Investment Strategy

FX Indicator Chartpack

April 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
ASSET MANAGEMENT LIMITED

Index (with links to navigate)

ASSET MANAGEMENT LIMITED

FX Outlook (1/3)

Staying focused on the largest regions of the world.

USD (Positive; upgraded from Neutral in early March)

- The dollar has regained its position as the most effective hedge in a world where both bonds and equities face pressure from elevated energy prices and stagflation concerns. As long as energy disruptions persist, the global growth outlook remains fragile, and the dollar benefits from its safe haven status and favourable terms of trade. The currency also draws support from relative economic resilience and the perception that the US is better positioned to absorb energy shocks than major import-dependent economies. This keeps USD strength biased against European FX and other energy importer currencies.

CNY/RMB (Positive) | Long CNY vs. EM Asia FX

- CNY continues to behave as one of the more resilient Asian currencies in the current environment. Its lower disruption to imported oil and gas, combined with relatively muted inflation passthrough from energy prices, helps shield it from the volatility affecting other regional FX. Limited exposure to foreign investor flows also reduces the risk of sudden capital flight during geopolitical stress. As a result, CNY tends to hold its ground better than most peers when energy markets are disrupted, making it a relative safe haven within Asia.

EUR (Positive; reduced conviction; our positive view might take longer to playout)

- The euro remains structurally vulnerable because it sits firmly on the energy importer side of the global divide. With energy markets disrupted and growth expectations softening, the currency is not fully pricing the downside risks associated with a prolonged supply shock. Current pricing still assumes stronger global manufacturing activity than recent data suggests, leaving room for repricing if conditions deteriorate. Near term risks skew lower, particularly against the dollar and commodity linked currencies such as AUD, which benefit from stronger terms of trade. However, we continue to view EUR as the best way to achieve diversification of FX holdings. Further, hawkish central bank talk is likely to provide the support for EUR. Accordingly, we retain a positive view on the currency while acknowledging that our positive view might take longer to playout.

Source: ADCB Asset Management

FX Outlook (2/3)

ADCB ASSET MANAGEMENT LIMITED

Keep neutral view on CHF and upgrade JPY to a neutral view.

CHF (Neutral)

- The Swiss franc remains supported by its traditional safe haven characteristics. Strong domestic fundamentals, reserve diversification flows, and repatriation dynamics continue to underpin the currency. While the central bank may occasionally lean against excessive appreciation, such actions are unlikely to reverse the broader multi-year trend unless they become sustained and forceful. In an environment dominated by geopolitical uncertainty and energy related inflation risks, CHF retains a defensive appeal and tends to outperform during risk off episodes.

JPY (Neutral; upgraded from Negative)

- The yen remains structurally weak due to an unfavourable policy mix and deteriorating terms of trade. Elevated energy prices amplify inflation pressures in an economy heavily reliant on imported fuel, while domestic policy settings continue to encourage capital outflows. The global monetary environment also works against the yen, with higher yields abroad reducing its relative appeal. Unless there is a major shift in global risk sentiment or domestic policy, the currency is likely to remain on a depreciation path. However, for the near-term, the risk of policy-intervention from Japanese authorities to counter excessive yen weakening has increased. Furthermore, market expectations of a faster rate hiking cycle from BoJ can be validated by elevated oil prices. We upgrade our view from negative to neutral, but we are reluctant to turn outright positive.

Source: ADCB Asset Management

FX Outlook (3/3)

Stay negative on INR but turn negative on GBP.

GBP (Negative; downgraded from Neutral)

- Sterling faces a challenging combination of macroeconomic and political risks. The UK's high dependence on imported energy, a weakening labour market, and the potential for pro inflationary policy choices create a difficult backdrop. Political uncertainty adds another layer of vulnerability. Despite these headwinds, GBP has not fully adjusted to the deterioration in its terms of trade or its relatively weak savings buffer. This leaves the currency exposed to further downside, particularly against the dollar and against higher yielding, commodity linked currencies. Furthermore, we now think that the hawkish market pricing of BoE policy has gone too far. We downgrade our outlook to negative from neutral.

INR (Negative; on upgrade watch) | Long USD/INR

- The Indian rupee sits in a middle ground position. Higher energy prices are a clear negative for India's external balances, but policy measures and seasonal corporate inflows provide some offsetting support. The currency's valuation is relatively inexpensive, which helps limit excessive downside, though the lack of improvement in foreign equity flows caps its upside potential. Overall, INR is expected to remain relatively stable, but the momentum of weaker INR could persist in the very near-term.

Source: ADCB Asset Management

FX consensus forecasts

FX consensus points to gradual EUR and GBP appreciation and lower USDJPY ahead.

(End of period)	*Q4 25*	*Q1 26*	Q2 26	Q3 26	Q4 26f	Q1 27f
EURUSD	*1.17*	1.16	1.17	1.19	1.20	1.20
GBPUSD	*1.35*	1.32	1.34	1.36	1.36	1.36
USDJPY	*156.71*	158.72	155.50	153.50	152.00	150.00
USDCHF	*0.79*	0.80	0.78	0.78	0.78	0.78

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

Performance

Performance heat map

ASSET MANAGEMENT LIMITED

USD rebounded in March, strengthening broadly against major peers.

	EURUSD	GBPUSD	USDJPY	USDCHF
Jan-24	-2.00	-0.34	4.17	2.38
Feb-24	-0.12	-0.50	2.08	2.68
Mar-24	-0.14	-0.02	0.91	1.91
Apr-24	-1.15	-1.04	4.26	2.00
May-24	1.71	2.00	-0.31	-1.86
Jun-24	-1.24	-0.76	2.27	-0.39
Jul-24	1.05	1.67	-6.78	-2.31
Aug-24	2.05	2.11	-2.54	-3.23
Sep-24	0.79	1.89	-1.74	-0.47
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

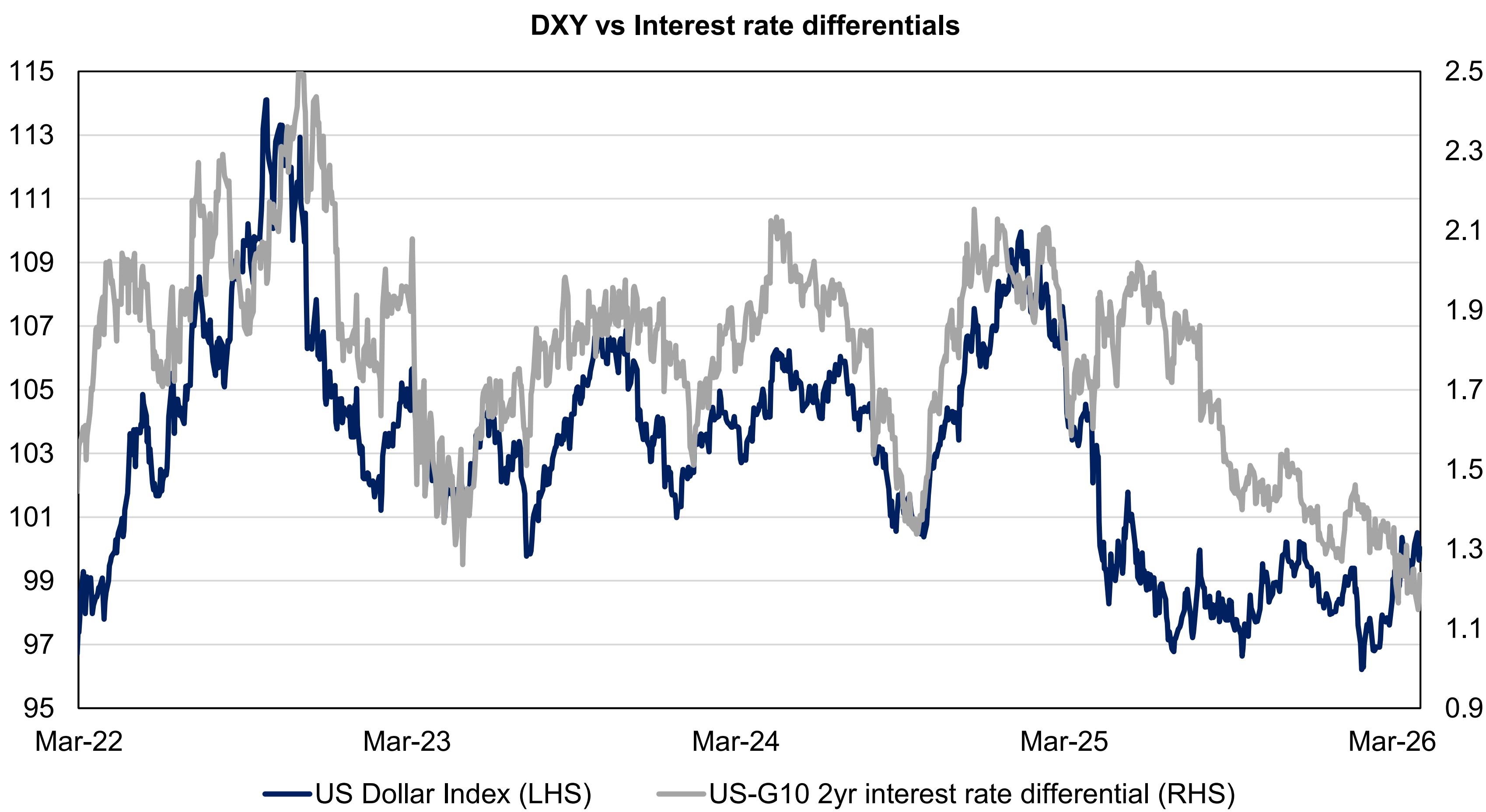
Source: Bloomberg and ADCB Asset Management

Back to index

Macro

DXY index vs interest rate differentials

USD-rate differential has narrowed while the USD has stabilized.

