

NatWest

# FX Outlook

## Watching the Money

**Paul Robson**  
Head of FX Strategy, EMEA

19/05/2026

**Tomorrow begins today**

Information Classification - Restricted

# What's for Lunch?



# USD | The \$70tr Question – De-dollarisation

Little evidence it's started, but important to know how it's defined

Jeremy, can you please define De-dollarisation?

“The deliberate reduction in the use, dependence on, or exposure to the USD across one or more core functions of the international monetary and financial system”.



# USD | Use, Dependence and Exposure

Looks a story more about “Exposure” than “Use” or “Dependence”

**Weaponisation of the USD amid  
an evolving policy framework**



## Use & Dependence

Trade invoicing

Cross-border payments

International banking sector

Currency denomination of commodity trading

Stable coins



## Exposure – diversification?

FX Reserves

Foreign ownership of US assets (Stock and Flow)

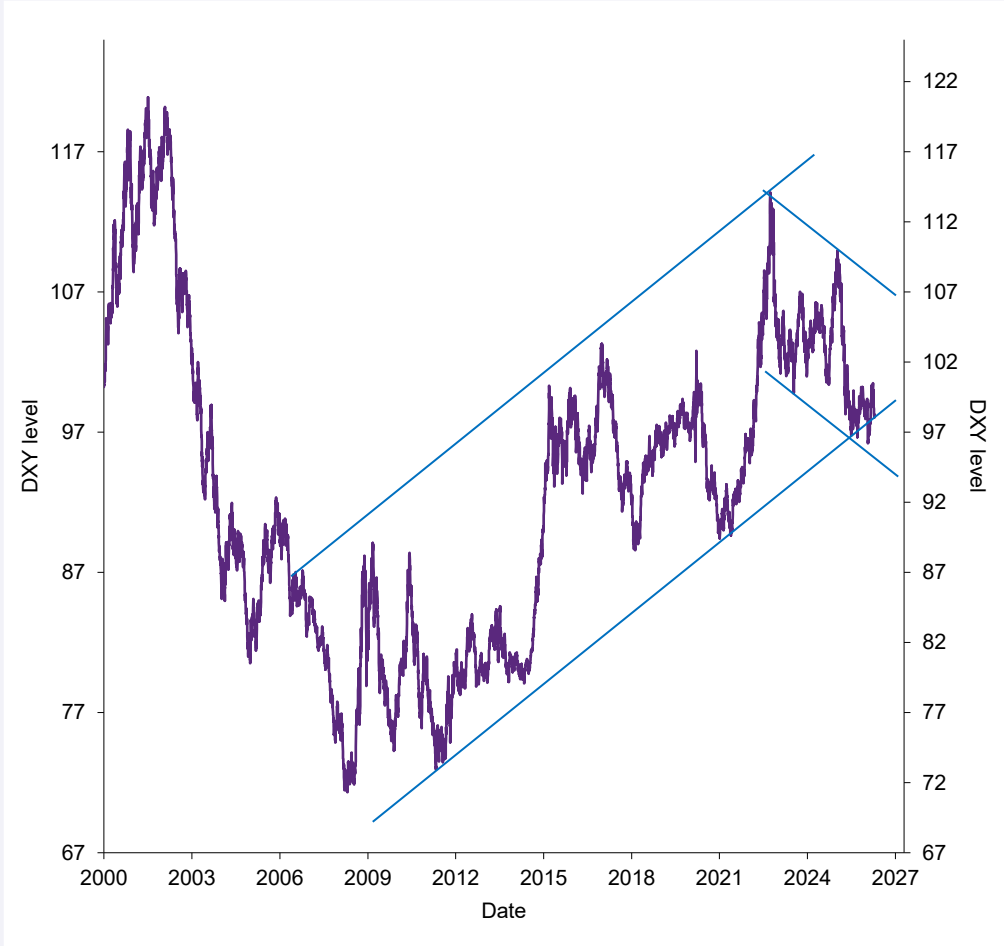
Hedging ratios (becoming cheaper)

