Investment Strategy

FX Indicator Chartpack

August 2026

Mohammed Al Hemeiri
Senior Specialist
Tel: +971 (0)2 8126450
mohammed.alhemeiri@adcb.com

Kishore Muktinutalapati
Head - Investment Strategy
Tel: +971 (0)2 8126457
kishore.muktinutalapati@adcb.com

Visit Investment Strategy Webpage to read our other reports

بنك أبوظبي التجاري
ADCB

Index

(with links to navigate)

بنك أبوظبي التجاري
ADCB

FX Outlook (1/3)

We stay positive on EUR and CNY, while downgrading CHF to Negative.

EUR (Positive - higher conviction in the medium term)

- Eurozone growth momentum is stabilising and improving, while energy prices are falling.
- Cooling inflation and improving PMIs pose upside risks to EUR.
- Near-term EUR/USD remains constrained by rate differentials and the widening policy gap versus the US.
- Trade and tariff escalation could cause immediate EUR weakness.
- Conviction is stronger over the medium term as growth stabilises, energy risks fade and relative momentum improves.
- Prefer EUR in crosses versus low-yielders, particularly CHF and JPY, rather than as a short-term trade against USD.

CNY/RMB (Positive)

- Structural support remains from productivity growth, RMB internationalisation and strong external balances.
- Broad RMB strength remains intact, although appreciation versus USD is expected to be gradual rather than sharp.
- USD/CNY fixings have moved below 6.80, with a gradual move towards 6.50 over 12 months possible.
- CNY is stronger versus USD, JPY and KRW, but has lagged versus EUR.
- Prefer expressing CNY strength against low-yielders and within Asia FX baskets.

CHF (Negative; downgraded from Neutral)

- The SNB's stance is explicitly CHF-negative, with potential intervention placing a cap on CHF strength.
- Low carry and Switzerland's position as an energy importer make CHF structurally weak in a pro-cyclical environment.
- Safe-haven spikes remain possible during risk-off episodes or geopolitical shocks.
- Such rallies should be viewed as opportunities to sell CHF rather than as trend reversals.
- CHF is best used as a funding currency across G10 and selective EM carry baskets.

Source: ADCB Asset Management

FX Outlook (2/3)

We remain Neutral on USD with a mild upward bias against low-yielders, while downgrading JPY to Negative.

USD (Neutral - mild upward bias against low-yielders)

- Resilient US data, a firm labour market and sticky inflation should prevent substantive USD weakness.
- However, the ingredients for a sharper, broad-based USD rally remain absent.
- USD retains a mild upward bias versus low-yielders such as CHF and JPY.
- Against high-yielders, USD is more likely to consolidate.
- Near term, USD is best used as an anchor currency for relative-value trades rather than as a directional conviction.

JPY (Negative; downgraded from Neutral)

- Negative real rates, persistent yield differentials and portfolio outflows continue to drive structural JPY weakness.
- Authorities have limited ability to arrest further gains in USD/JPY.
- Further intervention is unlikely to sustainably strengthen the yen.
- Sell JPY into intervention-driven rallies.
- A surprise BoJ rate hike is the key risk, although its probability is viewed as low over the next two months.
- The medium-term trajectory remains one of gradual yen depreciation, with occasional policy-driven volatility.

Source: ADCB Asset Management

FX Outlook (3/3)

We upgrade both GBP and INR to Neutral as near-term risks become more balanced.

GBP (Neutral; upgraded from Negative)

- Improving political communication and policy shifts towards unlocking private-sector growth have increased positive tail risks.
- Near-term risks are now more balanced, supporting the closure of the previous negative view.
- Medium-term underperformance remains possible through renewed fiscal premia and an eventual unwind of BoE hike pricing.
- GBP remains highly sensitive to political and fiscal developments.
- UK growth remains tepid, inflation is easing and the BoE remains constrained.
- Prefer GBP in relative-value expressions versus CHF and JPY rather than outright directional trades.

INR (Neutral; upgraded from Negative)

- Strong carry is balanced against vulnerability to oil prices and broader global risk.
- Bond inflows have returned following the 5 June FX package announcement.
- USD/INR should remain within its recent range or move slightly lower as inflows continue.
- As a high-carry energy importer, INR screens well if oil prices fall further as geopolitical tensions ease.
- Reduced conviction in further RBI rate cuts and a less-dovish stance support INR stability.

Source: ADCB Asset Management

FX consensus forecast

FX consensus forecast

Consensus forecasts continue to point to gradual EUR and GBP appreciation, alongside a moderate decline in USDJPY.

(End of period)	Q2 26	Q3 26f	Q4 26f	Q1 27f	Q2 27f	Q3 27f	Q4 27f
EURUSD	1.14	1.15	1.16	1.16	1.18	1.21	1.19
GBPUSD	1.33	1.34	1.34	1.35	1.36	1.36	1.36
USDJPY	162.55	159.00	158.00	156.00	155.00	145.00	153.00
USDCHF	0.81	0.81	0.80	0.79	0.79	0.75	0.77
USDCNY	6.79	6.75	6.70	6.66	6.64	6.62	6.55
USDINR	94.67	95.50	95.63	95.75	95.90	94.50	94.50

Note: Numbers in blue are Bloomberg consensus forecasts | Source: Bloomberg, and ADCB Asset Management

Performance

Performance heat map

USD performance remains mixed across major currency pairs, following broad weakness earlier in the year.

	EURUSD	GBPUSD	USDJPY	USDCHF
Oct-24	-2.25	-3.56	5.85	2.19
Nov-24	-2.82	-1.27	-1.49	1.96
Dec-24	-2.11	-1.72	4.96	3.00
Jan-25	0.08	-0.97	-1.28	0.39
Feb-25	0.13	1.47	-2.94	-0.86
Mar-25	4.25	2.71	-0.44	-2.08
Apr-25	4.73	3.18	-4.59	-6.62
May-25	0.17	0.98	0.66	-0.41
Jun-25	3.88	2.03	0.01	-3.56
Jul-25	-3.16	-3.82	4.67	2.42
Aug-25	2.37	2.25	-2.45	-1.45
Sep-25	0.41	-0.43	0.58	-0.51
Oct-25	-1.68	-2.19	4.12	1.03
Nov-25	0.53	0.63	1.42	-0.07
Dec-25	1.28	1.81	0.34	-1.42
Jan-26	0.89	1.57	-1.23	-2.47
Feb-26	-0.33	-1.49	0.82	-0.48
Mar-26	-2.19	-1.89	1.71	3.93
Apr-26	1.54	2.85	-1.34	-2.26
May-26	-0.61	-1.09	1.71	-0.05
Jun-26	-2.03	-1.44	2.06	3.51
Jul-26	0.92	1.67	-3.17	-0.11

