Market View Report
International Finance

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Contents

Executive Summary

The report comprehensively analyses four key currency pairs: AUD/USD, USD/JPY, EUR/USD, and GBP/USD. We utilise the Fundamental approach for quantitative forecasting; qualitative data, such as inflation trends and public sentiment, further substantiate the report. The analysis indicates that the Australian Dollar and Japanese Yen are less likely to appreciate against the U.S. Dollar. In contrast, the Euro and British pound are poised for growth. Accordingly, the report advises an investment strategy favouring the Euro and British Pound while recommending the liquidation of the Australian Dollar and Japanese Yen assets.

Market View

AUD/USD

Our analysis of various forecasting models—Random Walk (Appendix 1), Fundamental (Appendix 2), and Technical (Appendix 3)—reveals that the Fundamental approach is the most reliable for predicting trading rates, with the lowest standard deviation of approximately 0.33. Our latest forecast suggests the Australian dollar will not appreciate against the US dollar, predicting a max charge of $0.769 by September 2023.
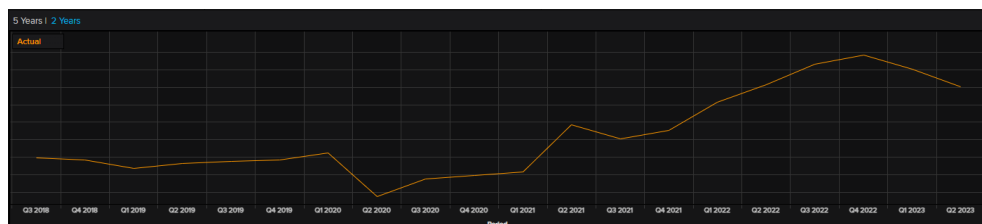

Figure 1: Australian Historical Inflation Rate

We also assessed inflation trends. Australia's inflation peaked at 7.8% in Q4 of FY2022 but still falls within the Reserve Bank of Australia's 2-3% target range.
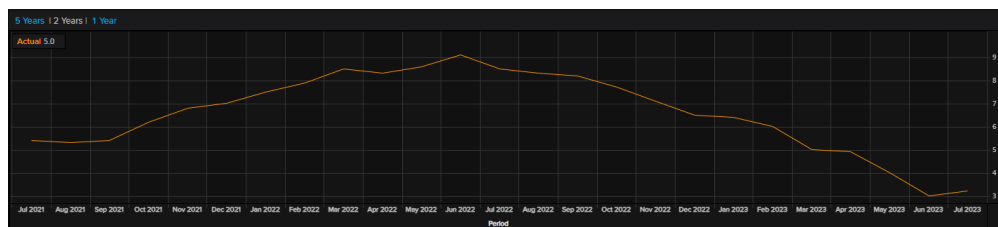

Figure 2: American Historical Inflation Rate

Conversely, the US experienced a higher peak inflation of around 9% in Q4 of FY2021 but recovered more quickly, dropping to 3% in Q1 of FY2023. Australia's rate remains high at 6%, and forecasts indicate a slower recovery than the US.
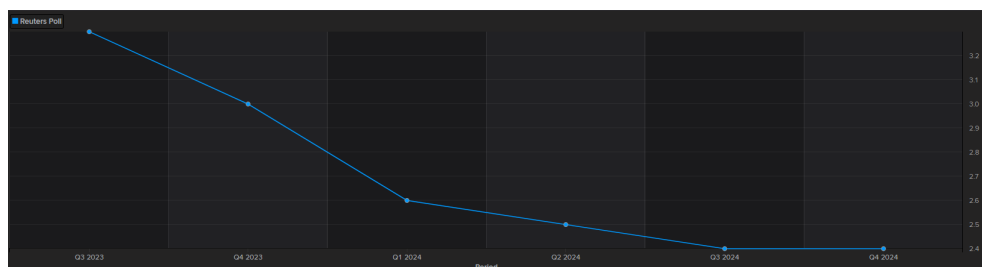

Figure 3: American Forecasted Inflation Rate
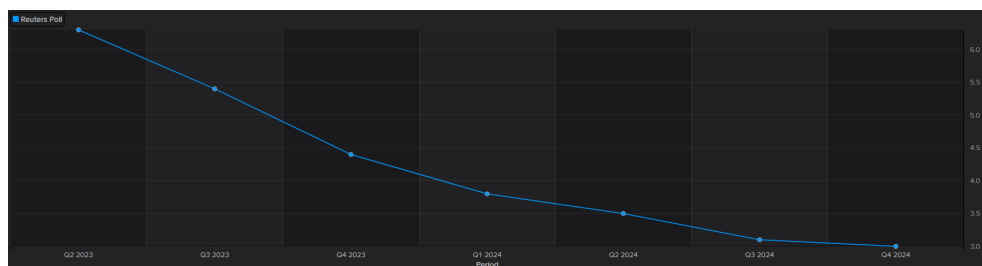
Figure 4: Australian Forecasted Inflation Rate

High inflation tends to devalue a currency, reducing its purchasing power. Based on the higher and more prolonged inflation rates in Australia compared to the US, we expect the USD to continue appreciating against the AUD in the long run.

USD/JPY

After thoroughly analysing forecasting models—Random Walk (Appendix 4), Fundamental (Appendix 5), and Technical (Appendix 6)—we found the Fundamental approach to be the most reliable for predicting trading rates, with the lowest standard deviation of 2.44. Our latest projection suggests the Japanese Yen is unlikely to appreciate against the US dollar in the short term.

Recent developments highlight Yen's nine-month low against the dollar, prompting Japan's Finance Minister to monitor market activities closely. Despite this, Japan's 3.4% inflation rate closely mirrors the US rate, and long-term forecasts show a decline to 1.8% by Q3 2024, potentially bolstering the Yen's future strength.

Figure 5: Japan Historical Inflation Rate
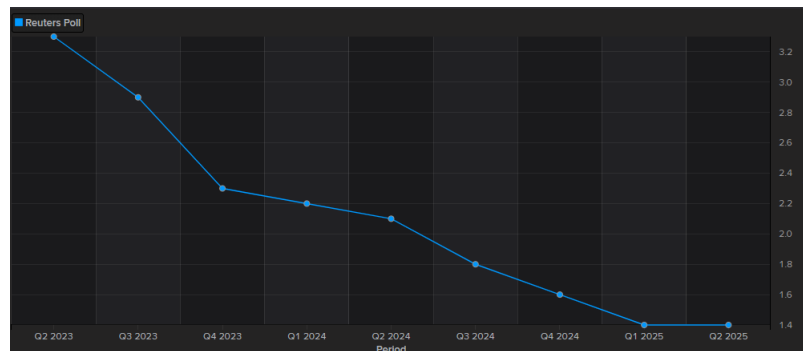
Figure 6: Japan Forecasted Inflation Rate

Japan's GDP growth aligns with OECD expectations, suggesting a possible economic rebound.
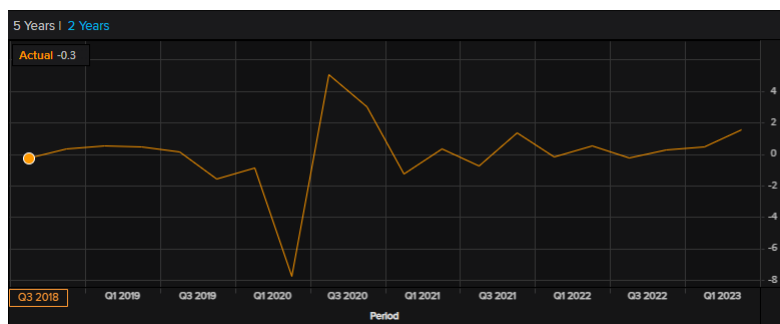
Figure 7: Japan GDP

Given contrasting public sentiments and the US's looming inflation and a potential recession, the Yen shows signs of future appreciation. However, for the

next month, the USD is expected to outperform the JPY.

EUR/USD

Our exhaustive evaluation of various forecasting models, such as Random Walk (Appendix 7), Fundamental (Appendix 8), and Technical (Appendix 9), indicates that the Fundamental approach is the most robust for predicting trading session rates, with the lowest standard deviation of 1.952. Our latest forecast suggests that the Euro will likely appreciate against the US dollar soon.

A recent CNBC article corroborates this, reporting that the European Central Bank warns of sustained higher inflation in the Eurozone, which could indicate a looming recession. Current Eurozone GDP growth lags behind the U.S., at 2.3% compared to 2.6%, implying weaker demand for Eurozone products.

