



---

## SCHAEFFER'S CHART-OF-THE-WEEK

**JANUARY 22, 2017**

Today's Chart-of-the-Week is provided courtesy of Bernie Schaeffer of **Schaeffer's Investment Research**. A link to its website, where you can sign up to become a Subscriber to get all of this website's excellent investment material, including Chart-of-the-Week, is provided here: <http://www.schaeffer.com/>.

### UUP: A Minor Breakout for the Buck?

#### Chart-of-the-Week for January 22, 2017

By **Bernie Schaeffer, Founder and CEO**  
**Schaeffer's Investment Research**

The U.S. dollar was thrust into the headlines last week, when then-President-elect Donald Trump described the currency as "too strong" in a *Wall Street Journal* interview (a comment that Treasury Secretary nominee Steven Mnuchin later tempered by describing it as a "short-term" view). In response, the PowerShares DB US Dollar Index Bullish Fund (UUP) dipped on Tuesday to a one-month low of \$25.91 in intra-day action.

The air around \$25 is very familiar territory for UUP. Out of its 24 monthly closes since January 2015, the exchange-traded fund settled within 0.5 point of \$25 on no fewer than 17 occasions (or 70% of the time), including its yearly finish for 2015.

This neighborhood is home to a cluster of key price points, including:

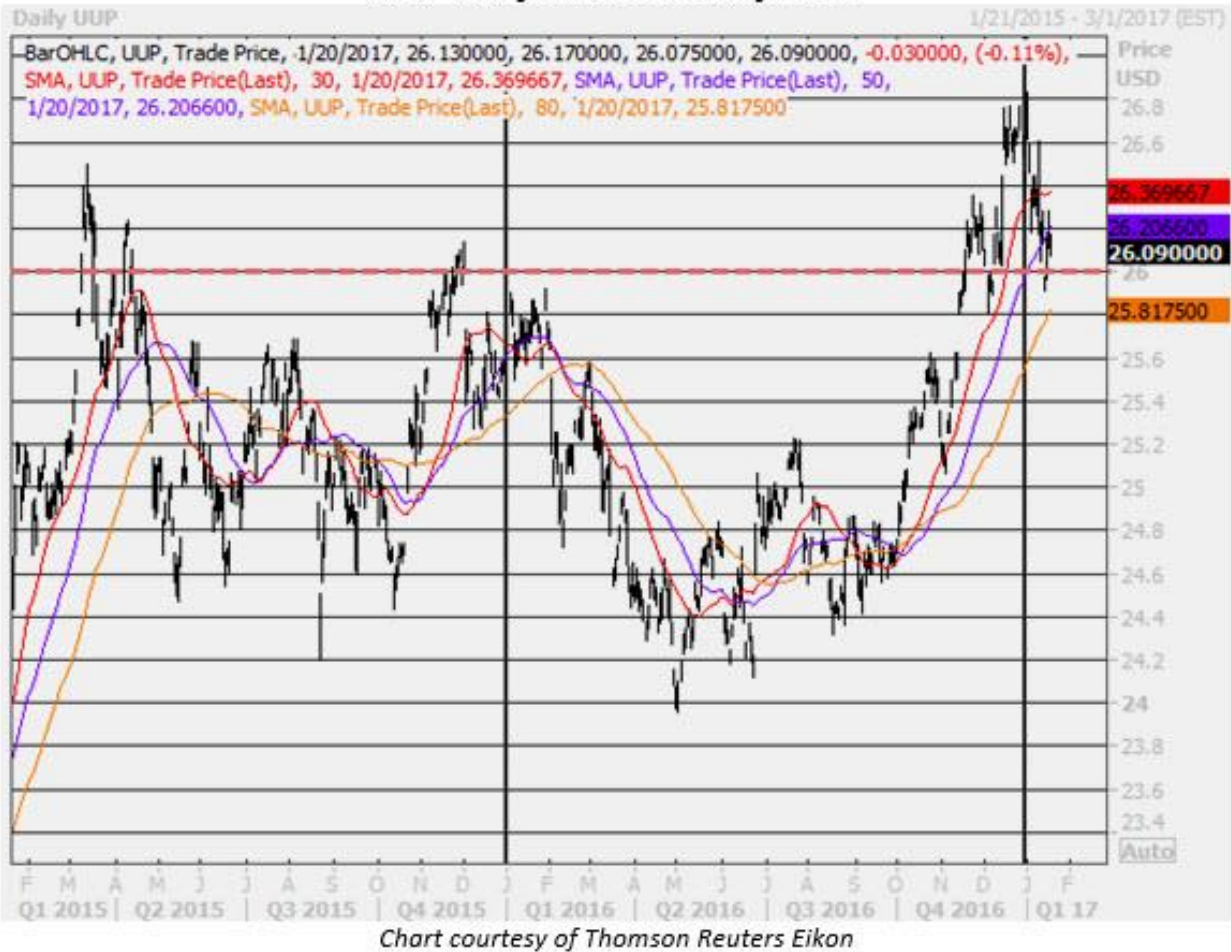
- \$25.06 (November 2016 low)
- \$25.23 (July 2016 high)
- \$25.72 (UUP's year-over-year breakeven)
- \$25.76 (1.2 times the May 2014 low)
- \$25.81 (80-day moving average)
- \$25.95 (50% retracement of 11/4/2016 low to 1/3/2017 high)

However, following its mid-November gap higher, UUP has twice found support at \$25.80 -- once on November 14, and again on December 5 -- and then rallied back up above \$26 just a few days later. Over the past two months, UUP has now spent more time trading north of \$26 than it has since the late "aughts."

This small-scale break-out was met with much excitement from options players, with open interest on UUP arriving, as of Friday morning, at 757,611 contracts -- in the 97th percentile of its annual range. Option volume on UUP ramped up to double the usual level on Friday. Per Trade-Alert, most of the action was centered around the expiring January 26 call -- where retail-level traders sold to close just shy of 25,000 contracts, according to International Securities Exchange (ISE) data, on a day where UUP settled at \$26.03 (essentially guaranteeing that these would-be dollar bulls took a loss on their purchased calls).

With UUP trading above a bevy of significant chart milestones, and a crop of dollar bulls getting burned by the ETF's expiration-day finish, it should be interesting to see whether the current pullback in UUP is once again contained at the "micro round number" price of \$25.80 (which would suggest the dollar ETF has found a new floor), or whether the \$25 level once again exerts its magnetic pull on the buck.

### UUP daily since January 2015



Sunday, January 22, 2017

See the eResearch Disclaimers on the following page.

## ***e*Research Disclaimer**

**Note:** All of the comments, views, opinions, suggestions, recommendations, etc., contained in this Article, and which is distributed by *e*Research Corporation, are strictly those of the Author and do not necessarily reflect those of *e*Research Corporation.

## ***e*Research Disclosure Statement**

***e*Research Corporation** was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, its Subscribers (subscription is free!!!) benefit by having written research on a variety of small- and mid-cap, under-covered companies.

*e*Research also provides unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis.

*e*Research complements its corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals.

*e*Research provides its professional investment research and analysis directly to its extensive subscriber network of discerning investors, and electronically through its website: [www.eResearch.ca](http://www.eResearch.ca).

*e*Research does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.