

US Dollar Rises Marginally this Week Despite Political and Monetary Uncertainties



August 29, 2025

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Lebanese FOREX Market

	29/08/2025	22/08/2025	% Change	YTD
Euro / LP	104,383.85	104,984	-0.57%	12.65%
Euro / Dollar	1.1663	1.173	-0.57%	12.65%
NEER Index	241.69	241.57	0.05%	3.19%

The **Nominal Effective Exchange Rate (NEER)** of the Lebanese pound increased marginally by 0.05% this week, reaching 241.69 points on August 29th, 2025, against a basket of 21 influential currencies—including the Euro and British pound— following this week’s marginal strengthen of U.S. dollar to which it is pegged.

International FOREX Market

	29/08/2025	22/08/2025	% Change
Dollars index = DXY	97.861	97.716	0.15%
EUR/USD	1.1663	1.173	-0.57%
GBP/USD	1.3494	1.3533	-0.29%
USD/CHF	0.8010	0.801	0.06%
USD/CNY	7.1319	7.1651	-0.46%
USD/JPY	146.95	146.71	0.16%
AUD/USD	0.6533	0.6488	0.69%
USD/CAD	1.3742	1.3826	-0.61%

In international currency markets this week, the **US Dollar Index (DXY)** — a measure of the US currency’s strength against a basket of six rivals—rose marginally by 0.15% to 97.861 points, but setting for a monthly drop of 2% against major currencies in August.

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

The **euro** slipped 0.57% this week to 1.166 per dollar, affected by the potential political turmoil in France as the French Prime Minister François Bayrou called for a confidence vote on September 8 over his €44 billion budget cuts. The opposition is expected to vote “no-confidence”, a move that could lead to the collapse of the French government.



Source: LSEG Workspace

Note: SmartEconomics® produces forecasts significantly more accurate than consensus by scoring each contributor’s track record—comparing Reuters poll estimates to actual outcomes across asset classes.

As per Reuters’ FX Poll, the US dollar is set to weaken in the upcoming months after the mounting concerns related to independence of the Federal Reserve. President Trump’s regular statements regarding cutting interest rates, early resignation of Fed Governor Adriana Kugler, and now the dismissing of Fed

Governor Lisa Cook are all raising concerns of investors regarding Federal Reserve's independence. Foreign Exchange strategists expect Euro to reach 1.18 in six months and 1.2 in a year.

Similarly, **sterling** declined by 0.29% this week, due to the dollar's strengthening. Bank of England is expected to keep rates unchanged in their next meeting as per Prime Market Terminal Interest Rate Probability tool.

The **Japanese yen** weakened to 146.95 per dollar from 146.71 last week, pressured by stronger US Dollar and investor's data weigh. July's industrial production and retail sales figures came below anticipation and core inflation stayed above Japan's target of 2%. Additionally, unemployment eased from 2.5% in June to 2.3% in July.

However, **Chinese Yuan** appreciated this week against the US Dollar and recorded 7.13 supported by signs from the People's Bank of China (PBOC), indicating a shift in currency strategy amid improving trade conditions that have brightened the country's economic outlook. PBOC increased its daily reference rate and fixed it at 7.103 per dollar – the strongest guidance since last November. Moreover, Federal Reserve is expected to cut rates in its September meeting.

Commodities

	29/08/2025	22/08/2025	% Change
Gold	3,408.15	3,371.86	1.08%
Brent Crude Oil	68.15	67.73	0.62%
WTI Crude Oil	64.07	63.66	0.64%

Prices are as of the time writing this report

In commodity markets, **gold** rose by 1.08% this week to \$3,408.15 per ounce on track for a second weekly gain, resulting from softer US Dollar and increasing demand for safe-haven demand. Gold prices were supported by the political uncertainty and institutional uncertainty between the US administration and Federal Reserve. President Trump's decision to dismiss Fed Governor Lisa Cook fueled concerns about Federal Reserve's independence. Moreover, Cook's lawyer revealed that they will challenge the decision in the court.

In oil markets, **Brent and West Texas Intermediate** (WTI) crude prices rose this week by 0.62% and 0.64% respectively, lifted by geopolitical risks and monetary policy signals. On the political side, Trump is threatening Russia with stricter sanctions in case of stalling in peace talks with Ukraine. Moreover, US administration doubled its import levy on Indian goods to 50% to force India to decrease its reliance on Russian oil. Additionally, Ukraine is still targeting Russian energy infrastructure through drone strikes leading to disruption in oil production. On the monetary side, Fed's Chair Powell signaled possible rate cut in September, boosting sentiment that growth world's largest economy will increase oil demand.

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