

# FOREX OUTLOOK

*A Traders Academy International Publication*

## All Quiet Before US Presidential Election

EUR-USD languished at a 8-week lows on Tuesday, having fallen broadly as a Greek parliament vote on a new austerity package loomed. Traders are in a wait-and-see mode ahead of a tight U.S. presidential race later today, although President Barack Obama has a slight lead in the eight or nine battleground states.

EUR-USD settled at 1.2790, having fallen as far as \$1.27943 following a break of the Oct. 1 trough around 1.28023. The latest decline has pushed EUR-USD out of the 1.28000/32000 trading range held since mid-September.

Uncertainty about the Greek parliament vote may push EUR-USD lower. The Greek parliament will decide to approve or reject on Wednesday the government's package of measures including cost cuts and tax hikes that should amount to €13.5 billion (\$17 billion) by 2016. Approval of the reforms and the passage of the 2013 budget are crucial to unlocking €31.5 billion in aid from an IMF and EU bailout that has been on hold for months.

EUR-JPY struggled at a 1-week low at 102.727.

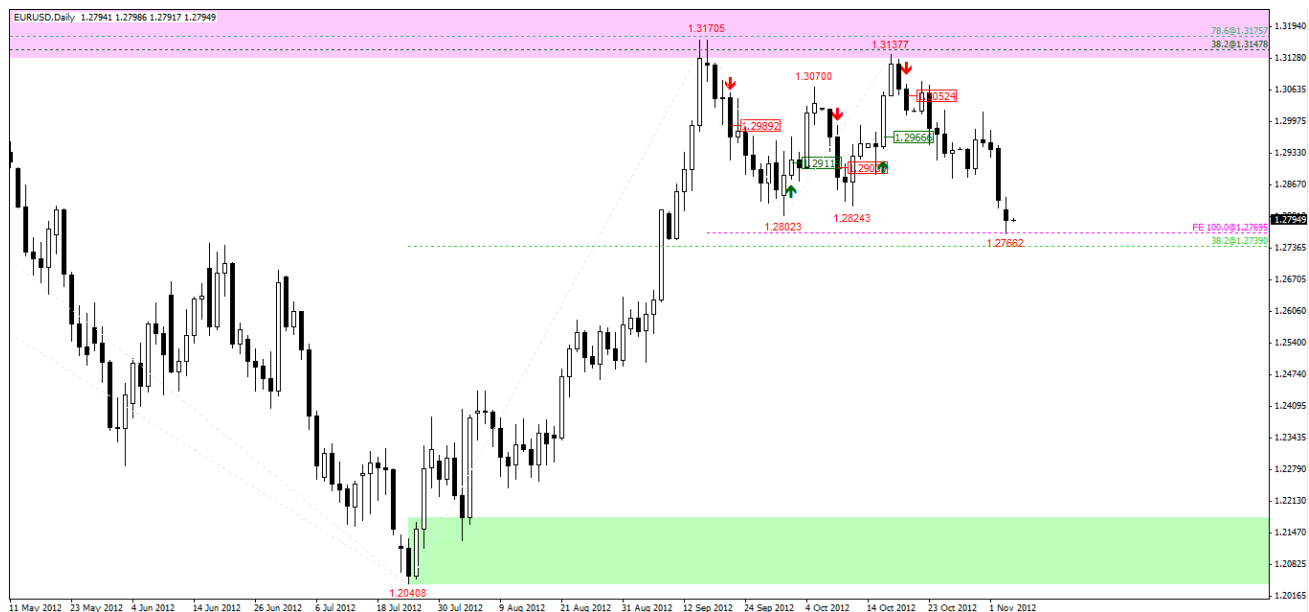
AUD-USD settled at 1.03634, having retraced about half of Friday's 0.6 percent slide from 1.04173 to 1.03292. Key for AUD-USD is the Reserve Bank of Australia's (RBA) interest rate decision due at 0330 GMT (1130am Singapore time). Analysts mostly expect a quarter-point cut, but markets are more circumspect, giving only a 50-50 chance. A rate cut should see the Aussie return to a 1.02000 handle, while a steady RBA would open up a run at 1.04750. A cut will take the cash rate to 3.0 percent, matching a record low seen during the global financial crisis.

USD-JPY also had a directionless session on Monday, retracing most of Friday's rally to a 6-month high of 80.660. It settled at 80.283 in New York.

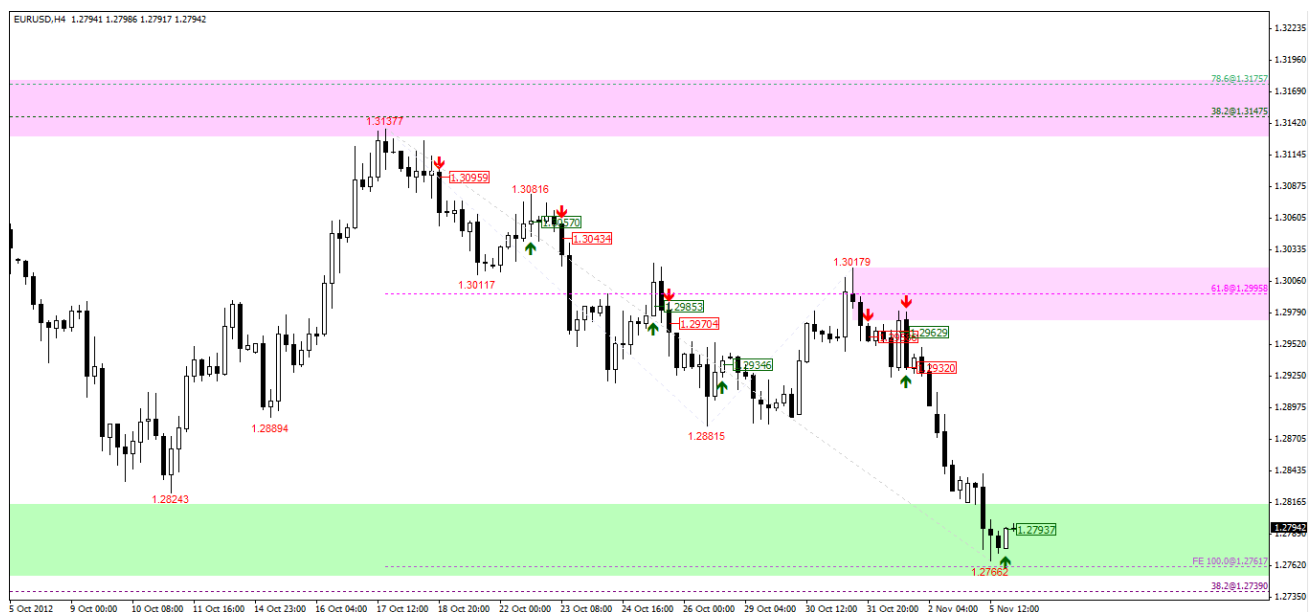
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## EUR-USD DAILY



