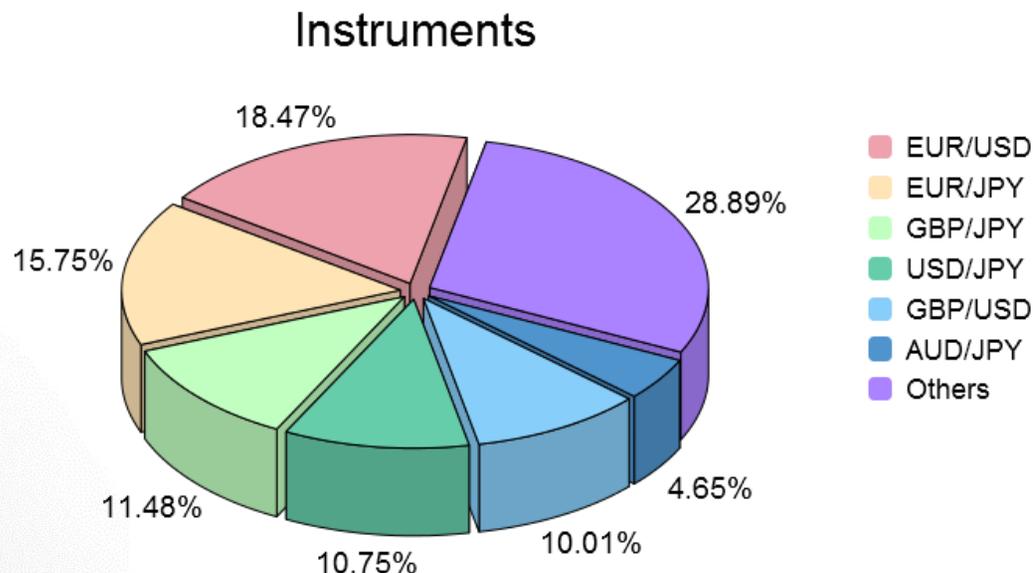**DUKASCOPY**
RESEARCH PRODUCTS

Community Forecasts

SWFX Top 3 Currency Pairs

Three the most traded currency pairs last week were EUR/USD, EUR/JPY and GBP/JPY, representing 28.89%, 18.47% and 15.75%, respectively. These pairs contributed more than 63% of the trading volume, hence the Dukascopy Research Team surveyed the most successful traders, who trade these popular instruments to provide you with forecasts for the upcoming week (8.07-12.07).

Sentiment on the EUR/USD, the most traded pair, is bullish, with 53% of market players holding long positions and 47% of traders holding short positions. At the same time, sentiment on EUR/JPY and GBP/JPY is mostly bearish as 53% and 56% of all orders placed on these Yen crosses are to sell and 47% and 44% of orders are to buy.

Instruments

18.47%
28.89%
15.75%
11.48%
10.75%
10.01%
4.65%

- EUR/USD
- EUR/JPY
- GBP/JPY
- USD/JPY
- GBP/USD
- AUD/JPY
- Others

Instrument	Buy	Sell
EUR/USD	53 %	47 %
EUR/JPY	47 %	53 %
GBP/JPY	44 %	56 %

Congratulations to the last week's most successful traders of the Dukascopy Trader Contest! Top-performers in EUR/USD, EUR/JPY and GBP/JPY were **zhitianlu** and **polone**, earning $55,705 and $300,905. The best-performing traders also shared their forecasts and comments on their preferred currency pair.

Last Week's Top Traders

| EUR/JPY		EUR/USD		GBP/JPY	
Nickname	PNL	Nickname	PNL	Nickname	PNL
polone	136701	zhitianlu	55705	polone	164204
gradrood	124288	morometze	55220	gradrood	139844
ButterflyEffect	91116	MongolHun	51095	jazzmantic	109009

*PNL- Profit & Loss in USD

EUR/USD 1W Chart

As it was widely expected, the most traded currency pair during the last week was EUR/USD, therefore we have decided to ask our traders to predict the pair's future movement, including the minimum and maximum range, as well as providing us with a short comment.

