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RESEARCH PRODUCTS

08/04/2014



Community Forecasts

Metal_Mind, one of the most active Community members, shares his trading experience and favourite currency pairs



Why not aim big and improvise on the road?

-Metal_Mind

When did you start trading and what was your motivation?

My Forex journey began in 2008, when by mistake while developing various online advertising & marketing campaigns for different clients, I overheard an interesting conversation between one of my clients and somebody else, saying that in the "stock market" there are huge opportunities to acquire vast wealth. I was only 16 years old back then, and of course I did not know the difference between stock market and forex market, and being caught in the mirage of FX brokers promising easy money I started researching the matter more seriously. I used all my skills learned as an advertiser and redirected them to the vast FX industry working as an IB for various brokers. All the money earned as an IB was used to fund my live trading accounts and helped pay for my "Forex trading education". I opened my first trading account while being still underage, with the help of my parents. Of course like every other trader I lost several accounts in my early ages, and later while I was in the highs I lost my trading account with over 21.000\$. That was my biggest hit. Even though I was disappointed, I decided not to quit trading but start learning even more and became a true professional. As a result, my collage option was of course a business school with specialization in Finance & Banking, which I will graduate this summer. My biggest success in these 6 years among others is that I transformed a mistake into passion.

My main motivation to succeed as a trader is the fact that I want to provide my parents an early retirement without worries to somehow reward them for all the sacrifices they have made for me. Trading might be a hard and uncertain job, but looking at the world today I see that there is no longer a safe place to work. Thus, why not aim big and improvise on the road?

What currency pairs do you usually trade and what is the reasoning behind your choice?

I usually stick to majors, but in general I trade a very wide basket of currency pairs. I am an opportunistical trader and take advantage of the situations the market offers me. While making my technical analysis for the next week or month and find a good set up, I will surely trade it no matter the pair. I love trading crosses because of their bigger volatility and my usual pairs resume to: GBP/JPY; GBPAUD; GBP/NZD; EUR/GBP; EUR/JPY; GBP/CHF and EUR/USD.

