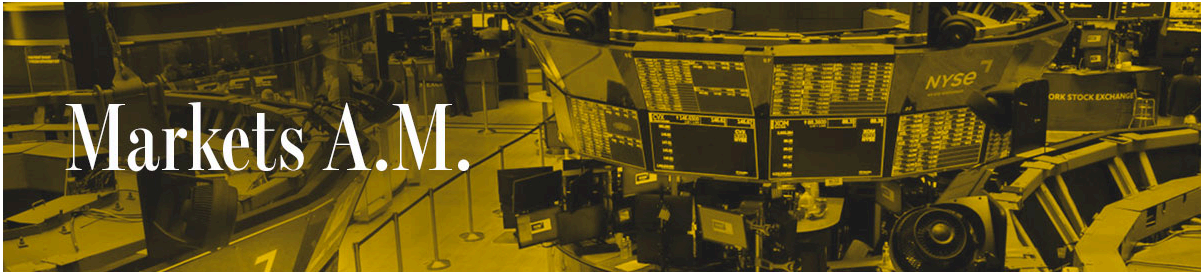


WSJ



## 'It's Our Currency, but It's Your Problem'

*By Spencer Jakab*

*Futures are mixed headed into the open after an unusual trading session yesterday. Stock and bond prices initially tumbled on a hotter-than-expected inflation reading, but stocks made up lost ground in the afternoon. Thursday's data on producer prices at 8:30 ET will help clarify price pressures in the economy. A downbeat earnings report from industrial bellwether Deere sets a negative tone with tariffs yet to bite.*

\*\*\*

The mighty greenback? [McDonald's](#) isn't lovin' it.

The burger chain's finance chief told investors Monday that a strong dollar could trim profits by about 2%. Other big companies flagging currency impacts include [Microsoft](#), [Apple](#), [Netflix](#), [PepsiCo](#), [Coca-Cola](#) and [Procter & Gamble](#).

S&P 500 members are more international than the overall economy, getting around 40% of sales abroad. That often means an earnings drag when the dollar is rising. The U.S. Dollar Index, based on developed market trading partners' currencies, is up nearly 7% since October.

An investor in Tokyo, London or Frankfurt can take earnings pressure in stride since their U.S. stocks still are worth more in yen, pounds or euros.

Why doesn't it bug Americans? One reason is that many multinationals are growing so quickly that currency impacts seem like a rounding error. McDonald's, Coca-Cola, Netflix and Procter shares rose after their reports, for example. Utilities, insurers and real estate trusts that are more domestic tend to be slow-growers anyway.

Fourth-quarter S&P 500 earnings figures from FactSet tell the story: Companies that get more than half of their earnings abroad have grown them by almost 21% from a year earlier. Those with less than half internationally have grown them by barely 14%.

Another reason for calm is that the U.S. economy is still such a standout. The International Monetary Fund estimates that U.S. gross domestic product grew by 2.8% last year compared with just 0.8% in the eurozone and 0.3% in Japan.

Anticipation of tariffs has boosted the dollar. It stands to reason that they'd hurt smaller, more export-dependent economies a lot more than America. Curb your enthusiasm, though: They could still hurt. It's the inverse of a historic episode when an "America First" Republican president exasperated trading partners.

[The dollar's convertibility into gold](#) was suspended in 1971 and Richard Nixon [imposed extra 10% across-the board tariffs](#) that he only lifted after allies agreed to let their currencies strengthen sharply. Treasury Secretary John Connally bluntly told them that the dollar is "our currency, but it's your problem."

The result was chaos abroad and a boom at home. In 1971 and 1972 stocks had their best back-to-back return in eight years. But the upshot then was a weaker dollar, not a stronger one, making American companies more profitable. And those tariffs were a one-time negotiating tool, not a recurring threat that kept CEOs guessing when to place orders or where to build factories.

Tariffs also affect profits more in today's interconnected world. Bank of America's Savita Subramanian estimated that the initial, partially delayed round on Mexico, Canada and China could dent S&P 500 earnings by as much as 8%.