Figure 8: Euro zone Inflation Rate
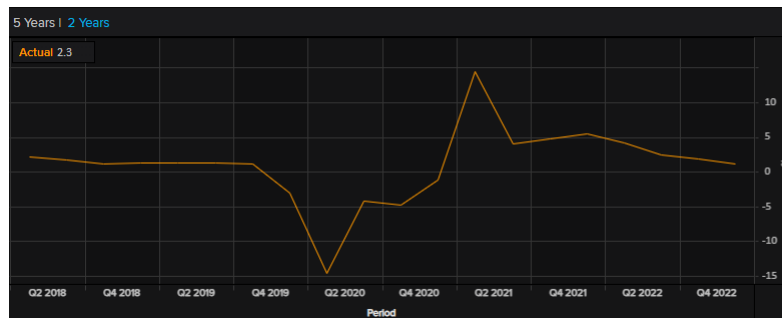
Figure 9: Euro zone GDP

However, the combination of persistently high inflation rates and positive public sentiment towards the Eurozone's swifter economic recovery is applying upward pressure on the value of the EUR relative to the USD. Given these factors, we concur with the article's forecast, anticipating the Euro to appreciate against the US dollar during our trading session.
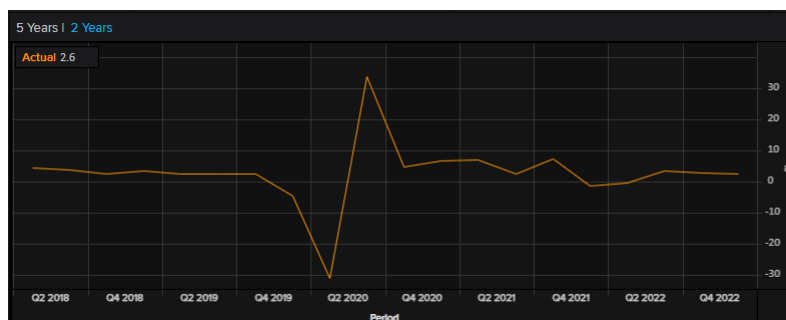
Figure 10: United States of America GDP

GBP/USD

Our in-depth analysis of forecasting models—Random Walk (Appendix 10), Fundamental (Appendix 11), and Technical (Appendix 12)—indicates that the Fundamental approach is the most reliable for predicting trading session rates. It reports the lowest standard deviation of 2.396, contrasting with the other models' higher figures. Our latest forecast predicts the British Pound will appreciate against the US dollar, expecting a maximum charge of $1.25 by September 2023. A recent article by Christopher Lewis on August 18, 2023, supports this, noting the Pound's consecutive weeks of outperforming the dollar. Despite currency market volatility, the Pound exhibits a stable upward trend, buoyed by positive public sentiment and indicators like a 5% rise in UK business investment this quarter. This bullish trend makes it an opportune moment for traders to leverage the Pound's strength to buy more USD.

Figure 11: GBP/USD Currency rate

Given the empirical and qualitative evidence, we forecast continued appreciation of the GBP against the USD in our investment timeframe.

Target Portfolio

Based on our analysis, the U.S. Dollar is projected to gain strength against both the Australian Dollar (AUD) and the Japanese Yen (JPY). Given this forecast, we recommend structuring our target investment portfolio to favour the Euro (EUR) and the British Pound (GBP). Specifically, the British Pound is expected to appreciate notably against the U.S. Dollar, offering a significant opportunity for profit maximization.

Investing in the Euro and British Pound is strategically advantageous because these currencies currently exhibit higher purchasing power in the foreign exchange market. By converting our assets from USD to EUR and GBP, we stand to benefit from their projected strength.

We advise against acquiring AUD and JPY, given our anticipation that the U.S. Dollar will appreciate against these currencies. Consequently, it would be prudent to liquidate existing holdings in AUD and JPY to capitalize on the predicted currency movements.

Proposed Target Strategies

To achieve our target portfolio, we plan to liquidate our holdings in the Australian Dollar (AUD) and the Japanese Yen (JPY), converting these assets into U.S. Dollars (USD). These conversions will be executed through substantial transactions, each amounting to USD 10,000,000. While conducting trades of this magnitude carries a high level of risk and volatility, the robustness of our analysis gives us confidence that, when executed with precision, these moves will optimize our profit potential.

Upon securing a large pool of U.S. Dollars, we will invest in the Euro (EUR) and the British Pound (GBP). Transactions will also be capped at USD 10,000,000 but with a heavier allocation toward GBP. Our analysis indicates that the British Pound offers a more significant profit margin than the Euro. This investment strategy will continue either until the trading session concludes or until we have exhausted our supply of U.S. Dollars for trading.

Appendix

AUD/USD Quantitative Analysis

Appendix 1- Random Walk

Random Walk		
Forecast	Error (%)	Error squared
0.6411	-4.59821	21.14357462
0.672	0.810081	0.65623124
0.6666	2.553846	6.522130178
0.65	-1.61949	2.622762356
0.6607	-1.16679	1.361401993
0.6685	-0.63912	0.408474496
0.6728	-4.62149	21.35818232
0.7054	3.537355	12.5128808
0.6813	0.397878	0.15830689
0.6786	6.080975	36.97826251
0.6397	-0.0781	0.006099703
0.6402	-6.38982	40.82983891
0.6839	-2.09019	4.368907911
0.6985	1.217215	1.481612104
0.6901	-3.792	14.37924708
0.7173	1.557412	2.425531716
0.7063	-5.57487	31.07913438
0.748	3.001928	9.011570778
0.7262	2.802945	7.856497911
0.7064	-2.69972	7.288512473
0.726	1.923347	3.699263315
0.7123	-5.29185	28.003671
0.7521	4.08248	16.66664241
0.7226	-1.21668	1.480305499
0.7315	-0.39488	0.155930352
0.7344	-2.05388	4.218427306
0.7498	-3.05146	9.311414728
0.7734	0.233281	0.054420255
0.7716	1.579779	2.495701155
0.7596	-1.41467	2.00127933
0.7705	0.824392	0.679621379
0.7642	-0.67585	0.456774997
0.7694	4.751532	22.57705306
0.7345	4.540279	20.61413307
0.7026	-1.88521	3.554022636
0.7161	-2.90169	8.419833381
0.7375	3.262391	10.64319821
0.7142	3.477253	12.09128822
0.6902	3.540354	12.5341067
0.6666	2.396313	5.742317739
0.651	6.112469	37.36228263
0.6135	-5.74589	33.01525541
0.6509	-2.72007	7.398790261
0.6691	-4.70019	22.09174053
0.7021	3.799527	14.43640472
0.6764	-1.87146	3.502376769
0.6893	2.133649	4.552459888
0.6749	0.192993	0.037246249
0.6736	-1.57802	2.490161471
0.6844	-2.50712	6.285663266
0.702	1.181897	1.396880046
0.6938	-1.56073	2.435867043
0.7048	-0.64844	0.420468335
0.7094	0	0
0.7094	-2.44774	5.991454481
0.7272	3.163569	10.00817072
0.7049	-3.63636	13.2231405
0.7315	3.421462	11.70640152
0.7073	-2.14444	4.598615603
0.7228	0.528512	0.279324746
	deviation	3.079722036

