



DUKASCOPY
RESEARCH PRODUCTS

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Community Forecasts

SWFX Top 3 Currency Pairs

Last week, the most traded currency couples were EUR/USD, GBP/USD and EUR/JPY. The aforementioned currency pairs contributed 53.62% to the total trading volume. The popularity of GBP/USD and EUR/JPY notably increased compared to the preceding week. The trading volume of these pairs jumped to 16.64% from 15.3% and to 11.4% from 9.01%, respectively.

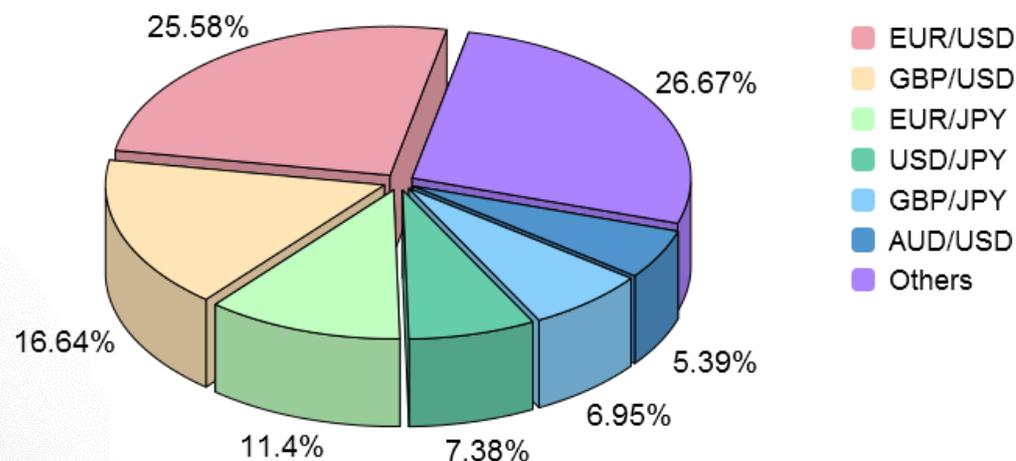
Sentiment on EUR/USD and GBP/USD turned bearish last week. In the week ended July 28, slightly more than a half of traders were bullish on the pair, while last week (29.07-2.08) 58% of EUR/USD traders and 54% of GBP/USD traders held short positions.

At the same time, market players became less bearish on EUR/JPY as 57% of all orders were placed to sell the pair compared to the preceding week's figure of 62%.

Instrument	Buy	Sell
EUR/USD	42 %	58 %
GBP/USD	46 %	54 %
EUR/JPY	43 %	57 %

Congratulation to the last week's most successful participants of the Dukascopy Trader Contest! Bookie88dotcom, PersianGulf, itmgk showed an outstanding performance trading GBP/USD, EUR/JPY and EUR/USD; they gained \$54,635, \$101,500 and \$70,728, respectively.

Instruments



Last Week's Top Traders

GBP/USD		EUR/JPY		EUR/USD	
Nickname	PNL	Nickname	PNL	Nickname	PNL
bookie88dotcom	54635	PersianGulf	101500	itmgk	70728
ForexSecrets	53350	forex101	64388	bookie88dotcom	60670
Dasak2010	42770	Greygoose	61935	Arelay	57835

