

Trump's Tariffs Lift Dollar and Gold, But Weigh on Major Currencies



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Lebanese Forex Market

	11/07/2025	04/07/2025	% Change	YTD
Euro / LBP	104,544.95	105,466.80	-0.87%	12.00%
Euro / Dollar	1.1687	1.1781	-0.80%	12.86%
NEER Index	239.79	239.16	0.26%	2.38%

*Prices are as of the time of writing this report

The **Nominal Effective Exchange Rate (NEER)** of the Lebanese pound increased by 0.26% this week, reaching 239.79 points on July 11, 2025, against a basket of 21 influential currencies—including the Euro and British pound—driven by the rise of the U.S. dollar, to which the Lebanese pound is pegged.

International Forex Market

	11/07/2025	04/07/2025	% Change	Status
Dollars index = DXY	97.81	97.18	0.65%	Strengthened
Euro (EUR/USD)	1.1687	1.1781	-0.80%	Weakened
U.K. Pound (GBP/USD)	1.3543	1.3650	-0.78%	Weakened
Swiss Franc (USD/CHF)	0.7968	0.7941	0.34%	Weakened
Chinese Yuan (USD/CNY)	7.1703	7.1653	0.07%	Weakened
Japanese Yen (USD/JPY)	147.00	144.48	1.74%	Weakened
Australia \$ (AUD/USD)	0.6577	0.6553	0.37%	Strengthened
Canadian \$ (USD/CAD)	1.3700	1.3605	0.70%	Weakened

*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—increased by 0.65% to 97.8 points. The uptick reflects investor reaction to the latest tariff announcements from President Trump, who issued over 20 letters since Monday targeting dozens of economies with new import duties effective August 1. Canada faces a 35% tariff, with threats of escalation if it retaliates, while tariffs of 15–20% are being considered for other partners. Specific rates include 30% for Algeria, Sri Lanka, and Iraq; 25% for Brunei, Libya, and Moldova; 20% for the Philippines; and a steep 50% for Brazil. Additionally, a 50% duty on copper imports was announced, further fueling inflationary concerns. While Trump has signaled openness to negotiation, the sweeping scope and unpredictability of these measures have supported the dollar's appeal as a safe-haven asset amid rising global trade tensions. Additionally, traders are now pricing in a tighter monetary policy stance as tariff-driven inflationary risks mount—further reinforcing the dollar's upward momentum.

As the Dollar strengthens, other currencies tend to weaken against it.

The **euro** fell by 0.8% this week to 1.17 euros per dollar.

Similarly, the **British pound** declined by 0.78% to 1.35 pounds per dollar.

The **Chinese yuan** also weakened by 0.07% against the dollar to record 7.17 per Dollar.

Safe-haven currencies like the Swiss franc and Japanese yen weakened against the dollar this week due to the dollar's strengthening. The **franc** slipped 0.34% to 0.80 dollars, while the yen depreciated to 147 per dollar, from 144.48 last week. The **yen's** slide was driven by escalating U.S.-Japan tensions, following a 1 percentage point tariff hike to 25%, directly impacting Japan's core export sectors. With the U.S. serving as Japan's largest export market in 2024, receiving 21.3 trillion yen (\$145.76 billion) in shipments, and total exports contributing nearly 22% of GDP in 2023, as per the World Bank, the tariff escalation risks slowing the country's growth and intensifying pressure on the yen. Japanese Prime Minister Shigeru Ishiba signaled strategic recalibration, calling for reduced reliance on U.S. supply chains in areas such as defense, food security, and energy, while advocating for a trade agreement—though he emphasized that Tokyo would reject any deal that fails to remove auto tariffs.

The risk-sensitive **Australian Dollar** bucked the broader currency trend this week, climbing 0.37% to 0.66 per USD. However, its momentum faded after retreating from eight-month highs, pressured by deteriorating risk sentiment linked to sweeping tariff announcements and their potential impact on global economic growth. Given Australia's heavy reliance on free trade and commodity exports, the AUD remains especially vulnerable to any downward revisions in global growth forecasts—a distinct risk if the tariffs are implemented in full.

The **Canadian dollar** weakened by 0.7% this week, settling at 1.37 dollars per Canadian dollar, weighed down by concerns over a potential global growth slowdown and its implications for commodity prices. With oil—a key Canadian export—facing demand risks, and copper shipments now subject to a 50% U.S. tariff, trade-related headwinds have intensified. Still, prospects for a Canada-U.S. bilateral agreement by July 21 offer a potential buffer, with Ottawa hoping to finalize terms that could mitigate some of the pressure on cross-border flows and investor sentiment.

Commodities

	Currency	11/07/2025	04/07/2025	% Change
Gold (Spot)	USD	3,339.28	3,336.64	0.08%
Brent Crude Oil	USD	68.69	68.30	0.57%
WTI Crude Oil	USD	67.06	67.00	0.09%

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In commodity markets, **gold** edged up by 0.08% this week to \$3,339 per ounce, as investors sought refuge amid intensifying global trade tensions. The metal's resilience came despite the dollar's strengthening—typically a headwind for gold—making it more expensive for holders of other currencies. The uptick underscores gold's appeal as a safe-haven asset, particularly as tariff escalations and geopolitical uncertainty continue to cloud the global economic outlook.

In oil markets, **Brent and West Texas Intermediate (WTI)** crude rose this week, with Brent up 0.57% to \$68.7 per barrel and WTI inching upward by 0.09% to \$67. Oil prices climbed following President Trump's announcement of an upcoming Russia-related statement, stoking fears of additional sanctions on the Kremlin amid continued attacks on Ukrainian cities and stalled improvement in its deal with Ukraine. This move threatened to reduce oil supply, and increase geopolitical tensions. At the same time, as per CNBC, the European Union plans to introduce a floating Russian oil price cap in a new sanctions package—intended to replace the outdated fixed cap, which lost its impact after global oil prices fell. Meanwhile, Renewed Houthi attacks on Red Sea shipping lanes added a temporary risk premium. However, gains were capped by OPEC+'s agreement to raise output by 548,000 barrels per day in August, alongside its downward revision of medium-term demand forecasts due to slowing Chinese consumption. In its 2025 World Oil Outlook, OPEC now expects global demand to average 106.3 million bpd in 2026, down from 108 million bpd previously.

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