USD Short to Medium-Term Views

Though the market has fallen dramatically on the last trading day of the week after practically doing nothing for the entire week, price action has remained within the DZ at **1.21453-1.22794**. This means the short-term bullish bias cannot be discarded – just yet. The original idea was to position shorts around the 4th wave of 1 lesser degree or the SZ at **1.27047-1.28229** for the next leg down. Though increasingly unlikely with the passage of time, such a corrective rally is still technically possible in so long as there is no sustained trading below the DZ at **1.21453-1.22794**. Now that price action has taken out last week's low at 1.21611; it also possible that perhaps the assault on **1.18754** may have already begun. In the short-term, immediate resistance is likely to emerge from the overhead SZ at **1.23618-1.24000**. (see H1 chart) The long-term target remains at the 61.8% retracement of 0.82250 to 1.60370 at **1.12092**. Though not a high confidence trade, should there be a close above 1.21715, it would invariably triggers a buy signal in the h1 chart. Aggressive traders may want to take this trade considering the low risk/high reward profile.

EUR-USD 1-HOURLY



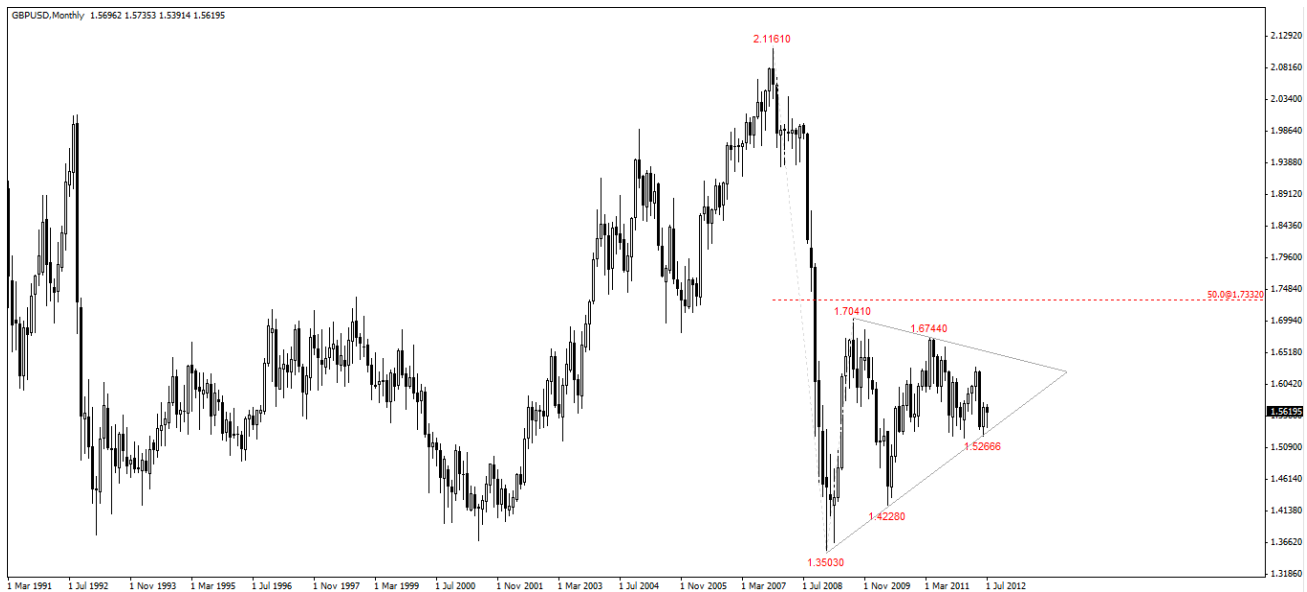
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on H1 close above 1.21715	1.23127	1.27047	1.21330 STOP

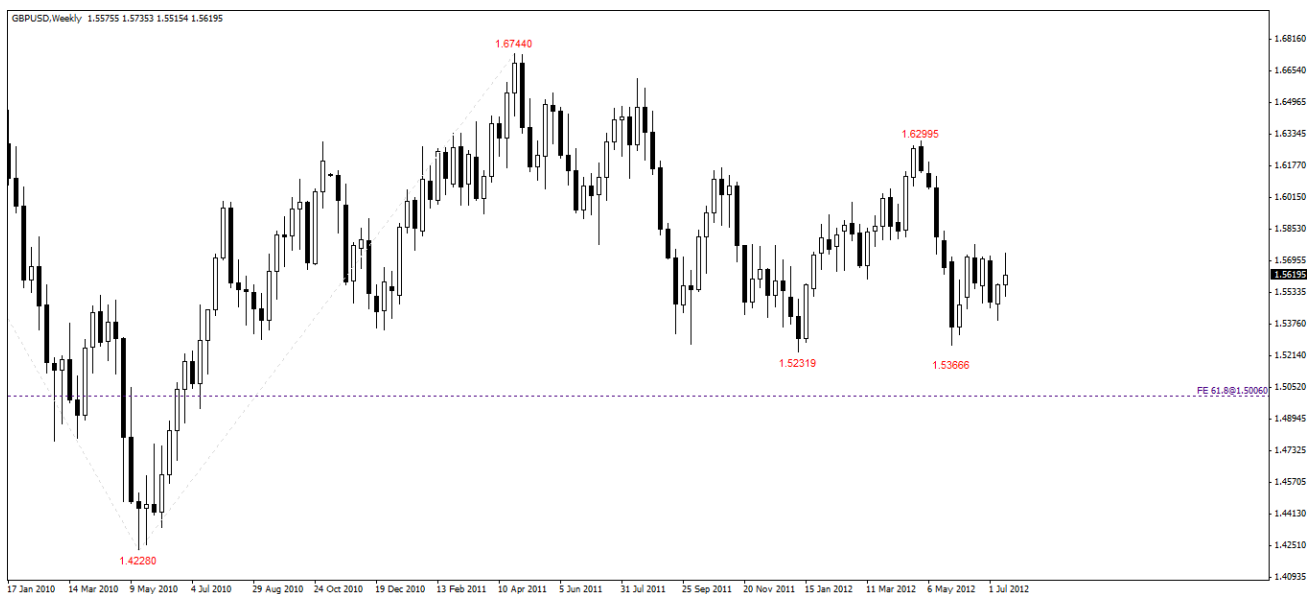
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 13-07-2012								+\$33,286.00
EUR-USD	12-07-2012	1.0	1.21872	17-07-2012	1.0	1.22824	+\$952.00		+\$34,238.00
EUR-USD	12-07-2012	1.0	1.21872	17-07-2012	1.0	1.22824	+\$952.00	+\$1,904.00	+\$35,190.00
Unrealized							\$0.00	+\$1,904.00	

GBP-USD MONTHLY



GBP-USD WEEKLY



GBP-USD The Big Picture

In the bigger picture, price action from the 2009 low of 1.35030 is treated as a correction to the longer-term downtrend from the 2007 high of 2.11610. This multi-year correction beginning at the start of 2008 is developing into a triangle - which is a continuation pattern. Since the beginning of 2012, price action had rebounded from just above the baseline of the triangle formation near the 61.8% retracement of 1.42280 to 1.67440 at 1.51891 with a low of **1.52319**. The rally from there terminated at **1.62995** - on the last day of the April. May threatened to break out of the triangle formation only to hold at the baseline once again and rebounded. After a month of recovery in June which at one stage managed a rebound of some 50.0% of May's losses, July once again shifted focus back to the baseline of the triangle formation. Last week, the market witness another retreat from the baseline as the market staged a remarkable rally from **1.53914** just when it appeared a break-through was imminent. However, by last Friday's closing, the market rallied strongly erasing the entire week's losses. After sustaining the rebound the entire week, the last trading session of the week threatened to undo this nascent rebound. This is because a bearish engulfing bar has now appeared in the D1 chart. As noted, sustained trading below this long-term triangle baseline would have serious bearish connotation in that we may see this market extending its losses towards the longer-term target at the 61.8% projection of 2.11610 to 1.35030 from 1.70410 at **1.23084**!

