



STAT EDGE

Forex Monthly Research Report

January 26

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Market Summary & Outlook:

- In January 2026, the ICE Dollar Index endured a period of pronounced volatility and sustained weakness, ultimately sliding to its lowest level in four years. After showing brief resilience at the start of the month, the dollar came under heavy pressure from mid-January onward, plunging more than 3%. The selloff drove the index decisively below the key technical support level of 97.0, with losses extending to around 95.5, reinforcing bearish momentum and signaling a broader shift in investor sentiment.
- A key driver of the dollar's decline was the Federal Reserve's evolving policy stance. The Fed held its benchmark interest rate steady in a range of 3.5% to 3.75%, following three consecutive rate cuts in late 2025. This pause marked a transition to a "wait-and-see" approach, eroding the dollar's yield advantage at a time when global investors were increasingly sensitive to relative returns.
- Uncertainty surrounding the future direction of US monetary policy intensified after President Donald Trump nominated Kevin Warsh to succeed Jerome Powell, whose term as Fed chair ends in May 2026. While Warsh is generally viewed as more focused-on inflation risks, the leadership transition injected an additional layer of ambiguity into policy expectations, weighing on the currency during an already fragile period.
- Fundamental pressures also mounted on the external front. The US trade deficit widened to \$68 billion in January, underscoring persistent imbalances and reinforcing structural concerns about dollar demand. At the same time, de-dollarization trends gained further traction globally. BRICS nations announced plans to raise the share of internal trade settled in local currencies from 35% to 50%, a move that further challenged the dollar's dominance in international trade and finance.
- Capital flows reflected this shifting landscape. Investors increasingly rotated out of US Treasuries and equities, reallocating funds toward international markets—particularly in Asia—and into so-called hard assets such as gold. This reallocation amplified downward pressure on the greenback as global portfolios sought diversification away from US-centric exposure.
- Adding to the headwinds, the interest-rate differential between the US and Europe narrowed to just 0.25 percentage points. The shrinking spread diminished the appeal of dollar-denominated assets relative to their European counterparts, driving capital inflows into the Eurozone and lending additional support to the euro at the dollar's expense.
- Taken together, the combination of a less supportive monetary policy backdrop, widening trade imbalances, rising geopolitical and institutional uncertainty, and accelerating global diversification away from the dollar culminated in a decisive weakening of the greenback, marking January 2026 as a pivotal month in the currency's longer-term downtrend.

Monthly Currency Performance			
Currency	Jan-26	Dec-25	% Change
Dollar Index	96.991	98.322	-1.35%
Spot EURUSD	1.1851	1.1746	0.89%
Spot GBPUSD	1.3686	1.3475	1.57%
Spot USDJPY	154.78	156.71	-1.23%
Spot USDCNH	6.9584	6.9757	-0.25%
Indian Rupee			
Spot USDINR	91.99	89.88	2.35%
Spot EURINR	109.54	105.49	3.84%
Spot GBPINR	126.34	120.79	4.59%

Currency Performance and Level to Watch:

Monthly Price Actions							
Currency	High	Low	Close	% Chg.	Qtly % Chg.	Hly % Chg.	Yrly % Chg.
Dollar Index	99.49	95.551	96.99	-1.35%	-1.35%	-2.82%	-1.33%
EURUSD	1.2081	1.1573	1.1851	0.89%	0.89%	0.04%	0.01%
EURINR	110.33	104.77	109.54	3.84%	-3.70%	8.56%	4.05%
Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	97.34	89.46	93.40	95.20	99.14	101.29	105.23
EURUSD	1.1045	1.0529	1.0787	1.0880	1.1138	1.1303	1.1561
EURINR	93.02	90.20	91.61	92.10	93.50	94.43	95.83

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DXY Index: Sideways
Support: 94.50
Resistance: 99.99



