



**DUKASCOPY**  
RESEARCH PRODUCTS

04/09/2013



# Community Forecasts



## EUR/USD 1W Chart

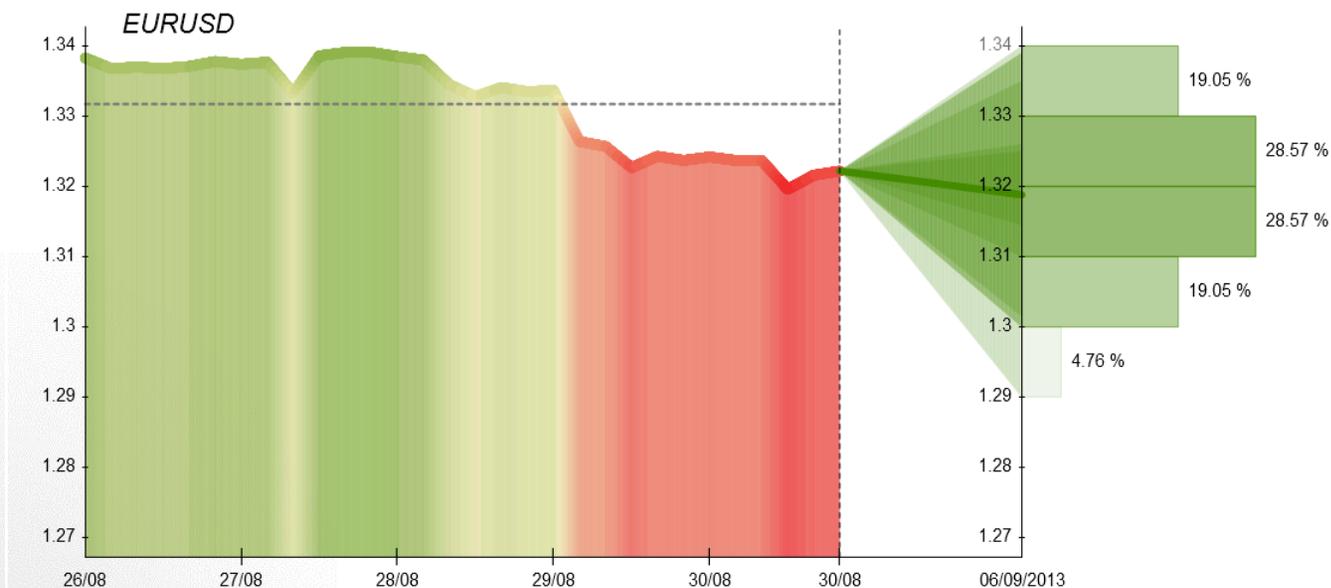
Last week financial markets were highly volatile due to crucial fundamental data, with markets being most volatile during the last two trading days– Thursday and Friday. After better-than-expected GDP data from the United States the most traded currency pair EUR/USD hit 1.322 on Friday– the lowest since August 15.

As always Dukascopy Research team decided to ask our most successful traders to make projections regarding the future movement of the most traded currency pair. After conducting a research we have found out that traders are expecting further depreciation of the single currency versus the greenback, citing 1.3188 as possible target for this Friday.

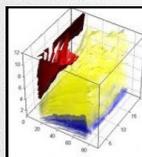
Even though, at the moment of writing, the number of long and short positions on EUR/USD was almost equal, several traders expect the pair to dip even below the strong psychological level of 1.3.

While on Thursday Mario Draghi is not expected to introduce any adjustments to ECB’s policy, many traders are concerned over the situation in Syria, saying it can add some significant turbulence into markets.

Moreover, EUR/USD has formed a [Channel Down pattern](#) on the 4H chart, which is not sending a clear “buy” or “sell” signal, therefore, the pair is expected to continue channeling down until it receives a strong bullish or bearish impetus, which is most likely to come from fundamental news. Nevertheless, the scenario, when the pair reaches 1.3188 is very probable.



