

January 2, 2026

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## Lebanese Forex Market

	31-Dec-2025	19-Dec-2025	% Change	YTD
Euro / LBP	105,019.30	104,885.05	0.13%	12.51%
Euro / Dollar	1.1749	1.1709	0.34%	13.46%
NEER Index	225.43	225.21	0.10%	-3.75%

\*Prices are as of the time of writing this report

**The Nominal Effective Exchange Rate (NEER) of the Lebanese pound** rose by 0.1% between the close of December 19, 2025, and December 31, 2025, reaching 225.43 points, against a basket of 21 influential currencies, including the Euro and British pound. The NEER declined by 3.75% in 2025.

### International Forex Market

	31-Dec-2025	19-Dec-2025	% Change	Status
<b>Dollars index = DXY</b>	98.28	98.60	-0.32%	Weakened
<b>Euro (EUR/USD)</b>	1.1749	1.1709	0.34%	Strengthened
<b>U.K. Pound (GBP/USD)</b>	1.3476	1.3378	0.73%	Strengthened
<b>Swiss Franc (USD/CHF)</b>	0.7926	0.7954	-0.35%	Strengthened
<b>Chinese Yuan (USD/CNY)</b>	6.9937	7.0411	-0.67%	Strengthened
<b>Japanese Yen (USD/JPY)</b>	156.67	157.75	-0.68%	Strengthened
<b>Australia \$ (AUD/USD)</b>	0.6674	0.6611	0.95%	Strengthened
<b>Canadian \$ (USD/CAD)</b>	1.3726	1.3803	-0.56%	Strengthened

\*Prices are as of the time of writing this report

In international currency markets, in the period of 19 December 2025's closure till 31 December 31 2025's closure, the US Dollar Index—a measure of the US currency's strength against a basket of six rivals—fell by 0.32% to 98.28 points.

The move was largely driven by expectations of renewed Federal Reserve easing in 2026, as per the CME Fedwatch Tool as shown in the below table.

Target Rate (bps)	31-Dec-25
175-200	0.10%
200-225	0.60%
225-250	3.60%
250-275	12.50%
275-300	25.90%
300-325	31.60%
325-350	20.40%
350-375 (Current)	5.30%

\* Data as of 2 Jan 2026

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In contrast, the European Central Bank signaled a more cautious stance, with President Christine Lagarde emphasizing flexibility while upgrading macro forecasts. The ECB now projects eurozone growth at 1.4% in 2025, up from 1.2% previously, while headline inflation is forecasted to stay around the 2% target through 2028.

The divergence in monetary policy paths highlights the dollar's vulnerability, even as US fundamentals remain strong: GDP grew 4.3% annually in Q3, outpacing Dow Jones's analysts forecast of 3.2%.

It also strengthened the euro which rose by 0.34% from December 19 to December 31, 2025.

Besides, markets are pricing in the appointment of a new Federal Reserve chair to succeed Jerome Powell when his term ends in May, with expectations that the incoming chair will favor lower interest rates.

Analysts warn that a weaker dollar—whether due to policy shifts or declining investor confidence—could undermine foreign capital inflows, raising the risk of a self-reinforcing cycle of weakness.

As the Dollar weakened, all other major currencies strengthened against it.

### Commodities

	Currency	31-Dec-2025	19-Dec-2025	% Change
<b>Gold (Spot)</b>	USD	4,315.09	4,338.55	-0.54%
<b>Brent Crude Oil</b>	USD	60.85	60.47	0.63%
<b>WTI Crude Oil</b>	USD	57.42	56.66	1.34%

\*Prices are as of the time of writing this report

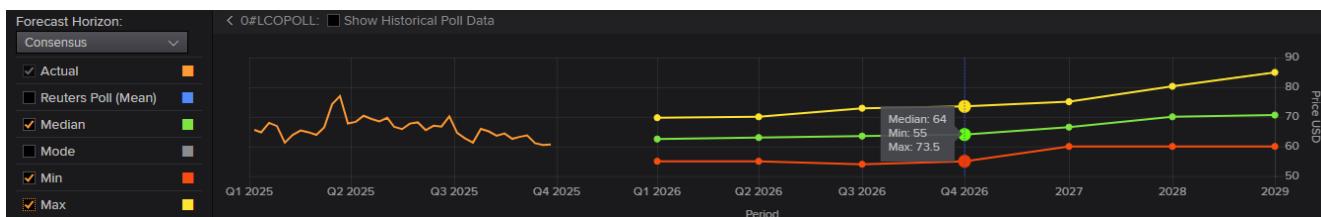
In commodity markets, gold marginally declined by 0.54% to \$4,315 per ounce between December 19 and December 31, 2025, as investors locked in profits at year-end, capping the metal's most impressive annual rally since 1979. Geopolitical tensions remain a key driver of gold's safe-haven demand. While President Donald Trump reported "a lot of progress" in peace talks with Ukrainian President Volodymyr Zelenskiy, key issues like control over the Donbas region are not solved yet. In addition, persistent tensions in the Middle East and rising frictions between the US and Venezuela continue to bolster demand for the metal.

In oil markets, Brent and West Texas Intermediate (WTI) crude prices rose by 0.63% and 1.34% respectively, as investors weighed fading hopes of a Russia-Ukraine peace deal alongside escalating tensions in the Middle East around Yemen.

The deepening rift between the two Gulf powers and oil producers Saudi Arabia and the United Arab Emirates heightened concerns over regional stability. The UAE said earlier this week it will pull its remaining forces out of Yemen following KSA's request to do so within 24 hours. Saudi Arabia also launched strikes on the southern Yemeni port of Mukalla, targeting what it described as a UAE-linked weapons shipment. The UAE said it had been surprised by the airstrike, insisting the shipments contained no weapons and were intended for its forces. While the withdrawal may ease immediate friction, uncertainty over the UAE's continued support for the Southern Transitional Council (STC) could reignite tensions. Heightened concerns over regional stability, in turn, risk fueling potential supply disruptions.

Investors are closely watching the upcoming OPEC+ meeting, geopolitical developments, and the US inventory report. The group is widely expected to keep its plan to pause supply increases in Q1 2026 in its upcoming Sunday meeting.

According to Reuters' December 31, 2025 analysts survey, Brent is projected to strengthen to a median of \$64 per Barrel by the end of 2026 from \$60.85 per barrel at the end of 2025.



Source: LSEG Workspace

As for WTI, analysts surveyed in the same poll expect it to rise to \$60.75 per barrel by the end of 2026 from \$57.42 per barrel at the end of 2025.



Source: LSEG Workspace

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