

Dollar hedging frenzy fades, bringing relief to greenback

By Alun John and Naomi Rovnick, Reuters, November 21, 2025

LONDON - Just months after a U.S. tariff shock whacked the dollar, a rush by overseas investors to protect U.S. holdings from the sliding currency has slowed sharply - a vote of confidence that's helping the greenback recover from its worst rout in years. While analysts say investor hedging is higher than it has been historically, such activity has slowed from the period immediately after the April 2 "Liberation Day", when U.S. President Donald Trump announced sweeping trade tariffs. At that time, foreign investors holding U.S. assets were hit by tumbling stock and bond prices and a plummeting dollar. Nimble investors moved to hedge against a further dollar decline and the trend was expected to gain momentum. Instead, it has slowed, allowing the U.S. currency to stabilise. "The conversations we're having with clients now suggest that these (hedging) flows are less likely to come as imminently as the conversations we had back in May suggested they would," said David Leigh, Nomura's global head of FX and emerging markets.

The dollar index, which tracks the greenback against other major currencies, has rallied nearly 4% since the end of June, when it was nursing losses of almost 11% after its biggest first-half dive since the early 1970s. Data on hedging is limited and analysts extrapolate from scarce public figures and numbers compiled by banks and custodians. Analysis of client positioning by BNY, one of the world's largest custodians, shows they were very long U.S. assets in early 2025, suggesting they didn't anticipate much additional dollar weakness and were happy to operate without much hedging. That changed in April and hedging is now higher than normal, although lower than in late 2023

when markets began to anticipate Federal Reserve rate cuts. "The dollar diversification story this year is more talked about than actioned upon," said Geoff Yu, BNY's senior market strategist.

Other giant custodians reported a similar picture. State Street Markets' analysis of the assets State Street has under custody and administration showed that as of end October, foreign equity managers' hedging of their dollar holdings was 24%, a 4 percentage-point increase since February, but well below the 30%-plus hedge ratio they have seen in the past. They too said it had slowed in recent weeks. It varies by market too. A November National Australia Bank survey of Australian pension funds found "no material change in hedging behaviour towards U.S. equities". Danish central bank data, however, shows hedging by pension funds there has stabilised after increasing post-April. Columbia Threadneedle CIO William Davies said that the firm initially moved to protect its U.S. stock holdings against further dollar weakness but has since unwound some of its hedges, betting the currency won't decline further.

