Currency Shifts and Commodity Gains amid Geopolitical Uncertainty

BLOMINVEST BANK

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Lebanese Forex Market

	23/01/2026	16/01/2026	% Change	YTD
Euro / LP	105,099.85	103,793	1.26%	-0.02%
Euro / Dollar	1.1743	1.1597	1.26%	-0.02%
NEER Index	117.00	117.11	-0.09%	-48.10%

*prices are as of the time of writing this report

The **Nominal Effective Exchange Rate** (NEER) of the Lebanese pound fell by 0.09% this week, reaching 117.00 points on January 23rd, 2026, against a basket of 21 influential currencies – including the Euro and British pound.

International Forex Market

	23/01/2026	16/01/2026	% Change	Status
Dollars index = DXY	98.33	99.39	-1.07%	Weakened
EUR/USD	1.1743	1.1597	1.26%	Strengthened
GBP/USD	1.352	1.3381	1.04%	Strengthened
USD/CHF	0.7904	0.803	-1.57%	Strengthened
USD/CNY	6.9631	6.9703	-0.10%	Strengthened
USD/JPY	157.99	158.14	-0.10%	Strengthened
AUD/USD	0.6847	0.6683	2.45%	Strengthened
USD/CAD	1.3787	1.3914	-0.91%	Strengthened

*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 against a basket of six rivals – fell by 1.07%, reflecting a broad loss of confidence in US assets. This decline was driven primarily by heightened geopolitical and trade tensions between the US and Europe linked to President Trump's renewed push over Greenland, which revived fears of tariffs and retaliatory measures. These developments triggered a “sell America” sentiment, outweighing support from otherwise solid US economic data and expectations that the Federal Reserve will keep interest rates unchanged. As geopolitical risks dominated market sentiment, safe-haven demand for the dollar diminished, leading to its notable weekly depreciation.

The **Euro** strengthened by 1.26% against the dollar over the week, benefiting largely from the dollar’s weakness rather than euro-specific shocks. Easing US-Europe tensions later in the week provided some relief to markets, while confidence in the Eurozone outlook remained supported by signs of economic resilience and inflation hovering near target. Expectations that the European Central Bank will maintain interest rates at current levels further underpinned the currency. Overall, the euro’s appreciation reflected a rebalancing away from the dollar amid political uncertainty in the US.

The **British Pound** rose by 1.04% over the week, strengthening alongside other major currencies against the weakening dollar. Sterling was supported by UK inflation data coming in slightly above expectations, particularly in services inflation, which reduced expectations for near-term aggressive interest rate cuts by the Bank of England. Additionally, an improvement in public finance figures helped reinforce confidence in the UK’s macroeconomic position. While labor market indicators remained soft, the pound’s weekly gains reflected improved sentiment and shifting policy expectations.

The **Japanese Yen** increased by around 0.10% over the week, reflecting a mild appreciation amid elevated volatility. Early in the week, the yen benefited from safe-haven demand as geopolitical tensions intensified, but these gains were constrained by persistent fiscal concerns and uncertainty surrounding Japan’s political outlook. The Bank of Japan’s decision to keep interest rates unchanged, alongside limited forward guidance on further tightening, continued to weigh on sentiment. As a result, while the yen strengthened slightly on a weekly basis, it remained under pressure near historically weak levels.

The **Chinese Yuan** strengthened marginally, with USD/CNY declining by 0.10%, indicating a modest appreciation. The move was supported by the People’s Bank of China’s decision to set stronger daily fixings during the week, signaling greater tolerance for yuan strength and reinforcing currency stability. Additional support came from China’s large trade surplus, steady capital inflows, and improving investor sentiment toward Chinese equities. However, gains remained limited as authorities continued to manage the pace of appreciation carefully, maintaining a balanced approach to avoid excessive volatility.

Commodities

	23/01/2026	16/01/2026	% Change
Gold	4,907.06	4,596.09	6.77%
Silver	98.02	90.13	8.75%
Brent Crude Oil	64.59	64.13	0.72%
WTI Crude Oil	60.05	59.44	1.03%

*prices are as of the time of writing this report

In commodity markets, **Gold** advanced 6.77% over the week, reaching fresh record highs as investors increased allocations to safe-haven assets amid persistent geopolitical uncertainty and a weaker dollar. Early gains were fueled by renewed tariff threats linked to Greenland and concerns over potential US-EU trade retaliation, while later in the week gold remained supported despite easing tensions, as inflation data reinforced expectations of continued disinflation without undermining economic resilience. As a result, gold's strong weekly performance reflects sustained demand for protection against policy uncertainty and geopolitical risk, supporting elevated price levels into the near term.

Silver recorded the strongest performance among commodities this week, rising 8.75% week-on-week, reflecting an intensification of safe-haven demand and acute market tightness. The rally was driven by escalating geopolitical tensions between the US and Europe over Greenland, which weakened the dollar and pushed investors toward real assets. In parallel, silver's gains were amplified by structural supply deficits, with the market facing a fourth consecutive year of global shortages, alongside a historic short squeeze and strong retail buying. Looking ahead, silver remains highly sensitive to currency movements, geopolitical developments, and policy expectations, suggesting continued volatility amid persistent uncertainty.

Oil prices posted modest weekly gains, with **Brent Crude** up 0.72% and **WTI** rising 1.03%, reflecting a balance between geopolitical support and persistent oversupply concerns. Prices were pressured mid-week by repeated warnings from the International Energy Agency that global oil supply is expected to exceed demand this year, alongside rising US crude inventories. However, losses were partially offset by renewed geopolitical risk after President Trump's remarks toward Iran raised concerns over potential supply disruptions, in addition to temporary production halts in Kazakhstan and a softer dollar. Looking ahead, oil markets remain constrained by expectations of ample supply, suggesting that while geopolitical developments may continue to trigger short-term rebounds, upside remains limited unless supply risks materially intensify.

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