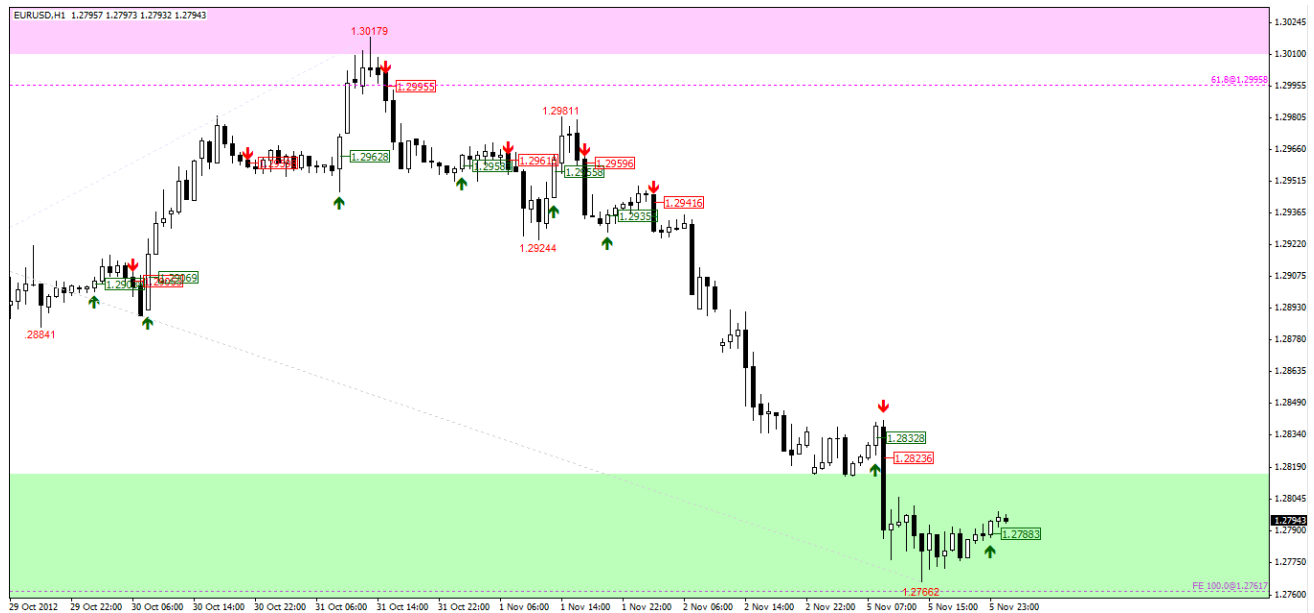
## EUR-USD 4-HOURLY



## EUR-USD Short to Medium-Term Views

Price action continued its downward spiral into the demand pocket at **1.27533-1.28159** and hit the 100.0% projection of 1.31705 to 1.28023 from 1.31377 at **1.27695** (see D1 chart). There is a very good chance that price action may rebound strongly from current level as the medium-term view is that rise from 1.20408 was impulsive and the current pullback from 1.31705 is viewed as part of a 4<sup>th</sup> wave correction, a rally beyond the September 17 high of **1.31705** is anticipated. With last night's fall, this 4<sup>th</sup> wave correction could have been completed. As noted in the weekend report, should a buy signal appears within or near the demand pocket at **1.27533-1.28159**, the idea is to go long there with a tight stop just below this zone.

