
US dollar benefits from higher oil price

A strong US economy and, more recently, a higher oil price explain much of the US dollar's strength in 2023. The Fed's interest rate decision later today and September PMI figures from France, Germany, the UK and the US on Friday could move markets this week.

The USD fell surprisingly in September. On 8 September, the US Dollar Index broke a rare eight-week winning streak, its longest since 2014. The fact that the US economy is stronger than both Europe and Asia explains part of the divergence. But the US has also become a net exporter of oil. After 2020, the inverse relationship between the US dollar index and crude oil prices has gradually turned positive.

Today, Wednesday, 20 September, the Fed makes its interest rate announcement, followed by Powell's press conference. The key macro news on Friday the 22nd will be the September PMI figures from Germany, France, the UK, and the US.

The MACD on the S&P500 weekly chart has generated a soft sell signal.

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