

Has the dollar peaked? What the big banks are betting on

In early October, Standard Chartered wrote that it expects the US dollar to peak soon. Seasonality, Fed rates, central bank gold buying: here is what the big banks are betting on, and why a weaker dollar often makes gold shine.

The analysis: why banks are betting on the end of the strong dollar

For a few weeks now, several major banks have been looking in the same direction: the end of the strong dollar.

On 5 October 2026, in a note on gold, Standard Chartered put it plainly: "we expect the USD to peak soon". A peak is a top. Once it is in, the bank thinks the dollar is more likely to fall than to rise.

It is not alone. A week earlier, on 29 September, Lloyds was already betting against the US dollar by buying the Australian dollar.

To understand the bet, go back to what makes a currency strong: **the yield it pays**.

- When US rates are high, the whole world wants dollars to invest in the United States. The dollar rises.
- When the Fed cuts rates, that yield shrinks. Capital looks for better returns elsewhere, and demand for dollars weakens.

The calendar argument

The banks' first argument is **seasonality**: what the dollar does, on average, at the same time each year. Over the past ten years, the Dollar Index has tended to rise in September and October, hit its seasonal high around the end of October, then slip in November and December.

EUR/USD does the mirror image: it falls in September and October, then ends the year higher, gaining close to 1% on average in December. Keep in mind this is an average, not a promise.

A possible trigger

The second argument is less certain: a possible end to the war. A war pushes oil prices up, which lifts inflation and forces the Fed to keep rates high. If it ended, oil would ease, inflation would follow, and the Fed would have room to cut.

The history: 1985, the day the world decided to push the dollar down

By the mid-1980s, the dollar had become so strong that it was hurting American industry.

On 22 September 1985, finance ministers from five major economies (the United States, Japan, West Germany, France and the United Kingdom) met at the Plaza Hotel in New York. They agreed to bring the dollar down. This was the **Plaza Accord**. The dollar then began a long decline against the yen and the Deutsche Mark.

The lesson: the dollar does not rise forever. Its big cycles eventually turn.

The story: why central banks are buying so much gold

The banks' first bet against the dollar is gold. Why does gold often rise when the dollar falls? Three reasons.

One: gold is priced in dollars. When the dollar drops, a buyer in Europe or India pays less for gold in their own currency. They buy more, and the dollar price goes up.

Two: gold pays no interest. When rates fall, the opportunity cost of holding gold falls too.

Three: central banks. After Russia's reserves were frozen in 2022, many countries wanted reserves nobody could block. Since then, central banks, mostly in emerging economies, have been buying more than 1,000 tonnes of gold a year, a record pace according to the World Gold Council.

This is the driver Standard Chartered highlights. Its plan: use gold's recent pullback to buy back in. It sees **\$4,000 an ounce** as key technical support and targets **\$4,900**. Below \$4,000, the bank considers its scenario wrong. That is its exit door.

KEY FIGURES — THE DOLLAR AND GOLD AT YEAR END

End of October: average seasonal high of the Dollar Index over 10 years, usually followed by a decline in November and December

Close to +1%: average EUR/USD gain in December over 10 years

+2.3% then +3.2%: average gold performance in December, then January, over 10 years

More than 1,000 tonnes: annual central bank gold purchases since 2022 (World Gold Council)

\$4,000 / \$4,900: Standard Chartered's support and target on gold (note of 5 October 2026)

The lesson for your portfolio

These are bets, not certainties. Three lessons stand out.

Lesson one: a currency follows its rates. Watching the Fed means watching the dollar, and so part of the gold price.

Lesson two: seasonality is a tailwind, not an engine. It can support a scenario, never guarantee it.

Lesson three: a good bet has an exit. Standard Chartered does not say gold will definitely rise. It says where it is right, and where it is wrong.

This topic is also covered on video in the "Le dollar" series on the Axone-Capital YouTube channel.

Frequently asked questions

Why does gold rise when the dollar falls?

Gold is priced in dollars around the world. When the dollar weakens, gold gets cheaper for foreign buyers, who then buy more.

Does the dollar always fall at the end of the year?

No. Over the past ten years, the Dollar Index has on average peaked around the end of October, then declined in November and December. But that is an average: nothing guarantees this year will follow the same path.

Why are central banks buying so much gold?

To depend less on the dollar. Since Russia's reserves were frozen in 2022, many countries want reserves nobody can block, and gold is one of them.

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