



DUKASCOPY
RESEARCH PRODUCTS

27/08/2013



Community Forecasts



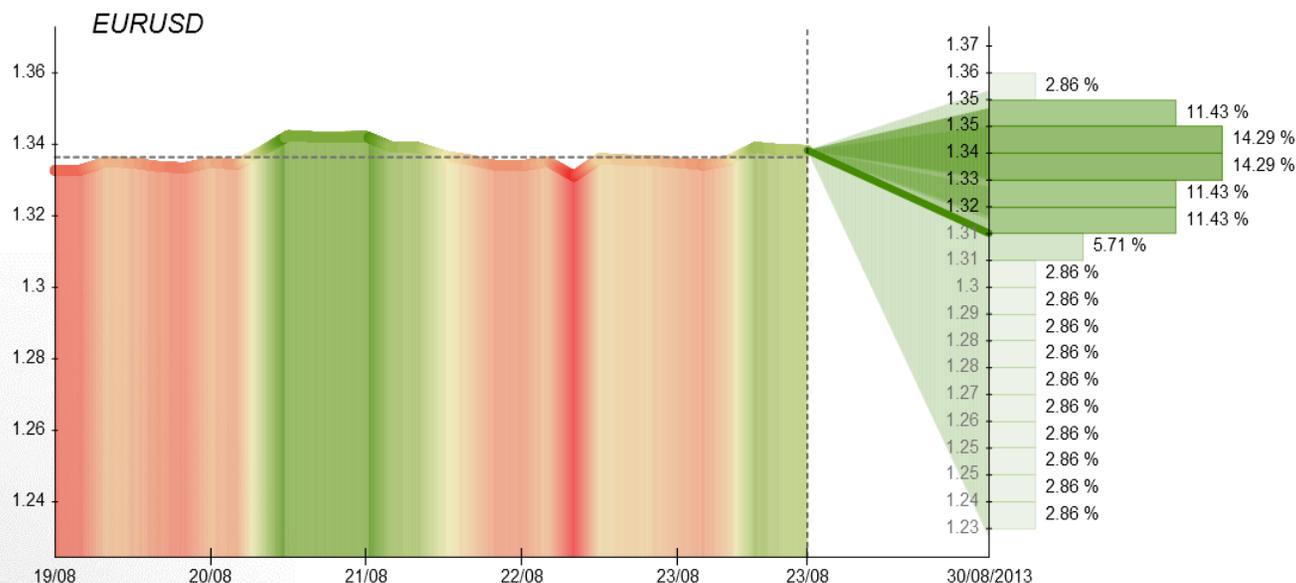
EUR/USD 1W Chart

During the last week the most traded currency pair traded mixed and reached the week's high on Tuesday, when it appreciated to 1.3425. The couple traded at 1.3364 on average last week and finished at 1.3383 on Friday. On Monday, the Euro stayed almost unchanged against the Greenback after data on U.S. durable goods came out and showed the orders dropped at the fastest pace in a year last month.

Community members were rather bearish on the pair for this week, as a median projected according to their forecasts shows the pair's closing price will be close to 1.3151 on 30 August. Around 40% of all respondents see the pair trading in the range between 1.31 and 1.34, while 27% are still bullish on the couple and think it will trade between 1.34 and 1.35.

The majority of traders used fundamentals and technicals or combination of the two when trading and analyzing the currency pair. Almost all of them referred to the Fed's upcoming decision on tapering as the most important event in shaping the pair's further movement. "HelaPehkel", one of the community members, also relied on the fact that the pair was overbought, thus saw the pair's depreciation by the end of the week. According to Fundamental Analysis Contest, nearly 61% of traders saw German IFO-Business Climate data would have bullish impact on the EUR/USD. The couple is currently trading at 1.3334.

Another crucial event for the pair this week is the data release on the U.S. GDP, which is forecast to grow by 2.3%. 62.5% traders participating in the contest see this event having positive impact on this pair.



Marius24 on EUR/USD



"A large part of the investors/traders are expecting that Ben Bernanke should start winding down its bond purchases as early as in September, but the Fed minutes released on Wednesday showed members of the Federal Open Market Committee had different opinions. All eyes will be focused on Non-Farm Payrolls data due on 6 September. In case we won't see any improvement in the labor market, December will become the possible tapering month. Until then no taper means a further weakness of Dollar against the Euro. Technically speaking EUR/USD is lying on a bullish trend having a strong support around 1.32 and an upside target around 1.355 for the rest of August."

