DUKASCOPY

RESEARCH PRODUCTS

Community Forecasts

SWFX Top 3 Currency Pairs

Last week EUR/USD, GBP/USD and EUR/JPY currency couples turned out to be the most popular ones, according to the traded volume, again proving the traders' high reliance on these pairs. GBP/JPY also enjoyed high popularity, as it ranked four with 12.7%.
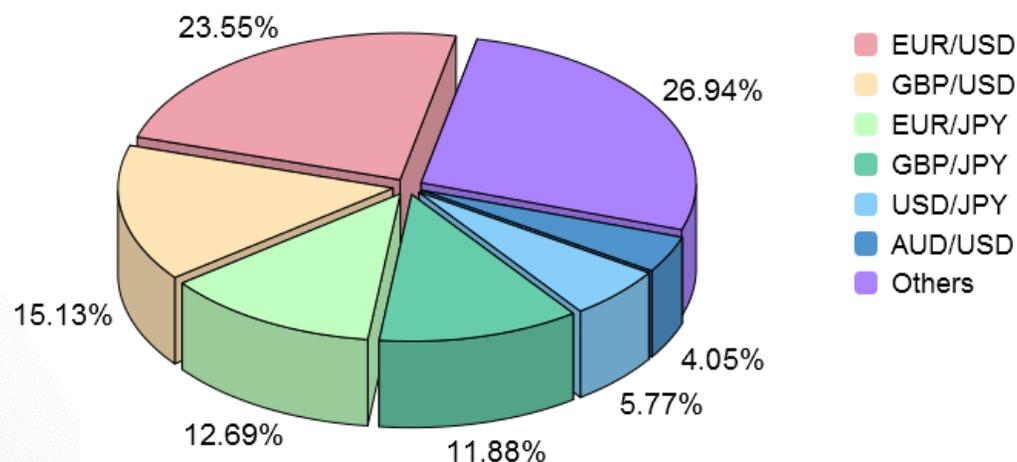
Last week, traders were moderately bearish on all three most popular currency pairs, as at least 53% opened short positions. For the week ending December 6 Dukascopy Community members are rather neutral on the three couples as the trading sentiment was spread almost evenly.

EUR/USD is forecasted to close the week at around its current 1.35 level, while GBP/USD and EUR/JPY are set to finish the week even below their trading levels seen on December 2.

Dukascopy Research Team would like to express its great gratitude to all the community members who devoted their time and efforts to take part in the creation of this analytical product. We also want to congratulate the last week's most precise forecast makers heimdall and mohands_moslim. As concerns the trader contest, we want to highlight webaster33, keeong and queenlt who showed the best trading performance last week.

Instruments

Instrument	Buy	Sell
EUR/USD	47 %	53 %
GBP/USD	47 %	53 %
EUR/JPY	43 %	57 %

Pie chart values:
- EUR/USD: 23.55%
- GBP/USD: 15.13%
- EUR/JPY: 12.69%
- GBP/JPY: 11.88%
- USD/JPY: 5.77%
- AUD/USD: 4.05%
- Others: 26.94%

