

Lebanese Eurobonds Prices Decline Amid Political and Security Uncertainty



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	22/01/2026	15/01/2026	Change	Year to Date
BLOM Bond Index (BBI)	29.32	29.84	-1.72%	21.28%
Weighted Yield	59.23%	57.74%	2.59%	-12.66%
Weighted Spread	5,569.49	5,419.32	2.77%	-13.40%

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), fell by **1.72%** in the week ending **January 22nd 2025**, closing at **29.32 points**, due to stagnation in security and political situations. However, BBI improved significantly by 21.28% YTD. And as bond prices decreases, yields increase and so the weighted yield rose by **259** basis points to **59.23%**.

On the security front, Israel's attacks on South Lebanon and Beqaa continued in addition to assassinations of Hezbollah's military members. Additionally, the Lebanese Army is expected to present in front of the Council of Ministers a plan to surrender weapon between Awali River and Litani River at the beginning of February. This presentation will most probably be presented after Lebanese's Army's Commander General's visit to Washington to meet with US military officers. In addition, France announced that a conference will be held in Paris on March 5th, 2026 to financially support Lebanese official military forces, mainly Lebanese Army and Internal Security Forces.

On the political front, both Lebanese President and Prime Minister are insisting on holding parliamentary elections on time in May 2026 without any delay. Also, the debate regarding the surrender of weapon from unofficial armed groups continues.

On the financial and economic front, the Prime Minister met with IMF Chief Kristalina Georgieva in World Economic Forum held in Davos and stated that IMF will send a team to Lebanon from the 9th till the 13th of February. The mission of this visit is to continue technical discussion to reach an agreement on a program with Lebanon. Mr. Salam added in his interview with Bloomberg TV from Davos that IMF asked for amendments on the Financial Gap Law, but he is confident that they will agree on an adequate solution with the IMF regarding this law.

	22/01/2026	15/01/2026	Change
BBI	29.32	29.84	-1.72%
JP Morgan EMBI	1021.24	1020.64	0.06%
5Y LEB	43.50%	42.80%	70
10Y LEB	30.50%	29.60%	90
5Y US	3.85%	3.77%	8
10Y US	4.26%	4.17%	9
5Y SPREAD	3,965	3,903	62
10Y SPREAD	2,624	2,543	81

In the U.S., Treasury yields rose over the course of the week, the 5-year and 10-year bonds increased by 8 and 9 basis points respectively to record 3.85% and 4.26%. 10-year treasury yields increased this week and reached its highest level since August on Wednesday. This weekly increase is attributed to several economic and geo-political reasons.

As per US Department of Labor latest data, initial jobless claims increased marginally by 1,000 to record 200k, however below market anticipation of 220k. In the meanwhile, continuous jobless claims dropped to 1,849k in the week ending January 10th, 2026. Similarly, US's 4-week moving average for initial jobless claims that dismisses week-to-week volatility declined from 205.25k to in January 17th, 2026 to 201.5k last week. Moreover, as per Trading Economics, Gross Domestic Product QoQ growth rate, between second and third quarter, recorded 4.4% which is higher than the forecasts of 4.3%. Furthermore, industrial production MoM growth recorded 0.4% which is also higher than the forecasts of 0.3%.

On the monetary front, Federal Open Market Committee (FOMC) is expected to keep rates unchanged in its meeting next week with a 95% probability as per CME Group latest data (detailed in table below). Additionally, the uncertainty about Federal Reserve's independence increased after reports of criminal probe involving Fed Chair Jerome Powell.

On the geo-political front, US President Trump threatened the European countries to impose tariffs of 10% starting February in addition to 25% starting June after the latter rejected US President's willingness to buy Greenland. However, later on in the week, and during Davos 2026 annual meetings, President Trump ruled out military force to acquire Greenland and curtailed tariff threats after agreeing on an outline related to a future long-term deal with NATO without digging deep in its details.

Target Rate (bps)	Probability(%)			
	Now *	1 Day 22 Jan 2026	1 Week 16 Jan 2026	1 Month 23 Dec 2025
325-350	5.0%	4.4%	4.4%	15.5%
350-375 (Current)	95.0%	95.6%	95.6%	84.5%

* Data as of 23 Jan 2026 04:00:30 CT

5Y Credit Default Swaps (CDS)

	22/01/2026	15/01/2026
KSA	68.51	69.18
Dubai	50.06	50.91
Brazil	133.11	136.43
Turkey	210.89	217.17

Source: Bloomberg

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Maturity	Coupon in %	Prices		Weekly	Yields		Weekly
		22/01/2026	15/01/2026	Change	22/01/2026	15/01/2026	Change bps
23/03/2027	6.85%	27.73	28.63	-3.15%	163.02%	154.89%	812.49
29/11/2027	6.75%	27.71	28.56	-2.98%	98.90%	95.29%	361.09
20/03/2028	7.00%	28.26	28.61	-1.20%	84.18%	82.58%	159.98
03/11/2028	6.65%	27.66	28.66	-3.47%	67.43%	65.06%	236.77
25/05/2029	6.85%	28.30	28.65	-1.23%	57.16%	56.32%	83.39
27/11/2029	11.50%	28.21	28.73	-1.81%	62.67%	61.58%	109.35
26/02/2030	6.65%	27.78	28.71	-3.24%	49.15%	47.67%	147.71
22/04/2031	7.00%	28.44	28.70	-0.91%	41.30%	40.90%	39.85
20/11/2031	7.15%	28.47	28.72	-0.87%	39.04%	38.70%	34.40
23/03/2032	7.00%	28.44	28.73	-1.01%	37.41%	37.03%	37.39
17/05/2033	8.20%	28.50	28.77	-0.94%	37.07%	36.75%	32.27
17/05/2034	8.25%	28.49	28.78	-1.02%	35.23%	34.91%	32.30
27/07/2035	12.00%	28.40	28.77	-1.27%	44.70%	44.15%	55.45
02/11/2035	7.05%	27.76	28.82	-3.68%	30.58%	29.63%	94.65
23/03/2037	7.25%	27.79	28.79	-3.46%	29.69%	28.81%	87.94

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