Piter44 on EUR/USD



"I think that maximum is at latest high 1.3450. Although there is a demand for EUR, market waits for the FED's decision, therefore investors are very careful. On Thursday we will have very important data from USA (GDP and jobless claims). If the data will at least match the estimates then for sure we will have QE3 tapering. In my opinion, GDP will be quite high and this pair can drop down even to 1.3180-1.32, where the strong support zone is."

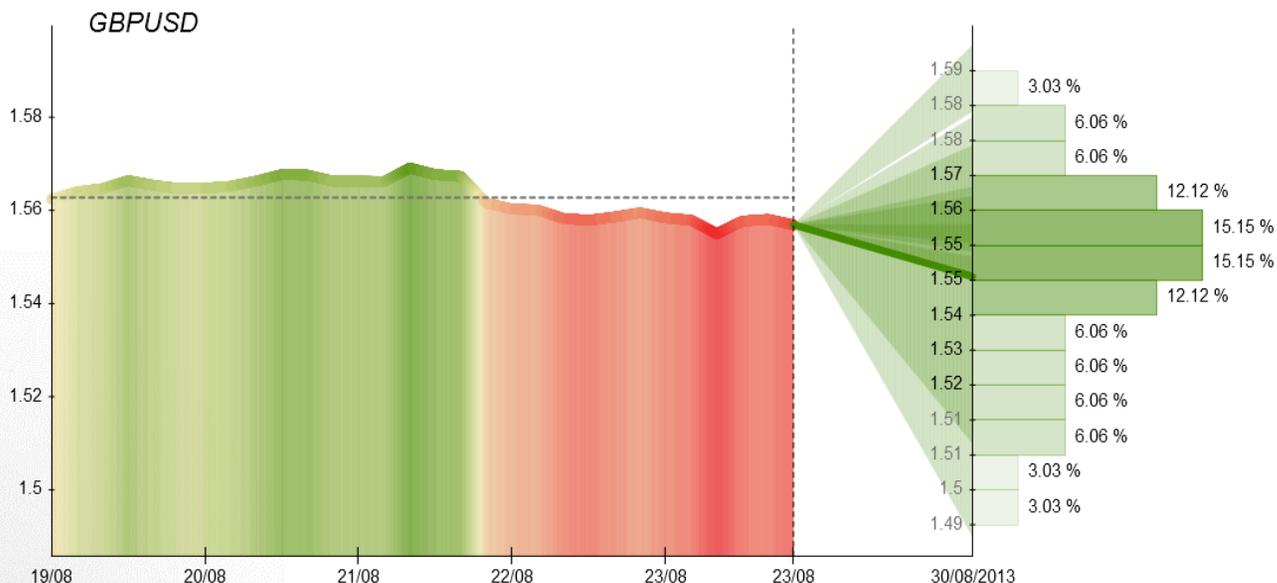


GBP/USD 1W Chart

Another popular currency pair that the Dukascopy Research Team chose to make forecasts on was the GBP/USD currency pair. The couple was not too volatile last week, as it traded in a relatively narrow band at 1.5627 on average. The Pound slumped slightly lower against the Dollar and traded at 1.5569 on Friday amid rising expectations that the BoE would raise the interest rates earlier than indicated before.

This week, the traders see the pair depreciating further to finish the week at 1.5458. Around 40% of all respondents were bearish on the pair and forecasted it to trade down, whereas around 3one third of the surveyed community members still predicted the pair to appreciate and trade in the range between 1.55 and 1.57. The majority of traders based their forecasts either on technical indicators or their personal view. "Nadita2011", one of the community members, mentioned 1.54 as the support, while the upside pressure comes from 1.5630. Another trader "Nacerdz" bases his forecasts on technicals, and also admits that the fundamental news on the Fed's plans to trim stimulus package support his bearish view.

Currently, 28% of opened positions are long, as some of the traders might expect the pair to appreciate in the long term, while 72% of all positions are short, suggesting the pair will trade down in the short term. At the moment of writing the pair was trading at According to the Fundamental Analysis Contest, traders see Mark Carney's speech on the nation's monetary policy scheduled on August 28 having a bullish impact on the currency pair, yet 46% of the voters still think it may drag lower the pair arguing that the new governor is not interested in strengthening the Pound.



Victor on GBP/USD

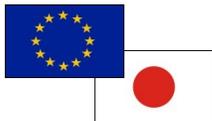


"Breaking the past high of 1.5750 seems very close. If it happens, a close above 1.58 will change the scenario. But it is most unlikely as the pattern of this pair suggests. With no good things on the pipe line, touch down of 1.49 by the end August seems imminent. For the week of 26~30 August the range would be 1.55 ~ 1.49. However the week might close around 1.50 level."