Twin deficit financing

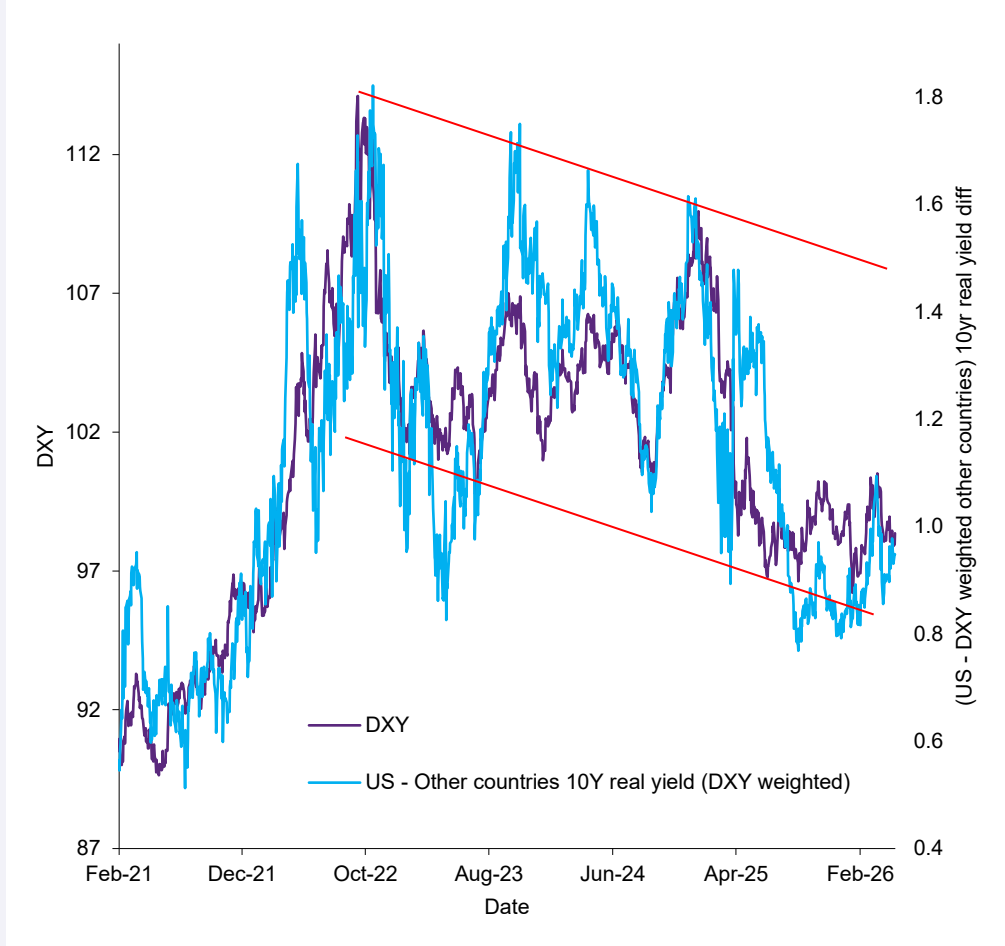


# USD | Decline from '22 peak has largely been a relative yield story rather than “de-dollarisation”

USD Index since 2000

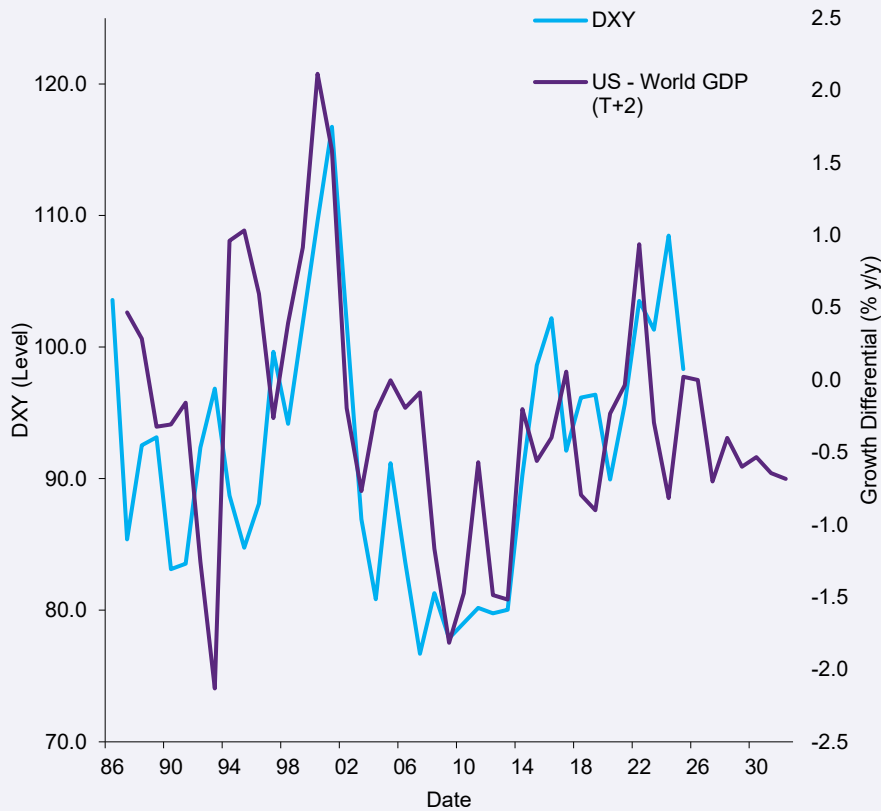