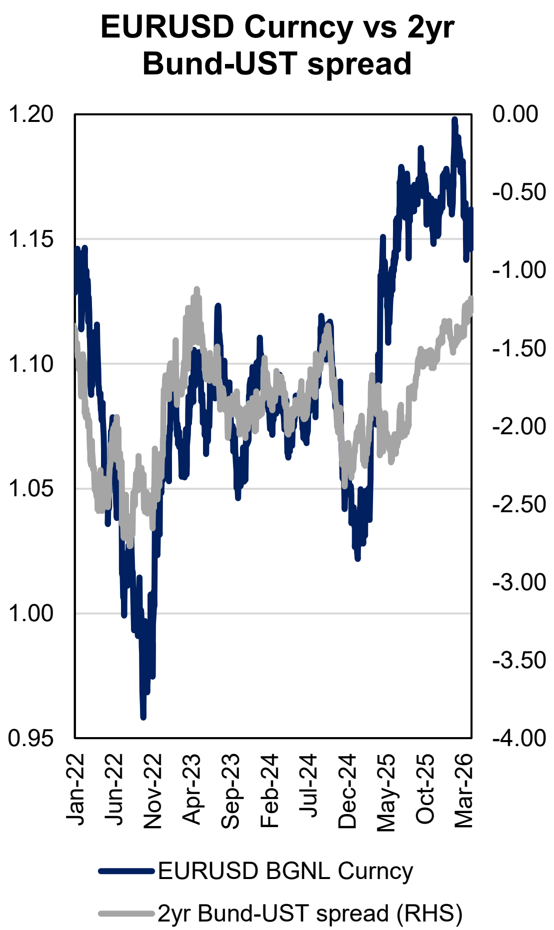


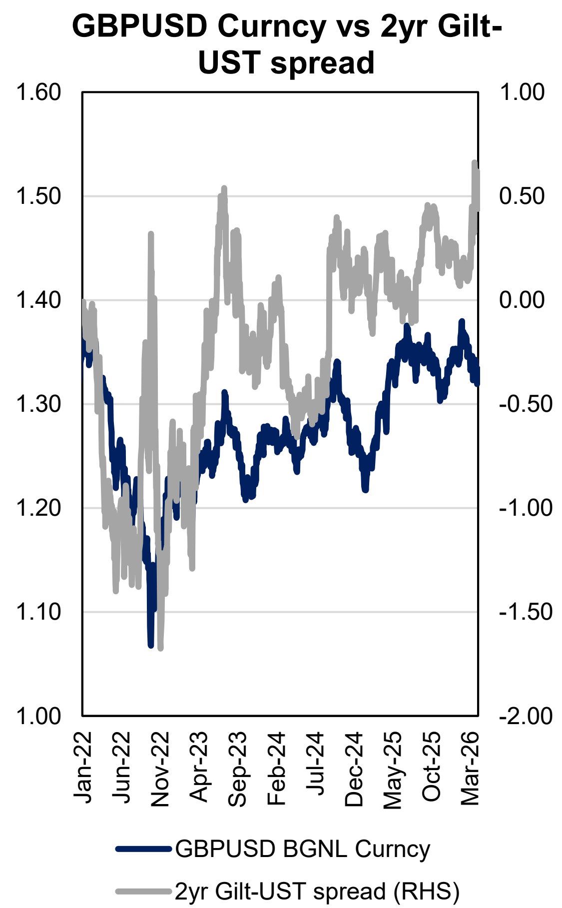
Source: Bloomberg and ADCB Asset Management

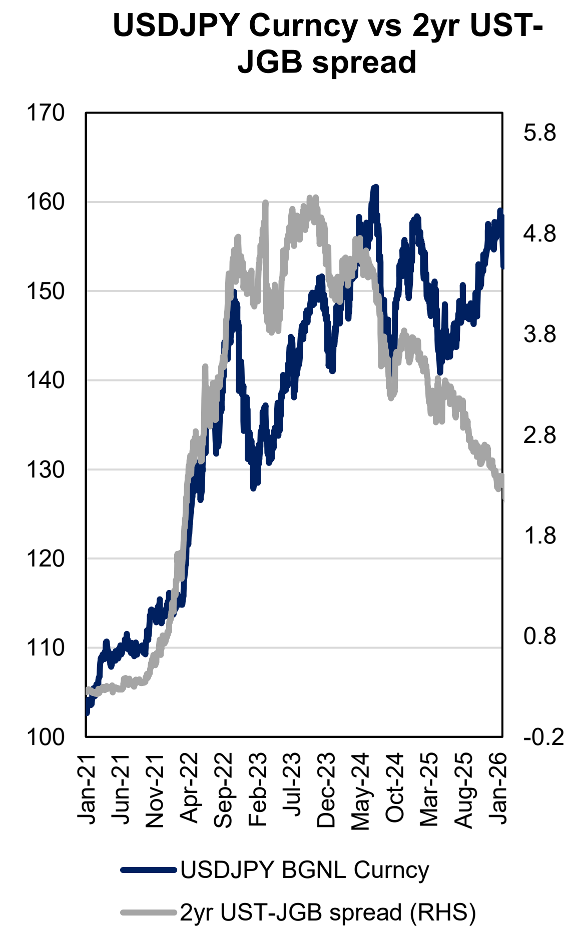
Currency pairs vs 2yr interest-rate differentials

ADCB ASSET MANAGEMENT LIMITED

FX pairs remain largely decoupled from 2-year interest-rate differentials.