### apsu on EUR/USD

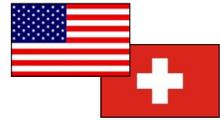


*The USD rallied against a basket of major currencies as the safe-haven currency advanced on the possibility of US military action in Syria and on the likelihood of a drawdown of the amount of easy money pumped into the economy by the US Federal Reserve. EURUSD, therefore, depends crucially on global risk appetite and front-end rates, not on relative curve steepness or changes in peripheral EMU yields. In other words, the impact of political turbulence in the Eurozone and how it effects changes in EUR appears to be captured by the betas to S&P and front-end rate differentials.*

### Haynes6EU on EUR/USD



*“This week, there is a potential disappointment in ECB Interest Rate statement. The center bank may remain to dovish that could hurt the euro. Although strike plan against Syria delayed to wait U.S. congress approved but investors still waiting for hawkish news to sell off the euro. Meanwhile U.S. NFPs is going to release on Friday. Average initial jobless claim was low in August, the ADP employment change, manufacturing and non-manufacturing ISM will be released before friday, all of which will help shape the market's expectations for NFPs. If NFPs around 180K and the market continues to expect FED will taper QE in September, all of which will put pressure on euro vs usd. I am bearish in short-term.”*



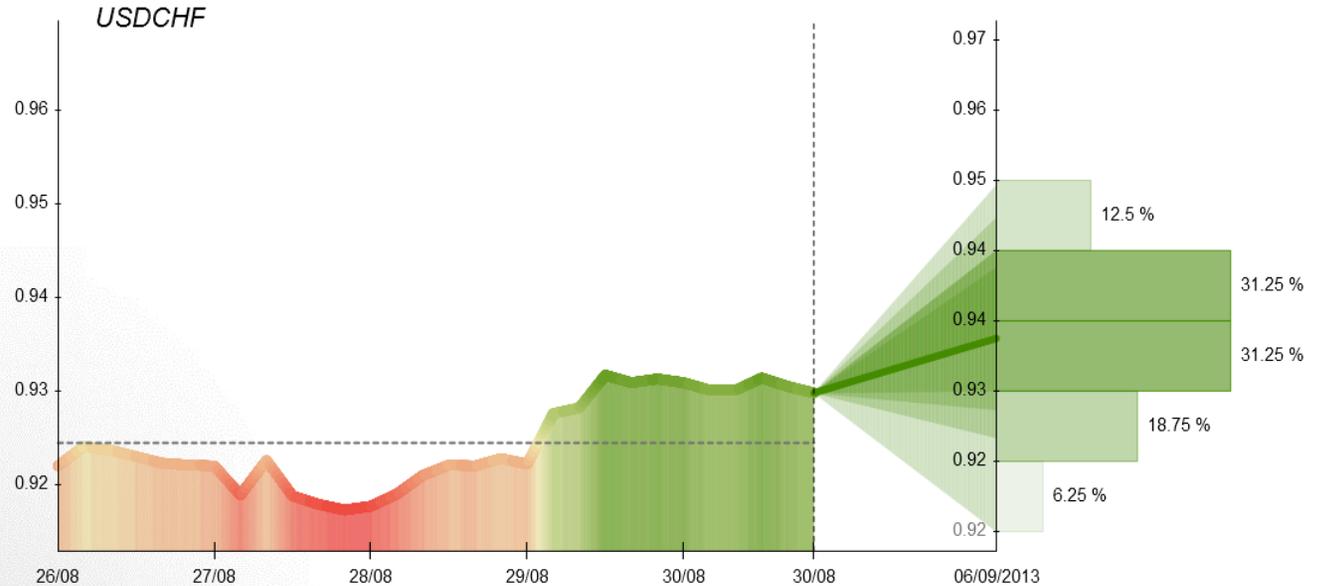
## USD/CHF 1W Chart

The second pair chosen for this week is USD/CHF, which, in contrast with EUR/USD, moved to the north last week. However, it seems the pair is experiencing some difficulties around 0.933 as bulls failed to break this level several times during the last week.