GBP/USD: Daily 1.57217 1.57221 1.56100 1.56195

1.62995

FE 161.00/1.62145

FE 127.00/1.60374

FE 100.00/1.59001

50.00/1.57353

1.57753

1.57353

1.56340

1.53914

1.52666

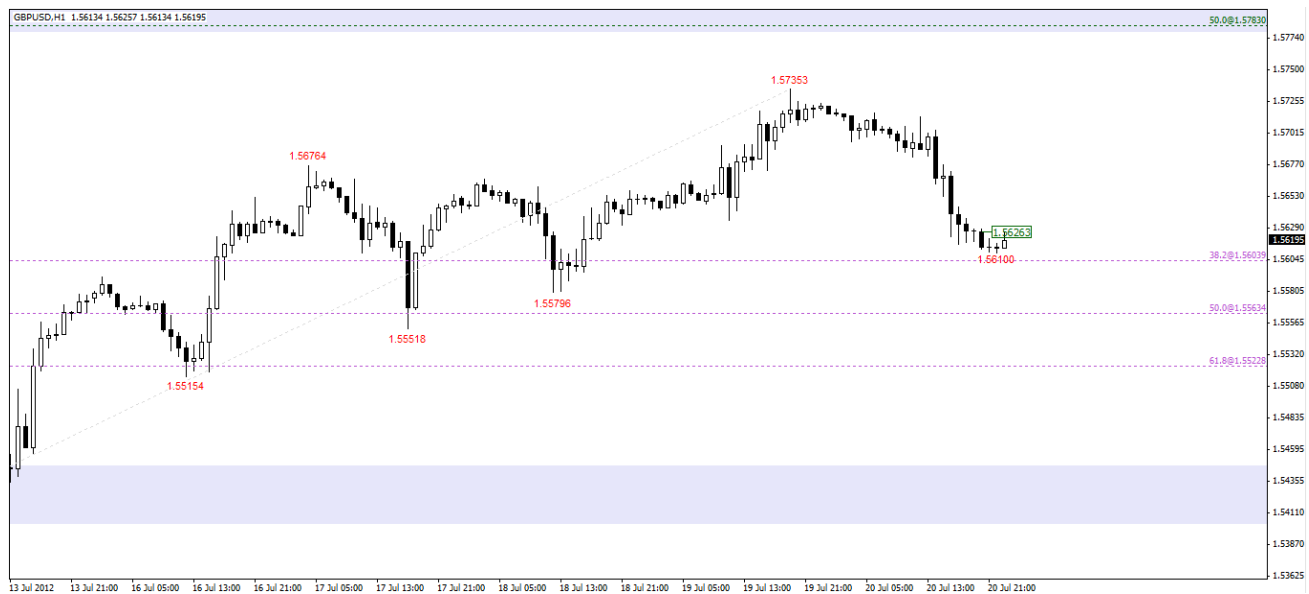
61.00/1.51892

19 Jan 2012 31 Jan 2012 10 Feb 2012 22 Feb 2012 5 Mar 2012 15 Mar 2012 27 Mar 2012 6 Apr 2012 18 Apr 2012 30 Apr 2012 10 May 2012 22 May 2012 3 Jun 2012 13 Jun 2012 25 Jun 2012 5 Jul 2012 17 Jul 2012

[illegible]

After a week of trending higher in a series of short pullbacks and rallies from last Thursday's low of 1.53914, Friday's actions threatened to undo this rebound. Prior to Friday's actions, focus was on the SZ at **1.57505-1.58463**; where the 50.0% retracement of 1.62995 to 1.52666 at **1.57830** is sited - with the possibility of extending into a larger degree 3-wave correction targeting the 100.0% projection of 1.52666 to 1.57753 from 1.53914 at **1.59001**. As noted, selling interests is expected to emerge from between the SZ at **1.57505-1.58463** and 100.0% projection of 1.52666 to 1.57753 from 1.53914 at **1.59001**. However, Friday's pullback was a little deep and may threaten this rebound. In order to maintain its short-term bullish bias, price action should ideally turnaround from current level early next week. Unless a sell-off happens next, traders should continue to look out for sell signals from within the SZ at **1.57505-1.58463** and position for a trade that may ultimately challenge the June low of 1.52666 once again if it happens.

GBP-USD 1-HOURLY



Trade Ideas

ACTION	Target 1	Target 2	EXIT
Buy on H1 close above 1.56263	1.57505	1.59001	1.55995 STOP

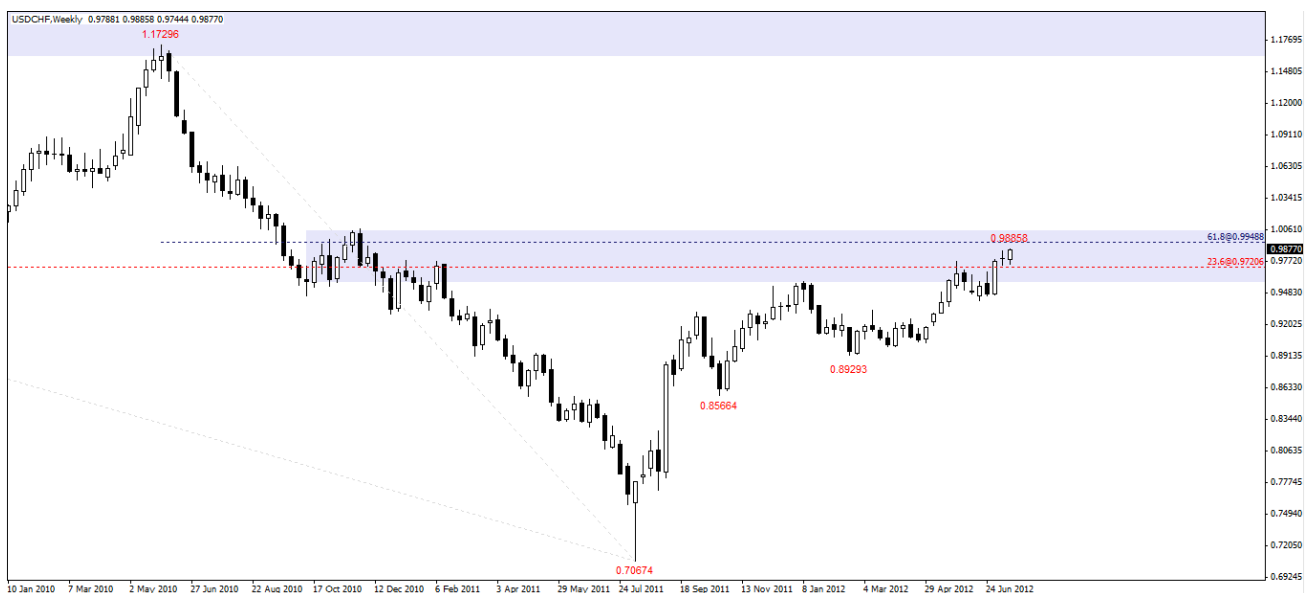
Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 13-07-2012								+\$29,285.00
GBP-USD	13-07-2012	1.0	1.54420	16-07-2012	1.0	1.55479	+\$1,059.00		+\$30,344.00
GBP-USD	16-07-2012	1.0	1.55373	16-07-2012	1.0	1.56495	+\$1,122.00	+\$2,181.00	+\$31,466.00
GBP-USD	16-07-2012	1.0	1.55373	17-07-2012	1.0	1.56454	+\$1,081.00	+\$1,081.00	+\$32,547.00
						Unrealized	\$0.00	+\$3,262.00	

