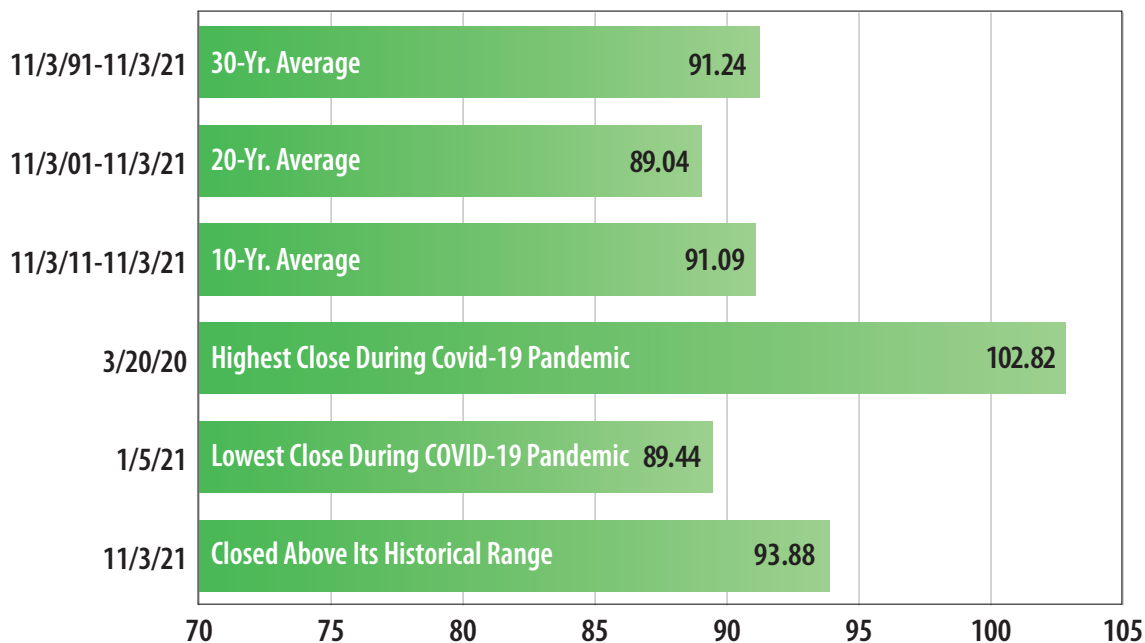


A Snapshot Of The U.S. Dollar

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



Source: Bloomberg. Prices as of 3:30PM CST on 11/3/21.

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 11/3/21, the 10-, 20- and 30-year averages for the U.S. Dollar Index registered readings from 89.44 to 91.24, which is a relatively tight range over a span of 30 years. The average of the three averages is 90.46, a bit below where it stood at the close on 11/3/21 (93.88).
6. 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.
7. The Federal Reserve announced yesterday that it will begin to taper its monthly purchases of Treasuries and mortgage-backed securities later this month. It plans to trim it from \$120 billion (\$80 billion in Treasuries and \$40 billion in mortgage-backed securities) by \$15 billion per month until it finishes the process around mid-2022, just in time for the market implied initial federal funds rate hike in July 2022, according to Brian Wesbury, Chief Economist at First Trust Advisors L.P.
8. A recent Reuters survey of nearly 70 foreign exchange analysts found that the U.S. dollar's relative strength against major currencies in both the short and medium-term will likely be influenced most by investors favoring currencies associated with higher interest rates.

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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