*PNL- Profit & Loss in USD

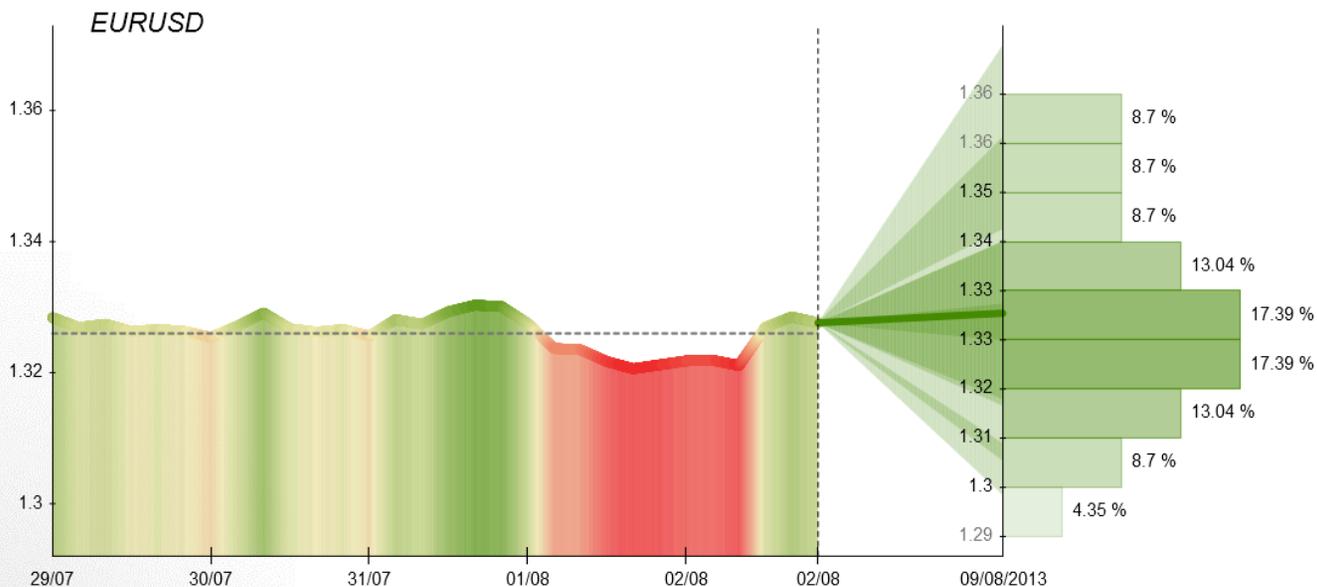


EUR/USD 1W Chart

Last week EUR/USD, the most traded currency pair, was showing a stronger performance compared to the previous five trading days, with the average weekly price being 1.3260, up from 1.3223 the week ended 2 August. During the most part of the week the currency pair was staying in the green zone, above the average price. Only on Thursday and during the early trading hours on Friday, the Euro lost some ground versus the greenback as the ECB decided to maintain the key interest rate at record low, while the Fed kept the pace of its monthly bond-buying programme unchanged.

EUR/USD closed at 1.3286 on Friday, last week, while traders expected the pair to touch the 1.3161 level. Essentially, trader's outlook for EUR/USD is bullish, as they see the pair trading at 1.3291 on Friday, 9 August. The majority of respondents (47.82%) expect the possible trading range for the pair to be between 1.32 and 1.34, while some of Community members appeared to be upbeat on the Euro, projecting it to fetch 1.36. Survey findings also revealed that the majority of respondents are technical traders, who sees 1.34 a big resistance level. Some traders expect a short retracement before resuming the uptrend citing 1.3066 (161.8% Fibonacci Extension) as a possible target for bears.

In contrast with last five trading days, there is less important data due to be published this week, adding to signs this week will be rather quiet. The only substantial event is expected on Thursday, when data on unemployment claims in the U.S. will come out, which might boost speculation concerning QE tapering later this year.



FxMidaso on EUR/USD:



"The daily chart is showing stochastic reaching overbought level. The price is expected to reach 261.8% level and then make a correction to 161.8% at 1.3066 level or 100% at 1.2947 before resuming the uptrend to reach the target of 1.3560."

Karolis on EUR/USD:

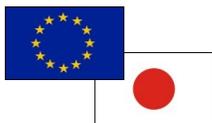


"Now EUR/USD stopped at July 10th high, but it still can hit 1.3180-1.3160 area where is little support. From that area EUR/USD should go up until it hits big resistance level ~1.34."

Arelay on EUR/USD:



"As it seems, we have good support resistance consideration price at current level 1.33, so we could expect good euro news and big push till the end of the weekend for the bulls. There is important news-Unemployment Claims, which has a very big impact on the trading session, usually giving a big advancement for one of the pairs."