USD-CHF MONTHLY



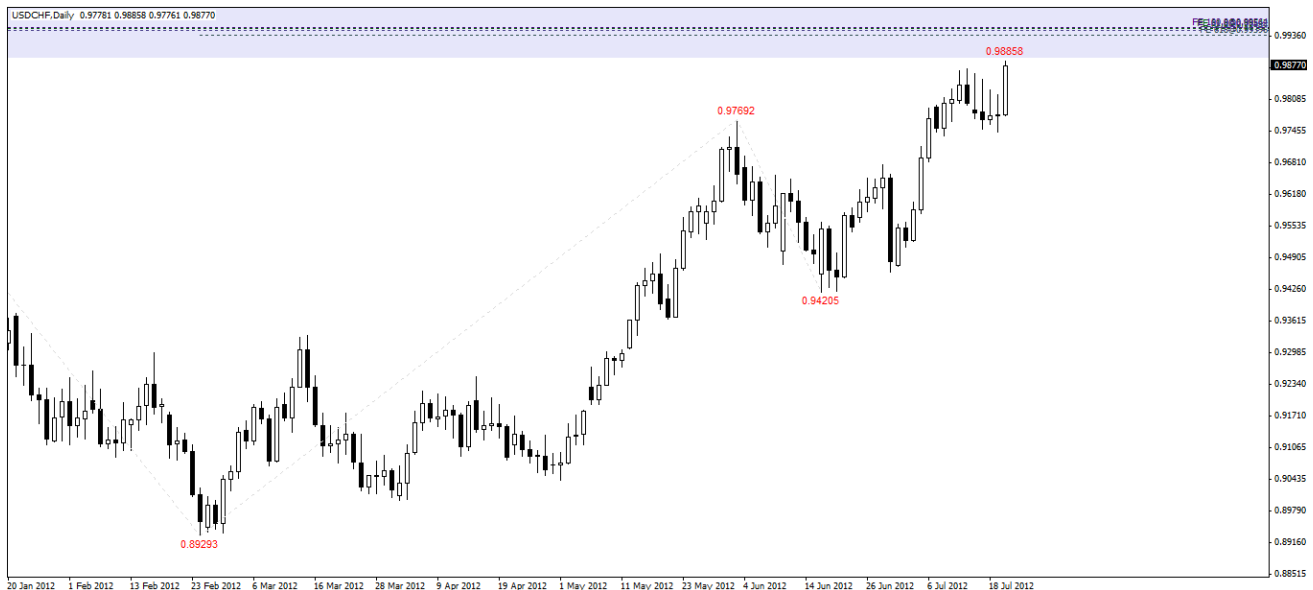
USD-CHF WEEKLY



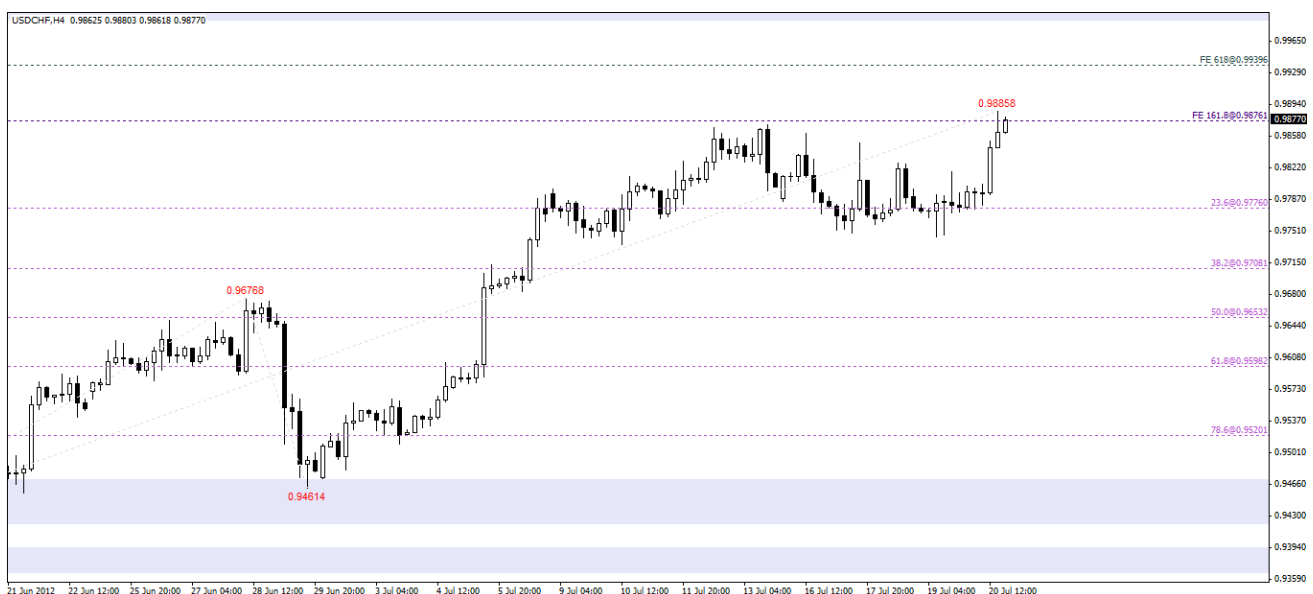
USD-CHF The Big Picture

In the bigger picture, the downtrend from 1.83090 has made an important long-term low at **0.70674**; having fallen short of a longer-term target at the 100.0% projection of 1.83090 to 1.12870 from 1.32830 at **0.62610**. The rebound from 0.70674 is presently treated as a correction to this multi-year fall with strong resistance expected at the 38.2% retracement of 1.83090 to 0.70674 at **1.13617**. Back in January, this rebound met resistance at the 23.6% retracement of 1.83090 to 0.70674 at **0.97204**. The last time price action hit this level was on January 9 where persistent selling interests emerged from just under this level with the highest traded then at 0.95935. For almost 5 months, this market drifted before another attempt was made on June 1. Three week ago saw price action closing above the 23.6% retracement of 1.83090 to 0.70674 at **0.97204** for the first time in 81 weeks. This week saw another convincing close above this level with immediate focus on the 61.8% retracement of 1.17296 to 0.70677 at **0.99488**; near the 61.8% projection of 0.70677 to 0.93132 from 0.85669 at **0.99546**. Strong sell interests is expected to emerge from within this cluster.

