



July 15, 2025

UPDATE NOTE

THE CHART CHECK

US leadership vs. World intact until proven otherwise

US leadership holds despite weaker US Dollar

The US Dollar Index (DXY) and the S&P 500 (SPX) relative to the MSCI World both bottomed in 2008, marking the start of a 16+ year trend of US equity leadership that has largely coincided with a rising dollar. While the 2025 breakdown in the DXY poses a risk to this trend (June 9 *Charted Market Insights*), US leadership remains intact. Similar to periods in late 2017-mid 2018 and mid 2020-late 2021, the SPX continues to hold its uptrend relative to MSCI World in 2025, supported by rising 100- and 200-week moving averages (WMAs), despite dollar weakness. A decisive break below these WMAs would be needed to suggest a loss of US leadership.

SPX bullish vs. World on oversold test of uptrend support

Yes, the 16-year+ uptrend for the SPX vs. MSCI World as a mature leadership trend. Despite its age, this uptrend is holding support once again with an oversold reading from price momentum as measured by the 28-week Williams %R. Since 2010, similar oversold signals with the SPX/World ratio at or above the 100-WMA have preceded a push to new highs within the US leadership trend. The current oversold test of uptrend support could trigger another leg higher for US leadership in the second half of 2025.

URTH poised for another down-leg vs. the SPX on overbought test of resistance

From a global investor's perspective, the iShares MSCI World ETF (URTH) is positioned for another down-leg relative to the SPX after an overbought test of downtrend resistance within its long-term lagging trend. Since 2010, similar overbought signals, with the URTH/SPX ratio at or below the 100-WMA, have typically preceded a drop to lower lows within the lagging trend for URTH. The current overbought test of downtrend resistance suggests further downside for URTH vs. SPX in the second half of 2025.

Watch the monthly candles as the DXY bounces off 14-year uptrend support

A rising DXY has generally coincided with a US leadership trend vs. the World. The DXY is rallying off support at the intersection of its 14-year uptrend line and the lower boundary of a down channel from mid-2022 near 96.50. A continued bounce that results in a July close above 98.14 would confirm a monthly piercing pattern, a bullish candlestick reversal signal. A stronger close above 99.41 would establish bullish engulfing pattern on the monthly chart, an even more powerful candlestick bottoming setup, increasing the potential for a durable low following the 12.5% decline in the DXY from mid-January to early July.

Improving 14-day RSI sets up a bullish divergence for DXY

Bullish divergences for the 14-day RSI triggered rallies for the DXY from its lows in February 2023, December 2023, and September 2024. Higher lows on the 14-day RSI suggest improving price momentum as the DXY dropped to lower lows between late April and early July to set up another bullish divergence. The prior three bullish divergences triggered rallies above the 50-DMA. If the current divergence follows suit, the DXY could surpass its 50-day MA at 98.85 and trend toward the 38.2% retracement of the January-July decline at 101.65.

