Major Currencies Strengthen on Trade Progress While the Dollar Slips

BLOMINVEST BANK

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Lebanese Forex Market

	25/07/2025	18/07/2025	% Change	YTD
Euro / LBP	105,081.95	103,972.15	1.07%	12.58%
Euro / Dollar	1.1740	1.1626	0.98%	13.38%
NEER Index	240.52	240.32	0.08%	2.70%

*Prices are as of the time of writing this report

The **Nominal Effective Exchange Rate (NEER)** of the Lebanese pound edged up by 0.08% this week, reaching 240.52 points on July 25, 2025, against a basket of 21 influential currencies—including the Euro and British pound.

International Forex Market

	25/07/2025	18/07/2025	% Change	Status
Dollars index = DXY	97.57	98.48	-0.92%	Weakened
Euro (EUR/USD)	1.1740	1.1626	0.98%	Strengthened
U.K. Pound (GBP/USD)	1.3491	1.3409	0.61%	Strengthened
Swiss Franc (USD/CHF)	0.7962	0.8018	-0.70%	Strengthened
Chinese Yuan (USD/CNY)	7.1635	7.1780	-0.20%	Strengthened
Japanese Yen (USD/JPY)	147.13	148.61	-1.00%	Strengthened
Australia $ (AUD/USD)	0.6579	0.6508	1.09%	Strengthened
Canadian $ (USD/CAD)	1.3658	1.3726	-0.50%	Strengthened

*Prices are as of the time of 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—fell by 0.92% to 97.57 points. Advancements in U.S. trade talks reduced fears of an escalating global trade conflict, weakening demand for safe-haven assets such as the dollar. The decline comes despite market expectations that the Federal Reserve will keep interest rates unchanged at its upcoming meeting, supported by a sixth consecutive weekly decline in U.S. jobless claims—signaling economic resilience, and amid growing fears that Trump's tariffs could fuel inflation.

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

The **euro** rose by 0.98% this week to 1.174 euros per dollar, fueled by signs of progress in U.S.–EU trade talks aiming to establish a 15% tariff on most imports—mirroring a prior U.S.–Japan deal. The euro was also supported by the European Central Bank's decision to keep interest rates unchanged for the first time in over a year.

The **Chinese yuan** appreciated by 0.2% to 7.1635 per dollar, pulling back slightly from its recent eight-month high. The gains were supported by a stronger daily midpoint set by the People's Bank of China at 7.1385—its firmest since November 6 and notably above market expectations—underscoring official efforts to guide the currency higher. Traders are also monitoring U.S.–China trade talks.

The Japanese yen strengthened by 1% to 147.13 after Japan secured a trade deal with the U.S. that set tariffs at 15%—down from Trump's earlier threat of 25%.

The risk-sensitive **Australian Dollar** climbed 1.09% to 0.6579 per USD, supported by trade deals that lifted market risk appetite.

Commodities

	Currency	25/07/2025	18/07/2025	% Change
Gold (Spot)	USD	3,359.48	3,350.40	0.27%
Brent Crude Oil	USD	68.52	69.28	-1.10%
WTI Crude Oil	USD	66.20	67.34	-1.69%

*Prices are as of the time of writing this report

In commodity markets, **gold** rose by 0.27% this week to $3,359.5 per ounce, driven by persistent bets that the Fed will hold rates steady, enhancing the appeal of the non-yielding metal. Gold also benefited from a weaker dollar, making it more affordable for holders of other currencies. And while trade tensions have eased—albeit not fully—gold remains a favored safe-haven asset.

In oil markets, **Brent and West Texas Intermediate** (WTI) crude declined this week, with Brent slipping 1.1% to $68.52 per barrel and WTI falling 1.69% to $66.20, pressured by escalating trade tensions that weighed on global growth prospects and dampened future oil demand. Prices partially rebounded late in the week as some trade tensions eased, though gains remained limited amid persistent uncertainty surrounding key negotiations—especially U.S.-China trade talks. Ongoing peace talks between Ukraine and Russia also capped further market gains, though negotiations in Istanbul focused on prisoner swaps and showed little progress on a ceasefire or leadership meeting. But many other factors supported oil markets' prices. U.S. crude inventories fell by 3.2 million barrels to 419 million last week, double the 1.6 million-barrel expected by analysts in a Reuters poll, signalling tighter supply conditions. The EU and U.S. are also considering further sanctions on Russian oil, which could further tighten global supply. At the same time, Russia plans to temporarily halt oil exports from its Black Sea ports, adding to disruption risks.

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