



DUKASCOPY
RESEARCH PRODUCTS

01/10/2013



Community Forecasts

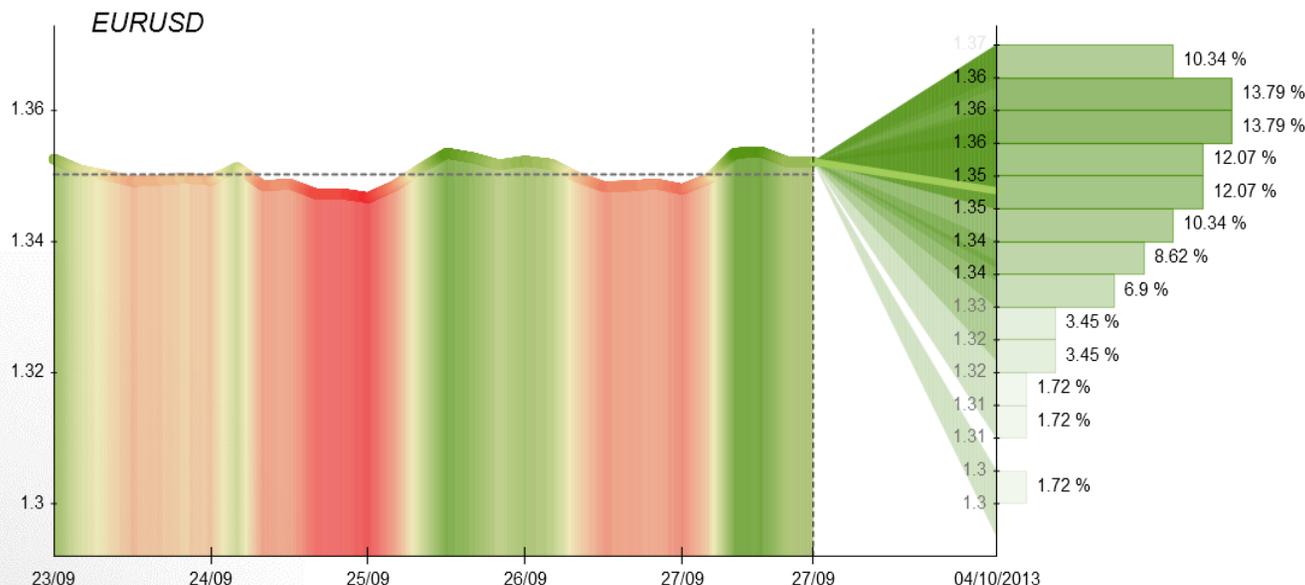


EUR/USD 1W Chart

The most traded currency couple stayed relatively flat last week, trading around 1.35, however, the pair has reached the eight-month after the U.S. government's shutdown, which is likely to have a strongly negative effect on the world's largest economy. However, on Tuesday, the pair inched lower after better-than-expected manufacturing data from United States.

This week, however, traders are slightly bearish on the pair, as the median forecast stands at 1.3477. Furthermore, 69% of all opened positions short, meaning Dukascopy traders are expecting weaker single currency. According to [Dukascopy projections](#), EUR/USD is likely to reach 1.3 in the Q4, therefore the long term outlook is bearish. However, many respondents are expecting the pair to fluctuate around 1.36 by Friday, as almost 40% of traders mentioned a range between 1.35 and 1.36. Even in case of appreciation, bulls will face a strong resistance around 1.3568, represented by weekly resistance and September's high. At the same time, aggregate technical indicators on a daily and weekly charts are sending "buy" signals, hence the outlook is a little bit controversial.

Therefore, we can suggest the pair will be driven by fundamental data, as on Wednesday are scheduled [ECB's press conference](#) and Bernanke's speech, which both are adding significant turbulence into markets. Moreover, on Friday the Bureau of Labor Statistics will unveil the U.S. [unemployment rate](#), which is likely to remain unchanged. It seems that we might see a period of consolidation around 1.35. And while Draghi is likely to stay pat on the policy, while any hawkish comments from Bernanke will push the pair significantly lower.



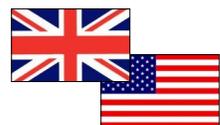
GreyEmin on EUR/USD

"Bullish view in case support 1.345 can hold price and trading range can be min 1.345 and max 1.370. In case this support is breached, correction can extend till level 1.33."



