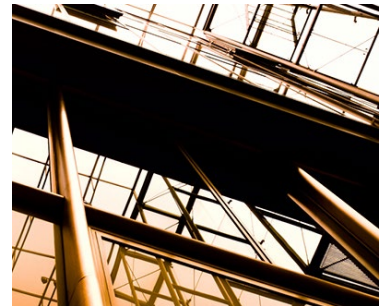


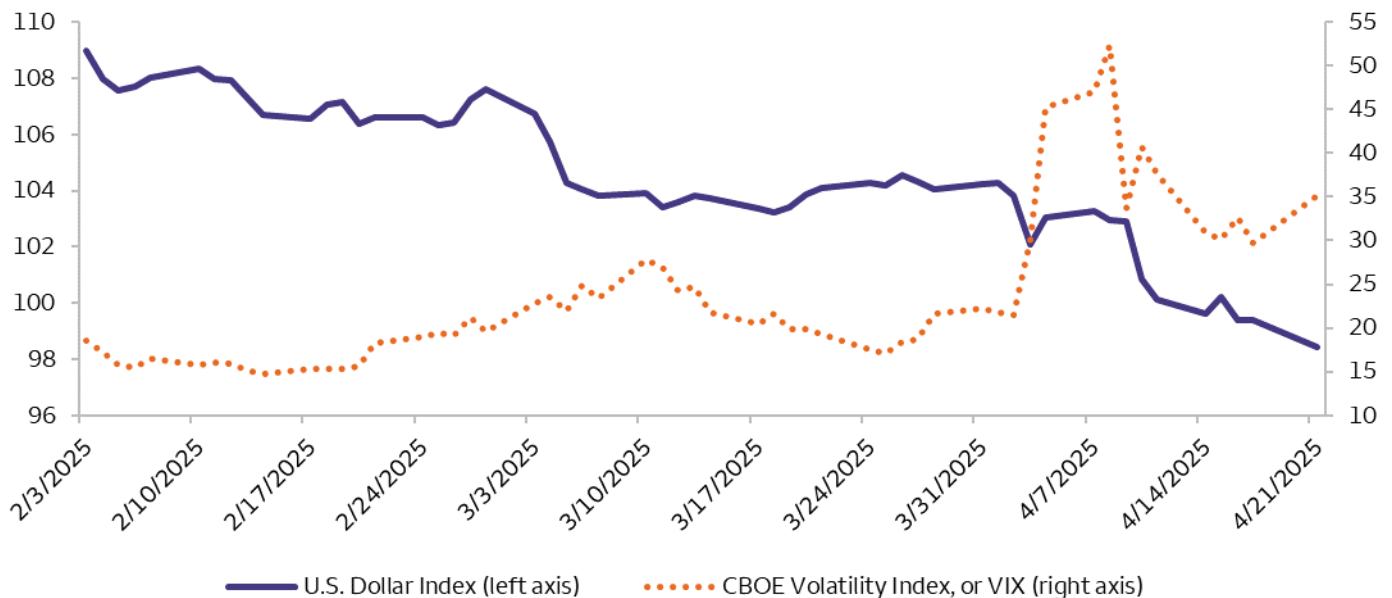
Chart of the Week



Weekly analysis of key themes in markets

April 29, 2025

The path ahead for the U.S. dollar



Source: Bloomberg and Wells Fargo Investment Institute as of April 21, 2025. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

The U.S. dollar has softened amid volatility, but we expect it to regain strength toward year end

The past few weeks have seen the emergence of a relatively unusual phenomenon — U.S. equities, long-term U.S. Treasuries, and the U.S. dollar have all fallen. During volatile periods, the high quality of the U.S. dollar might be expected to cause appreciation as a perceived safe haven during uncertain times, but this has not held so far in 2025.

As the chart above shows, the two main drops in the dollar have accompanied spikes in the CBOE Volatility Index, or the VIX, in late February and early April. These spikes have also accompanied concerns of an economic slowdown, which has increased financial-market expectations of Federal Reserve (Fed) rate cuts and impacted expected interest-rate differentials between the U.S. and Europe.

What it may mean for investors

Despite concerns about a change in the dollar's status as the world's reserve currency, we do not see its recent fall as part of a structural change and note that it remains above historical averages. We believe the U.S. dollar is positioned for a rebound from current levels if economic concerns are resolved, and we would also expect to see it pushed still higher by year end alongside an improvement in the U.S. economic outlook and sustained interest-rate differentials.

Anthony Miano, CFA; *Investment Strategy Analyst*

Excerpted from Investment Strategy report (April 28)

Investment and Insurance Products: ► NOT FDIC Insured ► NO Bank Guarantee ► MAY Lose Value

Risk Considerations

Forecasts are based on certain assumptions and on views of market and economic conditions which are subject to change.

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets** are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Currency risk** is the risk that foreign currencies will decline in value relative to that of the U.S. dollar. Exchange rate movement between the U.S. dollar and foreign currencies may cause the value of a portfolio's investments to decline.

Definitions

CBOE Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

U.S. Dollar Index measures the value of the U.S. dollar relative to majority of its most significant trading partners. This index is similar to other trade-weighted indexes, which also use the exchange rates from the same major currencies.

An index is unmanaged and not available for direct investment.

General Disclosures

Global Investment Strategy (GIS) is a division of Wells Fargo Investment Institute, Inc. (WFII). WFII is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

The information in this report was prepared by Global Investment Strategy. Opinions represent GIS' opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. GIS does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report.

The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor. This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee to its accuracy or completeness.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company. PM-10252026-7902550.1.1