



STAT EDGE

Forex Weekly Research Report

6 September 2025

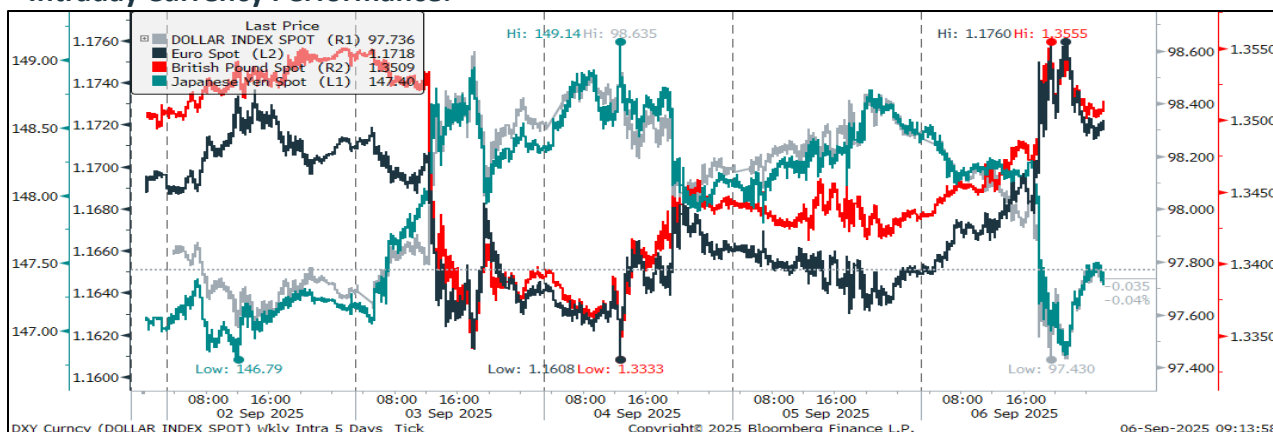
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Market Summary & Outlook:

- The U.S. dollar began the week on a strong footing, buoyed by an early rise in Treasury yields. However, gains were gradually pared as the week progressed, particularly following the release of a weaker-than-expected U.S. jobs report. In line with recent market behaviour, any bouts of USD strength have continued to fade as incoming data reinforces the case for Federal Reserve rate cuts. The U.S. Dollar Index ended the week flat, snapping a four-week losing streak. The ICE dollar index settled at 97.77.
- Currency markets remained volatile, with USDJPY and GBPUUSD showing the most pronounced swings.
- The pound was pressured by renewed concerns over the U.K.'s fiscal outlook, while the yen was weighed down by political uncertainty in Japan. Meanwhile, the euro's implied volatility curve has continued to invert, signalling expectations of heightened short-term activity in EURUSD. The euro appears to have limited upside, even in the unlikely scenario that French Prime Minister François Bayrou survives next week's confidence vote. A more probable outcome—a Bayrou defeat followed by a fragmented or hung parliament—could introduce significant political uncertainty, potentially dragging the currency down toward the 1.15 level. Meanwhile, monetary policy is expected to remain on hold. According to a Bloomberg survey, the European Central Bank has likely concluded its rate-cutting cycle, with upcoming projections anticipated to reaffirm that inflation will remain at or near target over the medium term.
- The U.S. Treasury yield curve experienced a parallel shift lower over the week. Early concerns around rising global long-end yields and a surge in corporate bond issuance were largely shrugged off by investors. OIS are now pricing in roughly 70 basis points of rate cuts by the end of the year—equivalent to nearly 75bps reductions.
- **CFTC Update:** Non-commercial traders—a group of speculative market participants that includes hedge funds, asset managers, and other institutional investors—reduced their net short positions on the U.S. dollar to approximately \$5.0 billion, down from \$5.6 billion the previous week, according to the latest data. This marks the second consecutive week of unwinding bearish bets against the greenback, suggesting a cautious shift in sentiment as market participants reassess the outlook for U.S. monetary policy and economic resilience.

| Currency Performance | | | |
|----------------------|-----------|-----------|----------|
| Currency | 05-Sep-25 | 29-Aug-25 | % Change |
| Dollar Index Spot | 97.77 | 97.77 | 0.00% |
| Euro Spot | 1.1717 | 1.1686 | 0.27% |
| British Pound Spot | 1.3509 | 1.3504 | 0.04% |
| Japanese Yen Spot | 147.43 | 147.05 | 0.26% |
| Chinese Yuan Spot | 7.126 | 7.122 | 0.05% |
| USDINR | 88.26 | 88.21 | 0.06% |
| EURINR | 103.16 | 102.96 | 0.19% |
| GBPINR | 118.98 | 118.74 | 0.21% |