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July 15, 2025

The US versus the World

US leadership holds despite weaker US Dollar

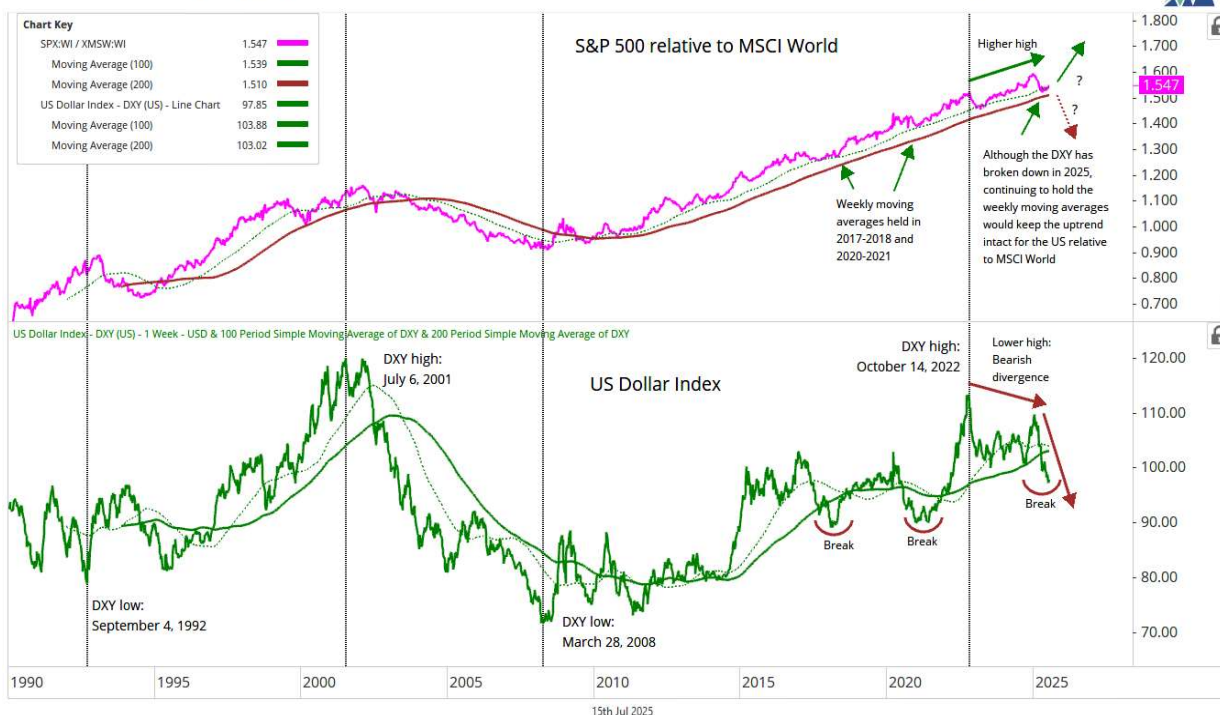
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Chart 1: S&P 500 versus MSCI World (top) and the US Dollar Index (bottom): Weekly chart

S&P 500 Index / MSCI World Index - Weekly - USD

S&P 500 Index / MSCI World Index

Weekly



Source: Optuma



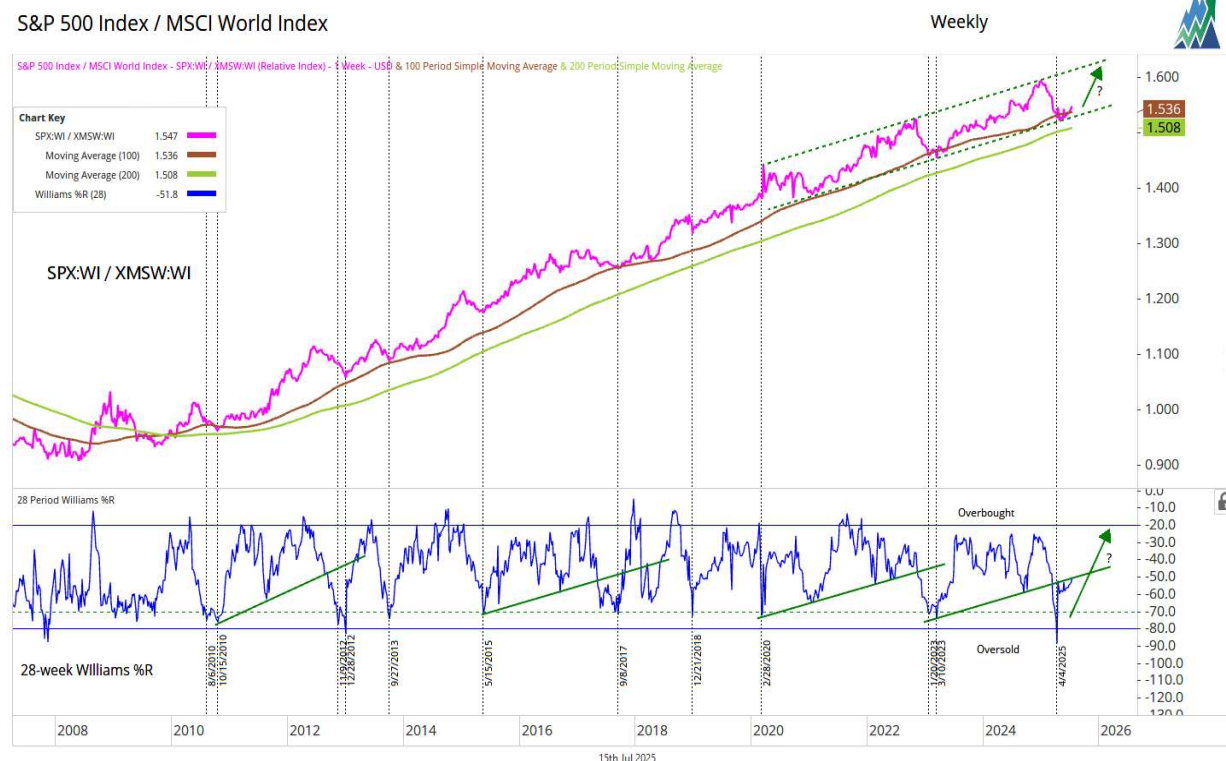
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Chart 2: S&P 500 versus MSCI World (top) and the 28-week Williams %R (bottom)

