STAT EDGE

Forex Weekly Research Report

16 May 2026

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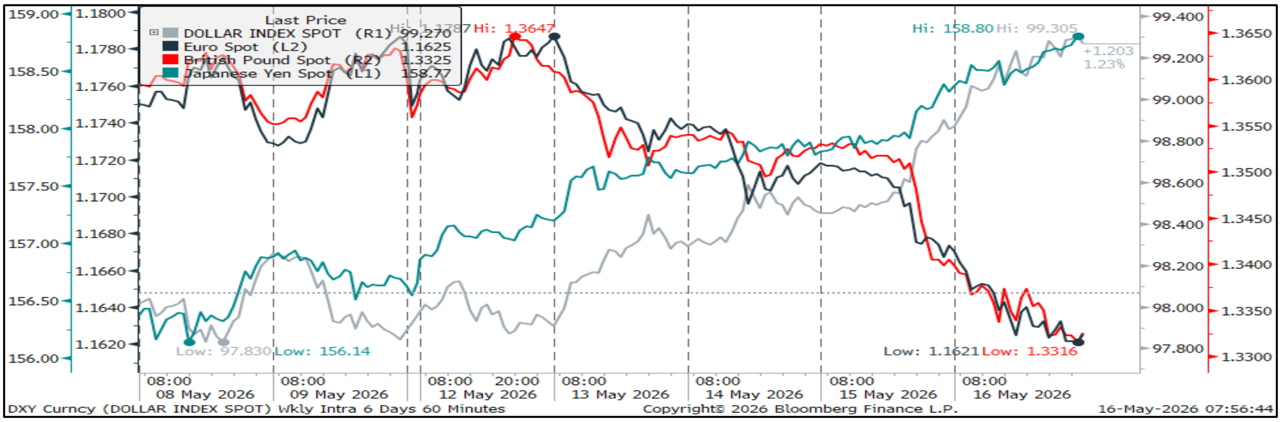
Market Summary & Outlook:

Currency Performance			
Currency	15-May-26	08-May-26	% Change
Dollar Index Spot	99.28	97.90	1.41%
Euro Spot	1.1625	1.1787	-1.37%
British Pound Spot	1.3326	1.3631	-2.24%
Japanese Yen Spot	158.74	156.68	1.31%
Chinese Yuan Spot	6.814	6.797	0.25%
USDINR	95.97	94.48	1.57%
EURINR	111.59	111.20	0.35%
GBPINR	128.09	128.65	-0.43%

- The US dollar marked its strongest weekly performance in nearly two months as Treasury yields push higher on mounting expectations that the Federal Reserve may ultimately have no choice but to resume tightening policy. Persistent inflation pressures and signs of renewed resilience in the American economy are compelling investors to gradually rebuild expectations for additional rate increases, breathing fresh life into the greenback after an extended period of uninspiring price action.
- Recent US inflation data has reinforced the notion that price pressures remain deeply embedded across the economy. Despite aggressive tightening over the past several years, inflation continues to run materially above the Fed's long-standing 2% objective. Core PCE has not sustainably returned to target since February 2021, underscoring the central bank's prolonged inability to restore price stability fully. Even with borrowing costs already elevated, economic activity has shown surprising durability, labour markets remain relatively firm, and consumer demand has not cooled enough to guarantee a decisive disinflationary trend.
- This backdrop is forcing financial markets to reconsider the assumption that the tightening cycle is definitively over. For much of the year, investors positioned for rate cuts and a softer policy stance, believing inflation would steadily moderate while growth slowed. Instead, sticky price dynamics and stronger-than-expected macroeconomic data are undermining that narrative. As traders, providing renewed support for the US currency. begin adjusting expectations toward the possibility of additional tightening or a longer period of restrictive rates, Treasury yields are climbing in response
- The dollar's 10-week rolling correlation with US tech stocks has been highly inversely related over the past couple of months, as a result of a weakening greenback and AI-driven equity advances. The implied volatility on G-10 FX has been fairly muted over recent days, with a JPMorgan gauge not too far away from year-to-date lows reached on Wednesday. A potential pickup in currency fluctuations is also more often than not supportive of the dollar.
- Speculative FX traders pared their bullish dollar wagers in the week through May 12 to $5 billion, compared to $7.6b the week prior, according to CFTC data.

