
The short term vs. the long term

1 message

Thu, Apr 28, 2022 at 1:37 PM

Worth Charting

Short term, everyone knows the U.S. Dollar is:

"steep and uncorrected"

"ahead of itself"

"stretched"

"extended"

"overbought"

"too far, too fast"

Long term, the setup (the chart) is interesting and suggests higher levels ahead.

So...

Tactically a **'SELL'** while structurally a **'BUY'**?

What? What kind of thinking is that?

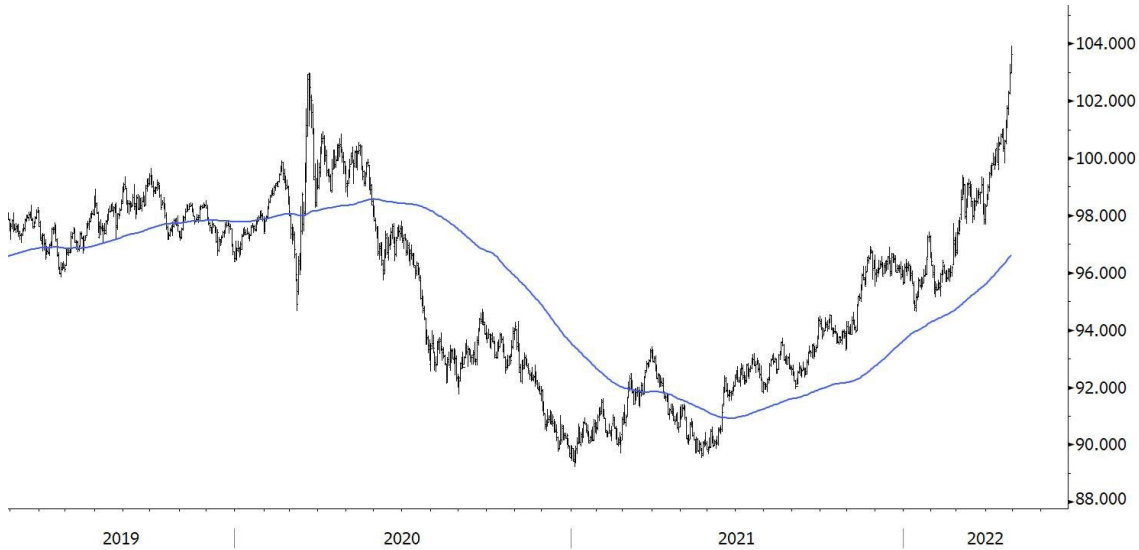
In the sense that investing is all about time frames (and knowing who one is in the market, and what one's time frame is) the only thing that can be said about the US Dollar Index (DXY) here and now would be:

If you're a trader with dexterity, fade the Dollar here (examination below).

If you're a long-term player, stay long the Dollar (examination below).

US Dollar Index, short-term chart 1 of 4:

Trim longs here, our thinking. An increasingly steep, uncorrected intermediate move in the context of a 12-month advance, that leaves the DXY far above its smoothing mechanism ([its 150-day moving average](#)).



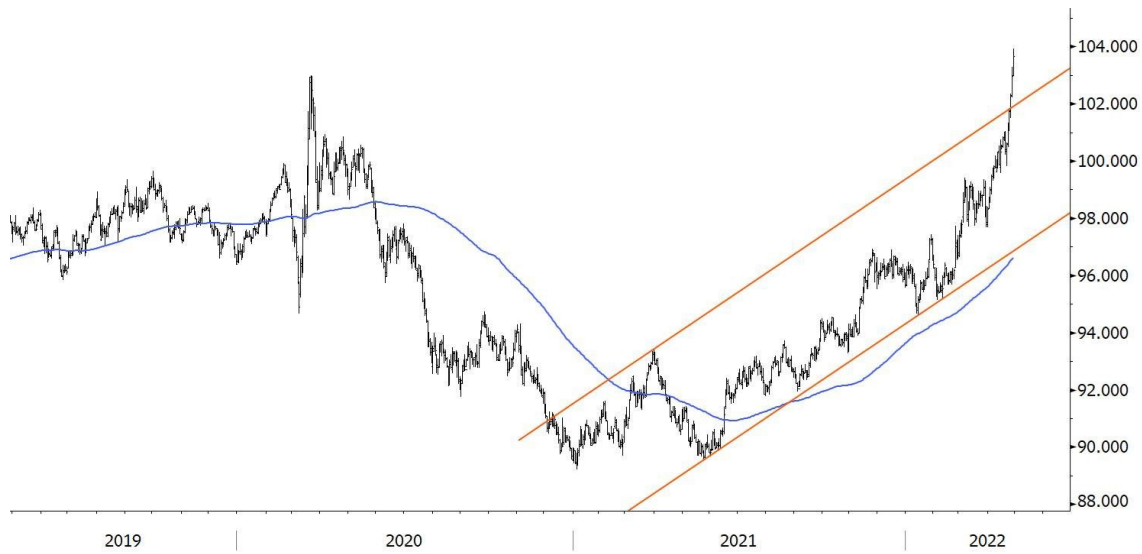
US Dollar Index, short-term chart 2 of 4:

