

## PERSPECTIVES ON THE DOLLAR, GOLD & INTERNATIONAL STOCKS

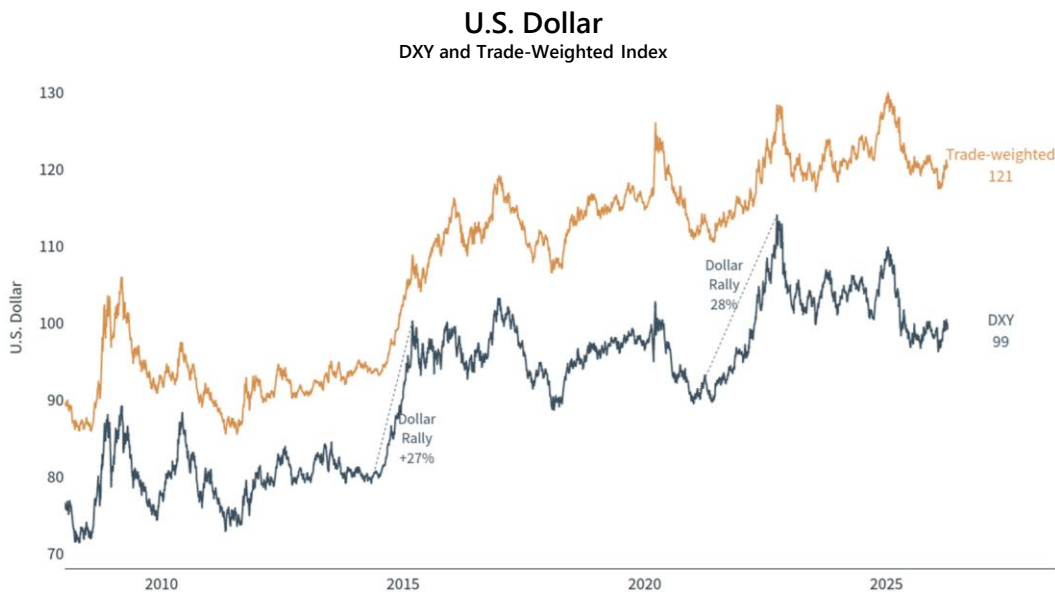
*The dollar has rebounded recently amid geopolitical events after a multi-year decline. Why has this happened and how does it affect investors?*

Global events have been at the center of market activity, with high oil prices, geopolitics, and new tariff rules capturing investor attention. Behind many of these trends, however, is the level of the U.S. dollar. While currency movements have received less attention in recent weeks, they continue to have important effects on portfolios by influencing international investments, commodities like gold, and the broader economic environment.

One of the key developments over the past few years has been the decline of the dollar from its 2022 peak. More recently, the dollar has partially rebounded, reflecting its role as a safe-haven asset during periods of geopolitical stress. So, what does this mean for investors, and how does it affect the performance of assets like international stocks and precious metals? Understanding this can help investors maintain perspective and keep their portfolios positioned to achieve financial goals.

### Three Facts Investors Should Know About the Dollar

After reaching its 2022 peak, the dollar weakened as global growth stabilized and investors began looking beyond U.S. assets for opportunities. This trend accelerated last year when tariffs pushed the dollar to a three-year low. The dollar has rebounded somewhat this year as geopolitical concerns have driven investors toward safe-haven assets. Taking a longer-term perspective, it's also easy to see that the dollar is stronger than it has been historically, even if it is below its all-time high.



Sources: Clearnomics, Federal Reserve, ICE. Latest data point is April 8, 2026.

There are three important facts to understand about the dollar in the current market environment. First, a stronger dollar is not always ideal. For consumers, it's natural to prefer a favorable exchange rate since this makes imported goods and international travel more affordable. However, a strong dollar can create challenges for businesses that compete globally, since their products become more expensive for overseas buyers.

Second, from a macroeconomic perspective, the value of the dollar is based on many factors including differences in interest rates, trade, fiscal policy, and more. These factors have changed considerably over the past few years as the Fed shifted from aggressive rate hikes to cuts and now to a pause, alongside the implementation of new tariffs.

Third, since late January, the dollar has risen from its lows as geopolitical tensions have encouraged investors to seek safety in dollar-denominated assets. This recent rebound is a reminder that during periods of global stress, the dollar and U.S. Treasuries tend to attract capital. This reflects the fact that the dollar is still the world's most important currency, especially during uncertain periods.

### A Weaker Dollar Has Supported International Stock Returns

One of the effects of the dollar's decline over the past year has been its impact on international stock market returns. In 2025, both

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developed and emerging market equities delivered strong performance, with the MSCI EAFE index returning 31.9% and the MSCI EM index returning 34.4% in U.S. dollar terms. Both were well ahead of the S&P 500, highlighting the importance of diversifying internationally.

To understand why currencies matter, it helps to consider how international investments work for a U.S.-based investor. When you invest in international stocks, those assets are priced in local currencies, which means that you are essentially holding those currencies. If the dollar weakens, the same amount of those currencies converts back into more dollars. So, currency movements are an important component of international returns, in addition to the returns of the underlying assets.

## Global Equity Valuations

Forward P/E ratios for the S&P 500, MSCI EAFE and MSCI EM



Sources: Clearomics, Standard & Poor's, MSCI, LSEG. Latest data point is April 7, 2026.

Beyond currency effects, valuations also play an important role. International markets have traded at a meaningful discount to U.S. equities for some time. This does not predict returns over the short run and is not a timing indicator. Instead, this difference in valuations is an important input into constructing balanced portfolios when deciding how to weigh different assets.

## Gold Has Pulled Back Alongside Other Asset Classes

Gold has understandably been one of the most discussed assets over the past few years, and is affected by many of the same factors as the dollar. Rising deficits, easing monetary policy, and geopolitical tensions, all fit the narrative for gold. These factors contributed to a strong multi-year rally that pushed prices to all-time highs as recently as late January when gold reached \$5,417 per ounce.

Since then, gold has declined almost 15% from that peak, even as geopolitical uncertainty has remained elevated and many other factors remain in place. This might seem puzzling to investors who hold gold specifically as a safe-haven asset.

Part of the explanation is that gold had already attracted significant interest during its latest rally. As more investors buy gold in anticipation of continued gains, it's natural for its price movements to correlate more closely with other assets. For example, when markets experience stress, gold may be sold alongside stocks, especially as investors have shifted back to the dollar.

This is not the first time gold has behaved this way. Gold was essentially flat in the previous decade, even as the Federal Reserve maintained accommodative monetary policy and financial markets experienced bouts of significant uncertainty. It was also relatively flat during the inflationary period from 2022 to early 2024, which would have normally been considered positive for gold.

As always, the more useful lens is to view the dollar, international investments, and gold as parts of an overall portfolio rather than as standalone investments. The value of these assets is in the fact that they behave differently than stocks and bonds, and thus help to stabilize portfolios over time.



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