## EUR-USD 1-HOURLY



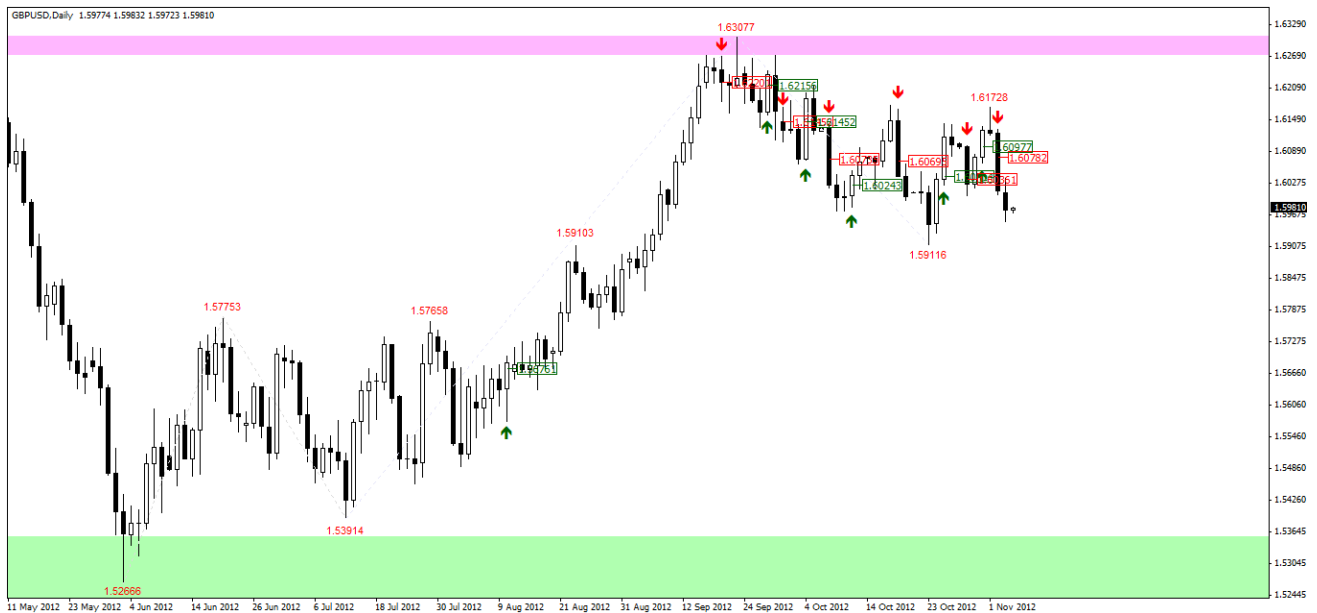
## Trade Ideas

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

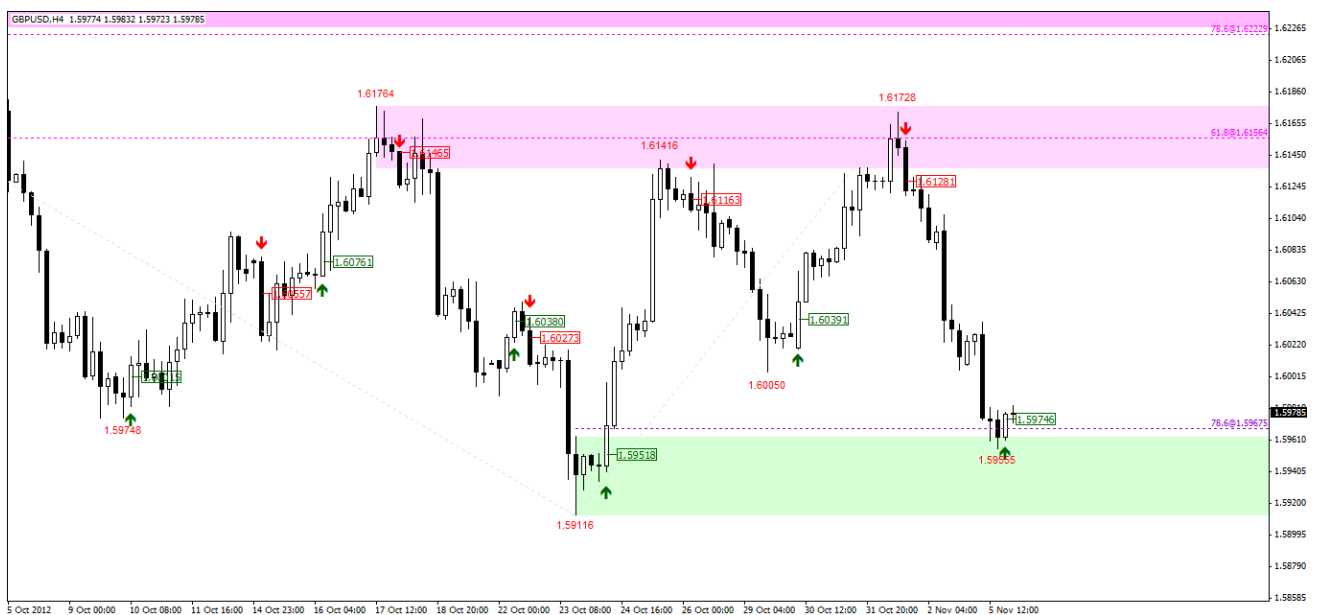
## Weekly Performance

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	05-11-2012	1.0	1.27943	+\$6.00		
EUR-USD	05-11-2012	1.0	1.27937	05-11-2012	1.0	1.27943	+\$6.00		
Unrealized							+\$12.00		

## GBP-USD DAILY



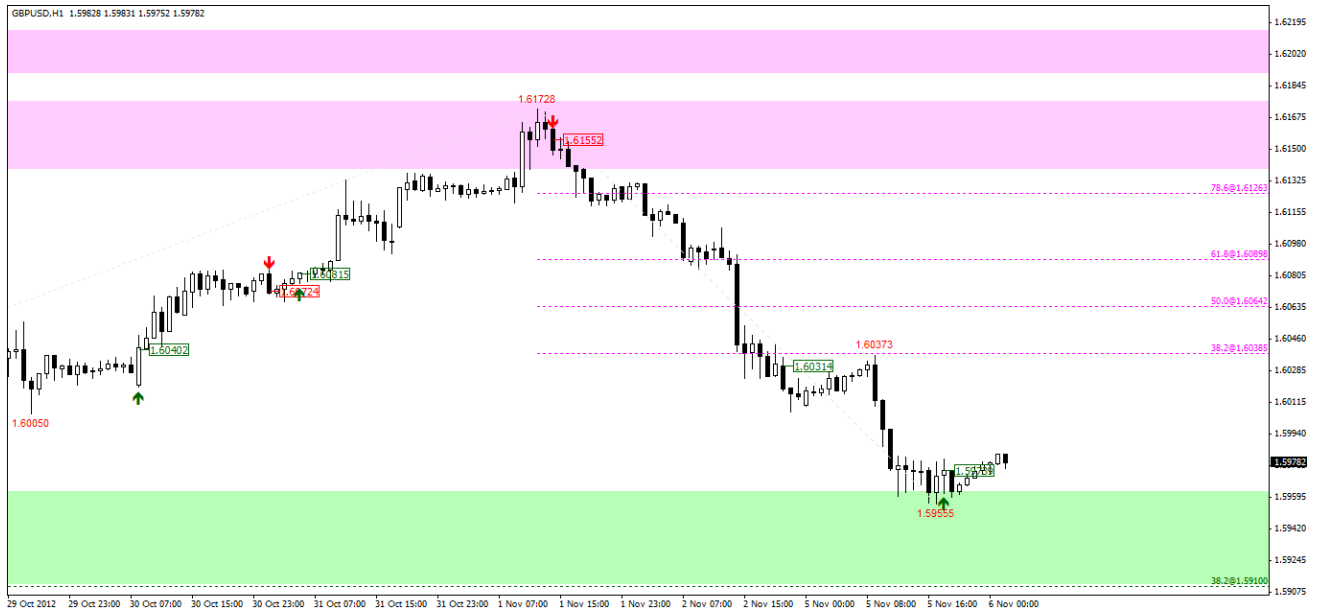
## GBP-USD 4-HOURLY



## GBP-USD Short to Medium Term Views

Taking the cue from EUR-USD, structurally, the medium-term view that the rally from 1.52666 is the beginning of a potential 5-wave up may still be valid. But right now, this bullish view is a little premature in GBP-USD. After all price action had a 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 is how price action held at the 78.6% retracement of 1.59116 to 1.61728 at **1.59675** last night and this morning. 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. Last night's fall to this sensitive Fibo level and how it held 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



