

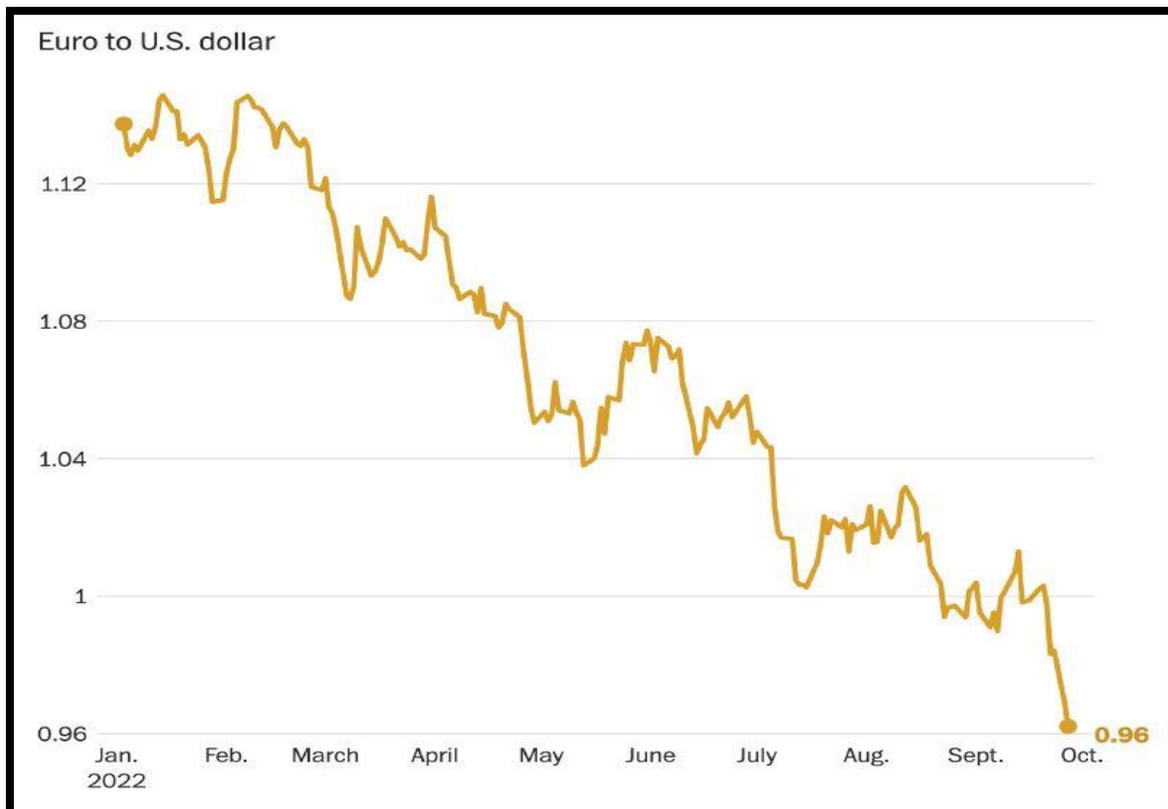


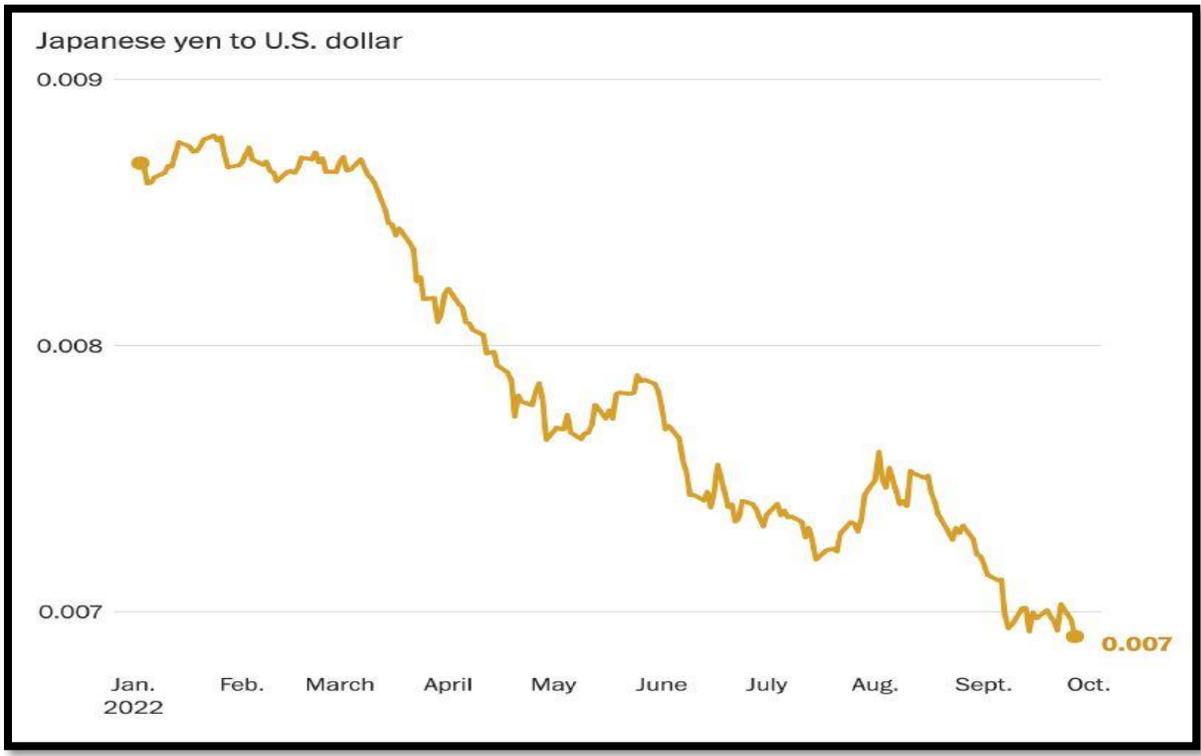
## The Ever-Stronger Dollar

October 11, 2022

There's an old joke that's kind of funny: during a time when the U.S. dollar is weak against other currencies, we see a patient at the end of a checkup sitting on the doctor's table with his shirt off, and the doctor is saying: "You're sound as a dollar. If you think about that for a minute, you'll check right into the hospital."

But today, 'sound as a dollar' is not just good news; it would be great news. The U.S. dollar, compared to other currencies, is more valuable today than it has been in two decades. For the first time, you can buy a Euro with a U.S. dollar on the currency markets, and very nearly buy a British Pound. That same dollar will buy 145 Japanese Yen, 60 Russian Rubles and 82 Indian Rupees. If you desire a lot of folding money, you can exchange that dollar for 42,350 Iranian Rials.





Overall, the U.S. Dollar Index, which measures the greenback's ever-fluctuating value against a basket of significant trading partners, is up 20%—one of the few things that IS up this year. That's good news for anyone buying imported products; they are proportionately cheaper than they were when today's almighty dollar was merely strong. And traveling abroad is now less expensive than it was 12 months ago.

But a muscular dollar also carries an economic price. Anything manufactured in the U.S. and exported abroad has become roughly 20% more expensive this year, making American companies less price-competitive with companies that produce locally or in countries with cheaper currencies.

As you can see from the charts, the change in the dollar's value has been a bit startling, and the ramifications abroad are only now starting to be felt. Emerging market countries that have debt denominated in dollars are finding it more expensive to make their interest payments. And, since most of the world's commodities are priced in dollars, essentials like oil, wheat and soybeans are more expensive globally.

Will this trend continue? It could. Whenever the Fed raises interest rates—as it has several times in its attempt to reduce domestic inflation—the dollar picks up more value. More rate hikes are expected, meaning an even stronger currency—and cheaper international trips for Americans—in the foreseeable future.

**Sources:**

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If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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