

Oil Prices Surge Amid Escalation of Geopolitical Tensions



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	20/06/2025	13/06/2025	% Change	YTD
Euro / LP	103,068.20	103,390	-0.31%	11.23%
Euro / Dollar	1.1516	1.1552	-0.31%	11.23%
NEER Index	239.17	238.73	0.18%	2.12%

The **Nominal Effective Exchange Rate (NEER) of the Lebanese pound** rose this week by 0.18% against a basket of 21 influential currencies, including the Euro and British pound, and recorded 239.17 points on June 20th, 2025. The rise of the NEER is attributed to the strength of the USD to which LBP is pegged.

	20/06/2025	13/06/2025	% Change
Dollars index = DXY	98.668	98.18	0.50%
EUR/USD	1.1516	1.1552	-0.31%
GBP/USD	1.3474	1.3564	-0.66%
USD/CHF	0.8165	0.811	0.63%
USD/CNY	7.1832	7.181	0.03%
USD/JPY	145.36	144.10	0.88%
AUD/USD	0.6485	0.6486	-0.02%
USD/CAD	1.3694	1.3584	0.81%

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 0.5% to 98.668 points. The rise is mainly

accredited to the increased tension between Iran and Israel in addition to the surge in oil prices, leading investors to lean towards safe-haven assets. Moreover, President Trump's post on Truth Social stating that Iran's Supreme leader Khamenei is "an easy target" and demanding Iran's "unconditional surrender" fueled the rising geopolitical tension. As such, and due to the risk of blocking Hurmuz strait, the Federal Reserve decided to keep rates unchanged, expecting prices to increase in the coming months.

The strength of USD means weakening of other currencies against it. As such, Euro dropped by 0.31% to 1.1516 down from three-year high of 1.163 on June 12th. The potential wider regional conflict guided investors to safe haven assets including the USD.

Similarly, the British Pound fell by 0.66% to record 1.3474 although Bank of England kept interest rates unchanged at 4.25%.

Japanese Yen depreciated this week by 0.88% and recorded 145.36 per US Dollar as the latter strengthened this week due to ongoing war between Iran and Israel. Additionally, news from Japan states that the meeting between Japanese Prime Minister and US President failed to reach an agreement regarding tariffs in the G7 summit held in Canada this week. Moreover, economic indicators in Japan were unsatisfying as May exports decreased for the first time in 8 months. On the monetary front, bank of Japan kept interest rates steady at 0.5% as expected.

As for the Chinese Yuan, it mimicked Japanese Yen and decreased marginally by 0.03% against the US Dollar reaching 7.1832.

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Commodities

	20/06/2025	13/06/2025	% Change
Gold	3,352.45	3,432.34	-2.33%
Brent Crude Oil	77.39	74.23	4.26%
WTI Crude Oil	75.66	72.98	3.67%

Prices are as of the time writing this report

In commodities market, gold is heading for a weekly loss. Gold price decreased by 2.33% this week from all-time high of \$3,432.34 to record \$3,352.45 on June 20th, 2025. The geopolitical tensions in the Middle East urged investors to sell gold to cover losses incurred in other markets.

As for oil prices, both Brent and West Texas Intermediate (WTI) are setting toward a weekly gain of 4.26% and 3.67% respectively. The ongoing war in the Middle East between Iran and Israel pushed oil prices high as Iran threatens to block Hormuz Strait, located between Oman and Iran, being the main export route of Gulf oil producers, namely Saudi Arabia, Kuwait and the United Arab Emirates. As per Goldman Sachs, in case Hormuz Strait is blocked, oil prices might reach \$100 per barrel, as almost 20% of the oil production passes through this strait.

It is to be noted that the current oil prices shock would have had further impact on countries other than United States. In Europe for example, the surge in oil prices that is traded in US Dollar was benign on Europe as the Euro appreciated against the US Dollar by around 12% year-to-date.

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