Weekly Insights on Lebanese Eurobonds and US Treasuries

BLOMINVEST BANK

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	14/05/2026	07/05/2026	Change	Year to Date
BLOM Bond Index (BBI)	27.01	27.82	-2.93%	12.15%
Weighted Yield	59.86%	58.07%	3.08%	-11.74%
Weighted Spread	5,607.82	5,431.39	3.25%	-12.80%

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), fell by **2.93%** in the week ending **May 14th 2026**, closing at **27.01 points**, driven by continued security and political tensions related to the situation in the Middle East. However, BBI improved significantly by 12.15% YTD. And as bond prices decreases, yields increase and so the weighted yield rose by **308** basis points to **59.86%.**

On the security front, Israel's attacks on South Lebanon is persistent despite the ceasefire agreement for 10 days, followed by a three-week extension. The Israeli army is still issuing evacuation warning for villages in South Lebanon on a daily basis.

On the political front, there is still a wide gap between Hezbollah and other political parties regarding surrendering all weapons to the Lebanese Official Army and the direct peace talks with Israeli representatives.

On the economic and financial side, no updates related to economic and financial reforms as the government and the ministers, each in his ministry, are busy dealing with the current war's implications along with issues related to citizen's daily needs. However, Lebanese Prime Minister Dr. Nawaf Salam, accompanied with several ministers, visited Syria and did negotiations with Syrian officials including Syrian President Ahmad Al Sharaa. These negotiations involved increasing commercial trade along with energy transfer from Jordan through Syrian territories.

	14/05/2026	07/05/2026	Change
BBI	27.01	27.82	-2.93%
JP Morgan EMBI	1035.33	1039.63	-0.41%
5Y LEB	46.70%	45.50%	120
10Y LEB	32.05%	31.25%	80
5Y US	4.13%	4.04%	9
10Y US	4.47%	4.41%	6
5Y SPREAD	4,257	4,146	111
10Y SPREAD	2,758	2,684	74

In the U.S., Treasury yields rose marginally over the course of the week, the 5-year and 10-year bonds yields increased by 9 and 6 basis points respectively to record 4.13% and 4.47%. The increase was mainly driven by the geopolitical tensions in the Middle East and deadlock in the negotiations between the United States and Iran.

On the economic front, as per US Department of Labor latest data, initial jobless claims increased by 12,000 to record 211k for the week ending May 9th, 2026. In the meantime, continous jobless claims rose within a week from 1,758k to 1,782k in the week ending May 2nd, 2026. As for US's 4-week moving average for initial jobless claims, that dismisses week-to-week volatility, they rose to 203.75k in May 9th, 2026 compared to 203k in the prior week. Moreover, unemployment recorded 4.3% in April 2026 with unemployed reaching 7.37 million. As for producer price index (PPI), it increased on a month-on-month basis by 1.4% mainly due to the increase in energy costs.

On the geo-political front, the tensions between United States and Iran is still high despite the ceasefire agreement extension for undetermined period. Peace negotiations between the two parties is still in a stalemate state as both parties are holding firm to their positions without showing any signs of compromise. United states want to open Hormuz strait and finding a deal related to nuclear dust in addition to stoping the ballestic program and cease support to Iran's allies in the region. On the other hand, Iran want negotiations to happen in phases as they want to discuss first the US seize of Hormuz starit and then the other points. As such, oil prices remained high and above the $100/barrel level which weighed on prices and increase inflation risks. This led to increase in US inflation from 3.3% in March 2026 to 3.8% in April of the same year (highest since May 2023) and exceeding the forecasts of 3.7%.

On the monetary front, and due to the above circumstances, FOMC is expected to keep rates unchanged all over the year, despite the narrow confirmation of the US senate on the appointment of Kevin Warsh as Federal Reserve Chair on Wednesday. This appointment raised questions among investors whether the newly appointed Fed Chair will preserve Fed's independence amid political pressure. Having said that, the below table reveals market's pricing a probability of 99.4% of keeping rates at 3.5% - 3.75% in FOMC next meeting (as per CME Group latest data).

TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 13 MAY 2026	1 WEEK 8 MAY 2026	1 MONTH 15 APR 2026
325-350	0.6%	1.0%	6.6%	0.0%
350-375 (Current)	99.4%	99.0%	93.4%	98.6%
375-400	0.0%	0.0%	0.0%	1.4%

* Data as of 15 May 2026 03:13:20 CT

5Y Credit Default Swaps (CDS)

	14/05/2026	07/05/2026
KSA	63.32	61.43
Dubai	78.61	77.51
Brazil	128.37	118.47
Turkey	234.57	228.58

Source: Bloomberg

		Prices		Weekly	Yields		Weekly
Maturity	Coupon in %	14/05/2026	07/05/2026	Change	14/05/2026	07/05/2026	Change bps
29/11/2027	6.75%	25.617	26.367	-2.84%	128.87%	123.79%	507.79
20/03/2028	7.00%	25.658	26.395	-2.79%	106.55%	102.95%	360.51
03/11/2028	6.65%	25.656	26.572	-3.45%	80.07%	77.27%	280.29
25/05/2029	6.85%	25.611	26.591	-3.69%	67.34%	64.95%	239.13
27/11/2029	11.50%	25.859	26.553	-2.61%	71.12%	69.32%	179.69
26/02/2030	6.65%	25.875	26.766	-3.33%	55.17%	53.51%	166.42
22/04/2031	7.00%	26.025	26.865	-3.13%	46.17%	44.93%	123.79
20/11/2031	7.15%	26.055	26.932	-3.26%	43.37%	42.15%	121.74
23/03/2032	7.00%	26.206	27.131	-3.41%	41.16%	39.98%	117.49
17/05/2033	8.20%	26.855	27.507	-2.37%	39.78%	38.95%	82.57
17/05/2034	8.25%	26.706	27.387	-2.49%	37.80%	36.98%	81.74
27/07/2035	12.00%	26.801	27.389	-2.15%	47.17%	46.25%	91.83
02/11/2035	7.05%	26.376	27.237	-3.16%	32.33%	31.48%	84.82
23/03/2037	7.25%	26.371	27.237	-3.18%	31.31%	30.47%	84.15

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