Another way to depict the situation and just how far above trend the DXY is trading...



US Dollar Index, short-term chart 3 of 4:

Charts 1 & 2 above, combined...



US Dollar Index, short-term chart 4 of 4:

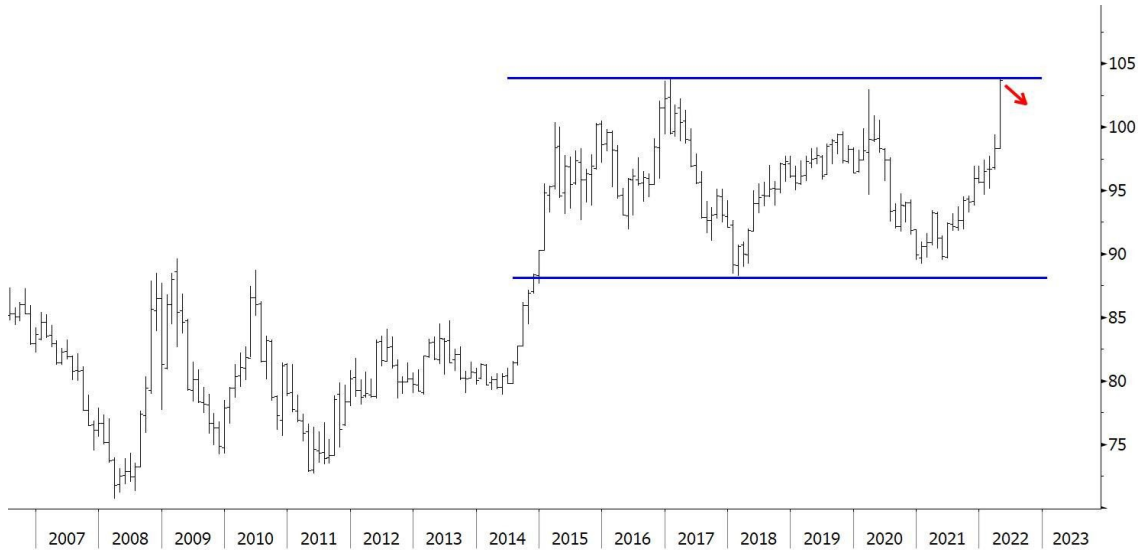
Our thinking is the DXY pulls back here (see red arrow drawn).



US Dollar Index, long-term chart 1 of 3:

A rally to well-defined former highs - an inherently difficult level. The rule of thumb to keep in mind is: *'A stock, index, currency or commodity that advances quickly to former highs typically will have to contend with said highs before exceeding them'*. (read: the security in question typically will back and fill - or back away - before breaking out to the upside).

See **red arrow** drawn; for short-term players we would trim longs/be short



US Dollar Index, long-term chart 2 of 3:

If and as the DXY backs and fills/back away in the days/weeks ahead, the presumption is a reassertion of strength and a breakout from the 8-year range in which the Greenback has been mired (see **green arrow** drawn).



