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RESEARCH PRODUCTS

24/09/2013



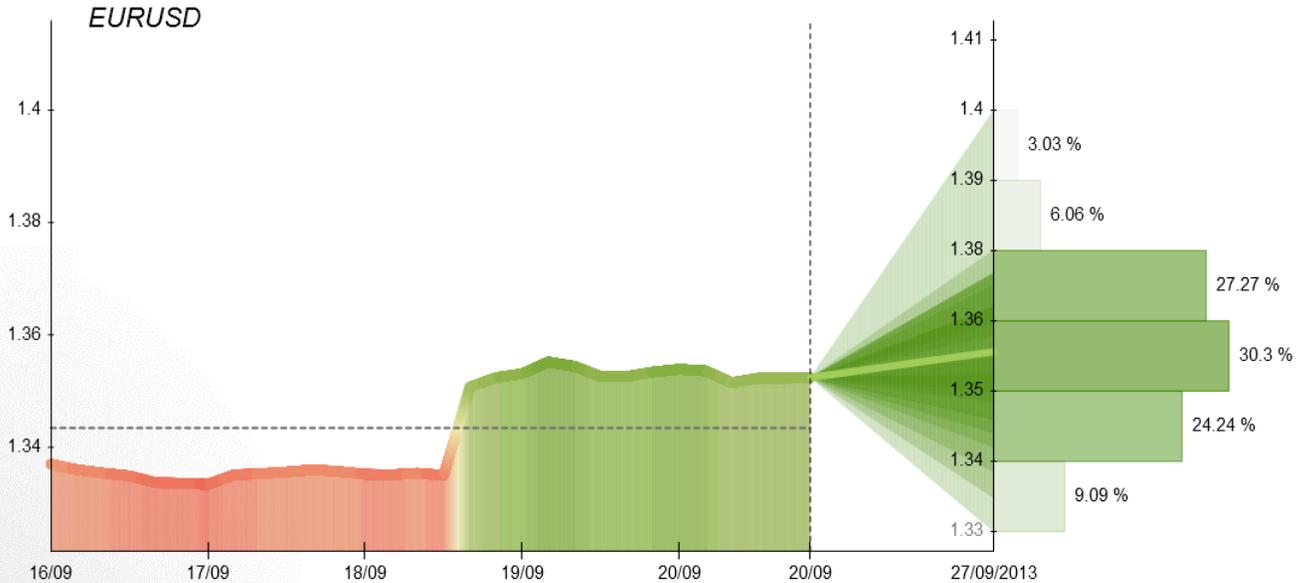
Community Forecasts



EUR/USD 1W Chart

After the surprising decision of the U.S. central bank to refrain from scaling back its massive \$85 billion monthly asset purchases, the U.S. Dollar plummeted versus the Euro and other major FX counterparts. Traders reacted to Bernanke's speech in a straightforward fashion: selling the greenback and buying stocks and bonds. Therefore, in the middle of last week there was such a spike on EUR/USD chart, when the Euro fetched 1.3541, while on Thursday it hit 1.3569– the highest since July. According to Bruce, Euro is still able to strengthen versus other major peers steadily after the FOMC meeting. "Now we have more technical bullish signs with EUR/USD broke the 1.343 resistance. So we may see this pair extend beyond 1.356 to gain more adepts, eyeing this year's high 1.371." In contrast, Tonio believes that consolidation is in place after a 240 pip movement. "My expectation is that price will drop to 1.3425-1.3450 area before resuming up trend".

This week traders are distinctly bullish on the pair, with 66.7% of bulls outweighing 33.3% of bears. The average forecast for EUR/USD for 27 September show that the pair may reach 1.357. It is expected now that the greenback and financial markets will be even more sensitive to upcoming U.S. economic data, particularly employment and inflation numbers. Thus, if US Nonfarm Payrolls or CPI inflation figures disappoint, the greenback is likely to weaken. Nevertheless, currently all eyes on "Octaper" after Fed policymaker Bullard suggested that the Fed may reduce its QE in October.



mrlfx on EUR/USD

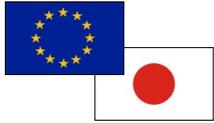
"The shocking and surprising effect of the FOMC has resulted in weakening of the U.S. Dollar and EUR/USD climbed from 1.3350 to high of 1.3568. Fundamentally, the U.S. Dollar will continue to weaken as uncertainties loom with little trust on the FED."