Last Week's Top Traders

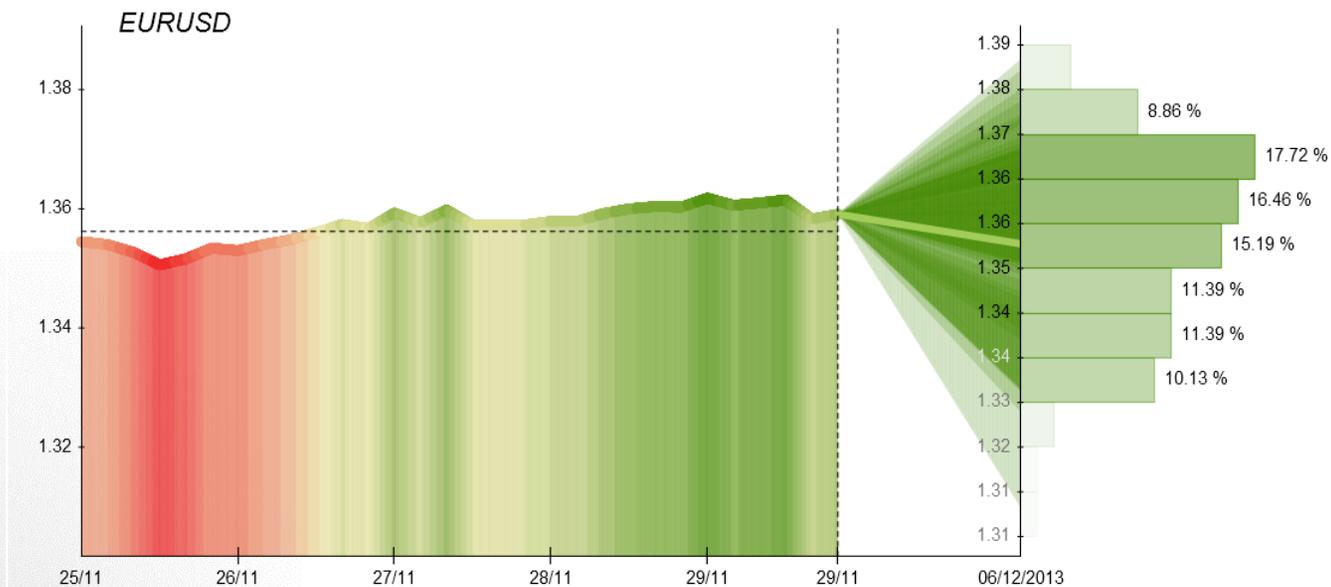| GBP/USD		EUR/JPY		EUR/USD	
Nickname	PNL	Nickname	PNL	Nickname	PNL
webmaster33	37580	keeong	104871	queenlt	85895
carpe	34888	masood	98519	smeetei	61783
rezmy	29805	zumba	88938	MgL88	61518

*PNL- Profit & Loss in USD

EUR/USD 1W Chart

The most traded currency has been fluctuating within a 100 pips range since November 24. This volatility perfectly suits into rising wedge pattern's boundaries, which was formed on November 6. At the moment of writing the pair was changing hands at 1.3568, just couple of pips below the 200-period SMA (4H Chart). The market sentiment is not clearly marked, as 58% of traders are holding short positions, while 51% of all pending orders are placed to buy the pair. In case the pair does not dip below 1.35 (weekly and daily S1), a movement toward pattern's resistance and weekly R1 at 1.3641 can be expected.

Dukascopy Community members, however, are expecting the pair to reach 1.351 by this Friday, December 6. The mentioned level is just slightly below the last week's average price of 1.3571.

The pair is most likely to be driven by fundamentals this week. And while the consensus forecast points at slight depreciation of the pair, some of traders are even more bearish on the pair. "Eurozone manufacturing data indicated that the economic recovery in the region remains weak. On the 4H chart we can see an expressive bearish candle. The pair likely to reach the next support level around 1.34," said Carpe. In addition to that, EUR/USD is expected to be highly volatile this week, and the volatility can be far more than last week's 100 pips. While on Thursday the U.S. Bureau of Economic Analysis will unveil GDP data, Friday's jobs data are likely to have even stronger impact on the U.S. Dollar. Based on preliminary estimates, data can push the greenback higher, putting 1.35 on the map.

EURUSD

8.86 %
17.72 %
16.46 %
15.19 %
11.39 %
11.39 %
10.13 %

25/11   26/11   27/11   28/11   29/11   29/11   06/12/2013

Rokasltu on EUR/USD
"Coming week will be full of important news thus quite big swings in EUR/USD rate is possible. But in my opinion at the week end everything will return nearly in same place were week started."

VS

Wiyonofx on EUR/USD
"Next resistance at 1.3650. In first week, many big news especially non-farm payroll will move this pair with high volatility.In my opinion, US dollar will become strong in next week."

Bullish: 50%   votes

Bearish: 50%   votes
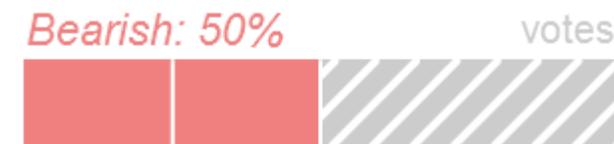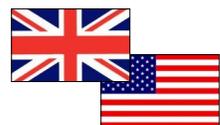
GBP/USD 1W Chart

The cable hit 1.6442 on December 2, the level previously reached in August 2011, edging higher on the back of stronger-than-expected U.K. manufacturing data. While figures from construction and services sectors may contribute to further Sterling's appreciation, technical indicators are starting the send "sell" signals. RSI and Stochastic on a daily chart are already suggesting the market is overbought, while MACD on a 4H chart are suggesting a retracement as well.

