

Potential US – China Trade Deal Strengthens US Dollar and Decreases Gold Prices



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	25/04/2025	18/04/2025	% Change	YTD
Euro / LP	101,394.55	102,066	-0.66%	9.43%
Euro / Dollar	1.1329	1.1404	-0.66%	9.43%
NEER Index	237.68	237.12	0.24%	1.48%

The **Nominal Effective Exchange Rate (NEER)** of the **Lebanese pound** rose this week by 1.48% against a basket of 21 influential currencies, including the Euro and British pound, and recorded 237.68 points on April 25th, 2025. The increase is mainly due to the strength of the US Dollar, to which the Lebanese Pound is pegged.

	25/04/2025	18/04/2025	% Change
Dollars index = DXY	99.674	99.23	0.45%
EUR/USD	1.1329	1.1404	-0.66%
GBP/USD	1.3278	1.3303	-0.19%
USD/CHF	0.8306	0.819	1.47%
USD/CNY	7.2845	7.3005	-0.22%
USD/JPY	143.37	142.35	0.72%
AUD/USD	0.6392	0.6381	0.17%
USD/CAD	1.3887	1.3868	0.14%

Prices are as of the time writing this report

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In international currency markets this week, the **US Dollar index**, a measure of the US currency's strength against a basket of six rivals, surged by 0.45% to 99.67 points. The decline is credited to the US Treasury Secretary's clarifications regarding the opposition in point of view regarding interest rate cuts between US President Trump and Fed Chair Jerome Powell.

As the US Dollar strengthens, other currencies tend to be weakened against it.

The **Euro** dropped by 0.66% over the course of the week due to relief of the worries regarding the independence of the Federal Reserve as US President denied the rumors that he might fire Federal Reserve chair.

On the other hand, certain currencies strengthened towards the US Dollar despite the increase in USD index.

The **Chinese Yuan** strengthened to 7.28 per dollar from 7.3 last Friday as negotiations between US and Chinese officials regarding tariffs halt started on Thursday as revealed by US President who added that they might reach a good trade deal.

Similarly, the **Australian dollar** appreciated by 0.17% this week to 0.64 per dollar.

Commodities

	25/04/2025	18/04/2025	% Change
Gold	3,302.35	3,326.85	-0.74%
Brent Crude Oil	66.41	67.96	-2.28%
WTI Crude Oil	62.61	64.68	-3.20%

Prices are as of the time writing this report

In commodities market, gold recorded some losses this week after recording all-time high levels, as the tension between US President Donald Trump and Fed Chair Jerome Powell due to interest rate cuts as the President was calling for rate cuts. Rumors at the beginning of

the week hinted that the President might consider removing Powell. As these rumors circulated, investors shifted towards gold as it is considered a safe haven asset. As such, Gold recorded an all-time high and reached around \$3,500/ounce on Tuesday. Then, President Trump stated that he is not considering removing Powell from his position and the Treasury Secretary Scott Bessent declared that the tariffs war with China will de-escalate soon. However, Gold ounce price was trading around \$3,300/ounce on Friday as US Treasury Secretary stated that Trump administration will not unilaterally reduce tariffs. This message was received by China and started considering tariffs cuts as it urged businesses to identify US products that will be exempted from the 125% tariffs.

As for oil prices, both Brent and West Texas Intermediate (WTI) are setting toward a weekly loss of 2.28% and 3.2% respectively, to \$66.41 and \$62.61 per barrel, attributed to several news on both supply and demand side. On the supply side, the talks between the United States and Iran are progressing in the right direction as a third meeting is scheduled on Saturday in Oman following the first two meetings in Oman and Italy. In case a new nuclear deal is reached, Iranian oil will be back to the market. Additionally, several OPEC+ members are insisting on production surge in June. One of these members is Kazakhstan, a key ally, announced that it will not decrease production at its major oil fields and will prioritize national interests when setting output levels. On the demand side, the war de-escalation signals between the largest two oil consumers softened the oil prices losses as these tariffs halts will lead to an increase in production, thus increase in oil consumption.

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