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|                              | 01/10/2026 | 24/09/2026 | Change | Year to Date |
|------------------------------|------------|------------|--------|--------------|
| <b>BLOM Bond Index (BBI)</b> | 30.36      | 29.80      | 1.88%  | 26.04%       |
| <b>Weighted Yield</b>        | 61.88%     | 62.42%     | -0.86% | -8.75%       |
| <b>Weighted Spread</b>       | 5,748      | 5,794      | -0.81% | -10.63%      |

The **BLOM Bond Index (BBI)**, which tracks Lebanese government Eurobonds (excluding coupon payments), **rose by 1.88%** over the course of the week ending October 1<sup>st</sup>, 2026, closing at **30.36 points**, driven by security and economic developments in Lebanon. Moreover, **BBI increased** significantly by **26.04% YTD**. As **bond prices increase**, **yields decline** and so the **weighted yield dropped** by **54 basis points** to **61.88%**.

The persistent security tensions in southern Lebanon remained a key risk factor for investor sentiments. Airstrikes and shelling continued on a daily basis in southern Lebanon, while direct negotiations remained stalled. Against this backdrop, prospects of further economic reform development and potential International Monetary Fund (IMF) support continued to provide support to Lebanese Eurobond prices, while unresolved financial-sector legislation and geopolitical risks continued to constrain a resilient recovery.

Following its latest visit to Lebanon, the IMF stressed on October 1 that further key reforms are required, including bringing the bank restructuring law into force, adopting legislation addressing the financial gap in line with international standards, and approving a sustainable 2027 budget and medium-term fiscal framework.

Meanwhile, the Lebanese President's referral of the approved bank restructuring law to the Constitutional Council introduced an additional element of uncertainty regarding the reform process timetable.

|                       | 01/10/2026 | 24/09/2026 | Change  |
|-----------------------|------------|------------|---------|
| <b>BBI</b>            | 30.36      | 29.80      | 1.88%   |
| <b>JP Morgan EMBI</b> | 1,000.55   | 1,019.37   | -1.85%  |
| <b>5Y LEB</b>         | 45.40%     | 45.90%     | (50.00) |
| <b>10Y LEB</b>        | 29.45%     | 29.75%     | (30.00) |
| <b>5Y US</b>          | 5.01%      | 5.03%      | (2.00)  |
| <b>10Y US</b>         | 5.24%      | 5.18%      | 6.00    |
| <b>5Y SPREAD</b>      | 4,039      | 4,087      | (48.00) |
| <b>10Y SPREAD</b>     | 2,421      | 2,457      | (36.00) |

In the U.S., 5-year bonds dropped by 2 bps while 10-year Treasury yields rose by 6 bp over the course of the week, amid economic and security developments in the Middle East.

Latest data from US Department of Labor revealed that initial jobless claims declined by 1,000 to 197k in the week ending September 26<sup>th</sup>, 2026. Moreover, continuing jobless claims in the United States declined from 1,712k to 1,701k in the week ending September 19<sup>th</sup>, 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 202.5k to 200k in the week ending September 26<sup>th</sup>, 2026.

On the economic front, several indicators were released this week that showed resilience of the US economy. August core PCE inflation increased 0.2% month-on-month and 3% year-on-year, both below market forecasts, delivering some evidence of lessening price pressures, although inflation remained above the Fed's 2% target. Meanwhile, US Q2 GDP growth was revised up to 2.2%, reflecting stronger investment, consumer and government spending, while the ISM Manufacturing PMI remained firmly in expansionary territory at 54.5 in September. In addition, Labor-market conditions displayed some signs of cooling, as job openings

declined to 7.08 million in August. Nevertheless, concerns over the US fiscal and debt outlook, combined with higher energy prices and hawkish signals from Fed officials, continued to reinforce expectations of additional rate hikes and weigh on the Treasury market.

