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February 2026

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Welcome

to our latest Global Currency Outlook

Dear Members,

The Indian rupee recorded its weakest monthly performance since September 2022, plunging 2.3% in January to close near record lows at 91.9825.Rupee came under sustained pressure from strong dollar demand, continuous FII outflows of nearly $3.9 billion, higher bullion imports, and rising crude oil prices, despite RBI efforts to manage volatility and record-high FX reserves of $709.41 billion. GBPUSD initially weakened on geopolitical tensions and dovish BoE signals but reversed to hit a four-year high near 1.3868, supported by stronger UK retail sales, PMI readings, and delayed rate-cut expectations.

EURUSD exhibited sharp swings, falling to 1.1604 amid trade tension fears before rebounding toward 1.2016 on Eurozone GDP stability, only to close lower at 1.1848 after the Fed's cautious tone on persistent inflation. USDJPY climbed to 159.454 mid-month on yen weakness from fiscal concerns and political uncertainty, then retreated to 152.092 by month-end amid intervention speculation and softer dollar sentiment.
Looking ahead, USDINR is expected to stay on the higher side, with RBI intervention and strong reserves likely to prevent sharp moves, though continued outflows, global uncertainty, and dollar demand will keep the rupee pressured. Attention will turn to geopolitical developments and U.S.–India trade progress.

Thank you

Anand Tandon
CEO Myforexeye

Key Takeaway Summaries

- **INR**
  The rupee had a challenging month, weakening sharply by around 2.3% to close near record.
- **EUR**
  January was an eventful month for EURUSD, marked by shifting sentiment
- **GBP**
  Sterling extended its upside momentum for the third consecutive month
- **JPY**
  USDJPY broke its four-month uptrend, starting 2026 on a weaker footing

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INR

Repo Rate	GDP	Inflation	Unemployment	Trade Balance
5.25%	2.00%	1.33%	4.8%	$-25.04B

The rupee had a challenging month, weakening sharply by around 2.3% to close near record lows at 91.9825, making its weakest monthly performance since September 2022. The currency remained under pressure mainly due to strong dollar demand and continuous FII's outflows. Foreign investors kept pulling out money, that erased nearly $3.9B in January. At the same time, higher bullion imports, and rising crude oil prices added to the pressure. The RBI likely remained active in the market to manage excess volatility, mainly to slow sharp moves rather than defend any specific level. On the positive front, India's FX reserves rose to a record high of $709.41 billion, supported by higher gold reserves as well, the fiscal deficit improved by $13.2B to $93.4B (MoM), and finalization of the long-awaited EU-India FTA, though these positives did not provide much support to the rupee.

Globally, the dollar index remained volatile during the month, slipping to a 4-year low at 95.55 before closing the month at 97.15. The dollar initially gained due to positive economic data, particularly positive labor indicators, but later weakened due to geopolitical tensions. The dollar regained strength after the Fed kept rates unchanged, with Powell's comments on still-high inflation and a resilient labor market reduced hope of near-term rate cuts. Scott Bessent defending dollar position along with high inflation and PMI readings lends further support to the dollar. Looking ahead, USDINR is expected to stay on the higher side. While strong FX reserves and RBI intervention should help prevent sharp moves, continued foreign outflows, global uncertainty, and steady dollar demand are likely to keep the rupee under pressure. Markets will also focus on geopolitical developments and any progress on the U.S.–India trade deal in the coming month.

Events to watch

Feb 4 , 10:30
S&P Global Manufacturing PMI (Jan)

Feb 6, 17:00
FX Reserves, USD

Feb 20, 10:30
S&P Global Services PMI (Feb)

Feb 12, 16:00
CPI (YoY) (Jan)

Feb 16, 12:00
WPI Inflation (YoY) (Jan)

USD

Repo Rate	GDP	Inflation	Unemployment	Trade Balance
3.75%	4.4%	2.7%	4.4%	$--29.40B

The Indian Rupee began the year on a weak footing, opening near the 89.96 mark and depreciating through January to close higher around 91.98, reflecting a monthly decline of over two percent. During the same period, the dollar index softened, falling more than one percent to a multi-year low near 95.55. Despite the softer global dollar environment, the rupee continued to face pressure, largely driven by persistent dollar demand from corporates and bullion imports. On the other hand, exporter-led dollar selling remained subdued, while intermittent RBI intervention through dollar sales has so far capped a decisive move beyond the 92 handle.