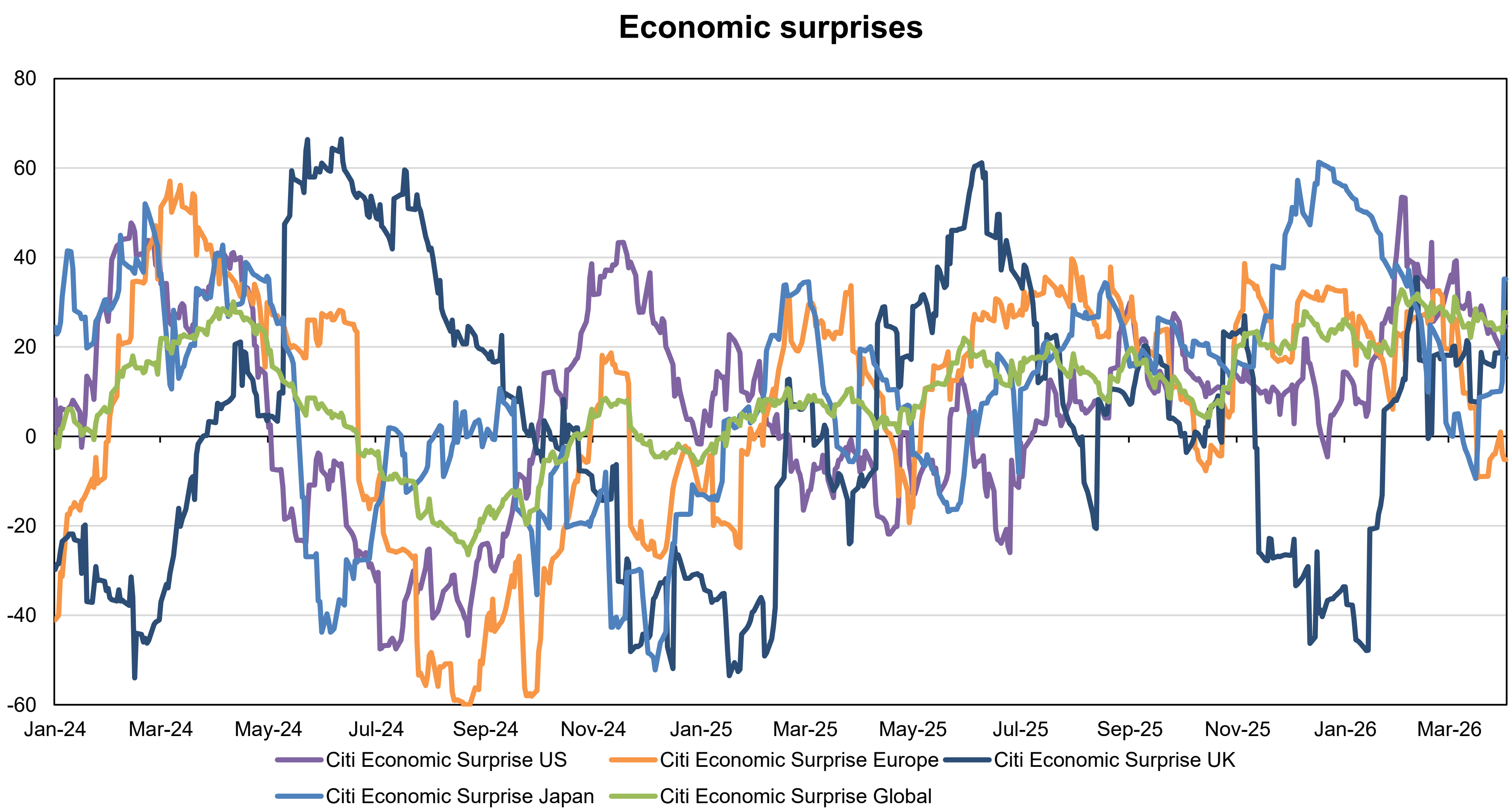


Source: Bloomberg and ADCB Asset Management

Economic surprises

ADCB ASSET MANAGEMENT LIMITED

Global economic surprises remain positive but have moderated from the recent highs.



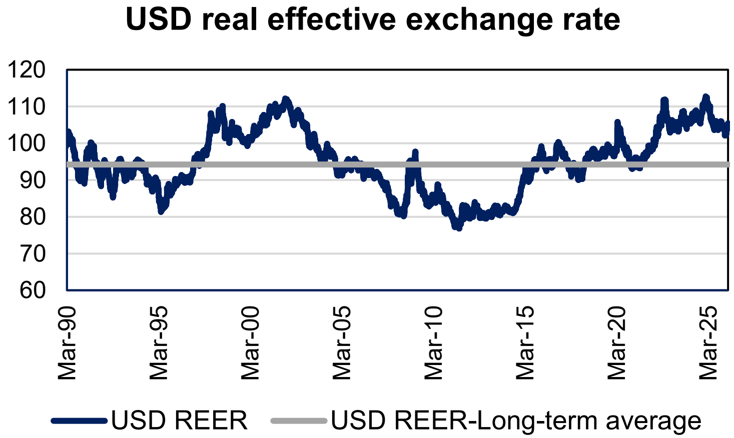
Source: Citi, Bloomberg and ADCB Asset Management

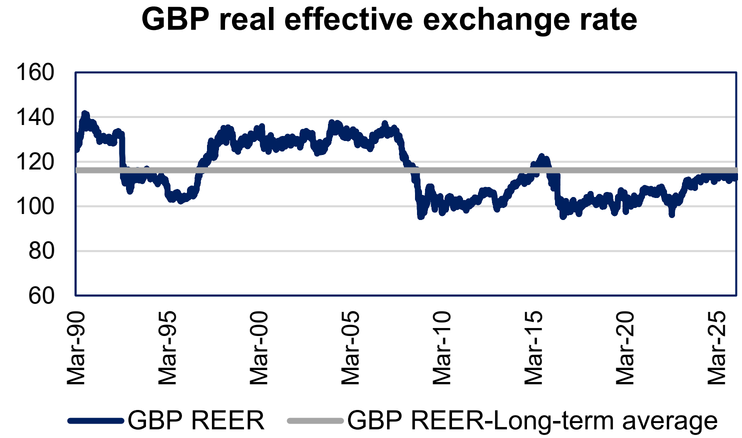
Back to index

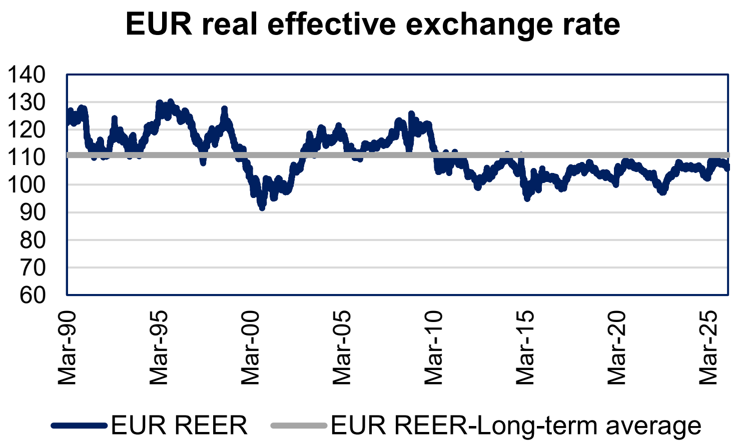
Valuations

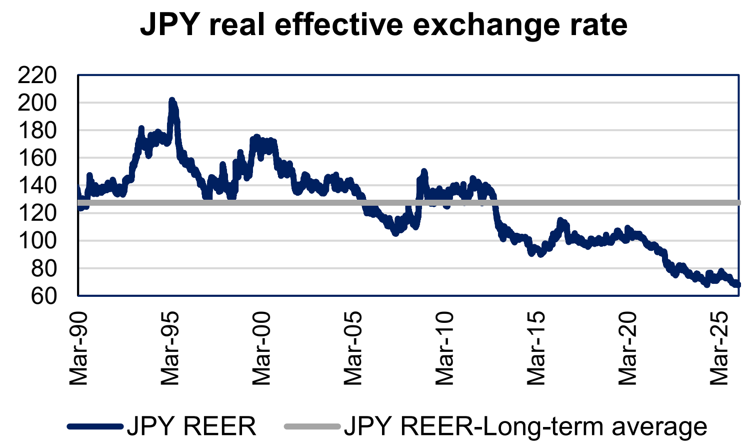
Real currency valuations

USD valuation premium continues to decline, while JPY remains deeply undervalued.