USD Index versus relative yields

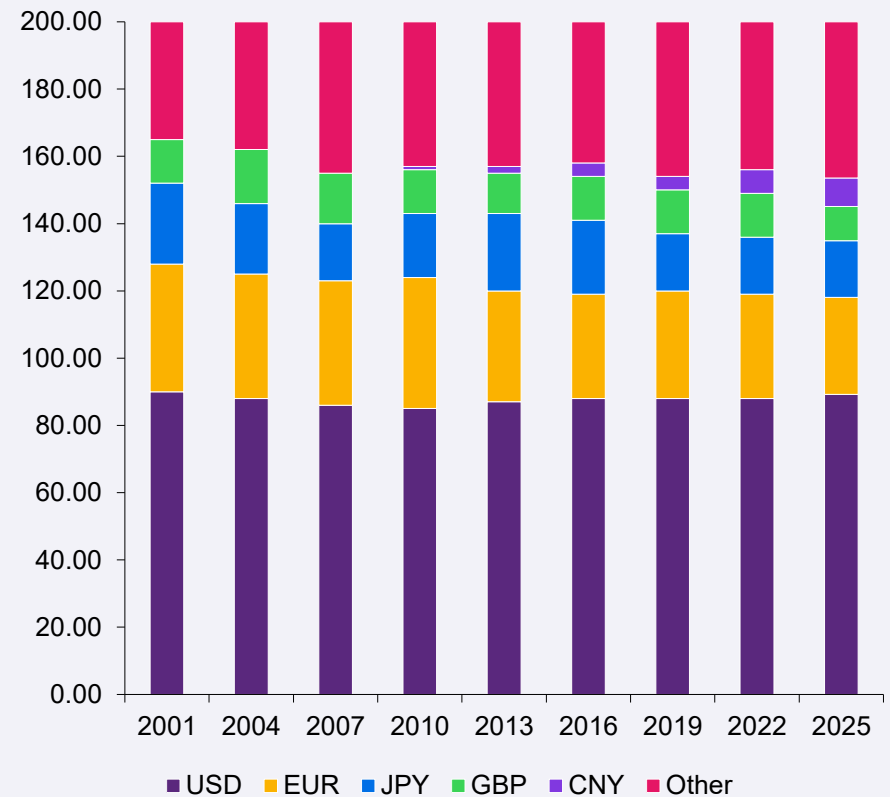


# USD | Shift in FX reserves more a story of “diversification” than Reserve Currency status

The USD has track relative growth, but “exceptionalism” is expected to fade further