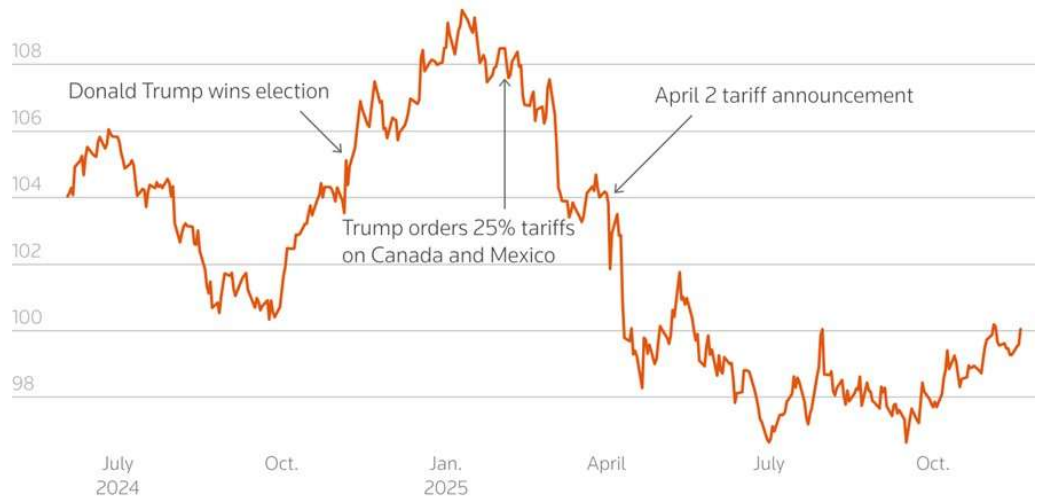
NO SNOWBALL EFFECT

Hedging itself causes currencies to move - adding protection against dollar downside to a previously unhedged position effectively involves selling the greenback, and vice versa. If combined with shifting interest rates, the effect can be dramatic - a dollar selloff can spark more hedging, sending it lower still. "People, earlier this year, were getting excited that this snowball effect would develop, though in the end it didn't really," said HSBC's Paul Mackel, global head of FX research. For next year, "it's something to keep an eye on, but it's not our baseline scenario". Still investor behaviour may be shifting. BlackRock estimates that 38% of flows into Europe, Middle East and Africa-listed U.S. equity exchange-traded products this year have been into those with FX hedges, a meaningful change from 2024 when 98% of flows were unhedged.

COST, CORRELATIONS AND COMPLICATIONS

Finding its footing

The dollar index saw its biggest first half dive since the 1970s, but has been steady since then



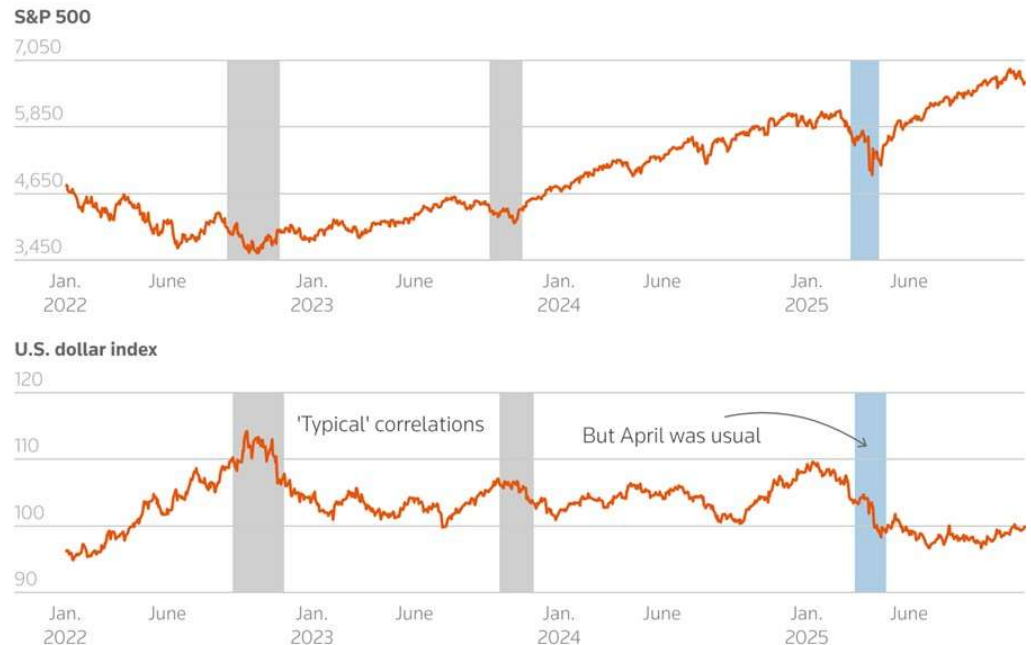
Source: LSEG | Reuters, Nov 19 2025 | By Alun John

Cost is also a factor, and depends on rate differentials and so varies by market. This may help explain some of the reluctance to hedge positions. Japanese investors pay around an annualised 3.7% to hedge against dollar weakness, estimates Van Luu, Russell Investments' global head of solutions strategy for fixed income and FX. This is a sizeable sum - if dollar/yen holds steady for a year, an investor is down 3.7% versus an unhedged peer. The equivalent cost for a euro-funded investor is around 2%.

