

## Starboard Weekly Report Ending November 2, 2018 Charts of the Week



The above charts are two different ways of looking at the US dollar. The top daily chart is Invesco's US Dollar Index Bullish Fund ETF (UUP). The bottom weekly chart is the US Dollar Index Futures Contract (\$USD). Both of the charts are from StockCharts.com.

## **TECHNICAL**

There is a great deal of highlighting on both of these charts and all are showing a bearish outcome for the Dollar. These circles and squares, on both the daily and especially on the weekly basis, are showing a reversal from a recent double top just below 97. Should we break above 97 there could be further rally but I do not believe it will happen. But if it does rally, the weekly chart analysis indicates that it will be prove to be a fake breakout. It is interesting to observe on the UUP chart that this week there was a higher high from August that failed to breakout. This was possible anticipation of the index breaking out at 97. The supporting charts were not forecasting a breakout, especially when viewing the money flow MFI chart for UUP. It had two lower highs from the previous August high; showing weaker buying interest. Weekly the \$USD is still in a longer term bearish configuration when observed through the 50 week vs 200 week averages. Shorter term, the Dollar appears strong. However, this week's charting drama could very well change that.

## **FUNDAMENTAL**

The direction of the Dollar is very impactful to our defensive investment posture. The gyration it has had from the February lows has hurt our performance, especially at the end of the last quarter, but the weekly chart is telling me that we are going to be rewarded for our patience. The strong Dollar has stymied global growth and that has affected the demand for commodities. When the Dollar declines Gold will be a drum major leading all agricultural and industrial commodities to higher levels. Rates are rising on the US Treasury Bonds; therefore, we should have a very strong Dollar, but we don't. The reason for that will play out over the next year as we have trouble finding buyers for the new government debt. Throughout economic history when countries have more debt than their GDP then their currency suffers. Even the mighty reserve currency Dollar will not be immune as the years of abusive deficit financing catches up with inadequate growth.

## **ASIDE**

*"When you combine ignorance and leverage, you get some pretty interesting results."*  
Warren Buffett

The interesting results Mr. Buffet speaks of often end up in a crisis.

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### **Please note:**

It's the client's responsibility to notify Starboard of any changes that would in any way influence their financial requirements.

**Starboard Asset Management, Inc. 11/2/18 Weekly Report**