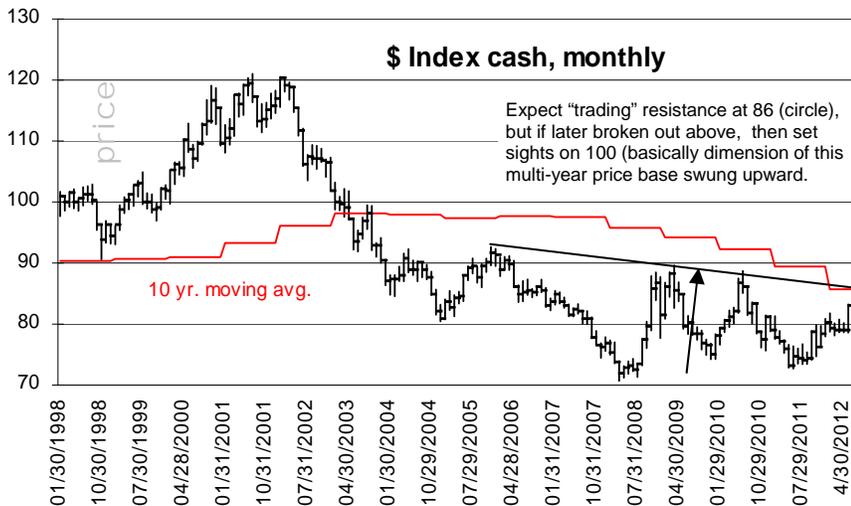


JULY 6, 2012

# Momentum Structural Analysis

## Dollar Index Update - the big stuff of 2012

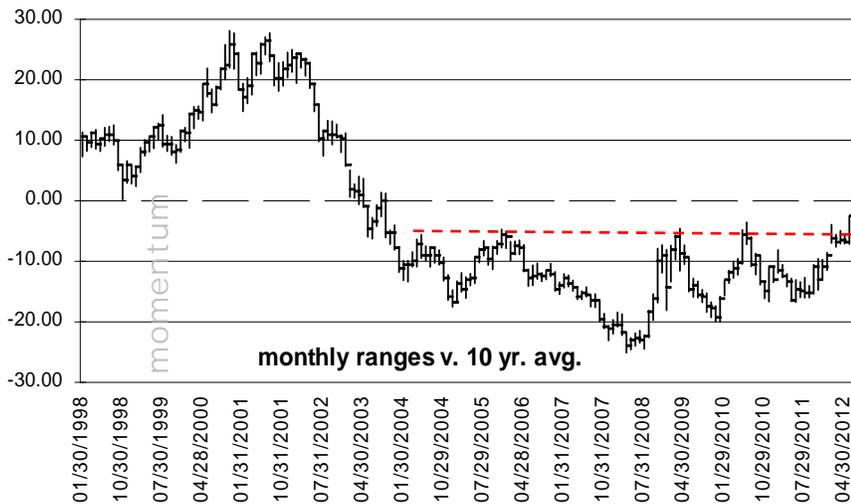


In Sep. 2011, MSA began to make a macro-technical case for a major Dollar advance this year. And that such an advance would likely be an 800 lb. gorilla factor for many other market trends. Wave effect. At that time Dollar was around 77 and it is currently 83+. Not exactly a massive move since Sep. 2011, but technically the advance to date has triggered enough major factors (momentum and price) to suggest that further large gains are fully within the reasonable and almost to be expected.

Annual momentum, and in this case I am using very long term momentum in the form of 10 yr. avg. momentum study, has broken out of an 8-year wide base. Quite massive technically speaking.

Meaning the Dollar has been incubating under water (under zero line) for an awfully long time. Whatever factors were at play in keeping it depressed have certainly had their clock opportunity to accomplish whatever was needed in terms of "pricing" those factors into the Dollar. Momentum now says that is over with.

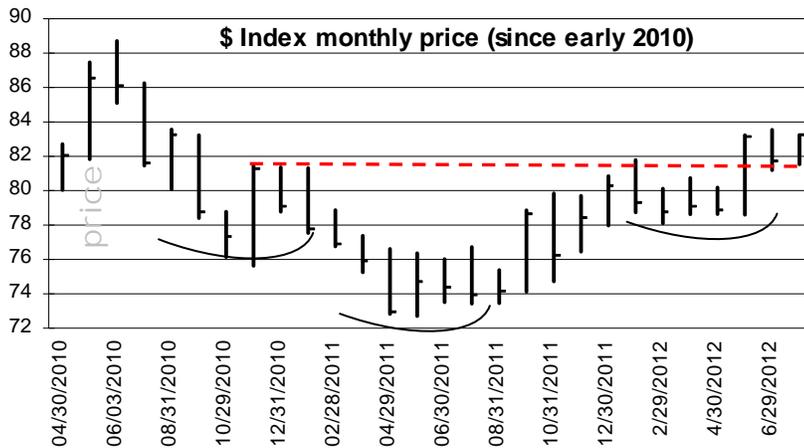
There is frankly no major resistance nearby, other than perhaps the zero line/10 yr. avg. and it is not really a structural issue, just a long term average. That average this year is at 85.71. As it happens reaching that level (around 86) would make some sense as at least a "trading" resistance area due to the fact that there is a downtrend line on the price chart that matches that level. Next page...



Momentum Structural Analysis (institutional technical research since 1992)

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Also, please note on the **price chart** (blow-up of past few years shown here) there is now a completed head and shoulder bottom for you orthodox price chart watchers. And given that momentum fully concurs with the upside breakout (in fact momentum led the price chart breakout) I therefore have no reason to doubt its technical validity.

It actually has a swing objective that suggests 90 on the upside. However, given the trend line that traces back to 2006 (trend line on price chart on p.1) I suspect that at around 86 (and coincidentally the 10 yr. avg.) there will be some snipers wanting to take their shot. I do not think they will succeed ultimately, but could cause some delay and congestion.

Longer term I do not even think that 90 will halt this advance. Instead, I remain very impressed by the massive size of the momentum base, and if the price chart trend line at 86 ultimately comes out, credibly, then the price chart suggests a **swing move to 100.**

For now, still looking for some flak up around 86 area.

Will update, but for now this is a recap of the long term trend technicals from *MSA's* vantage point.