

Lebanese Eurobonds Stabilize While Investors Focus on IMF Talks



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	12/02/2026	06/02/2026	Weekly Change	Year to Date
BLOM Bond Index (BBI)	30.89	30.89	0.01%	27.76%
Weighted Yield	57.82%	57.35%	0.82%	-14.75%
Weighted Spread	5,435.94	5,388.92	0.87%	-15.47%

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), stabilized at 30.89 points in the week ending February 12, 2026, still trading near its highest level since February 2020 (a month before Lebanon's default on its Eurobonds).

This stabilization comes as traders closely monitor the outcome of the **IMF delegation's visit to Lebanon**, which concludes today. Based on local news sources and our own information, the following points summarize what has emerged from the recent IMF discussions so far:

Key Updates from IMF–Lebanon Discussions

- The IMF stressed **no flexibility regarding the hierarchy of claims**
- A **new assessment of BDL's assets and liabilities** is required, including **valuing the gold reserves based on the average price of the previous one to two years** rather than the current market price, in addition to **re-evaluating financial sector deposits** which **cannot be pre-removed before the assessment is complete** from the balance sheet.
- IMF indicated that **Lebanon's central bank gold reserves could be used** to help repay depositors — **first time** this option has been raised, but it didn't **specify how** the gold could be used (sale, leasing, etc.). The law currently prohibits this step.
- A full **evaluation of the banking sector**

- A new assessment of **illicit funds related to corruption and financial misconduct**, including:
 - o Profits from excessive interest rates
 - o Gains from paying debts at the old fixed rate of LBP 1,500 per USD
- IMF is now **more open to repaying up to \$100,000 per depositor**, based on **total deposits across all banks** (instead of **per-bank** calculation), *decreasing the financial gap*
- IMF remains firm: **Lebanese state must not assume additional financial burdens**.
- Requires a clear resolution of the **government–BDL debt**. *While the audited statements put the state's obligations to BDL at only \$16.5 billion, widespread anecdotal evidence suggests the real figure may be in the \$40–50 billion range.*
- It is necessary to identify the revenues that will secure the obligations related to the ABS (Asset-Backed Securities).
- The government has **two months** to complete these steps
- If completed, these steps would enable a preliminary agreement to be submitted to the IMF Executive Board by May.

These steps will **improve BDL's ability overall to cover its share of losses** under the latest draft of the Financial Regularization & Deposit Recovery Law (commonly referred to as the Financial Gap Law) sent to parliament (*We will discuss this in further research next week*).

For Eurobond holders, securing an IMF deal is essential to recover their funds.

That said, Goldman Sachs warns that Lebanon's Eurobond rally has moved ahead of fundamentals, with bonds trading above 29¢ (cents on the dollar) while their fair value estimate is only 12–25¢. (See: [GS: Lebanon's Eurobond Rally Has Run Too Far, Too Fast](#))

Bond prices are now trading between 29.42¢ and 29.85¢ on the dollar for maturities ranging from 2027 to 2037.

Maturity	Coupon in %	Prices		Weekly Change	Yields		Weekly Change bps
		12/02/2026	06/02/2026		12/02/2026	06/02/2026	
23/03/2027	6.85	29.45	29.64	-0.65%	163%	159%	397.19
29/11/2027	6.75	29.50	29.67	-0.57%	96%	95%	137.31
20/03/2028	7	29.42	29.37	0.20%	83%	83%	50.01
03/11/2028	6.65	29.55	29.73	-0.58%	65%	64%	67.15
25/05/2029	6.85	29.51	29.39	0.39%	56%	56%	3.91
27/11/2029	11.5	29.70	29.71	-0.04%	61%	60%	17.44
26/02/2030	6.65	29.54	29.71	-0.58%	47%	47%	38.40
22/04/2031	7	29.60	29.43	0.56%	40%	40%	(9.83)
20/11/2031	7.15	29.70	29.47	0.76%	38%	38%	(17.07)
23/03/2032	7	29.65	29.44	0.73%	36%	37%	(15.22)
17/05/2033	8.2	29.70	29.72	-0.09%	36%	36%	6.47
17/05/2034	8.25	29.78	29.81	-0.12%	34%	34%	6.17
27/07/2035	12	29.68	29.90	-0.74%	43%	43%	27.75
02/11/2035	7.05	29.76	29.85	-0.29%	29%	29%	9.05
23/03/2037	7.25	29.85	29.84	0.02%	28%	28%	1.15

As prices of 5- and 10-year bonds rose, their yields fell by 20 and 10 basis points, respectively.

	12/02/2026	06/02/2026	Weekly Change
JP Morgan EMBI	1,034.46	1,026.79	0.75%
5Y LEB	42.20%	42.00%	20
10Y LEB	28.90%	28.80%	10
5Y US	3.67%	3.76%	(9)
10Y US	4.09%	4.22%	(13)
5Y SPREAD	3,853	3,824	29
10Y SPREAD	2,481	2,458	23

In the U.S., treasury yields fell this week, with the 5-year down 9 bps to 3.67% and the 10-year down 13 bps to 4.09%, as a broad markets selloff sent investors into Treasuries, which are seen as a safe haven during times of uncertainties. Attention now turns to January's CPI, expected to ease to 2.5% from 2.7%. Markets see the Fed holding steady until mid-year (after Federal Reserve Chair Jerome H. Powell's tenure ends), with two 25-bp cuts priced for June and September.

5Y Credit Default Swaps (CDS)

	12/02/2026	06/02/2026
KSA	74.35	74.37
Dubai	49.69	49.54
Brazil	130.60	126.49
Turkey	182.30	184.18

Source: Bloomberg

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