Is the currently stronger U.S. Dollar Index a harbinger of future crises?

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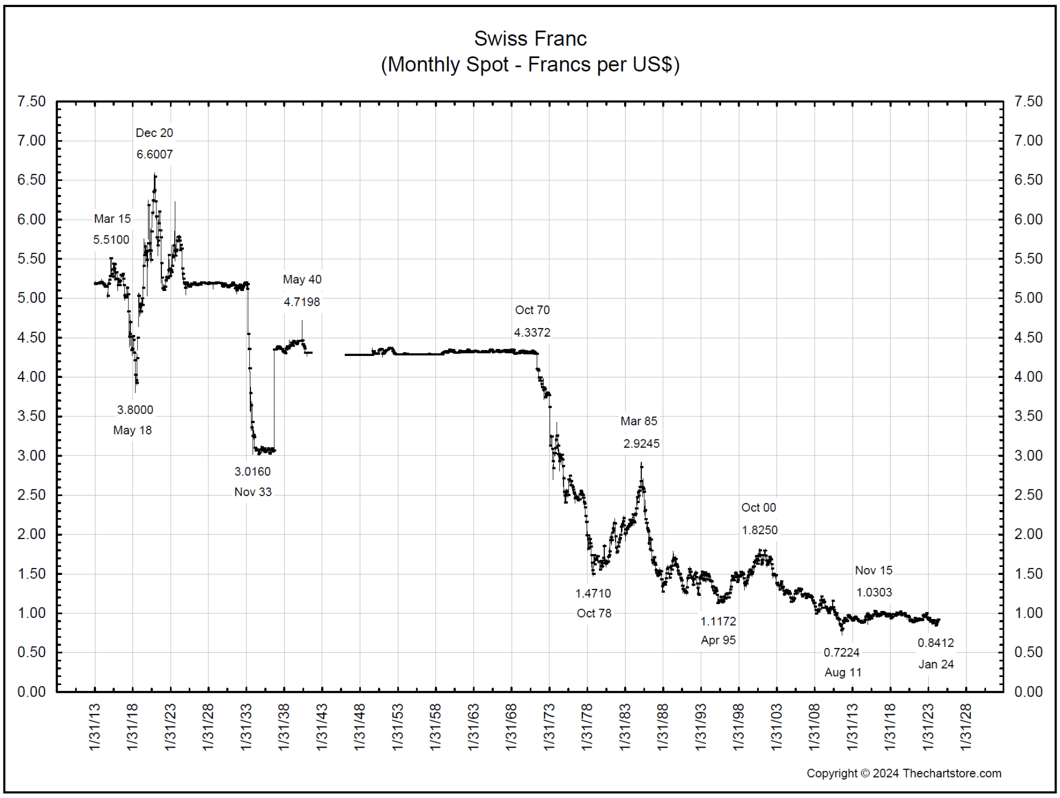
Data as of April 2024



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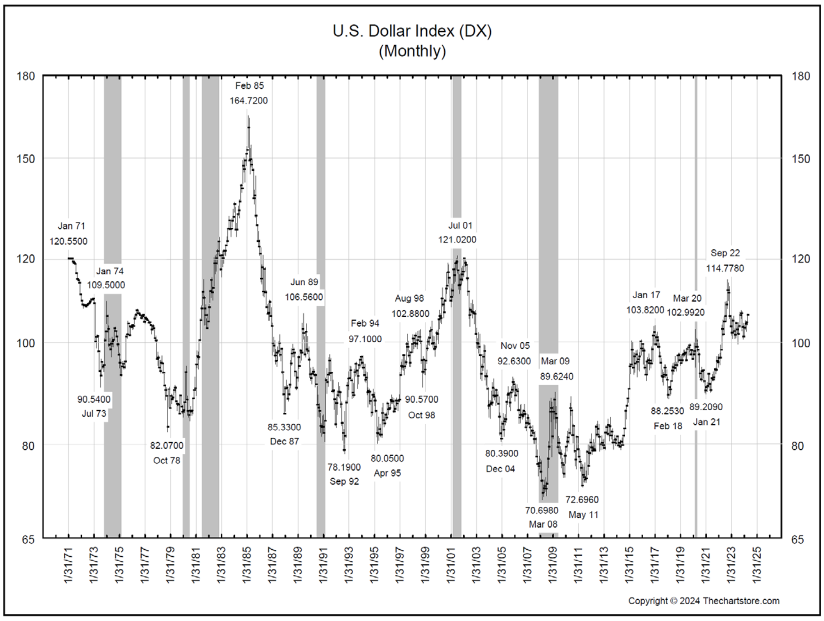

The historic U.S. Dollar Index (1971 to April 2024 - log scale - graph on left) is computed using a trade-weighted geometric average of six currencies:
Euro - 57.6%
Japanese Yen - 13.6%
British Pound - 11.9%
Canadian Dollar - 9.1%
Sweden Krona - 4.2%
Swiss Franc - 11.9%.

Historical Graphs are courtesy of: www.thechartstore.com

On his WSJ article a/o April 25, 2024, the author, Greg IP, inferred that ... "*Solid growth, big deficits and a strong dollar stir memories of past crises*". In particular, he mentioned 1971 and 1985 (see details in the article and on page 24 /bottom article) as the most inspiring at the moment.

Those two major crises are well illustrated in the historic graph (1913 to present - log scale - top left) of the Swiss Franc versus the U.S. Dollar.

Seasoned analysts may remember the effect of the U.S. Dollar "forced" devaluation in 1971 and 1985 in particular.

May it happen again?

Yes, indeed, because (a) a strong U.S. Dollar may significantly destabilize the international economy, and (b) the U.S. Dollar continues to be on "*one side of nearly 90% of all foreign exchange transactions*".