Victor on EUR/USD

"Last week's FED statement created a huge impact on this pair, but the Euro could not sustain the upward momentum. The current week we will see a range of 1.3357 ~1.37510. However, all directions are pointing downwards. Most likely to close around 1.34."





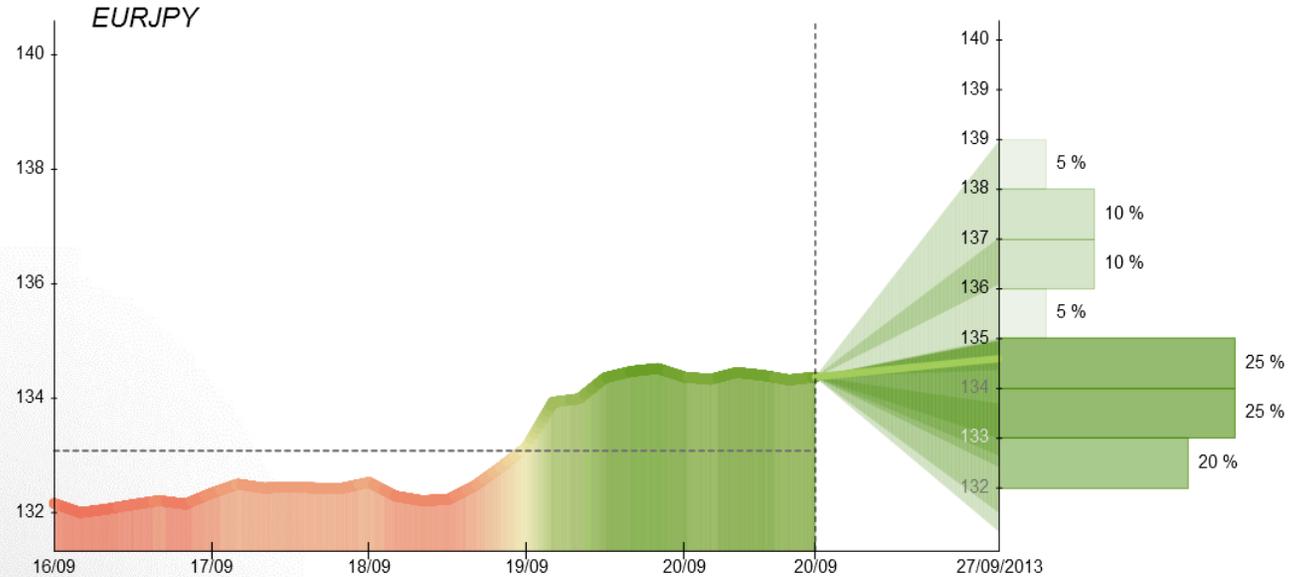
EUR/JPY 1W Chart

After hitting a low of 128 on August 11, EUR/JPY has been moving in the uptrend and has even hit 134.96 on September 19– the highest since November 2009. Despite a strong psychological level of 135, our traders do not see any obstacles for further movement to the north.

Most of the traders questioned by Dukascopy Research team are strongly bullish on the pair, expecting it to reach 134.69 by this Friday, while only 28.6% of respondents have bearish outlook.

The single currency is likely to benefit from positive German parliamentary elections, while ECB's President Mario Draghi has once again reassured markets in his readiness to act if necessary. These factors and not only are likely to have a long term bullish impact on the pair, while taking into account BoJ's commitment to inject more money as long as it is needed is reinforcing a view Japanese currency is a on a long downtrend. This suggestion was supported by trader Bruce, who said "EUR/JPY may still has the gentle upside momentum this week, as the EURO as a whole is still in bullish side and yen consolidation continues". Furthermore, the single currency advanced 0.48% during the last 5 trading days, while Yen dropped 1.41% over the same period.

Speaking about the possible technical levels is case the pair moves higher, we can mention weekly pivot at 133.73 and weekly resistance at the level of 135.59. The last but not least evidence of further appreciation is that each new high was higher than the previous one, while a [rising wedge](#) pattern on a 4H chart is already penetrated to the upside.



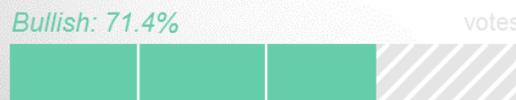
tonio on EUR/JPY

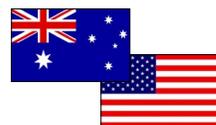
"This week the pair will be consolidating, as big banks square up their position. In other words in order to cash in they must sell. If they do it all at once, they will collapsed the up trend, and spook most retail buyers. So they will sell very slow, consolidating for most of the week. Be careful for fake spikes inducing you to buy or sell, stay on side line until confirmation of up trend continuation is visible, in the form of resistance breaching at 135.00./10"



nuongrg on EUR/JPY

"After a big rally, I am looking for some retracement zone between 1.339 and 1.333 if that does not hold, then 1.327 will. Strong up-move will pick first 61.8 (1.337) move up and horizontal trendline from 22 May. First target on price is between 1.358 and 1.36, second target on 161 fib is 1.37."





