

Lebanese Eurobonds Slide amid Security Risks and Delayed Reforms



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	20/11/2025	14/11/2025	Change	Year to Date
BLOM Bond Index (BBI)	24.29	24.75	-1.89%	82.75%
Weighted Yield	77.85%	76.00%	2.43%	-24.82%
Weighted Spread	7,415.20	7,225.79	2.62%	-25.31%

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), fell by 1.9% in the week ending November 20, 2025, to 24.29 points, as investor concerns deepened over security risks and delayed reforms. Bond prices are now trading between 23.27 and 23.61 cents on the dollar for maturities ranging from 2026 to 2037.

Maturity	Coupon in %	Prices		Weekly Change	Yields		Weekly Change bps
		20/11/2025	14/11/2025		20/11/2025	14/11/2025	
28/11/2026	6.6	23.61	23.91	-1.27%	226%	219%	769.88
23/03/2027	6.85	23.44	23.91	-1.96%	162%	157%	495.14
29/11/2027	6.75	23.61	23.89	-1.18%	104%	102%	191.47
20/03/2028	7	23.47	23.87	-1.71%	91%	90%	181.17
03/11/2028	6.65	23.27	23.88	-2.58%	74%	72%	178.91
25/05/2029	6.85	23.37	23.92	-2.30%	64%	63%	139.45
27/11/2029	11.5	23.46	23.94	-2.00%	71%	70%	134.16
26/02/2030	6.65	23.48	23.88	-1.70%	54%	53%	84.33
22/04/2031	7	23.36	23.93	-2.38%	47%	46%	92.48
20/11/2031	7.15	23.60	23.93	-1.41%	45%	44%	56.53
23/03/2032	7	23.47	23.96	-2.04%	43%	42%	71.95
17/05/2033	8.2	23.51	23.98	-1.95%	43%	42%	70.41
17/05/2034	8.25	23.47	23.97	-2.05%	41%	40%	71.17
27/07/2035	12	23.38	23.99	-2.53%	53%	52%	122.77
02/11/2035	7.05	23.43	23.97	-2.27%	35%	34%	65.32
23/03/2037	7.25	23.38	23.95	-2.38%	34%	33%	68.80

Lebanon's debt restructuring remains stalled, with the financial gap law still incomplete. Despite official assurances of imminent progress, analysts remain doubtful, leaving the IMF agreement increasingly out of reach.

In addition, despite the ongoing ceasefire, Israeli strikes have continued, leaving investors cautious. One of the deadliest incidents since the truce targeted a Palestinian refugee camp in Lebanon this week, killing 13 people. Israel has maintained a military presence in southern Lebanon, with drones frequently flying over Beirut, while the construction of a border wall on Lebanese territory has further heightened tensions. Analysts consider that Israel benefits from the best of two worlds: the ceasefire have limited its opponent's ability to fight back, yet retains the ability to strike and weaken their assets whenever it chooses. Israel argues that Lebanon is failing to adequately disarm Hezbollah.

Still, there are developments that suggest Lebanon is trying to move toward reform and diplomacy.

In an interview with Bloomberg TV, Prime Minister Nawaf Salam rejected Israel's criticism, insisting that plans to demilitarize southern Lebanon are "*on track*." He noted that the Lebanese army has been expanding its presence, while authorities are tightening control over entry points and stepping up efforts to prevent arms smuggling, aiming to reassure investors about security risks.

On the diplomatic front, Salam reiterated Lebanon's readiness to negotiate with Israel, calling for U.S. mediation to advance talks on border disputes and troop withdrawals. He pointed to the 2022 maritime border agreement as proof that a negotiated solution is possible, though he noted with concern that recent Lebanese outreach has gone unanswered.

Salam also announced that a draft law to address the country's massive \$80 billion financial sector deficit is nearly ready, a step seen as critical for unlocking IMF support. *"I can assure you in the upcoming weeks, I hope before mid-December, we will have this draft law before the government,"* he said.

Domestically, the state has also moved against organized crime. The arrest of Noah Zaitar, Lebanon's most notorious alleged drug lord with suspected ties to Hezbollah and Syria's Assad family, marked a significant step in curbing drug trafficking. His arrest reflected the diminished influence of Hezbollah and underscored the state's effort to reassert control. This crackdown could help restore trade relations with Saudi Arabia, which had been strained by drug smuggling concerns. A senior Saudi official told Reuters this week that the Kingdom intends to strengthen commercial ties with Lebanon "*as soon as possible*". Progress on this front could bring Lebanon significant economic benefits.

Meanwhile, global rating agency Moody's has kept Lebanon's local debt rating at C earlier this week. The agency warned that losses on Lebanese Eurobonds are likely to exceed 65%, suggesting that investors may recover at most 35 cents on the dollar—more than 10 cents above the current trading range of 23 to 24 cents.

Adding to a cautiously supportive tone, earlier this week, BMI Country Risk and Industry Research, a subsidiary of Fitch Solutions, forecasts Lebanon's real GDP growth to rise from 3% in 2025 to 6% in 2026, driven by pre-election spending prior to the parliamentary elections and the anticipated disarmament of non-state actors by mid next year, which could improve security, lift GCC travel bans, and unlock reconstruction financing. However, capital controls and a weakened banking sector are expected to limit the pace of economic recovery.

When bond prices go down, yields go up. Consequently, the yield on 5-year and 10-year bonds rose by 90 basis points this week, reaching 50.7% and 43.9%, respectively.

	20/11/2025	14/11/2025	Change
JP Morgan EMBI	1,007.95	1,006.91	0.10%
5Y LEB	50.70%	49.80%	90
10Y LEB	43.90%	43.00%	90
5Y US	3.68%	3.74%	(6)
10Y US	4.10%	4.14%	(4)
5Y SPREAD	4,702	4,606	96
10Y SPREAD	3,980	3,886	94

In the U.S., Treasury yields marginally declined this week, with the 5-year note falling by 6 basis points to 3.68% and the 10-year yield decreasing by 4 basis points to 4.1%. This is partially due to some investors shifting their capital away from equities toward bonds.

The unemployment rate rose to 4.4% in September from 4.3% in August, its highest level since October 2021. At the same time, nonfarm payrolls increased by 119,000 in September, reversing the 4,000 job loss recorded in August after revisions. The figure came in well above the Dow Jones consensus estimate of 50,000, suggesting some stabilization in hiring following the end of the government shutdown.

Minutes from the latest FOMC meeting, released yesterday, revealed sharp divisions among policymakers in October over whether further interest-rate cuts were justified.

Adding to the uncertainty, the Bureau of Labor Statistics announced it will not publish the October jobs report, a gap that will complicate the Fed's assessment of the economic outlook.

As a result, market expectations for a rate cut at the Fed's December 10 meeting have eased. According to CME's FedWatch tool, traders now see a 37.1% chance of a 25-basis-point cut, down from 44.4% a week earlier, while the probability of no change has risen to 62.9%.

Target Rate (bps)	Probability(%)		
	Now *	1 Day 20-Nov-25	1 Week 14-Nov-25
350-375	37.10%	39.10%	44.40%
375-400 (Current)	62.90%	60.90%	55.60%
* Data as of 21 Nov 2025 03:50:27 CT			

5Y Credit Default Swaps (CDS)

	20/11/2025	14/11/2025
KSA	64.28	65.11
Dubai	52.60	52.88
Brazil	146.61	142.32
Turkey	204.59	208.31

Source: Bloomberg

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