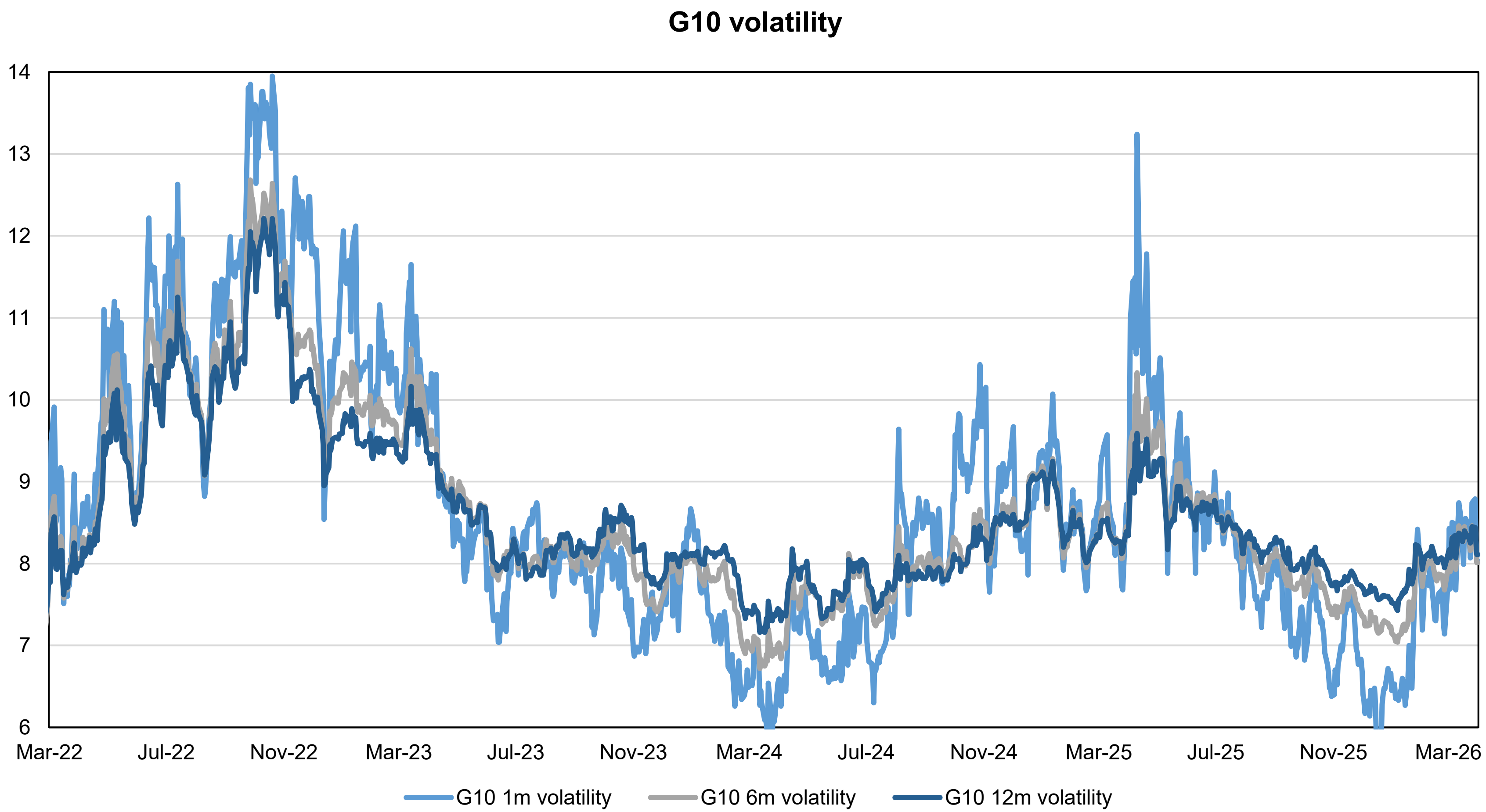
Source: Bloomberg and ADCB Asset Management

Volatility

FX volatility

ASSET MANAGEMENT LIMITED

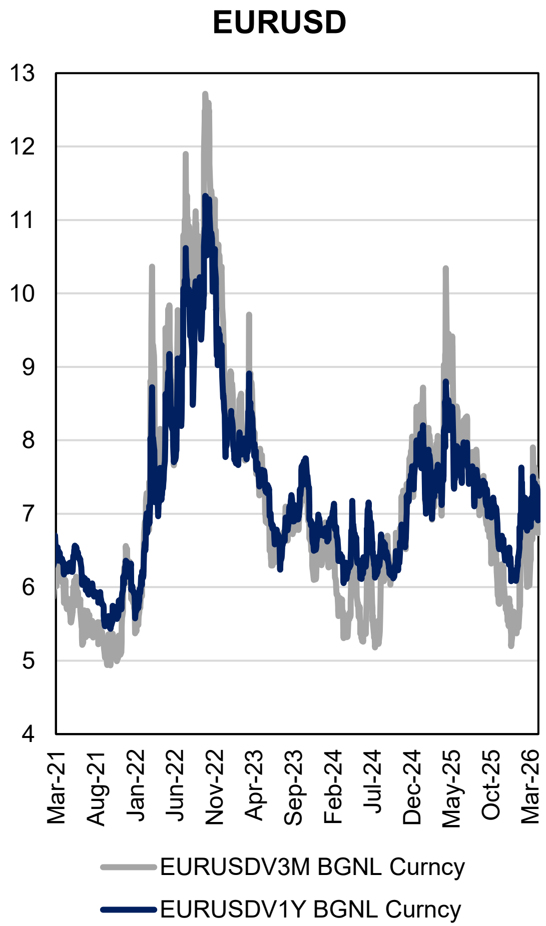
G10 FX volatility remains contained, with a modest rebound at the start of 2026.

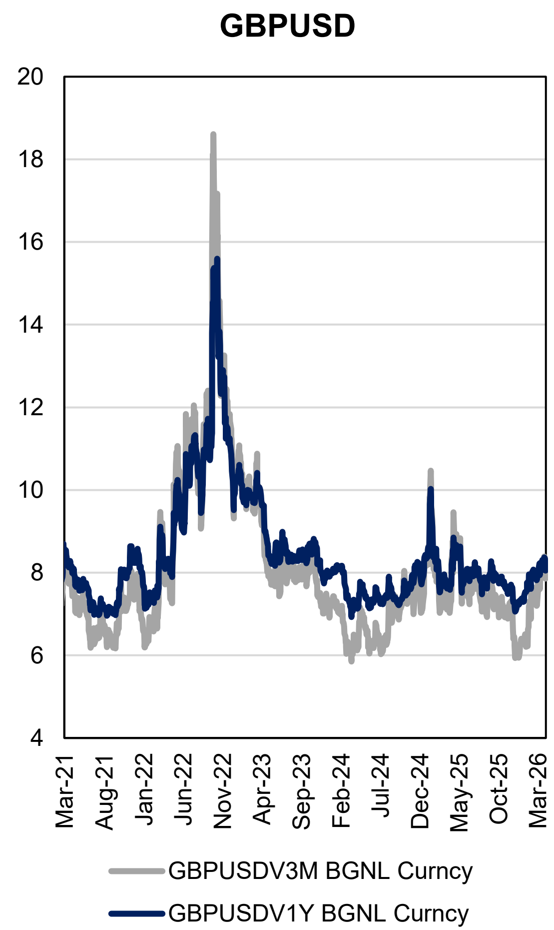


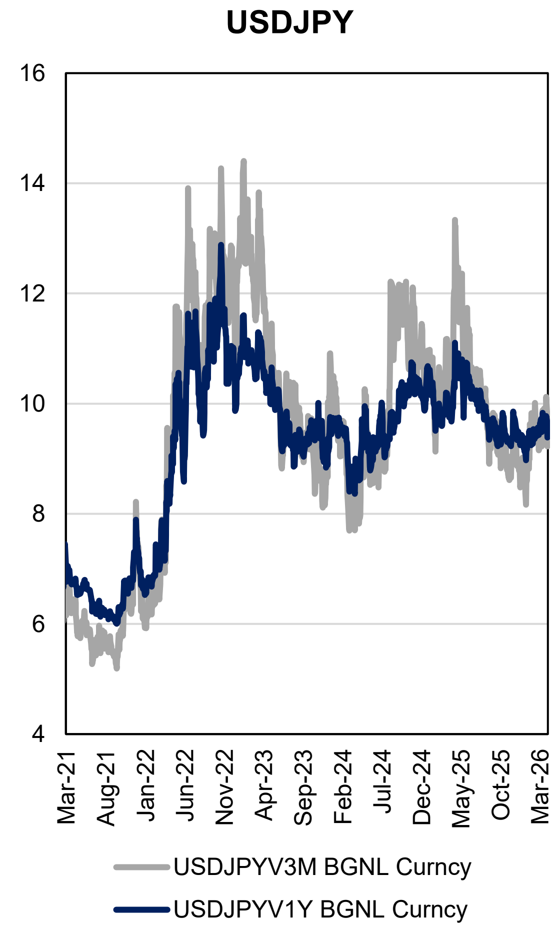
Source: Bloomberg and ADCB Asset Management

FX volatility

3-month volatility has risen but has not reached alarmingly high levels.