At the same time, traders also consider the cable as overbought, expecting it to close at 1.6338, still above the last week's median price of 1.6265. Despite the bearish outlook, there was equal number of respondents that had expected pair to go north or south. While the median forecast points at pair's depreciation, the pair is still likely to appreciate in the long-term. "The pair still presents uptrend situation. From long to short terms we have a possible U-Turn to a coming downtrend. The market price is facing massive resistance at 1.6680," said 'forexgrange'.

From the perspective of fundamental analysis, we have a mixed signals, as markets expect stronger-than-expected data both from the United States and Britain. While all the key-pillar of the U.K. economy will push the Pound higher, stronger GDP and payroll from the world's largest economy will provide some hints on a possible December tapering, and are more likely to influence the pair's movement, hence a dip toward 1.6338 or even lower can be expected. (I think this sentence can be divided into two parts)

GBPUSD chart showing values 9.84%, 21.31%, 19.67%, 24.59%, 9.84%
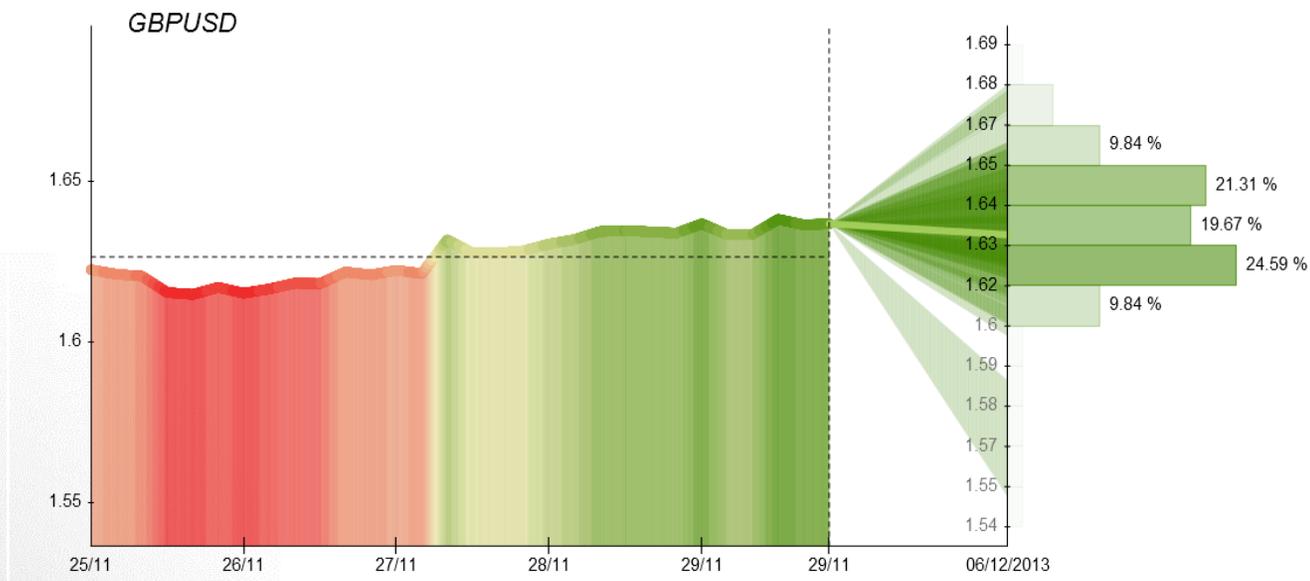
Mkubuxk on GBP/USD

"The cable still shows the power to climb up to the cloud. After break trough at 1.626, i think its fundamental and technical fueled this pair to 1.66."

Zumba on GBP/USD

"GBP is in a strong moment so is difficult for me, because it is touching a descendent monthly trend line (similar to EUR/USD). So I think that can go down. But GBP is in a very strong moment and weekly candle is in up trend. So if break the trend line, I think that go till 1.6550 - 1.6600."

