

Oil, Gold and Dollar Dip as Ceasefire Calms Markets and Trade Talks Remain Unresolved



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Contact Information

Mira Said

mira.said@blominvestbank.com

Lebanese Forex Market

	27/06/2025	20/06/2025	% Change	YTD
Euro / LBP	104,616.55	103,068.20	1.50%	12.08%
Euro / Dollar	1.13	1.12	1.41%	9.33%
NEER Index	239.20	239.17	0.01%	2.13%

*Prices are as of the time of writing this report

The **Nominal Effective Exchange Rate (NEER)** of the Lebanese pound edged up this week by 0.01% against a basket of 21 influential currencies, including the Euro and British pound, and recorded 239.2 points on June 27th, 2025.

International Forex Market

	27/06/2025	20/06/2025	% Change	Status
Dollars index = DXY	97.40	98.71	-1.33%	Weakened
Euro (EUR/USD)	1.17	1.15	1.42%	Strengthened
U.K. Pound (GBP/USD)	1.37	1.35	2.04%	Strengthened
Swiss Franc (USD/CHF)	0.80	0.82	-2.07%	Strengthened
Chinese Yuan (USD/CNY)	7.17	7.18	-0.11%	Strengthened
Japanese Yen (USD/JPY)	144.53	146.10	-1.07%	Strengthened
Australia \$ (AUD/USD)	0.65	0.64	1.43%	Strengthened
Canadian \$ (USD/CAD)	1.36	1.37	-0.63%	Strengthened

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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—fell by 1.33% to 97.4 points, to trade near its lowest level in three and a half years.

Contributing to the downturn, Fed Chair Powell struck a more dovish tone in his congressional testimony, repeating that inflation is expected to rise this summer but signalling that rate cuts could come "sooner" if price pressures stay contained.

The dollar's decline also came as speculation mounted over potential leadership changes at the Federal Reserve. [*The Wall Street Journal*](#) reported that President Trump may announce a successor to Chair Jerome Powell well ahead of the official handover in May 2026. A nominee seen as more aligned with President Trump's push for lower rates may deepen the dollar's ongoing slide.

Adding to market unease, two Fed officials appointed by Trump signalled support for a possible rate cut as soon as July, diverging from Powell's more cautious approach. As a result, market expectations for near-term easing increased notably, with the odds of a July rate cut rising to 20.7%, up from 14.5% the previous week.

TARGET RATE (BPS)	NOW (27 Jun 2025)	1 WEEK (20 Jun 2025)	1 MONTH (27 May 2025)
375–400	0.00%	0.00%	0.50%
400–425	20.70%	14.50%	23.90%
425–450 (Current)	79.30%	85.50%	75.60%
* Data as of 27 Jun 2025 12:31:49 CT			
Source: CME Group's FedWatch tool			

Fresh concerns over the Fed's independence further weighed on sentiment. On Wednesday, President Trump renewed his attacks on Fed leadership, describing Chair Powell as "terrible". Investors warned that political interference could undermine confidence in the Fed's credibility—long viewed as a cornerstone of U.S. economic stability, and drive flows away from the greenback.

Meanwhile, investors are watching the July 9 deadline for the 90-day tariff deadline, with Washington yet to finalize key trade agreements with major partners that account for a significant share of U.S. commerce. In an interview with Bloomberg, U.S. Secretary of Commerce Howard Lutnick stated that the United States and China have finalized a framework for a trade agreement, and that the White House is preparing to conclude deals with ten key trading partners. However, the details of these potential agreements remain unclear. The uncertainty surrounding these unresolved trade agreements continues to weigh on the U.S. dollar, as prolonged ambiguity over global trade relationships erodes investor confidence and limits support for the greenback. If no additional tariffs are introduced, inflationary pressures are likely to ease, giving the Fed more flexibility to cut rates.

Besides, easing geopolitical tensions in the Middle East faded safe-haven demand for the greenback, removing another layer of support.

As the Dollar weakens, other currencies tend to strengthen against it.

The **euro** rose by 1.42% this week to 1.17 Dollar for the euro.

Similarly, the **British pound** increased by 2.04% to 1.37 USD per pound this week, trading near its highest level in around 4 years.

In Asia, the **Chinese yuan** gained 0.11% against the Dollar to record 7.17 per Dollar as the Dollar weakened.

The **Japanese Yen** also strengthened to 144.53 per Dollar from 146.1 last week.

The risk-sensitive **Australian Dollar** climbed 1.43% to 0.65 per USD, supported by a rebound in risk appetite and broad weakness in the US Dollar.

Commodities

	Currency	27/06/2025	20/06/2025	% Change
Gold (Spot)	USD	3,291.89	3,368.23	-2.27%
Brent Crude Oil	USD	67.04	77.01	-12.95%
WTI Crude Oil	USD	65.61	74.93	-12.44%

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In commodity markets, **gold** fell 2.27% this week to \$3,292 per ounce, pressured by easing geopolitical tensions and evolving Fed expectations. The drop followed a ceasefire between Israel and Iran, which marked the end of nearly two weeks of intense confrontation and reduced demand for traditional safe-haven assets.

At the same time, investors continued to evaluate the Federal Reserve's policy trajectory. Although gold typically benefits from low-interest-rates —since it offers no yield— ongoing uncertainty around the timing and extent of potential easing limited further upside.

In oil markets, **Brent and West Texas Intermediate** (WTI) crude slid this week, with Brent dropping 12.95% to \$67 per barrel and WTI falling 12.44% to \$65.61—nearing their steepest weekly losses in two years, as geopolitical tensions in the Middle East eased.

Oil prices spiked Monday after a U.S. strike on Iranian nuclear sites but fell sharply following President Trump's truce announcement Tuesday, easing supply fears from a region supplying a third of global output.

Following the ceasefire, Goldman Sachs analysts noted that options markets now assign just a 4% chance of a disruption in oil flows via the Strait of Hormuz. Markets currently price in a 60% probability that Brent will remain in the \$60s over the next 3 months, while there's a 28% chance it surpasses \$70. In the unlikely event of a supply disruption, Brent could spike to \$90 per barrel.

Traders are also watching the July 9 tariff deadline for its potential impact on global oil demand, as unresolved trade tensions or the imposition of new tariffs could weaken growth prospects and dampen energy consumption forecasts.

Attention is also on the upcoming OPEC+ meeting on July 6, where markets will be watching for signals of another notable increase in August's production.

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

Research Department

Zaituna Bay

POBOX 11-1540 Riad El Soloh

Beirut 1107 2080 Lebanon

Mira Said

mira.said@blominvestbank.com

Research Department

Tel: +961 1 991 784

research@blominvestbank.com

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