Appendix 2- Fundamental Approach

				Fundamental Approach				
Spot Price	Rate Change	AU Interest	US Interest	IR differential	Change Forecast	Rate Forecast	Error (%)	Error Squared
0.6411		1.5	1.91					
0.672	4.819840898	1.5	1.95	-0.41	0.197191575	0.642364195	0.197192	0.038884517
0.6666	-0.80357143	1.5	2.19	-0.45	0.213734398	0.673436295	0.213734	0.045682393
0.65	-2.49024902	1.5	2.2	-0.69	0.312991332	0.6686864	0.312991	0.097963574
0.6607	1.646153846	1.5	2.27	-0.7	0.317127037	0.652061326	0.317127	0.100569558
0.6685	1.180566066	1.5	2.4	-0.77	0.346076976	0.662986531	0.346077	0.119769273
0.6728	0.643231114	1.5	2.4	-0.9	0.399841149	0.671172938	0.399841	0.159872944
0.7054	4.845422117	1.5	2.41	-0.9	0.399841149	0.675490131	0.399841	0.159872944
0.6813	-3.41650128	1.5	2.42	-0.91	0.403976854	0.708249653	0.403977	0.163197299
0.6786	-0.39630119	1.5	2.39	-0.92	0.40811256	0.684080471	0.408113	0.166555861
0.6397	-5.73239022	1.5	2.38	-0.89	0.395705443	0.681285257	0.395705	0.156582798
0.6402	0.078161638	1.25	2.4	-0.88	0.391569737	0.642204872	0.39157	0.153326859
0.6839	6.825991878	1	2.13	-1.15	0.503233788	0.643421703	0.503234	0.253244245
0.6985	2.134815031	1	2.04	-1.13	0.494962377	0.687285048	0.494962	0.244987754
0.6901	-1.20257695	1	1.83	-1.04	0.457741027	0.701697321	0.457741	0.209526848
0.7173	3.94145776	0.75	1.55	-0.83	0.37089121	0.69265952	0.370891	0.137560289
0.7063	-1.53352851	0.75	1.55	-0.8	0.358484093	0.719871406	0.358484	0.128510845
0.748	5.904006796	0.75	1.55	-0.8	0.358484093	0.708831973	0.358484	0.128510845
0.7262	-2.9144385	0.75	1.58	-0.8	0.358484093	0.750681461	0.358484	0.128510845
0.7064	-2.72652162	0.75	0.65	-0.83	0.37089121	0.728893412	0.370891	0.137560289
0.726	2.774631937	0.25	0.05	0.1	-0.013729409	0.706303015	-0.01373	0.000188497
0.7123	-1.88705234	0.25	0.05	0.2	-0.055086465	0.725600072	-0.05509	0.003034519
0.7521	5.587533343	0.25	0.08	0.2	-0.055086465	0.711907619	-0.05509	0.003034519
0.7226	-3.92235075	0.25	0.09	0.17	-0.042679348	0.751779009	-0.04268	0.001821527
0.7315	1.231663438	0.25	0.1	0.16	-0.038543642	0.722321484	-0.03854	0.001485612
0.7344	0.39644566	0.25	0.09	0.15	-0.034407937	0.731248306	-0.03441	0.001183906
0.7498	2.096949891	0.25	0.09	0.16	-0.038543642	0.734116935	-0.03854	0.001485612
0.7734	3.147506002	0.25	0.09	0.16	-0.038543642	0.749511	-0.03854	0.001485612
0.7716	-0.23273856	0.1	0.09	0.16	-0.038543642	0.773101903	-0.03854	0.001485612
0.7596	-1.55520995	0.1	0.09	0.01	0.023491941	0.771781264	0.023492	0.000551871
0.7705	1.434965771	0.1	0.08	0.01	0.023491941	0.759778445	0.023492	0.000551871
0.7642	-0.81765088	0.1	0.07	0.02	0.019356236	0.77064914	0.019356	0.000374664
0.7694	0.680450144	0.1	0.07	0.03	0.01522053	0.764316315	0.015221	0.000231665
0.7345	-4.53600208	0.1	0.06	0.03	0.01522053	0.769517107	0.015221	0.000231665
0.7026	-4.34309054	0.1	0.08	0.04	0.011084825	0.734581418	0.011085	0.000122873
0.7161	1.921434671	0.1	0.1	0.02	0.019356236	0.702735997	0.019356	0.000374664
0.7375	2.98840944	0.1	0.09	0	0.027627647	0.716297842	0.027628	0.000763287
0.7142	-3.15932203	0.1	0.08	0.01	0.023491941	0.737673253	0.023492	0.000551871
0.6902	-3.36040325	0.1	0.08	0.02	0.019356236	0.714338242	0.019356	0.000374664
0.6666	-3.41929875	0.1	0.08	0.02	0.019356236	0.690333597	0.019356	0.000374664
0.651	-2.34023402	0.1	0.08	0.02	0.019356236	0.666729029	0.019356	0.000374664
0.6135	-5.76036866	0.1	0.08	0.02	0.019356236	0.651126009	0.019356	0.000374664
0.6509	6.096169519	0.1	0.08	0.02	0.019356236	0.613618751	0.019356	0.000374664
0.6691	2.796128438	0.1	0.2	0.02	0.019356236	0.65102599	0.019356	0.000374664
0.7021	4.931998207	0.1	0.33	-0.1	0.068984703	0.669561577	0.068985	0.004758889
0.6764	-3.66044723	0.1	0.77	-0.23	0.122748875	0.70296182	0.122749	0.015067286
0.6893	1.907155529	0.35	1.21	-0.67	0.30471992	0.678461126	0.30472	0.09285423
0.6749	-2.08907587	0.85	1.68	-0.86	0.383298326	0.691942075	0.383298	0.146917607
0.6736	-0.19262113	1.35	2.33	-0.83	0.37089121	0.677403145	0.370891	0.137560289
0.6844	1.603325416	1.85	2.56	-0.98	0.432926793	0.676516195	0.432927	0.187425608
0.702	2.571595558	2.35	3.08	-0.71	0.321262743	0.686598722	0.321263	0.10320975
0.6938	-1.16809117	2.6	3.78	-0.73	0.329534154	0.70431333	0.329534	0.108592759
0.7048	1.585471317	2.85	4.1	-1.18	0.515640905	0.697377517	0.515641	0.265885543
0.7094	0.652667423	3.1	4.33	-1.25	0.544590844	0.708638276	0.544591	0.296579187
0.7094	0	3.1	4.57	-1.23	0.536319433	0.71320465	0.536319	0.287638534
0.7272	2.509162673	3.35	4.65	-1.47	0.635576366	0.713908779	0.635576	0.403957318
0.7049	-3.06655666	3.6	4.83	-1.3	0.565269372	0.731310639	0.565269	0.319529463
0.7315	3.773584906	3.6	5.06	-1.23	0.536319433	0.708680516	0.536319	0.287638534
0.7073	-3.30827068	3.85	5.08	-1.46	0.631440661	0.736118988	0.631441	0.398717308
0.7228	2.191432207	4.1	5.25	-1.23	0.536319433	0.711093387	0.536319	0.287638534
0.719	-0.52573326	4.1	5.5	-1.15	0.503233788	0.726437374	0.503234	0.253244245
							deviation	0.32529763

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Regression Statistics								
Multiple R	0.071359941							
R Square	0.005092241							
Adjusted R	-0.01206134							
Standard E	3.137853366							
Observatio	60							
ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	2.92293686	2.92293686	0.296861683	0.587945567			
Residual	58	571.075177	9.84612375					
Total	59	573.998114						
	Coefficients	Standard Erro	t Stat	P-value	Lower 95%	Upper 95%	ower 95.0	Upper 95.0%
Intercept	0.027627647	0.56084777	0.04926051	0.960880936	-1.095031144	1.150286437	-1.09503	1.150286437
X Variable	-0.41357056	0.75905377	-0.5448501	0.587945567	-1.932981758	1.105840643	-1.93298	1.105840643

Appendix 3- Technical Approach

Technical Approach			
Exchange Rate	Moving Average	Error (%)	Error Squared
0.6411			
0.672			
0.6666			
0.65			
0.6607			
0.6685			
0.6728			
0.7054			
0.6813			
0.6786	0.6697	-1.31152	1.720094482
0.6397	0.66956	4.667813	21.78847855
0.6402	0.66638	4.089347	16.72275953
0.6839	0.66811	-2.30882	5.330636302
0.6985	0.67296	-3.65641	13.36930912
0.6901	0.6759	-2.05767	4.234017356
0.7173	0.68078	-5.09131	25.92148489
0.7063	0.68413	-3.13889	9.852648146
0.748	0.68839	-7.96925	63.50896687
0.7262	0.69288	-4.58827	21.05220044
0.7064	0.69566	-1.52039	2.311570703
0.726	0.70429	-2.99036	8.942241726
0.7123	0.7115	-0.11231	0.012614037
0.7521	0.71832	-4.49142	20.17288966
0.7226	0.72073	-0.25879	0.066971079
0.7315	0.72487	-0.90636	0.821482651
0.7344	0.72658	-1.06481	1.13383059
0.7498	0.73093	-2.51667	6.333633487
0.7734	0.73347	-5.16292	26.65571184
0.7716	0.73801	-4.35329	18.95115003
0.7596	0.74333	-2.14192	4.587807571
0.7705	0.74778	-2.94873	8.69503567
0.7642	0.75297	-1.46951	2.159461402
0.7694	0.7547	-1.91058	3.650314685
0.7345	0.75589	2.912185	8.480822406
0.7026	0.753	7.173356	51.45703782
0.7161	0.75117	4.897361	23.98414186
0.7375	0.74994	1.68678	2.845225625
0.7142	0.74402	4.175301	17.43313874
0.6902	0.73588	6.618371	43.80284113
0.6666	0.72658	8.9979	80.96220063
0.651	0.71463	9.774194	95.53485952
0.6135	0.69956	14.02771	196.776644
0.6509	0.68771	5.655247	31.9818139
0.6691	0.68117	1.803916	3.25411188
0.7021	0.68112	-2.98818	8.929209685
0.6764	0.67715	0.110881	0.012294626
0.6893	0.67233	-2.46192	6.061039686
0.6749	0.6684	-0.96311	0.927572484
0.6736	0.66674	-1.01841	1.037155977
0.6844	0.66852	-2.32028	5.383701774
0.702	0.67362	-4.04274	16.34370663
0.6938	0.68165	-1.75123	3.06678948
0.7048	0.68704	-2.51986	6.349713526
0.7094	0.69107	-2.58387	6.676403277
0.7094	0.6918	-2.48097	6.155211316
0.7272	0.69688	-4.16942	17.38403763
0.7049	0.69844	-0.91644	0.839866028
0.7315	0.7041	-3.74573	14.03047792
0.7073	0.70747	0.024035	0.000577684
0.7228	0.71131	-1.58965	2.526991433
0.719	0.71301	-0.8331	0.694058159
		deviation	4.253792325