From a technical standpoint, the daily chart continues to reflect a strong bullish bias in USDINR, with no meaningful reversal signals visible at this stage. Price action indicates that after posting fresh highs, the pair tends to enter brief and shallow consolidation phases rather than undergoing deep corrections. Momentum indicators remain supportive, with the 14-day RSI hovering around 62.77 and staying well below overbought territory, suggesting room for further upside. The 92 psychological level remains a critical resistance zone, actively defended by the RBI. On the downside, the earlier record high near 91.08 is likely to act as immediate support, and a sustained break below this could expose the pair to the next support around 90.61, which coincides with the 50-day simple moving average.

Amid elevated geopolitical risks and rising market volatility, depending solely on plain forward contracts may not offer adequate protection. A more balanced hedging approach that combines options with forwards is becoming increasingly relevant, as options allow participants to manage downside risk while maintaining flexibility to benefit from favourable currency movements in uncertain market conditions.

Events to watch

Feb 2, 20:15
S&P Global Manufacturing PMI (Jan)

Feb 2, 20:30
ISM Manufacturing PMI (Jan)

Feb 4, 20:15
S&P Global Services PMI (Jan) Change (Jan)

Feb 3, 12:30
JOLTS Job Openings (Dec)

Feb 6, 19:00
Nonfarm Payrolls (Jan)

Feb 6, 19:00
Unemployment Rate (Jan)

Feb 11, 19:00
CPI (MoM) (Jan)

Case Study

Cost Effective International Money Transfer

Client Background:
Mr. Patel, an Indian professional working in Saudi Arabia, wanted to transfer around 80,00,000 Indian rupee in his Saudi bank account. Converting and transferring his Indian Rupees to his international bank account was his concern.

Problem:
Mr. Patel faced challenges with unclear exchange rates and hidden fees while transferring his earnings from India to Saudi Arabia. His bank quoted him 21.20 rupee per Saudi riyal with hidden charges as well which was reducing the value of his funds. He needed a reliable solution that would ensure transparency and optimize his investment.

Solution:
Myforexeye's "Money transfer" service offered Mr. Patel the solution he needed. We helped him in providing competitive rates of 21.80 rupee per Saudi riyal. With competitive exchange rates, transparent fees and assistance needed from our forex experts, he could transfer his Indian rupees to Saudi Riyal with confidence, making his money transfer smoother.

Outcome:
By utilizing the "Money Transfer" service, Mr. Patel successfully transferred and converted his Indian Rupees without hidden deductions. This transparent approach allowed him to proceed with his money transfer plans with financial clarity.

Conclusion:
Mr. Patel decision to leverage Myforexeye's "Money Transfer" service not only provided the solution he needed but also led to significant cost savings. This impressive saving not only ensured that he transferred and converted his Indian Rupees without any hidden deductions but also underscored the importance of a transparent and reliable financial partner for international money transfers. With Myforexeye assistance, Mr. Patel was able to proceed with his money transfer plans with the utmost financial clarity and confidence, maximizing the value of his hard-earned funds.

EUR

Repo Rate	GDP	Inflation	Unemployment	Trade Balance
2.15%	0.3%	1.9%	6.2%	€9.9B

January was an eventful month for EURUSD, marked by shifting sentiment and evolving central bank expectations. The pair initially weakened to around 1.1604 as geopolitical concerns, stronger demand for the U.S. dollar, and renewed trade tensions weighed on markets, including President Trump's threat to impose an additional 10% tariff on several NATO nations, raising concerns about fresh U.S.–Eurozone trade friction. EURUSD then rebounded sharply, reaching near 1.2016 by January 27, supported by a broader move away from U.S. assets and signs of stability in the Eurozone economy, highlighted by Q4 GDP growth of 0.3%. This strength, however, proved short-lived, as the Federal Reserve's January policy meeting struck a more cautious tone than expected, with Chair Powell emphasizing persistent inflation risks and signaling no urgency to cut rates, while renewed discussion around future Fed leadership further supported the dollar. Consequently, EURUSD ended the month lower at 1.1848, reflecting a balance between improving European fundamentals and a U.S. central bank not yet aligned with optimistic rate-cut expectations. Near term, the pair is likely to remain range-bound, with upside limited unless U.S. rate-cut expectations revive or Eurozone growth data continues to strengthen.

