Safe-Haven Dollar Strength Weighs on Global Currencies and Commodities

BLOMINVEST BANK

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Lebanese Forex Market

	06/02/2026	30/01/2026	% Change	YTD
Euro / LP	105,538.40	106,040	-0.47%	0.40%
Euro / Dollar	1.1792	1.1848	-0.47%	0.40%
NEER Index	117.45	116.99	0.39%	-47.90%

*prices are as of the time of writing this report

The Nominal Effective Exchange Rate (NEER) of the Lebanese pound rose by 0.39% this week, reaching 117.45 points on February 6th, 2026, against a basket of 21 influential currencies – including the Euro and British pound.

International Forex Market

	06/02/2026	30/01/2026	% Change	Status
Dollars index = DXY	97.84	96.99	0.88%	Strengthened
EUR/USD	1.1792	1.1848	-0.47%	Weakened
GBP/USD	1.3578	1.3688	-0.80%	Weakened
USD/CHF	0.7783	0.774	0.62%	Weakened
USD/CNY	6.9388	6.9569	-0.26%	Strengthened
USD/JPY	157.04	154.79	1.45%	Weakened
AUD/USD	0.6972	0.6964	0.11%	Strengthened
USD/CAD	1.3682	1.3613	0.51%	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 0.88% to 97.84 points. This increase was mainly driven by strong safe-haven demand as global markets faced volatility across equities, commodities, and cryptocurrencies. The currency also gained support from expectations surrounding Kevin Warsh's nomination as Federal Reserve chair, as his preference for a smaller balance sheet and cautious policy easing reinforced confidence in the greenback. Although weaker labor market data raised expectations of future rate cuts, the dollar remained supported by its safe-haven appeal and steady policy outlook, allowing it to post a weekly gain.

The **Euro** weakened over the week, declining by 0.47% against the dollar. The drop came despite relative stability in the euro area, as the European Central Bank maintained interest rates and highlighted that inflation is gradually stabilizing near its target. However, easing inflation data and expectations of steady policy limited the euro's upside, while the stronger US dollar added downward pressure. Although the euro area economy remains resilient, uncertainty linked to global trade risks, and geopolitical tensions contributed to the currency's softer performance during the week.

The **British Pound** recorded the sharpest decline among the major currencies covered, falling by 0.80% over the week. The pound weakened after the Bank of England kept interest rates unchanged but adopted a more dovish tone than markets expected. The narrow vote split within the Monetary Policy Committee signaled growing support for future rate cuts as inflation risks eased and concerns over weaker demand and a softer labor market increased. Rising political uncertainty in the UK also weighed on investor confidence, further pressuring the currency and contributing to its weekly decline.

The **Japanese Yen** weakened significantly over the week, with USD/JPY rising by 1.45%. The currency came under pressure amid political and fiscal concerns ahead of Japan's lower house elections, as expectations of increased government spending and tax cuts raised uncertainty about the country's fiscal outlook. Comments suggesting that a weak yen could benefit exporters further reinforced expectations for a softer currency. Although the yen had previously strengthened on speculation of possible currency intervention, these gains were reversed as markets focused on expansionary fiscal policy risks and upcoming economic data, resulting in a clear weekly decline.

The **Chinese yuan** strengthened during the week, with USD/CNY falling by 0.26%. The appreciation was supported by seasonal demand ahead of the Lunar New Year, as companies increased dollar-to-yuan conversions for payroll and bonuses. Positive sentiment following improved diplomatic communication between US and Chinese leaders also supported the currency. Earlier pressure from a stronger dollar was offset by improved manufacturing activity and continued support from the central bank, allowing the yuan to record a modest weekly gain despite expectations that future appreciation may remain gradual.

Commodities

	06/02/2026	30/01/2026	% Change
Gold	4,863.12	4,894.23	-0.64%
Silver	74.04	85.20	-13.10%
Brent Crude Oil	68.42	70.69	-3.21%
WTI Crude Oil	64.24	65.21	-1.49%

*prices are as of the time of writing this report

In commodity markets, **Gold** declined by 0.64% over the week, trading in choppy conditions as markets balanced weaker US labor data and expectations of future Federal Reserve rate cuts against a stronger dollar and profit-taking following January's record highs. While softer economic indicators supported the outlook for monetary easing later this year, immediate market sentiment favored risk reduction and liquidation across crowded trades, weighing on prices. Gold remains sensitive to upcoming US data releases, Fed policy expectations, and geopolitical developments moving into next week.

Silver recorded the sharpest decline among commodities this week, falling 13.10%, reflecting intense volatility and widespread deleveraging across financial markets. The metal experienced extreme price swings as speculative positioning unwound following January's record highs. Sentiment weakened further after the nomination of Kevin Warsh as the next Fed chair, which strengthened the dollar and pressured precious metals. Although occasional rebounds were supported by dip-buying and expectations of future US rate cuts, heavy speculative flows and reduced safe-haven demand kept silver under pressure heading into next week.

Oil prices declined this week, with **Brent** down 3.21% and **WTI** falling 1.49%, marking Brent's first weekly drop in six weeks. Prices fluctuated amid shifting geopolitical developments, particularly surrounding US-Iran negotiations, which eased fears of immediate supply disruptions and reduced the geopolitical risk premium. Additional pressure came from oversupply signals after Saudi Arabia cut crude prices to Asia and from concerns about softer demand linked to weaker US economic data. Markets are also monitoring the Russia-Ukraine conflict and ongoing supply conditions, leaving oil prices sensitive to geopolitical headlines and demand expectations in the coming week.

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