Shrugging that off because things are going swimmingly would be a mistake. Stocks also are more vulnerable than in 1971 because the market

and economy are coming off a boom, not a bear market and a recession. On a cyclically adjusted earnings multiple the S&P 500 is more than twice as expensive today as at the time of the Nixon Shock.

The dollar could be our problem too.

---

## Stocks I'm Watching

📉 [Reddit](#): YOLO? Shares of Reddit, the place where meme-stock mania was born, had been roaring since their debut last year, up nearly fivefold. But they are tumbling premarket after a reported slowdown in user growth.

📈 [AppLovin](#): Investors are lovin' a company few had heard of until a few months ago. Up more than eightfold in the past year, its \$128 billion market value is set to swell further with a big premarket pop after yesterday afternoon's earnings release.

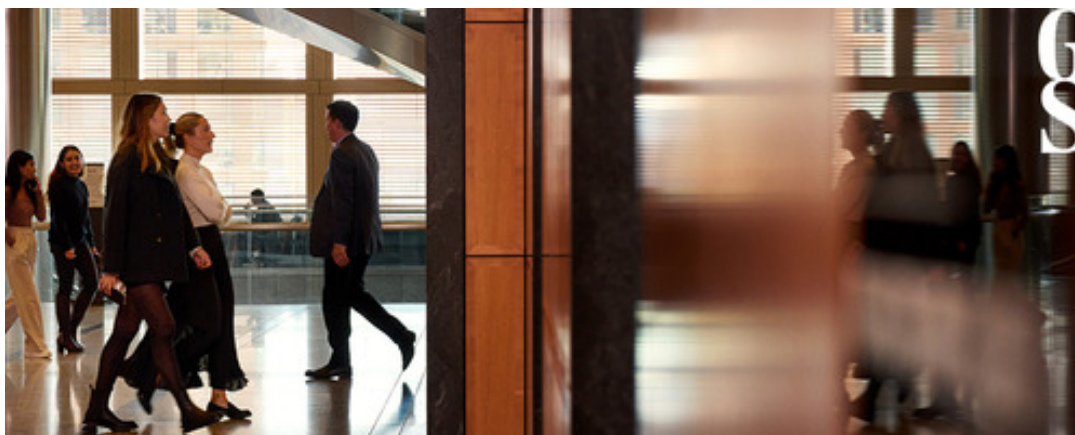
📉 [Deere](#): The tractor maker is in the headlights. A sagging farm economy dinged the industrial bellwether's quarterly results and the stock is down sharply in premarket trading.

📈 [Robinhood Markets](#): Shares of another company associated with meme stocks are up sharply premarket. The broker's results were boosted by a flurry of cryptocurrency trading.

📈 [Sony](#): Shares of the Japanese entertainment and consumer electronics giant rose as it raised financial forecasts.

---

**CONTENT FROM: GOLDMAN SACHS**



## What asset allocation strategies should investors be watching in 2025?

If 2024 was the year of equity outperformance, 2025 will be marked by a return toward diversification. Volatility like we've seen recently can make investments like private credit more appealing.

[Listen to the podcast from Goldman Sachs.](#)

---

## Markets at a Glance

<b>DJIA</b> 46173.74 0.07% ▲	<b>S&amp;P 500</b> 6646.08 0.21% ▲	<b>U.S 10 Year</b> 4.12% 0.02 ▲
<b>Crude Oil</b> \$63.25 0.5% ▼	<b>Stoxx Europe 600</b> 555.48 0.08% ▲	<b>Shanghai Composite</b> 3820.09 0.3% ▼
<b>Nasdaq-100</b> 24531.60 0.31% ▲	<b>Bitcoin USD</b> 116262.25 1.07% ▼	<b>Gold Continuous Contract</b> 3688.70 0.28% ▲

