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RESEARCH PRODUCTS

13/08/2013



Community Forecasts



AUD/USD 1W Chart

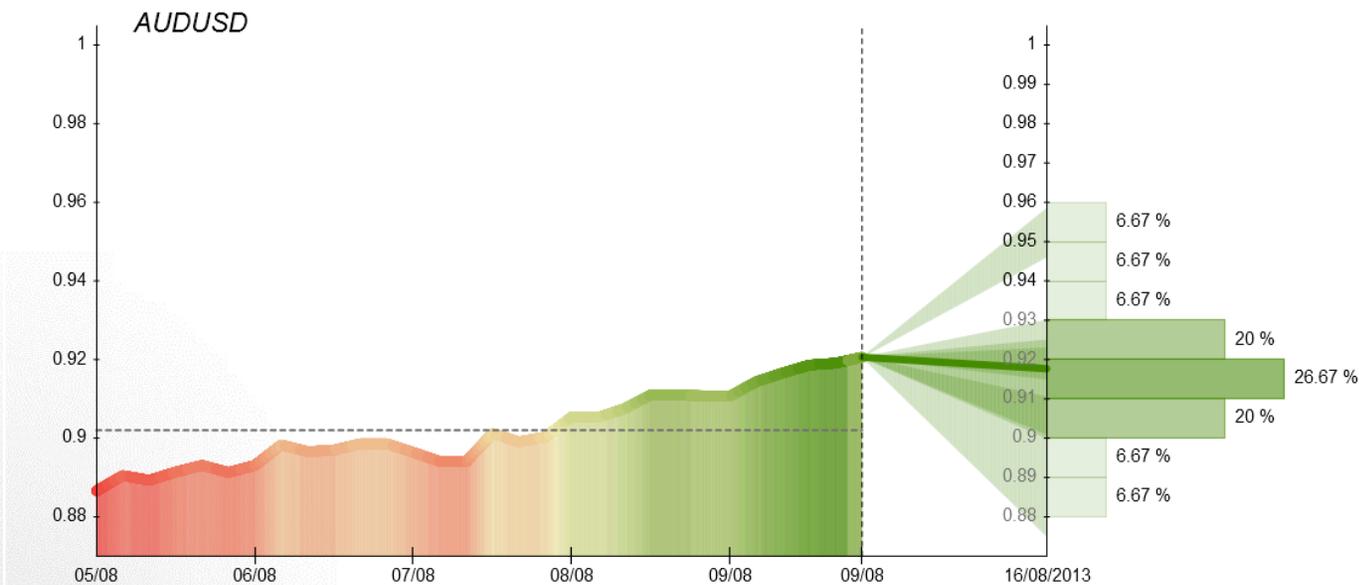
Last week, the Dukascopy Research Team chose three less popular currency pairs: AUD/USD, USD/CHF and USD/JPY to provide a broader picture of our traders' view on developments on the currency markets.

The first pair we considered was AUD/USD, the currency couple that closed at 0.9198 on August 9, posting a weekly advance of 3.2%. The Aussie rallied last week despite a rate cut by the Reserve Bank of Australia. The RBA lowered its benchmark interest rate for the second time this year amid worsening economic outlook. The rate was cut by 25 basis points to 4.5%. The move sent the Australian Dollar sharply higher against its U.S. counterpart as market players considered that further easing is highly unlikely.

For the current week (12.08-17.08) traders are slightly bearish on the pair. The most likely target for the currency couple is the level near 0.9180 as more than one quarter of the participants named this rate. At the same time, in 20% of cases slight appreciation was expected, with the same proportion valid for a steeper decline of the exchange rate.

The survey also unveiled that almost all respondents based their opinions on technical analysis. At the same time, some traders provided fundamental comments to their forecasts. For example, Typh0n mentioned attempts of the Australian government to weaken its currency and gloomy outlook on the country's economy.

Fundamental traders may further look at NAB business confidence and Westpac consumer sentiment scheduled to be released this week.



Typh0n on AUD/USD

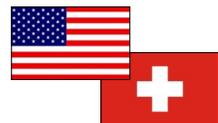


"I think we will have a rebound at 0.93000 with a target at 0.9100-0.9000 with a coming back in to the major Trend (because the will of Australia to weaken its currency and the economics indicators that show a not very well economic environment for the country) so my sentiment is bearish for the next week."

Sharpshooter on AUD/USD:



"If we talk about the medium-term outlook AUD/USD, I believe that the date you specified, the pair AUD/USD could reach 0.94 + -. I think the minimum price level has already passed well, or, in extreme cases, it will be at least 0.875 + -. That is my opinion. Then the price can reach as 0.9250 and above. And, in general, I think that this pair good medium-term, up to the level of 0.97 or higher for a period of not more than one month."

