



STAT EDGE

Forex Monthly Research Report

January 26

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Market Summary & Outlook:

▪ The December currency performance reflects a market shaped by shifting expectations around monetary policy, global growth, and geopolitical risk. During the period, currencies were primarily influenced by speculation over the timing and pace of interest rate cuts by major central banks, particularly the US Federal Reserve. This uncertainty kept foreign exchange markets volatile, with investors reacting quickly to economic data releases and central bank commentary. The ICE DXY Index reflected a combination of dovish Fed expectations, political risk, and stronger foreign currency performance, resulting in a notable downtrend in the U.S. dollar over the year.

Monthly Currency Performance			
Currency	Dec-25	Nov-25	% Change
Dollar Index	98.322	99.459	-1.14%
Spot EURUSD	1.1746	1.1598	1.28%
Spot GBPUSD	1.3475	1.3235	1.81%
Spot USDJPY	156.71	156.18	0.34%
Spot USDCNH	6.9757	7.0708	-1.34%
Indian Rupee			
Spot USDINR	89.88	89.46	0.47%
Spot EURINR	105.49	103.49	1.93%
Spot GBPINR	120.79	118.17	2.22%

- In 2025, the US dollar showed a volatile performance as softer inflation data strengthened expectations of policy easing later in the year, reducing its yield advantage. However, ongoing geopolitical tensions and risk-off episodes provided intermittent support to the dollar as a safe-haven asset. These opposing forces limited sharp movements but contributed to noticeable month-on-month fluctuations.
- A core driver of this decline has been shifts in monetary policy expectations. Markets have increasingly priced in multiple U.S. Federal Reserve interest rate cuts in 2025 and into 2026 as economic growth slowed and inflation softened. Expectations of lower U.S. interest rates relative to other major economies reduce the yield advantage of dollar-denominated assets, weakening demand for the currency.
- Political uncertainty and concerns over U.S. fiscal and economic policy also weighed on the dollar. Aggressive tariff measures and public pressure on the Federal Reserve's leadership raised questions about central bank independence and U.S. economic stability, which undermined investor confidence in the dollar as a safe-haven.
- European and British economies displayed resilient growth and stable inflation strengthened, as markets anticipated that central banks would keep interest rates higher for longer. In contrast, Japanese currency experienced slower economic momentum, weaker trade figures, and heightened political uncertainty, reflecting softer investor confidence and capital outflows.
- While commodity-linked currencies were influenced by fluctuations in oil and metal prices. Declines in crude oil prices weighed on exporting nations, while concerns over global demand—particularly linked to China's economic outlook—dampened sentiment toward resource-dependent currencies. However, supply disruptions and ongoing geopolitical tensions helped limit sharper declines.
- Overall, monthly currency performance highlights the close connection between exchange rates and evolving macroeconomic themes. Central bank policy expectations, inflation dynamics, geopolitical developments, and commodity price movements collectively shaped currency trends, underscoring the importance of closely tracking global news and economic signals when assessing market direction.

Currency Performance and Level to Watch:

Monthly Price Actions							
Currency	High	Low	Close	% Chg.	Qtly % Chg.	Hly % Chg.	Yrly % Chg.
Dollar Index	99.57	97.75	98.32	-1.14%	0.10%	1.65%	0.10%
EURUSD	1.1808	1.16	1.1746	1.28%	-0.23%	-0.01%	0.00%
EURINR	107.03	103.68	105.49	1.93%	-0.21%	4.84%	0.23%
Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	98.55	94.91	96.73	97.53	99.34	100.36	102.18
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: 96.20
Resistance: 100.25



