

US Treasury Yields Decrease Amid Diplomatic Efforts to Ease Geo-Political Tensions



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	13/08/2026	06/08/2026	Change	Year to Date
BLOM Bond Index (BBI)	29.32	28.72	2.08%	21.74%
Weighted Yield	60.51%	61.12%	-1.00%	-10.79%
Weighted Spread	5,654	5,707	-0.92%	-12.08%

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), rose by **2.08%** over the course of the week ending **August 13th, 2026**, closing at **29.32 points**, driven by geo-political situation in the region. Also, **BBI** improved noticeably by **21.74% YTD**. And as bond prices increases, yields decrease and so the weighted yield declined by **100 basis points** to **60.51%**.

On the political front, the Lebanese Parliament issued the laws related to the death penalty and general amnesty law after two days of debates and parliament meetings.

On the financial and economic front, the parliament approved the changes made to the Bank Restructuring Law, in three main articles. Article 3 about the authorities of the second room of the supreme banking authority, it removed the phrase “as per article 70 of the Money and Credit Law”. Article 13 was approved as sent by the government which allows the second room of the supreme banking authority to request from the central bank to issue decisions after the approval of two-thirds of the second room. These two amendments will affect the central bank’s governor’s authority. Additionally, the amendments affected article 23 that doesn’t comply with IMF and Finance Minister desire. This amendment, that was done by the money and budget committee of the Lebanese parliament, related to deposits coverage in case of the liquidation of a certain bank. The reason why this amendment doesn’t comply with the desire of IMF and Finance Minister is that it places additional burdens on the State’s treasury.

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On the Security front, Israeli airstrikes and military attacks on South Lebanon are persistent and especially in the area occupied by Israeli forces. In addition, a US high military figure is doing negotiations in Lebanon and Israel to reach an agreement on the committee that will inspect the military steps agreed upon.

	13/08/2026	06/08/2026	Change
BBI	29.32	28.72	2.08%
JP Morgan EMBI	1,041.68	1,039.59	0.20%
5Y LEB	45.70%	46.10%	(40)
10Y LEB	30.10%	30.50%	(40)
5Y US	4.32%	4.40%	(8)
10Y US	4.63%	4.69%	(6)
5Y SPREAD	4,138	4,170	(32)
10Y SPREAD	2,547	2,581	(34)

In the U.S., 5-year bonds and 10-year Treasury yields dropped by 8 and 6 bps over the course of the week respectively, as diplomatic efforts are trying to ease the tension between US and Iran and reach an agreement on war ending.

Latest data US Department of Labor revealed that initial jobless claims rose by 9,000 to 209k on the first week of August, slightly better than expected. Moreover, continuing jobless claims in the United States decreased from 1,799k to 1,777k in the week ending August 1st, 2026. In addition, US's 4-week moving average for initial jobless claims, that dismisses week-to-week volatility, remained constant at 199k in August 1st compared to the prior week.

On the economic front, latest data inflation rate eased to 3.2%, thus decreasing the pressure on the Federal Open Market Committee (FOMC) regarding interest rates hikes. In addition, the unemployment rate fell from 4.2% to 4.1%.

On the security front, US attacks on Iran are frozen amid regional intermediaries' efforts to reach a diplomatic solution to regional tension that will lead to the opening of Hormuz Strait. The halt of the airstrikes and news leakage about the discussions between Oman and Iran related to Hormuz Strait resulted in a slight drop in Brent crude oil prices to below \$90/barrel.

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As such, markets are currently pricing a 67.6% probability of keeping rates unchanged at 3.5% - 3.75% compared to a 32.4% probability of a 25 bps hike in the next FOMC meeting on September 15th and 16th as shown in the CME Group Fedwatch table.

Target Rate (bps)	Probability(%)			
	Now *	1 Day 12 Aug 2026	1 Week 7 Aug 2026	1 Month 14 Jul 2026
350-375 (Current)	67.6%	59.4%	55.6%	41.9%
375-400	32.4%	40.6%	44.4%	50.0%
400-425	0.0%	0.0%	0.0%	8.0%

* Data as of 14 Aug 2026 03:16:53 CT

5Y Credit Default Swaps (CDS)

	13/08/2026	06/08/2026
KSA	58.50	60.44
Dubai	64.23	62.80
Brazil	124.05	123.15
Turkey	220.25	227.73

Source: Bloomberg

Maturity	Coupon in %	Prices			Yields		
		13/08/2026	06/08/2026	Change	13/08/2026	06/08/2026	Change bps
29/11/2027	6.75%	27.676	27.34	1.23%	145.02%	144.32%	69.74
20/03/2028	7.00%	27.796	27.34	1.67%	115.19%	115.40%	(21.03)
03/11/2028	6.65%	27.774	27.32	1.66%	82.38%	82.86%	(47.70)
25/05/2029	6.85%	27.824	27.38	1.62%	67.51%	68.02%	(50.82)
27/11/2029	11.50%	28	26.99	3.74%	69.65%	71.50%	(185.14)
26/02/2030	6.65%	27.888	27.42	1.71%	54.91%	55.42%	(50.84)
22/04/2031	7.00%	28.038	27.62	1.51%	45.01%	45.42%	(40.77)
20/11/2031	7.15%	28.259	27.71	1.98%	41.77%	42.34%	(56.55)
23/03/2032	7.00%	28.077	27.75	1.18%	40.03%	40.31%	(27.64)
17/05/2033	8.20%	29.41	28.98	1.48%	37.52%	37.92%	(40.10)
17/05/2034	8.25%	29.438	28.97	1.62%	35.30%	35.73%	(43.35)
27/07/2035	12.00%	28.977	27.67	4.72%	44.42%	46.28%	(186.02)
02/11/2035	7.05%	28.799	28.37	1.51%	30.39%	30.73%	(34.42)
23/03/2037	7.25%	28.877	28.36	1.82%	29.27%	29.68%	(41.48)

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