USD/JPY Quantitative Analysis

Appendix 4- Random Walk

Random Walk		
Forecast	Error (%)	Error squared
0.008945	-0.71291	0.50823975
0.009009	2.509952	6.299856573
0.008789	-0.82437	0.679578455
0.008862	0.50157	0.251572743
0.008817	-3.33475	11.12055303
0.009122	-0.71513	0.511409615
0.009187	2.319792	5.381435676
0.008979	-0.33941	0.115200173
0.00901	0.370296	0.137119378
0.008976	-1.88862	3.566878025
0.009149	-0.85362	0.728666033
0.009228	0.413415	0.170911641
0.00919	-2.15871	4.660023588
0.009393	1.495309	2.235949779
0.009254	-0.03794	0.00143971
0.009258	1.326642	1.759979334
0.009137	-0.70351	0.494933167
0.009201	-0.33125	0.109725039
0.009232	-0.16987	0.028854191
0.009248	-0.62791	0.39427588
0.009306	-0.14145	0.020008911
0.009319	0.381154	0.145278159
0.009284	0.251596	0.063300497
0.009261	-1.99194	3.967841828
0.009449	0.147399	0.021726393
0.009435	-0.51043	0.260535176
0.009483	-0.84496	0.71395124
0.009564	-0.24579	0.060414085
0.009588	-1.03068	1.062292215
0.009687	1.446345	2.091913689
0.009549	1.675911	2.808676804
0.009392	4.004734	16.03789111
0.00903	-1.41505	2.002374029
0.00916	0.281209	0.079078671
0.009134	1.508067	2.274264575
0.008999	-1.31289	1.723676604
0.009118	0.357434	0.127759155
0.009086	1.273828	1.622638879
0.008972	2.470757	6.104642333
0.008755	-0.83612	0.699100229
0.008829	1.624535	2.639113745
0.008688	0.03562	0.001268804
0.008685	-0.05384	0.002898977
0.008689	5.79934	33.63233923
0.008213	6.509749	42.37683421
0.007711	-0.72949	0.532153103
0.007768	5.476326	29.99014985
0.007365	-1.75202	3.069572043
0.007496	4.414316	19.48618934
0.007179	3.868023	14.96159909
0.006912	2.801273	7.847130438
0.006723	-7.64975	58.51864773
0.00728	-4.54939	20.69692727
0.007627	-0.76272	0.581739239
0.007686	4.794409	22.98636062
0.007334	-2.62417	6.886266282
0.007532	2.723505	7.417480726
0.007332	2.009735	4.03903413
0.007188	3.710994	13.77147335
0.00693	-1.36322	1.858378136
	Deviation	2.491

Appendix 5- Fundamental Approach

				Fundamental Approach				
Spot Price	Rate Change	JP Interest	US Interest	IR differential	Change Forecast	Rate Forecast	Error (%)	Error Squared
0.0089449		-0.1	1.91					
0.0090092	0.718028246	-0.1	1.95	-2.01	-0.325299205	0.008915846	-1.03589	1.073066999
0.0087886	-2.448495459	-0.1	2.19	-2.05	-0.319347625	0.008980401	2.182588	4.763692178
0.0088616	0.831217758	-0.1	2.2	-2.29	-0.283638145	0.008763654	-1.10567	1.222496012
0.0088174	-0.499067105	-0.1	2.27	-2.3	-0.28215025	0.008836631	0.218005	0.047526113
0.0091216	3.44979121	-0.1	2.4	-2.37	-0.271734985	0.008793449	-3.59742	12.94144955
0.0091873	0.720280022	-0.1	2.4	-2.5	-0.25239235	0.009098569	-0.96572	0.932608376
0.008979	-2.267197883	-0.1	2.41	-2.5	-0.25239235	0.009164104	2.061545	4.249967103
0.0090096	0.340567435	-0.1	2.42	-2.51	-0.250904455	0.008956469	-0.58946	0.34746824
0.0089763	-0.368930203	-0.1	2.39	-2.52	-0.24941656	0.008987106	0.119956	0.014389489
0.0091491	1.924973415	-0.1	2.38	-2.49	-0.253880245	0.008953549	-2.1377	4.569775984
0.0092279	0.860968769	-0.1	2.4	-2.48	-0.25536814	0.009125767	-1.10681	1.225023154
0.0091899	-0.411712532	-0.1	2.13	-2.5	-0.25239235	0.009204611	0.159979	0.025593228
0.0093927	2.206337172	-0.1	2.04	-2.23	-0.292565515	0.009163023	-2.44496	5.977822828
0.0092543	-1.473279179	-0.1	1.83	-2.14	-0.30595657	0.009363932	1.184778	1.403698178
0.0092578	0.037957915	-0.1	1.55	-1.93	-0.337202365	0.009223084	-0.37502	0.140638448
0.0091366	-1.309272763	-0.1	1.55	-1.65	-0.378863425	0.009222728	0.942753	0.888782352
0.0092013	0.708499264	-0.1	1.55	-1.65	-0.378863425	0.009101977	-1.07971	1.165780013
0.0092319	0.332348597	-0.1	1.58	-1.65	-0.378863425	0.009166465	-0.70886	0.502477039
0.0092476	0.170154247	-0.1	0.65	-1.68	-0.37439974	0.009197341	-0.54363	0.295532467
0.009306	0.631881584	-0.1	0.05	-0.75	-0.512773975	0.009200195	-1.13747	1.293833696
0.0093192	0.141653231	-0.1	0.05	-0.15	-0.602047675	0.009250021	-0.74265	0.551527419
0.0092838	-0.379706455	-0.1	0.08	-0.15	-0.602047675	0.009263124	-0.22319	0.049813188
0.0092605	-0.250964483	-0.1	0.09	-0.18	-0.59758399	0.009228366	-0.34749	0.120750403
0.0094488	2.032429087	-0.1	0.1	-0.19	-0.596096095	0.009205344	-2.57617	6.636633456
0.0094349	-0.147181812	-0.1	0.09	-0.2	-0.5946082	0.009392576	-0.44809	0.200780964
0.0094833	0.513045183	-0.1	0.09	-0.19	-0.596096095	0.009378612	-1.10348	1.217667951
0.0095641	0.852156706	-0.1	0.09	-0.19	-0.596096095	0.009426728	-1.43602	2.062141081
0.0095876	0.246398398	-0.1	0.09	-0.19	-0.596096095	0.009507059	-0.84042	0.706311999
0.0096875	1.041409161	-0.1	0.09	-0.19	-0.596096095	0.009530484	-1.62063	2.626434755
0.0095494	-1.425724053	-0.1	0.08	-0.19	-0.596096095	0.009629735	0.841627	0.708336412
0.009392	-1.648286921	-0.1	0.07	-0.18	-0.59758399	0.0094923	1.068312	1.141290047
0.0090303	-3.850530115	-0.1	0.07	-0.17	-0.599071885	0.0093357	3.38167	11.43569516
0.0091599	1.435363813	-0.1	0.06	-0.17	-0.599071885	0.008976226	-2.00565	4.02262134
0.0091343	-0.280420731	-0.1	0.08	-0.16	-0.60055978	0.009104931	-0.32104	0.103066238
0.0089986	-1.485661735	-0.1	0.1	-0.18	-0.59758399	0.009079671	0.901471	0.812649149
0.0091183	1.330354725	-0.1	0.09	-0.2	-0.5946082	0.008945045	-1.89969	3.608823255
0.0090858	-0.356161086	-0.1	0.08	-0.19	-0.596096095	0.00906391	-0.24079	0.057981085
0.0089715	-1.257806142	-0.1	0.08	-0.18	-0.59758399	0.009031493	0.668632	0.447069085
0.0087552	-2.411182959	-0.1	0.08	-0.18	-0.59758399	0.008917894	1.858409	3.453682525
0.008829	0.843172086	-0.1	0.08	-0.18	-0.59758399	0.008702868	-1.42871	2.041211109
0.0086879	-1.598565674	-0.1	0.08	-0.18	-0.59758399	0.008776248	1.017243	1.034783283
0.0086848	-0.035607588	-0.1	0.08	-0.18	-0.59758399	0.008635954	-0.56218	0.316042507
0.0086895	0.053871152	-0.1	0.2	-0.18	-0.59758399	0.008632879	-0.6511	0.42393692
0.0082131	-5.481451563	-0.1	0.33	-0.3	-0.57972925	0.008639081	5.18599	26.89449055
0.0077112	-6.111881041	-0.1	0.77	-0.43	-0.560386615	0.008167122	5.912883	34.96218287
0.0077678	0.734848884	-0.1	1.21	-0.87	-0.494919235	0.007673006	-1.2208	1.490345571
0.0073645	-5.191995684	-0.1	1.68	-1.31	-0.429451855	0.007734476	5.023356	25.23410821
0.0074959	1.783262524	-0.1	2.33	-1.78	-0.35952079	0.007338053	-2.10524	4.432041076
0.007179	-4.227692675	-0.1	2.56	-2.43	-0.262807615	0.007476159	4.139908	17.1388352
0.0069116	-3.723978309	-0.1	3.08	-2.66	-0.22858603	0.007162547	3.630595	13.18121892
0.0067233	-2.724939995	-0.1	3.78	-3.18	-0.15121549	0.006901163	2.645822	7.000371698
0.0072802	8.283408074	-0.1	4.1	-3.88	-0.04706284	0.006720112	-7.69321	59.18549341
0.0076272	4.766221457	-0.1	4.33	-4.2	0.0005498	0.007280233	-4.54886	20.69215262
0.0076858	0.768580426	-0.1	4.57	-4.43	0.034771385	0.007629835	-0.72821	0.530292928
0.0073342	-4.575062106	-0.1	4.65	-4.67	0.070480865	0.007691221	4.868269	23.70004613
0.0075318	2.694888071	-0.1	4.83	-4.75	0.082384025	0.007340216	-2.54395	6.471668925
0.0073321	-2.651297015	-0.1	5.06	-4.93	0.109166135	0.007540044	2.835645	8.040879777
0.0071877	-1.970140246	-0.1	5.08	-5.16	0.14338772	0.007342644	2.156004	4.648354428
0.0069305	-3.578206564	-0.1	5.25	-5.18	0.14636351	0.007198198	3.862789	14.921136
0.0070263	1.382059341	-0.1	5.5	-5.35	0.171657725	0.006942384	-1.1939	1.425400058
							Deviation	2.439

