Currency Divergence and Commodity Volatility amid Shifting Fed Expectations

BLOMINVEST BANK

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Lebanese Forex Market

	13/02/2026	06/02/2026	% Change	YTD
Euro / LP	106,147.00	105,753	0.37%	0.98%
Euro / Dollar	1.186	1.1816	0.37%	0.98%
NEER Index	117.54	117.45	0.08%	-47.86%

*prices are as of the time of writing this report

The **Nominal Effective Exchange Rate** (NEER) of the Lebanese pound rose by 0.08% this week, reaching 117.54 points on February 13th, 2026, against a basket of 21 influential currencies – including the Euro and British pound.

International Forex Market

	13/02/2026	06/02/2026	% Change	Status
Dollars index = DXY	97.02	97.63	-0.63%	Weakened
EUR/USD	1.186	1.1816	0.37%	Strengthened
GBP/USD	1.3621	1.3609	0.09%	Strengthened
USD/CHF	0.7696	0.776	-0.80%	Strengthened
USD/CNY	6.9091	6.9358	-0.38%	Strengthened
USD/JPY	153.55	157.23	-2.34%	Strengthened
AUD/USD	0.7075	0.7013	0.88%	Strengthened
USD/CAD	1.3601	1.3675	-0.54%	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 0.63%, reflecting mixed economic signals and evolving expectations for Federal Reserve policy. Earlier in the week, softer retail sales data and concerns about slowing consumer demand weighed on the currency and strengthened expectations of future rate cuts. Although stronger than expected labor market data later provided some support, the dollar remained under pressure as markets awaited key inflation data and adjusted interest rate expectations. Overall, the currency moved sideways but ended the week lower as other major currencies outperformed.

The **Euro** strengthened slightly by 0.37% during the week, supported by continued confidence from the European Central Bank regarding the inflation outlook and limited concern over recent currency appreciation. Stability in monetary policy expectations and signals that inflation remains on track toward the ECB’s target provided additional backing. While stronger US labor data temporarily supported the dollar and capped further gains, the euro maintained an overall upward bias and closed the week firmer.

The **British Pound** strengthened modestly over the week by 0.09%, despite ongoing economic and political challenges. Sterling remained supported by easing political tensions and some stabilization in domestic sentiment, even as weaker-than-expected growth data and expectations of future Bank of England rate cuts limited stronger gains. Although the currency faced periods of volatility due to disappointing economic indicators and a fragile recovery outlook, it managed to edge higher overall by the end of the week.

The **Japanese Yen** increased by 2.34% over the week, recording the strongest performance among major currencies. This appreciation was mainly driven by renewed verbal intervention from Japanese authorities and optimism surrounding Prime Minister Sanae Takaichi’s expansionary fiscal agenda following her decisive election victory. Expectations that increased fiscal support could strengthen domestic growth and give the Bank of Japan more scope to normalize monetary policy further supported the currency. Despite some late-week fluctuations, improved political clarity and policy confidence kept the yen on a strong upward trajectory.

The **Chinese Yuan** rose by 0.38% this week, remaining supported by strong seasonal corporate demand ahead of the Lunar New Year and continued capital inflows. Policy signals aimed at promoting the yuan’s global role and efforts to manage appreciation in a gradual and controlled manner also helped sustain gains. Although the currency experienced a brief pullback toward the end of the week due to a weaker than expected midpoint fixing and cautious monetary policy stance, overall sentiment remained positive, allowing the yuan to post a weekly gain.

Commodities

	13/02/2026	06/02/2026	% Change
Gold	4,967.00	4,964.36	0.05%
Silver	78.65	77.84	1.04%
Brent Crude Oil	67.87	68.05	-0.26%
WTI Crude Oil	62.88	63.55	-1.05%

*prices are as of the time of writing this report

In commodity markets, **Gold** rose by 0.05% over the week, trading in volatile conditions as investors balanced strong US economic data with ongoing safe-haven demand. Earlier declines were driven by cross-asset liquidation and reduced expectations for near-term rate cuts following robust US jobs figures, which pushed the timing of the first Fed cut to July. However, continued central bank purchases, geopolitical tensions, and currency debasement concerns provided underlying support, allowing prices to stabilize toward week's end. Attention now turns to US inflation data and Federal Reserve policy signals, which are expected to guide gold's near-term movement.

Silver increased by 1.04% over the week despite heightened volatility and broad-based liquidation across financial markets. Prices remained under pressure earlier in the week as stronger than expected US labor data pushed back expectations for a near-term Federal Reserve rate cut, reducing support for precious metals. Selling was largely driven by liquidity stress and cross-asset deleveraging, though underlying support from safe-haven demand and debasement concerns helped stabilize prices. Looking ahead, markets remain focused on upcoming US inflation data and Fed policy expectations, which will continue to shape silver's direction.

Oil prices declined this week, with **Brent** down 0.26% and **WTI** falling 1.05%, as persistent oversupply concerns and rising inventories weighed on the market. The International Energy Agency signaled a significant global surplus ahead, while expanding stockpiles and slower demand growth reinforced expectations of an oversupplied market. Although geopolitical tensions surrounding Iran initially supported prices, ongoing diplomatic efforts reduced the risk of immediate supply disruptions. Combined with a broader financial market selloff, these factors kept oil under pressure heading into next week, with supply-demand dynamics and geopolitical developments remaining key drivers.

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