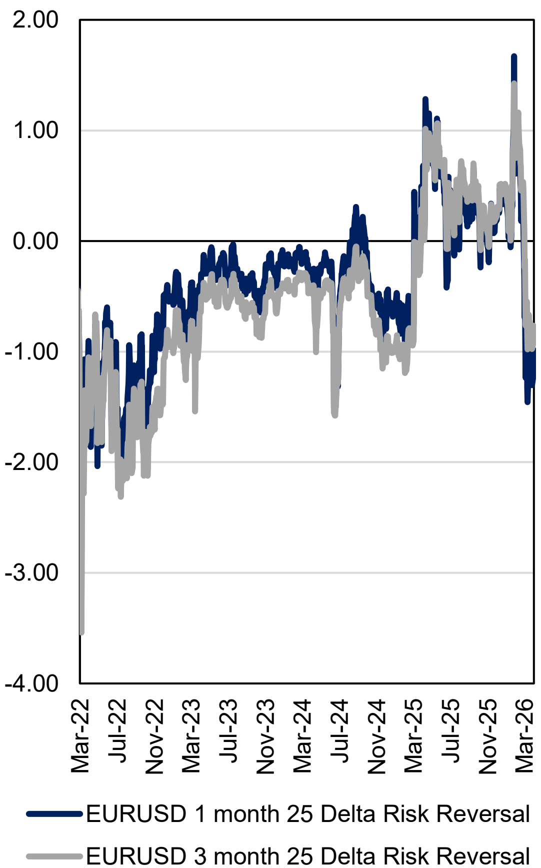
Source: Bloomberg and ADCB Asset Management

Back to index

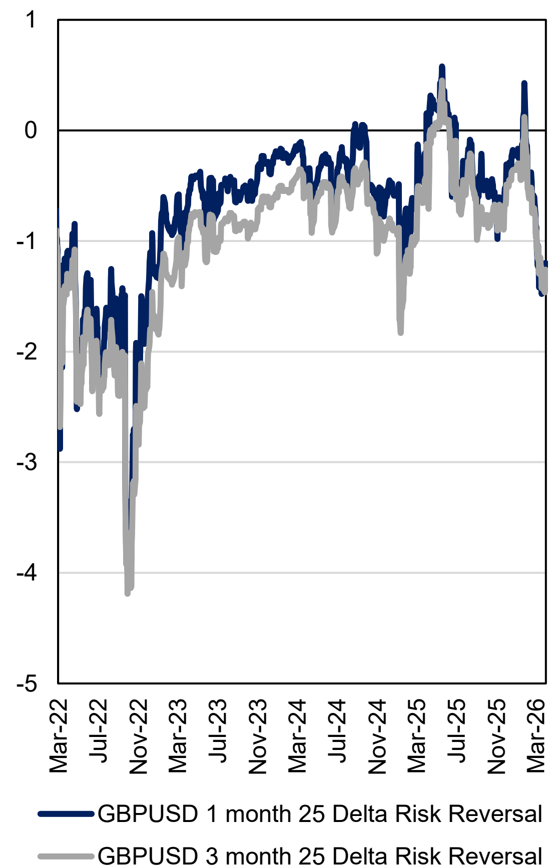
Risk Reversal

Markets are paying up for EUR and GBP downside protection.

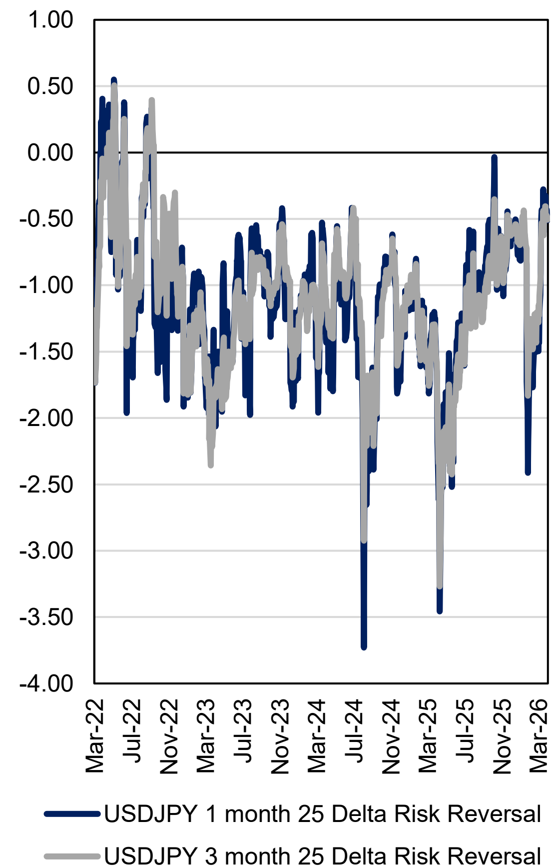
EURUSD



GBPUSD



USDJPY



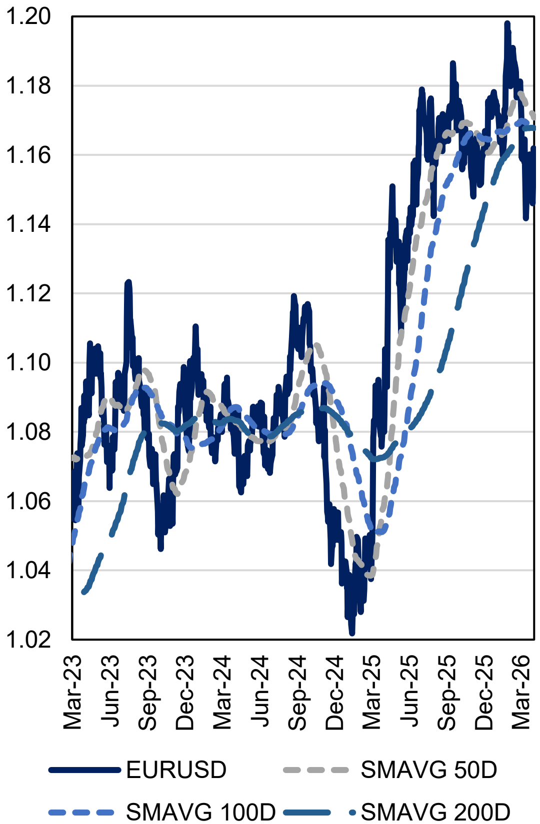
Source: Bloomberg and ADCB Asset Management

Technical

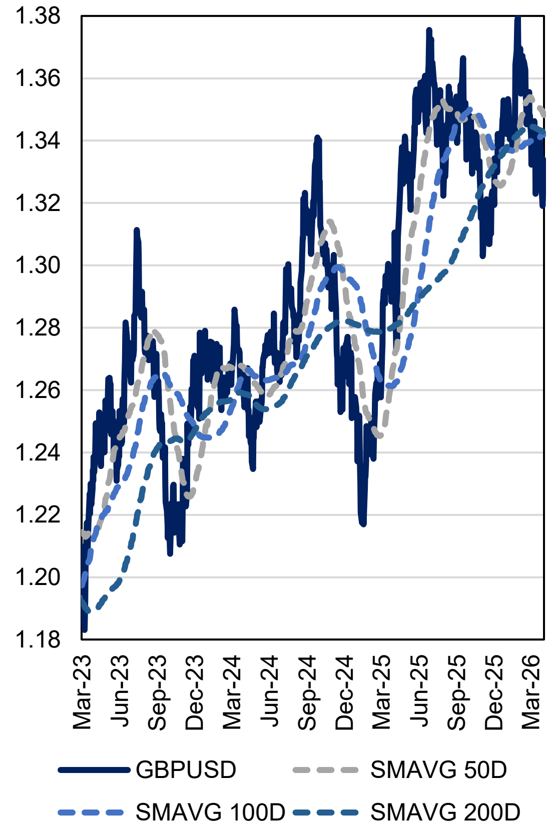
Moving average

EURUSD and GBPUSD have fallen below key technical levels, while USDJPY kept the upward momentum.