Market data as of 9/19/2025, 9:43:15 AM

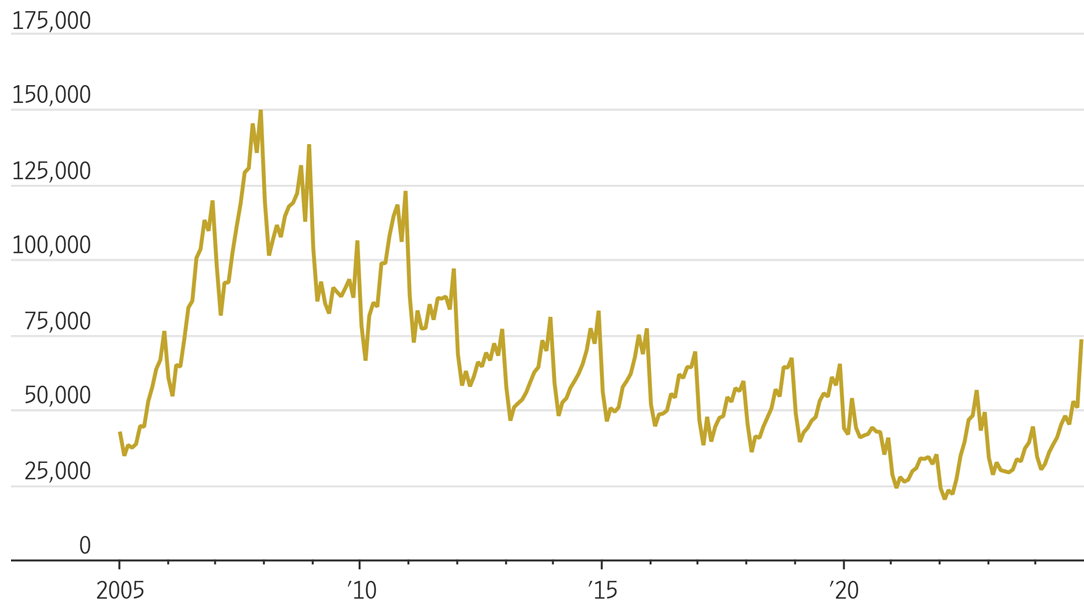
*Data refreshes every time you open this email.*

 Follow [our live markets coverage](#), updated throughout the day.

---

# One Big Chart

## Monthly housing delistings



Source: CoreLogic

### [Actually, never mind, we're staying put](#)

A growing number of homes for sale in the U.S. are being removed from the market as buyer appetite disappoints. Heard on the Street writes that it could be a warning signal for the housing market. December's increase in delistings was 64% from the same month in 2023.

## What I'm Reading

- Paying a lot for car insurance? It could get worse, according to a Heard on the Street analysis, as an indirect result of tariffs. ([WSJ](#))
- The price of gold has soared, but gold stocks haven't kept up. That's an opportunity for investors to play the catch-up trade. ([Barron's](#))
- Elon Musk's bid for OpenAI and his divisive political image raise new risks for Tesla's expensive stock. ([WSJ](#))
- How much can you withdraw from your retirement portfolio each year? For many investors, the go-to answer is 4%. Here's how that number was reached. ([Morningstar](#))

- Relatively few patients contest health insurers' denials. Many of them prevail. ([WSJ](#))

---

## Beyond the Newsroom

**Buy Side from WSJ:** Spending a long weekend off the grid [doesn't necessarily mean roughing it](#). Experts weigh in on must-have camping gear.

---

## About Me

My name is Spencer Jakab and I've been musing about money and markets for more than 30 years, including editing The Wall Street Journal's Heard on the Street column for a decade, writing two investing books and running a team of stock analysts at a global investment bank.

The Markets A.M. newsletter prepares you for the trading day ahead, with expert insight into the companies and industries set to move markets. Send your feedback to [markets.am@wsj.com](mailto:markets.am@wsj.com), or reply to this email.



Share this email with a friend.


[Forward ›](#)



Forwarded this email by a friend?

[Sign Up Here ›](#)

---

 *Enjoying this newsletter? Get more from WSJ and support our journalism by subscribing today with [this special offer](#).*



Access WSJ.com and our mobile apps. [Subscribe](#)



Download on the  
App Store



ANDROID APP ON  
Google play

Dow Jones & Company, Inc. 4300 U.S. Route 1 North Monmouth Junction, NJ 08852  
You are currently subscribed as [email address suppressed]. For further assistance, please  
contact Customer Service at [support@wsj.com](mailto:support@wsj.com) or 1-800-JOURNAL.

Copyright 2025 Dow Jones & Company, Inc. | All Rights Reserved.