S&P 500 Index / MSCI World Index - Weekly - USD



Source: Optuma



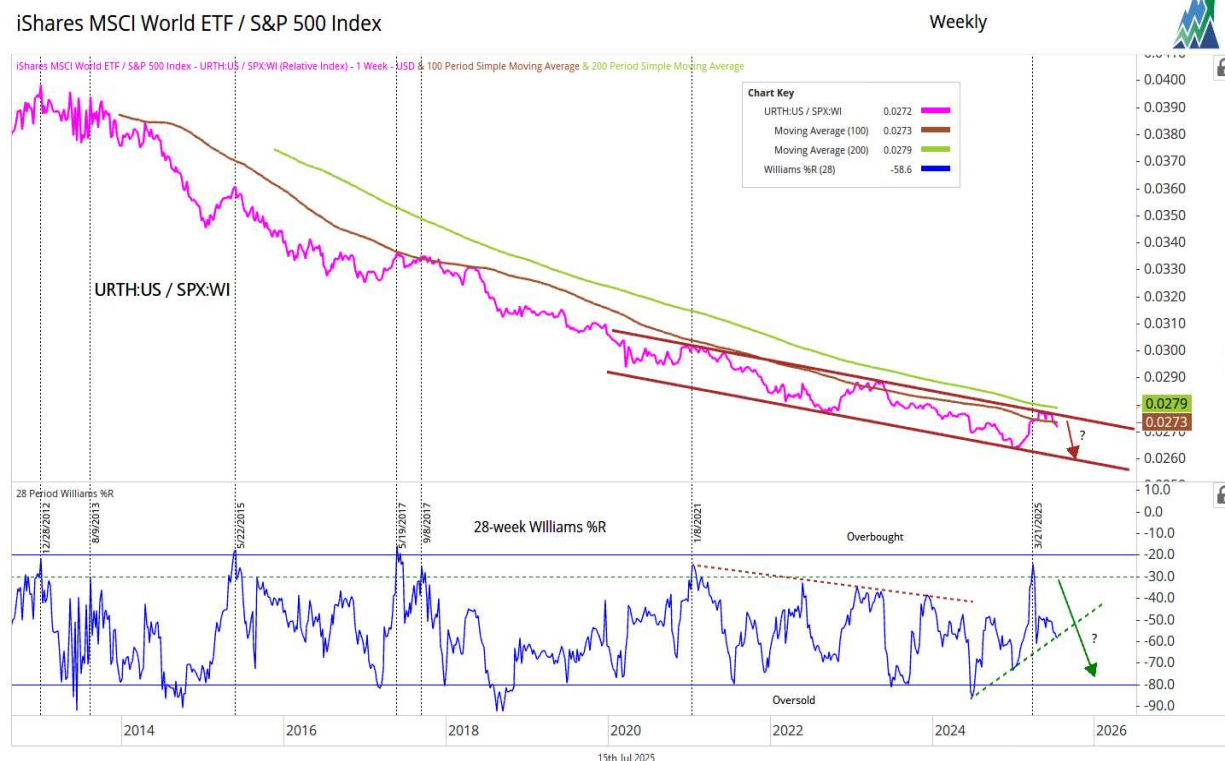
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Chart 3: iShares MSCI World ETF (URTH) vs. the S&P 500 (top) and the 28-week Williams %R (bottom)

iShares MSCI World ETF / S&P 500 Index - Weekly - USD



Source: Optuma



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The case for a rally in the US Dollar Index

Watch the monthly candles as the DXY bounces off 14-year uptrend support

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Chart 4: US Dollar Index (DXY): Monthly candlestick chart

US Dollar Index - DXY:W1 - Monthly - USD

US Dollar Index

Monthly



Source: Optuma



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Improving 14-day RSI sets up a bullish divergence for DXY

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Chart 5: US Dollar Index (DXY) (top) and the 14-day RSI (bottom)



Source: Optuma

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