Federal Reserve Tightening Signals and US-Iran Agreement Shape Global Currency and Commodity Markets

BLOMINVEST BANK

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Lebanese Forex Market

	19/06/2026	12/06/2026	% Change	YTD
Euro / LP	102,236	103,534	-1.25%	-2.74%
Euro / Dollar	1.1455	1.1568	-0.98%	-2.47%
NEER Index	122.57	122.07	0.41%	-45.63%

*prices are as of the time of writing this report

The Nominal Effective Exchange Rate (NEER) of the Lebanese pound rose by 0.41% this week, reaching 122.57 points on June 19th, 2026, against a basket of 21 influential currencies – including the Euro and British pound.

International Forex Market

	19/06/2026	12/06/2026	% Change	Status
Dollars index = DXY	100.92	99.75	1.18%	Strengthened
EUR/USD	1.1454	1.1568	-0.99%	Weakened
GBP/USD	1.3203	1.3406	-1.51%	Weakened
USD/CHF	0.8071	0.7971	1.25%	Weakened
USD/CNY	6.7682	6.7627	0.08%	Weakened
USD/JPY	161.27	160.24	0.64%	Weakened
AUD/USD	0.7016	0.7047	-0.44%	Weakened
USD/CAD	1.4144	1.3988	1.12%	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 strengthened against a basket of six rivals – increased by 1.18% to 100.92 points its highest level in more than a year. The greenback was primarily supported by the Federal Reserve's hawkish stance, as policymakers signaled growing support for further monetary tightening and raised inflation forecasts. Although the US-Iran peace agreement reduced geopolitical risks and eased pressure on energy markets, investor attention remained firmly focused on the prospect of higher US interest rates, boosting demand for the dollar across major currencies.

The **Euro** weakened by 0.99% against the US dollar during the week, with EUR/USD declining to 1.1454. Although the currency initially benefited from improved risk sentiment following the US-Iran agreement and continued expectations of further European Central Bank tightening, these factors were overshadowed by the stronger US dollar. The Federal Reserve's more firm outlook increased demand for dollar-denominated assets, pushing the euro to its lowest level since late March by the end of the week.

The **British Pound** recorded the largest decline among the major currencies, weakening by 1.51% against the US dollar to 1.3203. Sterling came under pressure after the Bank of England maintained interest rates at 3.75% and adopted a cautious tone regarding the economic impact of the Middle East energy shock. Softer than expected inflation data also reinforced expectations that the BoE would proceed carefully with future policy decisions. Combined with the strengthening US dollar and rising expectations of additional Federal Reserve tightening, these factors weighed heavily on the pound throughout the week.

The **Japanese Yen** weakened by 0.64% against the US dollar over the week, with USD/JPY rising to 161.27. The currency remained under pressure despite the Bank of Japan's 25 basis point rate hike to 1% and repeated warnings from Japanese authorities regarding excessive currency volatility. Investors continued to favor the US dollar as expectations of additional Federal Reserve rate hikes widened the interest rate differential between the two countries. Persistent carry-trade activity and stronger dollar demand ultimately outweighed the support provided by Japan's monetary tightening efforts.

The **Chinese Yuan** weakened marginally by 0.08% during the week, with USD/CNY edging higher to 6.7682. While the yuan initially benefited from measures aimed at promoting its international use and optimism surrounding the US-Iran agreement, these gains faded as investors focused on signs of uneven economic growth in China, particularly weakness in retail sales, property prices, and investment activity. Moreover, the strengthening US dollar following the Federal Reserve's aggressive signals added further pressure on the Chinese currency, leading it to end the week slightly weaker.

Commodities

	19/06/2026	12/06/2026	% Change
Gold	4,165.18	4,219.33	-1.28%
Silver	65.00	68.02	-4.44%
Brent Crude Oil	80.34	87.33	-8.00%
WTI Crude Oil	77.59	84.88	-8.59%

*prices are as of the time of writing this report

In commodity markets, **Gold** prices fell by 1.28% week on week to $4,165.18 per ounce, as the Federal Reserve's hawkish stance outweighed support from easing geopolitical tensions. While the US-Iran peace agreement initially boosted sentiment by reducing concerns over energy-driven inflation, investors focused on the Fed's indication that interest rates could rise later this year. Higher interest rates increase the opportunity cost of holding non-yielding assets such as gold, pressuring prices throughout the week.

Silver prices declined by 4.44% week on week to $65.00 per ounce, despite experiencing notable volatility throughout the week. The metal initially benefited from optimism surrounding the US-Iran peace agreement and the expected reopening of the Strait of Hormuz, which eased inflation concerns. However, gains were reversed after the US Federal Reserve signaled increasing support for potential interest rate hikes this year. The prospect of higher borrowing costs reduced the appeal of non-yielding assets such as silver, leading prices lower by the end of the week.

Brent Crude Oil and **WTI** prices dropped by 8.00% and 8.59% week on week to $80.34 and $77.59 per barrel, respectively. The sharp decline was driven by the implementation of the US-Iran interim peace agreement, which improved expectations for global oil supply. The reopening of the Strait of Hormuz, the resumption of Iranian oil exports, and the return of previously stranded tankers eased concerns over supply disruptions that had supported prices since late February. In addition, expectations of increased regional production and concerns over a future supply surplus further weighed on oil prices, erasing most of the gains recorded during the Middle East conflict. It is worth noting that despite the recent decline, analysts generally expect oil prices to remain above $80 per barrel, supported by anticipated reconstruction and rehabilitation efforts in the region, recovering demand, and continued supply management by Gulf producers.

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