Despite signs of easing inflation, resilient economic activity, elevated oil prices, fiscal concerns and hawkish signals from Fed officials continued to weigh on Treasuries. The 10-year yield briefly climbed to around 5.3%, its highest level since 2002, before ending the week at 5.24%.

As such, markets expect keeping rates unchanged at 3.75% - 4% in the next FOMC meeting on October 28th, 2026 with a probability of 76.2% compared to a 23.8% probability of a rate hike of 25 bps to 4% - 4.25%.

| Target Rate (bps) | Probability(%) |                     |                       |                       |
|-------------------|----------------|---------------------|-----------------------|-----------------------|
|                   | Now *          | 1 Day<br>1 Oct 2026 | 1 Week<br>25 Sep 2026 | 1 Month<br>2 Sep 2026 |
| 350-375           | 0.0%           | 0.0%                | 0.0%                  | 26.2%                 |
| 375-400 (Current) | 76.2%          | 75.6%               | 35.8%                 | 55.6%                 |
| 400-425           | 23.8%          | 24.4%               | 64.2%                 | 18.2%                 |

\* Data as of 2 Oct 2026 04:05:23 CT

#### 5Y Credit Default Swaps (CDS)

|        | 01/10/2026 | 24/09/2026 |
|--------|------------|------------|
| KSA    | 68.96      | 65.21      |
| Dubai  | 63.59      | 62.91      |
| Brazil | 130.16     | 122.82     |
| Turkey | 257.11     | 247.92     |

Source: Bloomberg

# IMF Prospects and Reform Advancement Sustain Lebanese Eurobonds



| Maturity   | Coupon in % | Prices     |            | Weekly | Yields     |            | Weekly     |
|------------|-------------|------------|------------|--------|------------|------------|------------|
|            |             | 01/10/2026 | 24/09/2026 | Change | 01/10/2026 | 24/09/2026 | Change bps |
| 29/11/2027 | 6.75%       | 28.634     | 28.14      | 1.76%  | 159.01%    | 158.62%    | 39.15      |
| 20/03/2028 | 7.00%       | 28.826     | 28.222     | 2.14%  | 122.49%    | 123.33%    | (84.19)    |
| 03/11/2028 | 6.65%       | 28.652     | 28.212     | 1.56%  | 85.19%     | 85.56%     | (36.99)    |
| 25/05/2029 | 6.85%       | 28.629     | 28.181     | 1.59%  | 68.82%     | 69.29%     | (46.92)    |
| 27/11/2029 | 11.50%      | 28.938     | 28.306     | 2.23%  | 69.75%     | 70.72%     | (96.60)    |
| 26/02/2030 | 6.65%       | 28.741     | 28.246     | 1.75%  | 55.18%     | 55.74%     | (56.17)    |
| 22/04/2031 | 7.00%       | 29.086     | 28.538     | 1.92%  | 44.63%     | 45.18%     | (54.97)    |
| 20/11/2031 | 7.15%       | 29.182     | 28.617     | 1.97%  | 41.40%     | 41.95%     | (55.12)    |
| 23/03/2032 | 7.00%       | 29.148     | 28.647     | 1.75%  | 39.48%     | 39.96%     | (48.13)    |
| 17/05/2033 | 8.20%       | 30.55      | 30.004     | 1.82%  | 36.75%     | 37.24%     | (48.79)    |
| 17/05/2034 | 8.25%       | 30.528     | 29.99      | 1.79%  | 34.53%     | 35.00%     | (46.58)    |
| 27/07/2035 | 12.00%      | 30.184     | 29.566     | 2.09%  | 42.89%     | 43.66%     | (77.18)    |
| 02/11/2035 | 7.05%       | 29.938     | 29.404     | 1.82%  | 29.64%     | 30.05%     | (40.88)    |
| 23/03/2037 | 7.25%       | 29.868     | 29.403     | 1.58%  | 28.61%     | 28.97%     | (36.59)    |

**For your Queries:**

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