Nonetheless, the majority of traders are rather bullish on the pair, as the median forecast for this Friday is 0.9356, much higher than the last week's average of 0.9244. Additionally, trader "Daytrader" expects some significant movements in USD/CHF as summer, with its low volatility and tight consolidation zones is over. Therefore, he expects the pair to 0.9450— even higher than the majority of other participants said. However, Friday can be the crucial day for this pair, as data from the U.S. can determine the pair's future movement.

The fact the Swiss economy expanded more than expected in the second quarter even despite sluggish exports and struggling Eurozone, can push the Swiss Franc higher, thus the USD/CHF can turn lower. Anyway, news from the United States can affect the pair more.

Trader "Airmike" said average weekly volatility range for USD/CHF is 88 pips, however, he warned that 100 pips for both sides may be good estimation for this week. September usually means for financial markets only one thing - high volatility. Despite looming confrontation in Syria, which in case of an open conflict will definitely have a negative impact on the world's largest economy, the pivotal for investors will still be the possible tapering of Fed's stimulus programme, which could be announced in the middle of the month.



### nuong on GBP/USD

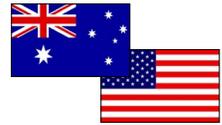


"Also power of USD cause of same matter. Continuation upwards. Strength will show. Testing of confluence of 200 and 50 MA on trend down will it make harder for US to break upon this upwards finding momentum. But as politics are really strong these days, it will matter more and have a breakout upwards. 0.9378 will be a strong resistance. Expect it to bounce back towards 0.93 before breaking out upwards 0.94360. There getting stopped at strong resistance drop back to 0.9378 and then continuing up to 0.94850. On real momentum it can spike up to 0.95265 but that won't hold long."

### Daytrader on the GBP/USD:



"Currently USDCHF is still in the summer playing mode with low volatility and tight consolidation zones. But as the autumn set in I'm expecting a game changer and the pair to pick up momentum. I see the minimum value at 0.9280, old resistance becoming new support, and I have the maximum value at 0.9450. However, everything can change on Friday on NVP release in a moment, as these particular numbers will have more weight than usually, as investors will pay close attention to further clues if we are going to see the TAPER this month or not."