"I have a rule of thumb for euro investors, if the cost is around 1% they don't care much, but if it's 2% then it becomes a factor," Luu said. Asset correlations matter too. Traditionally the dollar strengthens when stocks fall, meaning overseas investors are effectively protected on their U.S. positions. That did not happen in April, contributing to the hedging rush. This month, the dollar held steady as stocks tumbled again.

Correlation breakdown

When the S&P 500 falls, the dollar often rises, but they fell together in April



Source: LSEG | Reuters, Nov 19 2025 | By Alun John

Change is also complicated for the many investors who aim to outperform a fixed benchmark if that benchmark is unhedged. Fidelity International recommends Europe-based investors move gradually towards hedging 50% of their dollar exposure, but Salman Ahmed, head of macro and strategic asset allocation, notes it is a "very involved" process which can require governance and benchmark changes. If interest rates move against the dollar and it starts to weaken again, and hedges become cheaper, pressure for change may build. "There's still lots of scope for dollar investments to be hedged, whether that comes to pass and how quickly is an open question," said Nomura's Leigh. "That's what the FX market's trying to get its head around."

Scania Opens New Industrial Hub in Rugao, China

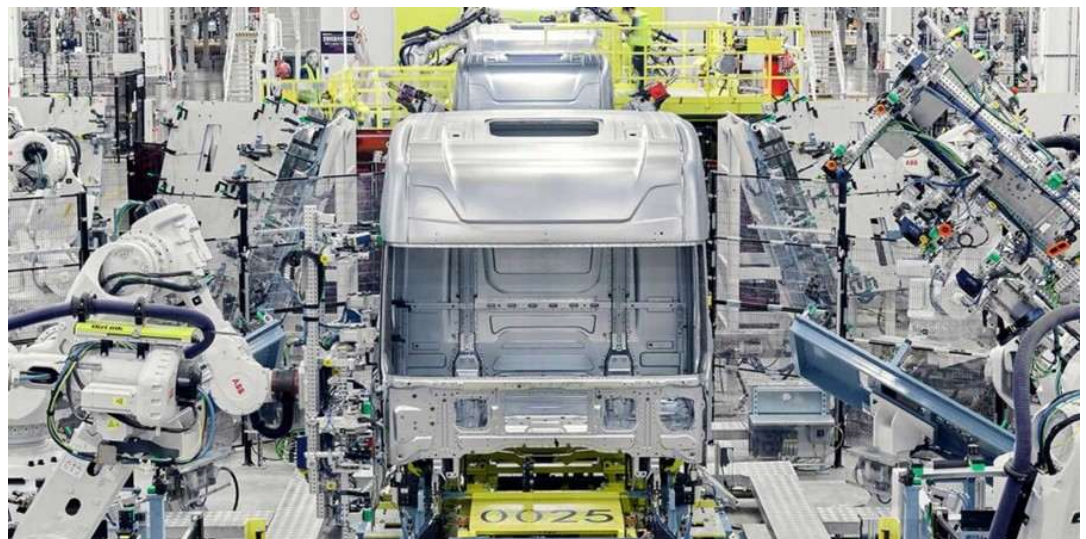
Scania's Rugao hub will help it boost production capacity, create jobs, and further company sustainability efforts in China's truck market.

By Kevin Linger, Fleet Equipment Magazine, Oct 28, 2025

Scania inaugurated its third global industrial hub in Rugao, Jiangsu Province, China. The new facility represents a major expansion of Scania's global manufacturing footprint. Additionally, the company said it strengthens its position in the world's largest truck market.

Facility Overview

The Rugao industrial hub spans 800,000 square meters (197 acres) and has a production capacity of 50,000 vehicles per year. Scania said it will primarily serve the Chinese market while supporting



select export markets across Asia. The facility involves a total investment of 2 billion euros (about \$2.16 billion USD). It's expected to create approximately 3,000 jobs. Scania said it is the first Western OEM to receive a full production license for a wholly owned truck plant in China. The company said this underscores its long-term commitment to local manufacturing and regional growth. The Rugao hub integrates renewable energy sources into its operations, including locally produced biogas and certified green electricity. These measures align with Scania's Scope 1 and 2 decarbonization goals. "Sustainability is built into every part of our new factory in Rugao—from energy sourcing to waste management," said Ruthger de Vries, president of Scania Industrial Operations Asia.

