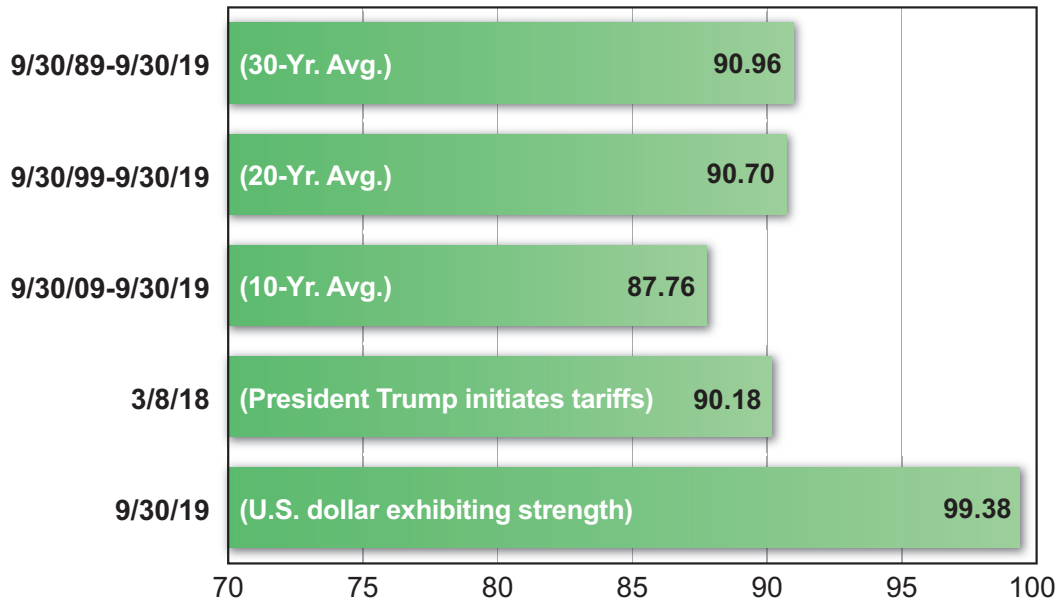


One Take On The U.S. Dollar

U.S. Dollar Index (Key Days & Averages)



Source: Bloomberg. Data thru 9/30/19.

View from the Observation Deck

1. We get asked from time to time what our take is on the U.S. dollar and where we think it may be headed next.
2. The dollar is still regarded as the world's primary reserve currency. Its relative strength over time can be influenced by such things as central bank monetary policy, geopolitics and trade.
3. U.S. investors with exposure to foreign securities, commodities and the stocks of U.S. multinational companies are particularly vulnerable to fluctuations in the U.S. dollar.
4. Predicting the direction of the dollar, or any currency, can be a daunting task, even for professionals who specialize in it. One thing we can provide is some context.
5. As indicated in the chart above, as of 9/30/19, the 10-, 20- and 30-year averages for the U.S. Dollar Index carried readings of 87.76 to 90.96, which is a relatively tight range.
6. When the Trump administration officially launched its initial round of tariffs on 3/8/18 targeting steel and aluminum imports the U.S. Dollar Index (DXY) stood at a reading of 90.18, in line with the historical averages.
7. To add some additional context, over the past 30 years, the index peaked at a reading of 120.90 on 7/5/01, while hitting a period-low of 71.33 on 4/22/08, according to Bloomberg. The 99.38 reading on 9/30/19 reflects strength, but is not extraordinarily rich.
8. The escalation of trade tariffs has played a significant role in the increased volatility in the markets and the rise in the U.S. dollar, in our opinion. Despite the two recent rate cuts by the Federal Reserve, we believe that investors are still concerned that the ongoing trade conflict between the U.S. and China (18 months and counting) is negatively impacting global growth.
9. In the current climate, the U.S. dollar provides a safe-haven destination for capital.

This chart is for illustrative purposes only and not indicative of any actual investment. 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.

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