Lebanese Eurobonds Drop for the Second Consecutive Week as Political and Insecurity Uncertainty Escalates

BLOMINVEST BANK

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	30/10/2025	23/10/2025	Change	Year to Date
BLOM Bond Index (BBI)	23.54	23.83	-1.21%	77.13%
Weighted Yield	77.63%	76.05%	2.07%	-25.04%
Weighted Spread	7,388.03	7,237.08	2.09%	-25.58%

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), fell by **1.21%** in the week ending **October 30th 2025**, closing at **23.54 points**. As bond prices decrease, yields increase, so the weighted yield rose by **207** basis points to **77.63%.**

This week, Israel's breaches to the cease-fire agreement signed in November 2024 continued with some escalation. Additionally, international envoys visited Lebanon this week to try to prevent additional escalation. The Director of Egyptian Intelligence visited Lebanon this week and met Lebanese high officials to submit Israel' messages. Also, Deputy United States Special Envoy to the Middle East Morgan Ortagus visited Lebanon and met with the Lebanese President, Lebanese Prime Minister and the speaker of the Lebanese Parliament. She also attended the meeting of the "Mechanism" committee that is responsible for surveying the cease-fire agreement implementation. Despite these visits, and Mechanism's appreciation of the Lebanese army's plan's implementation for weapon surrender, Israel continued its attacks on Lebanon.

On the political front, the Lebanese parliament is still not meeting due to the absence of the quorum as more than the half of the parliament members are refusing to participate in any legislative session if the proposed election law amendment is not on the meeting agenda.

	30/10/2025	23/10/2025	Change
BBI	23.54	23.83	-1.21%
JP Morgan EMBI	1008.35	1002.03	0.63%
5Y LEB	51.50%	50.90%	60
10Y LEB	44.90%	44.40%	50
5Y US	3.72%	3.61%	11
10Y US	4.11%	4.01%	10
5Y SPREAD	4,778	4,729	49
10Y SPREAD	4,079	4,039	40

However, in the U.S., Treasury yields rose this week, the 5-year bonds increased by 11 basis points to 3.72% and 10-year bonds increased by 10 basis points to 4.11%.

The US government shutdown continues for the fifth week as lawmakers' did not reach yet a short-term funding deal. This resulted in several governmental servies interruption, key economic data release stoppage such as as nonfarm payrolls report and retail sales to name a few. CPI data was released but after a delay. Last Friday, CPI for the month of September recorded 3% compared to 2.9% in August. As such, the Federal Open Market Committee (FOMC) cut rate by 25 bps as expected despite the different opinions between FOMC members. Governor Miran voted for a 50 bps cut while Kansas City's Fed Schmid voted for a hold. Moreover, Fed's Chair Jerome Powell stated in a press conference that December cut is not for granted due to the stubborn inflation.

On the international front, US President Donald Trump met with Chinese President Xi Jinping in South Korea. In the meeting, US and China reached an agreement that stabilizes the relation between the biggest two economies and buying time for a comprehensive deal. The agreement states that China will wait one year before executing a comprehensive regime of export constraints for critical minerals including rare earths that are vital in all kinds of industries and resumes soybean imports while the US cut the fentanyl tariffs and extend the existing pause on reciprocal tariffs.

As such, traders are currently pricing a 69% probability of 25 bps rate cut in the Federal Open Market Committee next meeting on December 10th, 2025.

TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 29 OCT 2025	1 WEEK 24 OCT 2025	1 MONTH 30 SEP 2025
325-350	0.0%	0.0%	4.7%	0.0%
350-375	69.0%	66.6%	91.7%	77.3%
375-400 (Current)	31.0%	30.5%	3.6%	21.9%
400-425	0.0%	3.0%	0.0%	0.7%

* Data as of 31 Oct 2025 03:17:18 CT

5Y Credit Default Swaps (CDS)

	30/10/2025	23/10/2025
KSA	61.54	65.54
Dubai	52.00	50.80
Brazil	139.31	143.90
Turkey	245.58	267.59

Source: Bloomberg

		Prices		Weekly	Yields		Weekly
Maturity	**Coupon in %**	**30/10/2025**	**23/10/2025**	**Change**	**30/10/2025**	**23/10/2025**	**Change bps**
27/11/2026	6.60%	22.76	23.09	-1.41%	217.76%	209.87%	788.86
23/03/2027	6.85%	22.69	23.05	-1.57%	159.76%	155.29%	447.09
29/11/2027	6.75%	22.78	23.07	-1.24%	103.95%	101.92%	202.91
20/03/2028	7.00%	22.68	22.99	-1.34%	91.90%	90.30%	160.11
03/11/2028	6.65%	22.77	23.04	-1.19%	73.76%	72.64%	112.21
25/05/2029	6.85%	22.75	23.07	-1.36%	64.42%	63.46%	95.83
27/11/2029	11.50%	22.77	23.05	-1.19%	71.86%	70.95%	90.88
26/02/2030	6.65%	22.75	23.02	-1.18%	55.03%	54.38%	65.12
22/04/2031	7.00%	22.75	22.98	-0.99%	47.86%	47.42%	43.89
20/11/2031	7.15%	22.76	23.01	-1.08%	45.43%	44.96%	46.79
23/03/2032	7.00%	22.76	22.95	-0.82%	43.56%	43.23%	33.22
17/05/2033	8.20%	22.77	23.06	-1.27%	43.81%	43.31%	50.34
17/05/2034	8.25%	22.76	23.07	-1.35%	41.91%	41.40%	50.98
27/07/2035	12.00%	22.79	23.01	-0.96%	53.98%	53.50%	48.13
02/11/2035	7.05%	22.76	22.98	-0.96%	35.68%	35.37%	31.56
23/03/2037	7.25%	22.81	23.06	-1.07%	34.82%	34.50%	32.02

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