US$ Index is Still Below its Wide Range at 106.50-100.50 Drifting Toward 93-94

$-Swiss has broken key support, becoming resistance, while $-Yen drift toward major support!

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On March 3, 2025, at 106.66, we mentioned the rumours about a "Mar-a-Lago" accord to devalue the US dollar currency, reminiscent of the Plaza Accord. The purpose is not to argue if it makes sense, just to "read" what the market suggests with its price behaviour. From 106.66, the US dollar index declined toward the cloud(104-103) around mid-March and was knocked down from "Liberation Day" onward below the previous major support of 100 to spike near 97.92. The recent minor rebound remained below the key level of 100.50 (38% Fibonacci retracement of 104.71-97.90). Some market participants would see a rise above that level as a sign of trend change. At least, above 100.50, the declining downtrend would leave the stage to be replaced by a sideways consolidation, preceding the arrival of higher Lows and Highs characteristics of a new uptrend for the $.

At least it would be what the sinusoidal cycle would suggest at first sight. Here the layman could be misled by the display of the sine wave. Indeed, a turn into the rising phase of a cycle signals only the "Timing", not the extending of the "Amplitude": for example, a cycle turning up (as displayed for June 2025 on the chart) would confirm the transition from a downtrend only into a sideways consolidation, not automatically into an uptrend. Indeed, after a pause, the major downtrend may resume with vigour after entering the next down phase of the cycle (as displayed for October 2025 on the chart).

Astute analysts will also follow the technical pattern of the pair $-Swiss Franc (Swiss Franc is viewed as a gold-backed strong currency), which has already broken below its major support and has, therefore, lower targets. Of course, the pair $-Japanese Yen is also important, not only because it has not yet broken below its major support (140 Yen per $), but also because $-Yen has a special behaviour, well known by Veteran FX traders: when it breaks key support and starts a new trend, it trends so fast that it takes no prisoners. In March we mentioned the $-Brazil Real (Real viewed as an exotic "Carnivalesque" weak currency). Still, the Real is not so weak nowadays, becoming even stronger thanks to the advantages that Latin America has over China these days, so focus on the STABLE SWISS FRANC and the SPEEDY YEN!

Chart of the US $Index (99.90) represented on an arithmetic scale since March 2022 in weekly candles with Ichimoku cloud (right scale)

• Behind the $Index, in the orange solid line is the S&P500 (5569 on left scale). The **black sinusoidal line** is an approximate cycle, expected to bottom in June 2025. Also are displayed 3 horizontal lines at 115, the September 2022 high, 106.50 the April 2024 high, and 100.50, the September 2024 low, which is a key pivotal level (38% Fibonacci of 104.71-97.90)

• **Upper Panel:** In the green dotted line is the parity US$-SWISS FRANC ($One: $XDS 0.83 per $ on left scale), in **black solid line** the parity $-Yen (143 yen per $ on right scale) with their respective key support trendlines (broken for $-Swiss, not yet broken for $-Yen)

• **Lower Panel:** As of May 1, 2025, the momentum is declining as the weekly STO is still bottoming in an oversold area and the MACD is declining strongly at an all-time low below even the low of 2023, still suggesting a downtrend as long as it is below 100.50.

Source: Stockcharts.com -illustration B E S T .