

Chart of the Month

Our chart of the month dives into the gyrations of the US Dollar (USD) Index – a measure of the USD against a basket of other global currencies. While headlines regarding the USD became prevalent in 2022, they have re-entered the spotlight since the start of 2025 as Global Trade has taken center stage.

As is evident, the USD strengthened in 2022. Not only was this when the first headlines began to question “de-dollarization,” a result of sanctions on Russia for their invasion of Ukraine, but it was also the inflationary period that kickstarted the swift rise in US interest rates. The higher rates in the US drove the dollar’s strength in 2022 as investors around the world sought to own US assets. Our August 2022 Viewpoint illustrated the opportunity to travel abroad and use those appreciated US Dollars!

Fast forward to the present, and the USD has once again seen more dramatic action because of the election of President Trump and subsequent actions taken on global trade. The nature of tariff policy has put the narrative of the US Dollar’s status as the Global Reserve Currency back into question, and since the start of 2025, we’ve seen the Dollar Index weaken considerably. Even still, it remains relatively strong once you zoom out from the recent 3-4 years.

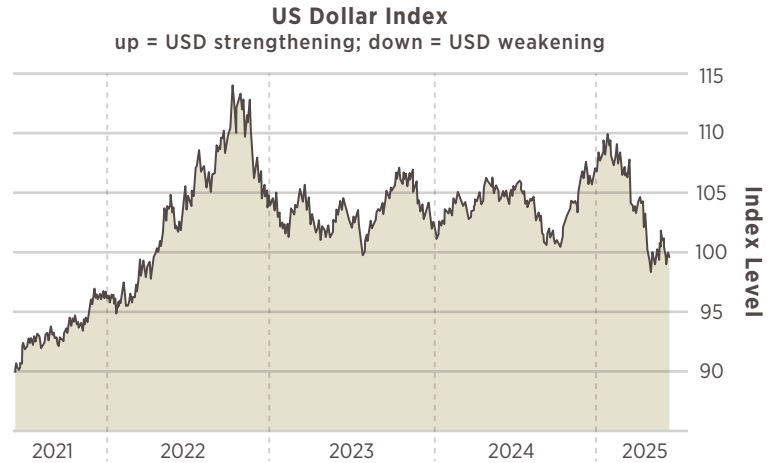
Why the recent weakness? To start, as was just noted, the USD remains relatively strong to a longer historical perspective. Therein lies the idea that the dollar was due to weaken given its valuation. More impactful in the exact moment, however, has been the Trump Administration’s tariff policy that has been viewed by the markets as the US becoming more protectionist or isolated. This, in turn, can make investors less likely to want to own USD assets. So, the next marginal dollar is likely finding a home elsewhere.

Implications for the Dollar’s Status? This is a more complex situation. We do know, per the IMF, that the US Dollar remains the dominant currency in proportion to the World’s Foreign holdings (57.3% as of 9/30/2024¹), but it has been in decline for the past 10 years.



De-Influencing: How to Avoid Overspending in a Digital World

In the digital age, the content displayed on your phone is tailored to your interests and behaviors. Influencer marketing on social media platforms and the ability to buy products directly from these apps has a significant impact on your purchasing decisions. All of this can lead to impulse buying and overspending. To avoid doing so, take more time before making purchases, set a budget, create a sinking fund for your luxuries, and find alternative ways to boost your mood without spending money. Visit 6meridian.com/deinfluencing-overspending to read the full article.



Source: Bloomberg. DXY Index. Data as of 5/30/2025.

US markets also provide depth and liquidity that is unequaled across the globe. And finally, the USD remained on one side of 88% of all trades as of 2022², maintaining its powerhouse status.

Despite the current noise, any deterioration in the world “de-dollarizing” is unlikely to occur in short order given how intertwined it remains across assets. However, given the moves we have seen in the likes of gold, for instance, it is not shocking to see the narrative pick up steam. The overhanging question remains – if not US Dollars, then what? From an investment perspective, we find value in owning a diversified global portfolio that can support smoother rides across a variety of uncertain future outcomes.

1. International Monetary Fund. (n.d.). Currency Composition of Official Foreign Exchange Reserves (COFER) Dashboard. Retrieved June 2, 2025, from <https://data.imf.org/en/Dashboards/COFER%20Dashboard>
2. Bank for International Settlements. (n.d.). Triennial Central Bank Survey: Foreign exchange turnover in April 2022. Retrieved June 2, 2025, from https://www.bis.org/statistics/rpfx22_fx.htm

Source: Bloomberg 2025		May	YTD	2024	ETFs/Benchmarks
Stocks	United States	6.3%	1.0%	24.9%	SPDR S&P 500 ETF (SPY)
	Intl Developed	4.6%	17.4%	3.4%	iShares MSCI EAFE ETF (EFA)
	Emerging Markets	3.8%	8.4%	6.9%	iShares MSCI Emerging Markets ETF (EEM)
Bonds	US Investment Grade	-0.7%	2.4%	1.4%	iShares Core U.S. Aggregate Bond ETF (AGG)
	US Municipals	-0.2%	-1.3%	1.1%	iShares National Muni Bond ETF (MUB)
	Intl Investment Grade	0.0%	1.5%	5.0%	iShares Coare Int'l Aggregate Bond ETF (IAGG)
	Global High Yield	1.3%	7.9%	3.0%	iShares Global HY Corp Bond UCITS ETF (HYLD)
	Emerging Markets \$	1.0%	2.9%	6.1%	iShares JP Morgan USD EM Bond ETF (EMB)
Other	Commodities	2.1%	-2.0%	5.9%	iShares GSCI Commodity Dynamic Roll ETF (COMT)
	Gold	0.0%	25.3%	27.2%	Gold New York Spot (\$/oz)
	Oil	4.4%	-15.2%	0.1%	Crude Oil WTI/Global Spot NYMEX

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