According to the respondents, the EUR/USD is likely to head to the north and reach 1.2877 on Friday, July 12. The majority of respondents mentioned the range for the following list of values: 1.278-1.285 and 1.293-1.30, thus the movement in more than 200 pips range can be expected, suggesting the pair can be profitable for trade. Incidentally, last week traders were more bearish on the pair, and expected price to reach 1.297, level which was very close to the last week's average price.

Most of the traders mentioned strong support and resistance level, for example from the upside the pair is facing resistance at 1.2830 and a strong psychological level around 1.30. However, such factors as Mario Draghi's last week's speech and U.S. non-farm employment data will determine EUR/USD movement as well.

Even though there is a lack of fundamental news from Europe, Fed Chairman Ben Bernanke's speech is scheduled on Wednesday, where he is expected to shed light on a possible tapering of the QE. Thus, he should try to calm investors and market participants by emphasizing that the bond purchases will not halt until the world's largest economy will strengthen enough, as yields on the U.S. government bonds jumped significantly.
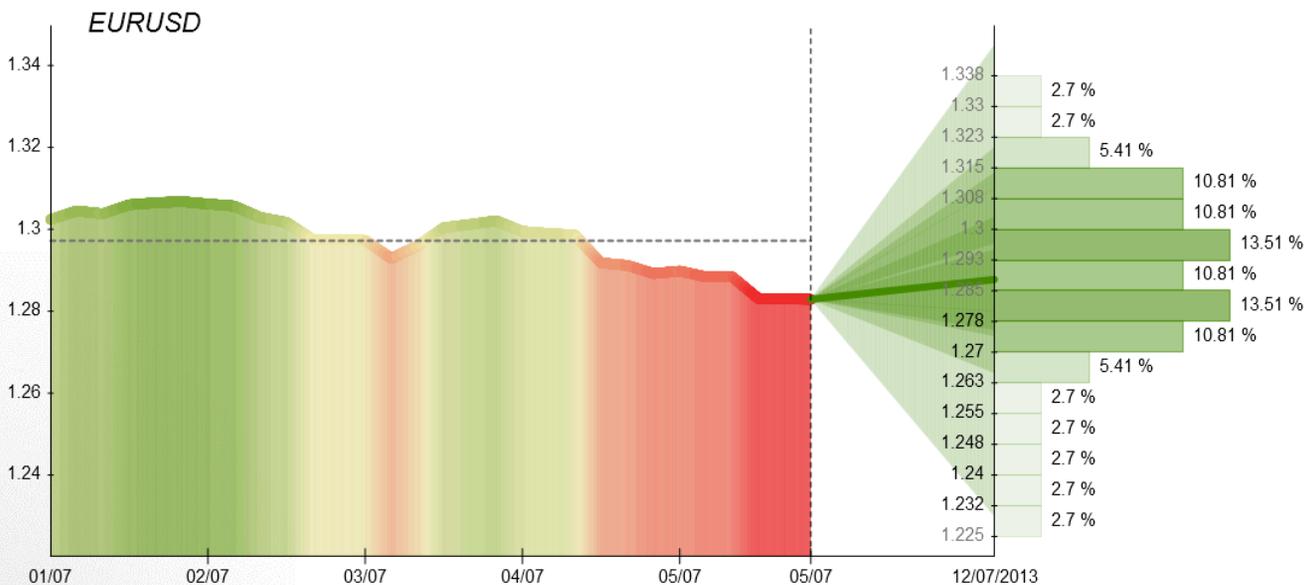
AdamFx42 on EUR/USD:

"My technical analysis on the EUR/USD is based on the methods of Joe DiNapoli, and involves important support and resistance levels. One important level that is active now is support area around 1.2990-1.2975, if this level holds - and it seems to be - I believe that EUR/USD will move up to an area around 1.3110 at the end of this week, or beginning of next week."

Hhalilov on EUR/USD:

"After braking the 4hr channel down today (5.07), which was also major weekly support, the pair will continue south with next support lines at 1.28xx and 1.274x -1.275x . As the pair is already oversold after today's rally. I expect that first the price will retrace for a couple of days and then it will get stuck between the two support lines mentioned above."

GBP/JPY 1W Chart

GBP/JPY currency pair was also among top three most traded currency couples during the last week, representing 11.48% of the whole trading volume. After collecting data from our traders we have constructed a chart, which is designed to predict future movement of GBP/JPY, and also to indicate target level for Friday, July 12, and show the percentage of respondents voting for each interval.