Bruce on EUR/USD

"EUR/USD spent the whole last week consolidating as expected, but I think it will not continue for this week. Though we have more technical bullish signs, there is no upside momentum so far. So we will likely see some downside movement in the near term especially if the 1.346 support fail first. I expect EUR/USD may close around 1.323, and move in the range 1.310-1.370 this week."



GBP/USD 1W Chart

At the moment of writing, the GBP/USD currency pair was testing the limits of its first weekly resistance at 1.6241. Technical indicators also showed that the weekly support is at 1.6025 level.

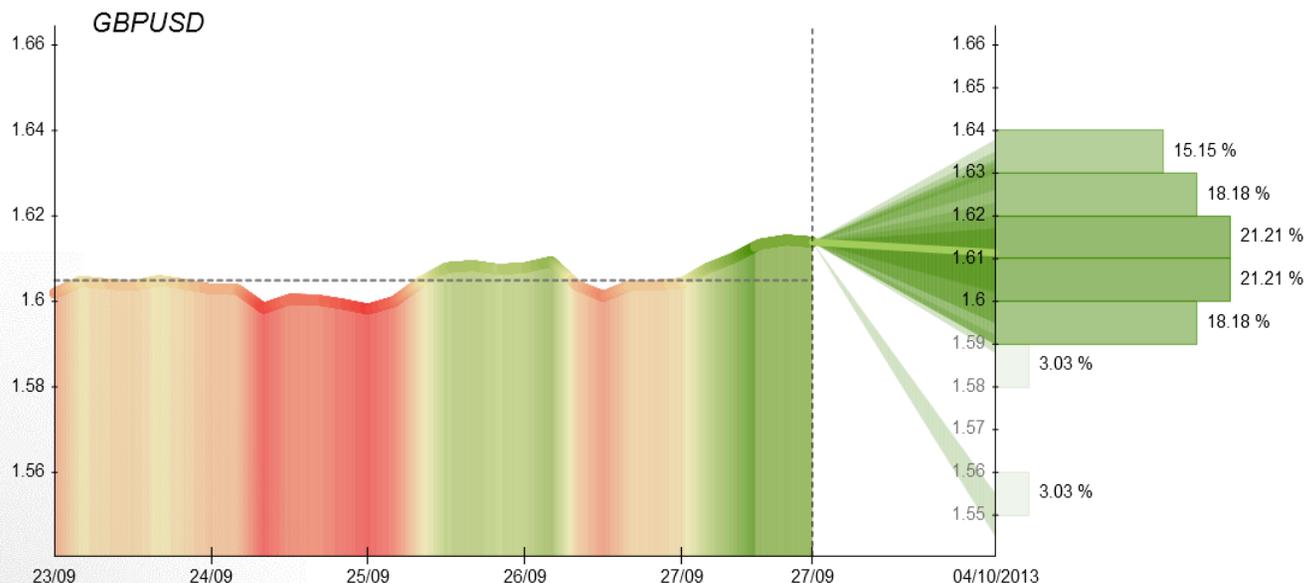
According to the survey that Dukascopy Research Team conducts every week, our community members are expecting GBP/USD to trade at 1.6114 on October 4, well below the pair's trading price during Tuesday's session.

50% of the surveyed community members used technical indicators or a combination of technicals and fundamentals when doing their forecasts.

Among fundamentals, traders referred to better-than-expected data on British economy, as a report on Thursday showed that the UK's current account deficit was 13 billion pounds in the second quarter, down from 21.8 billion pound deficit in the first quarter. Marius24 mentioned that the Sterling is appreciating versus the Dollar due to dovish stance of the Fed.

Traders, who took part in the Dukascopy [Fundamental Analysis Contest](#), see PMI Construction data release, due on Wednesday, having a bullish impact on the pair (72.2%). In the meantime, traders also see Markit Services PMI data, to be published on Thursday, only supporting the pair's upward movement.

As concerns technical levels, short and medium term stochastic indicators point out that the pair is overbought and there should be some bearish correction in the nearest future. Therefore, the short and medium term outlooks for the pair remain bearish.



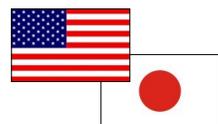
Bruce on GBP/USD

"With the bullish fundamentals for the Pound especially what Mr. Carney said last week, GBPUSD continues its upward movement and reached risky high almost near 1.620 area major resistance. I don't think it will breach 1.630 area this week because the pattern just looks likely to form a double top maybe this week. It will likely to start the consolidation between 1.590-1.620, and close at 1.600 area."