EURUSD ended the month on a strong but corrective note after failing to sustain a break above the key 1.2000 psychological resistance, with the recent peak near 1.2082 now acting as an important overhead barrier. Following a mid-month liquidity sweep near 1.1604, the pair staged a sharp rally of more than 400 pips, reaching 1.2082 for the first time since mid-2021, before reversing lower into month-end to close around 1.1848. While the pullback signals short-term exhaustion, as reflected by momentum indicators easing from overbought levels, the broader technical structure remains constructive. This is supported by a recent Golden Cross and a rebound from the 200-day SMA near 1.1606. As February begins, the 50-day SMA around 1.1705 is acting as the key near-term support. As long as EURUSD holds above this level, the medium-term outlook remains constructive.

Events to watch

Feb 4, 15:30
CPI (YoY) (Jan)

Feb 4, 15:30
Core CPI (YoY) (Jan)

Feb 16, 15:30
Industrial Production (MoM) (Dec)

Feb 13, 15:30
Trade Balance (Dec)

Feb 4, 15:30
CPI (YoY) (Jan)

Feb 17, 15:30
ZEW Economic Sentiment (Feb)

GBP

Repo Rate	GDP	Inflation	Unemployment	Trade Balance
3.75%	0.3%	3.4%	5.1%	£--23.71B

GBPUSD came under pressure early in the month, falling from 1.3567 to 1.3389 as geopolitical tensions increased safe-haven demand for the dollar and mixed U.S. labour data reinforced expectations that the Federal Reserve would keep rates unchanged. At the same time, weak UK services and composite PMI readings weighed on sterling. The pair failed to hold gains and slipped toward 1.3366 as firm U.S. inflation and low jobless claims supported the dollar, while strong UK GDP and industrial output were overshadowed by dovish commentary from the Bank of England, limiting the pound's ability to benefit from positive data.Later in the month, the trend reversed as the dollar weakened following softer U.S. trade and policy signals that reduced safe-haven demand. Improving UK retail sales, better PMI readings, slightly higher inflation, and stable unemployment supported expectations that the Bank of England may delay rate cuts. This shift lifted GBPUSD to 1.3645 and eventually to a four-year high near 1.3868, with only brief dollar support after news regarding Kevin Warsh. In the short term, GBPUSD may hold near current highs, but further gains will depend on stronger U.S. data and a more hawkish dollar outlook.

Sterling extended its upside momentum for the third consecutive month, gaining 1.69% in January, though price action remained volatile. The pair opened higher at 1.3455 and spent the first half of the month consolidating, during which a cup-and-handle pattern developed on the daily chart. A decisive breakout above the neckline toward month-end triggered a sharp rally to a four-year high of 1.3868, breaching the October 2021 resistance at 1.3844. However, the rally failed to sustain at higher levels as strong selling pressure emerged, pulling prices lower to close near 1.3682. The formation of a long bearish candle on the weekly chart, coupled with the 15-day RSI turning lower and crossing below its signal line, indicates near-term bearish momentum and scope for further consolidation. Despite this, the medium-term structure remains constructive as prices continue to hold above the neckline and the monthly close remains above the previous month's close. Immediate support is seen at 1.3575, while a decisive break below this level could expose the pair to a deeper correction toward the 100-day SMA near 1.3360. Importers should remain vigilant and hedge on dips toward support, while exporters may await a sustained move above 1.3800 to re-initiate hedges.