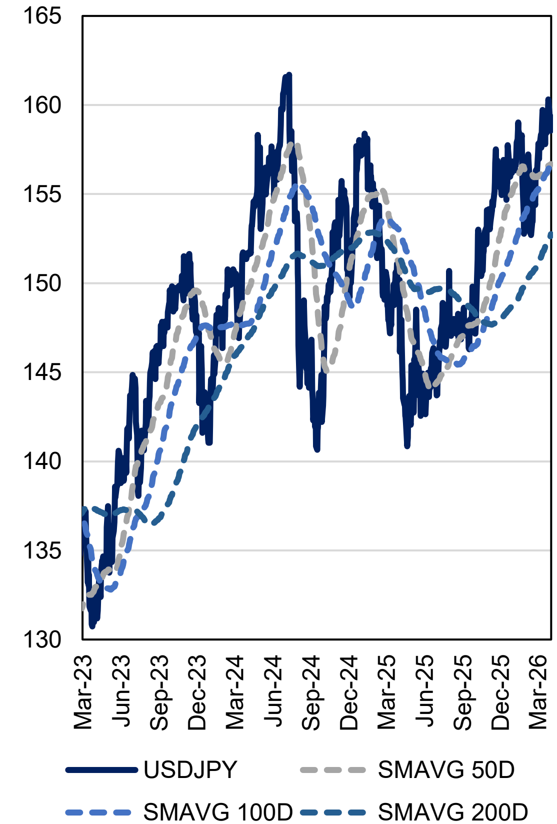
EURUSD moving average



GBPUSD moving average



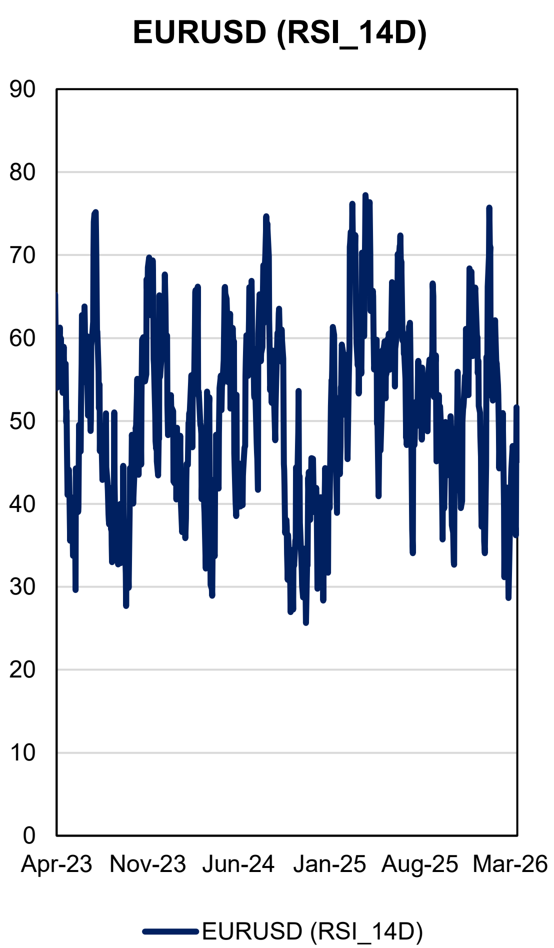
USDJPY moving average

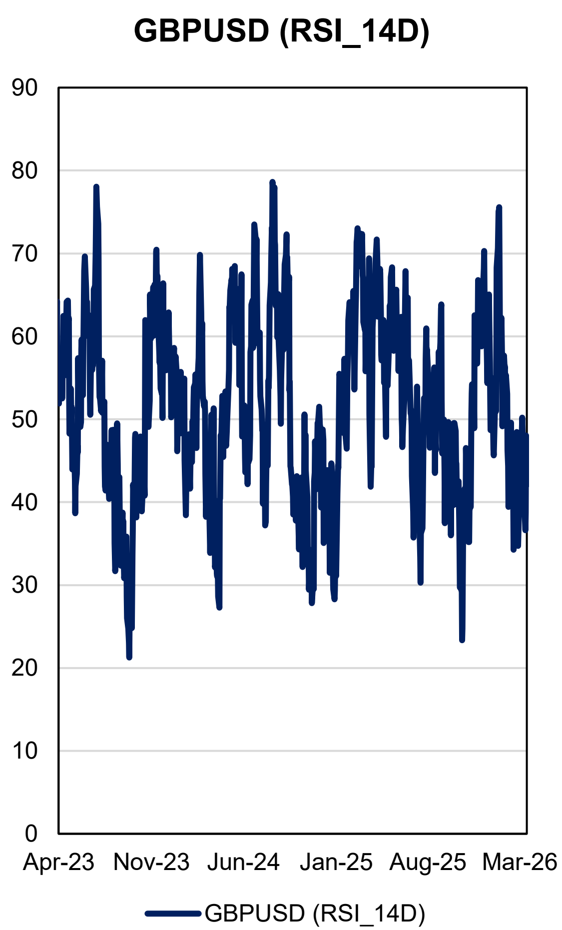


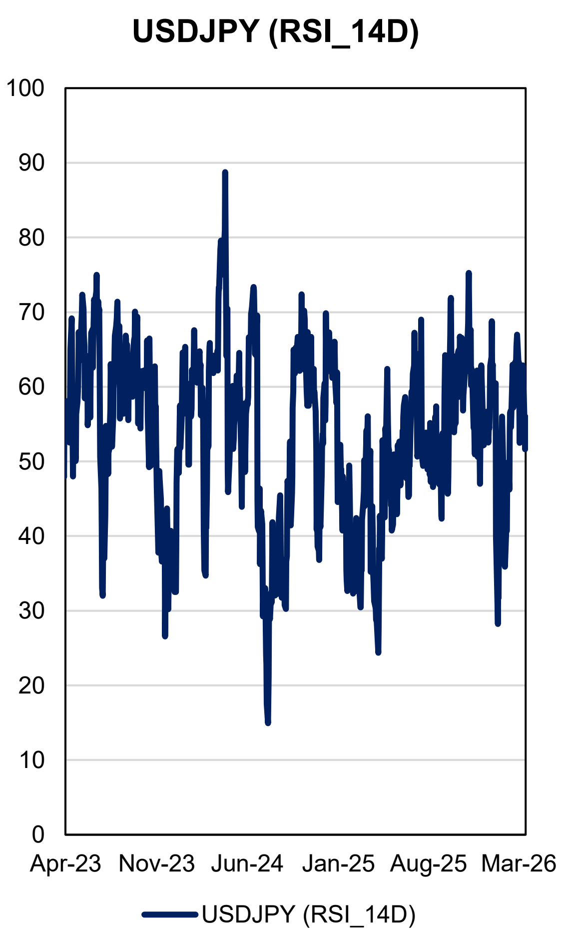
Source: Bloomberg and ADCB Asset Management

Relative strength index indicator

EUR/USD hit oversold conditions in mid-March.







Source: Bloomberg and ADCB Asset Management

Back to index

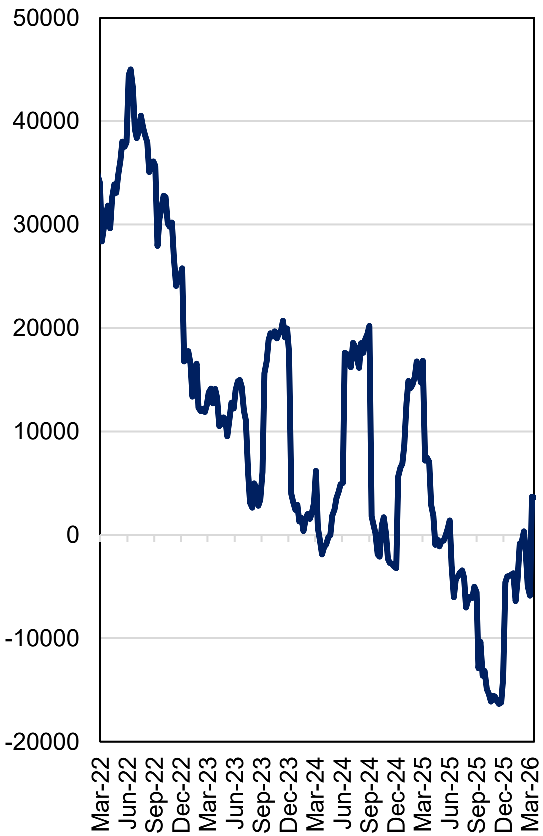
Positioning

FX positioning- USD

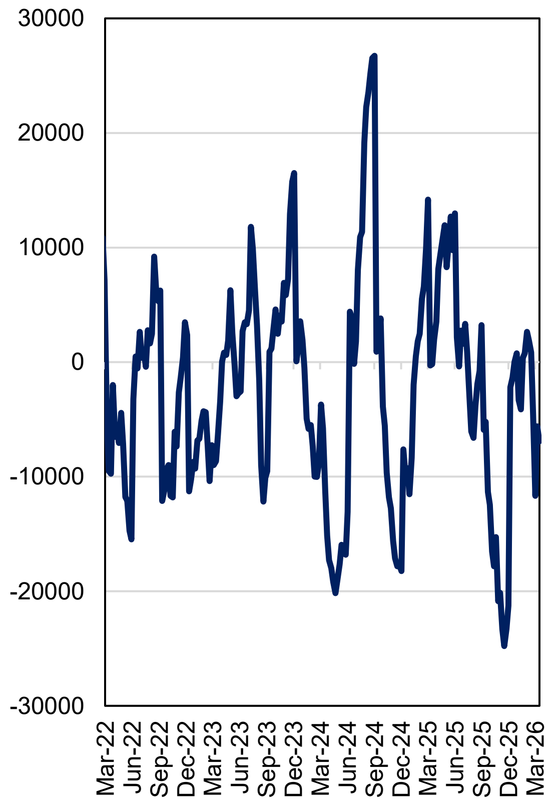
ADCB ASSET MANAGEMENT LIMITED

USD speculative positioning turned positive.

