Oil Jumps by Over 10% as US–Iran Conflict Disrupts Supply Routes

BLOMINVEST BANK s.a.l.

July 17, 2026

Contact Information
Mira Said
Research Associate I
mira.said@blom.com.lb

Lebanese Forex Market

	17/07/2026	10/07/2026	% Change	YTD % Change
Euro / LBP	102,388.00	102,361.15	0.03%	-2.51%
Euro / Dollar	1.1443	1.1417	0.23%	-2.60%
NEER Index	124.22	123.72	0.40%	-44.90%

*Prices are as of the time of writing this report

The Nominal Effective Exchange Rate (NEER) of the Lebanese pound marginally rose by 0.4% this week, reaching 124.22 points, against a basket of 21 influential currencies, including the Euro and British pound, driven by the U.S. Dollar's strenghtening.

International Forex Market

	17/07/2026	10/07/2026	% Change	Status
Dollars index = DXY	100.78	100.95	-0.17%	Weakened
Euro (EUR/USD)	1.1443	1.1417	0.23%	Strengthened
U.K. Pound (GBP/USD)	1.3464	1.3401	0.47%	Strengthened
Swiss Franc (USD/CHF)	0.8085	0.8087	-0.02%	Strengthened
Chinese Yuan (USD/CNY)	6.7737	6.7775	-0.06%	Strengthened
Japanese Yen (USD/JPY)	162.38	161.70	0.42%	Weakened
Australia $ (AUD/USD)	0.6980	0.6954	0.37%	Strengthened
Canadian $ (USD/CAD)	1.4037	1.4155	-0.83%	Strengthened

*Prices are as of the time of writing this report

In international currency markets, the **US Dollar Index**—a measure of the US currency's strength against a basket of six rivals— fell by 0.17% this week to 100.78 points. The decline came as inflation rates in June came below expectations in June.

The consumer price index (CPI) declined by 0.4% monthly in June, compared with a 0.2% drop expected by economists surveyed by Dow Jones. This resulted in a 3.5% annual rise in inflation for June, below the 3.8% forecast, after inflation had stood at 4.2% in May.

The Producer Price Index (PPI) declined by 0.3% month-on-month during the same period, compared with economists' expectations for no change. On an annual basis, wholesale inflation eased to 5.5%, down from 6% in May.

The below expectations iflation data triggered a 2-day rally in bonds and briefly pulled the dollar lower.

As per CME FedWatch, traders now assign only a 10.2% probability to a rate hike at the July 29, 2026 meeting, down from 34.2% a week earlier.

Target Rate (bps)	Probability(%)			
	Now *	1 Day 15-Jul-26	1 Week 10-Jul-26	1 Month 17-Jun-26
350-375 (Current)	89.80%	89.30%	65.80%	70.60%
375-400	10.20%	10.70%	34.20%	28.80%
400-425	0.00%	0.00%	0.00%	0.60%
* Data as of 17 Jul 2026 03:02:28 CT				

This comes despite the escalating conflict between the US and Iran, which continues to stoke inflationary pressures, and the dollar remaining being seen as a safe haven in times of war.

As the dollar strenghtens, other currencies tend to weaken against it.

Sterling rose by 0.47% this week to 1.3463. It briefly hit a nine-week peak of 1.3556 after the Financial Times reported that Shabana Mahmood is expected to be appointed Chancellor under Andy Burnham, tempering fears of looser fiscal policy.

The **Japanese yen** has weakened by 0.42% this week, trading near 40-year lows as investors doubted Tokyo's willingness to intervene to support the currency. Reports of unchanged pension fund allocations reinforced that view. Meanwhile, surging oil prices—driven by escalating US–Iran hostilities—intensified pressure on the currency. Japan's dependence on Middle Eastern energy imports leaves it acutely exposed to regional instability.

Commodities

	Currency	17/07/2026	10/07/2026	% Change
Gold (Spot)	USD	3,987.75	4,121.08	-3.24%
Silver (Spot)	USD	55.45	59.87	-7.38%
Brent Crude Oil	USD	84.40	76.01	11.04%
WTI Crude Oil	USD	79.07	71.41	10.73%

*Prices are as of the time of writing this report

In commodity markets, **gold** fell by 3.24% this week to $3,988 per ounce, while **silver** dropped 7.38% to $55.45. Both metals retreated as US-Iran tensions sparked inflationary fears. Oil price gains sustained expectations of Federal Reserve tightening this year, diminishing the appeal of non-yielding assets. Although gold is often viewed as an inflation hedge, its attractiveness wanes in a high-rate environment. These declines came despite dollar weakness, which typically supports metals by making them cheaper for foreign buyers.

In oil markets, **Brent** and **WTI crude** surged by 11.04% and 10.73% this week to $84.4 and $79.07 per barrel, respectively, as US–Iran tensions escalated. US strikes reportedly hit an Iranian tanker near its key export terminal, while President Trump warned of possible attacks on Iran's infrastructure in the absence of diplomatic progress. Tehran responded by directing Houthi rebels to threaten the closure of the Bab el-Mandeb Strait, a vital route for Saudi exports. Shipping through Hormuz has already slowed sharply.

For your Queries:

BLOMINVEST BANK s.a.l.
Research Department
Zaituna Bay
POBOX 11-1540 Riad El Soloh
Beirut 1107 2080 Lebanon

Mira Said
mira.said@blom.com.lb

Research Department
Tel: +961 1 991 784
research@blom.com.lb