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SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.09732004
R Square	0.00947119
Adjusted R S	-0.0076069
Standard Er	2.47045107
Observation	60

ANOVA

	df	SS	MS	F	Significance F
Regression	1	3.38468247	3.38468247	0.55458155	0.4594586
Residual	58	353.981452	6.10312848		
Total	59	357.366135			

	Coefficients	Standard Err	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.	Upper 95.0%
Intercept	-0.6243661	0.46558355	-1.3410399	0.1851358	-1.5563328	0.30760064	-1.55633	0.30760064
X Variable 1	-0.1487895	0.19979723	-0.7447023	0.4594586	-0.5487271	0.25114814	-0.54873	0.25114814

Appendix 6- Technical Approach

Technical Approach			
Exchange	Moving Average	Error (%)	Error Squared
0.008945			
0.009009			
0.008789			
0.008862			
0.008817			
0.009122			
0.009187			
0.008979			
0.00901			
0.008976	0.008969554	-0.07558	0.01
0.009149	0.008989972	-1.7396	3.03
0.009228	0.009011845	-2.34134	5.48
0.00919	0.009051978	-1.5009	2.25
0.009393	0.009105082	-3.06183	9.37
0.009254	0.00914877	-1.14022	1.30
0.009258	0.009162391	-1.0306	1.06
0.009137	0.009157321	0.226875	0.05
0.009201	0.009179554	-0.23661	0.06
0.009232	0.009201786	-0.32625	0.11
0.009248	0.009228914	-0.20221	0.04
0.009306	0.009244606	-0.66024	0.44
0.009319	0.009253739	-0.70276	0.49
0.009284	0.009263132	-0.2231	0.05
0.009261	0.00924992	-0.11474	0.01
0.009449	0.009269367	-1.89859	3.60
0.009435	0.009287072	-1.56633	2.45
0.009483	0.009321738	-1.70321	2.90
0.009564	0.009358013	-2.15449	4.64
0.009588	0.009393586	-2.02396	4.10
0.009687	0.009437572	-2.57972	6.65
0.009549	0.009461904	-0.91588	0.84
0.009392	0.009469178	0.822121	0.68
0.00903	0.009443826	4.579035	20.97
0.00916	0.009433765	2.989356	8.94
0.009134	0.009402315	2.93466	8.61
0.008999	0.009358685	4.002126	16.02
0.009118	0.009322185	2.236405	5.00
0.009086	0.009274357	2.075427	4.31
0.008972	0.009212744	2.688931	7.23
0.008755	0.009119515	4.161277	17.32
0.008829	0.009047479	2.474464	6.12
0.008688	0.00897707	3.328765	11.08
0.008685	0.008942515	2.967695	8.81
0.008689	0.008895467	2.37081	5.62
0.008213	0.008803356	7.186137	51.64
0.007711	0.008674618	12.49418	156.10
0.007768	0.008539575	9.935065	98.71
0.007365	0.008367449	13.61824	185.46
0.007496	0.008219884	9.659008	93.30
0.007179	0.008062261	12.30408	151.39
0.006912	0.007870522	13.87386	192.48
0.006723	0.007674062	14.1417	199.99
0.00728	0.007533604	3.480824	12.12
0.007627	0.007427377	-2.61967	6.86
0.007686	0.007374642	-4.04853	16.39
0.007334	0.007336943	0.03775	0.00
0.007532	0.007313341	-2.90077	8.41
0.007332	0.007310101	-0.30045	0.09
0.007188	0.007279283	1.274483	1.62
0.00693	0.007254436	4.674256	21.85
0.007026	0.007265902	3.410496	11.63
		Deviation	5.15

EUR/USD Quantitative Analysis
Appendix 7- Random Walk

	Random Walk	
Forecast	Error (%)	Error squared
1.168962	0.572827763	0.328131646
1.162304	0.155709149	0.024245339
1.160497	2.572857411	6.619595255
1.131388	-0.045233678	0.002046086
1.1319	-1.524675381	2.324635018
1.149425	0.379274148	0.143848879
1.145082	0.688236148	0.473668995
1.137255	1.328287954	1.764348888
1.122347	0.045996233	0.002115653
1.121831	0.163839871	0.026843503
1.119996	-1.440383539	2.07470474
1.136364	2.631807114	6.926408685
1.107224	0.547039593	0.299252316
1.1012	1.035123743	1.071481164
1.089918	-2.303042907	5.304006629
1.115611	1.243386483	1.546009947
1.10191	-1.797817096	3.232146309
1.122083	1.124179779	1.263780175
1.109609	0.616607228	0.380204473
1.102809	-0.000634739	4.02893E-07
1.102816	0.76210055	0.580797249
1.094475	-1.527904363	2.334491744
1.111457	-1.060293688	1.124222705
1.123368	-4.637771954	21.5089287
1.178001	-1.333008352	1.776911267
1.193916	1.837468248	3.376289563
1.172374	0.383080743	0.146750856
1.1679	-2.16732997	4.697319198
1.193773	-1.931511519	3.73073675
1.217285	0.412609927	0.170246952
1.212283	0.264082905	0.069739781
1.20909	3.085778206	9.522027134
1.172897	-2.429250835	5.901259621
1.202099	-1.741613168	3.033216429
1.223406	3.194335727	10.20378073
1.185536	-0.103137955	0.010637438
1.18676	0.471133047	0.221966348
1.181195	2.054049477	4.219119255
1.157421	0.12846732	0.016503852
1.155936	2.024089963	4.096940177
1.133003	-0.397704846	0.158169144
1.137527	1.301346319	1.693502241
1.122914	0.12911671	0.016671125
1.121466	1.285182201	1.651693291
1.107236	4.988100092	24.88114253
1.05463	-1.749656003	3.061296129
1.073411	2.447392934	5.989732175
1.047768	2.639335831	6.96609363
1.020825	1.685418441	2.840635321
1.003905	2.38830052	5.703979373
0.980488	-0.823664239	0.678422778
0.988631	-5.170473893	26.73380028
1.042535	-2.825288998	7.98225792
1.072846	-1.219874873	1.488094705
1.086095	2.681589175	7.190920505
1.057731	-2.709914431	7.343636223
1.087193	-1.26220267	1.59315558
1.101091	2.951981218	8.71419311
1.069519	-2.04273224	4.172755005
1.091822	-0.721703573	0.520856048
	Deviation	1.958