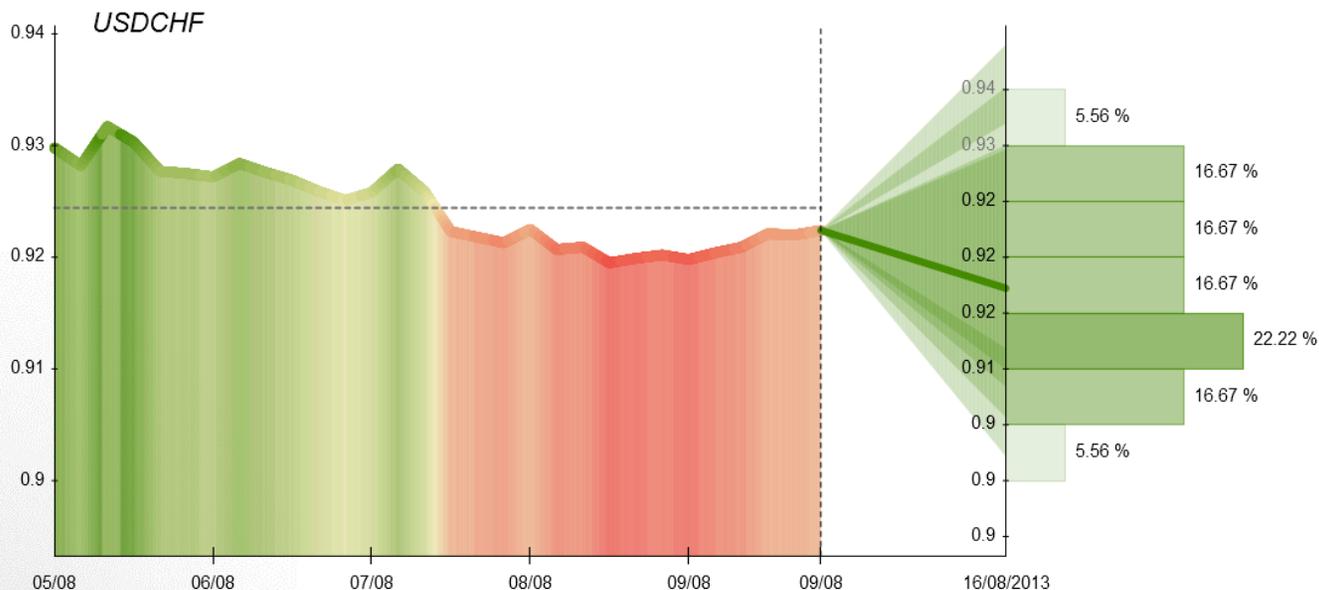


USD/CHF 1W Chart

From August 5 till August 9, the USD/CHF currency pair traded at 0.9244 on average, The pair gradually traded lower throughout the last week to finish at 0.9224 on Friday. The highest level on week was reached last Monday when the pair traded at 0.9317 as the U.S. manufacturing rose more than expected to 56 in July from 52.2 in June, the lowest reading in three years.

Traders are rather bearish on the pair for this week, as around 52% of the traders see the pair to trade in the range between 0.90 and 0.92 with the average forecast made by our community members being at 0.9172. However, nearly half of the respondents are still bullish on the pair, with the highest maximum value for the pair set at 0.93. Community members mostly based their forecasts on technical analysis, referring to such indicators as resistance level, Daily SMA and the Bollinger band. One of the traders looked at fundamentals, saying that stimulus slow down initiated by the Fed might weaken the Dollar currency.

As concerns the fundamentals, today data on the U.S. retail sales were released, matching the estimate and yet adding less than previous month. On Tuesday, the Suisse Federal Statistical Office will publish a report on the change in producer price index that is forecast to be at 0.4%. Other than that, data on the U.S. unemployment claims and consumer sentiment are also due this week and might have an impact on the pair's movement.



Slherault on USD/CHF:



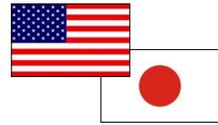
0.9022."