بنك أبوظبي التجاري ADCB

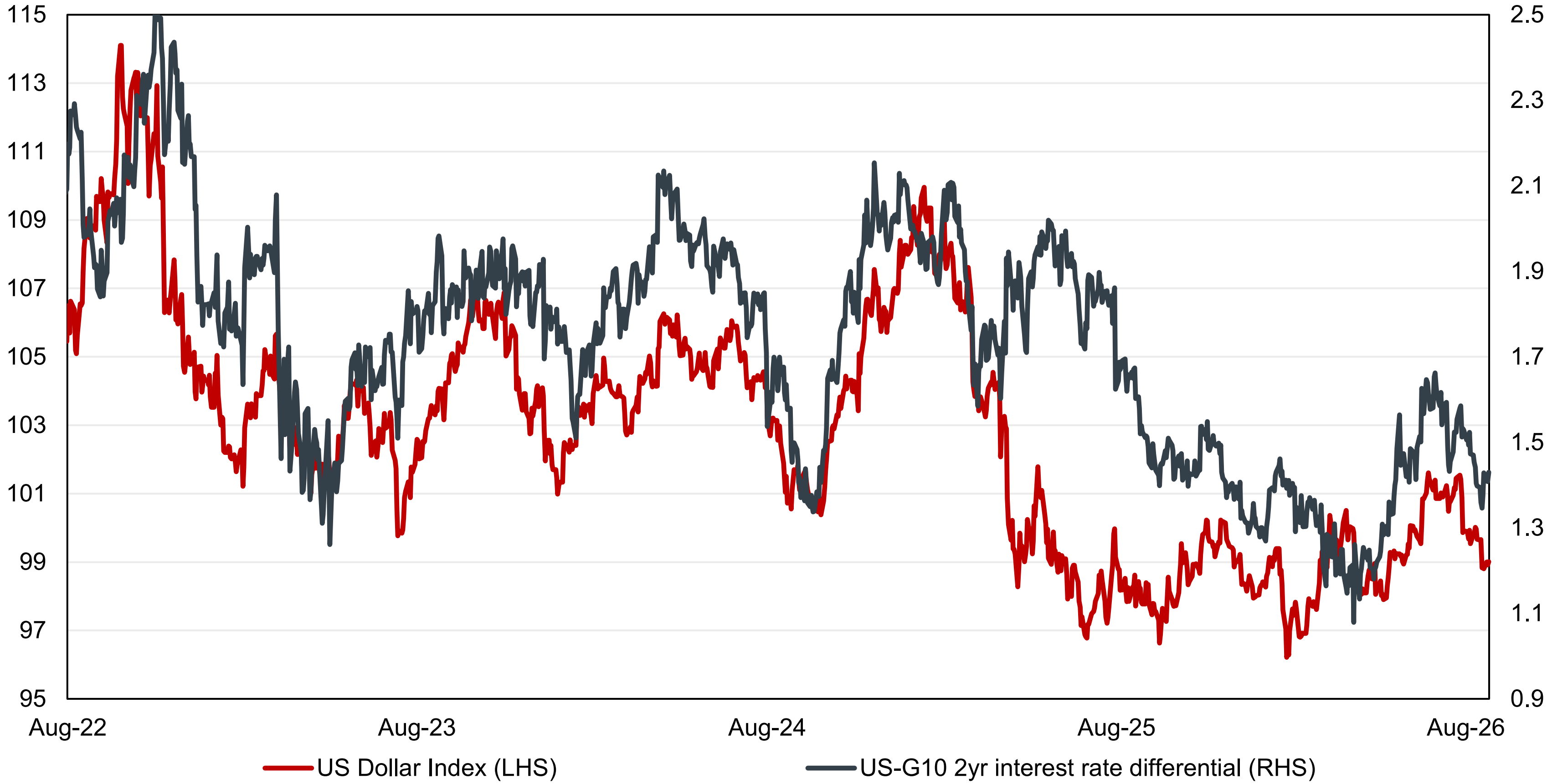
Source: Bloomberg and ADCB Asset Management

Macro

DXY index vs interest rate differentials

USD rate differentials have narrowed further, while the dollar remains broadly range-bound.

DXY vs Interest rate differentials

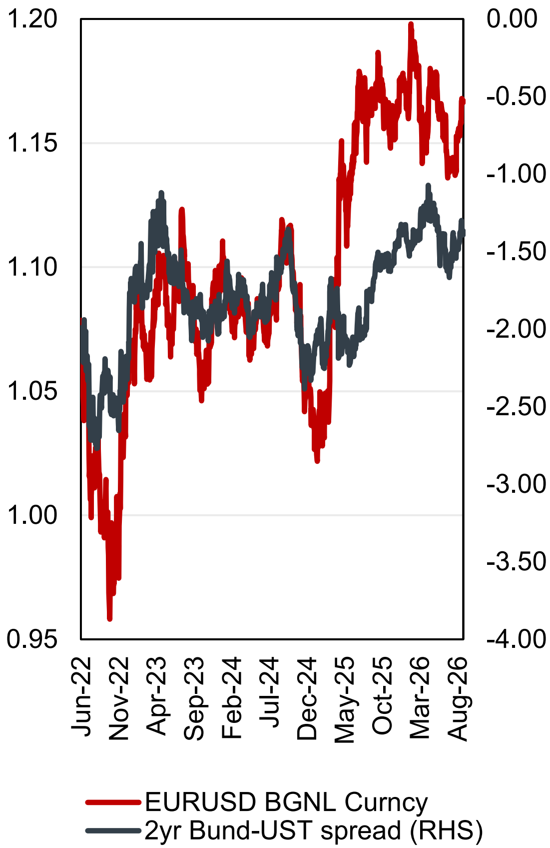


Source: Bloomberg and ADCB Asset Management

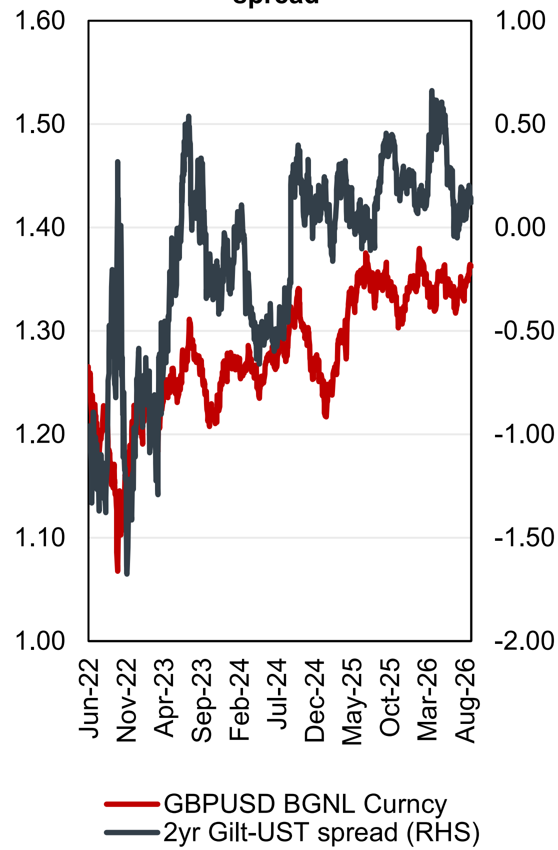
Currency pairs vs 2yr interest-rate differentials

Major FX pairs remain largely decoupled from 2-year interest-rate differentials, particularly USDJPY.