DXY Seasonality

Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
10 Yr Avg	-.24	.66	-.39	-.17	.11	-.01	-.37	.04	.86	1.00	-.43	-.87
2026	.10											
2025	-.11	-.70	-3.16	-4.55	-.14	-2.47	3.19	-2.20	.00	2.08	-.35	-1.14
2024	1.92	.85	.32	1.66	-1.46	1.14	-1.67	-2.30	-.90	3.17	1.69	2.60
2023	-1.38	2.72	-2.25	-.83	2.62	-1.36	-1.03	1.73	2.47	.46	-2.97	-2.09
2022	.91	.17	1.66	4.73	-1.17	2.88	1.16	2.64	3.14	-.53	-5.00	-2.29
2021	.72	.33	2.59	-2.09	-1.59	2.90	-.28	.49	1.73	-.11	1.99	-.34
2020	1.04	.76	.93	-.03	-.68	-.97	-4.15	-1.29	1.89	.16	-2.31	-2.10
2019	-.62	.61	1.17	.20	.28	-1.66	2.48	.41	.47	-2.04	.95	-1.92
2018	-3.25	1.66	-.71	2.08	2.33	.52	.09	.62	-.01	2.10	.15	-1.13
2017	-2.64	1.62	-.76	-1.30	-2.15	-1.34	-2.89	-.21	.44	1.59	-1.59	-.99
2016	.99	-1.40	-3.69	-1.59	3.02	.26	-.64	.52	-.58	3.12	3.10	.70

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Monday	Tuesday	Wednesday	Thursday	Friday
05 Jan	06 Jan	07 Jan	08 Jan	09 Jan
Japan, China : PMI UK: Mortgage Approvals US: ISM Mfg., New Home Sales	India, EU, UK, US: Service PMI	Japan: Service PMI UK: Construction PMI CU: CPO India: GDP US: MBA Mortgage, AD Employment Chg., ISM Service, Factory & Durable Goods Orders	EU: PPI, Unemployment Rate US: Challenger Job Cuts, Initial & Continuing Claims, Trade Balance, Whole Sale Inventories	China: PPI, CPI EU: Retail Sales US: Chg. In NFP, Unemployment Rate, Housing Starts, Building Permits, Uni. Of Mich. Sentiment
12 Jan	13 Jan	14 Jan	15 Jan	16 Jan
India: CPI	Japan: Trade Balance US: CPI, New Home Sales	India: WPI US: MBA Mortgage Application, Current Account, Existing Homes Sales China: Trade Balance	UK: IIP, Mfg. Output, Trade Balance EU: IIP, Trade Balance US: Initial & Conti. Claims, Empire Mfg. India: Trade Balance	US: IIP, Mfg. Production, Capacity Utilisation, NAHB Housing Market Index
19 Jan	20 Jan	21 Jan	22 Jan	23 Jan
Japan: IIP China: New Homes Prices, GDP, Retail Sales, IIP EU: CPI	China: 1 & 5 Yr. LPR UK: Claimant Count EU: CA, Construction Output India: 8 Core Infra US: ADP Employment Chg.	UK: CPI, House Price US: MBA Mortgage Application, Housing Starts, Construction spending, Pending Home Sales	Japan: Trade Balance US: Initial & Conti. Claims, GDP, Personal Consumption, Kansas City Mfg. EU: Consumer Confidence	BOJ Monetary Policy Japan, India, EU, UK, US : Flash PMI Japan: Natl CPI US: Uni. Of Mich. Sentiments
26 Jan	27 Jan	28 Jan	29 Jan	30 Jan
US: Durable Goods Orders, Dallas Fed Mfg.	China: Industrial Profit US: ADP Employment Chg., FHFA House Price, Richmond Fed Mfg.	India: IIP US: MBA Mortgage Application, Retail Inventories	FOMC Monetary Policy EU: Consumer Conf. US: Personal Income & Spending, Core PCE, Initial & Conti. Claims, Trade Balance, Factory & Durable Goods Orders, Wholesale Inventories	China: Official PMI Japan: Tokyo CPI, IIP US: Mortgage Approvals EU: GDP, Unemployment Rate India: Fiscal Deficit US: MNI Chicago PMI

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