EUR/JPY 1W Chart

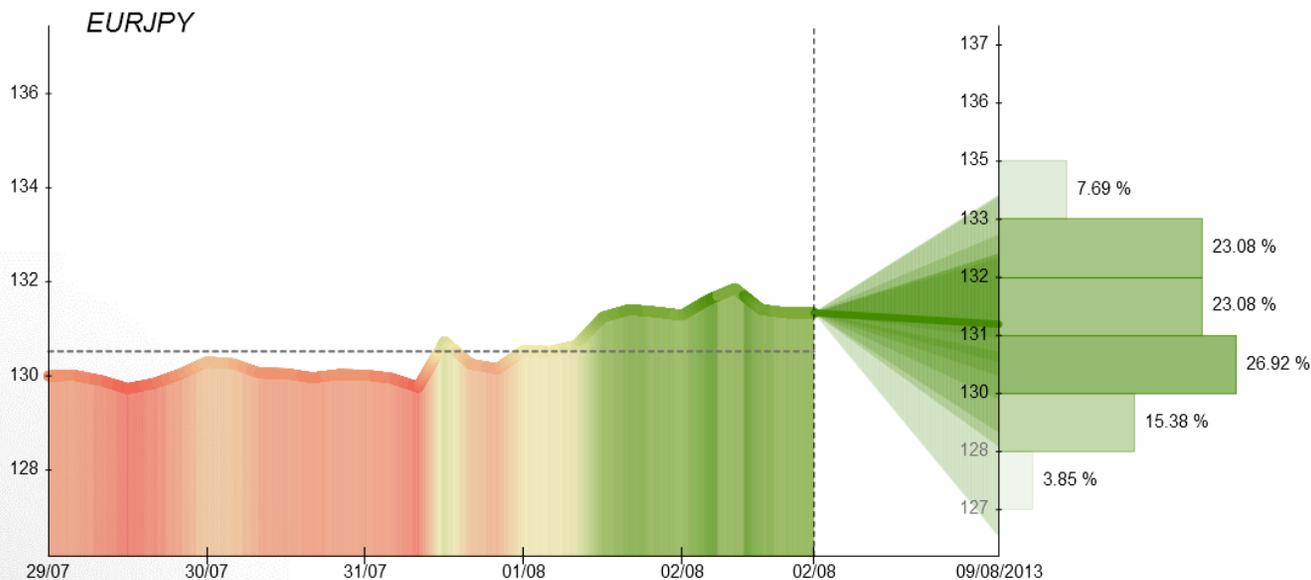
As it was widely predicted, EUR/JPY was once again among top three most traded currency pairs during the last week, as it represents 11.4% of all trading volume. After making a survey, we have constructed a chart designed to predict EUR/JPY movement for this trading week.

A week earlier, traders mentioned 130.483 as a possible target for EUR/JPY on August 2. The pair closed at 131.45, therefore this week's forecasts for EUR/JPY can be taken with a relatively high level of confidence.

The chart shows that traders are still slightly bearish on the pair as the majority of traders named 131.09 as a possible target for this Friday. Nevertheless, almost a half (46.16%) of all respondents mentioned 131-133 as a possible trading range.

Survey also showed that practically all traders are using technical analysis to trade this pair, hence they several aspects of technical analysis were mentioned. Trader "erbaque" used Dukascopy trade pattern radar and found a triangle pattern formed by EUR/JPY on a daily chart. In addition to that, our platform found a channel up on the same pair, and at the moment of writing, the pair was trading around the support line, meaning soon we will see a continuation of the uptrend. Moreover, market sentiment is not clearly market, therefore, the pair is likely to move within pattern's boundaries.

This week is full of important events in Japan, meaning, the nation's policymakers and statistical office may add some turbulence into the market.



erbaque on EUR/JPY

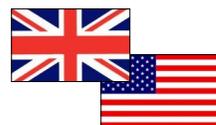


"EUR/JPY in a daily chart has a 16-week well-formed triangle. In the last 3 weeks, the price broke above the resistance and formed a pullback. For this week, the market will move higher over the previous max -132.75- and the price will go for the next target -133.81- which is the max of the last 3 years. The min for the week, if market shows strength, could not be less than 130.80."