USD-CHF DAILY



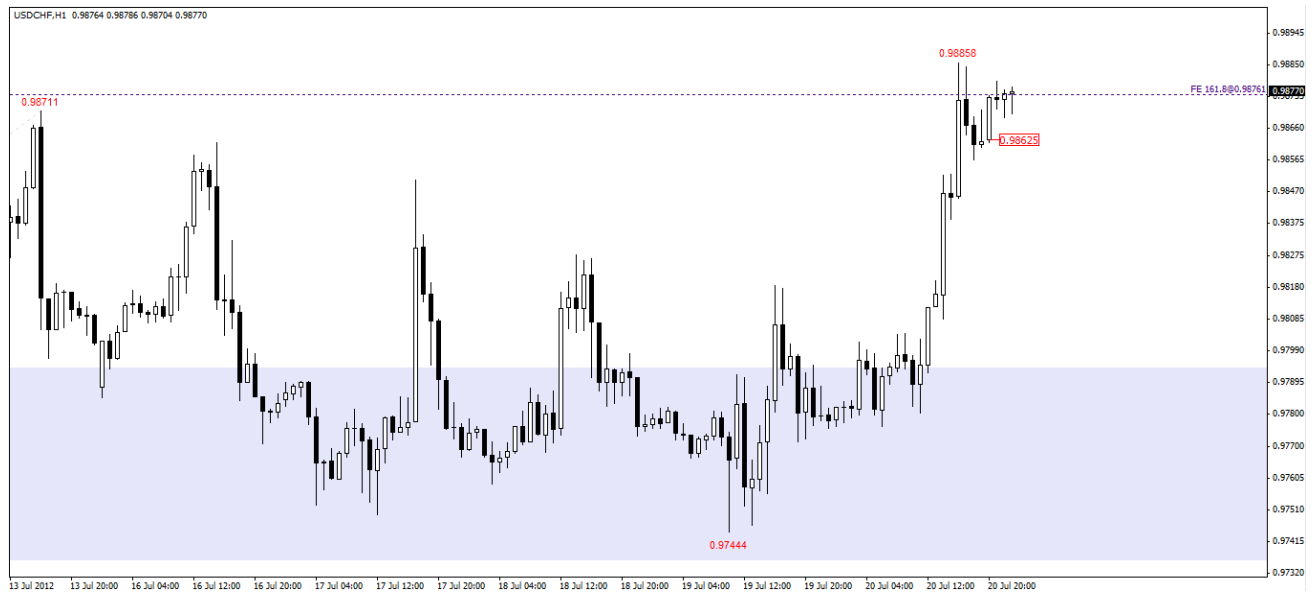
USD-CHF 4-HOURLY



USD-CHF Short to Medium Term View

After a week of consolidation, price action finally resolved to the upside; registering a new 18-months high at **0.98858**. The rally from the DZ at **0.97358-0.97938** may challenge on the long-term target between the 61.8% retracement of 1.17296 to 0.70677 at **0.99488**; which is incidentally near the 61.8% projection of 0.70677 to 0.93132 from 0.85669 at **0.99546**. The original idea was to wait for a pullback to the 4th wave of a lesser degree to between the June 18 low of **0.94205** and the June 29 low of **0.94614** before price action mounts another challenge at **0.98711**. Friday's strong closing above this level negated this view. With price action so near the long-term target (61.8% retracement of 1.17296 to 0.70677 at **0.99488** and the 61.8% projection of 0.70677 to 0.93132 from 0.85669 at **0.99546**), odds favour the short-side of this current rally as a more robust correction is still anticipated. Though not exactly a high confidence trade, a close below **0.98625** would invariably triggers a sell signal.

USD-CHF 1-HOURLY



Trade Ideas

ACTION	Target 1	Target 2	EXIT
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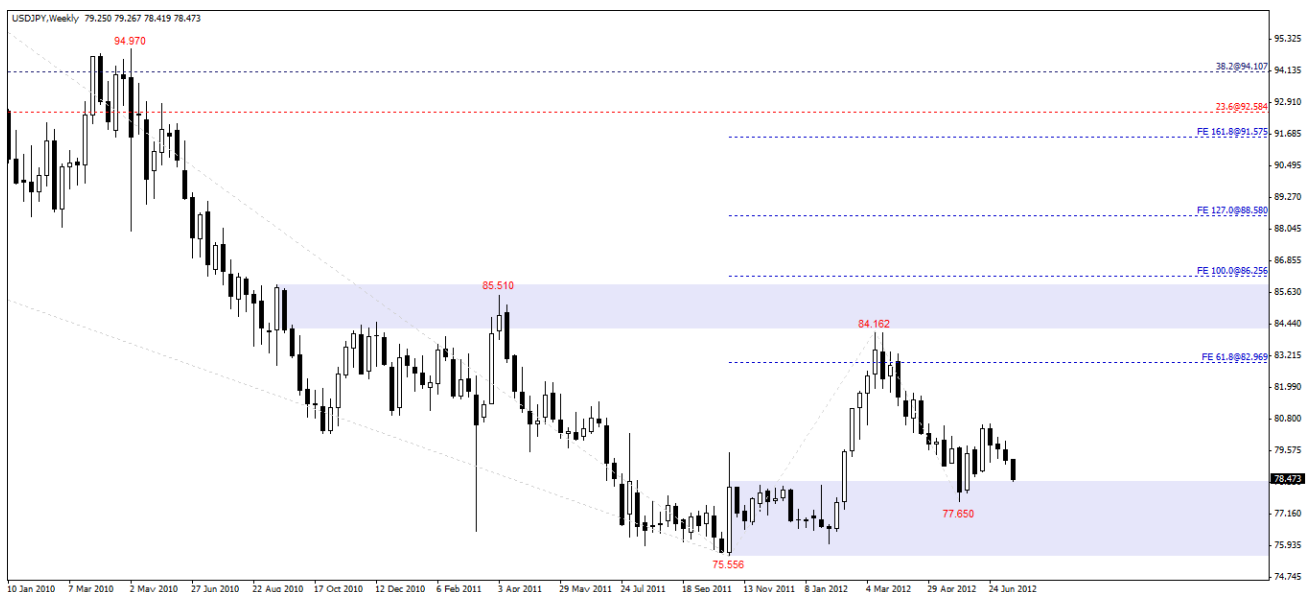
Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade + / -	Realized + / -	Accumulative + / -
	B/F from 13-07-2012								+\$20,910.24
USD-CHF	16-07-2012	1.0	0.97721	12-07-2012	1.0	0.98506	+\$803.31	+\$803.31	+\$21,713.55
USD-CHF	17-07-2012	1.0	0.97852	12-07-2012	1.0	0.98506	+\$668.36		+\$22,381.91
USD-CHF	17-07-2012	1.0	0.97757	17-07-2012	1.0	0.97776	+\$19.43		+\$22,401.34
USD-CHF	17-07-2012	1.0	0.97757	17-07-2012	1.0	0.97776	+\$19.43	+\$707.22	+\$22,420.77
						Unrealized	\$0.00	+\$1,510.53	