Traders do not see the pair as a very volatile one, as the majority of all respondents mentioned 150.41 as the target level for this Friday. However, almost 32% of traders are expecting a slight depreciation of the pair, mentioning 148-150 as a possible trading range.

All traders, which took part in the survey, are using technical analysis for opening and closing positions. At the same time, Fibonacci Retracement was mentioned as the most useful tool of technical analysis. As a longer target for the pair we can mention 147.83, represented by 23.60% Fibonacci Retracement.

The Bank of Japan press conference is scheduled on Thursday, however, no radical shifts in policy are expected to be introduced, as the world's third largest economy is on the path of sustain recovery. This is adding to signs that the BOJ is confident in reaching its inflation target and will double the monetary base in two years. Therefore, the continuous depreciation of the Japanese currency versus its major peers, including the Great British Pound, can be expected.
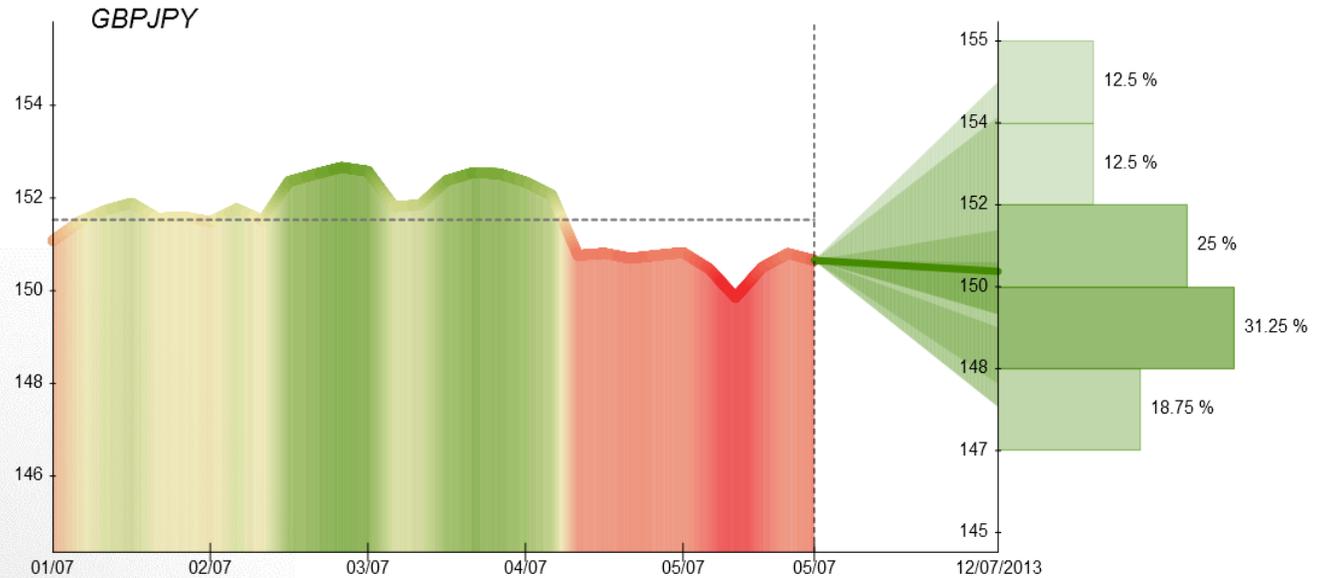
GBPJPY

polone on GBP/JPY:

"I use everywhere Fibo retracements and spirals. A stochastic process is a waste of time. In the coming week, GBP to JPY is already heavily sold-fall flow. Pair has been slowly narrowing its trading range and formed a triangle pattern-moving along the pattern's support-can break the support at the end of the week."

nuonrg on GBP/JPY:

"Market seems to be undecided about giving up going up or falling back down this fundamental driven drive up of last months. We still have a sloping up trend line from end February, beginning of March that needs to be broken for further downside correction. I am looking for that next week. Start of the week I see 149.6 so this week still has a run to make. I see it then bounce up to 150.6 before entering the 147.5. But keep in mind it might just march through instantly towards that trend line with enough action in the short term. From then on it is hold or break."
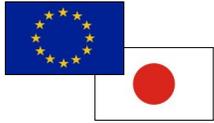
EUR/JPY 1W Chart

As in the previous pair, the Japanese Yen is set to strengthen versus the counterpart, as the chart, based on traders' opinion, is pointing at 129.39 as a target level for this Friday. The single currency is likely to lose some ground versus the Japanese currency, as the equal number of traders named 125-127, 127-129 and 129-131 range as a possible price for this week.