Arturs 10 on EUR/JPY:



"I think that EUR/JPY will hit 129 till Thursday if it breaks 128.50 it may go down further if not it will close around 130. I will wait until 129 and then close my short position, after that I will wait and watch how it closes this week."

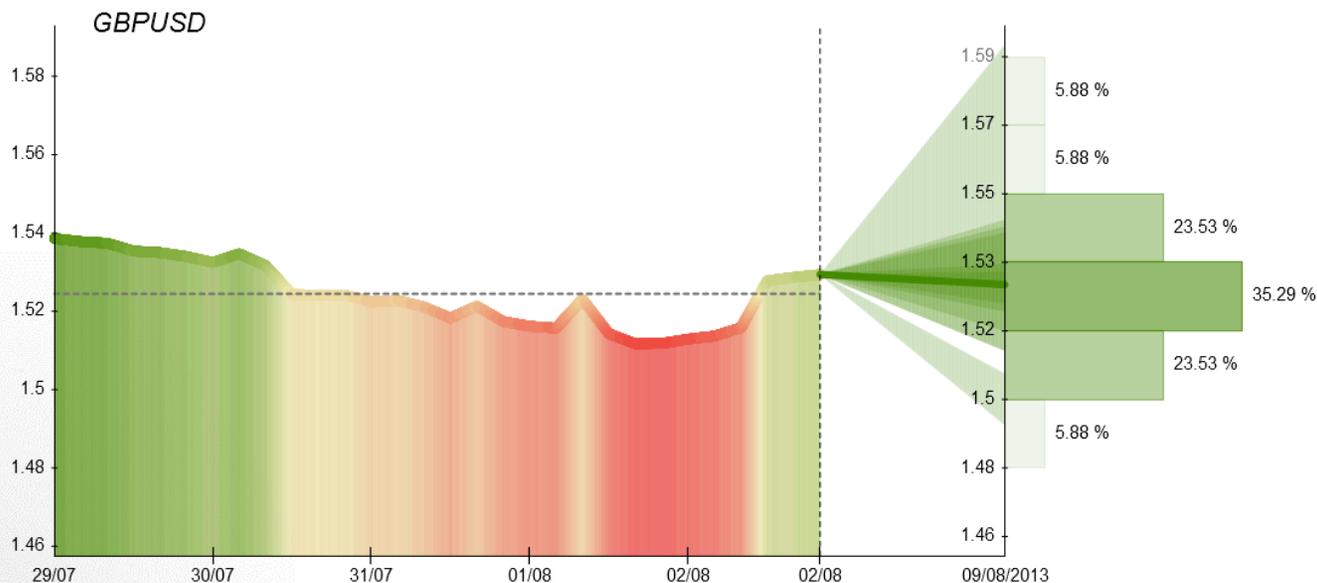
 **GBP/USD 1W Chart**

GBP/USD currency pair turned out to be the third most traded couple during the last week, representing 16.64% of all off all trading instruments. As every week, we surveyed the most successful traders to know their forecast for the pair's trading range up to this Friday.

Community members see the pair heading slightly lower this Friday by predicting the currency pair to finish the week in the range 1.52-1.53 (1.5268 was named as the possible target), which is slightly lower than the last week, where the average forecast was between 1.52-1.54. The majority of traders (~59%) were rather bearish on the pair, with the lowest forecast being at 1.48. However, around 40% saw the pair to appreciate with the highest prediction staying at 1.59. Some traders do see a positive trend at the beginning of the week, yet stating that the pair would inch lower by the end of the week.

The trader-forecasts were mainly based on several technical indicators, such as RSI and Fibonacci retracements. Some of the traders also combined technical indicators with their personal view on the pair. None of the traders referred back to the fundamental news and data releases.