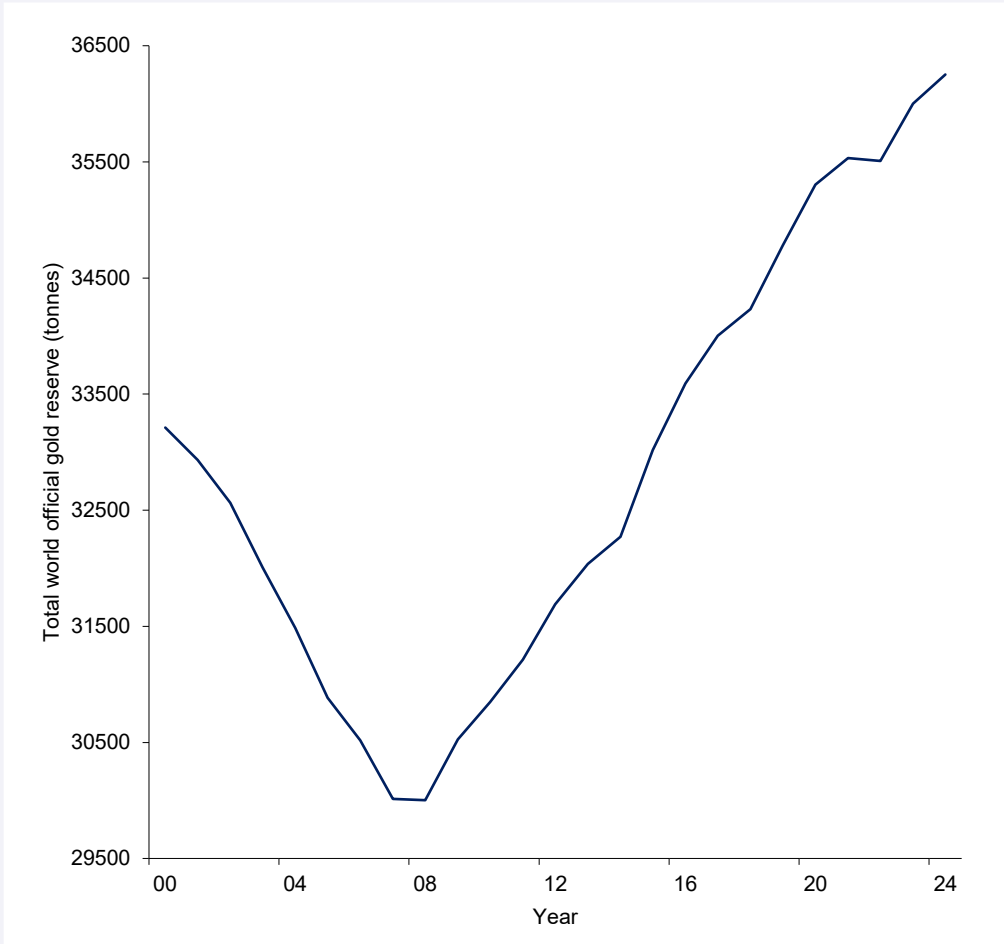
FX Reserves | Share (%)