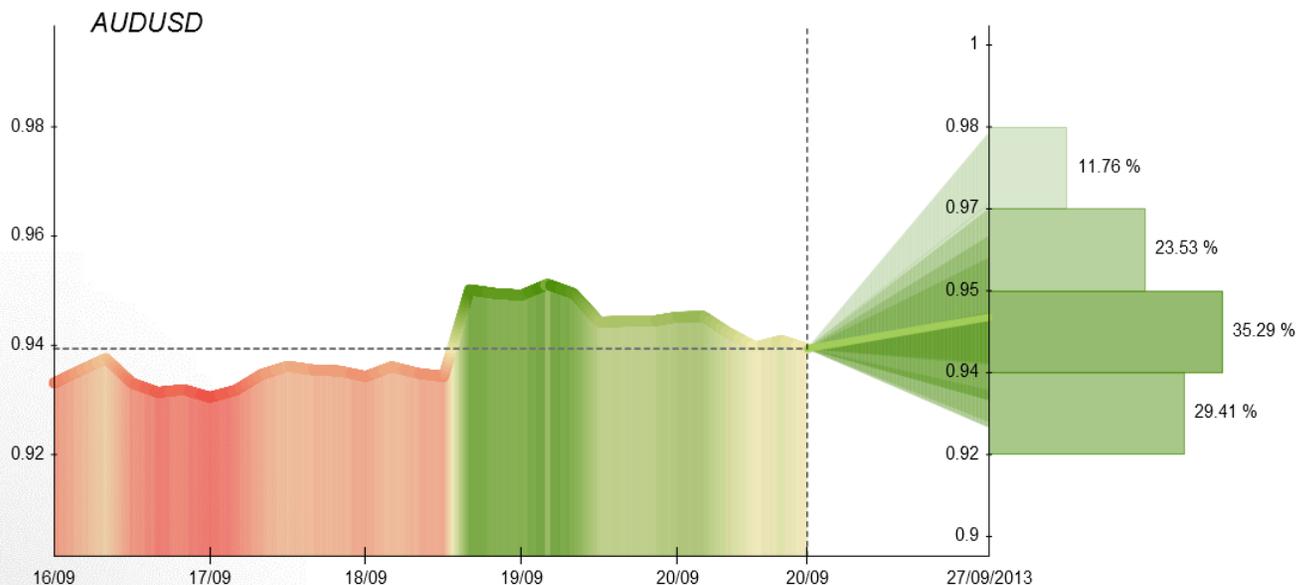
AUD/USD 1W Chart

The Australian Dollar retreated from its almost three-month high against the U.S. Dollar at 0.953 on Tuesday, pushed lower mostly by better-than-expected Chinese industrial data. The Aussie lost 0.16% against the greenback and 0.18% versus the single currency while the AUD/USD pair is still 60 pips higher than the week's opening price. Moreover, according to our traders the pair is likely to move even higher during the next several trading days.

The majority of respondents mentioned 0.9451 as a possible target for this Friday- September 27. This figure is slightly higher from the last week's average price of 0.9394. Furthermore, 65% of all opened positions are long, while 75% of survey participants are bullish on the pair, bolstering the case of further appreciation. By the way, both Aussie and greenback were among main losers during the last five trading days, depreciating 0.47% and 0.9% respectively.

Hence the outlook is bullish, long traders may first of all focus on 0.9457- daily resistance and a recent high, while the next major resistance level is located around 0.9536, represented by a three-month high and a Fibonacci retracement. However, in case of a bearish impetus, the pair may struggle to fall further at 0.928- weekly support and a 100-bar SMA (4H).

Regarding the fundamental part of analysis, the pair may be affected by RBA's stability report on Wednesday, which is likely to have [bullish impact](#), U.S. GDP is likely to come stronger than in the previous period, nevertheless the outlook for AUD/USD is bullish.



vision85 on AUD/USD

"My bias is extremely bullish, 4H time frame showing rebound @0.93690 the lowest point for this pair I do not see breaking 0.93500. Key level @0.94640. I would expect this pair to reach 0.95600 and no more for this week. Price analysis supports and resistance, personal opinion are reinforcing this view."