Tuesday, April 08, 2014
15:30 GMT



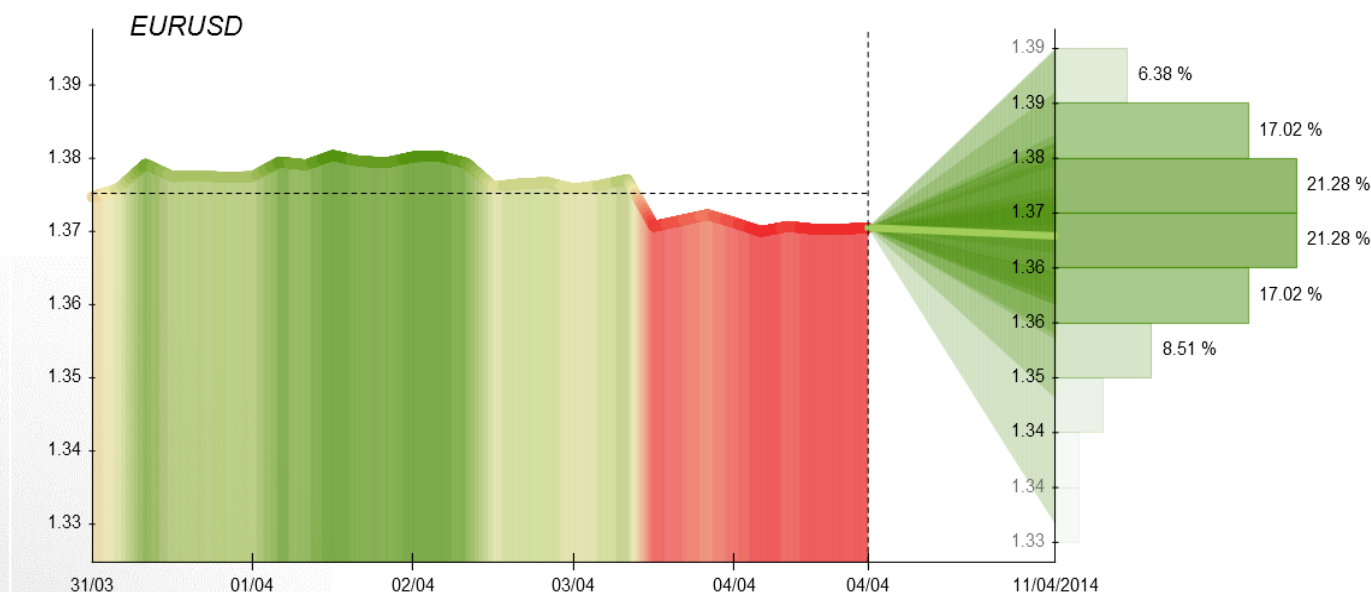
EUR/USD 1W Chart

The pair opened the last week at 1.3743 and reached its monthly pivot point at 1.3815 on Tuesday. However, it bounced off this resistance level on Wednesday and kept depreciating over the last three trading days of the week. The Dollar dropped from its five-week high against the single currency on Friday as the U.S. non-farm payrolls release showed worse than expected data and the U.S. monthly unemployment rate was at 6.7% compared to the estimates for a fall to 6.6%. Even though the data worsened the market sentiment, it also gave a sign that the Federal Reserve would most likely stick to its current pace of tapering. The currency pair finished Friday's trading session at 1.3703 to post a weekly decline of 0.52%.

Dukascopy community members, who submitted their forecasts on the EUR/USD, hold a rather bearish view on the pair, as according to the average consensus forecast this Friday's closing price is set to be at 1.3694. At the moment of writing the EUR/USD pair was trading at 1.3805. Our community member 'khalidamassi' made a forecast when the pair traded at its major support area at 1.367-1.371 and saw that playing a big role in the pair's further movements, whereas 'Bruce' was in the opinion that EUR/USD is in the uptrend movement that would continue in the short term.

Daily technical indicators (MACD, Alligator, SAR) pointed at possible depreciation, while weekly indicators hold a more bullish view.

In the week ahead, markets will be focusing on German Trade Balance data on Wednesday, U.S. report on initial jobless claims on Thursday and American producer price inflation in the end of the week. Dukascopy Fundamental Analysis contest suggests that community members see German trade balance and consumer price index data releases having a rather positive impact on the EUR/USD pair.



Aslamhammad on EUR/USD

"G20 Meeting can create some unexpected volatility in commodities like Gold, Silver and also in the euro zone."



Tinktank on EUR/USD

"This pair is clearly trending down toward ascending triangle support at 1.3608/ 44 on weekly chart."

Bullish: 42.9%

votes

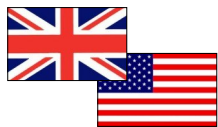


Bearish: 57.1%

votes



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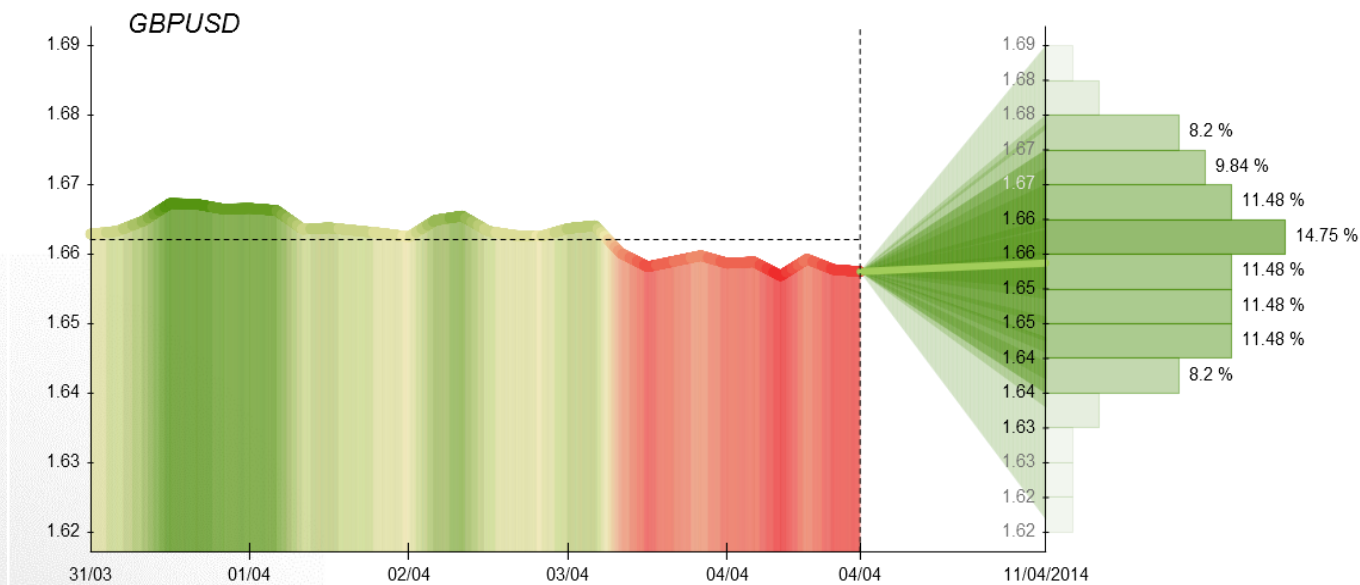


