



STAT EDGE

Forex Weekly Research Report

31 January 2026

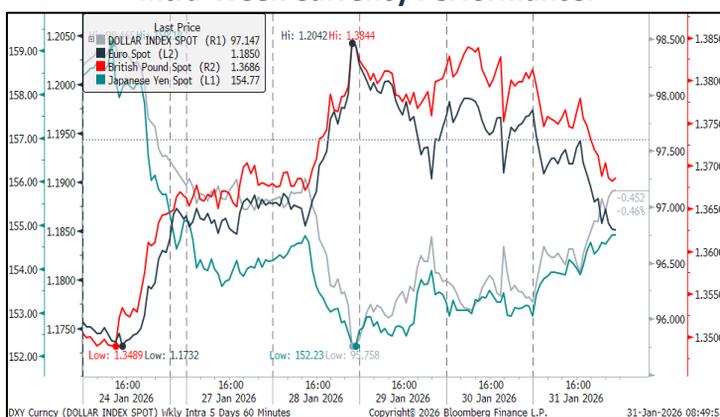
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Market Summary & Outlook:

- On Friday, the US dollar staged its strongest rally since May, accelerating a sharp selloff in precious metals after President Donald Trump named Kevin Warsh as his choice for chair of the Federal Reserve. Warsh is widely viewed as less inclined to support aggressive rate cuts and more focused on containing inflation, a perception that reverberated across global markets. Stocks retreated, while bond markets sent mixed signals.
- The greenback advanced against all major currencies, reversing a portion of its January decline, as investors reassessed the future path of US monetary policy. However, the week ended with DXY losing 0.62% to 96.99.
- Traders largely regard Warsh as the most forceful inflation hawk among the finalists for the Fed's top post. His selection has lifted expectations for a policy stance that would continue to support the dollar, while undermining demand for dollar-denominated assets such as gold and silver, which are particularly sensitive to currency strength and real-rate expectations.
- The Federal Open Market Committee on Wednesday voted 10–2 to leave the benchmark federal funds rate unchanged at a range of 3.5% to 3.75%. Notably, policymakers removed language referencing heightened downside risks to employment that had appeared in the prior three statements, a shift interpreted by some investors as a sign of increased confidence in labour-market resilience.
- At the same time, structural factors and the case for diversification away from the US dollar continue to shape global foreign-exchange dynamics early this year. These forces have left the dollar vulnerable as evolving geopolitical alignments reinforce a more cautious long-term outlook for the greenback.
- Looking ahead to 2026, cyclical growth trends and yield differentials are expected to reassert themselves as the dominant drivers of currency markets. Under that scenario, negative sentiment toward the dollar could align with expectations for easier Federal Reserve policy and declining short-term US yields later this year.
- In the near term, however, a likely rebound in US economic activity during the first quarter, combined with a continued Fed pause, may provide a still-supportive cyclical backdrop for the dollar before those longer-term pressures take hold.
- Speculative currency traders have already moved aggressively. Net short positions against the dollar surged to approximately \$8.1 billion, from just \$330 million the previous week, heading into the Federal Reserve's January meeting amid heightened geopolitical uncertainty. The one-week jump in bearish dollar wagers marks the largest increase since the unwinding of global carry-trade positions following market turmoil in August 2024.

Currency Performance			
Currency	30-Jan-26	23-Jan-26	% Change
Dollar Index Spot	96.99	97.60	-0.62%
Euro Spot	1.1851	1.1828	0.19%
British Pound Spot	1.3686	1.3643	0.32%
Japanese Yen Spot	154.78	155.70	-0.59%
Chinese Yuan Spot	6.958	6.949	0.13%
USDINR	91.99	91.96	0.04%
EURINR	109.54	107.91	1.51%
GBPINR	126.34	124.39	1.57%

Intra-Week Currency Performance:



Currency Performance and Level to Watch:

Currency	Weekly High	Weekly Low	Weekly Close	Weekly % Chg.	MTD % Chg.	QTD % Chg.	YTD % Chg.
Dollar Index	97.33	95.55	96.99	-0.62%	-0.70%	-1.35%	-1.33%
EURUSD Spot	1.2081	1.1834	1.1851	0.19%	0.13%	0.89%	4.64%
EURINR Spot	110.33	108.65	109.54	1.51%	1.14%	-3.70%	4.05%

Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	98.51	97.11	96.73	99.68	101.47	100.29	102.07
EURUSD	1.1789	1.1615	1.1542	1.1497	1.1744	1.2036	1.2283
EURINR	101.81	100.21	100.13	93.29	94.97	103.49	105.17

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Technical Analysis:

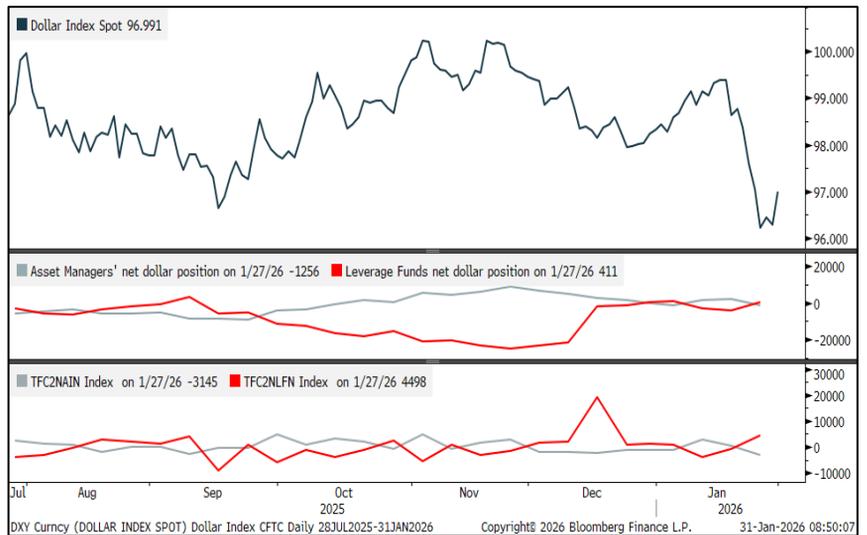
Dollar Index View:

- The DXY Index retraced after a sharp sell-off but remains weak.
- It has formed a bearish lower highs and lower lows on the weekly chart.
- RSI rebounded from the oversold zone, indicating recovery momentum.

Spot Dollar Index: Support 95.50, Resistance 97.80



Speculative currency traders boosted short wagers against the dollar to some \$8.1 billion, from around \$330 million the week prior



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Economic Calendar					
Date	Country	Event	Period	Survey	Prior
02-Feb	Japan	S&P Global Japan PMI Mfg	Jan F	--	51.5
	China	RatingDog China PMI Mfg	Jan	50	50.1
	India	HSBC India PMI Mfg	Jan F	--	56.8
	UK	Nationwide House PX MoM	Jan	0.30%	-0.40%
	EC	HCOB Eurozone Manufacturing PMI	Jan F	49.4	49.4
	UK	S&P Global UK Manufacturing PMI	Jan F	51.6	51.6
	US	S&P Global US Manufacturing PMI	Jan F	51.9	51.9
	US	ISM New Orders	Jan	--	47.4
03-Feb	US	JOLTS Job Openings	Dec	7250k	7146k
04-Feb	Japan	S&P Global Japan PMI Services	Jan F	--	53.4
	China	RatingDog China PMI Services	Jan	51.9	52
	India	HSBC India PMI Services	Jan F	--	59.3
	EC	HCOB Eurozone Services PMI	Jan F	51.9	51.9
	UK	S&P Global UK Services PMI	Jan F	54.3	54.3
	EC	CPI Core YoY	Jan P	2.20%	2.30%
	US	MBA Mortgage Applications	30-Jan	--	-8.50%
	US	ADP Employment Change	Jan	45k	41k
	US	S&P Global US Services PMI	Jan F	52.5	52.5
	US	ISM Services Index	Jan	53.5	53.8
05-Feb	UK	S&P Global UK Construction PMI	Jan	42	40.1
	EC	Retail Sales YoY	Dec	1.80%	2.30%
	UK	Bank of England Bank Rate	05-Feb	3.75%	3.75%
	US	Challenger Job Cuts YoY	Jan	--	-8.30%
	EC	ECB Main Refinancing Rate	05-Feb	2.15%	2.15%
	US	Initial Jobless Claims	31-Jan	212k	209k
	US	Continuing Claims	24-Jan	1850k	1827k
06-Feb	India	RBI Repurchase Rate	06-Feb	5.25%	5.25%
	US	Change in Nonfarm Payrolls	Jan	65k	50k
	US	Unemployment Rate	Jan	4.40%	4.40%
	US	U. of Mich. Sentiment	Feb P	54.7	56.4

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