Events to watch

Feb 4, 12:30
Nationwide HPI (MoM) (Jan)

Feb 4, 15:00
S&P Global Services PMI (Jan)

Feb 5, 15:00
S&P Global Construction PMI (Jan)

Feb 12, 12:30
GDP (MoM) (Dec)

Feb 12, 12:30
Manufacturing Production (MoM) (Dec)

Feb 17, 12:30
Unemployment Rate (Dec)

Feb 18, 12:30
CPI (YoY) (Jan)

JPY

Repo Rate	GDP	Inflation	Unemployment	Trade Balance
0.75%	-0.6%	2.4%	2.6%	¥105.7B

USDJPY began the month largely steady, with limited movement as markets stayed cautious amid unclear guidance from both the Fed and BoJ. Early trade was supported by steady US economic data, while both central banks kept interest rates unchanged this month. Mid-month, the pair climbed sharply to a high of 159.454, a level last seen in July 2024, as the Yen came under pressure. Weakness in the Yen was driven by falling real wages, rising fiscal concerns, and political uncertainty ahead of Japan’s snap election, while the lack of clarity on near-term BoJ rate hikes added to downside pressure. Toward the month-end, conditions shifted as speculation over possible currency intervention intensified after reports that both the New York Fed and Japanese authorities conducted rate checks. Softer US Dollar sentiment and expectations of gradual BoJ policy normalization helped the Yen recover, pushing USDJPY down to a monthly low of 152.092, marking a decline of roughly 4.6% from the peak. The Yen may remain supported by intervention risks and gradual BoJ tightening, though ongoing political and fiscal uncertainty could limit its upside potential.

USDJPY broke its four-month uptrend, starting 2026 on a weaker footing and ending the month in negative territory. The pair opened lower at 156.85 but initially saw strong buying interest, pushing prices to a two-year high of 159.45. However, the rally failed to sustain near these levels, with resistance triggering a sharp reversal. The pair subsequently declined to a three-month low of 152.09, where strong demand emerged around the 152 zone. A steady recovery followed, enabling USDJPY to close near 154.75, above the short-term support at 154.415 and the 100-day SMA at 153.78, thereby stabilising the near-term technical structure. Momentum indicators also signal improvement, with the 14-day RSI rebounding sharply from oversold levels of 26.75 to 43.89, close to neutral territory. Overall, the short-term outlook remains constructive, with scope for the pair to move higher and fill the gap between 155.34 and 155.60(highlighted by blue lines). However, upside momentum is likely to face resistance near the 50-day SMA at 156.31, which also aligns with a prior support-turned-resistance zone.

Events to watch

Feb 2, 6:00
au Jibun Bank Services PMI (Jan)

Feb 4, 6:00
Manufacturing & Services PMI (Jan)

Feb 5, 5:00
Household Spending (MoM) (Dec)

Feb 5, 5:00
Household Spending (YoY) (Dec)

Feb 16, 10:00
Industrial Production (MoM) (Dec)

Feb 18, 5:20
Trade Balance (Jan)

WORLD Global Market Outlook

*I*n January 2026, global stock markets saw a mix of modest gains, volatility, and profit-taking: the S&P 500 finished the month around 6,939, having briefly hit a historic 7,000 intraday, but closed slightly lower on the final session amid uncertainty over monetary policy.

The Dow Jones Industrial Average ended near 48,892 after trimming earlier record levels, while the Nasdaq Composite closed around 23,462 as some pressure emerged in technology stocks.

In Europe, Germany's DAX traded around 24,500, the FTSE 100 held above 10,200, and France's CAC 40 hovered in the 8,100–8,300 zone, reflecting mixed but resilient regional sentiment. Across Asia, Japan's Nikkei 225 remained elevated around 53,300 after strong earlier gains, while the Hang Seng slipped to 27,387 and China's Shanghai Composite ended near 4,118 as risk appetite stayed cautious.

In India, the Nifty 50 closed the month near 25,320, easing from January highs amid global headwinds and selective domestic profit-taking. Overall, January ended with U.S. markets largely steady, Europe mixed, and Asian indices comparatively weaker.

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Got a question?

Schedule a demo

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