

Currency Strength Broadens Amid Dollar Slide; Gold Surges to Record High



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Lebanese Forex Market

	17/10/2025	10/10/2025	% Change	YTD
Euro / LP	104,938.75	103,981	0.92%	13.25%
Euro / Dollar	1.1725	1.1618	0.92%	13.25%
NEER Index	242.09	242.97	-0.36%	3.36%

*prices are as of the time of writing this report

The Nominal Effective Exchange Rate (NEER) of the Lebanese pound rose by 3.36% this week, reaching 242.09 points on October 17, 2025, against a basket of 21 influential currencies – including the Euro and British pound.

International Forex Market

	17/10/2025	10/10/2025	% Change	Status
Dollars index = DXY	98.231	98.978	-0.75%	Weakened
EUR/USD	1.1725	1.1618	0.92%	Strengthened
GBP/USD	1.3468	1.3358	0.82%	Strengthened
USD/CHF	0.7896	0.799	-1.23%	Strengthened
USD/CNY	7.1264	7.1353	-0.12%	Strengthened
USD/JPY	149.83	151.20	-0.91%	Strengthened
AUD/USD	0.6454	0.6474	-0.31%	Weakened
USD/CAD	1.4056	1.4006	0.36%	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 downturn against a basket of six rivals – fell by 0.75% to 98.231 points. The dollar's weakness reflected broad strengths across several foreign currencies such as the euro and yen. This decline is reflected amid

growing expectations of Federal Reserve rate cuts, a prolonged government shutdown, and intensifying US-China trade tensions. Fed officials including Chair Powell and Governor Waller signaled concern over a weakening labor market, fueling market bets on further monetary easing. Meanwhile, delays in economic data due to the shutdown and emerging credit risks from regional banks deepened investor caution.

The **Euro** strengthened, rising nearly 1% to \$1.1725, supported by political stabilization in France after Prime Minister Lecornu's government survived a no-confidence vote. His decision to suspend pension reforms eased investor anxiety, while the weaker US dollar amplified the euro's gains. The ECB's steady policy stance contrasted with the Fed's dovish tone, helping the euro move away from its two-month low. This appreciation was mainly driven by European political resilience and broad dollar weakness.

The **British Pound** strengthened for the week, climbing to \$1.3468. This gain came as UK GDP data met expectations, offering some economic relief ahead of the November budget. The modest rebound in August output, led by manufacturing, helped offset earlier pressure from slowing wage growth and rate-cut speculation. However, fiscal concerns persist as Finance Minister Reeves considers tax hikes and spending cuts to address rising borrowing costs. Sterling's advance reflects a blend of domestic stability and a weaker dollar environment.

The **Japanese Yen** strengthened, appreciating to 149.83 per dollar, as political uncertainty and safe-haven inflows drove demand. The market unwound the so-called "Takaichi trade" after the coalition breakup between the Liberal Democratic Party and Komeito cast doubt on Takaichi's leadership path. Comments by BOJ Governor Kazuo Ueda, suggesting possible rate hikes if confidence in the economy continues to build, further supported the yen.

The offshore **Yuan** strengthened slightly to 7.1264 per dollar. The People's Bank of China's strong daily fixing – its highest in a year – reaffirmed commitment to currency stability amid escalating US-China trade tensions. The yuan benefited from both the PBOC's stabilizing actions and a weaker US dollar, even as domestic economic indicators showed ongoing deflationary pressures. Overall, the currency remained stable but resilient, reflecting confidence in Beijing's managed approach.

Commodities

	17/10/2025	10/10/2025	% Change
Gold	4,333.53	4,017.79	7.86%
Silver	53.63	50.15	6.95%
Brent Crude Oil	60.59	62.73	-3.41%
WTI Crude Oil	57.03	58.9	-3.17%

*prices are as of the time of writing this report

In commodity markets, **Gold** rose by 7.86% this week to \$4,333.53 per ounce, extending its record-setting rally and marking one of its strongest weekly gains in years. The surge was fueled by heightened US-China trade tensions, the ongoing US government shutdown, and mounting expectations of two Federal Reserve rate cuts—one in October and another in December. Fed Chair Powell's remarks pointing to a weakening labor market further solidified bets on monetary easing, which drove investors toward non-yielding assets. The combination of geopolitical risks, central bank buying, and safe-haven flows supported gold's sharp advance, as markets grew increasingly risk-averse amid global uncertainty.

Silver climbed 6.95% this week to \$53.63 per ounce, remaining close to all-time highs amid tight global supply and rising safe-haven demand. The price was buoyed by a historic short squeeze in London, where liquidity constraints triggered a scramble for physical silver. Demand from India added further strain, leading several local funds to temporarily suspend silver ETF inflows. Broader fears stemming from US bank stress, US-China trade friction, and speculation of Fed rate cuts reinforced investor appetite for precious metals. The market's rally was thus rooted in both fundamental scarcity and macroeconomic anxiety, propelling silver's strong weekly gain.

Both **Brent and WTI crude oil** extended losses this week – Brent down 3.41% to \$60.59 per barrel and WTI down 3.17% to \$57.03 – marking their third consecutive weekly decline. The fall was driven by oversupply fears, with the International Energy Agency warning that production could exceed demand by nearly 4 million barrels per day by 2026. Rising US inventories (up 3.5 million barrels) and soft consumption data added pressure, while mixed signals from India's Russian crude purchases and uncertainty over US-Russia talks further clouded sentiment. Meanwhile, persistent US-China trade tensions kept demand subdued.

It is interesting to mention that **Platinum** maintained strong upward momentum, trading near a 14-year high around \$1,730 per ounce, driven by safe-haven demand, tight supply, and robust industrial use. The week's rally came amid ongoing US-China tariff disputes, Fed rate-cut expectations, and supply constraints from South Africa, which produces about 70% of global platinum. Production disruptions from flooding and outdated infrastructure led to a projected third consecutive annual deficit this year. The metal's sustained gains reflected a broader market shift toward safety and scarcity assets, mirroring the pattern seen in gold and silver.

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