

This Is The Worst Year For The U.S. Dollar Since The Oil Crisis Of 1973

The U.S. dollar just keeps getting weaker and weaker, and that is a major problem because our current standard of living depends on having a strong dollar. When the U.S. dollar is strong relative to other national currencies, our paychecks stretch farther and we can buy more stuff. Conversely, when the U.S. dollar is weak relative to other national currencies we can't buy as much stuff and our standard of living goes down. So the fact that the U.S. dollar is "having its worst start to the year since 1973" should deeply alarm all of us.

The US dollar – once a pillar of American economic strength – is having its worst start to the year since 1973.

President Trump's whipsawing trade and economic policies have prompted investors to sell what is still the world's dominant currency.

So far in 2025, the dollar index – which tracks the greenback against major currencies like the euro and pound – has dropped more than 10 percent.

That marks the sharpest first-half fall since the collapse of the gold-backed Bretton Woods system more than 50 years ago sent the dollar down 15 percent.

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Were you alive in 1973?

If so, you probably remember that it was a horrible year.

The Vietnam War was raging, tax rates were sky high, crime rates were rising, the U.S. economy was in really rough shape, and Arab nations hit us with a crippling oil embargo.

Unfortunately, we are facing a similar scenario today. We are involved in wars in the Middle East and Ukraine, the federal government is drowning in debt even though tax rates are still way too high, there has been rioting in the streets of Los Angeles and other major cities, economic conditions just continue to get worse, and a global trade war has erupted.

The rest of the world is losing confidence in us and in our currency, and the dollar index fell once again on Monday.

The dollar index , which measures the greenback against a basket of currencies including the yen and the euro, fell % to , on track for its sixth straight month of losses. It is set to mark its worst half-year since the 1970s.

The fact that the dollar index has now fallen for six consecutive months is a major national crisis.

Why aren't more people talking about this?

The silver lining of having a weaker dollar is that it is supposed to make our products more competitive to the rest of the world and reduce our trade imbalances. But instead, the U.S. current account deficit exploded to a brand new record high during the first quarter of 2025.

The U.S. current account deficit widened to a record high in the first quarter as businesses front-loaded imports to avoid President Donald Trump's hefty tariffs on imported goods.

The Commerce Department's Bureau of Economic Analysis said on Tuesday the current account deficit, which measures the flow of goods, services and investments into and out of the country, jumped \$138.2 billion, or 44.3%, to an all-time high of \$450.2 billion. Data for the fourth quarter was revised to

show the gap at \$312.0 billion instead of \$303.9 billion as previously reported.

Meanwhile, our economy as a whole actually contracted at a 0.5% annualized rate during the first quarter of this year.

The U.S. economy contracted a bit faster than previously thought in the first quarter amid tepid consumer spending, underscoring the distortions caused by the Trump administration's aggressive tariffs on imported goods.

Gross domestic product decreased at a downwardly revised 0.5% annualized rate last quarter, the Commerce Department's Bureau of Economic Analysis (BEA) said in its third estimate of GDP on Thursday. It was previously reported to have dropped at a 0.2% pace.

One of the big reasons why our economic performance has been so dismal is because the U.S. housing market is having "its worst year in decades."

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Meredith Whitney thinks the housing market is set for "its worst year in decades."

The CEO of investment research firm Meredith Whitney Advisory Group and senior advisor at Boston Consulting Group told Yahoo Finance that 2023 and 2024 were both bad years, but it's now looking even worse with about 4 million sales of existing homes expected.

Whitney thinks the actual number may be significantly below that figure. "That poses a real problem for the general economy," she said.

The Federal Reserve needs to reduce interest rates immediately.

But Fed Chair Jerome Powell seems to think that everything is just fine.

I can certainly understand why President Trump is so frustrated with him.

On top of everything else, now that the student loan payment pause is over we are facing a student loan delinquency crisis of unprecedented magnitude.

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Another significant development for consumer spending power is the return of student loan delinquencies. After a 43-month payment pause, nearly one in four student loan borrowers (23.7%) were behind on their student loans in the first quarter of 2025.

The scale of this change is unprecedented. According to the Quarterly Report on Household Debt and Credit published by the New York Fed, more than 2.2 million newly delinquent borrowers have seen their credit plunge by over 100 points, while more than 1 million have experienced drops of at least 150 points.

This isn't just about student loans – it's about access to consumer credit going forward. An estimated 2.4 million delinquent borrowers previously had credit scores above 620, meaning they qualified for mortgages, auto loans and credit cards before these delinquencies hit their reports. Many no longer do.

We have got a real mess on our hands.

Nobody can deny this.

Looking ahead, there is a tremendous amount of trouble looming

on the horizon.

In fact, CNN just published an article that warns that “economic hell” could be coming this summer.

According to that article, one of the reasons why “economic hell” could be approaching is because the pause on “reciprocal tariffs” on most of our trading partners ends on July 9th.

The first is July 9, which marks the end of President Donald Trump’s 90-day pause on what he termed as “reciprocal” tariffs on dozens of America’s trading partners. Unless those countries reach trade deals with the US, they could potentially face much higher tariffs.

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That is a really big deal.

If tariffs suddenly go far higher on literally thousands upon thousands of imported products, that is going to cause an immense amount of economic pain.

And the war between Israel and Iran could potentially erupt again at any time. If that were to happen, the Iranians would likely close the Strait of Hormuz, and that would make the oil embargo of 1973 look like a Sunday picnic.

The first half of 2025 has been crazy, but I am even more concerned about the second half of 2025.

I believe that it is going to be filled with all sorts of unpleasant surprises, and that won’t be good for any of us.

Michael Snyder’s *new book entitled “10 Prophetic Events That Are Coming Next” is available in paperback and for the Kindle on , and you can subscribe to his Substack newsletter at .*