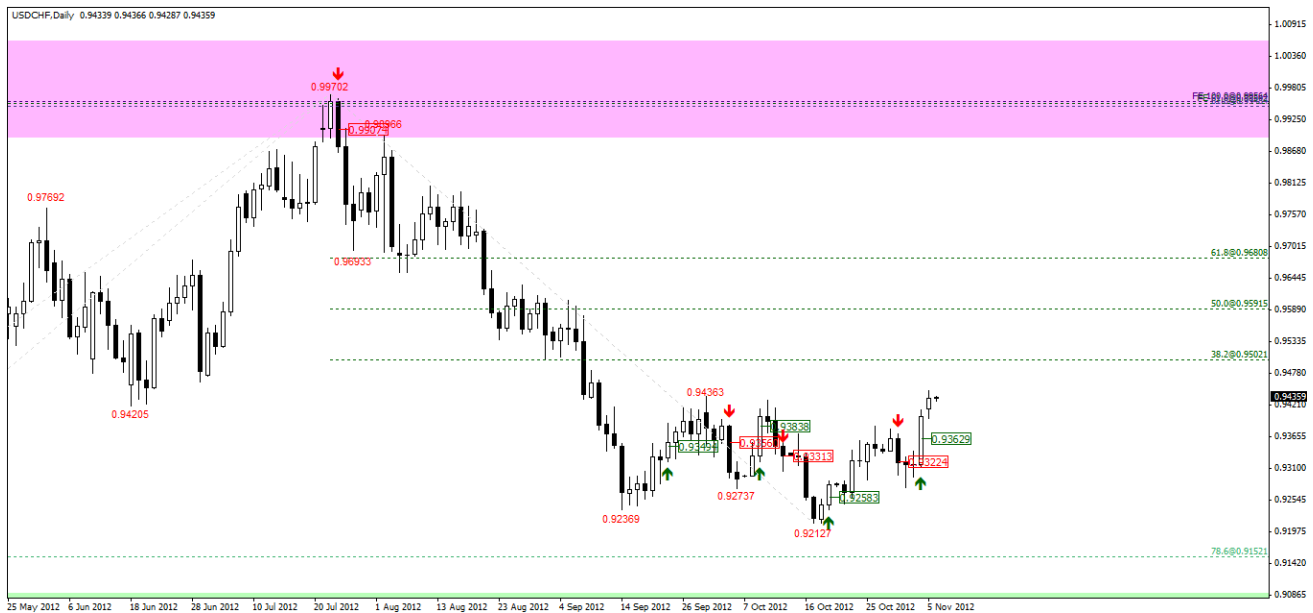
## Trade Ideas

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

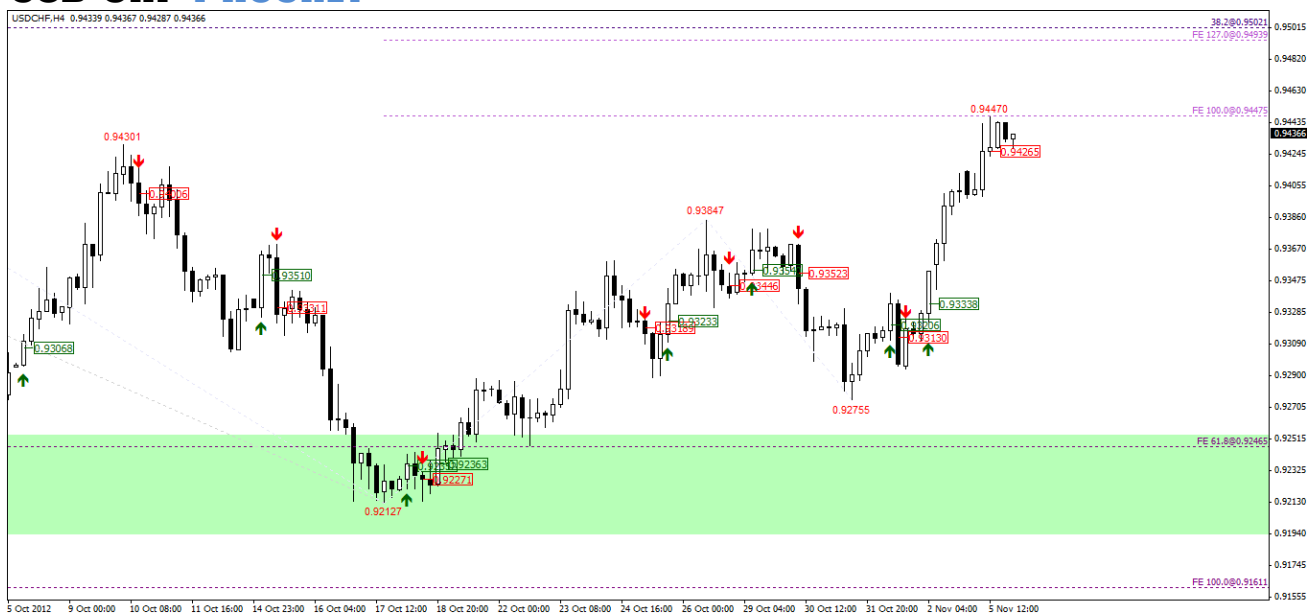
## Weekly Performance

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	05-11-2012	1.0	1.59782	+\$43.00		
GBP-USD	05-11-2012	1.0	1.59739	05-11-2012	1.0	1.59782	+\$43.00		
Unrealized							+\$86.00		

