

Starboard Weekly Report Ending September 1, 2017 Chart and Graph of the Week



\$USD US Dollar Index - Cash Settle (EOD) ICE
30-Aug-2017, 16:00 ET, daily, O: 92.295, H: 92.885, L: 92.19, C: 92.823, Chg: +0.639 (0.69%)
P&F Pattern Double Bottom Breakdown on 14-Jul-2017
Scaling: Traditional [Reversal: 3]

(c) StockCharts.com



This week's top chart is a technical analysis study by Kimble Charting Solutions on the ratio of gold to the dollar. The bottom graph from StockCharts.com is a point and figure pricing chart of the Dollar Index (USD).

TECHNICAL

Both the chart and graph above are teetering. On the top chart we have gold ready to break out in dollar terms while the bottom graph is showing the USD about to breakdown. This inverse charting relationship indicates how important these two currency proxies rely on each other. The top long-term chart study displays how important #3 is toward a further breakout in gold. It will be strong indication that we are continuing the gold bull market that started in 2002. The bottom point and figure chart illustrates the importance of the Dollar holding current price support at 91 because a break of the blue line on the bottom graph could cause the Dollar to drop to the old lows on this chart, or possibly lower.

FUNDAMENTAL

When Gold increases in price against a currency it represents a lack of economic confidence in the fiat activities of Central Bankers and politicians. Gold becomes a safe harbor to owning the currency and this was very evident during this past week's Korean scare when Gold and the Treasury Bonds rallied while the Dollar dropped. When foreign stock and bond investors exit the US markets, they sell Dollars to convert back to their respective currencies and that could be contributing to the Dollar sell off. The nationalist narrative surrounding our current president could be what is concerning foreign stock and bond holders. The upcoming debt ceiling debate is another serious concern for the Dollar, as well as for all US markets. If this week's charts go through resistance and support levels then they will be telling us that we may get a government shutdown that would send the USD to its old lows very quickly.

ASIDE

"A weak currency is the sign of a weak economy, and a weak economy leads to a weak nation." Ross Perot

If Mr. Perot is right, and I believe that he is, then the Dollar's direction from here will be the forecaster for US markets.

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