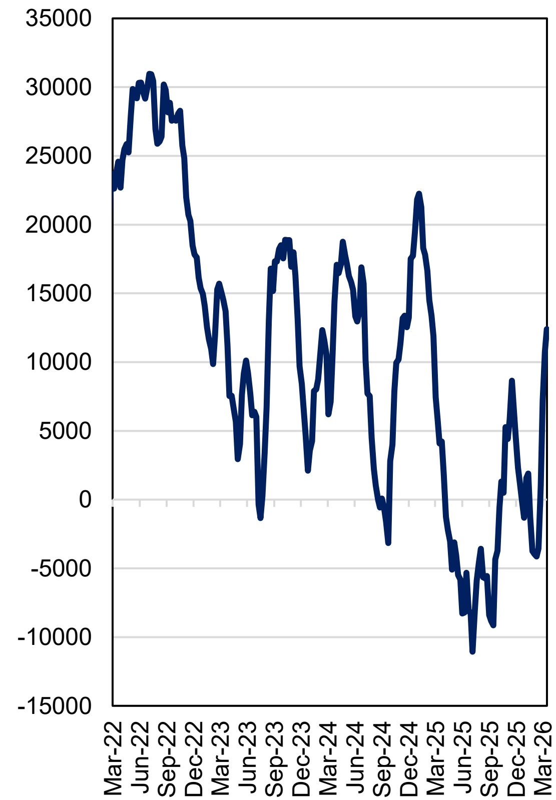
Non-commercial Net futures position for USD Index



Leveraged Funds Net futures position for USD Index



Asset Manager Institutional Net futures position for USD index

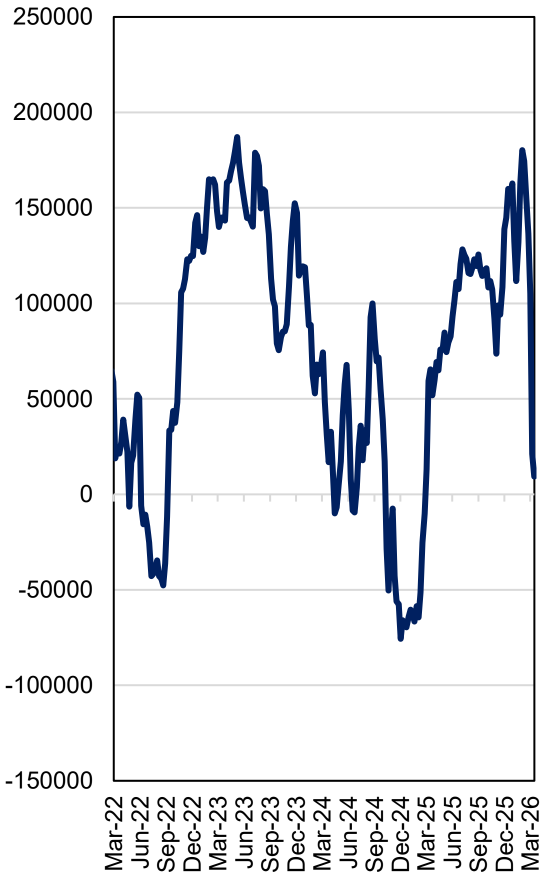


Source: Bloomberg and ADCB Asset Management

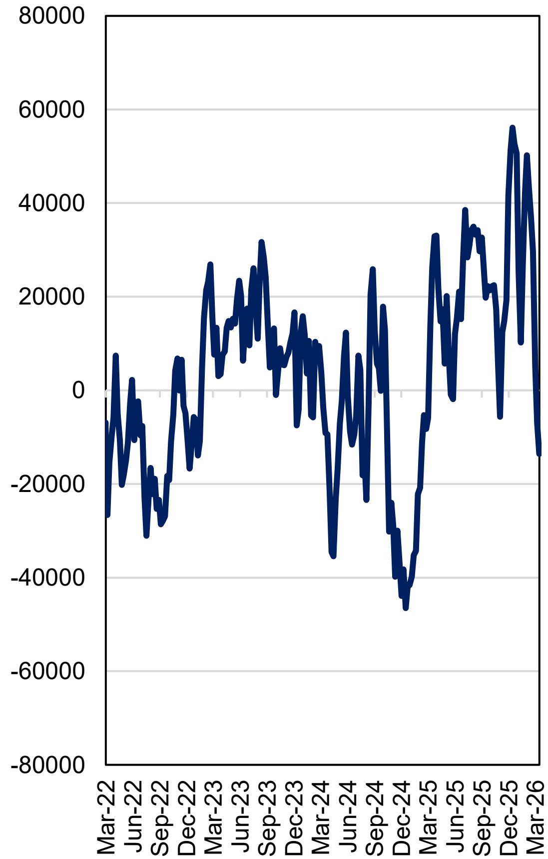
FX positioning- EUR

Positioning in EUR has eased across the board.

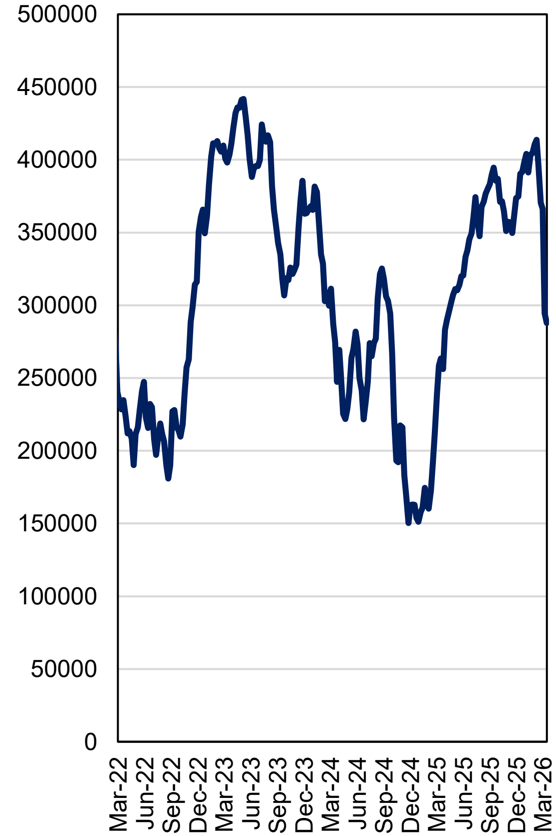
Non-commercial net futures position in Euro FX



Leveraged funds net futures position in Euro FX



Asset Manager Institutional net futures position in Euro FX



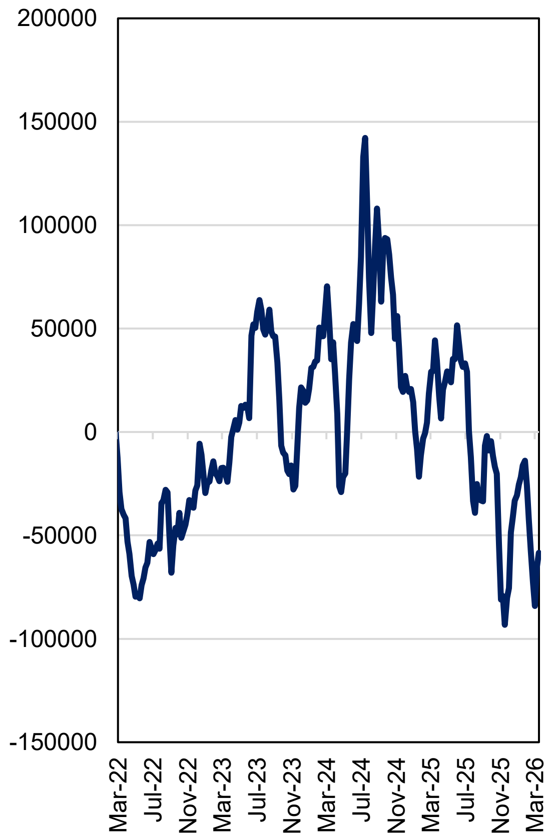
Source: Bloomberg and ADCB Asset Management

FX positioning- GBP

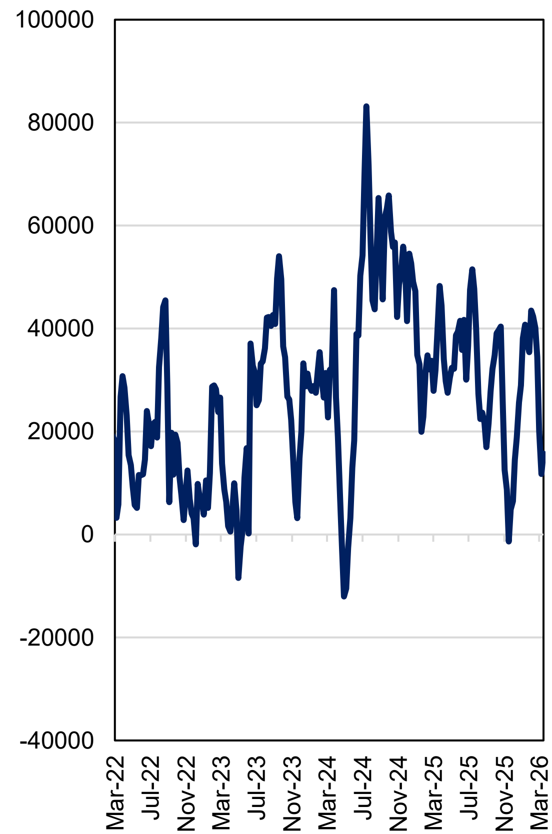
ASSET MANAGEMENT LIMITED

GBP positioning remained mixed, with volatile speculative flows and institutional investors stayed structurally short.