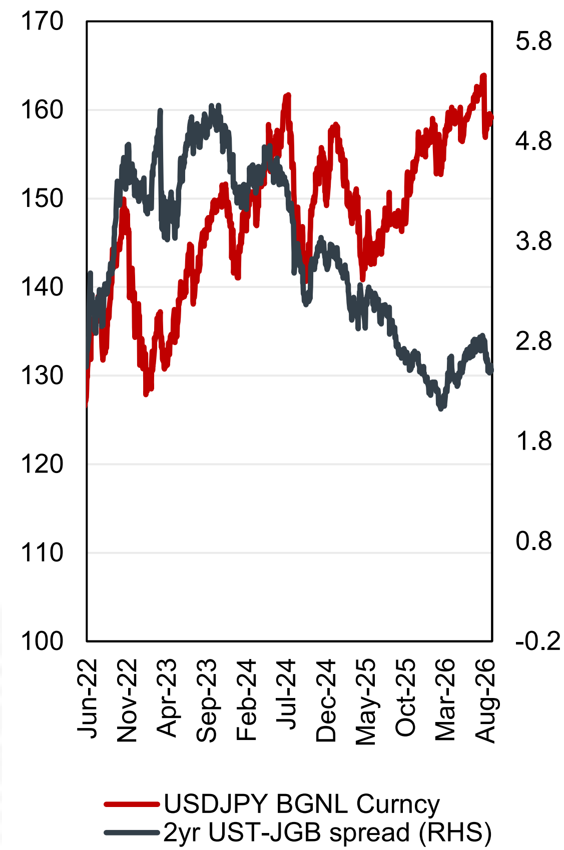
EURUSD Curncy vs 2yr Bund-UST spread



GBPUSD Curncy vs 2yr Gilt-UST spread



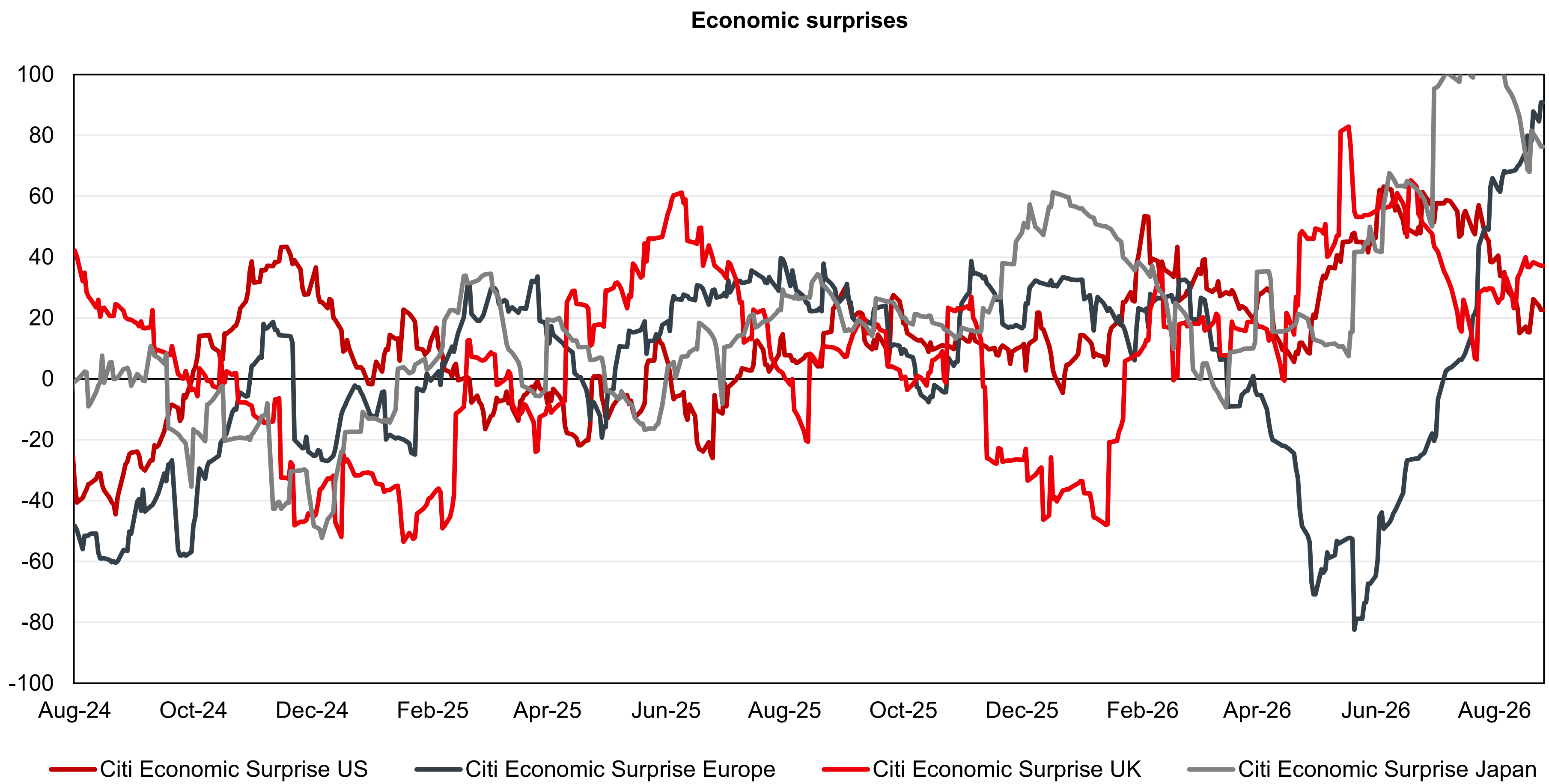
USDJPY Curncy vs 2yr UST-JGB spread



Source: Bloomberg and ADCB Asset Management

Economic surprises

Economic surprises remain positive across major regions, led by a sharp improvement in Europe and Japan.



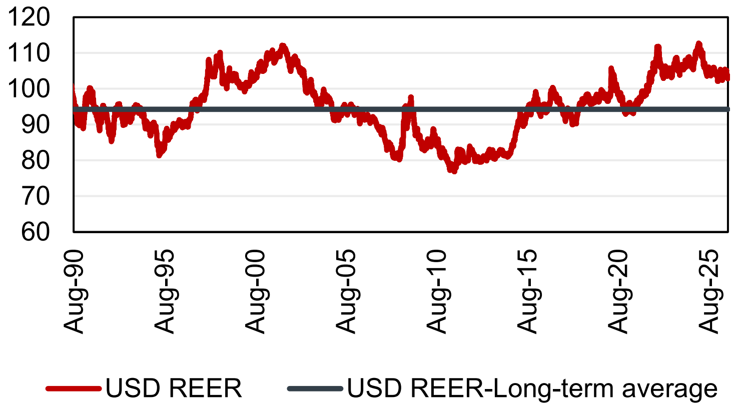
Source: Citi, Bloomberg and ADCB Asset Management

Valuations

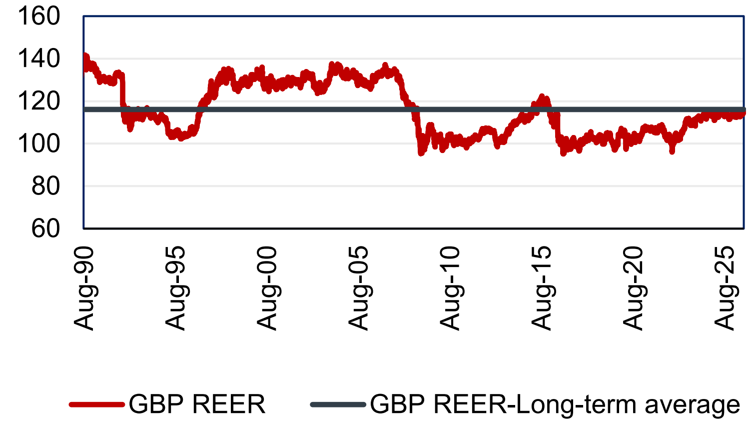
Real currency valuations

USD remains above its long-term valuation average, while JPY remains deeply undervalued.

