

Potential Trade Deal Between US and its Trade Partners Strengthens US Dollar



BLOMINVEST
BANK

May 9, 2025

Contact Information

Helmi Mrad

helmi.mrad@blominvestbank.com

	09/05/2025	02/05/2025	% Change	YTD
Euro / LP	100,615.90	101,090	-0.47%	8.59%
Euro / Dollar	1.1242	1.1295	-0.47%	8.59%
NEER Index	238.06	237.7	0.15%	1.64%

The **Nominal Effective Exchange Rate (NEER) of the Lebanese pound** rose this week by 1.64% against a basket of 21 influential currencies, including the Euro and British pound, and recorded 238.06 points on May 9th, 2025. The increase is mainly due to the strength of the US Dollar, to which the Lebanese Pound is pegged.

	09/05/2025	02/05/2025	% Change
Dollars index = DXY	100.48	100.03	0.45%
EUR/USD	1.1242	1.1295	-0.47%
GBP/USD	1.3239	1.3271	-0.24%
USD/CHF	0.8307	0.827	0.47%
USD/CNY	7.2452	7.2706	-0.35%
USD/JPY	145.34	144.98	0.25%
AUD/USD	0.6402	0.6442	-0.62%
USD/CAD	1.3922	1.3819	0.75%

Prices are as of the time writing this report

In international currency markets this week, the **US Dollar index**, a measure of the US currency's strength against a basket of six rivals, rose marginally by 0.45% to 100.48 points. The increase is credited to

several factors. First, Federal open Market Committee (FOMC) kept interest rates unchanged at 4.25 % - 4.5% in its meeting on Wednesday. Moreover, a trade deal between the United States and United Kingdom is expected to be closed soon. Also, US President hinted that other trade deals might be reached in the coming weeks and implicit that trade deal with China is possible in case negotiations in Switzerland on May 10th between the officials of the two countries succeed.

As for the Euro, it dropped by 0.47% this week pressured by the rise of the US dollar.

Similarly, the British Pound dropped by 0.24% only this week pressured by strong US dollar and after Bank of England (BoE) decision of reducing interest rates by 0.25%. However, the probable US-UK trade deal kept British Pound trading at between 1.32 and 1.33 per dollar. The trade deal with the US is not difficult as the US managed a \$12 billion trade surplus with the UK in 2024.

Japanese Yen depreciated this week and recorded 145.34 per USD as US Dollar strengthened this week due to several potential trade agreements between US other trade partners. On the monetary policy front, Bank of Japan (BoJ) kept rates at 0.5% and hinted that rates hikes in the near future are unexpected as it would decrease growth and inflation forecasts.

On the contrary, Chinese Yuan appreciated against the US Dollar and recorded 7.2452 as trade negotiations with the United States will be held in Switzerland this weekend, although agreement is unforeseen

Potential Trade Deal Between US and its Trade Partners Strengthens US Dollar

this weekend due to the major discrepancies that still exist between the two countries.

Commodities

	09/05/2025	02/05/2025	% Change
Gold	3,326.77	3,240.49	2.66%
Brent Crude Oil	63.66	61.29	3.87%
WTI Crude Oil	60.73	58.29	4.19%

Prices are as of the time writing this report

In commodities market, gold recorded some gains this week as the uncertainty concerning US-China trade talks rose, thus making the safe-haven asset demanding for investors. Although a meeting between the officials of the two countries was set in Switzerland on May 10th, there is uncertainty regarding the outcome of the meeting. Earlier this week, US President stated that he is not considering reduction of tariffs imposed on China before the meeting; while Beijing stressed that US should show good faith and remove the tariffs before the start of the negotiations. Additionally, US president started new trade wars after declaring that movies produced outside US will face a 100% tariffs and is expected in two weeks to unveil tariffs related to pharmaceutical products.

As for oil prices, both Brent and West Texas Intermediate (WTI) are setting toward a weekly gain of 3.87% and 4.19% respectively. The increase in oil prices is attributed to several events and news. First, tensions in the Middle East escalated this week as the Yemen's Houthi fired a rocket on Israel's main airport faced and, in return, Israeli strikes on Al Hodaida port and Sanaa airport in Yemen. Moreover, the potential trade deal between the key global oil consumers US and China supported oil prices.

Potential Trade Deal Between US and its Trade Partners Strengthens US Dollar



**For your Queries:
BLOMINVEST BANK s.a.l.**

Research Department

Zaituna Bay

POBOX 11-1540 Riad El Soloh

Beirut 1107 2080 Lebanon

Helmi Mrad

helmi.mrad@blominvestbank.com

Research Department

Tel: +961 1 991 784

research@blominvestbank.com

Disclaimer

This report is published for information purposes only. The information herein has been compiled from, or based upon sources we believe to be reliable, but we do not guarantee or accept responsibility for its completeness or accuracy. This document should not be construed as a solicitation to take part in any investment, or as constituting any representation or warranty on our part. The consequences of any action taken on the basis of information contained herein are solely the responsibility of the recipient.