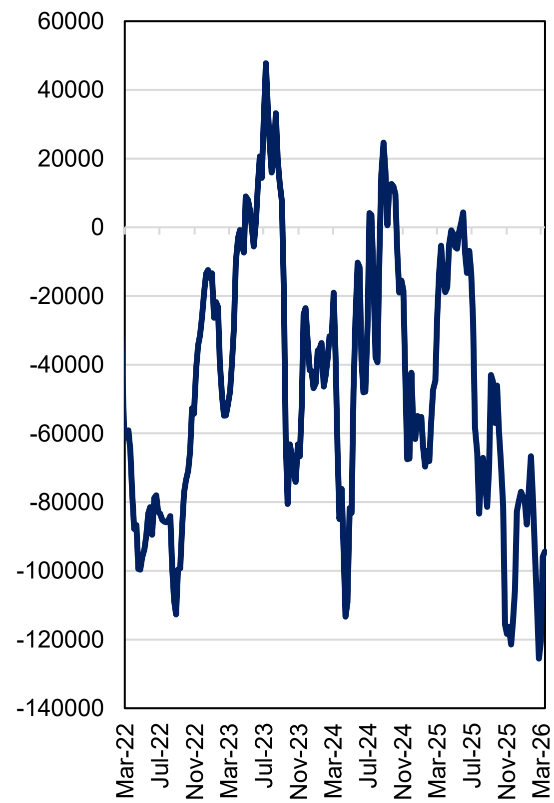
Non-commercial net futures position in Pound Sterling



Leveraged funds net futures position in Pound Sterling



Asset Manager Institutional net futures position in Pound Sterling



Source: Bloomberg and ADCB Asset Management

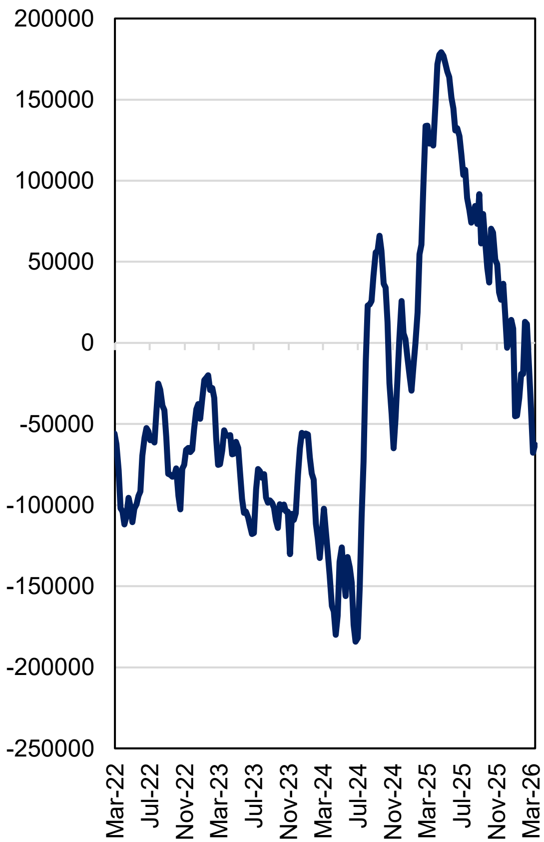
Back to index

FX positioning- JPY

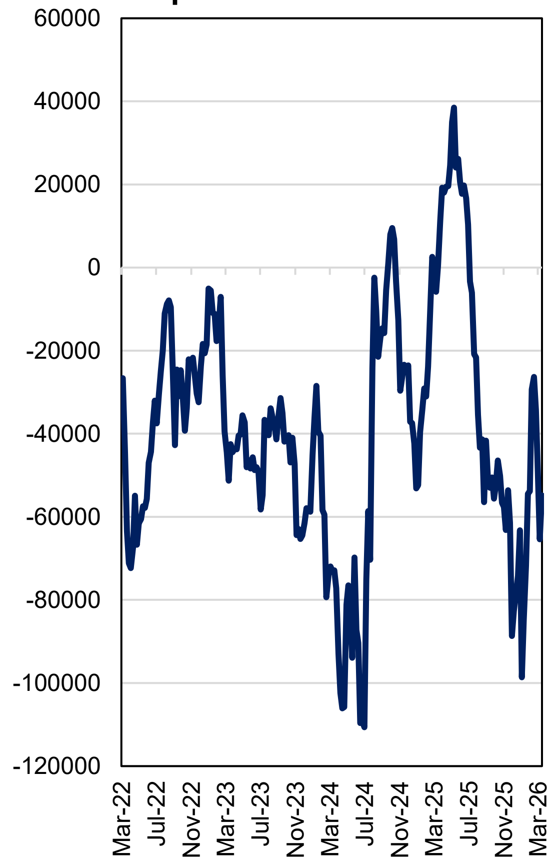
ADCB ASSET MANAGEMENT LIMITED

JPY shorts increased, driven by renewed selling from leveraged funds while asset managers trimmed longs.

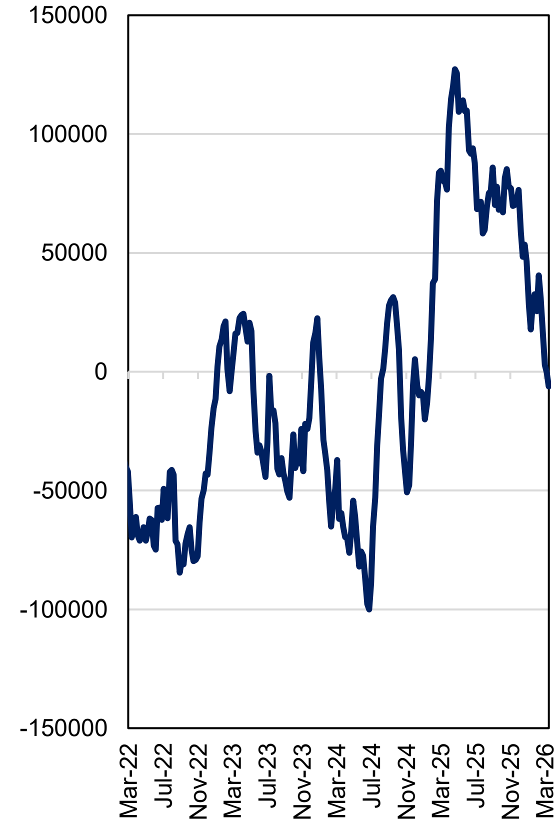
Non-commercial net futures position in JPY



Leveraged funds net futures position in JPY



Asset Manager Institutional net futures position in JPY



Source: Bloomberg and ADCB Asset Management

Disclaimer

ADCB Asset Management Limited ("AAML"), is a member of ADCB Group, licensed by Financial Services Regulatory Authority in Abu Dhabi Global Markets under financial services permission number 170036.

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 ADCB Group to enter into any transaction. The content of this publication should not be considered as 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. Investment products are not available to US persons.

Information and opinions contained herein is are based on various sources, including but not limited to public information, annual reports and statistical data that AAML considers accurate and reliable. However, AAML 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 customers who are either retail or professional investors.

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. AAML expressly disclaims any obligation to update or revise any forward looking statement to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

ADCB Group 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 foregoing services may at time give rise to a conflict of interest that could affect the objectivity of this publication. Opinions expressed herein may differ from opinions expressed by other businesses or affiliates of ADCB Group.

Past performance does not guarantee future results. Investment products are not bank deposits and are not guaranteed by ADCB Group. They are subject to investment risk, including possible of loss of principal amount invested. This publication may not be reproduced or circulated without ADCB Group written authority. The manner of circulation and distribution may be restricted by law or regulation in certain jurisdictions. Persons who come into possession of this document are required to inform themselves of, and to observe such restrictions. Any unauthorized use, duplication, or disclosure of this document is prohibited by law and may result in prosecution.