US Dollar Index, long-term chart 3 of 3:

Another way to "draw the lines"



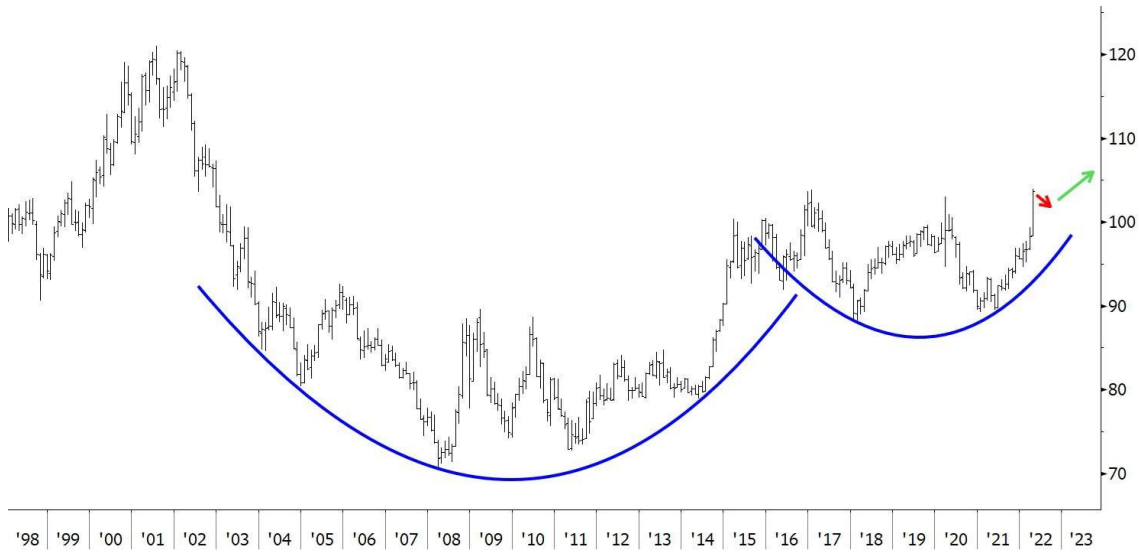
US Dollar Index, even longer-term chart 1 of 2:

Same chart as above, but even longer term (back to 1998)



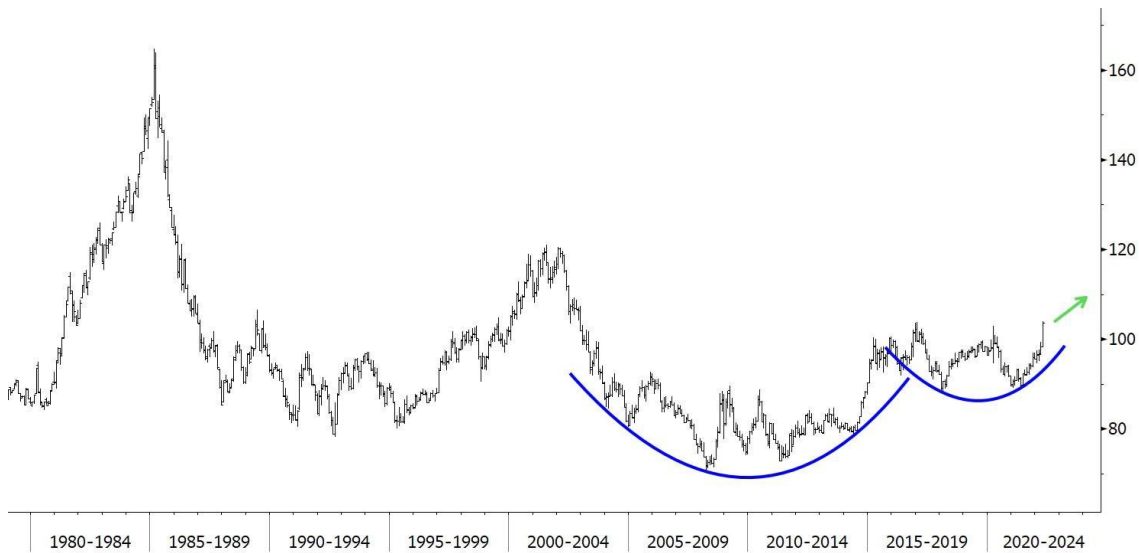
US Dollar Index, long-term chart 2 of 2:

Another way to "draw the lines" going back to 1998



US Dollar Index, super long-term chart 1 of 5:

Here's the same chart back to 1978



US Dollar Index, super long-term chart 2 of 5:

Another way to "draw the lines" going back to 1978



US Dollar Index, super long-term chart 3 of 5:

Yet another way to "draw the lines" going back to 1978



US Dollar Index, super long-term chart 4 of 5:

Still another way to "draw the lines" going back to 1978



US Dollar Index, super long-term chart 5 of 5:

Or this way... 1978 to present



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