## USD-CHF DAILY



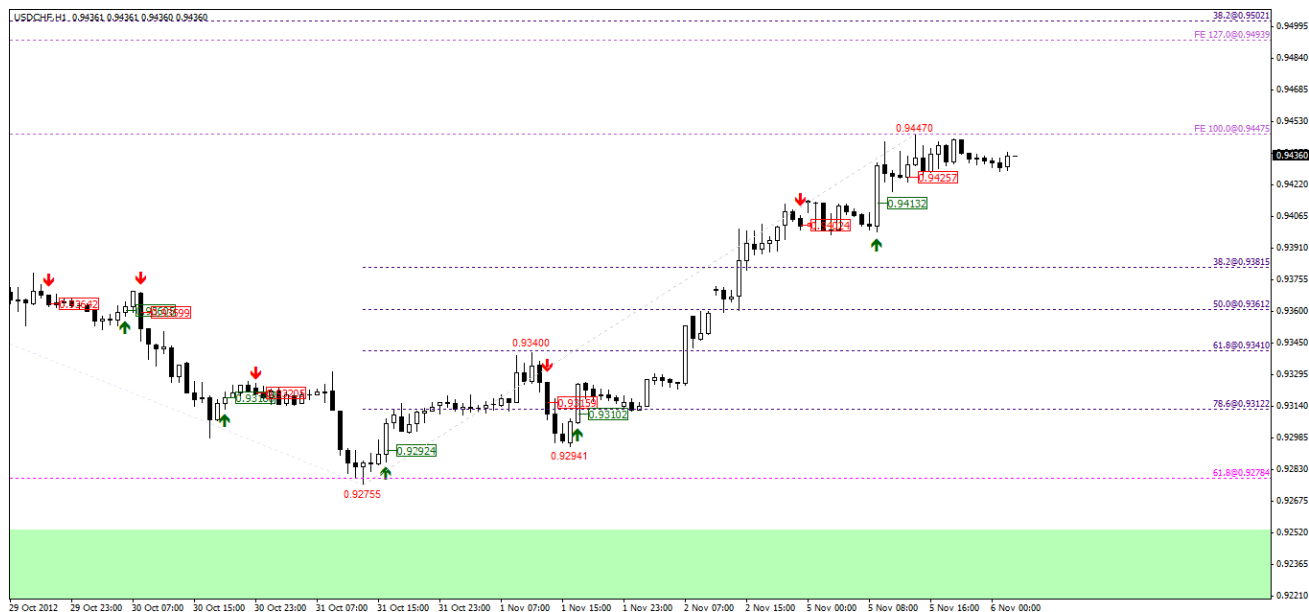
## USD-CHF 4-HOURLY



## 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. This was exactly what happened on Friday. The seed for this rally was planted as early as last Wednesday when the market ended as a long-legged shadow doji in the D1 chart. Last Friday's closing above **0.93629** triggered a buy signal. With the D1, H4 and H1 charts all showing buy signals; extended to the 100.0% projection of 0.92127 to 0.93847 from 0.92755 at **0.94475** with a print at 0.94470 in overnight actions. The long-legged shadow doji (and the potential of a reversal) seen at the end of Friday trading was negated early on Monday as the market opened with a gap to the upside and rallied. 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, then 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. We'll see if sell signals appear there.

## USD-CHF 1-HOURLY



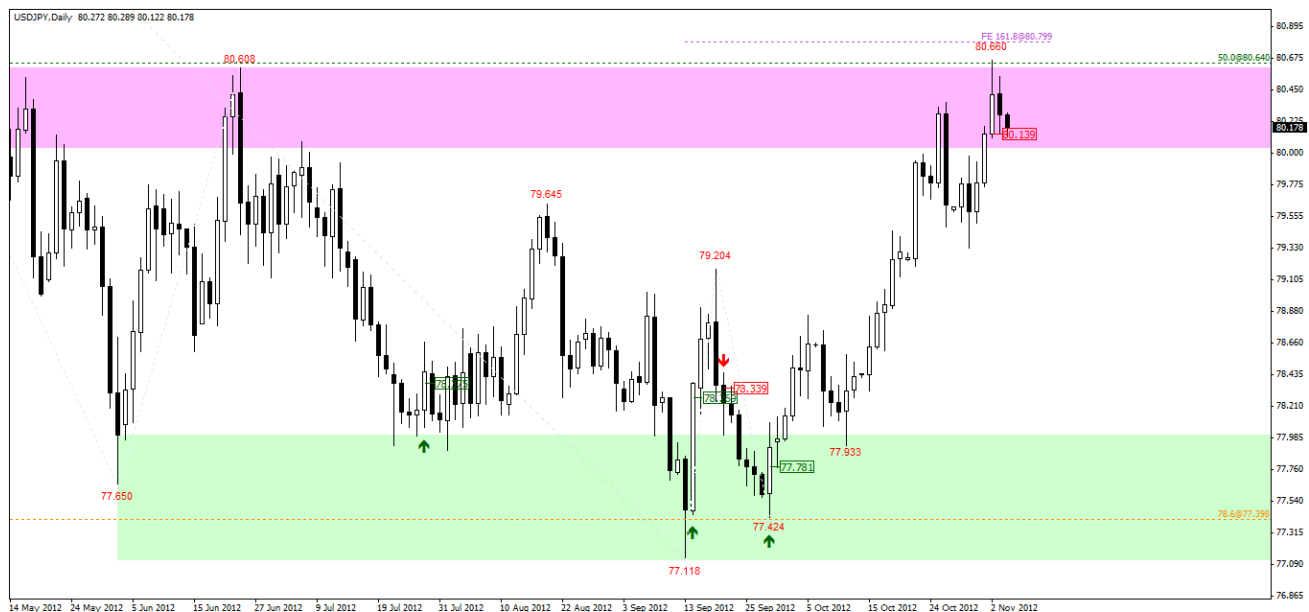
## Trade Ideas

ACTION	Target 1	Target 2	EXIT
Sell on sell signals between 0.94939-0.95021	0.92864	0.90293	0.95221 STOP