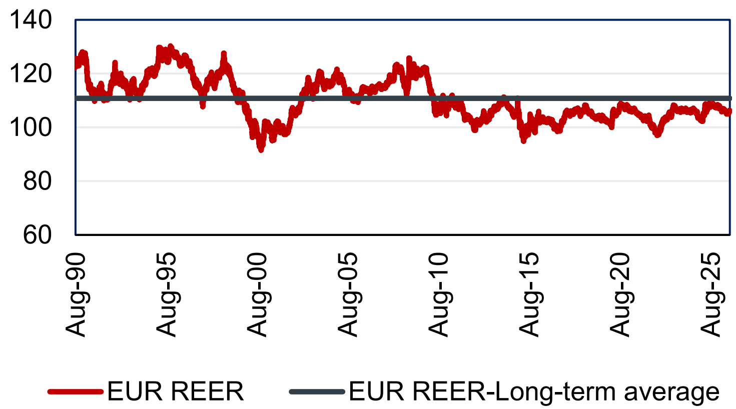
USD real effective exchange rate



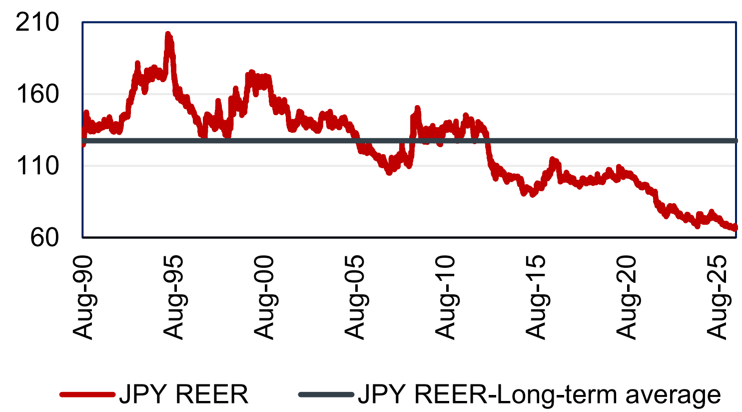
GBP real effective exchange rate



EUR real effective exchange rate



JPY real effective exchange rate



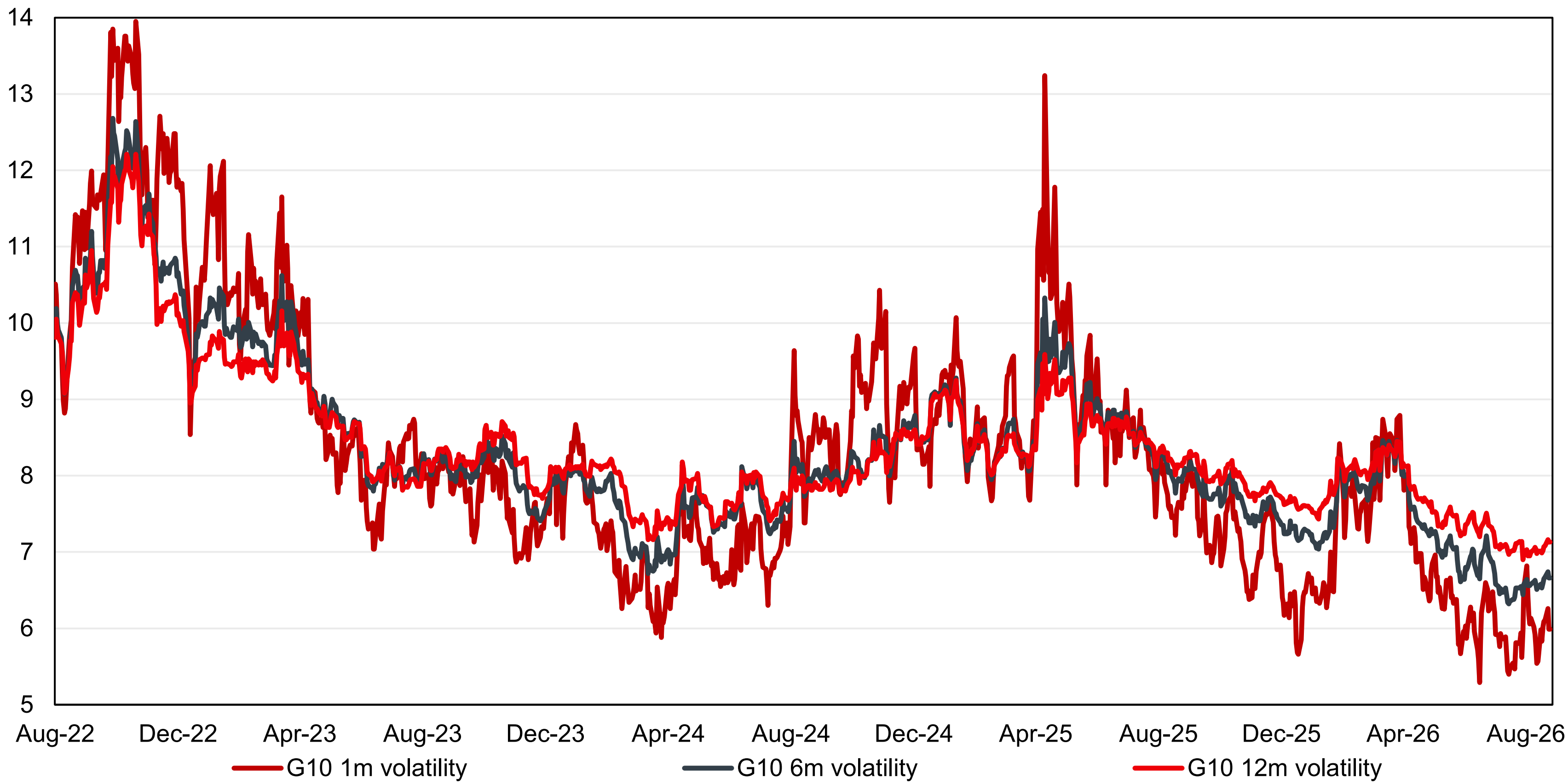
Source: Bloomberg and ADCB Asset Management

Volatility

FX volatility

G10 FX volatility remains contained, easing further following the temporary rebound earlier this year.

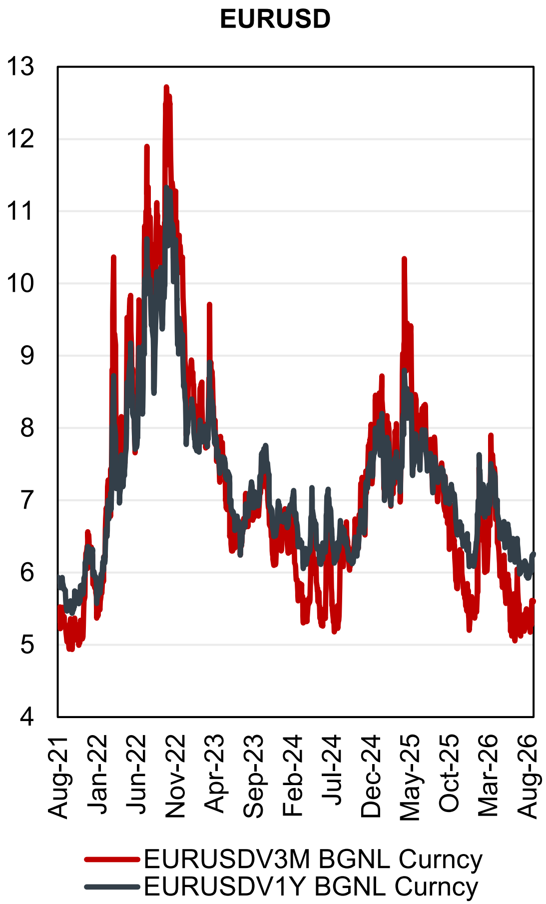
G10 volatility

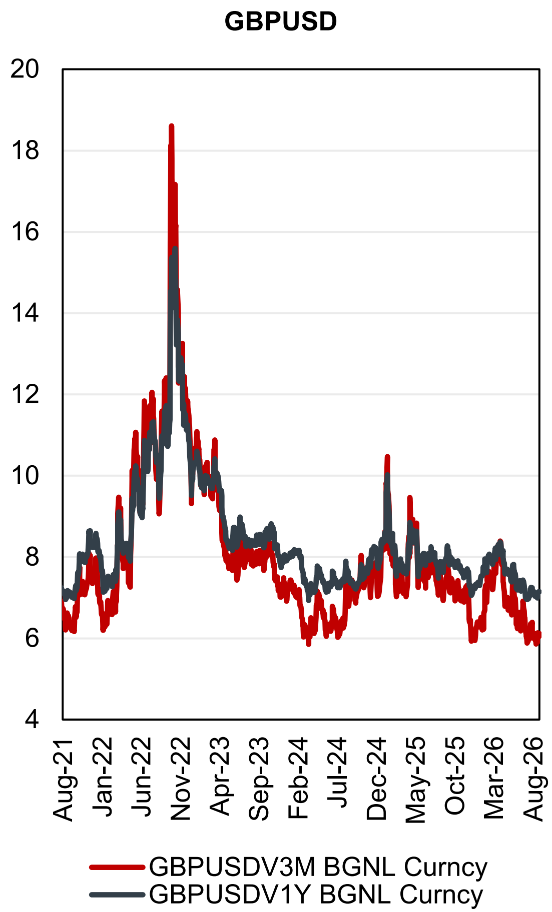


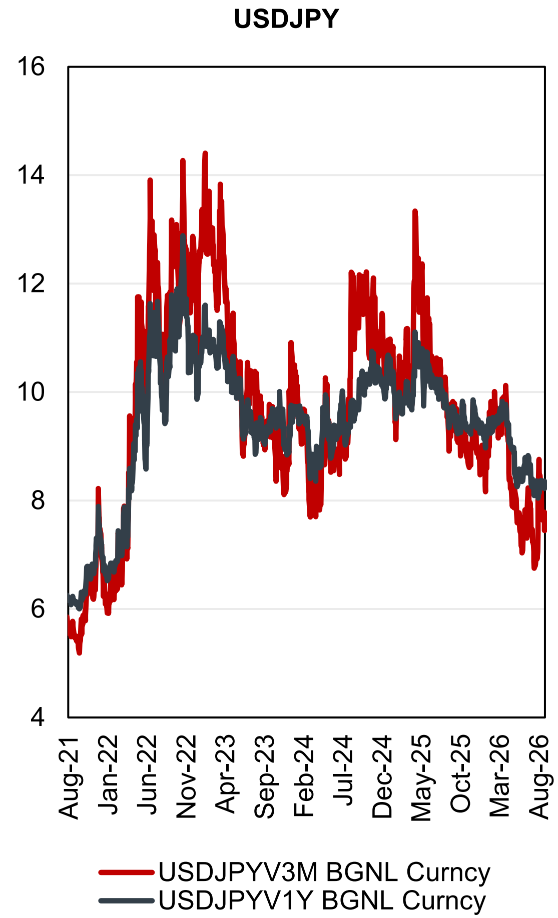
Source: Bloomberg and ADCB Asset Management

FX volatility

FX volatility remains contained across major currency pairs, with USDJPY volatility continuing to ease.