Intraday 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 | 98.64 | 97.43 | 97.77 | 0.00% | -0.70% | 0.92% | -10.72% |
| EURUSD Spot | 1.1760 | 1.1608 | 1.1717 | 0.27% | 0.13% | -0.59% | 4.64% |
| EURINR Spot | 103.57 | 102.33 | 103.16 | 0.19% | 1.14% | -2.55% | 13.96% |

| Currency | Pivot | Supt.3 | Supt.2 | Supt.1 | Resi.1 | Resi.2 | Resi.3 |
|--------------|--------|--------|--------|--------|--------|--------|--------|
| Dollar Index | 98.51 | 97.11 | 97.3 | 98.38 | 99.59 | 99.71 | 100.92 |
| EURUSD | 1.1789 | 1.1615 | 1.1637 | 1.1818 | 1.197 | 1.1941 | 1.2093 |
| EURINR | 101.81 | 100.21 | 100.57 | 100.05 | 101.29 | 103.05 | 104.30 |

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Technical Analysis:

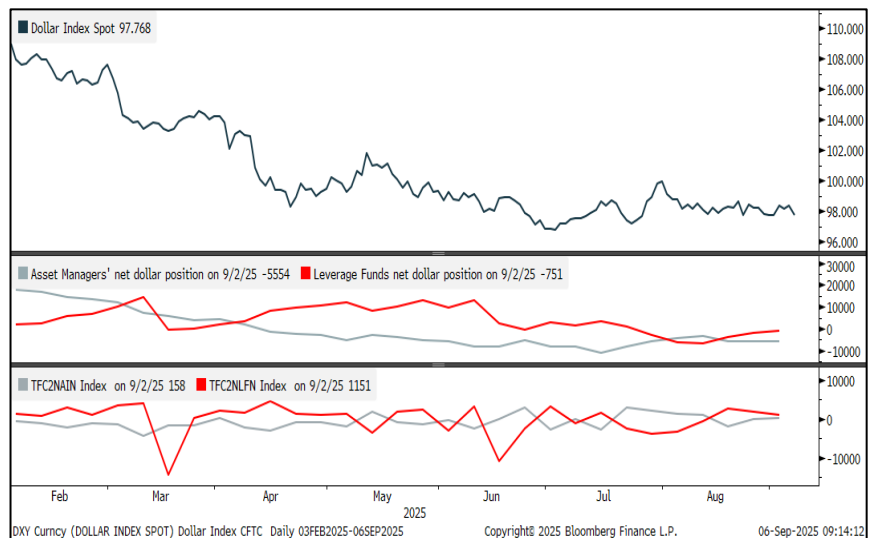
Dollar Index View:

- The Dollar index made a low below the recent swing and horizontal line support.
- It started forming a bearish lower highs and lows.
- It has been trading in a falling channel.
- The relative strength index is heading south, exhibiting weakness.

Spot Dollar Index: Support 96.40, Resistance 98.85



Asset Managers trimmed their short dollar bets to \$5 billion.



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| Economic Calendar | | | | | |
|-------------------|---------|-------------------------------|--------|-----------|-----------|
| Date | Country | Event | Period | Survey | Prior |
| 08-Sep | Japan | GDP SA QoQ | 2Q F | 0.30% | 0.30% |
| | Japan | BoP Current Account Balance | Jul | ¥3354.2b | ¥1348.2b |
| | China | Trade Balance | Aug | \$99.30b | \$98.24b |
| | | | | | |
| 09-Sep | US | NFIB Small Business Optimism | Aug | 100.5 | 100.3 |
| | | | | | |
| 10-Sep | China | CPI YoY | Aug | -0.20% | 0.00% |
| | US | MBA Mortgage Applications | 05-Sep | -- | -1.20% |
| | US | Wholesale Inventories MoM | Jul F | 0.20% | 0.20% |
| | | | | | |
| 11-Sep | EC | ECB Deposit Facility Rate | 11-Sep | 2.00% | 2.00% |
| | EC | ECB Main Refinancing Rate | 11-Sep | 2.15% | 2.15% |
| | EC | ECB Marginal Lending Facility | 11-Sep | 2.40% | 2.40% |
| | US | CPI YoY | Aug | 2.90% | 2.70% |
| | US | Initial Jobless Claims | 06-Sep | 234k | 237k |
| | US | Continuing Claims | 30-Aug | 1950k | 1940k |
| | US | Federal Budget Balance | Aug | -\$331.4b | -\$380.1b |
| | | | | | |
| 12-Sep | Japan | Industrial Production YoY | Jul F | -- | -0.90% |
| | Japan | Capacity Utilization MoM | Jul | -- | -1.80% |
| | UK | Monthly GDP (MoM) | Jul | 0.00% | 0.40% |
| | UK | Industrial Production YoY | Jul | 1.10% | 0.20% |
| | UK | Manufacturing Production YoY | Jul | 1.70% | 0.00% |
| | UK | Trade Balance GBP/Mn | Jul | -£4200m | -£5015m |
| | India | CPI YoY | Aug | 2.20% | 1.55% |
| | US | U. of Mich. Sentiment | Sep P | 58 | 58.2 |

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