Appendix 8- Fundamental Approach

			Fundamental Approach					
Spot Price	Rate Change	EU Interest	US Interest	IR differential	Change Forecast	Rate Forecast	Error (%)	Error Squared
1.168962		0	1.91					
1.162304	-0.56956514	0	1.95	-1.95	-0.137905785	1.167349934	0.434132	0.188470607
1.160497	-0.15546707	0	2.19	-2.19	-0.153458817	1.160520342	0.002011	4.04566E-06
1.131388	-2.50832187	0	2.2	-2.2	-0.15410686	1.158708595	2.414786	5.831189498
1.1319	0.045254148	0	2.27	-2.27	-0.158643161	1.12959313	-0.20381	0.04153651
1.149425	1.54828165	0	2.4	-2.4	-0.16706772	1.13000896	-1.6892	2.853382656
1.145082	-0.37784109	0	2.4	-2.4	-0.16706772	1.147504682	0.211573	0.044763043
1.137255	-0.68353183	0	2.41	-2.41	-0.167715763	1.143161517	0.519366	0.26974115
1.122347	-1.31087575	0	2.42	-2.42	-0.168363806	1.135340274	1.157688	1.340241023
1.121831	-0.04597509	0	2.39	-2.39	-0.166419677	1.120479194	-0.1205	0.014520248
1.119996	-0.16357187	0	2.38	-2.38	-0.165771634	1.119971322	-0.0022	4.85481E-06
1.136364	1.461433791	0	2.4	-2.4	-0.16706772	1.118124848	-1.60504	2.576168948
1.107224	-2.56431918	0	2.13	-2.13	-0.149570559	1.134664334	2.4783	6.141971616
1.1012	-0.54406335	0	2.04	-2.04	-0.143738172	1.105632496	0.402515	0.162018419
1.089918	-1.02451871	0	1.83	-1.83	-0.130129269	1.099767016	0.903647	0.81657876
1.115611	2.357333304	0	1.55	-1.55	-0.111984065	1.088697466	-2.41245	5.819905017
1.10191	-1.22811625	0	1.55	-1.55	-0.111984065	1.114361693	1.13001	1.276922654
1.122083	1.830730277	0	1.55	-1.55	-0.111984065	1.100676036	-1.90779	3.63965464
1.109609	-1.11168247	0	1.58	-1.58	-0.113928194	1.120804631	1.008971	1.01802213
1.102809	-0.61282848	0	0.65	-0.65	-0.053660195	1.109013582	0.562616	0.316536943
1.102816	0.000634743	0	0.05	-0.05	-0.014777615	1.102646031	-0.01541	0.000237538
1.094475	-0.75633651	0	0.05	-0.05	-0.014777615	1.10265303	0.74721	0.558323255
1.111457	1.551611503	0	0.08	-0.08	-0.016721744	1.094291985	-1.54437	2.385080597
1.123368	1.071656393	0	0.09	-0.09	-0.017369787	1.111263942	-1.07748	1.160961652
1.178001	4.863321725	0	0.1	-0.1	-0.01801783	1.123165593	-4.65495	21.66859822
1.193916	1.351017529	0	0.09	-0.09	-0.017369787	1.177796384	-1.35015	1.822895838
1.172374	-1.80431454	0	0.09	-0.09	-0.017369787	1.193708619	1.819779	3.311596689
1.1679	-0.38161883	0	0.09	-0.09	-0.017369787	1.172170361	0.365644	0.133695839
1.193773	2.215343779	0	0.09	-0.09	-0.017369787	1.167697138	-2.18432	4.771268262
1.217285	1.969553676	0	0.09	-0.09	-0.017369787	1.193565644	-1.94855	3.796830762
1.212283	-0.41091445	0	0.08	-0.08	-0.016721744	1.217081449	0.395819	0.156672829
1.20909	-0.26338734	0	0.07	-0.07	-0.016073701	1.212088141	0.247967	0.061487512
1.172897	-2.99340827	0	0.07	-0.07	-0.016073701	1.208895654	3.069209	9.420040852
1.202099	2.489732688	0	0.06	-0.06	-0.015425658	1.172716073	-2.4443	5.974611121
1.223406	1.772482965	0	0.08	-0.08	-0.016721744	1.201897988	-1.75804	3.090717596
1.185536	-3.09545646	0	0.1	-0.1	-0.01801783	1.223185569	3.175742	10.08533945
1.18676	0.10324444	0	0.09	-0.09	-0.017369787	1.185330075	-0.12049	0.014517799
1.181195	-0.46892379	0	0.08	-0.08	-0.016721744	1.186561553	0.454333	0.20641804
1.157421	-2.01270747	0	0.08	-0.08	-0.016721744	1.180997484	2.036984	4.149304877
1.155936	-0.12830249	0	0.08	-0.08	-0.016721744	1.157227459	0.111724	0.012482273
1.133003	-1.98393337	0	0.08	-0.08	-0.016721744	1.155742707	2.00703	4.02816844
1.137527	0.399292853	0	0.08	-0.08	-0.016721744	1.132813542	-0.41436	0.171694281
1.122914	-1.28462885	0	0.08	-0.08	-0.016721744	1.137336786	1.284407	1.649701256
1.121466	-0.12895021	0	0.2	-0.2	-0.02449826	1.122638906	0.104587	0.010938403
1.107236	-1.26887485	0	0.33	-0.33	-0.032922819	1.121096782	1.251836	1.567094032
1.05463	-4.75110997	0	0.77	-0.77	-0.061436711	1.106555751	4.923599	24.2418257
1.073411	1.780814124	0	1.21	-1.21	-0.089950603	1.053681354	-1.83803	3.3783645
1.047768	-2.38892652	0	1.68	-1.68	-0.120408624	1.072118521	2.324037	5.401150014
1.020825	-2.5714662	0.5	2.33	-1.83	-0.130129269	1.046404547	2.505772	6.278893386
1.003905	-1.65748292	0.5	2.56	-2.06	-0.145034258	1.019344454	1.53794	2.365258671
0.980488	-2.33259123	1.25	3.08	-1.83	-0.130129269	1.002598626	2.255063	5.085310815
0.988631	0.83050481	2	3.78	-1.78	-0.126889054	0.979243868	-0.94951	0.901565733
1.042535	5.452388201	2	4.1	-2.1	-0.14762643	0.987171519	-5.31047	28.20106334
1.072846	2.907432364	2.5	4.33	-1.83	-0.130129269	1.041178357	-2.95174	8.712779292
1.086095	1.234939591	3	4.57	-1.57	-0.113280151	1.071630678	-1.33177	1.773619717
1.057731	-2.61155792	3	4.65	-1.65	-0.118464495	1.084808363	2.559948	6.553333503
1.087193	2.785396287	3.5	4.83	-1.33	-0.097727119	1.05669731	-2.80499	7.867987013
1.101091	1.278337885	3.5	5.06	-1.56	-0.112632108	1.085968472	-1.37341	1.886263632
1.069519	-2.86733794	3.75	5.08	-1.33	-0.097727119	1.100014935	2.851369	8.130306386
1.091822	2.085329947	4	5.25	-1.25	-0.092542775	1.068529237	-2.13338	4.551329912
1.099759	0.726949997	4.25	5.5	-1.25	-0.092542775	1.090811598	-0.81358	0.661909917
							Deviation	1.952

SUMMARY OUTPUT

Regression Statistics								
Multiple R	0.03031861							
R Square	0.00091922							
Adjusted R	-0.0163063							
Standard Er	1.99311925							
Observatio	60							

ANOVA

	df	SS	MS	F	Significance F			
Regression	1	0.2119886	0.21198856	0.05336369	0.81812324			
Residual	58	230.40641	3.97252436					
Total	59	230.6184						

