



STAT EDGE

## **Forex Weekly Research Report**

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**25 January 2025**

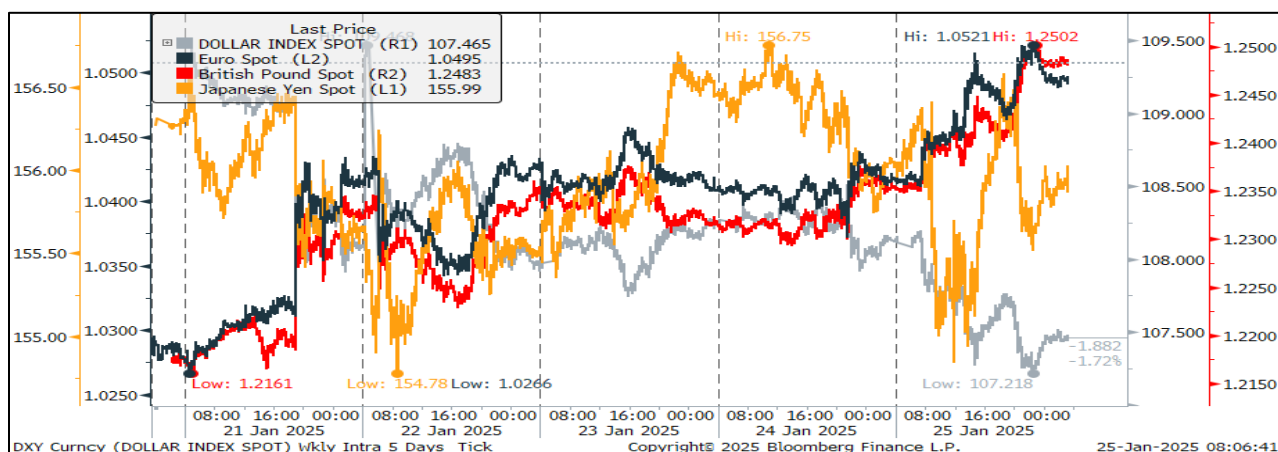
# Forex Weekly Research Report

## Market Summary & Outlook:

- The U.S. dollar experienced a broad-based decline after indications that President Donald Trump may be moderating his stance on tariffs against China. This shift in policy rhetoric led to decreased demand for the dollar, contributing to its decline across various asset classes. The ICE Dollar Spot Index fell by 1.7% over the week, marking its most significant weekly loss since November 2023.
- According to data from the Commodity Futures Trading Commission (CFTC), hedge funds and asset managers reduced their bullish bets on the dollar during the week ending January 21. This adjustment followed a period in which these investors were the most optimistic about the U.S. currency since 2019, indicating a change in market sentiment toward a less favourable outlook on the dollar.
- The Japanese yen experienced only a modest strengthening, even after the Bank of Japan (BoJ) raised its key policy interest rate on Friday to the highest level since 2008. The BoJ also revised its economic outlook, adopting a more optimistic view on inflation. This prompted speculation about potential future rate hikes. While these developments provided temporary support for the yen, its gains were relatively subdued compared to other major currencies.
- In contrast, the euro rose by 0.8%, reaching 1.0497, which reflects a 2.2% increase for the week—the most significant gain since 2023. Similarly, the British pound outperformed its G10 counterparts, climbing by 2.6%. These movements were influenced by a general weakness of the dollar and positive sentiment toward assets in Europe and the UK, benefiting from shifting expectations regarding global monetary policy and economic growth.
- The Federal Open Market Committee recently opted to keep the U.S. federal funds rate unchanged, maintaining its current stance on monetary policy. Despite persistent inflationary pressures and ongoing economic uncertainties, the FOMC signalled a more cautious approach and may opt not to go for an interest rate cut. Meanwhile, the European Central Bank (ECB) is expected to implement a 25bps cut, a shift that marks a more dovish turn in the ECB's monetary policy stance. As the FOMC and ECB make these critical policy decisions, all eyes will also be on India's Union Budget, scheduled for release on February 1.