Rubencouto on the GBP/USD:



"After hitting the top of 1.5718, GBP/USD has dropped and bounced back up to 1.5650. Considering that 1.5718 is an immediate top that is not likely to be broken in the near term, GBP/USD should resume the drop until around 1.5550. So I would say that by August 30th, GBPUSD's price should be higher than 1.5530 and lower than 1.5570."



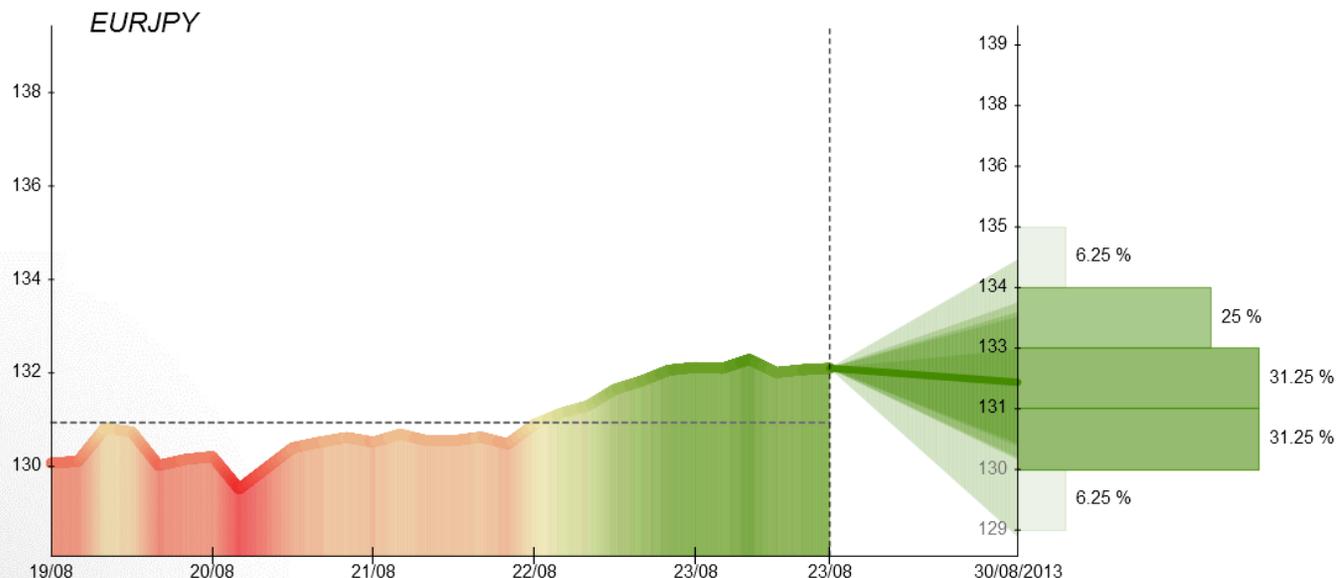
EUR/JPY 1W Chart

The last but not least this week's currency couple is EUR/JPY. The pair has been rising rapidly last week and reach a high of 132.42 on Friday, which was the highest level since July 25. However, after collecting data from our most successful traders, we might suggest the single currency is likely to loose some ground against the Japanese Yen this week.

According to the traders, EUR/JPY is expected to reach 131.8 by Friday, August 30. However, taking into account pair's recent development, we might assume it can end the week even lower. On Sunday, markets opened at 132.06 and at the moment of writing the pair was changing hands at 130.15, losing more than 1.4% for two days. By the way, current price is already lower than the last week's average price of 130.93.

Nonetheless, more than 60% of all respondents mentioned 130-133 as a possible trading range, hence, the pair can be highly volatile. As we assume bearish outlook, we can take into account "Zoli21" comment, who said that in case of penetration of 131.8, the pair will dip towards 130.7, hence his predictions were quite precise. The lowest level he mention was 130, so we might expected the pair close on Friday around current level.

As always, this week will be full of important economic releases from Japan and Europe, which can add some turbulence in markets. On Thursday, Japanese inflation data will be published, however, the majority of Dukascopy Fundamental Analysis Contest participants are seeing a worse-than-expected figures. In contrast, they expect German unemployment to fall significantly.



