Strong dollar could crash the S&P 500, report claims

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A strong dollar could hammer companies that rely heavily on revenue from foreign markets.

A strong dollar could crash the S&P 500 — at least that’s what one report is claiming.

The dollar has been on a steady rise as the U.S. economy shows signs of recovering and the European economy continues to struggle, but a strong dollar can be very problematic for U.S. companies, states the Investment U report.

The report included a chart that shows how the U.S. Dollar Index compares to an index of 47 S&P 500 companies that get 50 percent or more of their revenue from foreign markets. The gap between the two indexes is large and continuing to widen, and if the trend continues, it could be a drag on the S&P 500.

The report quotes Campbell Harvey, who is a professor of finance at Duke University, who states that there is an "ugly contest" between the eurozone, Japan, and Canada to see who can debase their currency the most against the U.S. dollar, with the eurozone the likely victor.