DXY Seasonality

ICE Dollar Index												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
10 Yr Avg.	-0.24	0.66	-0.34	-0.17	0.11	-0.01	-0.37	0.04	0.87	1.02	-0.43	-0.87
2026	-1.35											
2025	-0.11	-0.70	-3.16	-4.55	-0.14	-2.47	3.19	-2.20	0.00	2.08	-0.35	-1.14
2024	1.92	0.85	0.32	1.66	-1.46	1.14	-1.67	-2.30	-0.90	3.17	1.69	2.60
2023	-1.38	2.72	-2.25	-0.83	2.62	-1.36	-1.03	1.73	2.47	0.46	-2.97	-2.09
2022	0.91	0.17	1.66	4.73	-1.17	2.88	1.16	2.64	3.14	-0.53	-5.00	-2.29
2021	0.72	0.33	2.59	-2.09	-1.59	2.90	-0.28	0.49	1.73	0.11	1.99	-0.34
2020	1.04	0.76	0.93	-0.03	-0.68	-0.97	-4.15	-1.29	1.89	0.16	-2.31	-2.10
2019	-0.62	0.61	1.17	0.20	0.28	-1.66	2.48	0.41	0.47	-2.04	0.95	-1.92
2018	-3.25	1.66	-0.17	2.08	2.33	0.52	0.09	0.62	-0.01	2.10	0.15	-1.13
2017	-2.64	1.62	-0.76	-1.30	-2.15	-1.34	-2.89	-0.21	0.44	1.59	-1.59	-0.99
2016	0.99	-1.40	-3.69	-1.59	3.02	0.26	-0.64	0.52	-0.58	3.12	3.10	0.70

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Monday	Tuesday	Wednesday	Thursday	Friday
02-Feb	03-Feb	04-Feb	05-Feb	06-Feb
Japan, China, India, EU, UK, US: Mfg. PMI US: ISM Mfg.	US: JOLTs Job Opening	Japan, China, India, EU, UK, US: Service PMI EU: CPI US: MBA Mortgage, ADP Employment, ISM Service	UK: Construction PMI BOE Monetary Policy ECB Monetary Policy EU: Retail Sales US: Initial & Conti. Jobless Claims , Challengers Job cuts	RBI Monetary Policy US: Change in NFP, Unemployment Rate
09-Feb	10-Feb	11-Feb	12-Feb	13-Feb
Japan: Trade Balance	US: Retail Sales	China: CPI, PPI US: CPI, Core CPI Japan: Holiday	UK: GDP, IIP, Trade Balance India: CPI US: Existing Home Sales, Initial & Conti. Claims	China: New Home Price EU: GDP, Trade Balance India: Trade Balance
16-Feb	17-Feb	18-Feb	19-Feb	20- Feb
Japan: GDP, IIP India: WPI EU: IIP China, US: Holiday	UK: Jobless & Claimant Count US: ADP Emp., Empire Mfg. Retail Sales China: Holiday	Japan: Trade Balance UK: CPI US: MBA Mortgage, Durable Goods Orders, Housing Starts, Building Permits, IIP, Capacity Utilisation, FOMC Meeting Minutes China: Holiday	Japan: Core Machine Orders EU: Current Account US: Wholesale Invt., Initial & Conti. Claims, Trade Balance, Pending Home sales China: Holiday	Japan: Natl CPI India: Eight Core US: Personal Income & Spending, GDP, New Home Sales, Building Permits Japan, India, EU, UK, US: Flash PMI China: Holiday
23-Feb	24-Feb	25-Feb	26-Feb	27-Feb
US: Factory Orders, Durable Goods Orders, Dallas Fed. Mfg. Index China, Japan: Holiday	China: 1 & 5 Year LPR US: ADP Employment Chg., Richmond Fed. Mfg., Wholesale Inventories	EU: CPI US: MBA Mortgage	EU: Consumer Confidence US: Initial & Conti. Jobless Claims	Japan: IIP, Retail Sales India: IIP, GDP, Fiscal Deficit US: MNI Chicago PMI

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