

Trade Uncertainty and Tump-Powell Tensions Weighed on US 10-Year Treasury Yields



BLOMINVEST
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	24/07/2025	17/07/2025	Change	Year to Date
BLOM Bond Index (BBI)	19.283	19.272	0.054%	45.10%
Weighted Yield	102.11%	101.12%	0.982%	-1.40%
Weighted Spread	9,784	9,686	1.012%	-1.44%

The BLOM Bond Index (BBI), which tracks Lebanese government Eurobonds (excluding coupon payments), increased marginally by 0.05% in the week ending July 24th, 2025 to 19.28 points.

The stagnation in security and political situation is continuing with no end in sight. As time passes, Israeli attacks and breaches of the cease-fire agreement is making it harder to reach a domestic agreement regarding disarming all unofficial military parties including Hezbollah. Moreover, Unites States' special envoy to Lebanon Tom Barak's last visit earlier this week did not break the deadlock in this issue. This stagnation will restrict any trade and investment deals with Arab and Western countries and will delay the reconstruction project. Unfortunately, the regional countries are signing trade deals with each other while Lebanon is put on the waiting list till weapon issue is solved. Lately, new Syrian regime signed several deals with GCC countries such as the \$7 billion power deal with Qatar, \$800 million

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deal with Emirati Dubai Ports World Company, in addition to the \$6.4 billion Saudi investments in real estate, education, telecommunication and finance.

	24/07/2025	17/07/2025	Change
BBI	19.283	19.272	0.05%
JP Morgan EMBI	951.71	943.53	0.87%
5Y LEB	97.90%	97.00%	90
10Y LEB	65.70%	65.20%	50
5Y US	3.98%	4.01%	(3)
10Y US	4.43%	4.47%	(4)
5Y SPREAD	9,392	9,299	93
10Y SPREAD	6,127	6,073	54

In the U.S., treasury yields curve shifted downward this week. 5-year and 10-year yields dropped by 3 bps and 4 bps respectively to reach 3.98% and 4.43%. The continued tension between United States President Trump and Federal Reserve Chair Powell pushed treasury yields downward, as concerns renewed about the independence of the Fed. President Trump did a presidential visit to Fed premises on Thursday and increased his pressure to lower interest rates ahead of Fed's meeting next week. Additionally, Trump condemned Fed's two historical buildings renovations costs that are estimated at \$2.5 billion. Despite this escalated pressure, it is expected that the Federal Open Market Committee (FOMC) will keep rates unchanged at 4.25%-4.5%. As per Market Watch Tool, there is a 97.4 % probability that rates will remain unchanged. This anticipated decision is backed by resilient labor market indicators. Initial jobless claims dropped by 4,000 for the week ended July 19th.

On another note, trade ambiguity continues as we are heading toward August 1st deadline. In addition to the trade deal agreed upon with

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Japan, a couple of additional trade deals are being discussed with the European Union and China. Trump announced that tariffs imposed on Japan will be decreased from 25% to 15% while Japan promised to open its market to US goods in addition to investing \$550 billion in the US. Moreover, the negotiations between US and Chinese senior officials will be continued in Stockholm next week to extend the August 12th deadline for trade deal negotiations. Furthermore, European Commission revealed on Thursday that a trade deal with the US is within reach.

5Y Credit Default Swaps (CDS)

	24/07/2025	17/07/2025
KSA	62.04	62.10
Dubai	58.69	56.93
Brazil	146.07	147.33
Turkey	279.40	290.36

Source: Bloomberg

Maturity	Coupon in %	Prices		Weekly	Yields		Weekly
		24/07/2025	17/07/2025	Change	24/07/2025	17/07/2025	Change bps
28/11/2026	6.6	18.61	18.59	0.11%	195.37%	192.35%	302.19
23/03/2027	6.85	18.611	18.58	0.17%	153.42%	151.60%	181.79
29/11/2027	6.75	18.611	18.56	0.27%	107.33%	106.74%	59.15
03/11/2028	6.65	18.607	18.564	0.23%	79.07%	78.81%	25.59
26/02/2030	6.65	18.619	18.568	0.27%	60.90%	60.81%	8.99
22/04/2031	7	18.625	18.609	0.09%	53.63%	53.55%	7.33
23/03/2032	7	18.634	18.706	-0.38%	49.36%	49.14%	22.24
02/11/2035	7.05	18.674	18.688	-0.07%	41.42%	41.38%	4.50
23/03/2037	7.25	18.525	18.597	-0.39%	41.28%	41.12%	15.92

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