TECH FOCUS

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U.S. DOLLAR: *Prepare to Land*

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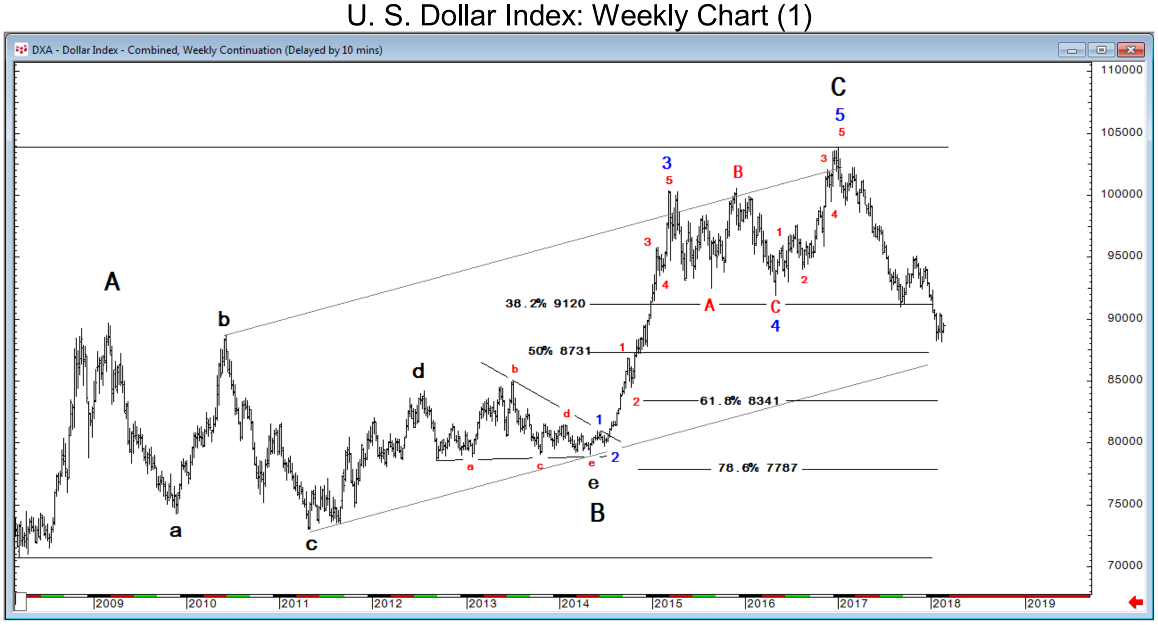
Towards the end of a long flight, we always find it comforting to hear the above command. It marks the end of one journey and the start of something else. We are viewing the dollar in a somewhat similar position implying an approaching low which we expect will be followed by a normal rally.

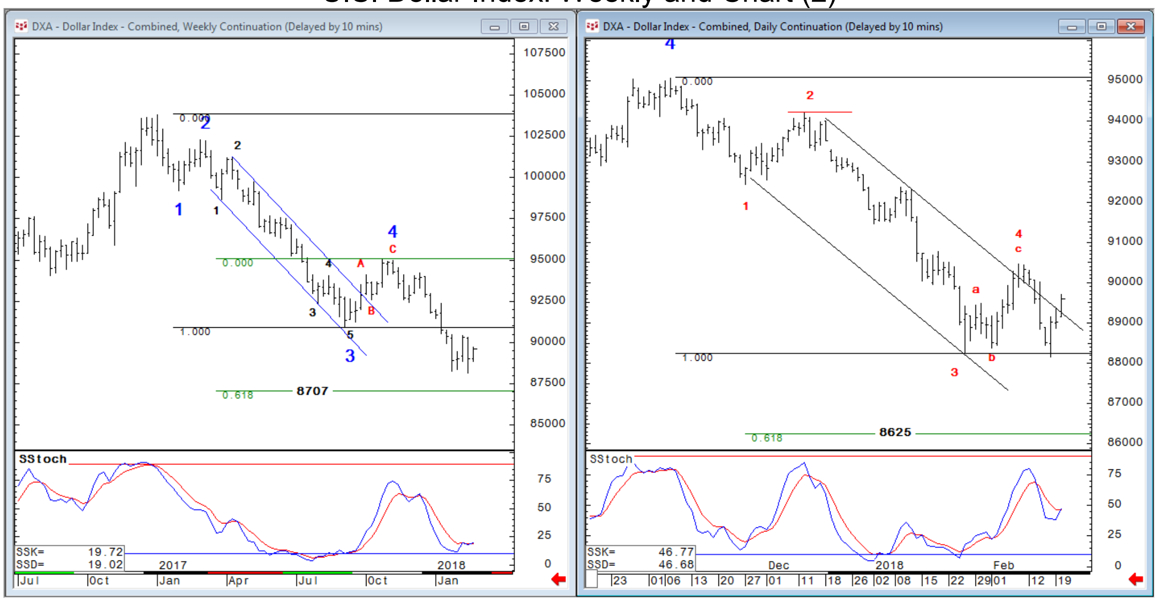
We'll start today with some backtracking. The first chart details our wave particulars of the dollar's multi-year rise to the important high in 2017. We are now anticipating a multi-year decline with the end of the first stage down coming into view.