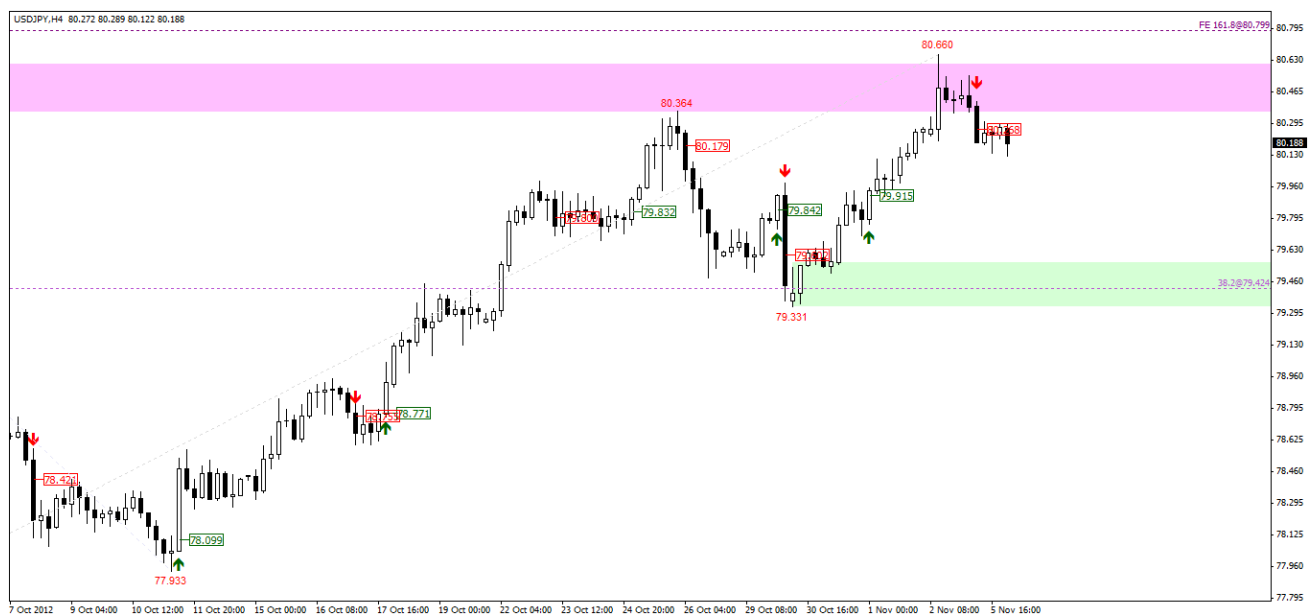
## Weekly Performance

Currency	Date	Buy	Price	Date	Sell	Price	Per Trade +/-	Realized +/-	Accumulative +/-
	B/F from 02-11-2012								\$34,451.71
Unrealized							\$0.00		

## USD-JPY DAILY



## USD-JPY 4-HOURLY

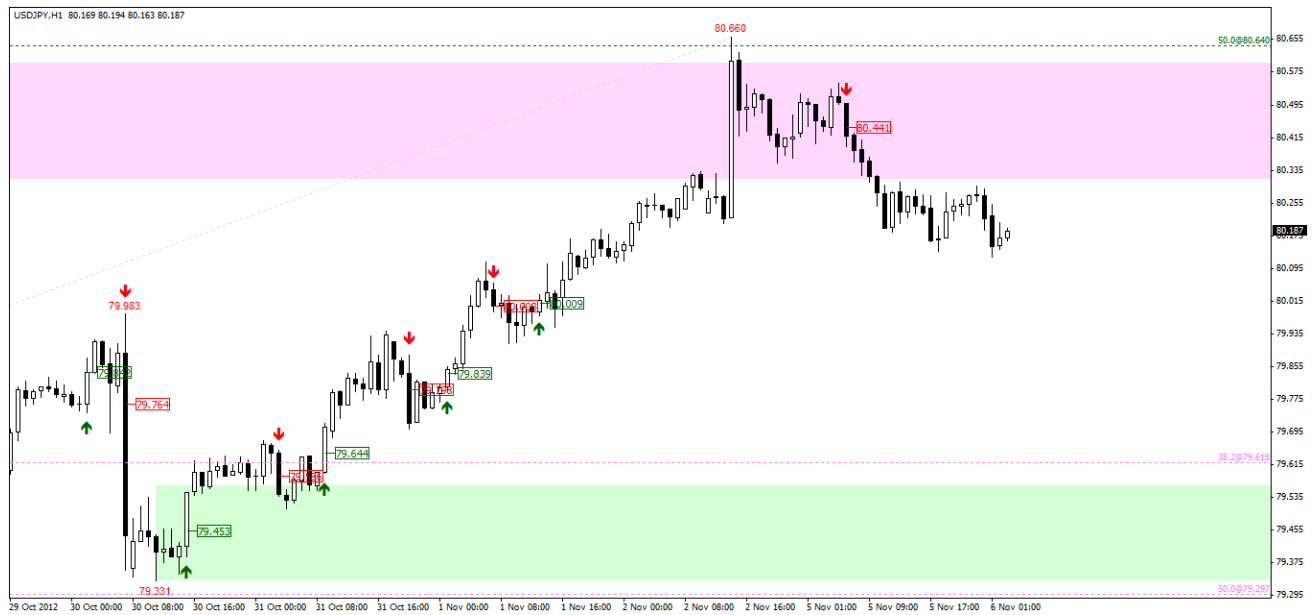


## USD-JPY Short to Medium Term Views

Since spiking to a 6-month high at 80.660 last week, 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 but a look at the W1 chart, suggests that this rally still has some more room upstairs. 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. As noted, any pullback would offer opportunities to join in the rally for those left out of this rally so far. In the meantime, sell signals were triggered in both the H4 and H1 charts. A further close below **80.139** in the D1 chart would suggest further profit-taking activities 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, if any, from within this zone should be acted upon.