HelgaPehkel on GBP/USD

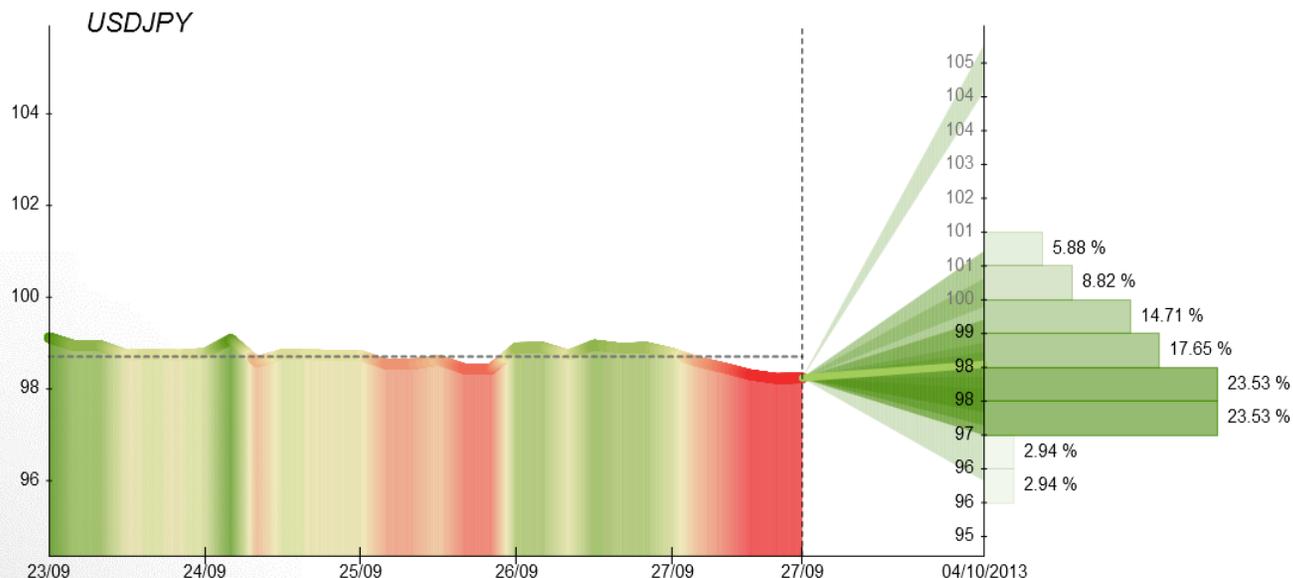
"I like this pair more in my day trading. For this week, I think pair will trade in the range from 1.6020 till 1.6170, so it is good for intraday trading. I think that we will see this week just moving in 50 pips. Nothing interesting. However, I'm short on this pair. GBP is overbought, and will start lazy falling. By Friday, we will see the pair at 1.6098."



USD/JPY 1W Chart

Throughout the previous week, USD/JPY was trading sideways without any surprises, fluctuating around its weekly average price of 98.535. However, by the end of the week the currency pair lost some ground. While during the previous five trading days there were no influential data, this week started with bunch of economic data releases, which provided mixed view on the current economic stance of the country. The widely awaited decision of Premier Minister Shinzo Abe on sales tax hike from the current 5% to 8% did not surprise the market participants, as Abe acted in line with expectations, saying that Japan will pair a planned April tax increase with new stimulus spending, an attempt to chop a massive national debt. Meanwhile, on the other side of the world the U.S. government has partially shut down, while Italy is facing another round of political instability. This has spurred investors to turn to the safety of the Yen, pushing the pair down towards 97.497, as risk aversion dominated market sentiment. However, afterwards the pair started to recover. Nevertheless, Community forecasters are bullish on the pair, expecting the pair to reach 98.53.

Another important event this week will take place on Friday, 4 October, when the Bank of Japan will release its monetary policy statement. As Abe decided to follow through the tax hike, all eyes now turn to the BOJ to see if the central bank expands its massive monetary stimulus to counter any downturn from the higher levy. Participants of [Fundamental Analysis Contest](#) expect that event to have a bearish impact on USD/JPY.



Juandata on USD/JPY

"USD/JPY has been supported by SMA 200 (days), so as this week the price opened just below the long term moving average, we could expect strong demand from current levels. The maximum could be 99, and minimum 97,21."



marius24 on USD/JPY

"More and more investors are skeptical about the will of BOJ to achieve the 2% inflation target, therefore no one is taking risk to go long on USD/JPY. To see more depreciation of the Yen, the President of BOJ, Haruhiko Kuroda, must intervene with more stimulus or the FED has to change its monetary stance to a hawkish one. Neither of the scenarios are likely in a week, USD/JPY will stay at the current level or even lower."

