

Gold Price Records All-Time High as Markets Price in Fed Rate Cut Next Week



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Lebanese FOREX Market

	12/09/2025	05/09/2025	% Change	YTD
Euro / LP	105,001.40	104,867	0.13%	13.32%
Euro / Dollar	1.1732	1.1717	0.13%	13.32%
NEER Index	242.34	241.97	0.15%	3.47%

The **Nominal Effective Exchange Rate (NEER)** of the Lebanese pound increased marginally by 0.15% this week, reaching 242.34 points on September 12th, 2025, against a basket of 21 influential currencies—including the Euro and British pound.

International FOREX Market

	12/09/2025	05/09/2025	% Change
Dollars index = DXY	97.69	97.77	-0.08%
EUR/USD	1.1732	1.1717	0.13%
GBP/USD	1.3558	1.3506	0.39%
USD/CHF	0.7971	0.798	-0.14%
USD/CNY	7.122	7.1325	-0.15%
USD/JPY	147.80	147.43	0.25%
AUD/USD	0.6648	0.6554	1.43%
USD/CAD	1.3842	1.3829	0.09%

Prices are as of the time writing this report

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—declined marginally by 0.08% to 97.69 points. Dollar index fell this week as expectations of rate cut by Federal Open Market Committee’s (FOMC) next meeting in September 17th is increasing. Currently, probability of rate cut is 100% with increasing bets of a 50 bps cut (although it is unlikely) as per CME Fedwatch Tool as shown in the below table. Additionally, labor data that was recently revealed are unfavorable, supporting the anticipated rate cut next week. Thursday data revealed the largest weekly surge in the number of Americans filing new jobless benefits application since 2024. These labor data outshined inflation data as core CPI recorded 3.1% annually and annual inflation 2.9% annually.

Target Rate (bps)	Probability (%)			
	Now *	1 Day 11 Sep 2025	1 Week 5 Sep 2025	1 Month 12 Aug 2025
375-400	7.5%	6.1%	11.0%	0.0%
400-425	92.5%	93.9%	89.0%	93.9%
425-450 (Current)	0.0%	0.0%	0.0%	6.1%

* Data as of 12 Sep 2025 04:05:21 CT

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

The **euro** rose by 0.13% this week to 1.1732 per dollar. This increase is driven by hawkish tone from the European Central Bank (ECB) and dollar weakness this week. The ECB kept rates steady for the second meeting. Updated forecasts revealed that Euro Zone GDP growth will record 1.2% in 2025 and 1% in 2026, while inflation is expected to record 2.1% in 2025 and 1.7% in 2026.

Similarly, **sterling** rose by 0.39% this week, due to the dollar's weakness. As per Reuters' FX Poll, the British Pound is set to strengthen marginally in the upcoming months due to fears regarding Federal Reserve dependence in addition to the anticipated rate cuts in the coming months. Foreign Exchange strategists expect GBP to reach 1.3638 in a year.



Source: LSEG Workspace / Poll Date: September 3rd, 2025

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.

In contrast to the Euro and GBP, the **Japanese yen** weakened to 147.80 per dollar, despite the weakening of the US Dollar. Japanese Prime Minister resigned this week and a US – Japan joint statement restating that exchange rates should remain market driven.

However, **Chinese Yuan** appreciated this week against the US Dollar and recorded 7.122 supported by dollar weakness despite the pressure exerted by the US on China and India. Reports reveal that the US is pressuring G7 countries to impose 50% to 100% tariffs on China and India as they are importing Russian oil, pushing Russia to a peace deal with Ukraine.

Commodities

	12/09/2025	05/09/2025	% Change
Gold	3,644.35	3,586.69	1.61%
Silver	42.37	41.00	3.34%
Brent Crude Oil	66.18	65.5	1.04%
WTI Crude Oil	62.18	61.87	0.50%

Prices are as of the time writing this report

In commodity markets, **gold** rose by 1.61% this week to \$3,644.35 per ounce on track for a second weekly gain, and recording all-time high. This increase is attributed to the weakness of the US Dollar and increased geopolitical tension. US administration is pushing Europe to impose tariffs on China and India, in addition to Israeli strike on Qatar's capital and shooting down of Russian drones in Poland's air space.

On September 12th, UBS bank raised its gold price forecasts to \$3,800 per ounce by the end of 2025 and \$3,900 per ounce by mid – 2026 due to rate cuts by Federal Reserve and geopolitical tensions.

It is interesting to note that Silver recorded 14-year highs this week and passing the \$42 per ounce level.

In oil markets, **Brent and West Texas Intermediate** (WTI) crude prices rose this week by 1.04% and 0.5% respectively, lifted by geopolitical risks. In addition, OPEC+ a smaller than anticipated production hike of 137,000 barrels per day in October and less than August and September production hikes of 555,000. Additionally, the pressure on Russia regarding its oil exports will affect prices later on. In addition to the possible tariffs on China and India due the continued purchase of Russian oil, European Union is planning to phase out Russian oil and gas by the beginning of 2028 and to be replaced by American energy sources. Moreover, Japan imposed additional sanctions on Russia by decreasing price cap on Russian oil to \$47.6 per barrel compared to previous \$60 per barrel.

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