USD-JPY MONTHLY



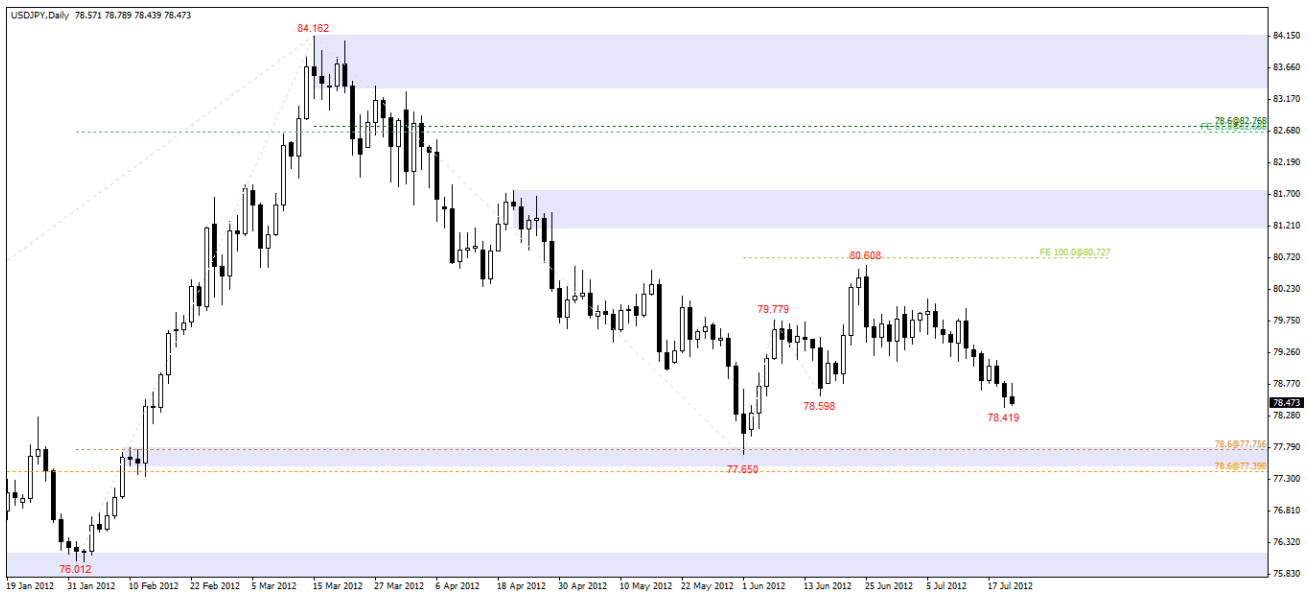
USD-JPY WEEKLY



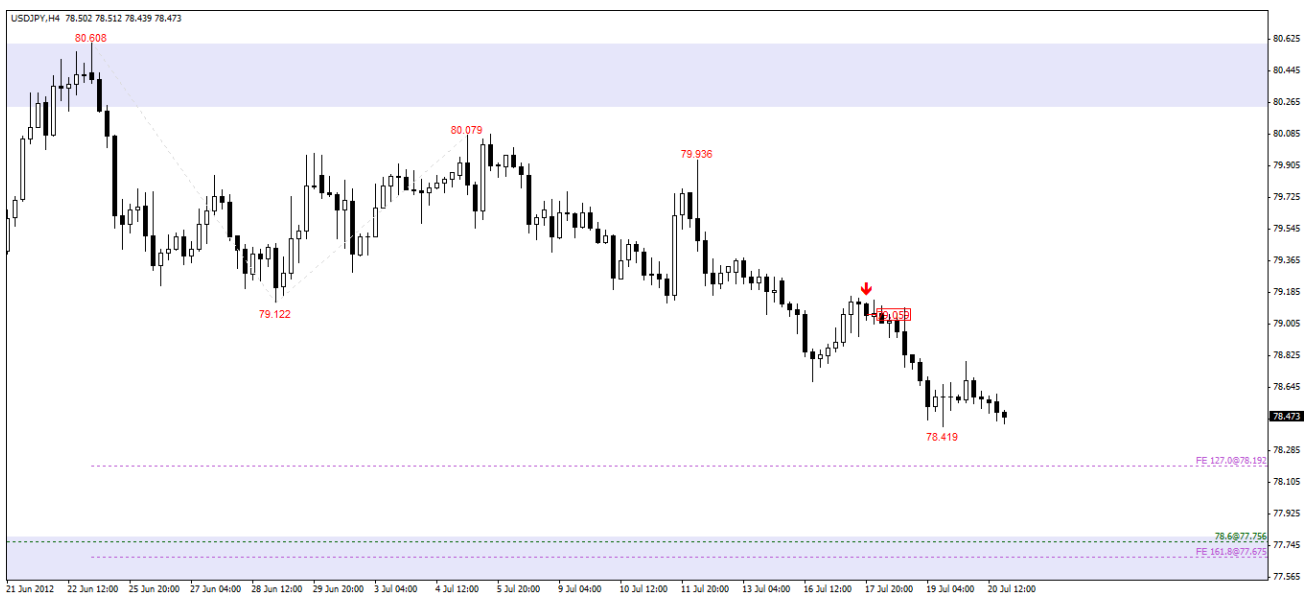
USD-JPY The Big Picture

The fall from 124.120 which started on June 2007 probably terminated on October 2011 at **75.556**, just below the 127.0% projection of 147.710 to 101.220 from 135.190 at **76.148**. In the bigger picture, the move from 75.556 to 84.162 is probably the termination point of wave B at **84.162** with wave A at **75.556**. Wave C probably is the low at **77.650** and if this low holds out, another set of 3-wave corrective wave from 77.650 can be expected - assuming there is no acceleration in the next rally. That being the case, a likely target is the 100.0% projection of 75.556 to 84.162 from 77.650 at **86.256**. Conversely, the entire structure from 77.650 can also be seen as a smaller degree 3-wave corrective move up and another leg down is unfolding (see D1 chart). Sustained trading below **78.598** would give this alternate bearish scenario credence.

