

## Optimism Regarding Lebanese Reply on Mr. Tom Barack's Paper Pushed BBI Upwards to exceed 20 Points



BLOMINVEST  
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	10/07/2025	03/07/2025	Change	Year to Date
BLOM Bond Index (BBI)	20.15	19.66	2.45%	51.59%
Weighted Yield	96.80%	97.64%	-0.87%	-6.53%
Weighted Spread	9,256	9,339	-0.88%	-6.76%

The BLOM Bond Index (BBI), which tracks Lebanese government Eurobonds (excluding coupon payments), increased by 2.45% in the week ending July 10<sup>th</sup>, 2025 to 20.15 points.

The BBI increased all over the week. The main reason for this increase could be attributed to the optimism concerning the Lebanese reply on US special envoy to Lebanon Mr. Tom Barack's paper regarding surrender of weapons by Hezbollah and other armed groups. In his visit to Lebanon earlier this week, he met with the three senior officials (President, Speaker of Parliament, and Prime Minister) and other politicians. In Mr. Barack's press conference after his meeting with Lebanese President Mr. Joseph Aoun, he stated that he is optimistic regarding Lebanon's future and that he felt that there was an impressive work in a short period of time. Currently, Lebanese officials are waiting for Mr. Barrack's next visit in a couple of weeks where he might bring United States' reply on Lebanese proposal.

However, Israeli's breach of cease-fire persists as the airstrikes targeted Hezbollah's military leaders all over Lebanon. Additionally, Israeli forces are still penetrating to Southern border villages and destroying buildings. Furthermore, the war in Gaza is still ongoing, although there is some news that cease-fire agreement might be reached in few weeks.

As bond prices increase, yields decrease. As such, the yield on 5-year and 10-year bonds dropped by 80 basis points to 93.8% and 63.3% respectively.

	<b>10/07/2025</b>	<b>03/07/2025</b>	<b>Change</b>
<b>BBI</b>	20.15	19.66	2.45%
<b>JP Morgan EMBI</b>	949.40	950.27	-0.09%
<b>5Y LEB</b>	93.80%	94.60%	(80)
<b>10Y LEB</b>	63.30%	64.10%	(80)
<b>5Y US</b>	3.93%	3.94%	(1)
<b>10Y US</b>	4.35%	4.35%	-
<b>5Y SPREAD</b>	8,987	9,066	(79)
<b>10Y SPREAD</b>	5,895	5,975	(80)

In the U.S., treasury yields were almost steady. 1-year and 10-year yields stayed steady at 4.07% and 4.37% respectively while the 5-year yield decreased by 1 bps to record 3.93%. 10-year treasury yields increased at the beginning of the week, as investors digested US President's statements regarding tariffs. President Trump confirmed that reciprocal tariffs will take effect on August 1<sup>st</sup>, thus extending the grace period for 3 week, as the recent 90-day extension ended on July 9<sup>th</sup>, 2025. Within the 90-day period, only United Kingdom, Vietnam and China made deals with the United States. Some other countries are expected to make deals with the United States such as Japan and South

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Korea. Additionally, Trump declared that an additional 10% tariffs will be imposed on "anti-American policies" of the BRICS group. Furthermore, Trump is heading for a more aggressive move, as he is planning to put 50% tariffs on copper imports and 200% on pharmaceutical imports, although there might be a grace period of 12 to 18 months to give pharmaceutical industry time to adjust. Later on, 10-year treasury yields decreased as Federal Open Market Committee's (FOMC) minutes of meeting signaled multiple rate cuts this year, while markets are expecting two rate cuts this year. In addition, trump's statement that yields should be 300 bps lower fueling assumptions around a dovish Fed nominee next year. As per CME Group watch tool, there is a 93.3% probability that there will be no change in interest rates in FMOc's next meeting on July 30<sup>th</sup>, 2025.

### 5Y Credit Default Swaps (CDS)

	10/07/2025	03/07/2025
KSA	63.09	65.38
Dubai	59.42	58.81
Brazil	147.58	140.72
Turkey	282.64	278.29

Source: Bloomberg

Maturity	Coupon in %	Prices		Weekly	Yields		Weekly
		10/07/2025	03/07/2025	Change	10/07/2025	03/07/2025	Change bps
28/11/2026	6.6	19.41	18.91	2.63%	182.93%	183.86%	(93.36)
23/03/2027	6.85	19.41	18.95	2.43%	144.79%	145.62%	(82.66)
29/11/2027	6.75	19.40	18.98	2.22%	102.65%	103.55%	(89.70)
03/11/2028	6.65	19.42	18.96	2.44%	76.01%	76.95%	(93.85)
26/02/2030	6.65	19.47	19.02	2.37%	58.62%	59.41%	(78.19)
22/04/2031	7	19.51	19.02	2.57%	51.67%	52.52%	(85.30)
23/03/2032	7	19.51	19.03	2.53%	47.57%	48.37%	(80.49)
02/11/2035	7.05	19.48	19.02	2.43%	39.98%	40.75%	(77.64)
23/03/2037	7.25	19.47	19.01	2.39%	39.52%	40.31%	(78.87)

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