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	99.32	97.85	99.28	1.41%	1.25%	-0.68%	0.96%
EURUSD Spot	1.1795	1.1617	1.1625	-1.37%	-0.90%	0.62%	-1.21%
EURINR Spot	112.49	111.53	111.59	0.35%	-0.55%	-2.33%	6.10%

Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	98.51	97.11	97.04	97.7	99.17	99.98	101.45
EURUSD	1.1789	1.1615	1.1611	1.1783	1.1961	1.1967	1.2145
EURINR	101.81	100.21	100.85	91.13	92.09	102.77	103.73

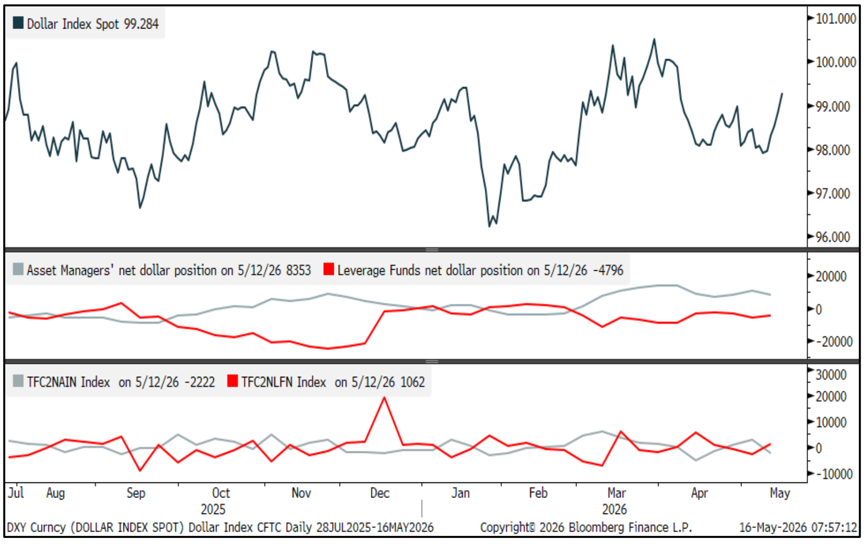
Technical Analysis:

Dollar Index View:

- The ICE dollar Index formed a double bottom around 97.60.
- It has partially filled the Gap of mid-April.
- RSI has been placed above 50 and is strengthening, indicating positive momentum.

Spot Dollar Index: ***Support 97.50, Resistance 103***

Leveraged funds net long positions at $5 billion vs $7.6 billion in the previous week



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Economic Calendar						
Date	Time	Country	Event	Period	Survey	Prior
18-May	07:00	China	New Home Prices MoM	Apr	--	-0.21%
	07:00	China	Used Home Prices MoM	Apr	--	-0.24%
	07:30	China	Retail Sales YoY	Apr	2.00%	1.70%
	07:30	China	Industrial Production YoY	Apr	6.00%	5.70%
	19:30	US	NAHB Housing Market Index	May	34	34
19-May	05:20	Japan	GDP Annualized SA QoQ	1Q P	1.70%	1.30%
	10:00	Japan	Industrial Production YoY	Mar F	--	2.30%
	11:30	UK	ILO Unemployment Rate 3Mths	Mar	4.90%	4.90%
	11:30	UK	Claimant Count Rate	Apr	--	4.40%
	11:30	UK	Jobless Claims Change	Apr	--	26.8k
	14:30	EC	Trade Balance SA	Mar	--	7.0b
	17:45	US	ADP Weekly Employment Change	02-May	--	33.000k
	19:30	US	Pending Home Sales MoM	Apr	1.00%	1.50%
20-May	06:30	China	1-Year Loan Prime Rate	20-May	3.00%	3.00%
	06:30	China	5-Year Loan Prime Rate	20-May	3.50%	3.50%
	11:30	UK	CPI YoY	Apr	3.00%	3.30%
	14:00	UK	House Price Index YoY	Mar	--	1.20%
	14:30	EC	CPI YoY	Apr F	3.00%	3.00%
	16:30	US	MBA Mortgage Applications	15-May	--	1.70%
	17:00	India	Eight Infrastructure Industries	Apr	--	-0.40%
	23:30	US	FOMC Meeting Minutes	29-Apr	--	--
21-May	05:20	Japan	Trade Balance	Apr	-¥45.3b	¥643.0b
	13:30	EC	ECB Current Account SA	Mar	--	24.9b
	14:30	EC	Construction Output YoY	Mar	--	-1.90%
	18:00	US	Initial Jobless Claims	16-May	210k	211k
	18:00	US	Continuing Claims	09-May	1785k	1782k
	18:00	US	Philadelphia Fed Business Outlook	May	18	26.7
	18:00	US	Housing Starts	Apr	1410k	1502k
	18:00	US	Building Permits	Apr P	1380k	1363k
	19:30	EC	Consumer Confidence	May P	-20.6	-20.6
	20:30	US	Kansas City Fed Manf. Activity	May	10	10
22-May	05:00	Japan	Natl CPI YoY	Apr	1.60%	1.50%
	19:30	US	U. of Mich. Sentiment	May F	48.3	48.2
	20:30	US	Kansas City Fed Services Activity	May	--	3