	Coefficients	Standard Er	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.	Upper 95.0%
Intercept	-0.0115374	0.4007109	-0.0287924	0.97712897	-0.8136474	0.79057252	-0.81365	0.79057252
X Variable :	0.0648043	0.280531	0.23100583	0.81812324	-0.4967396	0.6263482	-0.49674	0.6263482

Appendix 9- Technical Approach

Technical Approach			
Exchange Rate	Moving Average	Error (%)	Error Squared
1.168962			
1.162304			
1.160497			
1.131388			
1.1319			
1.149425			
1.145082			
1.137255			
1.122347			
1.121831	1.1430991	1.895838	3.594202265
1.119996	1.1382025	1.625586	2.642530373
1.136364	1.1356085	-0.06648	0.004420119
1.107224	1.1302812	2.082433	4.336527967
1.1012	1.1272624	2.366727	5.601397671
1.089918	1.1230642	3.041165	9.248681909
1.115611	1.1196828	0.364984	0.133213212
1.10191	1.1153656	1.221116	1.491124437
1.122083	1.1138484	-0.73387	0.538561186
1.109609	1.1125746	0.267265	0.071430749
1.102809	1.1106724	0.713034	0.508417081
1.102816	1.1089544	0.556611	0.309816293
1.094475	1.1047655	0.940222	0.884018314
1.111457	1.1051888	-0.56396	0.318053632
1.123368	1.1074056	-1.42094	2.019074213
1.178001	1.1162139	-5.24508	27.51086879
1.193916	1.1240444	-5.8523	34.24946816
1.172374	1.1310908	-3.52133	12.39979057
1.1679	1.1356725	-2.75944	7.614509227
1.193773	1.1440889	-4.16194	17.32173341
1.217285	1.1555365	-5.07264	25.73168838
1.212283	1.1664832	-3.77798	14.27312709
1.20909	1.1779447	-2.57593	6.635410236
1.172897	1.1840887	0.954193	0.910484107
1.202099	1.1919618	-0.84329	0.711140738
1.223406	1.1965023	-2.19908	4.835961235
1.185536	1.1956643	0.854322	0.72986682
1.18676	1.1971029	0.871524	0.759554344
1.181195	1.1984324	1.459319	2.129611187
1.157421	1.1947972	3.229266	10.42815732
1.155936	1.1886623	2.831152	8.015419108
1.133003	1.1807343	4.212813	17.7477951
1.137527	1.173578	3.169243	10.04410408
1.122914	1.1685797	4.066714	16.53816215
1.121466	1.1605164	3.482085	12.12491634
1.107236	1.1488994	3.762829	14.15888391
1.05463	1.1358088	7.697373	59.24954399
1.073411	1.1244739	4.757069	22.62970377
1.047768	1.1111312	6.047446	36.5715985
1.020825	1.0974716	7.5083	56.37456378
1.003905	1.0822685	7.805868	60.93157656
0.980488	1.067017	8.825095	77.88230632
0.988631	1.0521274	6.422659	41.25055136
1.042535	1.0440895	0.149108	0.022233107
1.072846	1.0392275	-3.13358	9.819330809
1.086095	1.0371134	-4.50988	20.33903324
1.057731	1.0374235	-1.91991	3.686060492
1.087193	1.0388017	-4.45103	19.81167904
1.101091	1.044134	-5.17278	26.75763881
1.069519	1.0490034	-1.91821	3.679522283
1.091822	1.0577951	-3.11652	9.712724887
1.099759	1.0697222	-2.73122	7.459543933
		Deviation	3.754

GBP/USD Quantitative Analysis

Appendix 10- Random Walk

Random Walk		
Forecast	Error (%)	Error squared
1.311837	1.206919	1.456653548
1.296193	-0.59496	0.3539786
1.303951	2.146329	4.606726234
1.276552	0.019118	0.000365484
1.276308	0.100861	0.010172942
1.275022	-2.73875	7.500768929
1.310925	-1.17332	1.376686769
1.326489	1.866401	3.483454452
1.302185	-0.14455	0.020893967
1.30407	3.178013	10.0997658
1.263903	-0.431	0.185760868
1.269374	4.435171	19.67074505
1.215466	-0.0352	0.001239071
1.215894	-1.07123	1.147523352
1.22906	-5.00842	25.08423747
1.293862	0.074406	0.005536308
1.2929	-2.45209	6.01274505
1.3254	0.352149	0.124008684
1.320749	2.99844	8.990644248
1.2823	3.314891	10.98850144
1.241157	-1.34663	1.813425509
1.258099	1.90857	3.642638573
1.234537	-0.34943	0.122103047
1.238866	-5.32883	28.39641606
1.308599	-2.08798	4.359673885
1.336505	3.458833	11.9635256
1.291823	-0.21458	0.046046074
1.294601	-2.93344	8.605060275
1.333725	-2.5767	6.639374232
1.369	-0.05891	0.00347079
1.369807	-1.99031	3.961319589
1.397624	1.359879	1.849270034
1.378873	-0.22627	0.05119643
1.382	-2.86472	8.206607398
1.422758	2.892472	8.366392733
1.382762	-0.59231	0.350827898
1.391001	1.136494	1.291619021
1.37537	2.108815	4.447100715
1.346965	-1.58398	2.508981708
1.368644	2.937064	8.626346111
1.329593	-1.65623	2.743102427
1.351985	0.574142	0.329638913
1.344267	0.147882	0.02186923
1.342282	2.107367	4.440994379
1.314579	4.539169	20.60405176
1.257499	-0.27526	0.075770424
1.26097	3.698361	13.67787665
1.215998	-0.06443	0.004151515
1.216782	4.92313	24.23721149
1.159689	3.989329	15.91474801
1.1152	-2.78804	7.773191931
1.147184	-4.99936	24.99362388
1.207554	-0.19382	0.037565352
1.209899	-1.69689	2.879421715
1.230784	2.297825	5.279997535
1.203138	-2.54836	6.494116992
1.2346	-1.6913	2.860489786
1.25584	0.90675	0.822195204
1.244555	-2.06523	4.265193532
1.2708	-0.96657	0.934249243
	Deviation	2.397

