



January 2, 2026

## Contact Information

Helmi Mrad

Senior Research Analyst

[helmi.mrad@blominvestbank.com](mailto:helmi.mrad@blominvestbank.com)

	31/12/2025	18/12/2025	Change	Year to Date
<b>BLOM Bond Index (BBI)</b>	24.18	24.31	-0.54%	81.91%
<b>Weighted Yield</b>	67.82%	66.58%	1.87%	-34.51%
<b>Weighted Spread</b>	6,431.19	6,306.97	1.97%	-35.22%

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), fell marginally by **0.33%** in the year ending **December 31<sup>st</sup> 2025**, closing at **24.18 points**, due to stagnation in security and political situations. And as bond prices decreases, yields increase and so the weighted yield rose by **187** basis points to **67.82%**. However, in 2025, BBI improved significantly by 81.91% YTD.

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 announce that they finished their weapon surrender Southern of Litani river and will start with the second phase of the plan. Meanwhile, United States' deadline to surrender all unofficial armed forces' weapon across all governorates ended by year end. Additionally, as per the press conference after the meeting between US President and Israel's Prime Minister, the US gave Israel the permission to escalate its airstrikes on Lebanon.

On the political front, the Lebanese Parliament succeeded in meeting upon reaching quorum after several failed attempts. In this meeting, the Parliament approved \$250 million World Bank loan to repair Southern Lebanon infrastructure.

On the financial and economic front, Memorandum of Understanding (MoU) was signed between the Lebanese Ministry of Energy and Water and the Egyptian Ministry of Petroleum and Mineral Resources (MoPMR). The purpose of this MoU is to supply natural gas to the Deir Ammar Power Plant in Lebanon for electricity generation through Arab Gas Pipeline. Additionally, the last week of the year witnessed a major event. The Lebanese Council of Ministers adopted the Financial Gap and Deposit Recovery Law after several sessions of discussions and transferred it to the Lebanese Parliament.

	<b>31/12/2025</b>	<b>18/12/2025</b>	<b>Change</b>
<b>BBI</b>	24.18	24.31	-0.54%
<b>JP Morgan EMBI</b>	1,017.90	1,015.39	0.25%
<b>5Y LEB</b>	50.20%	49.75%	45
<b>10Y LEB</b>	35.10%	34.75%	35
<b>5Y US</b>	3.73%	3.66%	7
<b>10Y US</b>	4.18%	4.12%	6
<b>5Y SPREAD</b>	4,647	4,609	38
<b>10Y SPREAD</b>	3,092	3,063	29

In the U.S., Treasury yields rose by year end, the 5-year and 10-year bonds increased by 7 and 6 basis points respectively to record 3.73% and 4.18%.

As per US Department latest data, annual inflation rate recorded 2.7% in December 2025 below the forecasts of 3.1%. Moreover, Gross Domestic Product in the US improved in the third quarter by 4.3% p.a. compared to 3.8% p.a. In addition, initial jobless claims fell by 16,000 to record 199,000 for the period ending December 27<sup>th</sup>, 2025. Similarly, continuous jobless claims decreased to 1,866 thousands in the week ending December 20<sup>th</sup>, 2025. As for US's 4-week moving average for initial jobless claims that dismisses week-to-week volatility, it rose to the highest level in five weeks and recorded 218.75 thousand in the week ended December 27<sup>th</sup>, 2025.

On the monetary front, Federal Open Market Committee (FOMC) lowered interest rates by 25 bps in its last meeting on December 10th, 2025. Latest improved economic and labor data tempered expectations of rapid Fed easing with most

projecting only one rate reduction in 2026. On the other hand, investors are expecting to rate cuts in 2026 especially that Fed's Chair Jerome Powell's period will end this year and the candidate that will be named is expected to have same point of view of president Trump regarding rate cuts. Currently, markets pricing a 85.1% probability in keeping rates at 3.5% - 3.75% in January FOMC meeting, as shown in the below table.

Target Rate (bps)	Probability(%)			
	Now *	1 Day 31 Dec 2025	1 Week 26 Dec 2025	1 Month 2 Dec 2025
325-350	14.9%	15.5%	17.7%	27.3%
350-375 (Current)	85.1%	84.5%	82.3%	64.4%
375-400	0.0%	0.0%	0.0%	8.3%

\* Data as of 2 Jan 2026 04:10:46 CT

#### 5Y Credit Default Swaps (CDS)

	31/12/2025	18/12/2025
KSA	66.98	67.28
Dubai	47.44	51.05
Brazil	138.33	142.05
Turkey	204.16	206.90

Source: Bloomberg

		Prices		Weekly	Yields		Weekly
Maturity	Coupon in %	31/12/2025	18/12/2025	Change	31/12/2025	18/12/2025	Change bps
23/03/2027	6.85%	23.235	23.444	-0.89%	181.30%	173.82%	748.02
29/11/2027	6.75%	23.229	23.496	-1.14%	111.48%	108.50%	297.37
20/03/2028	7.00%	23.199	23.33	-0.56%	96.62%	94.72%	190.20
03/11/2028	6.65%	23.252	23.453	-0.86%	76.10%	74.80%	129.70
25/05/2029	6.85%	23.248	23.289	-0.18%	65.88%	65.28%	60.08
27/11/2029	11.50%	23.344	23.487	-0.61%	72.25%	71.62%	63.36
26/02/2030	6.65%	23.256	23.412	-0.67%	55.77%	55.12%	65.16
22/04/2031	7.00%	23.288	23.336	-0.21%	47.86%	47.60%	26.71
20/11/2031	7.15%	23.309	23.471	-0.69%	45.34%	44.96%	37.54
23/03/2032	7.00%	23.29	23.421	-0.56%	43.43%	43.10%	32.63
17/05/2033	8.20%	23.318	23.547	-0.97%	43.36%	42.96%	39.91
17/05/2034	8.25%	23.345	23.441	-0.41%	41.31%	41.13%	17.90
27/07/2035	12.00%	23.297	23.643	-1.46%	53.23%	52.44%	79.87
02/11/2035	7.05%	23.343	23.558	-0.91%	35.10%	34.81%	29.38
23/03/2037	7.25%	23.286	23.351	-0.28%	34.34%	34.23%	11.11

**For your Queries:  
BLOMINVEST BANK s.a.l.**

Research Department

Zaituna Bay

POBOX 11-1540 Riad El Soloh

Beirut 1107 2080 Lebanon

**Helmi Mrad**

[helmi.mrad@blominvestbank.com](mailto:helmi.mrad@blominvestbank.com)

**Research Department**

Tel: +961 1 991 784

[research@blominvestbank.com](mailto:research@blominvestbank.com)

***Disclaimer***

*This report is published for information purposes only. The information herein has been compiled from, or based upon sources we believe to be reliable, but we do not guarantee or accept responsibility for its completeness or accuracy. This document should not be construed as a solicitation to take part in any investment, or as constituting any representation or warranty on our part. The consequences of any action taken on the basis of information contained herein are solely the responsibility of the recipient.*