USD-JPY DAILY



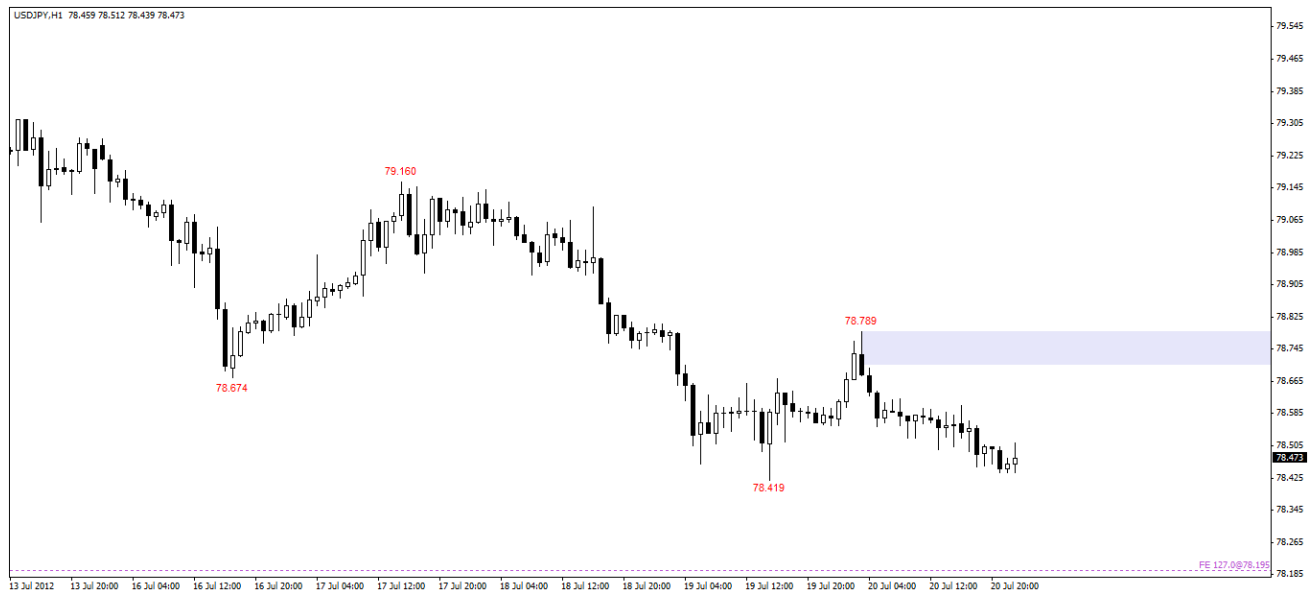
USD-JPY 4-HOURLY



USD-JPY Short to Medium Term Views

Now that price action has sustained below the DZ at **78.595-78.795** and registered a fresh 5-weeks' low at **78.417** on Thursday, it now appears price action may be gunning for the next DZ at **77.353-77.792** where the 78.6% retracement of 76.012 to 84.162 at **77.756** as well as the 161.8% projection of 80.608 to 79.122 from 80.079 at **77.675** is located. (see H4 chart) With the bullish case discarded, the fall from 80.608 is now expected to resumes its fall towards the June low of **77.650**. In the short-term, a rally into the immediate SZ at **78.705-78.789** (if ever) may yet present a chance for shorts to position for the next down leg.

USD-JPY 1-HOURLY



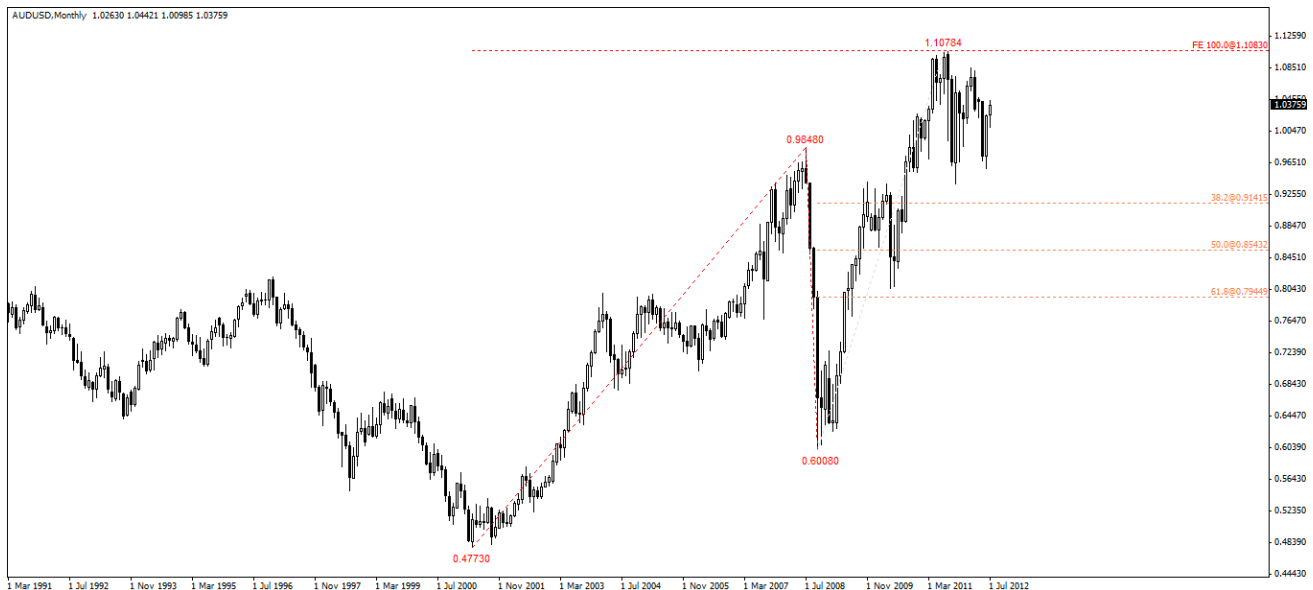
Trade Ideas

ACTION	Target 1	Target 2	EXIT
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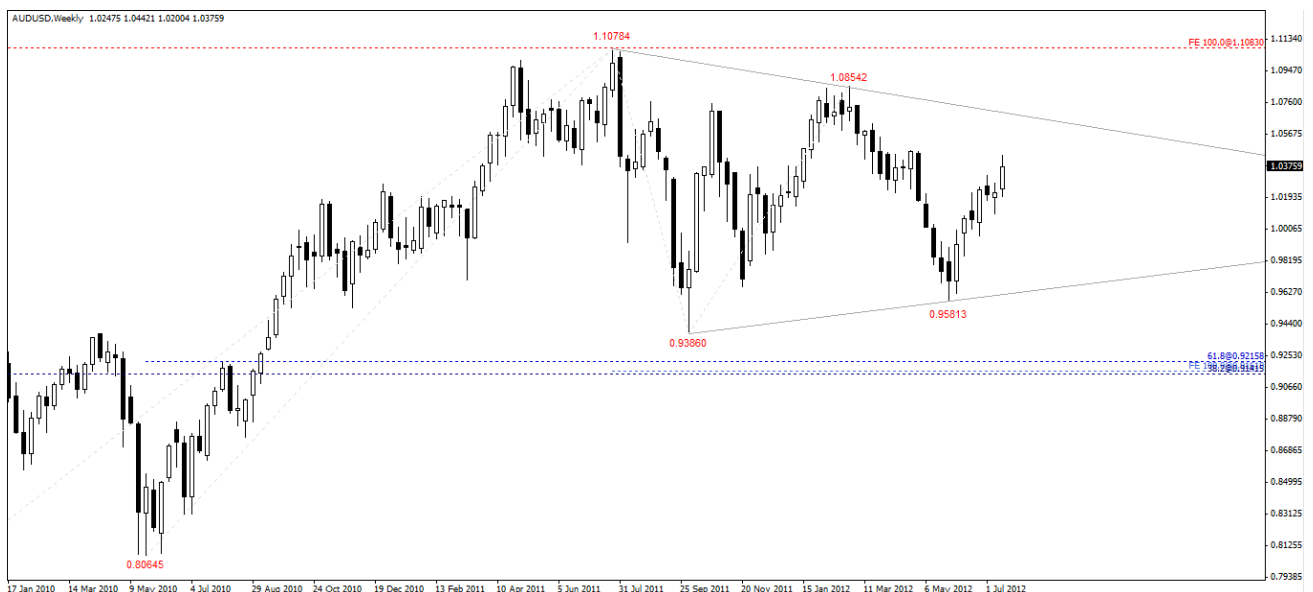
Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 13-07-2012								+\$13,623.64
USD-JPY	13-07-2012	1.0	79.339	16-07-2012	1.0	79.022	-\$401.15		
USD-JPY	13-07-2012	1.0	79.339	16-07-2012	1.0	79.022	-\$401.15	-\$802.30	+\$12,821.34
Unrealized							\$0.00	-\$802.30	