"USD/CHF is about to test an important support level at 0.9215. Last time the pair hit that target it bounced back to 0.9750, a possible short term upward trend is possible and the pair could test the middle b.bands at 0.9296. Overall, the trend is clearly bearish, the pair failed to break above the daily sma 50 on August 2 and is trading below the lower band since. On the upside, the pair could test the middle b.band 0.9296. On the downside, if the 0.9215 support level is breach, the pair should test the

Biosiska on USD/CHF:



"Situation is difficult. Technically on USD - now correction, how long it will be we would see on Friday (August 8) . Now the pair on resistance level and I think it will test 0.93102-0.93520. and then will go down to 0.91523 --->0.90844. Fundamentally. The Dollar is weakening now because of QE3 situation, and it will be till FED comments when they will finishes or cut QE3 program."



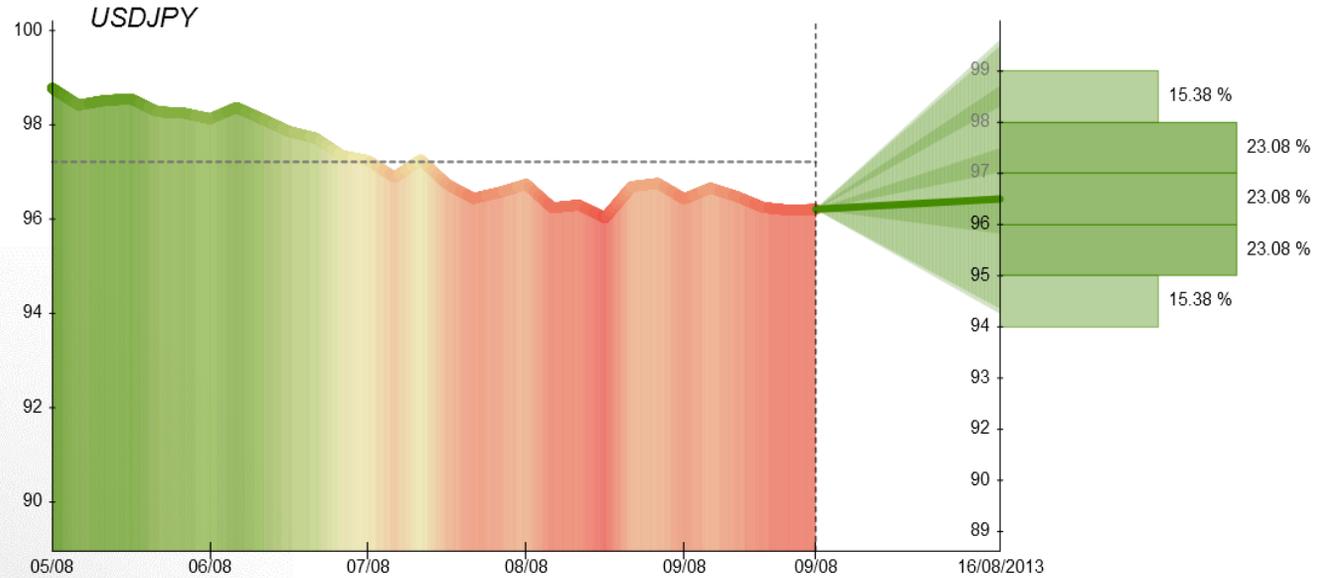
USD/JPY 1W Chart

Another currency pair that was chosen this week was USD/JPY, which is usually among top popular pairs. As usual, we have asked our most successful traders to share their opinion about pair's future movement and possible drivers behind these moves.

A chart constructed to predict USD/JPY possible target for this Friday– August 16 is showing that traders are bullish on the pair, expecting a slight appreciation from the current level. The majority of traders named 96.427 as a possible target price. Despite bullish sentiment, this is lower than the last week's average price– 97.215. At the moment of writing 72% of all opened positions were long, cementing expectations for a bullish sentiment.

As it was widely expected, practically all traders mentioned technical analysis as a method they are using for trading USD/JPY. Moreover, traders were almost univocal in mentioning ranges, hence more than 60% of all traders named 95-98 as a possible trading range. Therefore, a 300 pips range can indicate significant returns and moves, making the pair highly attractive for trade.

Amid this week's main economic events we can mention U.S. producer prices on Wednesday, inflation and unemployment data on Thursday, while on Friday the U.S. statistics office will unveil consumer sentiment and building permits. Moreover, we should keep in mind recent disappointing statistics from Japan, where figures showed a slowdown in the world's third largest economy. Recently, the Yen fell 1% versus its main trading peers, after news that Japanese PM Shinzo Abe is considering tax reform.



Zbych on USD/JPY:



"After the collapse of a strong daily candle that formed on 01.08, we can see the domination of bears in this market. On the other hand, USD/JPY is close to two support levels: 96.70 – which is 61,8% of the last big bullish trip and 95.70 – it is the line of trend. I suppose during next week bears will try to test 95.70 level, but buyers will make strong corrections near 150-200 pips – maybe 97.50- 98.00."