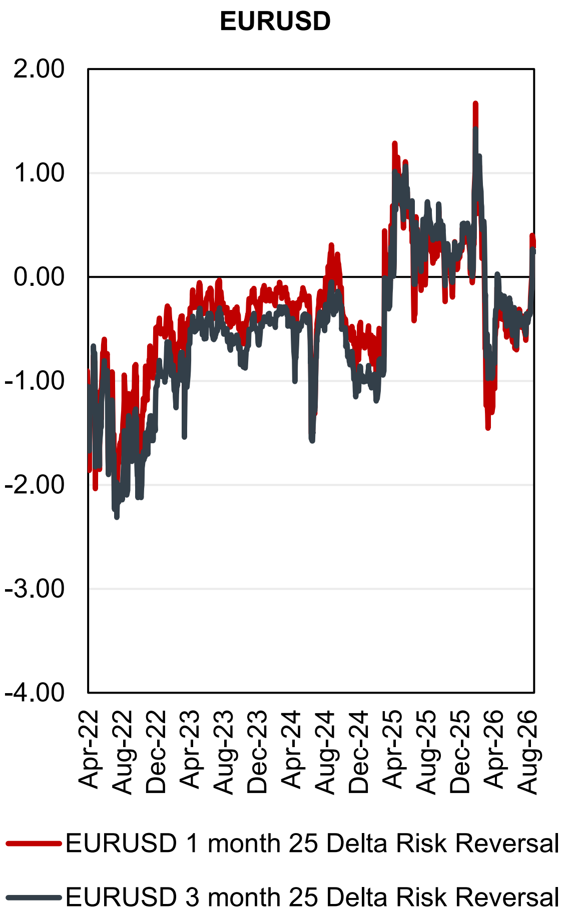


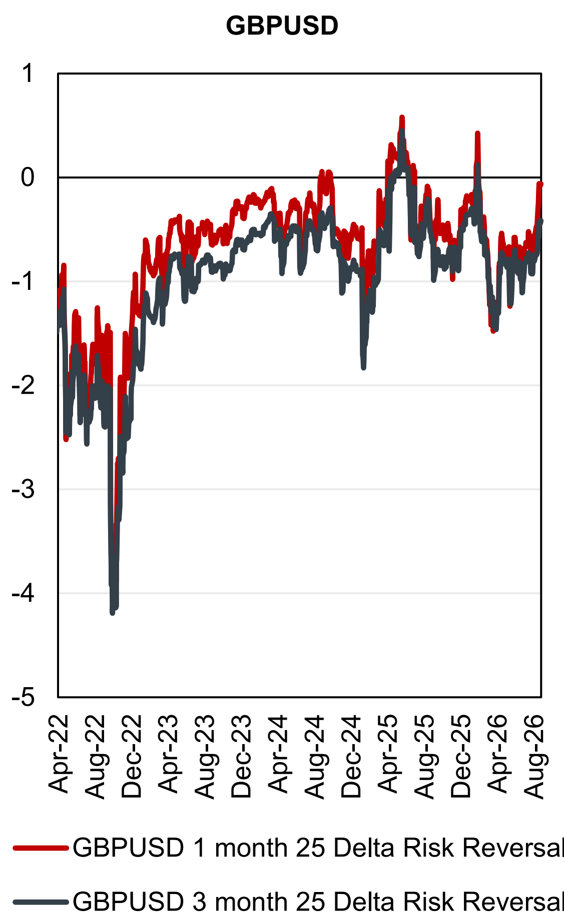


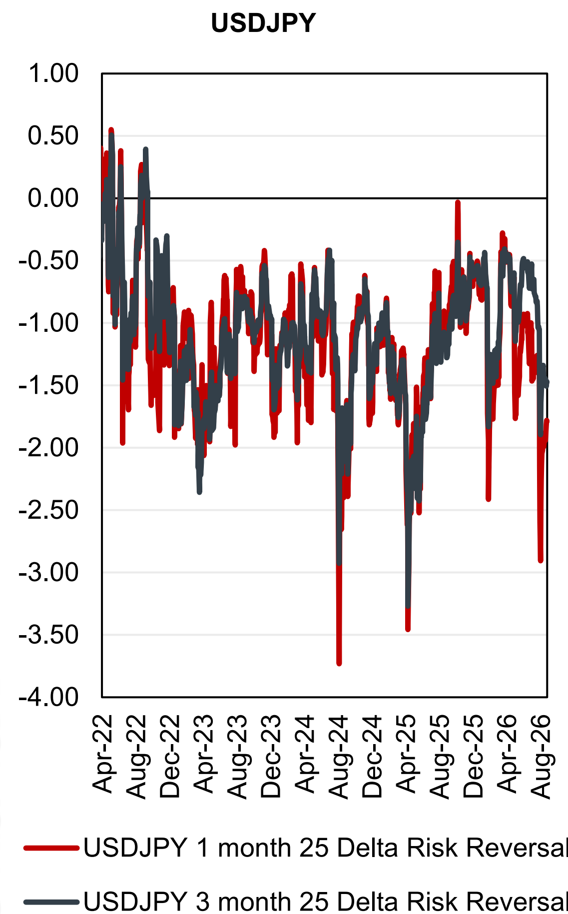
Source: Bloomberg and ADCB Asset Management

Reversal

FX risk reversals indicate a modest downside bias across EUR, GBP and JPY versus the USD.