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			Fundamental Approach					
Spot Price	Rate Change	UK Interest	US Interest	IR differential	Change Forecast	Rate Forecast	Error (%)	Error Squared
1.311837		0.5	1.91					
1.296193	-1.19	0.75	1.95	-1.41	0.053613853	1.312540326	1.26118	1.590574892
1.303951	0.60	0.75	2.19	-1.2	0.03807946	1.296686583	-0.55711	0.310369441
1.276552	-2.10	0.75	2.2	-1.44	0.055833052	1.304679036	2.20336	4.854795114
1.276308	-0.02	0.75	2.27	-1.45	0.056572785	1.277274181	0.075701	0.005730678
1.275022	-0.10	0.75	2.4	-1.52	0.061750916	1.277096132	0.162674	0.026462896
1.310925	2.82	0.75	2.4	-1.65	0.071367445	1.275931951	-2.66934	7.125377657
1.326489	1.19	0.75	2.41	-1.65	0.071367445	1.311860574	-1.10279	1.216152149
1.302185	-1.83	0.75	2.42	-1.66	0.072107178	1.327445494	1.939854	3.763035321
1.30407	0.14	0.75	2.39	-1.67	0.072846911	1.303133602	-0.07181	0.005156079
1.263903	-3.08	0.75	2.38	-1.64	0.070627712	1.304991035	3.250885	10.56825419
1.269374	0.43	0.75	2.4	-1.63	0.069887979	1.264786316	-0.36141	0.130619418
1.215466	-4.25	0.75	2.13	-1.65	0.071367445	1.27027992	4.509704	20.33743089
1.215894	0.04	0.75	2.04	-1.38	0.051394654	1.216090685	0.016176	0.000261667
1.22906	1.08	0.75	1.83	-1.29	0.044737057	1.216437955	-1.02697	1.054661921
1.293862	5.27	0.75	1.55	-1.08	0.029202664	1.229418918	-4.98068	24.80713929
1.2929	-0.07	0.75	1.55	-0.8	0.00849014	1.293971851	0.082903	0.006872879
1.3254	2.51	0.75	1.55	-0.8	0.00849014	1.293009769	-2.44381	5.972197448
1.320749	-0.35	0.75	1.58	-0.8	0.00849014	1.325512528	0.360669	0.130081915
1.2823	-2.91	0.75	0.65	-0.83	0.010709339	1.320890443	3.009471	9.056914224
1.241157	-3.21	0.1	0.05	0.1	-0.05808583	1.281555165	3.25488	10.5942409
1.258099	1.37	0.1	0.05	0.05	-0.054387165	1.24048197	-1.40029	1.960811109
1.234537	-1.87	0.1	0.08	0.05	-0.054387165	1.257414756	1.853145	3.43414487
1.238866	0.35	0.1	0.09	0.02	-0.052167966	1.233892967	-0.40142	0.161136522
1.308599	5.63	0.1	0.1	0.01	-0.051428233	1.238228873	-5.37752	28.9176835
1.336505	2.13	0.1	0.09	0	-0.0506885	1.307935691	-2.13761	4.569390802
1.291823	-3.34	0.1	0.09	0.01	-0.051428233	1.335817659	3.405626	11.59828799
1.294601	0.22	0.1	0.09	0.01	-0.051428233	1.291158638	-0.2659	0.070703536
1.333725	3.02	0.1	0.09	0.01	-0.051428233	1.29393521	-2.98336	8.900424479
1.369	2.64	0.1	0.09	0.01	-0.051428233	1.333039089	-2.6268	6.900085608
1.369807	0.06	0.1	0.08	0.01	-0.051428233	1.368295947	-0.11031	0.012168593
1.397624	2.03	0.1	0.07	0.02	-0.052167966	1.3690924	-2.04144	4.167461225
1.378873	-1.34	0.1	0.07	0.03	-0.052907699	1.396884549	1.306252	1.706292992
1.382	0.23	0.1	0.06	0.03	-0.052907699	1.37814347	-0.27905	0.077871284
1.422758	2.95	0.1	0.08	0.04	-0.053647432	1.381258592	-2.91683	8.507887137
1.382762	-2.81	0.1	0.1	0.02	-0.052167966	1.422015776	2.838795	8.058756055
1.391001	0.60	0.1	0.09	0	-0.0506885	1.382061099	-0.6427	0.41305755
1.37537	-1.12	0.1	0.08	0.01	-0.051428233	1.390285633	1.084481	1.176100054
1.346965	-2.07	0.1	0.08	0.02	-0.052167966	1.374652497	2.055547	4.225273102
1.368644	1.61	0.1	0.08	0.02	-0.052167966	1.346262316	-1.63532	2.674265572
1.329593	-2.85	0.1	0.08	0.02	-0.052167966	1.367930006	2.883364	8.31378811
1.351985	1.68	0.25	0.08	0.02	-0.052167966	1.328899378	-1.70754	2.915676927
1.344267	-0.57	0.25	0.08	0.17	-0.063263961	1.351129681	0.510515	0.260625266
1.342282	-0.15	0.5	0.2	0.17	-0.063263961	1.343416563	0.084525	0.00714447
1.314579	-2.06	0.75	0.33	0.3	-0.07288049	1.341303738	2.03295	4.132887101
1.257499	-4.34	0.75	0.77	0.42	-0.081757286	1.313504236	4.4537	19.83544576
1.26097	0.28	1	1.21	-0.02	-0.049209034	1.256880197	-0.32434	0.105195047
1.215998	-3.57	1.25	1.68	-0.21	-0.035154107	1.260526717	3.661907	13.4095637
1.216782	0.06	1.25	2.33	-0.43	-0.018879981	1.21576842	-0.0833	0.006938901
1.159689	-4.69	1.75	2.56	-1.08	0.029202664	1.217137333	4.953771	24.53984318
1.1152	-3.84	2.25	3.08	-0.81	0.009229873	1.159796038	3.998927	15.99141996
1.147184	2.87	2.25	3.78	-0.83	0.010709339	1.115319431	-2.77763	7.715249004
1.207554	5.26	3	4.1	-1.53	0.062490649	1.147900883	-4.94	24.40355882
1.209899	0.19	3.5	4.33	-1.1	0.03068213	1.207924503	-0.1632	0.026632663
1.230784	1.73	3.5	4.57	-0.83	0.010709339	1.210028572	-1.68636	2.843804227
1.203138	-2.25	4	4.65	-1.07	0.028462931	1.231134317	2.326941	5.414656658
1.2346	2.61	4.25	4.83	-0.65	-0.002605855	1.203106648	-2.5509	6.507066277
1.25584	1.72	4.25	5.06	-0.58	-0.007783986	1.234503899	-1.69895	2.886433108
1.244555	-0.90	4.5	5.08	-0.81	0.009229873	1.255955912	0.916063	0.839172092
1.2708	2.11	5	5.25	-0.58	-0.007783986	1.244458124	-2.07286	4.296739154
1.283203	0.98	5.25	5.5	-0.25	-0.032195175	1.270390864	-0.99845	0.996901769
							Deviation	2.396

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.02049333							
R Square	0.00041998							
Adjusted R	-0.0168142							
Standard Er	2.43776184							
Observatio	60							
ANOVA								
	df	*SS*	*MS*	*F*	*Significance F*			
Regression	1	0.14481655	0.14481655	0.02436888	0.87649205			
Residual	58	344.675602	5.94268279					
Total	59	344.820418						
	Coefficients	*Standard Erro*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.*	*Upper 95.0%*
Intercept	-0.0506885	0.41762424	-0.1213735	0.9038147	-0.8866543	0.78527722	-0.88665	0.78527722
X Variable	-0.0739733	0.47386779	-0.1561054	0.87649205	-1.0225227	0.87457613	-1.02252	0.87457613

Appendix 12- Technical Approach

Technical Approach			
Exchange	Moving Average	Error (%)	Error Squared
1.311837			
1.296193			
1.303951			
1.276552			
1.276308			
1.275022			
1.310925			
1.326489			
1.302185			
1.30407	1.2983532	-0.43838	0.19217823
1.263903	1.2935598	2.346446	5.505808316
1.269374	1.2908779	1.694055	2.86982402
1.215466	1.2820294	5.476369	29.99061451
1.215894	1.2759636	4.940365	24.40720502
1.22906	1.2712388	3.431793	11.77720596
1.293862	1.2731228	-1.60289	2.569260165
1.2929	1.2713203	-1.66909	2.785870566
1.3254	1.2712114	-4.08847	16.71559843
1.320749	1.2730678	-3.61016	13.03328141
1.2823	1.2708908	-0.88974	0.791646146
1.241157	1.2686162	2.212387	4.894657622
1.258099	1.2674887	0.74634	0.557023861
1.234537	1.2693958	2.823633	7.972906004
1.238866	1.271693	2.649762	7.021238443
1.308599	1.2796469	-2.21245	4.894935484
1.336505	1.2839112	-3.93517	15.48559602
1.291823	1.2838035	-0.62079	0.385379455
1.294601	1.2807236	-1.07194	1.149064313
1.333725	1.2820212	-3.87665	15.02838603
1.369	1.2906912	-5.72015	32.72007131
1.369807	1.3035562	-4.83651	23.39179188
1.397624	1.3175087	-5.73225	32.85868864
1.378873	1.3319423	-3.40355	11.58418618
1.382	1.3462557	-2.58642	6.689559283
1.422758	1.3576716	-4.57466	20.92755198
1.382762	1.3622973	-1.47999	2.190361982
1.391001	1.3722151	-1.35053	1.823934037
1.37537	1.380292	0.357867	0.128069031
1.346965	1.381616	2.572524	6.617880534
1.368644	1.3815804	0.945198	0.893399851
1.329593	1.377559	3.60757	13.01456229
1.351985	1.3729951	1.554019	2.414974184
1.344267	1.3695345	1.879649	3.533080021
1.342282	1.3655627	1.734412	3.008184965
1.314579	1.3547448	3.055412	9.335540391
1.257499	1.3422185	6.737143	45.38908953
1.26097	1.3292154	5.412135	29.29120637
1.215998	1.3132782	8.00003	64.00047369
1.216782	1.3002599	6.860547	47.06710401
1.159689	1.2793644	10.31961	106.4943826
1.1152	1.2579251	12.79816	163.7929446
1.147184	1.237445	7.868049	61.90619611
1.207554	1.2237737	1.343186	1.80414946
1.209899	1.2105354	0.052599	0.0027667
1.230784	1.2021559	-2.32601	5.410300251
1.203138	1.1967198	-0.53346	0.284574253
1.2346	1.1940828	-3.28181	10.77026292
1.25584	1.198067	-4.60035	21.16319416
1.244555	1.2008443	-3.51215	12.33523237
1.2708	1.2119554	-4.63052	21.44168037
1.283203	1.2287557	-4.24308	18.00370814
		Deviation	4.270463815

References