AUD-USD MONTHLY

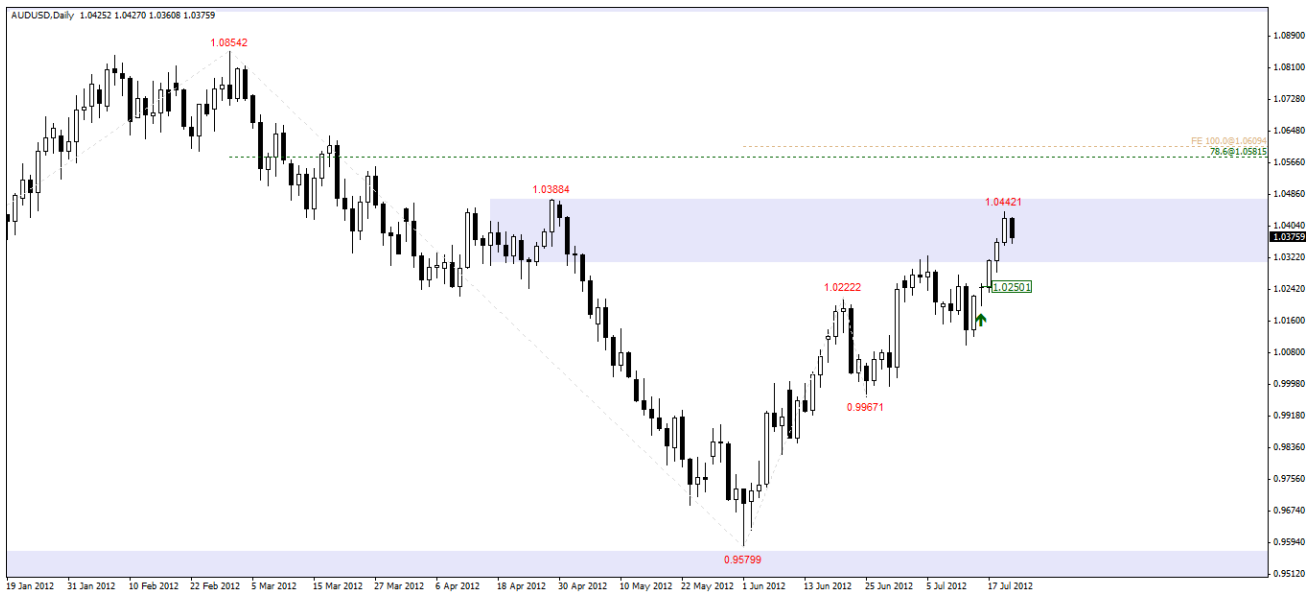


AUD-USD MONTHLY



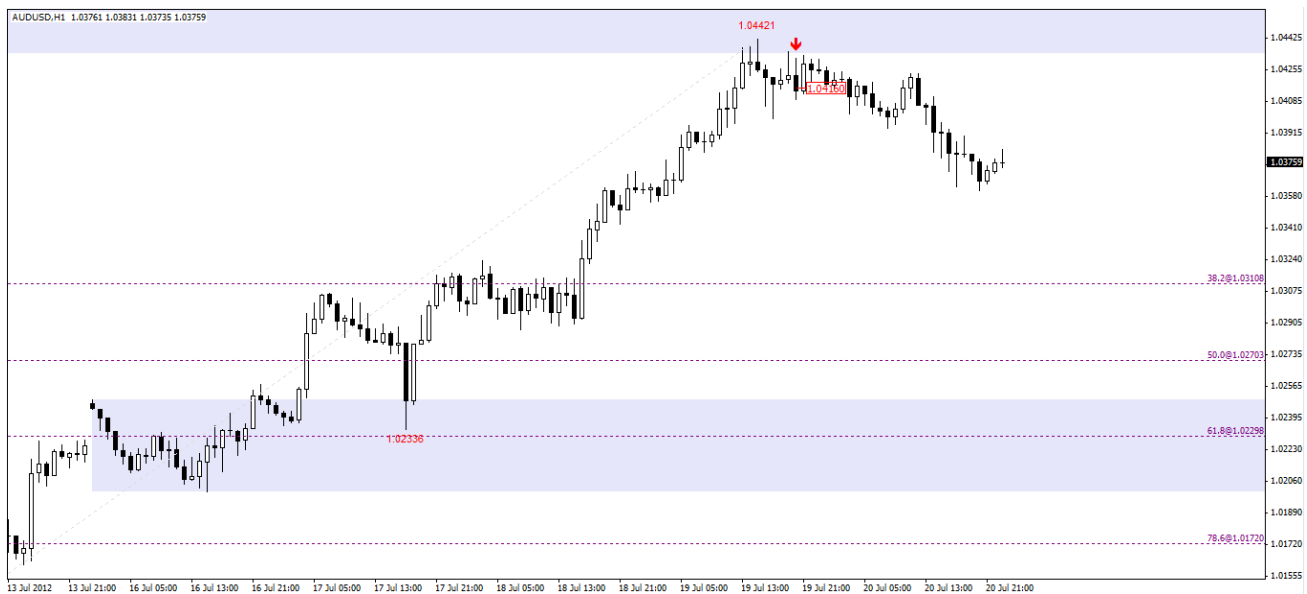
AUD-USD The Big Picture

In the bigger picture, the rise from 0.47730 missed the 100.0% projection of 0.47730 to 0.98480 from 0.60080 at **1.10830** on July 27 by a mere 4.6 pips with a high at **1.10784**. Price action since has been very choppy as it gyrates within an almost 1700 pips range between the all-time high and the October 4 low of **0.93860**. Overall, the broad sideways market since has sets of 3-waves structures, implying a period of consolidation between these two extreme points. Alternatively, it can also be said that price action since has been locked between the 100.0% projection of 0.47730 to 0.98480 from 0.60080 at **1.10830** and the 61.8% retracement of 0.80645 to 1.10784 at **0.92158**. More likely, this market is consolidating within a triangle formation which helps explains the narrowing trading range seen since last October. As such, the rally from 0.95813 has the potential to extend to perhaps the 78.6% projection of 1.08542 to 0.95813 at **1.05818** or the upper resistance line of this triangle formation (currently at **1.06984**) before serious selling interests emerge.

