



(UBS)

Strong dollar takes hold

14 November 2024, 1:56 pm CET, written by UBS Editorial Team US Editorial Team

The US dollar has gained further momentum after the US election, with currency investors pricing in a protectionist and higher-growth Trump agenda.

The DXY index is on track for its seventh straight weekly gain—and is up around 6% since the start of October. The EURUSD has fallen close to 1.05 for the first time in a year, while the USDJPY is back near 156—a level that officials are likely uncomfortable with.

Our view: While Donald Trump's policy agenda is still subject to considerable uncertainty, his short-term positive impact on the dollar looks more assured. New tax cuts would make US investments attractive to foreigners. The threat of tariffs and higher yields should both boost the appeal of the dollar.

We now anticipate the USD is likely to stay in overvalued territory for some time, and have adjusted our broader currency forecasts to reflect this. However, we think there are limits to dollar strength, and the positivity already priced into the dollar reflects only one side of the story. It's not yet clear how President-elect Trump's policies will be funded over the medium term. A further rise in US bond yields could weigh on the economy through mortgages and debt services. We must also remember the President-elect's stated desire for both lower interest rates and a weaker dollar.

We raise our USDJPY forecasts to 155, 152, 150, and 147 for December 2024, March 2025, June 2025, and September 2025, respectively (from 147, 143, 140, and 138 previously). We expect the EURUSD to remain in its recent trading range of 1.05-1.12 over our forecast horizon and see merit in yield-generating strategies as a means of diversifying income sources.

For more, see the US Daily - [Building a resilient portfolio as red sweep reshapes markets, 14 November 2024.](#)



shall not be construed to include any legal or tax advice, investment research, sales prospectus, an offer or a solicitation of an offer to enter in any investment activity. Neither UBS nor its directors, employees or agents accept any liability for any loss or damage arising out of the use of all or any part of this document. For further information, please contact the document owner.

Important information

As a firm providing wealth management services to clients, UBS Financial Services, Inc is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures UBS provides to you about the products or services offered. For more information, please visit our website at www.ubs.com/workingwithus.

© UBS 2024. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.

There are two sources of UBS research. Reports from the first source, UBS CIO Global Wealth Management, are designed for individual investors and are produced by UBS Global Wealth Management (which includes UBS Financial Services Inc. and UBS International Inc.). The second research source is UBS Group Research, whose primary business focus is institutional investors. The two sources operate independently and may therefore have different recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please consult your Financial Advisor. UBS Financial Services Inc. is a subsidiary of UBS AG and an affiliate of UBS International Inc.