Currency Performance			
Currency	24-Jan-25	17-Jan-25	% Change
Dollar Index Spot	107.44	109.35	-1.74%
Euro Spot	1.0497	1.0273	2.18%
British Pound Spot	1.2484	1.2169	2.59%
Japanese Yen Spot	156.00	156.30	-0.19%
Chinese Yuan Spot	7.244	7.342	-1.32%
USDINR	86.21	86.61	-0.47%
EURINR	90.47	89.18	1.45%
GBPINR	107.13	105.64	1.41%

## Dollar Index, EURUSD, GBPUSD, USDJPY



## Currency Performance and Level to Watch:

Currency	Weekly High	Weekly Low	Weekly Close	Weekly % Chg.	MTD % Chg.	QTD % Chg.	YTD % Chg.
Dollar Index	109.47	107.22	107.44	-1.74%	-0.96%	-0.96%	-1.04%
EURUSD Spot	1.0521	1.0266	1.0497	2.18%	1.38%	1.38%	0.01%
EURINR Spot	90.65	89.00	90.47	1.88%	-1.41%	-1.41%	1.27%

Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	108.04	103.54	105.79	106.62	108.87	110.29	112.54
EURUSD	1.0428	0.9918	1.0173	1.0335	1.059	1.0683	1.0938
EURINR	90.04	86.75	88.40	89.43	91.08	91.69	93.33

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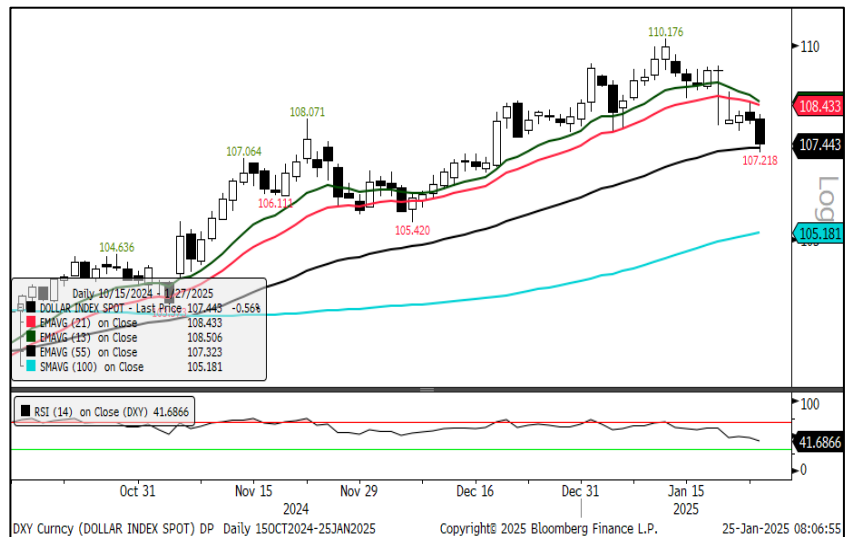
## Technical Outlooks:

### Dollar Index View:

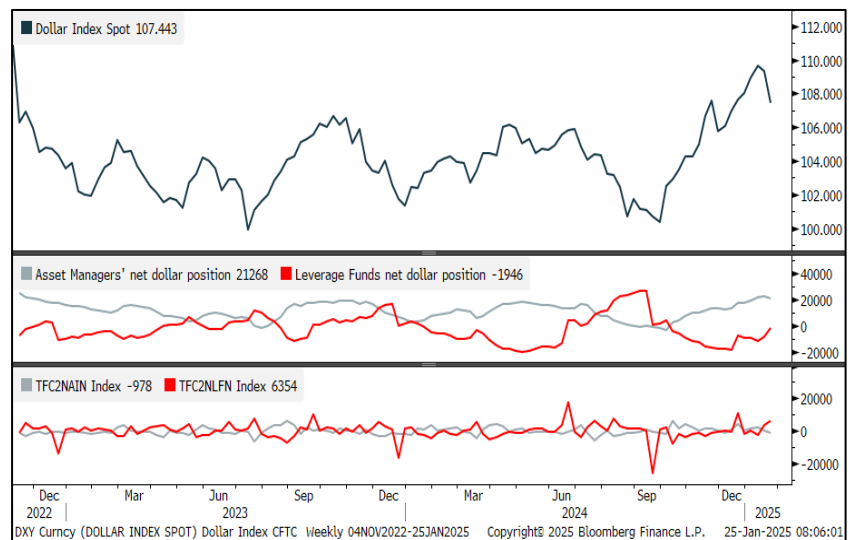
- The dollar index started forming a bearish pattern of lower highs and lows.
- On the daily chart, the relative strength index (RSI) is heading south.
- It has support at 107.22 and 105.42 while continuing to face resistance at 110.17

