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Lebanese Forex Market

	04/04/2025	28/03/2025	% Change	YTD
Euro / LBP	99,174.95	96,534.70	2.74%	6.25%
Euro / Dollar	1.10	1.08	1.57%	6.21%
NEER Index	236.97	237.17	-0.08%	1.18%

*Prices are as of the time of writing this report

The **Nominal Effective Exchange Rate (NEER) of the Lebanese pound** edged down this week by 0.08% against a basket of 21 influential currencies, including the Euro and British pound, and recorded 236.97 points on April 4th, 2025. This decline is primarily due to the weakening of the US Dollar, to which the Lebanese Pound is pegged. Additionally, Lebanese imports are now subject to a 10% tariff from the US.

International Forex Market

	04/04/2025	28/03/2025	% Change	Status
Dollars index = DXY	102.47	104.04	-1.51%	Weakened
Euro (EUR/USD)	1.10	1.08	1.57%	Strengthened
U.K. Pound (GBP/USD)	1.30	1.29	0.34%	Strengthened
Swiss Franc (USD/CHF)	0.86	0.88	-2.88%	Strengthened
Chinese Yuan (USD/CNY)	7.28	7.26	0.25%	Weakened
Japanese Yen (USD/JPY)	146.43	149.84	-2.28%	Strengthened
Australia \$ (AUD/USD)	0.62	0.63	-1.27%	Weakened
Canadian \$ (USD/CAD)	1.41	1.43	-1.27%	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 strength against a basket of six rivals, fell by 1.51% to 102.47 points. This decline was driven by US President Donald Trump's announcement of more aggressive-than-expected tariffs, along with potential reciprocal tariffs from key trading partners, raising fears of a global recession. Starting April 5, the US will impose a baseline 10% tariff on all imports, with higher tariffs on approximately 60 countries. Notable rates include 54% on imports from China (an additional 34% tariff on top of the previous 20%), 20% from the European Union, and 24% from Japan. However, Trump later expressed a willingness to engage in trade negotiations. Financial markets responded by anticipating increased inflation, reduced economic growth, and additional rate cuts from the Federal Reserve. Traders are now expecting a 1% rate reduction from the Fed this year, according to the CME Group's FedWatch tool.

As the US Dollar weakens, other currencies tend to strengthen against it.

The **Euro** and **British Pound** increased by 1.57% and 0.34% against the US Dollar respectively as investors weighed the impact of US tariffs. The EU is likely to unveil retaliatory tariffs targeting US consumer and industrial goods. Britain, facing a 10% US import tariff, believes a trade deal with the US is close, as it seeks to reduce the impact of Trump's tariffs on its open economy. British cars, steel, and aluminum still face 25% tariffs.

The **Swiss Franc** appreciated from 0.88 to 0.86 per USD this week. Similarly, the **Japanese Yen** strengthened from 149.84 to 146.43 per USD during the same period. These appreciations likely reflect increased investor preference for safe-haven currencies amidst growing market uncertainty.

On the other hand, certain currencies did not benefit from the weakening US Dollar and instead saw further depreciation.

The **Chinese Yuan** weakened to 7.28 per dollar from 7.26 last Friday. China faces combined duties of around 64% from its largest trading partner, including a 10% tariff from Trump's first term. In response, China vowed countermeasures and announced plans to restart trade negotiations with the EU, focusing on the electric vehicle sector. Additionally, South Korea, China, and Japan agreed to pursue a free trade pact to enhance regional trade.

Similarly, the risk-sensitive **Australian dollar**, which is commonly used as a liquid substitute for the yuan, declined by 1.27% this week to 0.62 per dollar.

Commodities

	Currency	04/04/2025	28/03/2025	% Change
Gold (Spot)	USD	3,093.17	3,084.03	0.30%
Brent Crude Oil	USD	67.72	72.76	-6.93%
WTI Crude Oil	USD	64.49	69.36	-7.02%

*Prices are as of the time of writing this report

In commodity markets, **gold** rose this week by 0.3% to \$3,093 per ounce, solidifying its role as a safe haven amid heightened uncertainty caused by Trump's tariffs, further supported by reports confirming the exemption of precious metals from these measures. However, prices dropped on Friday, driven by profit-taking as investors aimed to recover losses in other markets.

In the oil markets, **Brent and West Texas Intermediate (WTI)** prices experienced sharp declines this week, dropping by 6.93% and 7.02%, respectively—their steepest percentage losses in three years. Brent is now trading at \$67.72 per barrel, while WTI stands at \$64.49 per barrel. This decline was driven by the impact of Trump's tariffs. While the tariffs exempted imports of oil, gas, and refined products, the broader policies threatened to fuel inflation, slow economic growth, and sparked a global trade war, all of which could weigh heavily on oil prices. Additionally, OPEC+ announced a production increase of 411,000 barrels per day (bpd), beginning in May, a significant rise from the previously planned increase of 135,000 bpd.

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