When being compared to the last week's forecasts, the EUR/JPY outpaced traders' estimates, which called for a 128.61, while the median price during this week was close to 130. Hence, putting these two scenarios together, we can conclude that market participants are still bearish on the pair, even though the market sentiment was not clearly marked.

Most of the market participants are using technical analysis, when trading this pair. Therefore, they have detected several trade patterns on the EUR/JPY chart, including a Channel Up and Heads and Shoulders patterns.

Taking into account that the pair will be affected by news from Europe and the world's third largest economy, we can mention BOJ's press conference and ECB monthly bulletin on Thursday.

At the moment of writing, 56% of all opened position were short, suggesting traders are still bearish on the pair, and are trying to push the price lower.

EURJPY

14.29 %
23.81 %
19.05 %
19.05 %
19.05 %
4.76 %
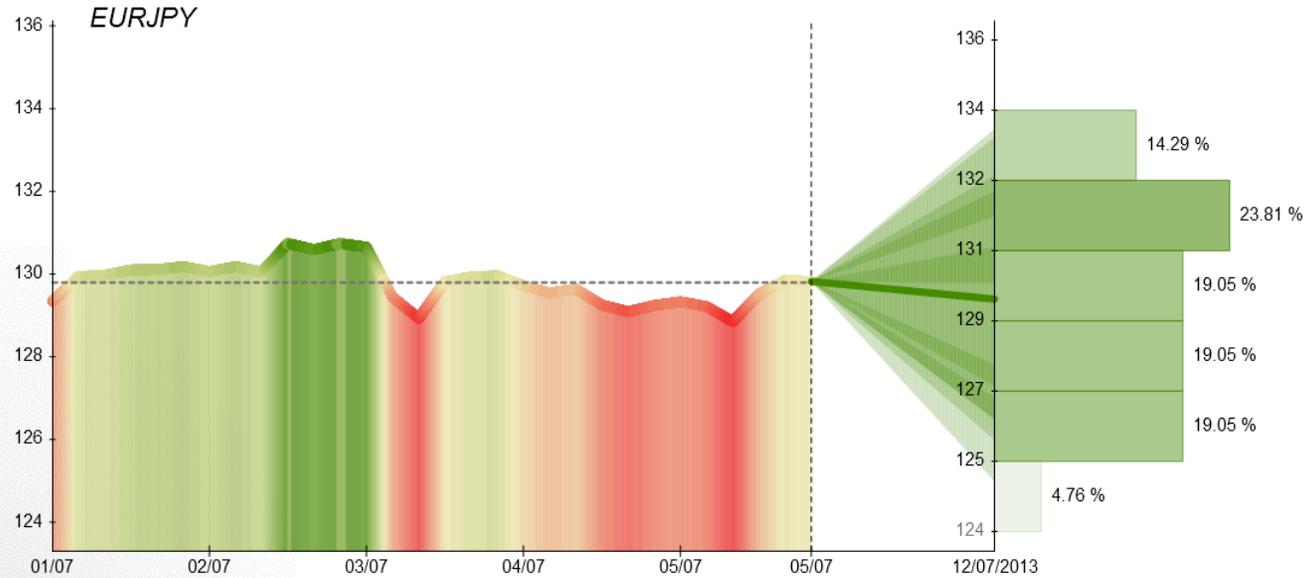
Sintano on EUR/JPY:

"EUR/JPY has been trading along the strengths and weaknesses of JPY and Nikkei since last few weeks. As regards the trading period of 8/7 to 12/7, in addition to the growing weakness in Euro, expectation is of a strong Japanese Yen, making a more bearish sentiment in EUR/JPY. Key resistance level for EURJPY for the coming week is 131.4. However, at a max opposite trend movement, we can see a deviation in bearish expectation till 133.3. and the key support levels are 127, 125 and 121."