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

Price action traded into the SZ at **1.04341-1.04723** and eased. As noted, a shooting star has appeared at Thursday's high of 1.04421 in the H1 chart and promptly triggered a sell signal with a close below **1.04160**. In the short-term, this correction may pull back to the window between the 38.2% and 50.0% retracement of 1.00985 to 1.04421 at **1.03108** and **1.02703** respectively or ideally to the immediate DZ at **1.02004-1.02492**. That said, in the medium-long term, the rally from 0.95799 has the potential to test the upper band of the converging triangle formation currently at around **1.06984** (see W1 chart). At this rate of climb, the next medium-term targets are the 78.6% projection of 1.08542 to 0.95813 at **1.05818** or the 100.0% projection of 0.95799 to 1.02222 from 0.99671 at **1.06094** besides the upper band of the converging triangle formation.

AUD-USD 1-HOURLY



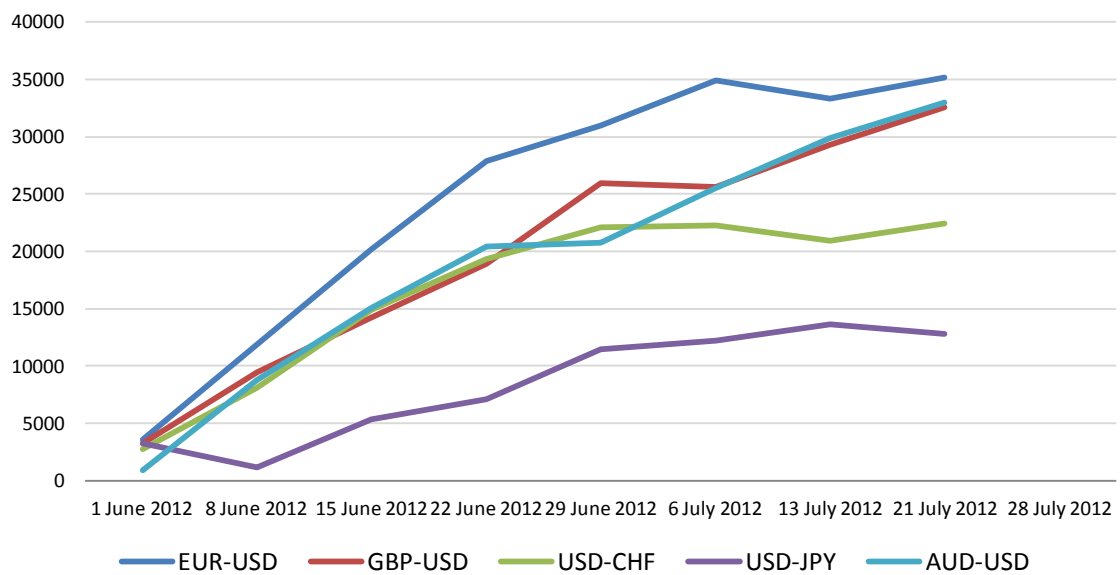
Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sold @ 1.04160	1.03108	1.02492	Exit on H4 close above 1.03917

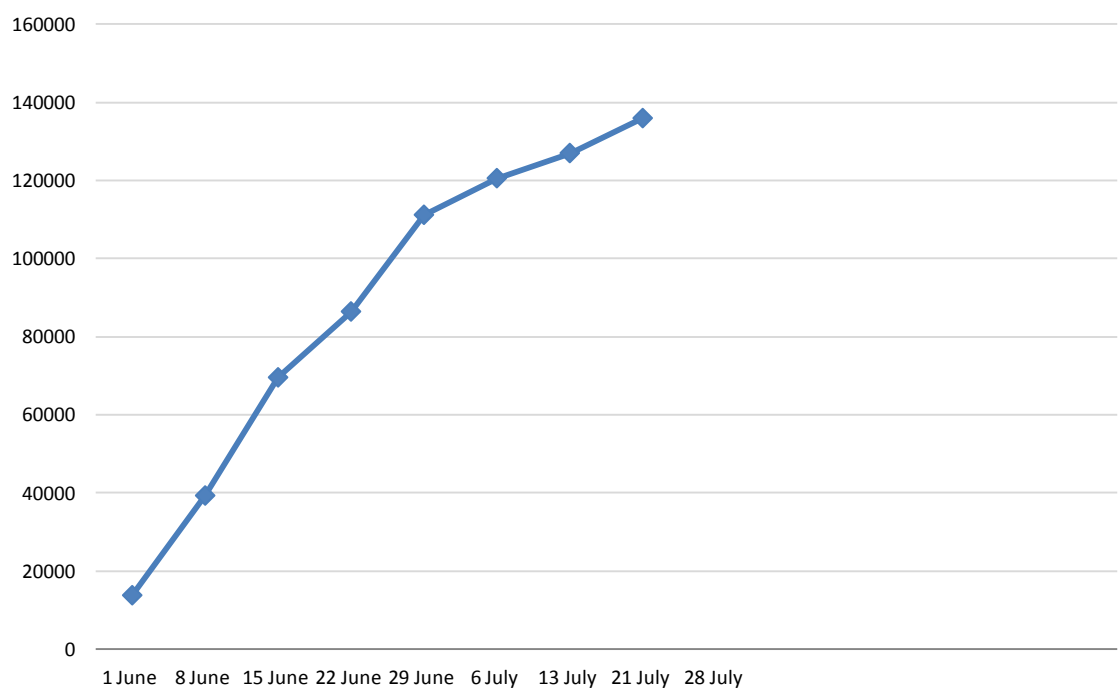
Weekly Performances

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
B/F from 13-07-2012									+\$29,899.00
AUD-USD	13-07-2012	1.0	1.01441	16-07-2012	1.0	1.02159	+\$718.00		+\$30,617.00
AUD-USD	13-07-2012	1.0	1.01441	16-07-2012	1.0	1.02159	+\$718.00		+\$31,335.00
AUD-USD	16-07-2012	1.0	1.02135	16-07-2012	1.0	1.02159	+\$24.00		+\$31,355.00
AUD-USD	16-07-2012	1.0	1.02135	16-07-2012	1.0	1.02159	+\$24.00	+\$1,460.00	+\$31,383.00
AUD-USD	16-07-2012	1.0	1.02135	17-07-2012	1.0	1.02927	+\$792.00		+\$32,175.00
AUD-USD	16-07-2012	1.0	1.02135	17-07-2012	1.0	1.02927	+\$792.00	+\$1,584.00	+\$32,967.00
AUD-USD	20-07-2012	1.0	1.03759	19-07-2012	1.0	1.04160	+\$401.00		
AUD-USD	20-07-2012	1.0	1.03759	19-07-2012	1.0	1.04160	+\$401.00		
Unrealized							+\$802.00		

Multi Currency Pair Weekly Accumulative Performance



Multi Currency Pair Total Accumulative Performance



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.

