The U.S. Dollar Index Has Been Range Bound Since March 2015

View from the Observation Deck

1. The U.S. dollar has strengthened significantly relative to other major world currencies since the middle of 2014. A strong dollar can make U.S. goods and services less competitive, with respect to price, in the global marketplace.

2. From 6/30/14 through 8/29/16 (period in the chart), the U.S. Dollar Index rose from a reading of 79.78 to 95.58, or a gain of 19.80%, according to Bloomberg. When measuring the index from 6/30/14 to its high (100.33) for the period on 3/13/15, the index rose by 25.76%. From 3/13/15 (high) through 8/29/16, however, the index was down 4.73%.

3. From 3/13/15 through 8/29/16, the U.S. Dollar Index has fluctuated between a reading of 100.33 (3/13/15) and 92.63 (5/2/16). The average index level for this period was 96.41.

4. While the U.S. dollar is elevated from where it stood in mid-2014, it has posted stronger rallies in the past.

5. For example, from 4/18/95 through 7/5/01, which captured most of the so-called Internet Revolution, the U.S. Dollar Index rose from a reading of 80.27 to 120.90, or a gain of 50.62%, according to Bloomberg.

6. Some pundits believe that the U.S. dollar could rally if the Federal Reserve opts to raise interest rates in the months ahead, and believe that such a rally could disrupt the bull market in stocks, in our opinion.

7. While there is that possibility, we believe that any Fed rate hikes moving forward should be interpreted as validation that the U.S. economy is strengthening.


This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The U.S. Dollar Index (DXY) indicates the general international value of the dollar relative to a basket of major world currencies.