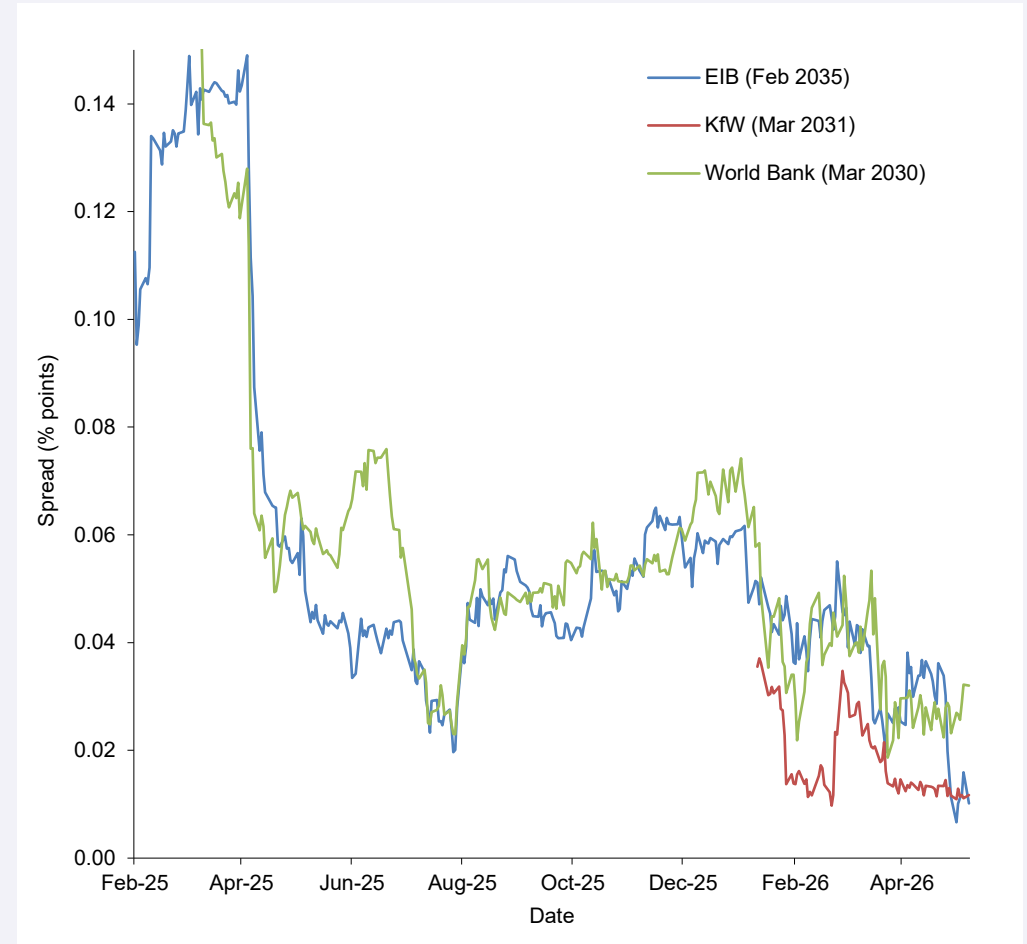
# Less De-dollarisation, More De-Americanisation?