Zoli21 on EUR/JPY:



"Important Weekly supports: 130,7 and 129,6. Weekly resistances are 132,6 and 134,2, while 133,2 is a daily resistance. 131,8 : an important daily level too, near to the present. I think, if we can close above it and keep this level for a longer period of time, then the currency pair can go upwards to the next resistance of 132,6. But: in case it breaks 131,8, it may go up to the next support at 130,7. So I expect this pair to trade between 133,2 and 130,2 from Monday to Friday (or only Friday)."

marius24 on NZD/USD:



"When it comes to EUR/JPY, things become complicated in making a safe prediction because this currency pair is playing at both ends respectively EUR/USD and USD/JPY which are in a negative correlation. Fortunately at this very moment both eur/usd and usd/jpy are on a bullish path and therefore EUR/JPY is likely to describe for the next week a higher move towards 133.3 and with a possible support around 128.5. Regarding fundamental side nothing new is expected from BOJ's Chairman Kuroda and as always all eyes are again on the FED with its monetary stimulus taper. "

YOUR OPINION MATTERS

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Week's 19.08 - 23.08 Most Precise Forecasts

EUR/USD				NZD/USD				USD/CAD			
Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD
geula4x	1.325	1.345	0.011	xau	0.7859	0.812	0.023	GreyEmin	1.038	1.044	0.009
weiqiang	1.3184	1.3422	0.014	thescalper	0.7968	0.81175	0.025	Panzer	1.033	1.06	0.014
mdiazgranados	1.316	1.342	0.016	geula4x	0.805	0.825	0.036	geula4x	1.02	1.04	0.022

*RMSD = Root-mean-square deviation

Dukascopy thanks all the participants!

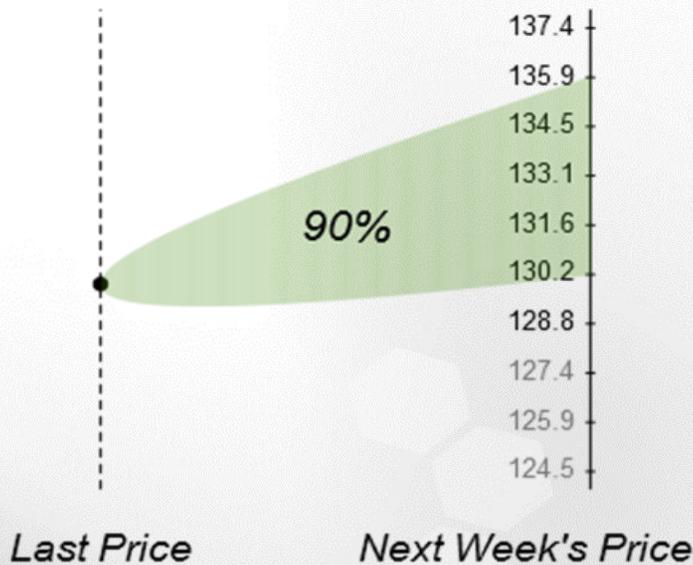
marius24	EUR/USD
DjKarman	EUR/USD
geula4x	EUR/USD
HelgaPehkel	EUR/USD
piter44	EUR/USD
Biosiska	EUR/USD
Victor	GBP/USD
Nacerdz	GBP/USD
baynyx	GBP/USD
ovidiu_gnt	GBP/USD
rubencouto	GBP/USD
geula4x	GBP/USD
nadita2011	GBP/USD
marius24	EUR/JPY
geula4x	EUR/JPY
Biosiska	EUR/JPY
Zoli21	EUR/JPY
dimitar	EUR/JPY
zmilx	EUR/JPY

Fundamental Analysis Contest
Do you know how the price will react to the news? Submit your prediction for the price movement direction and win!

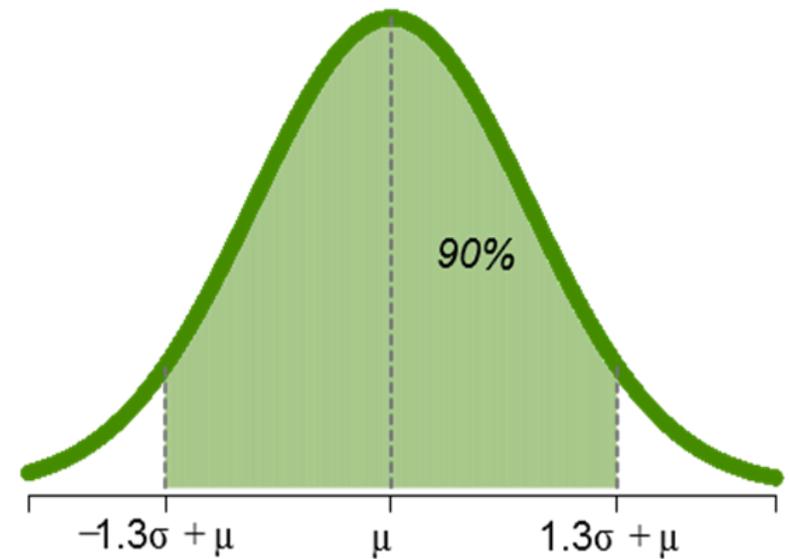
EXPLANATIONS

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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