GBP/USD 1W Chart

Amid disappointing statistics from the U.K., the cable moved lower last week, hitting 1.6555 on April 4. Britain's economy is on the mend and the recent weakness is projected to be only temporary. Nonetheless, all three pillars of the economy— manufacturing, construction and services, posted weaker-than-expected growth, suggesting the economy can lose some momentum in the first quarter. At the same time, the Sterling is projected to be highly volatile this week, as on Thursday [policymakers will gather](#) to assess the current state of domestic economy. They are expected to stay pat, however, any hints on future moves or hawkish comments will immediately send the Sterling higher.

Dukascopy Community members are strongly bullish on the pair, as more than 57% of respondents believe the pair will appreciate this week. The consensus forecast stands at 1.6587, significantly below Tuesday's price that was above 1.67. It seems that traders were not expecting such a strong reaction on the manufacturing production from the U.K, that came above analysts' forecasts, providing a strong bullish bias for the Pound.

From the perspective of technical analysis, the outlook is bullish as well. The main reason for such a suggestion was a penetration of the upper trend line of the channel down pattern on the 4H chart. The pair has been depreciating since February 17, when the pair hit this year's high at 1.6823— above the weekly R3. Since then the cable moved back to 1.64 level, and even Fed's hints about the upcoming rate hike were not able to provide a massive sell-off of the pair. Keeping in mind stronger-than-expected fundamentals from the U.K., 'buy' signals from the technical indicators, a penetration of the upper trend line and bullish view from traders, the pair is likely to climb higher this week.



Jmdv on GBP/USD

"GBP/USD has been on timid uptrend for a while now. I expect it to remain this way, although not for too long. The 1.68 level has proved to be unbreakable for several years now and without any clear incentive it will not be broken."



Rokasltu on GBP/USD

"I think that GBP/USD will weaken as it seems that pair just started downside movement. "

Bullish: 57.1%

votes

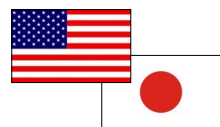


Bearish: 42.9%

votes



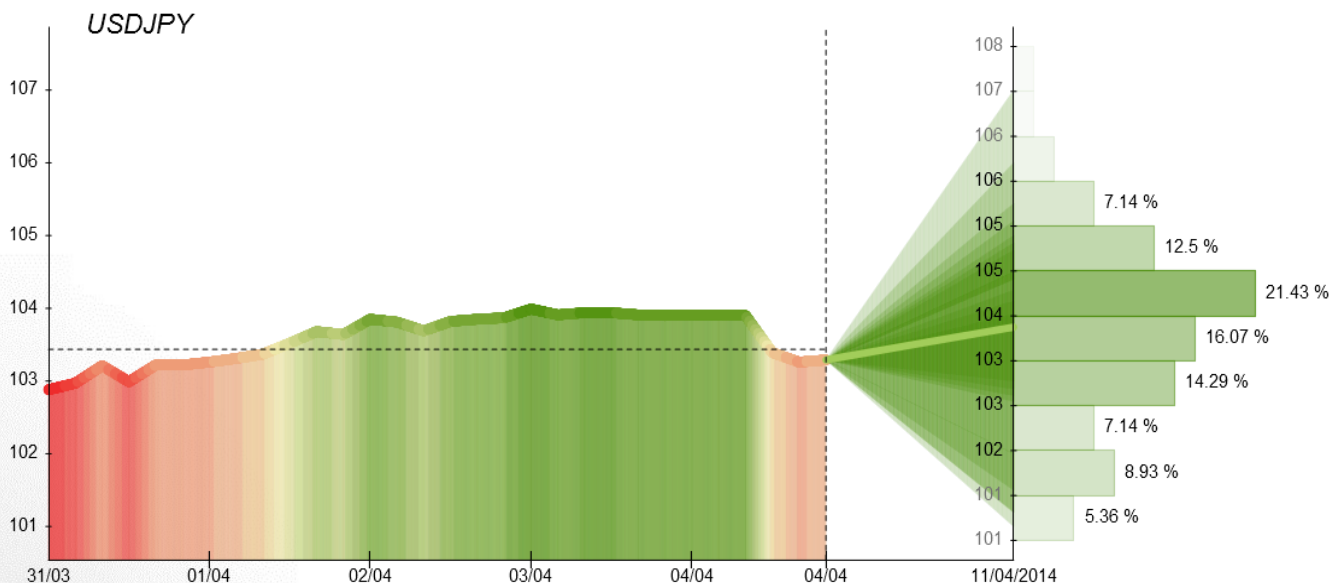
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USD/JPY 1W Chart

