



July 4, 2025

Contact Information

Helmi Mrad

helmi.mrad@blominvestbank.com

	04/07/2025	27/06/2025	% Change	YTD
Euro / LP	105,466.80	104,885	0.55%	13.82%
Euro / Dollar	1.1784	1.1719	0.55%	13.82%
NEER Index	239.16	239.2	-0.02%	2.11%

The **Nominal Effective Exchange Rate (NEER)** of the **Lebanese pound** dipped marginally this week by 0.02% against a basket of 21 influential currencies, including the Euro and British pound, and recorded 239.16 points on July 4th, 2025. The drop of the NEER is attributed to the weakening of the USD to which LBP is pegged.

	04/07/2025	27/06/2025	% Change
Dollars index = DXY	96.961	97.401	-0.45%
EUR/USD	1.1784	1.1719	0.55%
GBP/USD	1.3678	1.3714	-0.26%
USD/CHF	0.7933	0.799	-0.74%
USD/CNY	7.1649	7.1736	-0.12%
USD/JPY	144.34	144.68	-0.23%
AUD/USD	0.6559	0.6538	0.32%
USD/CAD	1.3591	1.371	-0.87%

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, weakened against a basket of six rivals, dropped marginally by 0.45% to 96.961 points. Fiscal doubts and

trade ambiguity weighed on the US dollar; however, Thursday's jobs report and unemployment rate release trimmed some of the losses to end the week with marginal losses.

President Trump declared that his administration will start sending letters to United States' trading partners on Friday and will be effective July 9th, 2025 with payments effectively starting August 1st. As per the US President, tariffs will range between 10% and 70%. It is interesting to note that US reached agreements concerning tariffs with the United Kingdom and Vietnam and an agreement scheme with China. The US-Vietnam agreement states that the tariffs imposed on US imports from Vietnam will be 20% (well below the 46% rate imposed initially by Trump's administration) in addition to 40% on imports on goods transshipped through Vietnam. However, there is still no agreement between the US and its major trading partners Japan and Europe. For Japan, Trump stated that negotiations with Japan are tough.

As for interest rates, the recently released job report will relieve some pressure on the Federal reserves as the numbers exceed expectation, signaling a solid US economy. Added jobs in June recorded 147,000 and unemployment rate reached 4.1%. However, investors are expecting a 75 basis points rate cut till year end starting September.

Finally, all eyes are on July 15th CPI report release that will have an impact on Fed's next steps. Additionally, the Senate has approved Trump's tax-and-spending mega bill that is expected to add around \$3.3 trillion to US debt.

The weakening of USD leads to strengthening of other currencies against it. As such, Euro increased by 0.55% to 1.1784.

Christine Lagarde, President of the European Central Bank (ECB), told ARD channel that their determination, commitment and duty is fully committed to 2% inflation target rate and they will do whatever they must do to keep it despite the uncertainty nowadays. It is to be noted that the ECB has lowered interest rates for 8 times since July 2024 and is expected to implement one more rate cut this year. Lagarde also asked policy makers to make effort to ramp up the economy as there is a lot of potential in Europe as the value of the Euro depends on the strength of the economy in Europe.

However, the British Pound fell by 0.26% to record 1.3678. In the UK, Bank of England (BoE) is expected to lower interest rates to 4% in August following BoE's Governor's statement to CNBC that interest rates should be lowered gradually as inflationary pressures ease. Additionally, UK's Prime Minister's defense of Chancellor Rachel Reeves gave some support for the British pound. UK PM declared that Reeves remain in her role "for a very long time to come." This statement followed rumors that the Chancellor might resign after appearing tearful when facing UK PM's questions in the House of Commons Chamber, which was then linked to personal issues.

Japanese Yen appreciated this week by 0.23% and recorded 144.34 per US Dollar as the latter weakened this week due to fiscal concerns and trade uncertainty and despite Trump's threats to impose 35% tariffs on Japanese exports to the US.

As for the Chinese Yuan, it mimicked Japanese Yen and appreciated by 0.12% against the US Dollar reaching 7.1649.

Fiscal Doubts and Trade Ambiguity Weakens US Dollar

Commodities

	04/07/2025	27/06/2025	% Change
Gold	3,341.66	3,274.33	2.06%
Brent Crude Oil	68.29	67.77	0.77%
WTI Crude Oil	66.55	65.52	1.57%

Prices are as of the time writing this report

In commodities market, gold is heading for a weekly gain supported by a weaker US dollar in addition to fiscal doubts and trade ambiguity. The fiscal concern represented by Senate's approval on Trump's tax-and –spending mega bill that is expected to add around \$3.3 trillion in US debt in addition to the ambiguity in trade between US and most of its trading partners, led investors to consider investing more in the safe-haven asset.

As for oil prices, both Brent and West Texas Intermediate (WTI) are setting toward a weekly gain of 0.77% and 1.57% respectively following Iran's decision to stop the cooperation with the UN nuclear watchdog which resulted in 3% surge in oil prices on Wednesday. However, these gains were trimmed by the concerns regarding the global economy as tariffs will take effect in July 9th and there are only few trade agreements reached. On the supply side, OPEC+ is expected to decide on increasing its oil output in the meeting later this week by 411,000 barrels per day in August.

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**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

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