

Time to Evaluate the Possibility of a Change of Trend

Quite a number of shrewd American investors have been buying foreign stock these last couple of years, and made good returns in the process. It was a good decision, especially since the dollar started to fall and fall.

Of course, nothing lasts forever, and there is a whiff in the air of a change in the attitude towards the dollar. This is not without some reason albeit, that many think it is nonsensical to consider that the dollar should begin to appreciate.

The malaise with which USA has been dogged for some time now, is starting to reach the shores of other countries, notably Europe. It was inevitable that the problems of USA would affect others. The position of interest rates, falling house prices, the lot.

These consequences might be beneficial for the dollar, and those shrewd American investors may well decide to cut back on their investments abroad, and return to their currency with a profit while they can, because a rising dollar value would cut into their profit. This may be just one reason of several, to start a reversal trend.

For one thing, the British pound in particular, has been valued too highly, and whatever injections of support it has been getting, cannot last forever. Also, the high position of the euro is not easy to live with much longer.

It is well known that many factors have pointed to dollar weakness, and there are numerous people who will think the currency must weaken again in the long run.

It would certainly be nothing new, to see things turn out in a manner contrary to the book. The foreign currency game is prone to surprises. However, there are times when surprises, when put under the microscope, are in fact events which should have been seen as very real possibilities. Those, with that little extra foresight, may well be tempted and step in early by siding with the dollar.

So, is this the moment when the gamble might pay off and the dollar appreciation start?

Everybody would like to know the definite answer to that, and the best way may be is to ask the question whether the dollar has reached the bottom.

This is the point where the gambling bit comes in. The answer is not too easy this time. The prize is certainly a big one, because if caught at the right time, the dollar might earn big money. However, if caught wrongly, how much more could it fall?

So the question is, are we facing the possibility of making a lot or losing a little. Put that way, it seems that the odds favour taking a chance with the dollar albeit, with your fingers firmly crossed.

If you are going to take a plunge, make sure you get the best attention and the best exchange rates. For this, make several calls to the various foreign currency exchange companies and select the one who offers the best deal. Almost without exception, they offer better exchange rates than the High street banks, and do not charge any extras.

They will not run away with your money, as they would have nowhere to run without being instantly caught. Your money is sent to their bank and transmitted directly and at once, to your bank.

These days, movements of funds are carefully noted, because of money laundering risks, and all British companies dealing with any money transfers etc., must be licensed by H.M. Revenue and Customs, and display the Registration Number issued to them, which can be easily verified. Similarly, other countries have their own precautions in place.

About the Author

Paul Dubsky is director of [Foreign Currency Exchange Services Ltd.](http://www.fxarticles.info) The company is focused on being able to offer really friendly currency exchange rates. We believe we are the only Foreign Currency Exchange company which offers special rates to Senior Citizens.

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