## USD-JPY 1-HOURLY



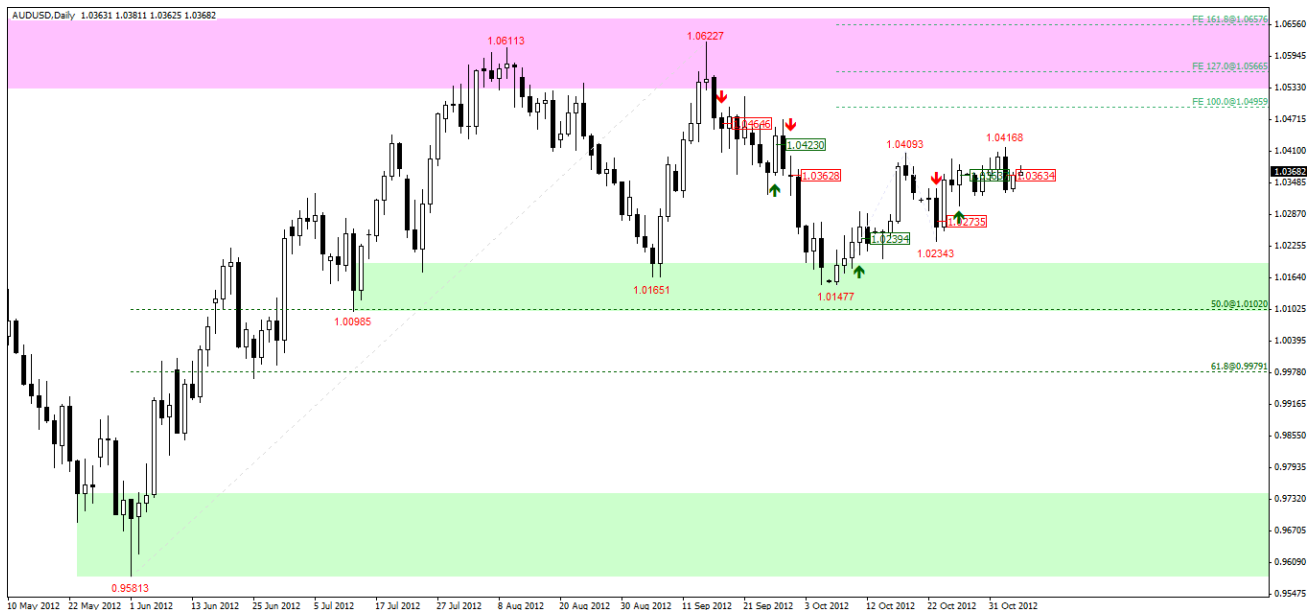
## Trade Ideas

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

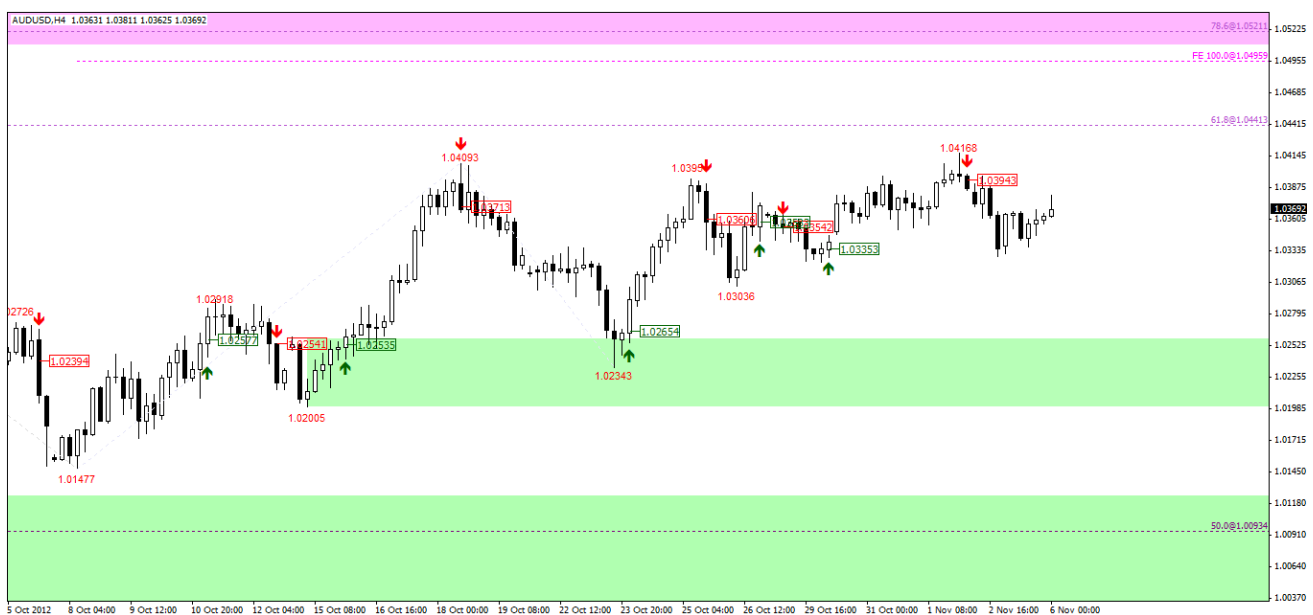
## Weekly Performance

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	05-11-2012	1.0	80.283	+\$1,033.84		
USD-JPY	30-10-2012	1.0	79.453	05-11-2012	1.0	80.283	+\$1,033.84		
Unrealized							+\$2,067.68		

## AUD-USD DAILY



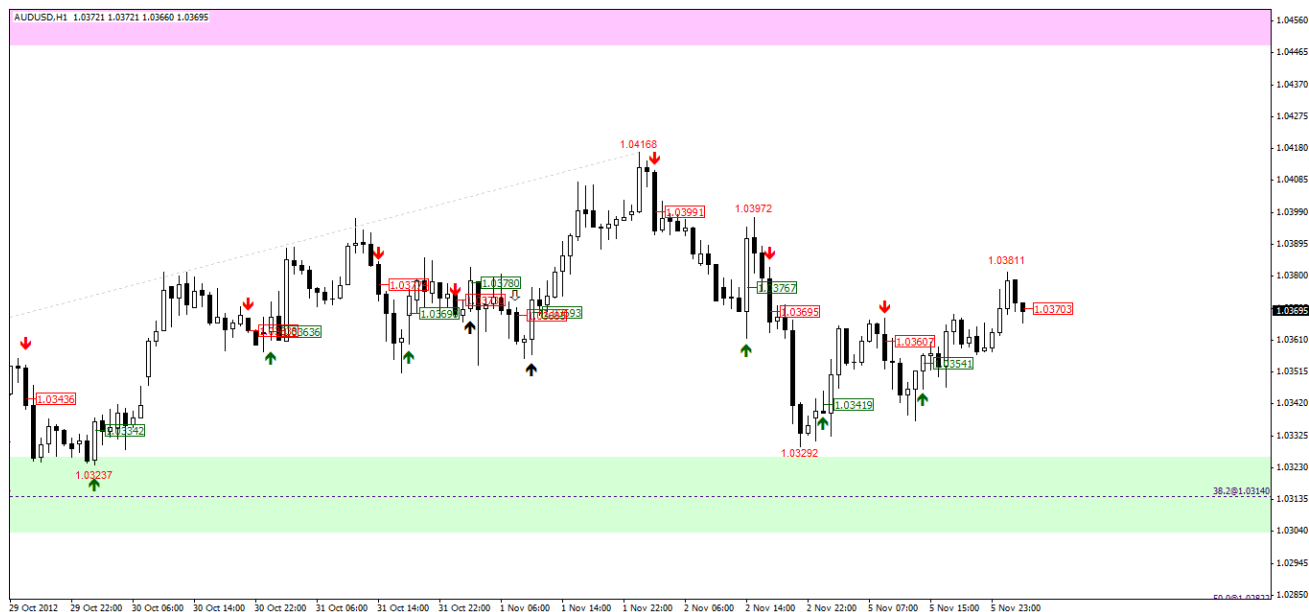
## AUD-USD 4-HOURLY



## AUD-USD Short to Medium Term Views

For more than a week price action has been in consolidation mode. However, with the D1 chart having triggered a sell signal with a close below **1.03634** at the end of Friday, further weakness can be expected in the sessions ahead. In less than 2 hours from now, the Australian central bank is widely expected to announce an interest rate cut of 0.25%. This should pose no major surprise unless the cut is deeper than expected. Alternatively, if there is no announcement made, then possibly price action may inch up. In the meantime, if price closes below **1.03703** in the H1 chart, a sell signal would be triggered. Any fall should 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 a rally develop, 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 is right now smack after halfway between two known boundaries (see D1 chart).

