



By: TA | AP Insight

A weaker dollar is making life more expensive for Americans



A hidden force is quietly pushing up costs for everything from your summer vacation to your weekly grocery bills: a weaker U.S. dollar.

The dollar has fallen about 10% against other major currencies since President Donald Trump returned to the White House, a pullback potentially playing a role in Americans' concerns about affordability.

"It's kind of a hidden tax," says economist Thomas Savidge of the conservative-leaning American Institute for Economic Research. "What your dollar is going to be able to buy is going to shrink."

Historic dollar decline

The U.S. Dollar Index, which measures the greenback against other major currencies, logged its steepest **six-month drop** in more than 50 years in the first half of 2025.

Though the decline hasn't deepened, the dollar index is still about 10% lower than the start of Trump's term.

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A strong dollar makes imports cheaper and can help keep inflation in check. A weak one can increase prices on foreign goods but boost American exports.

U.S. presidents have long voiced support for a strong dollar even as they pursued policies that, at times, pushed the currency lower.

Trump has suggested a strong dollar puts the U.S. at a disadvantage and that a weak dollar helps American industry. And as with most things with Trump, he's been blunter in his messaging.

"You make a hell of a lot more money with a weaker dollar," he said last year, one of a number of public statements showing his

preference for seeing **the dollar decline**.

Big multinationals benefit

Trump isn't alone in seeing benefits of a weaker buck.

In recent months, corporate earnings calls have been peppered with talk of how a weaker dollar has helped companies from Philip Morris to Coca-Cola, with executives pulling out C-suite phrases like "favorable currency impact" to note how the dip brought tailwinds outside the U.S. that added to bottom lines.

"In many cases, we've got a weaker dollar, which is not unhelpful," Elie Maalouf, the CEO of InterContinental Hotels, said on a February call as the company announced higher profits and revenues.

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But the vast majority of U.S. businesses are not operating beyond the border. For those catering to domestic customers, it's a different story, particularly if they are reliant on importing goods.

Travis Madeira, a fourth-generation lobsterman who founded the lobster-shipping business LobsterBoys with his brother, makes about 80% of his sales to Americans, unlike some competitors who primarily export.

"The exporters are gonna have the advantage when it comes to the dollar weakening," says Madeira, who is paying more to import bait and buy Canadian lobsters. "These guys are gonna have a little bit of a lever on us."

Smaller companies hurt

Even among companies that do have a presence outside the U.S., the dollar's fall can have an impact.

While many big companies hedge currency to try and insulate themselves or push more sales overseas, smaller businesses are often more susceptible to the turbulence.

David Navazio, CEO of Pennsylvania-based Gentell, which makes bandages and other medical supplies, operates plants in Brazil, Paraguay, Canada, New Zealand and the United Kingdom. In each location, the dollar has fallen, increasing Gentell's costs.

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Gentell has had to raise some prices to reflect the currency fluctuation, which stacks on top of other challenges, including tariffs and war-related spikes to fuel costs.

"A year ago, none of these were concerns," he says. "And it always hurts the consumer."

Other currencies rise

For the American consumer, the reality of a declining dollar is most obvious during foreign travel or when making a purchase directly from an international seller.

Cross the border into Mexico, the top foreign destination of Americans, and your dollar is about 16% weaker versus the peso compared with early 2025.

Declines of about 10% to 17% have been recorded elsewhere, including against the Swiss franc, South African rand, Danish krone, Swedish krona and the Euro.



Coffee prices are up nearly 19% in the U.S. in the past year

As for goods imported to the U.S., there is an impact, but it's harder to gauge. Many economists estimate that, in advanced countries like the U.S., only about 5% to 10% of a currency dip is passed on to consumers.

But they are an added stress when prices are already affected by other factors.

Take coffee, one of the grocery items that has seen **the biggest price hike** in the past year. Brazil is the biggest source of coffee for the U.S. and the dollar has fallen around 13% versus its real.

Currency fluctuations can hit harder in developing economies and, while only a fraction of the change may feed into coffee's ballooning price, every bit can pile up.

Coffee prices are up nearly 19% in the U.S. in the past year, according to government data.

Expect more movement

Currency values are constantly moving and, while the dollar's recent fall is notable, it has reached lower levels at points in the presidencies of each of

Trump's predecessors, back through the creation of the Dollar Index in 1973, when Richard Nixon was at the helm.

The dollar had been on a 15-year bull run - Kenneth Rogoff

Kenneth Rogoff, a Harvard University

economist and former chief economist at the International Monetary Fund, says while “a lot of policies that Trump is doing are something of a cancer for the dollar,” he believes that it was destined to fall no matter who was in charge.

“The dollar had been on a 15-year bull run,” he said. “I would argue the dollar is still wildly overvalued, and over the next maybe five or six years, it might fall 15%.”

What does that mean for American consumers? Rogoff says commodity prices are likely to rise, particularly with the impact of the Iran war on fuel prices.

“They’re just going to go up,” he says, “no matter what the dollar’s at.”