Skif on USD/JPY:



"A pair USD/JPY should be considered after August 20, or buy when the price drop below the 94.11 . My prediction for USD/JPY: buy at closing of the day above the 100.27 target 103.77 stop 99.67; buy when closing the week below 94.11 levels 92.00-91.47 stop loss 90.57 target 106.30 . The Price range is very blurry to accurately predict the date that You offer . "

Week's 5.08 - 9.08 Most Precise Forecasts

EUR/JPY				EUR/USD				GBP/USD						
Min	Max	Nickname	RMSD	Min	Max	Nickname	RMSD	Min	Max	Nickname	RMSD			
	Zorro145	129.5	130.5	1.686		matibea	1.325	1.3305	0.007		matibea	1.526	1.5416	0.018
	matibea	128.8	132.59	2.984		Karolis	1.316	1.34	0.014		geula4x	1.52	1.54	0.022
	geula4x	130	132.5	3.121		GreyEmin	1.315	1.34	0.014		GreyEmin	1.515	1.532	0.028

*RMSD = Root-mean-square deviation

YOUR OPINION MATTERS

Dukascopy thanks all the participants!

	Furian	AUD/USD
	mrkbd	AUD/USD
	Sharpshooter	AUD/USD
	Typh0n	AUD/USD
	tow	AUD/USD
	Arelay	USD/CHF
	slherault	USD/CHF
	tow	USD/CHF
	mrkbd	USD/CHF
	Biosiska	USD/CHF
	zbych	USD/JPY
	Skif	USD/JPY
	mrkbd	USD/JPY

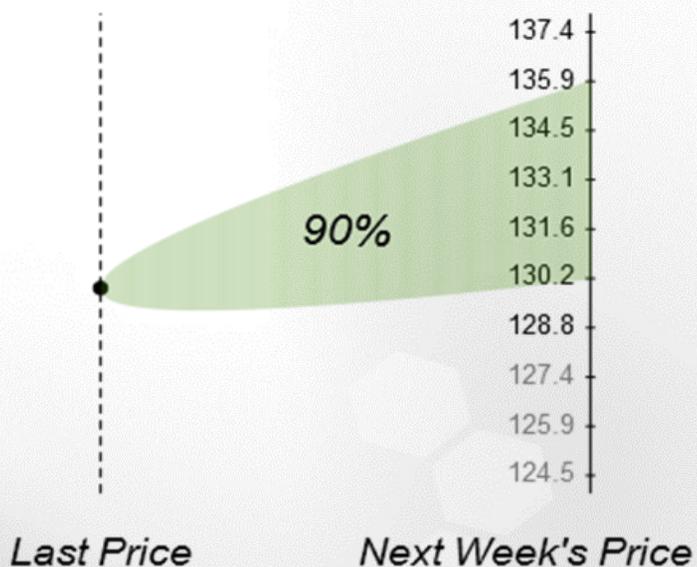
The most successful forecast makers will be offered to join the Research Team in the Dukascopy Daily Webinars!



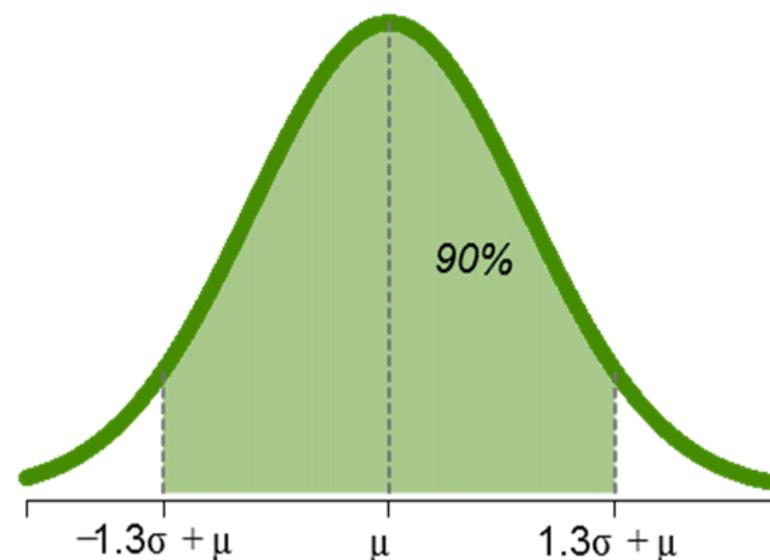
EXPLANATIONS

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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