USD/JPY is facing a strong resistance slightly above 104-mark. Last year, analysts claimed the pair will hit 112 level this year, however, taking into account BoJ's confidence in the current course and a lack of action from the Fed, the pair can move lower in the coming weeks. During the first week of April the pair performed a solid rally to 104, however, later, after a release of mixed unemployment data from the United States the pair moved back to 103 level. This week, the depreciation continued, as Kuroda during his first anniversary at the Bank of Japan said the economy is on the track reaching the 2% inflation within the planned period. While analysts believe the central bank will introduce fresh stimulus in July, the latest comments diminish hopes for additional measures.

For the first time ever Dukascopy community members are almost univocal in their forecast for the USD/JPY pair. More than 92% of respondents believe the pair will appreciate. At the moment of writing, the pair was trading at 102.52—almost at the level of a 200-period SMA on the 4H chart. Traders, however, believe, we will see the price reaching 103.74—slightly above the daily R3. Trader Geula4x said that “resistance lies around 105.00 area, which capped price on Jan. 10th. Support lies at 102.00 round number and near March 27th daily low.” At the same time, Juandata believes the pair can move sideways- “I think this pair will oscillate between 105 and 101 for at least two more months. This week the pair should aim towards 104.25, but minutes from both sides will be the catalyst for this week price action and probably for this month's as well.” Minutes from the FOMC can show how and when the Fed will complete its stimulus programme and when the first rate hike can be made. In this case, markets will start pricing the action, pushing the U.S. Dollar higher. The minutes from the BoJ, however, are not expected to provide any surprises.



Bruce on USD/JPY

“Although USD/JPY is going downward now, I think the 101.5 level support will hold in this week. and I think after some downward consolidation it will return to the uptrend momentum soon.”



Drishti on USD/JPY

“Pair rose to 104 level last week but declined sharply. Overall bias is still unchanged and still in upside and current sideways move can be seen as corrective patterns. Initial bias is downside this week due to interest rate decision and FED meeting minutes.”

Bullish: 92.9%

votes



Bearish: 7.1%










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*

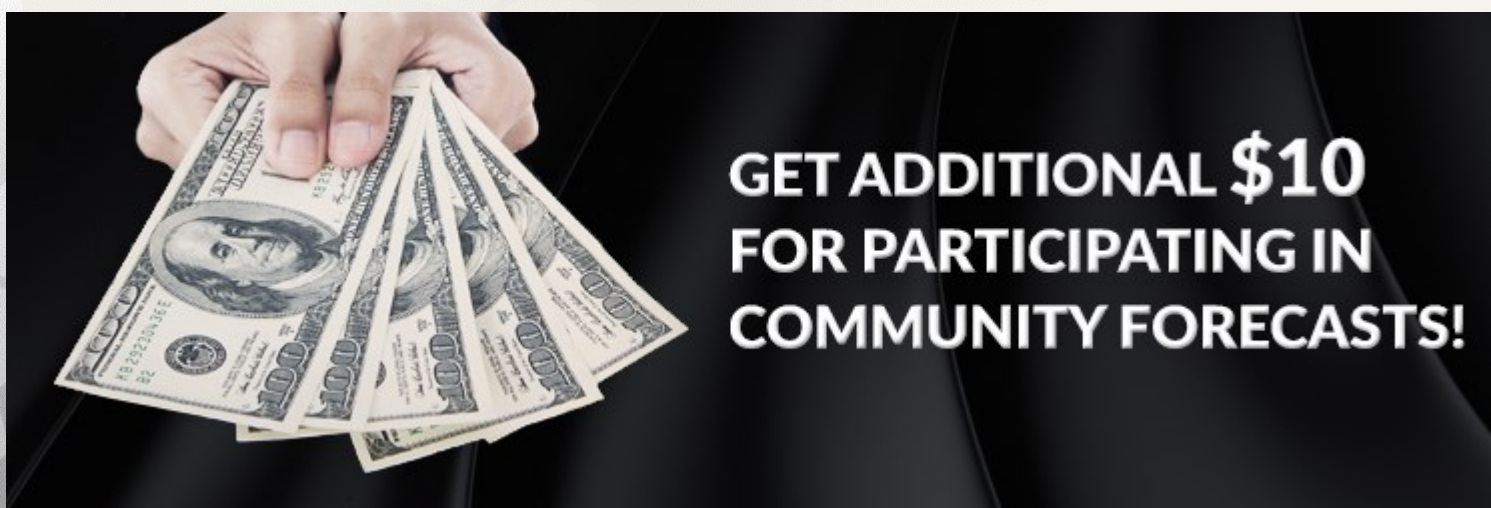
Week's 31.03-4.04 Most Precise Forecasts

