

## US\$ INDEX REACHING KEY RESISTANCE WITHIN THE ICHIMOKU CLOUD

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Beware! The US\$ index closed the first quarter of 2024 at 104.51, and on April 3 tested the pivotal level of 104.50-105.00. Will the US\$ Index break that level and rise toward 107 or even the 111-114 area? The answer lies in the weekly chart below which is worth 1000 words..

You are looking at the past trends outlined in blue rising support lines for uptrends and red descending resistance lines for downtrends. And, suddenly, your eyes is drawn by the vertical lines in the lower panel, representing the STO for short-term momentum and the MACD for longer-term momentum. Then your attention is drawn to the upper panel that displays the \$/Yen, the S&P500, and the CRB Commodity

Index, which is heavily weighted in OIL. Each of these lines has a specific non-stable correlation with the US\$ Index, which will influence any brain in guessing the probability and extent of the potential rise of the US\$. And, the icing on the cake is the role of the currently red Ichimoku Cloud, the impact of the narrowing Bollinger Bands, representing the last six months (20 weeks) of historical volatility, and the correlation of the spread between the 10-year US Treasury and the 10-year German Bunds.

The WealthGram readers may want more information than just: A rise to 106.50, the top of the cloud followed by a major reversal below 100. Need a follow-up? Do not hesitate to get in touch.

**Chart: US \$ Index in weekly candles with Ichimoku cloud and Bollinger Bands and a flat 40 week Moving Average (thick green line).** The yield spread of the 10-year US Treasury Index minus 10-year German Bunds is represented with a rebounding orange solid line, recently less correlated with the direction of US\$ Index candles.

**Upper panel:** the rising US\$ versus the Yen in gold solid line and the rising CRB Commodity Index (heavily weighted in oil) in the red dash line (both in % change on the left scale since October 2021). In addition, the green solid line is the S&P500 (SPX) on the right scale.

**Lower panel:** the just turning positive MACD has been flat for a month, suggesting a "not trending" US\$ Index, while the weekly "Slow STO" crossed up in mid-March, mirrors the minor second rebound toward the top of the range at 104.60-104.88, which is also the Fibon 62% of the decline 107.05-100.82. The thick dashed blue line displays this key pivotal area located within the Cloud and within the narrowing weekly Bollinger Bands.

Source of data:  
Stockcharts.com  
Analysis by BEST



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