

CHART OF THE DAY

January 7, 2019

Spotlight on : U.S. Dollar

COMMENT: Since the first of November, the U.S. Dollar has put in a Triple Top and has declined 1.82%. A falling U.S. Dollar is positive for commodities and commodity-related equities as well as certain ETFs. Further, if the USA and China can achieve a break-through this week on resolving their trade dispute, this could put even more downside pressure on the U.S. Dollar.

COMMENT: Here is the chart of the U.S. Dollar, courtesy of Stock Charts.com. We have added a Resistance line created by the Triple Top. A Support line has been drawn in at \$95.50, critically close to where the Dollar closed on Friday, January 4. As I write this on Monday morning, the Dollar is trading at \$95.33. My rule-of-thumb is that a technical indicator is confirmed only by a move of 3%. On the downside, this is equal to \$92.64 and we have drawn a third line on the chart to mark this level. However, the next level of Support below \$95.50 is the 200-day Moving Average (the red line), which currently sits at \$94.32. So, the 3% confirmation guideline may not be reached in the near-term.



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