EUR/USD				GBP/USD				USD/JPY			
Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD	Nickname	Min	Max	RMSD
 phucthanh	1.3673	1.36953	0.002	 Tommaso	1.656	1.658	0.001	 Anshu_Habarova	102.79	103.02	0.402
 sankit	1.3666	1.3703	0.003	 sankit	1.6575	1.663	0.004	 juandata	102.66	103.45	0.46
 yonseo	1.36612	1.3703	0.003	 juandata	1.657	1.6656	0.006	 afzal	103.5	104	0.524

*RMSD = Root-mean-square deviation

Dukascopy thanks all the participants!

	aslamhammad
	bruce
	drishti
	DumbAsARock
	geula4x
	jmdv
	juandata
	khalidamassi
	ozgurinan
	rokasltu
	smoothtrade
	tamison
	Tinktank
	venimirp

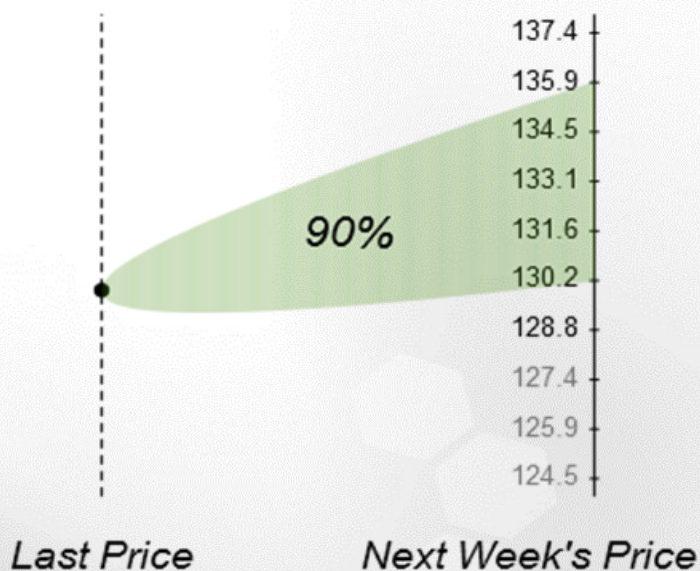


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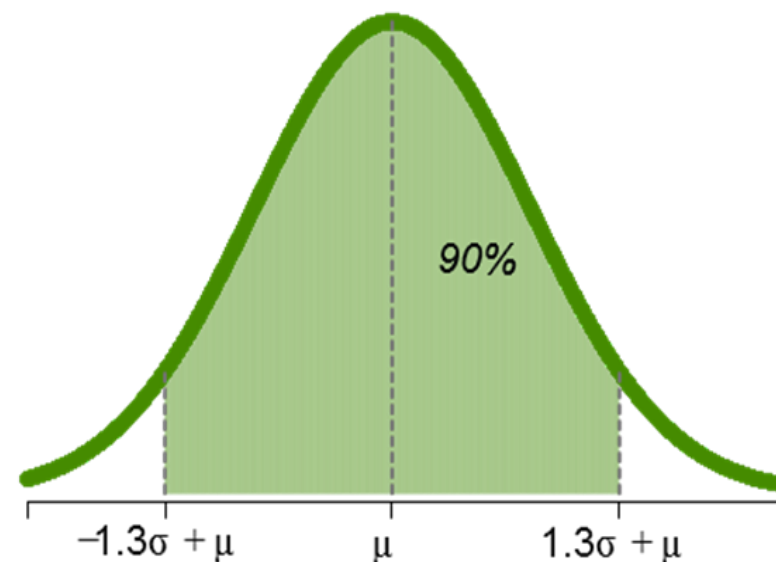
EXPLANATIONS

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.



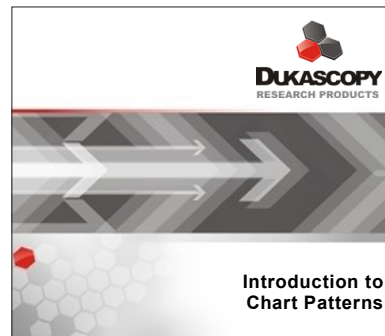
Graph 1: Confidence interval used for "Community Forecasts"



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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