YOUR OPINION MATTERS

THE MOST SUCCESSFUL FORECAST MAKERS WILL BE OFFERED TO JOIN THE RESEARCH TEAM IN THE DUKASCOPY DAILY WEBINARS!

Week's 23.09 - 27.09 Most Precise Forecasts

EUR/USD				EUR/JPY				AUD/USD			
Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD
 Tonio	1.3425	1.345	0.009	 nuonrg	133.3	133.9	0.798	 Tonio	0.93	0.93175	0.001
 vision85	1.34	1.356	0.009	 Juandata	133	135	1.516	 Erialda	0.926	0.94569	0.011
 Erialda	1.348	1.365	0.01	 vision85	132	135	1.631	 becker	0.925	0.946	0.011

*RMSD = Root-mean-square deviation

Dukascopy thanks all the participants!

	nuonrg
	delta_gamma
	Maksim_Chelnokov
	mag
	GreyEmin
	AdamFx42
	marius24
	geula4x
	tonio
	Biosiska
	alifari
	Ali21_fx
	Bruce
	Juandata
	Vilkas
	HelgaPehkel
	ivanbgd
	drishti
	Likerty
	INFINITEisTHElimit
	scramble
	FlashTrade

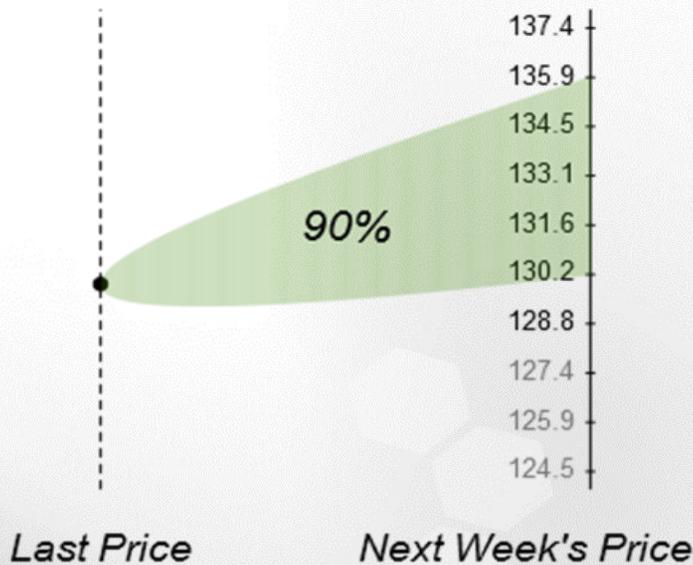


Fundamental Analysis Contest
Do you know how the price will react to the news? Submit your prediction for the price movement direction and win!

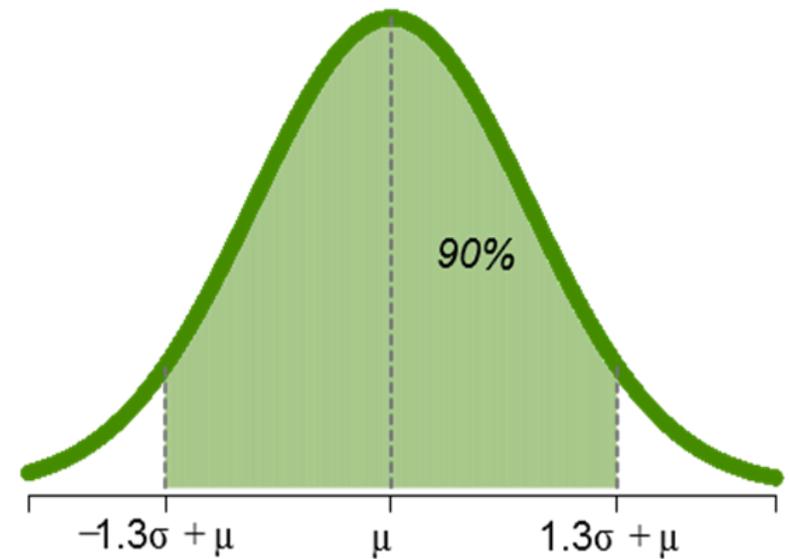
EXPLANATIONS

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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