

Lebanese Eurobonds Rebound on Reform Hopes Despite Geopolitical Risks; Mixed U.S. Data Keeps Yields Flat



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	06/11/2025	31/10/2025	Change	Year to Date
BLOM Bond Index (BBI)	24.58	23.63	4.04%	84.96%
Weighted Yield	75.58%	77.55%	-2.54%	-27.01%
Weighted Spread	7,188.45	7,380.84	-2.61%	-27.59%

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), rose by 4.04% in the week ending November 6, 2025, to 24.58 points. Bond prices are now trading between 23.68 and 23.87 cents on the dollar for maturities ranging from 2026 to 2037, reversing a two-week decline triggered by rising political and security uncertainty.

Maturity	Coupon in %	Prices		Weekly Change	Yields		Weekly Change bps
		06/11/2025	31/10/2025		06/11/2025	31/10/2025	
28/11/2026	6.6	23.72	22.77	4.18%	214%	219%	(441.56)
23/03/2027	6.85	23.73	22.78	4.16%	156%	160%	(383.20)
29/11/2027	6.75	23.68	22.80	3.86%	102%	104%	(238.53)
20/03/2028	7	23.68	22.77	3.98%	89%	92%	(230.07)
03/11/2028	6.65	23.69	22.84	3.70%	72%	74%	(174.28)
25/05/2029	6.85	23.72	22.83	3.90%	63%	64%	(161.46)
27/11/2029	11.5	23.72	22.86	3.77%	70%	72%	(183.92)
26/02/2030	6.65	23.73	22.87	3.76%	53%	55%	(136.68)
22/04/2031	7	23.79	22.83	4.19%	46%	48%	(138.99)
20/11/2031	7.15	23.79	22.87	4.01%	44%	45%	(125.75)
23/03/2032	7	23.77	22.89	3.86%	42%	43%	(118.06)
17/05/2033	8.2	23.85	22.86	4.33%	42%	44%	(139.16)
17/05/2034	8.25	23.84	22.87	4.22%	40%	42%	(133.73)
27/07/2035	12	23.84	22.85	4.34%	52%	54%	(201.06)
02/11/2035	7.05	23.84	22.90	4.10%	34%	36%	(112.56)
23/03/2037	7.25	23.87	22.91	4.23%	34%	35%	(117.54)

The rebound was driven by growing optimism around the Financial Gap Law, which Prime Minister Salam confirmed has entered its final stages. Finance Minister Yassine Jaber also noted progress in talks with the Association of Banks, signaling broader consensus on the law's framework. Passing the law is a key prerequisite for securing an IMF deal that includes debt restructuring—an outcome that would improve Lebanon's credit outlook and support bond valuations.

Adding to the supportive tone, the Central Bank of Lebanon (BDL) issued [Intermediate Circular 744](#) last week, allowing banks to sell their Eurobond holdings *only* to obtain liquidity for meeting the requirements of Basic Circular 158 over a one-year period, or to finance commercial and investment activities—excluding operational expenses. In other words, Lebanese banks, which hold roughly 30% of the outstanding Eurobonds, are now restricted to selling only for specific liquidity needs. Although the circular was issued last week, its impact remains visible, as it introduces a controlled framework for Eurobond sales, limiting excess supply and helping to contain downward pressure on prices.

On the macro front, the [BLOM Lebanon PMI](#) remained in expansion territory for the third consecutive month, recording 50.6 in October 2025, down from 51.5 in September. While this signals continued—albeit slower—growth in private sector activity, surveyed businesses turned more pessimistic about the year-ahead outlook due to rising concerns over regional tensions. For bondholders, weaker growth prospects and elevated geopolitical risks typically increase perceived credit risk.

Security concerns remain a key downside risk. Notably, Thursday evening's intensified Israeli attacks on South Lebanon occurred after market close and are not yet priced in. The escalation coincides with fresh warnings from Israeli military officials that Hezbollah's growing capabilities are outpacing Lebanon's disarmament efforts, potentially widening the scope of future strikes to reach Beirut. Further instability risks undermining Lebanon's prospects for debt restructuring, as heightened tensions could delay reform implementation and erode investor confidence.

When bond prices go up, yields go down. Consequently, the yield on 5-year and 10-year bonds fell by 160 basis points this week, reaching 49.8% and 43.2%, respectively.

	06/11/2025	31/10/2025	Change
JP Morgan EMBI	1,006.09	1,009.62	-0.35%
5Y LEB	49.80%	51.40%	(160)
10Y LEB	43.20%	44.80%	(160)
5Y US	3.69%	3.71%	(2)
10Y US	4.11%	4.11%	-
5Y SPREAD	4,611	4,769	(158)
10Y SPREAD	3,909	4,069	(160)

In the U.S., Treasury yields stabilized this week, with the 5-year note edging down by 2 basis points to 3.69%, while the 10-year yield held steady at 4.11%.

Labor market data showed signs of weakness, as October layoffs surged by 183% month-on-month and 175% year-on-year, reaching 153,074, according to Challenger, Gray & Christmas. This is the highest layoff level for October since 2003. This spike is particularly significant given the ongoing U.S. government shutdown, which has limited the availability of official labor statistics and made private data sources more influential in shaping market expectations.

Meanwhile, the U.S. Treasury revised its Q4 borrowing estimate down to \$569 billion—\$21 billion below its July projection—due to a higher starting cash balance, easing supply pressure and supporting bond prices.

However, inflation concerns resurfaced as the ISM Services PMI price gauge rose to a three-year high in October, keeping yields from falling further.

As a result, market expectations for a rate cut at the Fed's December 10 meeting have edged higher. According to CME's FedWatch tool, traders now assign a 65.1% probability to a 25-basis-point cut, up from 63% a week earlier, while the likelihood of no change stands at 34.9%.

Target Rate (bps)	Probability(%)		
	Now *	1 Day 5-Nov-25	1 Week 31-Oct-25
350-375	65.10%	62.00%	63.00%
375-400 (Current)	34.90%	38.00%	37.00%

* Data as of 7 Nov 2025 03:11:46 CT

5Y Credit Default Swaps (CDS)		
	06/11/2025	31/10/2025
KSA	63.47	61.34
Dubai	51.89	52.00
Brazil	144.45	139.21
Turkey	209.00	209.66
Source: Bloomberg		

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