Bullish: 50% votes

Bearish: 50% votes
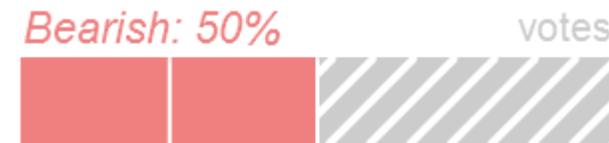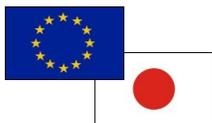
EUR/JPY 1W Chart

Last week the EUR/JPY currency pair reached new highs by adding 1.3% to close the Friday's trading session at 139.125, as the Japanese Yen continued to weaken, allowing the pair to approach the 140 level. The couple traded at 1.357 on average in the week ended November 29.

This week the EUR/JPY continued its upward movement to hit 139.608 during the trading session on Monday, following Friday's positive news that the Eurozone unemployment fell to 12.1% in October for the first time in three years. On Tuesday, the pair broke above 140 briefly, forcing investors to close their long positions, registering profits, and in turn pushing the pair back to 139 levels later in the session. At the moment of writing the SWFX sentiment showed that 59.76% of all positions were short on the pair.

The consensus forecast for this Friday, December 6 is at 138.7576, suggesting the pair will trade down from its current levels. However, our survey results suggest that the community members are moderately bullish (53.3%) on the pair, because the range of forecasts was very wide this week.

When looking at important fundamental news having a potential impact on the pair this week, German Retail Sales data release is scheduled for Wednesday, while ECB rate decision will be announced on Thursday, December 5 where the ECB is expected to reiterate its dovish tone without any fresh actions. The refinancing rate is currently at 0.25%.

EURJPY

|	%
142	9.47 %
141	9.47 %
141	12.63 %
140	13.68 %
139	11.58 %
138	10.53 %
137	8.42 %
136	7.37 %
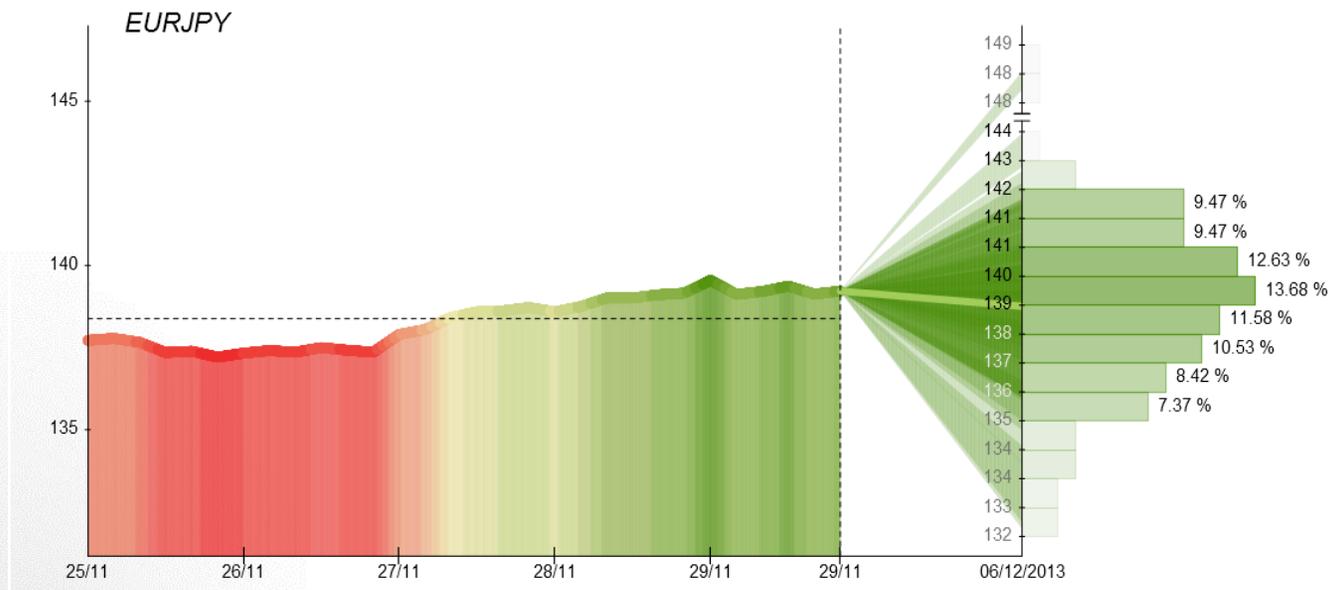
Bruce on EUR/JPY

"since EUR/JPY broke the previous high which is an important technical signal for the pair, the big bullish cycle may continue in the near future. EUR/JPY may go higher this week as the market sentiment is totally in the bullish side, and it may close at 140 level."