U. S. Dollar Index: Weekly Chart (1)



The chart above notes 3 important levels where potential support was anticipated. The levels are ***91.20***, ***87.31***, and ***83.42*** which are respectively, the 38.2%, 50% and 61.8% retracements. In September the dollar reached a low ***90.99***, a marginal overshoot of the first level. That low was accompanied by a large 7-point reversal pattern (not illustrated today) and time considerations, which warranted a couple of possibilities. We covered the scenarios in an October article, (**U.S. Dollar: *Under the Microscope***). Allowing some time and price activity cleared up the dichotomy between 2 competing scenarios resulting in the favored case which follows.

U.S. Dollar Index: Weekly and Chart (2)



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Basically at the early September low (at 3) it was a coin toss between considering a ***simple*** wave-4 correction was operative or possibly the beginning of a more time-consuming and ***complex*** countertrend correction. The first alternative proved the correct one and now, the dollar price decline is maturing in a wave-5 to the downside. At 61.8% of the net decline of waves 1-2-3 on the weekly chart, wave-5 projects to ***8707, very close to the 50% retracement (8731) of the dollar rally from the March 2008 low to the January 2017 high.*** The low to date has been ***8815.*** Is it possible a low has formed? It is possible but we don't have and strong confirmation as yet.

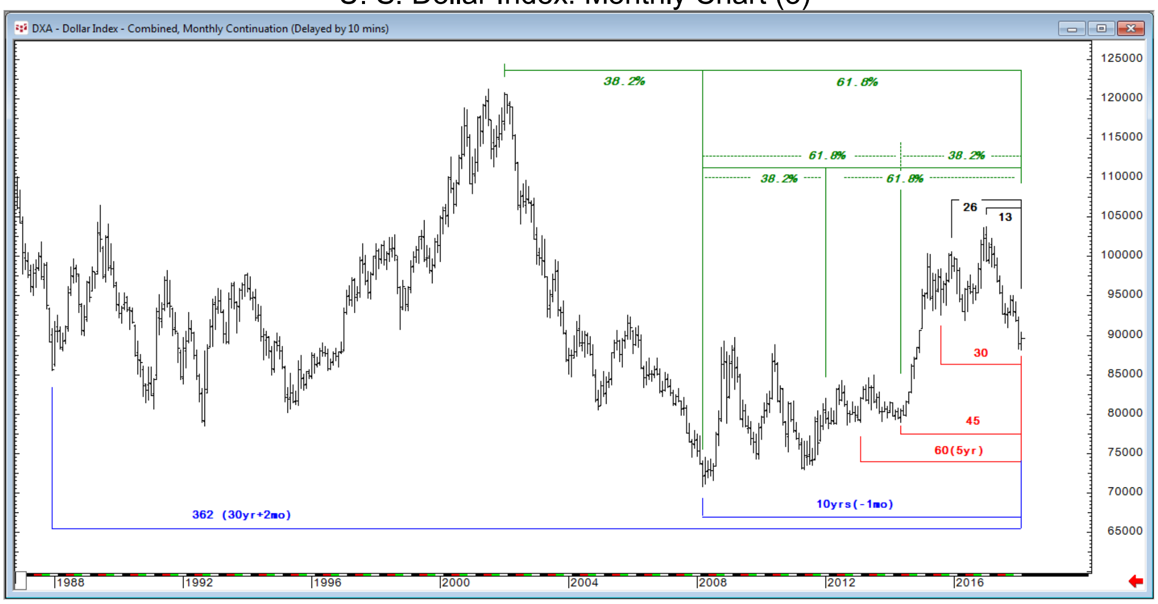
Commonly, when we begin to look for a turn in a market, it starts with evidence from the ***price*** axis. We then move to the ***time*** axis with the objective of developing a relatively tight cluster of ***timing intervals*** from previously important market turns. The nature of the intervals will vary. They may be Gann inspired "cycles," annual anniversaries from previous market turns, historical price turns which are related by the Fibonacci time series, equal swings in time between important previous turns and sometimes some new creative relationships. We are looking for price and time to agree. The longer term monthly chart is probably the most important.

On the monthly chart which follows below, we have a number of observations which support February (plus/minus one month) being an ideal time for a dollar turn.
Our wave analysis above obviously suggests a ***low.***

On the monthly chart we will start with the shorter time periods. February is equal swings in time of 13 and 26 weeks, each of which was a price high. The 30, 45, and 60 month intervals in February are 15 degree intervals within the natural cycle of 360 degrees. Each originated at a market turn. Additionally, the 60-month is a 5-year anniversary. The 10-year anniversary (120 months) is off by one month, a permissible variance. The 30-year interval is one–half of Gann's master 60-year cycle. That is exceptionally long term and we will allow a 2 month variance. It originates at the December 1987 low, the first of 3 prominent long term lows in the 1987-1992 period.

Our last evidence is two Fibonacci Golden sections. All of the foregoing ideally terminate in the month of February.

U. S. Dollar Index: Monthly Chart (3)



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