

Lebanese Eurobonds; Rebound on Ceasefire Talks Advancement, Decline Expected on Friday



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| | 04/06/2026 | 29/05/2026 | Weekly Change | Year to Date |
|------------------------------|------------|------------|---------------|--------------|
| BLOM Bond Index (BBI) | 27.74 | 27.01 | 2.68% | 14.71% |
| Weighted Yield | 59.55% | 60.59% | -1.72% | -12.19% |
| Weighted Spread | 5,573.39 | 5,680.56 | -1.89% | -13.34% |

The **BLOM Bond Index (BBI)**, which tracks defaulted Lebanese government Eurobonds that haven't matured yet (excluding coupon payments), rose by 2.68% week-to-date to 27.74 points on June 4, 2026.

Bond prices are now trading between 26.33¢ and 27.77¢ on the dollar for maturities ranging from 2027 to 2037.

| Maturity | Coupon in % | Prices | | Weekly Change | Yields | | Weekly Change bps |
|------------|-------------|------------|------------|---------------|------------|------------|-------------------|
| | | 04/06/2026 | 29/05/2026 | | 04/06/2026 | 29/05/2026 | |
| 29/11/2027 | 6.75 | 26.34 | 25.75 | 2.30% | 131% | 132% | (145.33) |
| 20/03/2028 | 7 | 26.39 | 25.74 | 2.54% | 107% | 109% | (150.86) |
| 03/11/2028 | 6.65 | 26.33 | 25.64 | 2.68% | 80% | 81% | (135.77) |
| 25/05/2029 | 6.85 | 26.33 | 25.70 | 2.46% | 67% | 68% | (107.76) |
| 27/11/2029 | 11.5 | 26.39 | 25.64 | 2.89% | 71% | 72% | (149.68) |
| 26/02/2030 | 6.65 | 26.40 | 25.82 | 2.26% | 55% | 56% | (81.17) |
| 22/04/2031 | 7 | 26.73 | 26.03 | 2.69% | 46% | 46% | (87.31) |
| 20/11/2031 | 7.15 | 26.73 | 26.04 | 2.64% | 43% | 44% | (82.14) |
| 23/03/2032 | 7 | 26.80 | 25.99 | 3.09% | 41% | 42% | (91.81) |
| 17/05/2033 | 8.2 | 27.76 | 26.97 | 2.93% | 39% | 40% | (88.31) |
| 17/05/2034 | 8.25 | 27.77 | 26.85 | 3.43% | 37% | 38% | (100.17) |
| 27/07/2035 | 12 | 27.20 | 26.71 | 1.86% | 47% | 47% | (74.03) |
| 02/11/2035 | 7.05 | 27.27 | 26.52 | 2.80% | 32% | 32% | (69.82) |
| 23/03/2037 | 7.25 | 27.24 | 26.39 | 3.23% | 31% | 31% | (80.34) |

This rebound reflects cautious optimism after reports that Israel and Lebanon had advanced talks toward a U.S.-brokered ceasefire. According to the US State Department statement, both sides agreed to swiftly establish pilot zones where the Lebanese Armed Forces would exercise exclusive control, excluding all non-state actors, progressing area by area without a fixed deadline. The truce was described as contingent on a complete cessation of Hezbollah fire and the withdrawal of its operatives from the south Litani sector, steps intended to pave the way for a broader peace and security framework. Both governments also “rejected any attempt, by any state or non-state actor, to hold Lebanon’s future hostage.”

After the bonds market closed, Hezbollah rejected the U.S. truce proposal. The group insisted on Israel’s full withdrawal from Lebanon, stating that Hezbollah’s operations would persist as long as Lebanese villages faced bombardment and civilian casualties. *This stance is expected to complicate the situation further and weigh on Eurobond prices today.*

That said, [Moody's Ratings \(Moody's\) has completed a periodic review of the ratings of Lebanon](#). “The rating reflects Moody's assessment that losses to bondholders are likely to exceed 65%, with resolution contingent on a comprehensive restructuring of the sovereign, BDL, and the commercial banking system. Renewed regional hostilities on Lebanese territory have compounded macroeconomic, fiscal and social pressures, underscoring Lebanon's very weak economic resilience and heightening its susceptibility to event risk.” *This review is consistent with past assessments, showing no effect on Eurobond prices.*

In addition, a recent IMF report classified Lebanon’s banking sector crisis as “systemic,” easing the way towards the sector’s restructuring. Such restructuring remains a prerequisite for any IMF program and eventual Eurobond restructuring, along with the financial gap law.

Meanwhile, the [BLOM Lebanon PMI increased to 49.7 in May 2026, from 48.2 in April](#), rising to a three-month high and moving closer to the neutral/growth threshold. *While it is still in the contraction zone, an increase in PMI, as a leading indicator of economic activity, typically improves market sentiment, despite it being marginal.*

As prices of 5 and 10-year bonds rose, their yields fell by 90 and 80 basis points, respectively.

| | 04/06/2026 | 29/05/2026 | Weekly Change |
|-----------------------|------------|------------|---------------|
| JP Morgan EMBI | 1,040.97 | 1,040.17 | 0.08% |
| 5Y LEB | 46.20% | 47.10% | (90) |
| 10Y LEB | 31.20% | 32.00% | (80) |
| 5Y US | 4.18% | 4.13% | 5 |
| 10Y US | 4.47% | 4.45% | 2 |
| 5Y SPREAD | 4,202 | 4,297 | (95) |
| 10Y SPREAD | 2,673 | 2,755 | (82) |

In the U.S., Treasury yields edged higher this week, with the 5-year yield up 5 bps to 4.18% and the 10-year up 2 bp to 4.47%.

Hezbollah’s rejection of the U.S. truce proposal reduced prospects for a wider near-term Middle East peace accord. Meanwhile, President Donald Trump suggested talks with Iran were advancing, though Foreign Minister Abbas Araghchi reported no progress. A prolonged conflict would fuel inflation fears through higher energy and fertilizer costs as well as supply chain disruptions, driving yields upward

As per the CME Fed Watch, traders are now pricing in higher chances of the Federal Reserve hiking rates by the end of this year compared to a week ago.

| Target Rate (bps) | Probability(%) | | | |
|-------------------|----------------|-----------|-----------|-----------|
| | Now* | 1 Day | 1 Week | 1 Month |
| | | 03-Jun-26 | 29-May-26 | 05-May-26 |
| 300-325 | 0.00% | 0.00% | 0.00% | 0.20% |
| 325-350 | 1.80% | 1.10% | 0.20% | 7.70% |
| 350-375 (Current) | 50.70% | 41.00% | 54.60% | 62.80% |
| 375-400 | 37.00% | 41.30% | 36.40% | 26.10% |
| 400-425 | 9.50% | 14.40% | 8.10% | 3.10% |
| 425-450 | 1.00% | 2.10% | 0.70% | 0.10% |
| 450-475 | 0.00% | 0.10% | 0.00% | 0.00% |

* At the time of writing the report

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