Forexgrange on EUR/JPY

"The pair still present strong uptrend situation. From long to short terms we have a possible U-Turn to a coming downtrend. The market price is facing massive resistance at 140.00. We have the indicators overbought on long and short terms: evidences that we could have a downtrend starting soon."

Bullish: 53.3%   votes

Bearish: 46.7%   votes
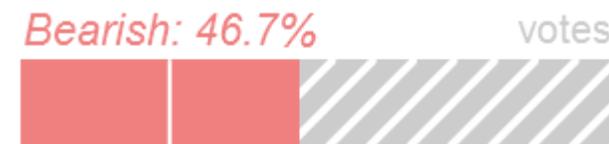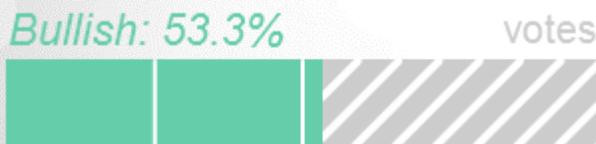
YOUR OPINION MATTERS

If you are also willing to take part in creation of Community Forecasts product,

please write us to research@dukascopy.com

Week's 25.11-29.11 Most Precise Forecasts

EUR/USD				GBP/USD				EUR/JPY			
Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD
Heimdall	1.36	1.364	0.004	mohands_moslim	1.6245	1.628	0.011	mohands_moslim	138.2	138.66	0.823
mohands_moslim	1.365	1.3674	0.007	geula4x	1.615	1.635	0.015	Ynz	137	139	1.577
AWAIS	1.36	1.37	0.008	Ynz	1.61	1.63	0.02	geula4x	137	140	1.664

*RMSD = Root-mean-square deviation

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

![Dukascopy Swiss Forex Bank & Marketplace logo]

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.
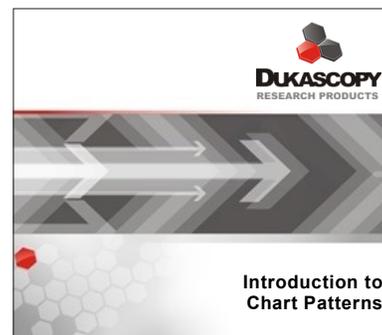

Graph 1: Confidence interval used for "Community Forecasts"
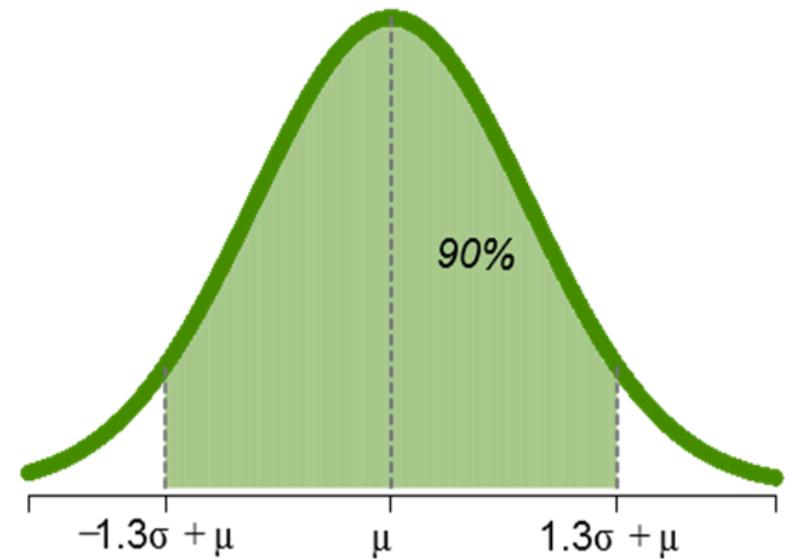
Graph 2: Probability Density Function for a Normal Distribution

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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