Source: Bloomberg and ADCB Asset Management

Technical

USD Index

Source: LSEG Workspace and ADCB Asset Management

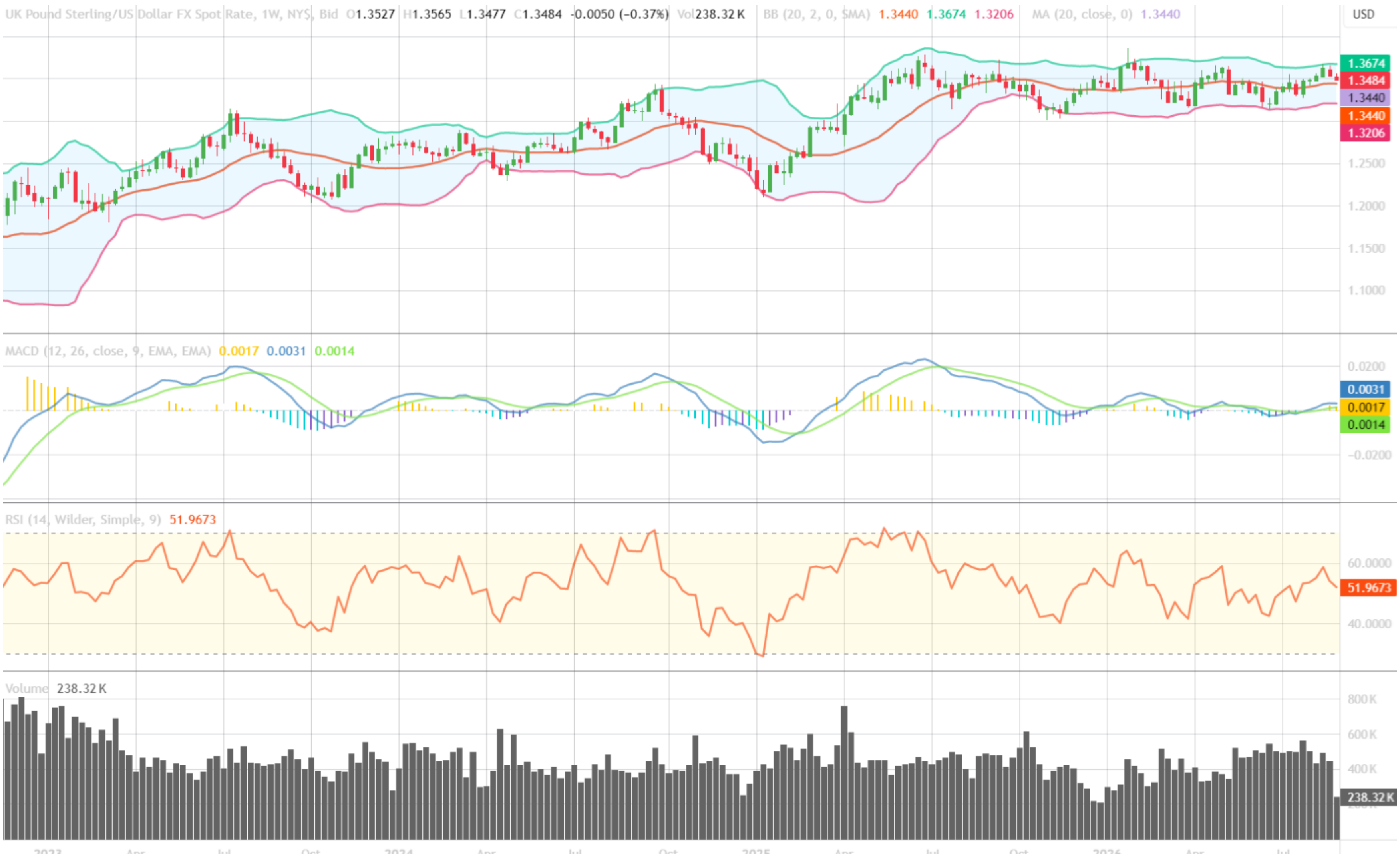
Back to index

EUR/USD

ADCB
ASSET MANAGEMENT LIMITED

Source: LSEG Workspace and ADCB Asset Management

GBP/USD



Source: LSEG Workspace and ADCB Asset Management

Back to index

USD/CHF

ADCB ASSET MANAGEMENT LIMITED

Source: LSEG Workspace and ADCB Asset Management

Back to index

USD/JPY

Source: LSEG Workspace and ADCB Asset Management

Back to index

USD/CNY

ADCB ASSET MANAGEMENT LIMITED

Source: LSEG Workspace and ADCB Asset Management

Back to index

USD/INR

ASSET MANAGEMENT LIMITED

Source: LSEG Workspace and ADCB Asset Management

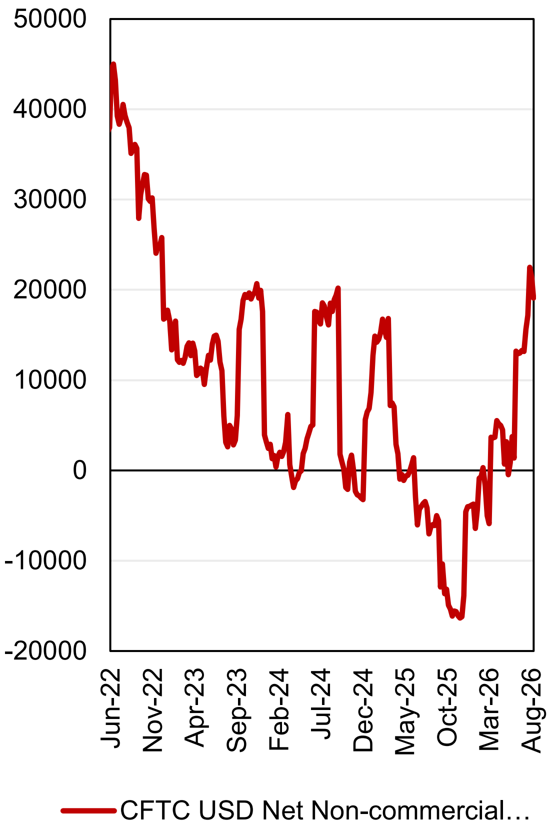
Back to index

Positioning

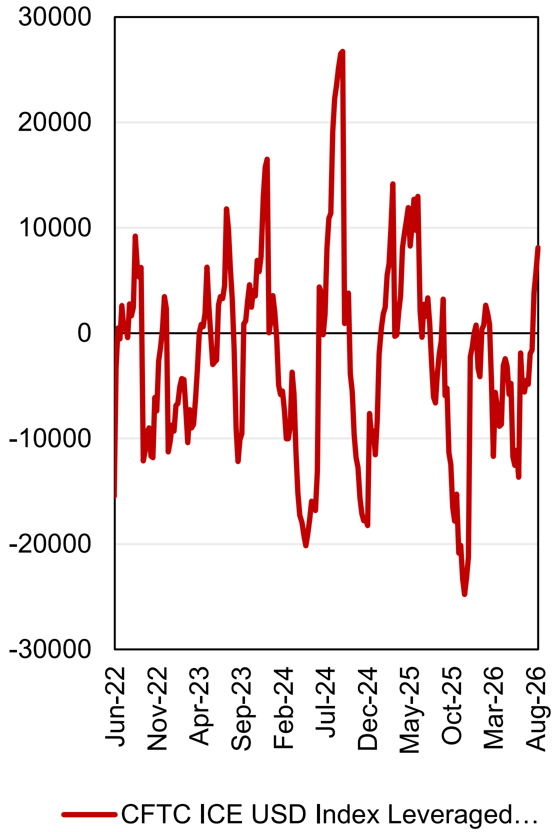
FX positioning- USD

USD positioning has turned more constructive, with both speculative and institutional investors rebuilding long exposure.

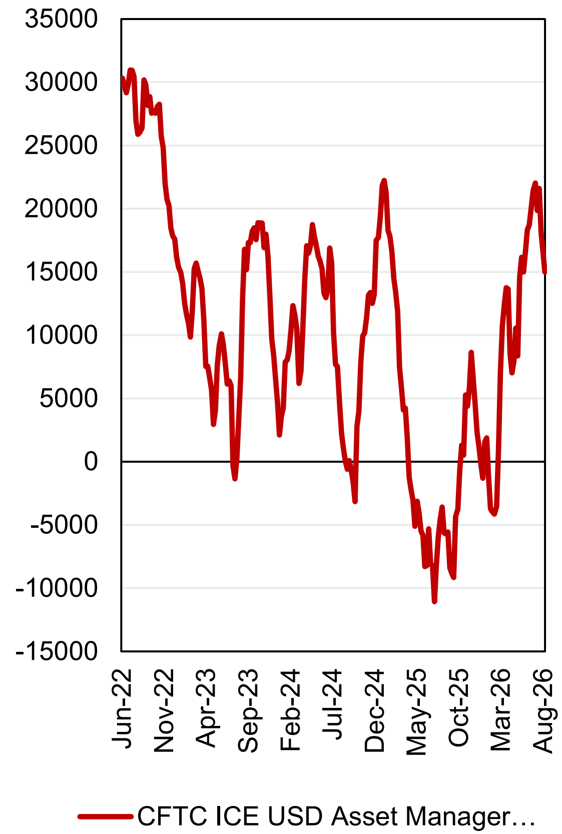
Non-commercial Net futures position for USD Index