Hints of continued “exposure” to USDs rather than US assets

## Gold purchases



## SSA USD Bond Spreads to UST



# EUR | “Never waste a good crisis”

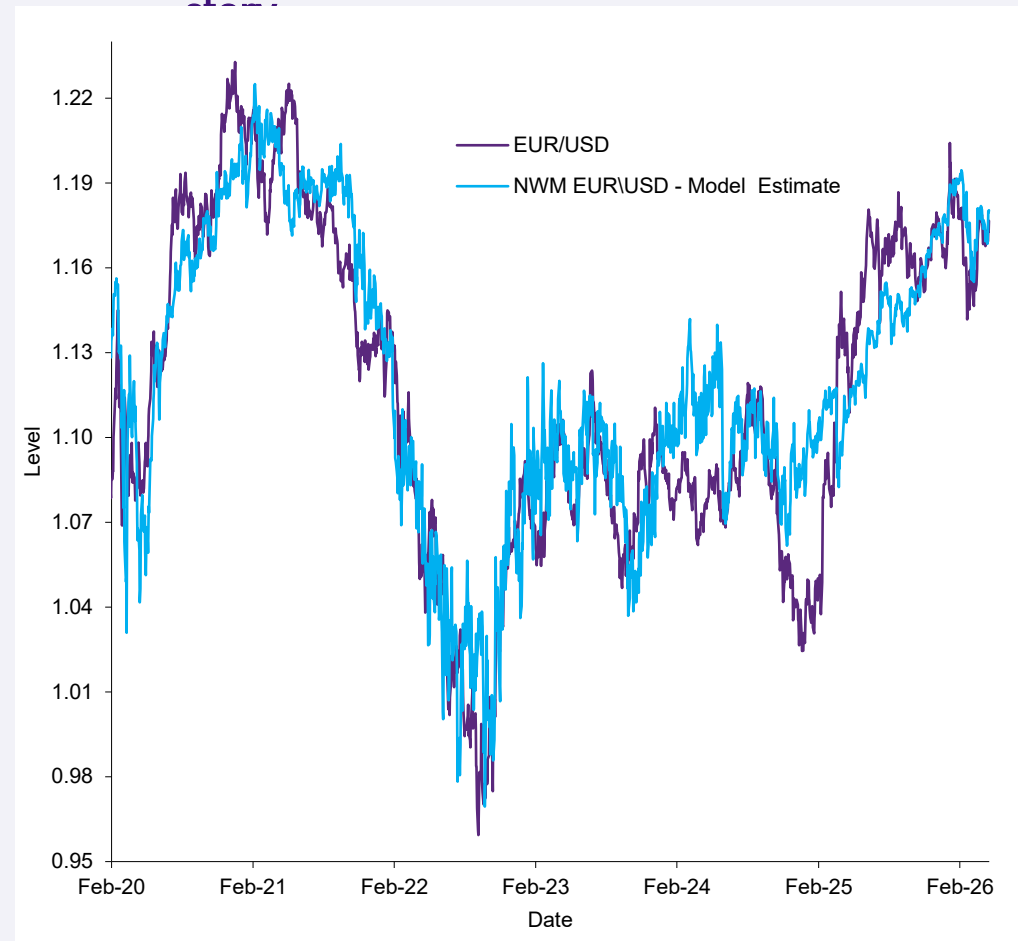
## Strategic window to advance role of the EUR

- Share of FX reserves low (~20%)
- Only scalable alternative already in use
- Institutional infrastructure building

## What's missing

- Deep safe asset market
- Capital markets union
- Political coherence

EUR/USD | Largely a relative rates



# GBP | The curious case of Sterling resilience

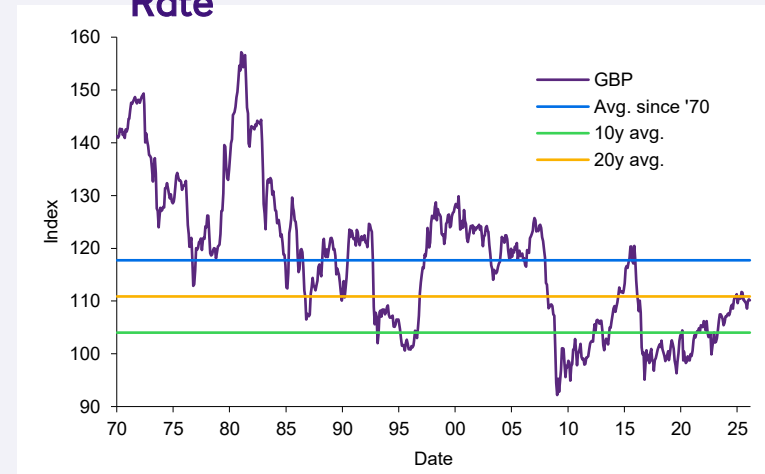
Sterling outlook should always be framed by the Basic Balance and Risk Premium

- Relative yields
- Fiscal policy
- Relative growth
- Politics

Reasons for recent Sterling resilience

- Middle East flows
- Gilt market redlines
- Central bank independence

GBP Real Effective Exchange Rate



UK Basis Balance