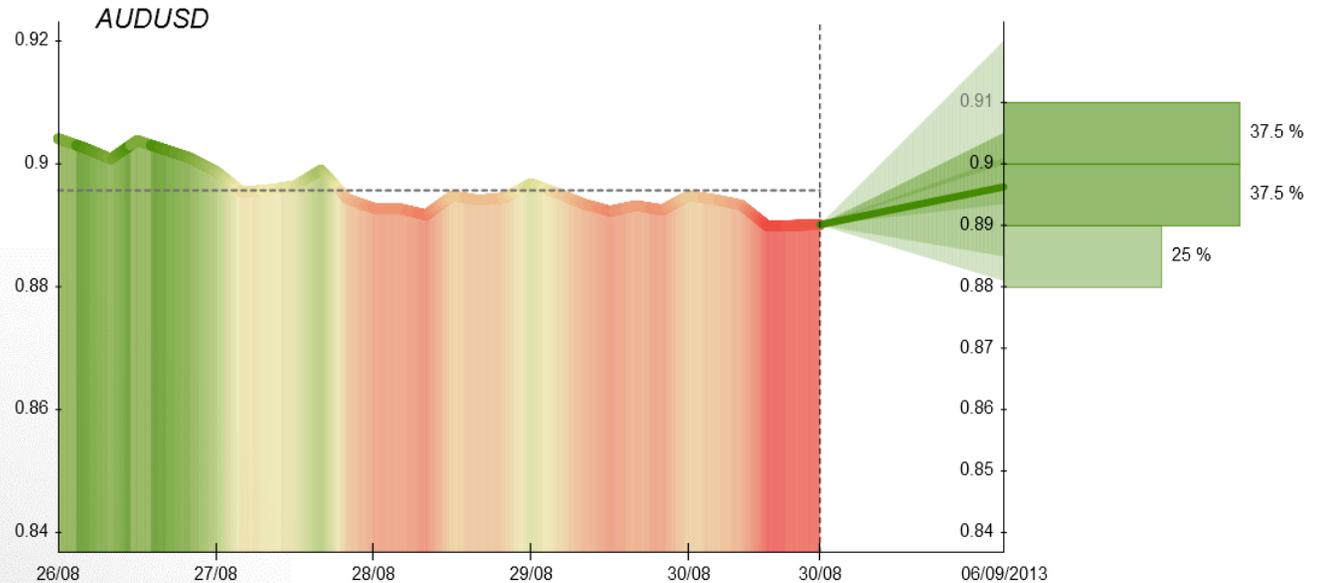


## AUD/USD 1W Chart

The third currency pair that the Dukascopy Research Team considered to be worth analyzing was AUD/USD. The Aussie traded higher against the greenback at 0.90, following two economic data points. The Aussie retail sales climbed 0.1% in August, missing analysts' estimate of a 0.4% rally. In addition, Bureau of Statistics data release showed the Australian Current account balance dropped to A\$9.4 billion deficit in the second quarter from a reading of A\$8.5 billion in the previous quarter. Among other fundamentals today, the Reserve Bank of Australia kept its key interest rate unchanged 2.5%. Meanwhile, Australian GDP advanced at a rate of 0.6%, compared to downwardly revised 0.5% growth in the previous growth and beating expectations for the 0.6% expansion.

According to our community member forecasts, the pair will finish the week at 0.8963, close to its last week's average trading price of 0.8957, with nearly 50% of traders seeing the pair trading in the range between 0.89 and 0.91. The pair is currently trading at 0.9062 that is already higher than the forecast, thus it might even beat community members' estimates. "Juandata" predicted the highest trading price for the pair, as he mentioned 0.9141 as the upside target and 0,8935 as the downside one.

Traders mostly based their forecasts on both fundamentals and technicals. As concerns the technical indicators, they referred to a strong support around 0.89, while among fundamentals traders pointed out tensions in Syria, U.S. Non-Farm Payrolls and unemployment data coming out on Friday, which will be closely watched by market participants, as the data might hint at potential tapering of the Fed's massive asset-buying programme,



### AdamFX42 on EUR/JPY:



*"Aud/Usd seems to have found a support area around 0.89. In view of current economic situation, which seems reasonably stable, I have a strong feeling that this area will hold for now. This means that a break above 0.9 is very probable, and retracement up to 0.97 seems to be the next move. For coming week I see the pair between 0.9 and 0.92, and I think above 0.91"*

### Metal\_Mind on NZD/USD:



*"Aussie is clearly forming a base for a more sustained move higher. The fact that the RBA has signalled a pause in rate cuts removes one of the bigger drivers of Aussie weakness, and with modest tapering from the Fed priced in for later this month, there is decent scope for the Aussie correction to continue above the 0.90 level. Technically speaking, last low formed was (at 0.8848) and now it formed a higher -(low at 0.8891). On a fundamental view this week we have key releases on Friday like Non-Farm Payrolls & Unemployment Rate which could send the Aussie higher if the forecasts don't meet expectations. My prediction for this week end is a rally towards 0.9162 max or settling somewhere 0.9085."*

# YOUR OPINION MATTERS

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Week's 26.08 - 30.08 Most Precise Forecasts

EUR/USD				GBP/USD				EUR/JPY			
Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD
 <b>HelgaPehkel</b>	1.314	1.328	0.007	 <b>rubencouto</b>	1.553	1.557	0.005	 <b>dimitar</b>	130.44	132.5	1.962
 <b>piter44</b>	1.319	1.345	0.016	 <b>nadita2011</b>	1.545	1.563	0.01	 <b>Zoli21</b>	130.2	133.2	2.421
 <b>geula4x</b>	1.33	1.35	0.02	 <b>geula4x</b>	1.545	1.565	0.011	 <b>marius24</b>	128.5	133.3	2.64

\*RMSD = Root-mean-square deviation

Dukascopy thanks all the participants!

