

Lower than Expected US Inflation and Geo-political Tensions Escalation Drove US Treasury Yields Down



BLOMINVEST
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	12/06/2025	05/06/2025	Change	Year to Date
BLOM Bond Index (BBI)	17.33	17.67	-1.91%	30.44%
Weighted Yield	104.18%	101.68%	2.46%	0.60%
Weighted Spread	9,994.41	9,745.28	2.56%	0.67%

The BLOM Bond Index (BBI), which tracks Lebanese government Eurobonds (excluding coupon payments), dropped by 1.91% in the week ending June 12th, 2025 to 17.33 points.

The BBI decreased all over the week due to several key factors.

First, the judicial and financial appointments were postponed as the agreement on the names to be appointed was not reached yet. As such, the term of the four deputies of Central Bank governor ended and these positions became vacant.

Additionally, Israeli's breach of cease-fire persists as the airstrikes targeted Hezbollah's military leaders and infrastructure in Southern suburbs of Beirut as declared by Israeli officials. These airstrikes destroyed more than 7 buildings completely along with tens of damaged buildings⁰. Furthermore, the war in Gaza is still ongoing accompanied with escalating geopolitical tensions in the Middle East.

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The yield on 5-year bonds rose by 170 basis points to 101% and the yield on 10-year bonds surged by 120 basis points to 69% this week.

	12/06/2025	05/06/2025	Change
BBI	17.33	17.67	-1.91%
JP Morgan EMBI	936.69	930.35	0.68%
5Y LEB	101.00%	99.30%	170
10Y LEB	69.00%	67.80%	120
5Y US	3.97%	3.93%	4
10Y US	4.36%	4.37%	(1)
5Y SPREAD	9,703	9,537	166
10Y SPREAD	6,464	6,343	121

In the U.S., treasury yields fluctuated this week, as 5-year bonds' yields increased by 4 bps, while 10-year bonds' yields decreased by 1 basis point to record 3.97 % and 4.36%, respectively. On Friday June 6th, 2025, 10-year US treasury yields rose around 7 bps and reached 4.45% after signals of resilient US labor market as US economy added 137,000 jobs in May surpassing predictions and unemployment rate remained at 4.2%. Later on, on Wednesday, 10-year treasury yields decreased by 5 bps as most inflation metrics came in below expectations as annual inflation for the month of May recorded 2.4%, higher than previous month's number (2.3%) but below the expected rate (2.5%). In the meantime, US and Chinese officials arranged a framework to implement Geneva consensus which was agreed upon last month and led to decrease in tariffs imposed by both parties. Lastly, on Thursday June 12th, 10-year treasury yields dropped further as signs of geopolitical tensions in the Middle East rose following US evacuation of some of its employees in the region. This precautionary measure signaled high probability of escalation in the Middle East. As

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such, investors approached safe-haven assets including US treasury bonds.

5Y Credit Default Swaps (CDS)

	12/06/2025	05/06/2025
KSA	71.68	69.39
Dubai	53.32	53.38
Brazil	151.91	160.81
Turkey	294.57	303.56

Source: Bloomberg

		Prices		Weekly	Yields		Weekly
Maturity	Coupon in %	12/06/2025	05/06/2025	Change	12/06/2025	05/06/2025	Change bps
28/11/2026	6.6	16.691	17.040	-2.05%	193.63%	187.58%	605.19
23/03/2027	6.85	16.757	17.043	-1.68%	153.75%	149.93%	382.11
29/11/2027	6.75	16.758	17.052	-1.72%	110.73%	108.59%	214.04
03/11/2028	6.65	16.755	17.066	-1.82%	82.65%	81.23%	141.51
26/02/2030	6.65	16.662	17.045	-2.25%	64.49%	63.28%	120.44
22/04/2031	7	16.724	17.035	-1.83%	57.27%	56.42%	84.29
23/03/2032	7	16.761	17.069	-1.80%	52.83%	52.06%	77.41
02/11/2035	7.05	16.730	17.127	-2.32%	45.27%	44.39%	87.96
23/03/2037	7.25	16.821	17.088	-1.56%	44.77%	44.15%	62.03

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