BLOM Bond Index Declined Amid Persistent Security and Political Uncertainty

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	17/09/2026	10/09/2026	Change	Year to Date
BLOM Bond Index (BBI)	29.55	29.57	-0.07%	22.71%
Weighted Yield	62.38%	61.85%	0.85%	-8.03%
Weighted Spread	5,802	5,762	0.70%	-9.78%

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), dropped by **0.07%** over the course of the week ending **September 17th, 2026**, closing at **29.55 points**, driven by security and political developments in Lebanon. Moreover, **BBI** improved outstandingly by **22.71%YTD**. And as bond prices decreases, yields increase and so the weighted yield rose by **85 basis points** to **62.38%**.

The security developments are the main source of uncertainty for Lebanese sovereign risk. Over the course of the week, Israeli military activity continued across several areas of southern Lebanon, including artillery fire and detonations in a number of villages, while uncertainty persisted over the implementation of the June framework agreement between Lebanon and Israel.

Diplomatic efforts provided some counterbalance. On September 17th, Lebanese President Joseph Aoun attended a meeting in Paris along with the French President Emmanuel Macron and Jordanian King Abdullah II to discuss support for the Lebanese Armed Forces and options for maintaining an international security presence in southern Lebanon after UNIFIL's planned departure at the end of 2026. The discussions also focused on strengthening the Lebanese Army and preparing for a potential donor conference.

On the political front, Parliament renewed confidence in Prime Minister Nawaf Salam's government, with 68 lawmakers voting in favor, 12 withholding confidence and two abstaining. The two-day parliamentary debate was dominated by debates surrounding Hezbollah's weapons, the Lebanon-Israel framework and the government's approach to restoring state authority along with some discussions related to the electricity sector. While the confidence vote preserved government continuity, the debate also emphasized persistent political divisions over the country's security and sovereignty measures.

On the economic and financial front, the government is currently discussing the 2027 budget with the Cabinet approving the inclusion of six additional salaries for public-sector employees in next year's budget. In addition, IMF's mission in Beirut between September 15 and 18 for discussions related to the medium-term fiscal framework, reconstruction and investment spending, social expenditure, and financial and electricity reforms. The continued difficulty in resolving the financial-sector losses remains closely linked to the restructuring of the banking system, public finances and ultimately the treatment of Lebanon's sovereign debt.

	17/09/2026	**10/09/2026**	**Change**
BBI	29.55	29.57	-0.07%
JP Morgan EMBI	1,030.66	1,032.27	-0.16%
5Y LEB	46.00%	45.90%	10.00
10Y LEB	29.90%	29.95%	(5.00)
5Y US	4.78%	4.75%	3.00
10Y US	4.94%	4.95%	(1.00)
5Y SPREAD	4,122	4,115	7.00
10Y SPREAD	2,496	2,500	(4.00)

In the U.S., 5-year bonds rose by 3 bps and 10-year Treasury yields dropped by 1 bp over the course of the week, amid economic and monetary developments.

Latest data from US Department of Labor revealed that initial jobless claims declined by 10,000 to 196k on the second week of Spetember. Moreover, continuing jobless claims in the United States declined from 1,769k to 1,730k in the week ending September 5th, 2026. In addition, US's 4-week moving average for initial jobless claims, that dismisses week-to-week volatility, dropped on a weekly basis from 206k to 203.25k in the week ending September 12nd, 2026.

On the economic front, US annual inflation rate recorded 3.45% in July 2026. In response to the high inflation rate recorded that exceeds the 2% YoY target of 2%, the Federal Open Market Committee (FOMC) raised interest rates by 25 bps to 3.75% - 4% on Wednesday September 16th, 2026. Although Fed Chair Warsh refused to reveal his forecasts, markets expect at least one additional rate hike before year end with a 55.4% probability of rate increase by another 25 bps to reach 4% - 4.25% compared to a 44.6% probability keeping rates unchanged at 3.75% - 4% in the next FOMC meeting on October 28th, 2026.

Target Rate (bps)	Probability(%)			
	Now *	1 Day 16 Sep 2026	1 Week 11 Sep 2026	1 Month 18 Aug 2026
350-375	0.0%	0.0%	6.5%	51.2%
375-400 (Current)	44.6%	50.6%	51.0%	41.6%
400-425	55.4%	48.7%	42.5%	7.2%
425-450	0.0%	0.6%	0.0%	0.0%

* Data as of 18 Sep 2026 03:16:10 CT

5Y Credit Default Swaps (CDS)

	17/09/2026	10/09/2026
KSA	62.03	58.35
Dubai	60.57	60.53
Brazil	110.21	112.98
Turkey	233.02	223.86

Source: Bloomberg

		Prices		Weekly	Yields		Weekly
Maturity	Coupon in %	17/09/2026	10/09/2026	Change	17/09/2026	10/09/2026	Change bps
29/11/2027	6.75%	27.962	27.912	0.18%	156.57%	153.93%	263.83
20/03/2028	7.00%	27.895	27.906	-0.04%	122.97%	121.12%	185.10
03/11/2028	6.65%	27.969	27.95	0.07%	85.42%	84.71%	71.73
25/05/2029	6.85%	27.98	28.017	-0.13%	69.26%	68.74%	51.99
27/11/2029	11.50%	28.146	28.348	-0.71%	70.74%	70.02%	71.56
26/02/2030	6.65%	28.094	28.047	0.17%	55.76%	55.60%	15.51
22/04/2031	7.00%	28.386	28.383	0.01%	45.23%	45.09%	13.80
20/11/2031	7.15%	28.363	28.444	-0.28%	42.14%	41.94%	20.12
23/03/2032	7.00%	28.406	28.467	-0.21%	40.14%	39.97%	17.00
17/05/2033	8.20%	29.718	29.697	0.07%	37.47%	37.43%	3.66
17/05/2034	8.25%	29.757	29.684	0.25%	35.18%	35.21%	(2.84)
27/07/2035	12.00%	29.319	29.292	0.09%	43.97%	44.00%	(2.87)
02/11/2035	7.05%	29.188	29.153	0.12%	30.20%	30.20%	0.13
23/03/2037	7.25%	29.109	29.163	-0.19%	29.19%	29.12%	7.13

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