Strategic Expansion

Scania has operated in China's commercial vehicle market for more than 60 years. The Rugao facility, together with Scania's R&D centers in Rugao and Shanghai, strengthens local collaboration and accelerates product development for Chinese fleets. "Our establishment in Rugao is more than a factory; it will be part of China's dynamic innovation landscape and fuel Scania's own development," said Christian Levin, president and CEO of Scania and the TRATON Group. The company said this expansion aims to improve delivery times, increase specification flexibility, and deepen partnerships with Chinese suppliers and technology providers.

Dual Commercial Offering

The Rugao hub operates under the TRATON Modular System (TMS). This, according to Scania, allows it to scale efficiently and tailor products to market needs. Two commercial offerings will be produced:

Scania Standard - Built to Scania's global specifications and customizable for tractors and rigids, supported by a comprehensive service portfolio.

NEXT ERA - A new tractor range designed for China's long-haul and high-volume segments, integrated with local digital ecosystems. Scania said deliveries from the Rugao hub are scheduled to begin in late 2025, with the NEXT ERA product line launching in early 2026.

Marge Carson opens new factory in Mexico, says model will strengthen U.S., international collaboration

Cindy W. Hodnett //Executive Editor of Brand Development//October 20, 2025

CHICAGO — Luxury furniture brand Marge Carson is opening a new 60,000-square-foot manufacturing facility in Mexico. Stating that the new factory is "state-of-the-art," Janet Linly, president and CEO, said that the move represents a bold new chapter for the 80-year-old company. The move marks the first time in more than 30 years that Marge Carson has relocated its operations, and officials said it reflects both the company's growth as well as its "continued commitment to timeless design and global partnership." Linly describes this move as a defining moment that bridges the company's storied past with its ambitious future. "This transition represents far more than a new address, it's a new era," Linly said. "For decades, our original facility nurtured creativity and craftsmanship. Now, we've taken everything we know and infused it into a space that allows us to innovate at the highest level while maintaining the artistry that defines the Marge Carson brand."

Linly noted that the company "thoroughly explored expanding its manufacturing footprint into the United States" but instead chose a model that "continues to strengthen both U.S. and international collaboration." She added that company leadership evaluated every scenario "with great care." "Rather than fully relocating, we chose a structure that allows us to support U.S. jobs, designers and suppliers, while continuing to grow our skilled artisan base in Mexico," said Linly. "This approach lets us sustain excellence, efficiency and creativity across borders. It's something that's deeply aligned with who we are as a global brand. "It's not about where production happens; it's about partnership, quality and purpose," Linly continued. "We're proud to work hand-in-hand with our U.S. partners, maintaining strong ties and building even greater collaboration across North America. We are one team, working toward one vision."

Officials said that for the first time in the company's history, Marge Carson will host invitation-only VIP tours of its new facility. These tours will be extended to a select group of "distinguished clients," offering behind-the-scenes look at the production of Marge Carson's luxury product line. "These private tours are designed for those who truly understand and appreciate design excellence," Linly said. "It's an intimate opportunity to experience our process: to see, touch, and understand the beating heart behind our work." Linly said that Marge Carson's new facility in Mexico represents more than an expansion and is a symbol of transformation and renewed inspiration. Designed with sustainability, increased production capabilities, and collaborative design studios, the new space allows their craftsmen and designers to create at an even higher level of artistry. "Leaving our original facility after three decades was emotional," said Linly. "But this new chapter is incredibly energizing for everyone. Our new facility gives us the power to innovate, expand, and continue setting the high standard for luxury furniture design, all while preserving the craftsmanship and soul that define who we are."