Currency Realignments and Commodity Gains amid Geopolitical Tensions

BLOMINVEST BANK

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Lebanese Forex Market

	09/01/2026	02/01/2026	% Change
Euro / LP	104,204.85	104,885	-0.65%
Euro / Dollar	1.1643	1.1719	-0.65%
NEER Index	116.74	116.61	0.11%

*prices are as of the time of writing this report

The **Nominal Effective Exchange Rate** (NEER) of the Lebanese pound rose by 0.11% this week, reaching 116.74 points on January 9th, 2026, against a basket of 21 influential currencies – including the Euro and British pound.

International Forex Market

	09/01/2026	02/01/2026	% Change	Status
Dollars index = DXY	98.65	98.40	0.25%	Strengthened
EUR/USD	1.1643	1.1719	-0.65%	Weakened
GBP/USD	1.3413	1.3456	-0.32%	Weakened
USD/CHF	0.8002	0.793	0.97%	Weakened
USD/CNY	6.9836	6.988	-0.06%	Strengthened
USD/JPY	157.68	156.86	0.52%	Weakened
AUD/USD	0.668	0.6693	-0.19%	Weakened
USD/CAD	1.3875	1.3733	1.03%	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 – rose by 0.25%, reflecting sustained demand for the greenback. This appreciation was driven by resilient US labor market indicators, including low job cuts and relatively stable jobless claims, which reinforced expectations that the Federal Reserve would keep interest rates unchanged in the near term. While markets continue to anticipate rate cuts later in the year, near-term policy stability supported the dollar. In addition, heightened geopolitical tensions, including developments related to Venezuela, increased safe-haven demand, further underpinning the dollar's weekly gains.

The **Euro** weakened during the week, declining by 0.65% against the dollar, as softer inflation data across the Eurozone weighed heavily on the currency. Cooling price pressures reduced expectations of any interest-rate hikes by the European Central Bank, with markets increasingly pricing in a prolonged period of stable rates. Weak economic signals, particularly from Germany's retail sector and subdued labor market momentum, further dampened investor sentiment. Against the backdrop of broad US dollar strength, these factors contributed to the euro's underperformance over the week.

The **British Pound** weakened slightly on a weekly basis, falling by 0.32% against the dollar, despite having traded near multi-month highs earlier in the period. While sterling continued to benefit from relatively fewer expected rate cuts by the Bank of England compared with the Federal Reserve, this support was insufficient to offset the broader strength of the US dollar. Domestic data showed mixed signals, with strong consumer borrowing partially counterbalanced by softer mortgage approvals, contributing to a modest pullback in the currency by week's end.

The **Japanese Yen** weakened over the week, depreciating by 0.52% against the dollar, as external pressures outweighed domestic support factors. The yen remained under pressure from broad dollar strength, while declines in real wages – caused by inflation continuing to outpace wage growth – undermined confidence in near-term policy tightening. Although the Bank of Japan reiterated its willingness to raise interest rates if economic conditions evolve as forecast, persistent uncertainty and heightened geopolitical tensions with China weighed on investor sentiment, contributing to the yen's continued weakness.

The **offshore Yuan** strengthened marginally over the week, posting a 0.06% gain, supported mainly by seasonal foreign-exchange inflows. Exporters increased dollar-to-yuan conversions to meet year-end obligations and pre–Lunar New Year payments, providing steady demand for the local currency. While the People's Bank of China maintained an accommodative policy stance and signaled readiness to ease further, this policy backdrop capped the extent of the yuan's appreciation. Overall, seasonal demand and improved market sentiment helped the yuan edge higher despite cautious official guidance.

Commodities

	09/01/2026	02/01/2026	% Change
Gold	4,472.20	4,332.29	3.23%
Silver	78.13	72.82	7.30%
Brent Crude Oil	61.94	60.75	1.96%
WTI Crude Oil	57.68	57.32	0.63%

*prices are as of the time of writing this report

In commodity markets, **Gold** rose 3.23% over the week, supported mainly by heightened safe-haven demand amid escalating geopolitical tensions, particularly around US actions in Venezuela. Continued central-bank buying, with China extending its gold purchases for a fourteenth consecutive month, further underpinned prices. Toward the end of the week, gains were partially trimmed by profit-taking and a firmer US dollar, as investors turned their attention to upcoming US labor market data. Looking ahead, expectations of two Fed rate cuts this year continue to provide underlying support despite near-term volatility.

Silver recorded a strong weekly gain of 7.30%, rising from $72.82 to $78.13 per ounce, though price action was volatile. Early gains were driven by safe-haven inflows, while late-week pressure stemmed from profit-taking and mechanical selling linked to annual commodity index rebalancing. Despite this pullback, silver remained near elevated levels, supported by tight supply conditions and solid industrial and investment demand. In the coming week, prices are likely to remain sensitive to positioning flows and US economic data.

Oil prices ended the week higher, with **Brent Crude** rising 1.96% to $61.94 per barrel and **WTI** gaining 0.63% to $57.68 per barrel. The advance was driven by geopolitical risk premiums, particularly concerns over potential supply disruptions linked to Venezuela and stricter sanctions enforcement. Support also came from larger than expected US crude inventory draws, though gains were capped by rising inventories at Cushing, product stock builds, and expectations that Venezuelan crude could eventually add supply under US oversight. Heading into next week, oil prices remain headline-sensitive, with volatility likely as markets balance supply risks against demand concerns.

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