### Spot EURINR: *Bullish*

**Buy at 90.00 SL 89.70 Target 91.50**



## Aggregate Dollar Long reduced by the Asset Managers



# Equity Weekly Research Report

Economic Calendar					
Date	Country	Event	Period	Survey	Prior
27-Jan	China	Industrial Profits YoY	Dec	--	-7.30%
	China	Manufacturing PMI	Jan	50.1	50.1
	China	Non-manufacturing PMI	Jan	52.2	52.2
	US	New Home Sales	Dec	672k	664k
	US	Dallas Fed Manf. Activity	Jan	-3	3.4
	US	Building Permits	Dec F	--	1483k
28-Jan	US	Durable Goods Orders	Dec P	0.50%	-1.20%
	US	FHFA House Price Index MoM	Nov	0.40%	0.40%
	US	S&P CoreLogic CS 20-City MoM SA	Nov	0.30%	0.32%
	US	Dallas Fed Services Activity	Jan	--	9.6
	US	Conf. Board Expectations	Jan	--	81.1
	US	Richmond Fed Manufact. Index	Jan	-12	-10
29-Jan	US	MBA Mortgage Applications	24-Jan	--	0.10%
	US	Advance Goods Trade Balance	Dec	-\$105.0b	-\$102.9b
	US	Wholesale Inventories MoM	Dec P	0.20%	-0.20%
	US	Retail Inventories MoM	Dec	--	0.30%
30-Jan	US	<b>FOMC Rate Decision (Upper Bound)</b>	<b>29-Jan</b>	<b>4.50%</b>	<b>4.50%</b>
	UK	Net Consumer Credit	Dec	1.0b	0.9b
	UK	Mortgage Approvals	Dec	65.1k	65.7k
	EC	GDP SA YoY	4Q A	1.00%	0.90%
	EC	Unemployment Rate	Dec	6.30%	6.30%
	EC	<b>ECB Deposit Facility Rate</b>	<b>30-Jan</b>	<b>2.75%</b>	<b>3.00%</b>
	US	GDP Annualized QoQ	4Q A	2.70%	3.10%
	US	Personal Consumption	4Q A	3.20%	3.70%
	US	GDP Price Index	4Q A	2.50%	1.90%
	US	Core PCE Price Index QoQ	4Q A	2.50%	2.20%
	US	Initial Jobless Claims	25-Jan	225k	223k
	US	Continuing Claims	18-Jan	1910k	1899k
	US	Pending Home Sales MoM	Dec	-0.50%	2.20%
31-Jan	Japan	Tokyo CPI YoY	Jan	3.00%	3.10%
	Japan	Retail Sales YoY	Dec	3.50%	2.80%
	Japan	Industrial Production YoY	Dec P	-3.00%	-2.70%
	Japan	Housing Starts YoY	Dec	-3.90%	-1.80%
	UK	Nationwide House Px NSA YoY	Jan	4.30%	4.70%
	India	Fiscal Deficit YTD INR	Dec	--	8466b
	India	Eight Infrastructure Industries	Dec	--	4.30%
	India	Foreign Exchange Reserves	24-Jan	--	\$624.0b
	US	Personal Income	Dec	0.40%	0.30%
	US	Personal Spending	Dec	0.50%	0.40%
	US	Real Personal Spending	Dec	0.30%	0.30%
	US	PCE Price Index YoY	Dec	2.50%	2.40%
	US	Core PCE Price Index YoY	Dec	2.80%	2.80%
01-Feb	India	India Budget			

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