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The strong dollar trend doesn't appear to be reversing anytime soon, making travel to Europe from the U.S. that much more affordable right now.

If it's been a while since you've traveled to Europe, you could be in for a welcome surprise. Over the past year, the dollar-euro exchange rate has been steadily dropping; as of press time, the dollar was at $1.05 against the euro, the lowest it has been since January 2017. One year ago, the dollar was hovering at $1.20 against the euro.

If the euro actually reaches parity against the dollar, it will be the first time in two decades that one U.S. dollar will be the equivalent value of one euro. The U.S. Dollar Index, which tracks the value of the dollar against other currencies, is at its highest level in 20 years. Currency forecasting is challenging given all the complex (and often rather volatile) global economic factors that are in play, but Bloomberg reported on May 10 that financial planners and economists are currently confident that the U.S. dollar will continue to rally.

Mark Haefele, chief investment officer at UBS Global Wealth Management, stated in a note to investors that the dollar will likely remain stronger than almost all currencies through this quarter.

Meanwhile, the euro has lost value relative to the U.S. dollar as Russia's invasion of Ukraine has ramped up fears that rising energy costs will dampen economic growth in the 19-country eurozone. The conflict has also made key food commodities in Europe more expensive.

Whether or not the currencies hit parity, the fact that they are already this close should serve as welcome relief for Americans heading to Europe in the coming days and weeks, helping to offset the costs of skyrocketing airfares (which have been pushed up by a rise in oil prices and staffing shortages as airlines race to keep up with the rapid rise in demand for travel).

For U.S. travelers, the majority of travel in Europe over the past two decades has come with an exchange rate “tax”—U.S. travelers have grown accustomed to calculating an additional 20, 30, 40, or even 50 percent above the rate in euros being charged for their hotel room, café au lait and croissant, glass of *vino*, or museum admissions. What shows up on our bank statements back in the United States, of course, is the dollar equivalent of what was spent in euros. For many that extra cost can serve as a rather brutal vacation reality check after time spent abroad.

Even slight exchange rate changes can make a big difference in a vacation bottom line. For instance, consider your hotel stay abroad, typically one of the biggest budget items (if not *the* biggest budget item) for any trip. One of favorite new hotels in Paris, Hotel Paradiso, offers guest rooms starting at 176 euros per night. One year ago (at an exchange rate of $1.20 to one euro), that would have been $211 per night. Today, that translates into $185 per night.

The strong dollar news comes as international travel is experiencing a robust rebound after two years of being stunted by the global coronavirus pandemic. U.S. travelers have indicated that they are more than ready to return to Europe regardless of the airfares and the exchange rate. Luxury travel consultancy Zicasso reported that compared to the first quarter of 2021, summer travel bookings for 2022 are currently up 500 percent, with Europe trips constituting 80 percent of those bookings.

But for some travelers who have been considering crossing the pond this year and have not yet committed, the strong dollar could present just the push they need go ahead to take the leap.