 <b>nuonrg</b>	EUR/USD
 <b>geula4x</b>	EUR/USD
 <b>marius24</b>	EUR/USD
 <b>apsu</b>	EUR/USD
 <b>ImranMughal99</b>	EUR/USD
 <b>Haynes6EU</b>	EUR/USD
 <b>nuonrg</b>	USD/CHF
 <b>ImranMughal99</b>	USD/CHF
 <b>geula4x</b>	USD/CHF
 <b>Daytrader</b>	USD/CHF
 <b>Airmike</b>	USD/CHF
 <b>geula4x</b>	AUD/USD
 <b>INFINITEis-THElimit</b>	AUD/USD
 <b>AdamFx42</b>	AUD/USD
 <b>NassauPrecepts</b>	AUD/USD
 <b>Metal Mind</b>	AUD/USD
 <b>juandata</b>	AUD/USD

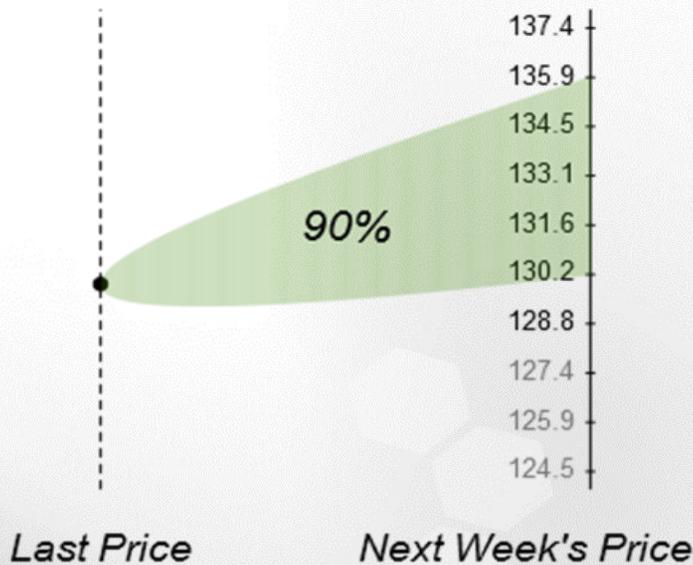


**Fundamental Analysis Contest**  
Do you know how the price will react to the news? Submit your prediction for the price movement direction and win!

## 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.

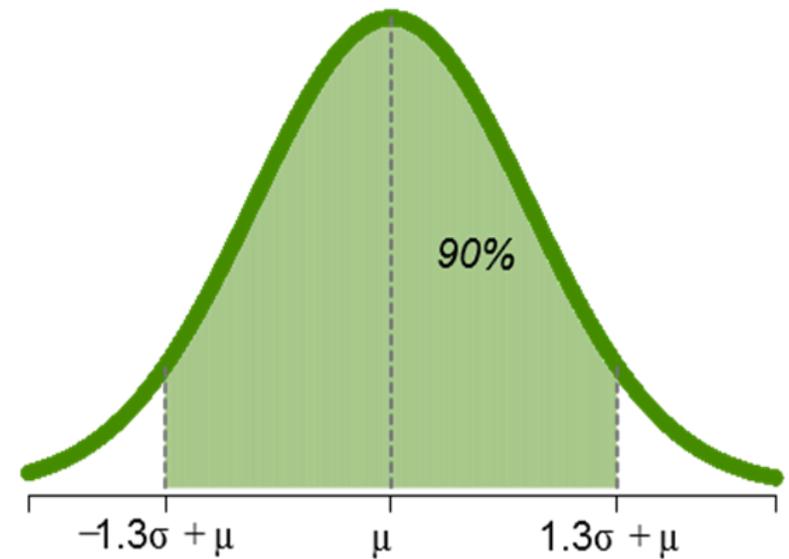
Under the assumption that currency pair logarithmic returns are normally distributed with mean  $\mu$  and standard deviation  $\sigma$  as illustrated by the second graph, the respective probability density function can be used to find a 90% probability range for weekly returns. Obtained critical values can be then converted into the end points of the price range.



Graph 1: Confidence interval used for "Community Forecasts"

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.



Graph 2: Probability Density Function for a Normal Distribution



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