Erialda on AUD/USD

"Last week we had a gap on this currency pair, and we know that market always want to fulfill gaps. Thus, I think the U.S. Dollar will have a strong position against the Australian Dollar till the gap 0.9260 will be reached to be the close points. If this happens, a bearish weekly candle i see on the horizon."



YOUR OPINION MATTERS

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Week's 16.09 - 20.09 Most Precise Forecasts

EUR/USD				GBP/USD				GBP/JPY			
Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD
 webmaster33	1.34	1.345	0.01	 delta_gamma	1.6	1.61	0.007	 delta_gamma	158	161	1.572
 ivanbgd	1.32715	1.3546	0.018	 Heynes6EU	1.586	1.6	0.01	 Zorro145	157.1	157.9	1.582
 geula4x	1.325	1.34	0.021	 christiangoni	1.5756	1.6046	0.018	 geula4x	156.7	160	1.785

*RMSD = Root-mean-square deviation

Dukascopy thanks all the participants!

	nuonrg
	Forsmin
	tieru999
	becker
	fx_art
	Victor
	mrlfx
	vision85
	tonio
	jaime_1008
	Erialda
	Bruce
	Juandata
	rabit

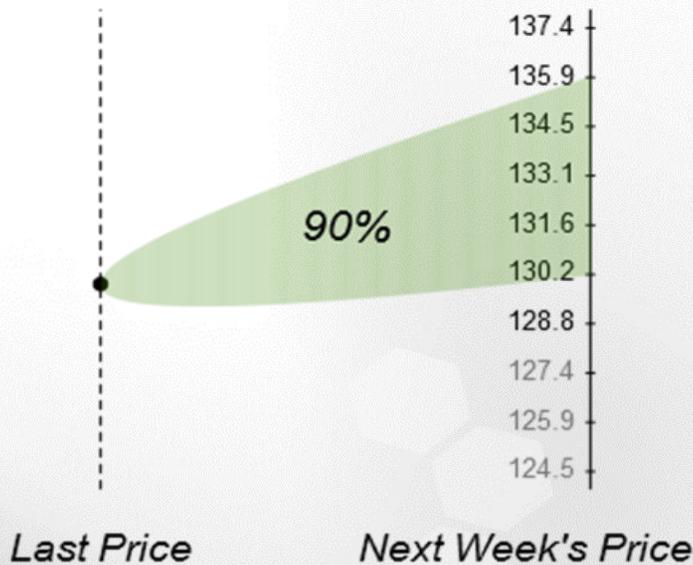


Fundamental Analysis Contest
Do you know how the price will react to the news? Submit your prediction for the price movement direction and win!

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.

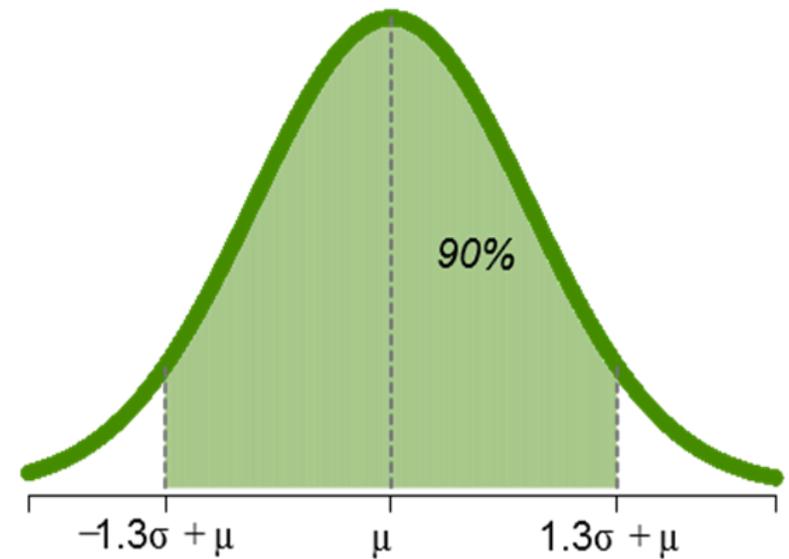
Under the assumption that currency pair logarithmic returns are normally distributed with mean μ and standard deviation σ as illustrated by the second graph, the respective probability density function can be used to find a 90% probability range for weekly returns. Obtained critical values can be then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



Graph 1: Confidence interval used for "Community Forecasts"

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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