mucha89 on EUR/JPY:

"It seems to me that the pair EUR / JPY appeared Head & Shoulders formation of a powerful right arm decreasing. I look forward to fall first to 127.00 and then 125.00. If the neckline is defensible (125.00) trendup will continue, if not, it will be the implementation of Head & Shoulders formation. Up to 116.50

Last week's best comment: Market seems to be undecided about giving up going up or falling back down this fundamental driven drive up of last months. We still have a sloping up trend line from end February, beginning of March that needs to be broken for further downside correction. I am looking for that next week. Start of the week I see 149.6 so this week still has a run to make. I see it then bounce up to 150.6 before entering the 147.5. But keep in mind it might just march through instantly towards that trend line with enough action in the short term. From then on it is hold or break

Dukascopy Bank SA expresses its great gratitude to the community member "Nuonrg ",

the owner of the most remarkable forecast.

YOUR OPINION MATTERS

The most successful forecast makers will be offered to join the Research Team in the Dukascopy Daily Webinars !

Dukascopy thanks all the participants!

P22498	EUR/USD	
elisat	EUR/USD	
AdamFx42	EUR/USD	
marius 24	EUR/USD	
hhalilov	EUR/USD	
mbarbuska	EUR/USD	
ButterflyEffect	EUR/JPY	
Sintano	EUR/JPY	
hender_11	EUR/JPY	
Rafeta	EUR/JPY	
yourmanu	EUR/JPY	
mucha89	EUR/JPY	
hhalilov	EUR/JPY	
nadita2011	EUR/JPY	
nuonrg	GBP/JPY	
elisat	GBP/JPY	
hhalilov	GBP/JPY	
polone	GBP/JPY	
Barbuska	GBP/JPY	
Masterfx	GBP/JPY	

EXPLANATIONS

The right-hand scale of the first graph depicts the range of values that the next week's exchange rate can take with a 90% probability. The construction of this range is based on statistical notions.
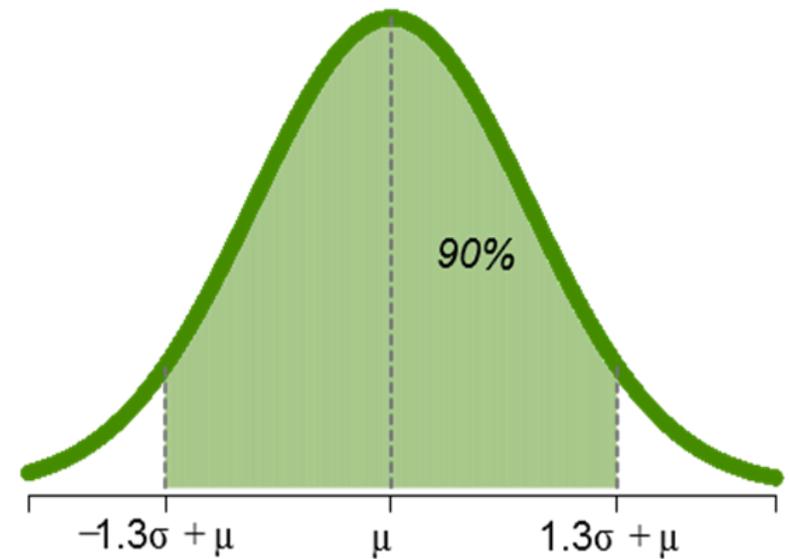
Under the assumption that currency pair logarithmic returns are normally distributed with mean μ and standard deviation σ as illustrated by the second graph, the respective probability density function can be used to find a 90% probability range for weekly returns. Obtained critical values can be then converted into the end points of the price range.

Graph 1: Confidence interval used for "Community Forecasts"

Graph 2: Probability Density Function for a Normal Distribution

For convenience, the price range is divided into four inner intervals, marked by black labels. Two outer intervals denote values that are greater or less than critical, and therefore fall out of the 90% probability range.

Grey labels, if any, show additional intervals that are introduced if the basic range does not cover all forecasts.

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