Leveraged Funds Net futures position for USD Index



Asset Manager Institutional Net futures position for USD index

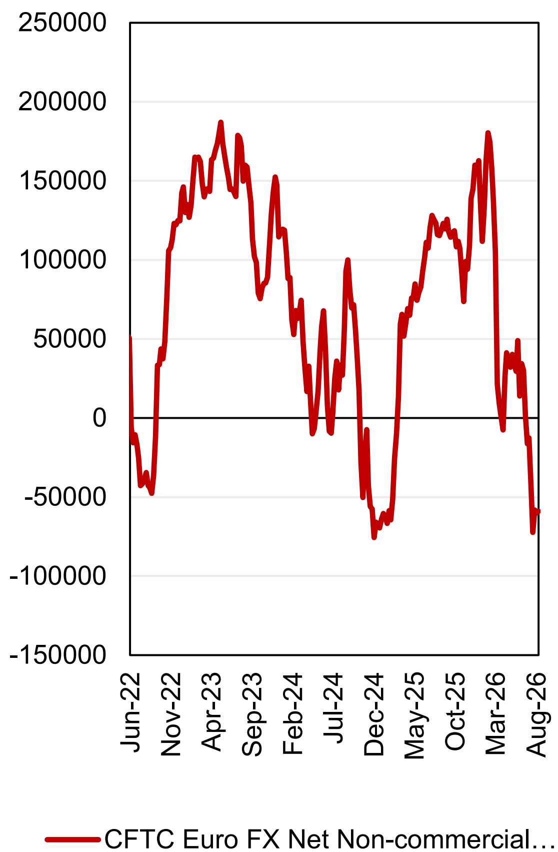


Source: Bloomberg and ADCB Asset Management

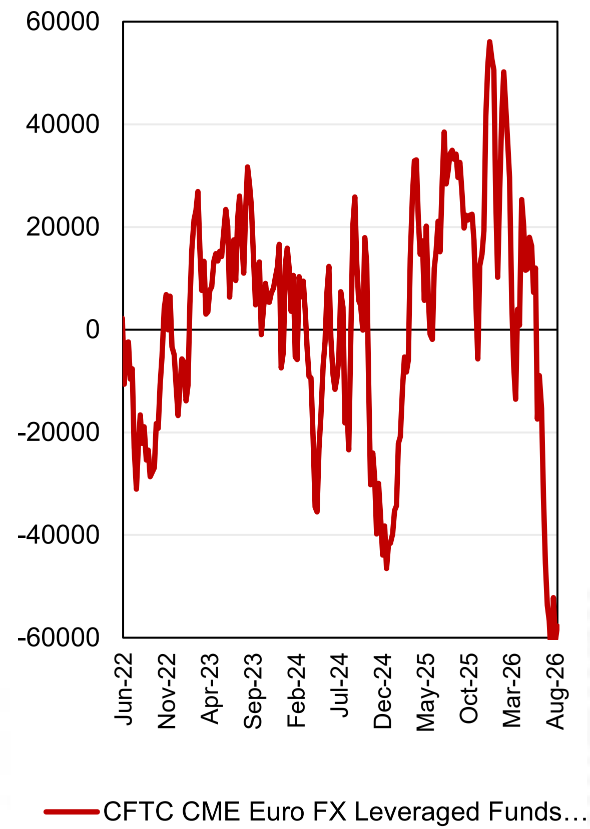
FX positioning-EUR

EUR positioning has deteriorated sharply, led by leveraged funds turning significantly net short.

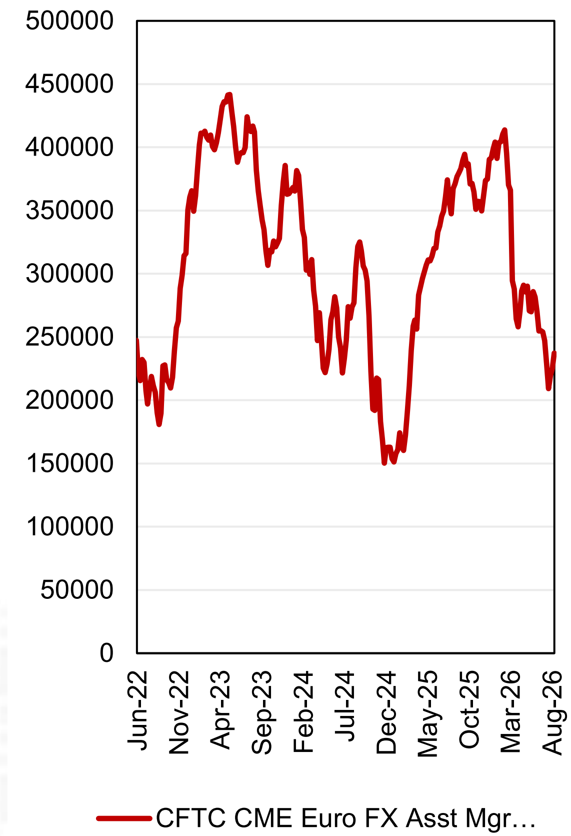
Non-commercial net futures position in Euro FX



Leveraged funds net futures position in Euro FX



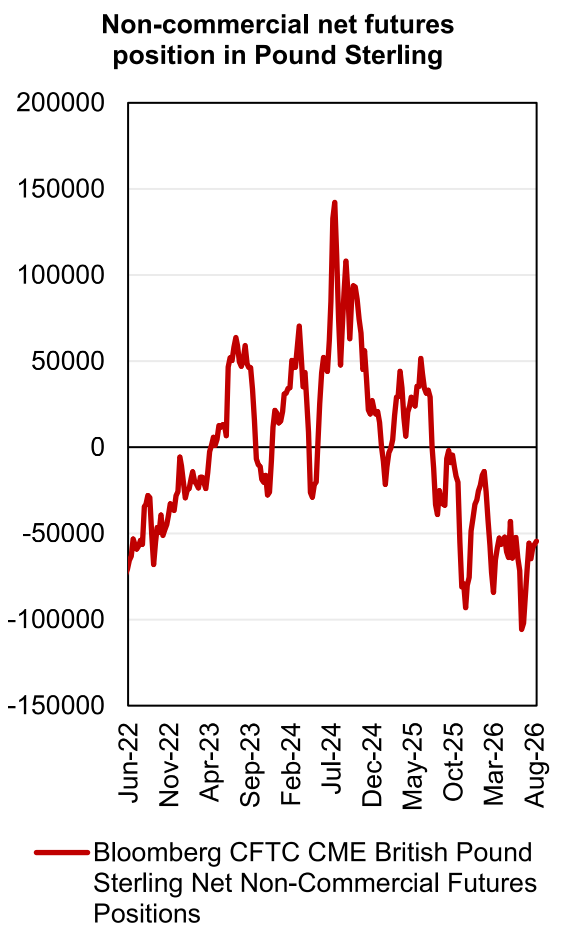
Asset Manager Institutional net futures position in Euro FX