## AUD-USD 1-HOURLY

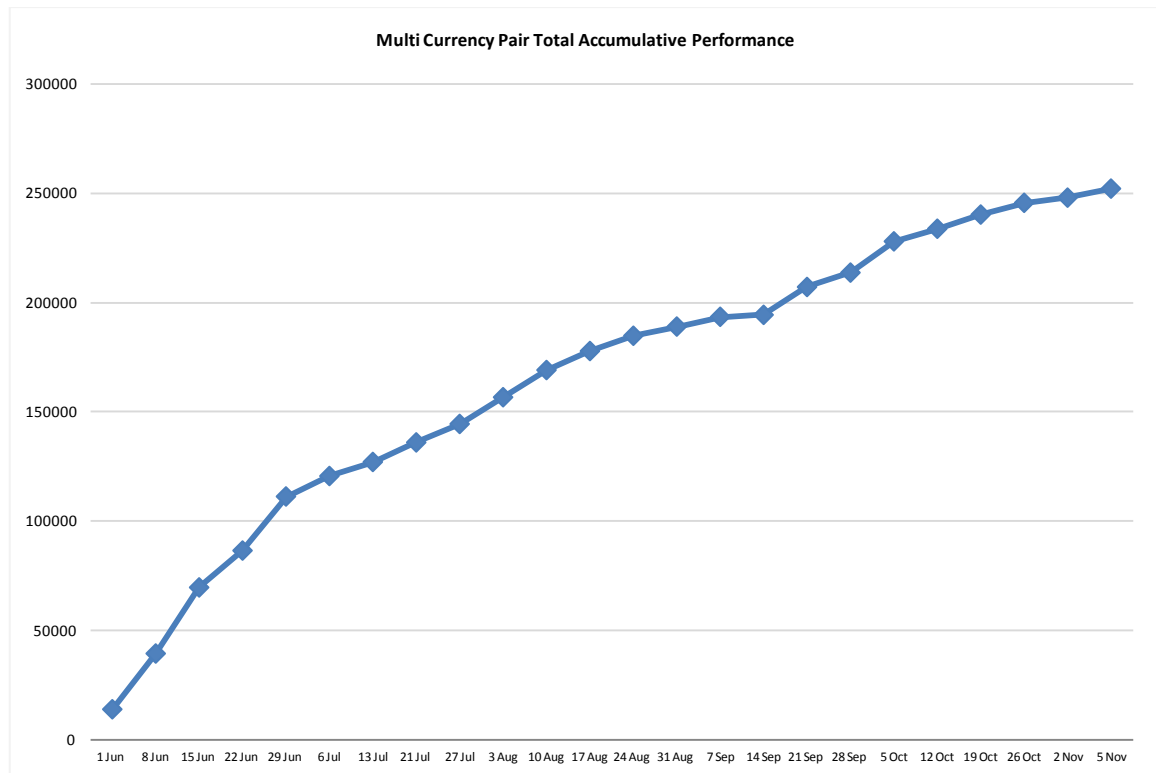
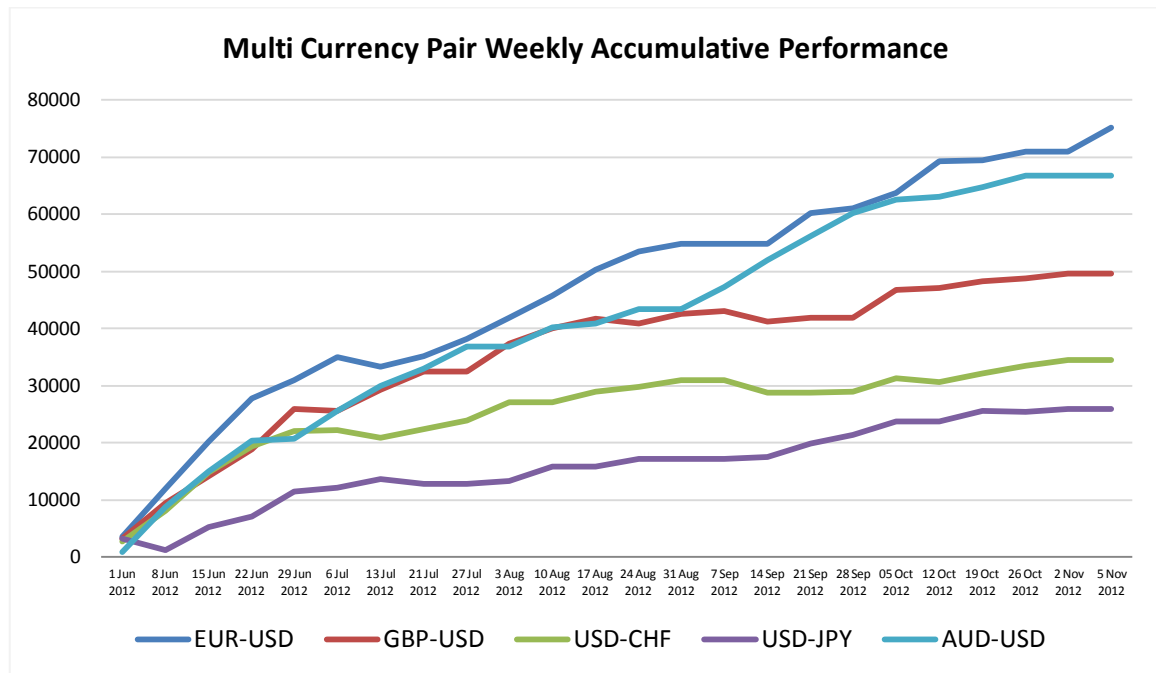


## Trade Ideas

ACTION	Target 1	Target 2	EXIT
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## 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.