As concerns fundamentals, today data on British manufacturing came out, showing the industry grew by 1.9%, beating all the estimates. Meanwhile, car sales grew by 12.7% in July, and retailers had the most successful month since 2006. Tomorrow, on 7 August, BOE Governor Mark Carney will hold a press conference, where he is anticipated to reveal his plans on unveiling a new guidance for interest rates to rebound the nation's economy. Later on tomorrow, a quarterly inflation report will be released.



AdamFx42 on GBP/USD:



"In my view GBP has failed to gain new highs, even after some relevant and good data - it has reacted poorly to a strong dollar move, and this means that it will most likely be struggling to keep above 1.50 next week - I believe that the range for next week will lie between 1.53 and 1.51, as dollar strength continues and GBP tries to gain ground on it."

GreyEmin on GBP/USD:



"RSI without clear direction. I expect a rebound from 50% fib or in case of negative events 38.2% fib of previous trend. Data from islands are not bad, so I presume the pair will keep the range positive at 1.5180-1.5320, and 1.5150-1.5250 in negative scenario. Personal view: on the end of the week expect trading close to 1.53."

Week's 29.07 - 2.08 Most Precise Forecasts

EUR/JPY				EUR/USD				GBP/USD						
Min	Max	Nickname	RMSD	Min	Max	Nickname	RMSD	Min	Max	Nickname	RMSD			
	scramble	129.5	132.3	1.468		habiemile	1.32	1.336	0.008		biosiska	1.525	1.54	0.008
	biosiska	129.15	130.95	1.573		Erka_shildeg	1.315	1.33	0.009		geula4x	1.52	1.545	0.013
	geula4x	128.5	131	2.023		biosiska	1.31	1.34	0.015		thescalper	1.5252	1.548	0.013

*RMSD = Root-mean-square deviation

YOUR OPINION MATTERS

Dukascopy thanks all the participants!

	GreyEmin	EUR/USD
	FxMidaso	EUR/USD
	cristianbbb	EUR/USD
	Karolis	EUR/USD
	baynyx	EUR/USD
	Arelay	EUR/USD
	matibea	EUR/USD
	Bimlesh	EUR/JPY
	geula4x	EUR/JPY
	sannandogar	EUR/JPY
	matibea	EUR/JPY
	KoAndonov	EUR/JPY
	erebaque	EUR/JPY
	Arturs 10	EUR/JPY
	FxMidaso	GBP/USD
	GreyEmin	GBP/USD
	greenmgl	GBP/USD
	thescalper	GBP/USD
	AdamFx42	GBP/USD
	geula4x	GBP/USD
	matibea	GBP/USD

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



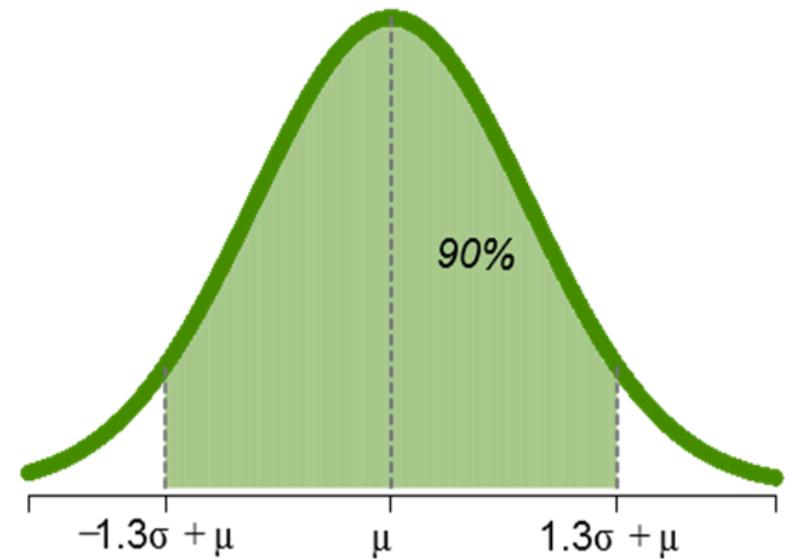
EXPLANATIONS

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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