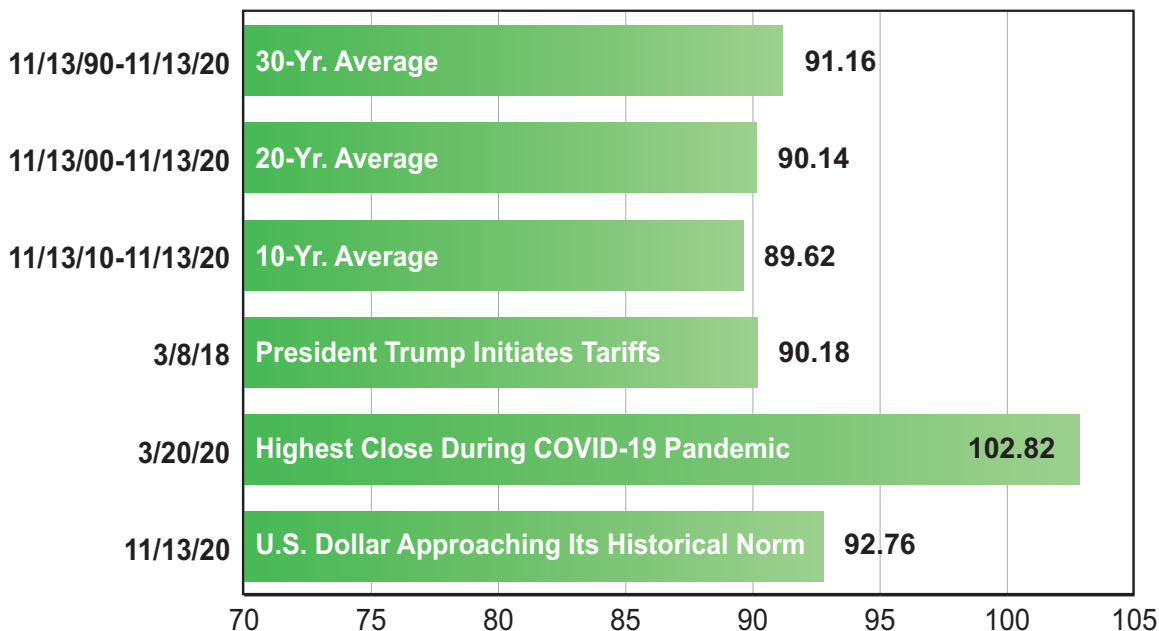


# A Snapshot Of The U.S. Dollar

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



Source: Bloomberg.

## 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 11/13/20, the 10-, 20- and 30-year averages for the U.S. Dollar Index carried readings of 89.62 to 91.16, which is a relatively tight range over a span of 30 years.
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.
8. Citigroup estimates that the dollar could decline by as much as 20% from its current level in 2021 should the COVID-19 vaccines become widely distributed and help boost global trade and economic growth, according to Bloomberg. It noted that investors could rotate out of U.S. assets into international assets if growth overseas accelerates faster than in the U.S. The last time the U.S. Dollar Index was below a reading of 75 was in October 2011.

*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.*

*The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.*