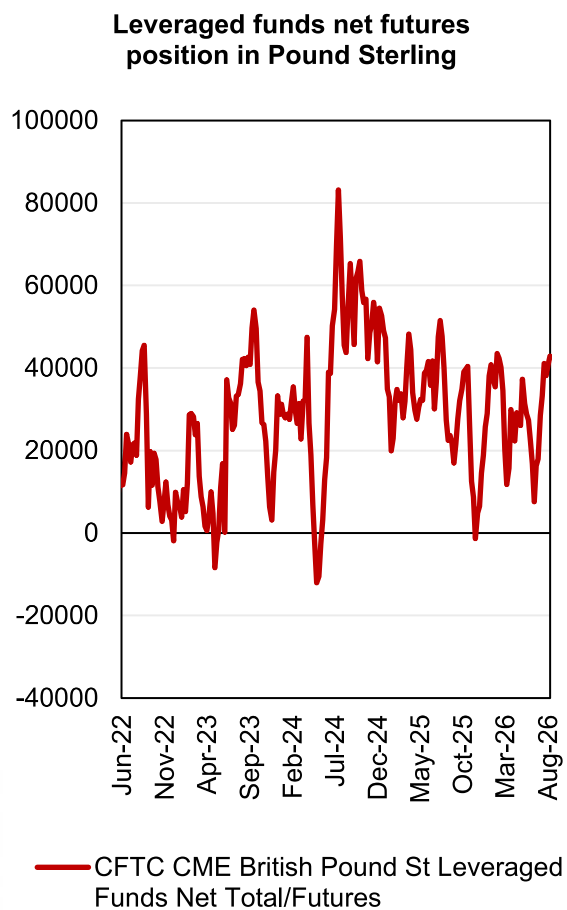


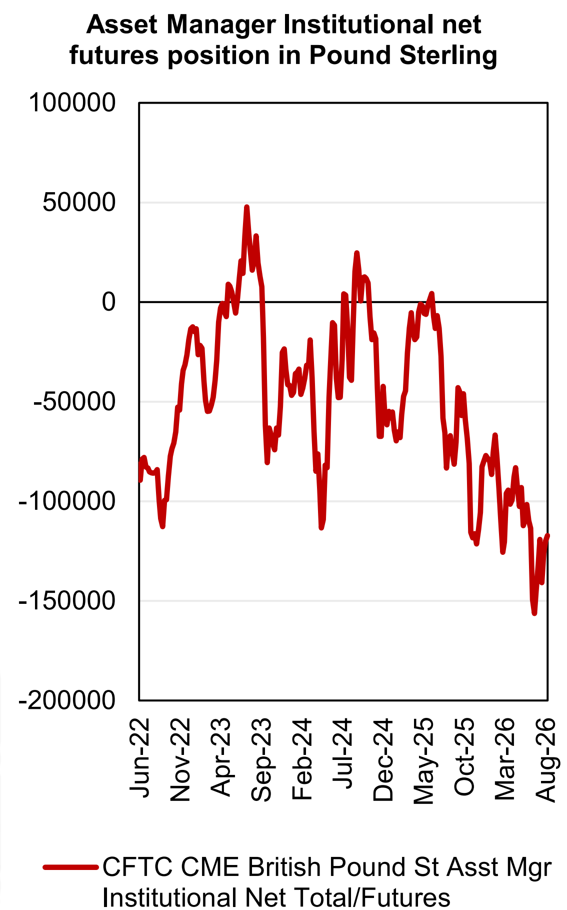
Source: Bloomberg and ADCB Asset Management

FX positioning- GBP

GBP positioning remains mixed, with leveraged funds net long while institutional investors maintain a sizeable short bias.



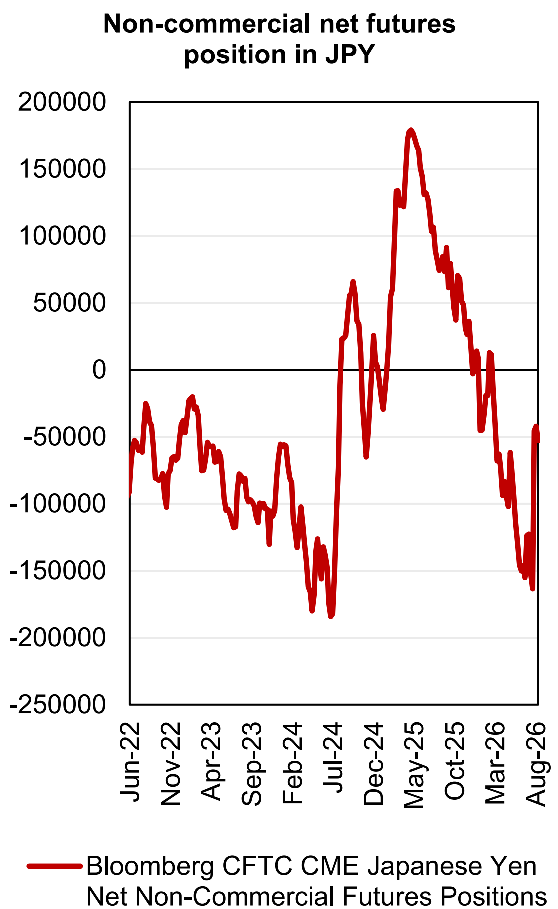


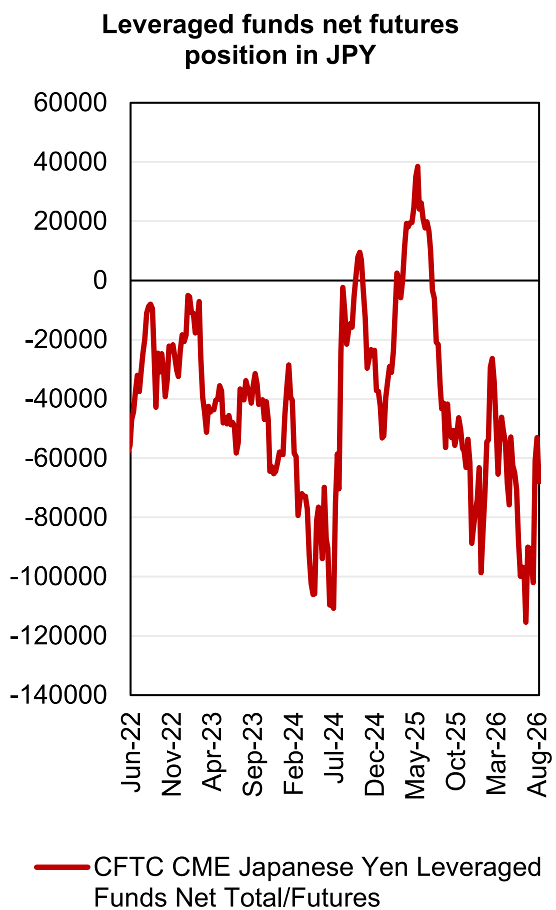


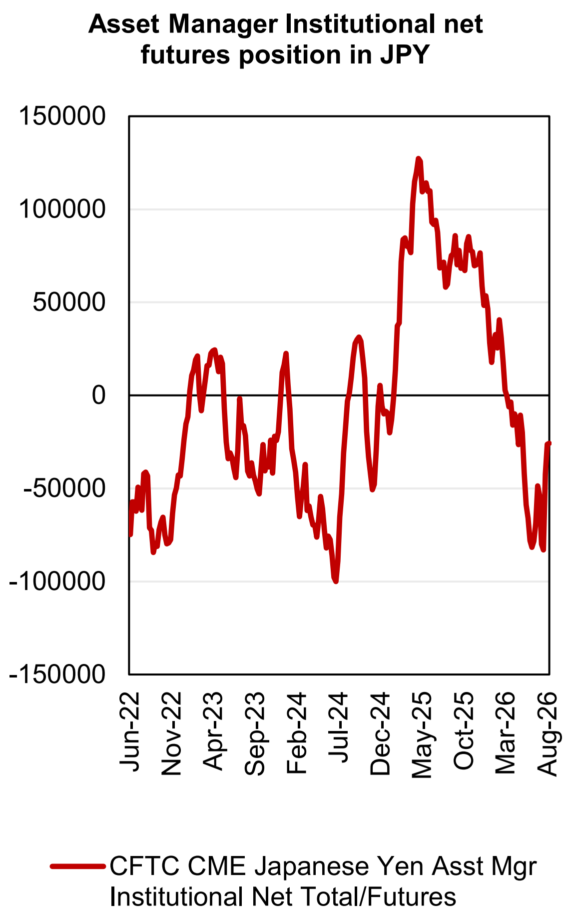
Source: Bloomberg and ADCB Asset Management

FX positioning- JPY

JPY positioning remains heavily short, despite some recent covering by institutional investors.







Source: Bloomberg and ADCB Asset Management

Disclaimer

This publication is intended for general information purposes only. It should not be construed as an offer, recommendation or solicitation to purchase or dispose of any securities or to enter in any transaction or adopt any hedging, trading or investment strategy. Neither this publication nor anything contained herein shall form the basis of any contract or commitment whatsoever. Distribution of this publication does not oblige Abu Dhabi Commercial Bank PJSC ("ADCB") to enter into any transaction.

The content of this publication should not be considered legal, regulatory, credit, tax or accounting advice. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in this publication.

Information contained herein is based on various sources, including but not limited to public information, annual reports and statistical data that ADCB considers accurate and reliable. However, ADCB makes no representation or warranty as to the accuracy or completeness of any statement made in or in connection with this publication and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this publication. This publication is intended for qualified customers of ADCB.

Charts, graphs and related data or information provided in this publication are intended to serve for illustrative purposes only. The information contained in this publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. All statements as to future matters are not guaranteed to be accurate. ADCB expressly disclaims any obligation to update or revise any forward-looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

ADCB does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its publications. As a result, recipients of this publication should be aware that any or all of the foregoing services may at time give rise to a conflict of interest that could affect the objectivity of this publication.

Past performance does not guarantee future results. Investment products are not bank deposits and are not guaranteed by ADCB. They are subject to investment risks, including possible loss of principal amount invested. Please refer to ADCB's Terms and Conditions for Investment Services.

This publication is being furnished to you solely for your information and neither it nor any part of it may be used, forwarded, disclosed, distributed or delivered to anyone else. You may not copy, reproduce, display, modify or create derivative works from any data or information contained in this publication.

Thank you