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	08/10/2026	01/10/2026	Change	Year to Date
BLOM Bond Index (BBI)	28.52	30.36	-6.05%	18.42%
Weighted Yield	65.89%	61.88%	6.47%	-2.86%
Weighted Spread	6,148	5,748	6.97%	-4.40%

The BLOM Bond Index (BBI), which tracks Lebanese government Eurobonds (excluding coupon payments), **declined by 6.05%** over the course of the week ending October 8th, 2026, closing at **28.52 points**, compared to 30.36 points a week earlier. The weekly retreat revealed renewed investor attention amid continued unstable domestic political situation, regional security developments and low chances of sovereign debt restructuring shortly. However, **BBI increased** significantly by **18.42%YTD**. As **bond prices decrease, yields rise** and so the **weighted yield rose by 401 basis points to 65.89%**.

As Lebanon's sovereign debt restructuring is still unclear, investors sentiment continued to be influenced mostly by forecasts related to the recovery value of the defaulted Eurobonds. As such, the pace of negotiations with the International Monetary Fund (IMF) and government's ability to implement reform commitments will remain key to the short and medium term outlook of Lebanon's sovereign debt.

In related developments, the IMF supported the comprehensive reform agenda and latest amendments on the Banks Restructuring Law (BRL) as it is consistent with the international standards. However, President Joseph Aoun sent the amendments to the Constitutional Council.

Also, developments related to the amended BRL have added another layer of uncertainty. Despite the fact that the amendments are closer to

international standards, the most recent referral of the amendments to the Constitutional Council, thus raised the ambiguity over the final legal framework. The constitutional challenge is related to article three that is about the distribution of powers between banking authorities.

Meanwhile, the persistent security tensions in southern Lebanon along with and ambiguity about the timing of the further direct negotiation between Lebanese and Israeli officials related to ceasefire and withdrawal of Israeli forces from the Lebanese southern territories, weighs on country's sovereign risk profile.

Looking forward, Lebanese Eurobond is likely to remain highly sensitive to the credibility and pace of reforms, development of security conditions, and a clearly defined sovereign debt restructuring framework.

	08/10/2026	01/10/2026	Change
BBI	28.52	30.36	-6.05%
JP Morgan EMBI	1,007.78	1,000.55	0.72%
5Y LEB	47.85%	45.40%	245.00
10Y LEB	30.95%	29.45%	150.00
5Y US	4.99%	5.01%	(2.00)
10Y US	5.22%	5.24%	(2.00)
5Y SPREAD	4,286	4,039	247.00
10Y SPREAD	2,573	2,421	152.00

In the United States, both 5-year and 10-year bonds decreased by 2 bps over the course of the week, amid easing employment data and thus possibly shifting rate hike to December's Federal Open Market Committee (FOMC) meeting rather than October's meeting.

Latest data from US Department of Labor revealed that initial jobless claims dropped by 2,000 to 197k in the week ending October 3rd, 2026. Moreover, continuing jobless claims in the United States rose from 1,699k to 1,716k in the week ending September 26th, 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 200.5k to 198k in the

week ending October 3rd, 2026. Furthermore, unemployment rate increased marginally compared to 4.1% in August 2026, noting that the consensus was that unemployment rate will stay at 4.1%. Adding insult to injury, US non-farm payrolls increased by 29k which is much less than the 90k expectation in addition to lower revision of past two months. Therefore, markets scaled back expectations of imminent rate hike in October FOMC meeting following weaker than expected jobs report and as such a high probability of an increase in December's FOMC meeting.

On the economic front, the S&P Global Composite PMI for September 2026 rose to 58.4 as expected, compared to 56 in August. The combination of strong economic momentum and the cooling employment data complicated Federal Reserve's policy outlook.

As such, markets expect keeping rates unchanged at 3.75% - 4% in the next FOMC meeting on October 28th, 2026 with a probability of 80.6% compared to a 19.4% probability of a rate hike of 25 bps to 4% - 4.25%.

Target Rate (bps)	Probability(%)			
	Now *	1 Day 7 Oct 2026	1 Week 2 Oct 2026	1 Month 9 Sep 2026
350-375	0.0%	0.0%	0.0%	27.6%
375-400 (Current)	80.6%	82.3%	77.9%	54.8%
400-425	19.4%	17.7%	22.1%	17.6%

* Data as of 9 Oct 2026 02:15:06 CT

5Y Credit Default Swaps (CDS)

	08/10/2026	01/10/2026
KSA	65.98	68.96
Dubai	64.61	63.59
Brazil	111.22	130.16
Turkey	249.45	257.11

Source: Bloomberg

Lebanese Eurobonds Drops as Political and Security Uncertainty Blurs Recovery Prospects



Maturity	Coupon in %	Prices		Weekly	Yields		Weekly
		08/10/2026	01/10/2026	Change	08/10/2026	01/10/2026	Change bps
29/11/2027	6.75%	26.841	28.634	-6.26%	172.97%	159.01%	1,395.47
20/03/2028	7.00%	27.155	28.826	-5.80%	131.33%	122.49%	884.35
03/11/2028	6.65%	26.911	28.652	-6.08%	90.86%	85.19%	566.68
25/05/2029	6.85%	26.875	28.629	-6.13%	73.08%	68.82%	425.61
27/11/2029	11.50%	27.281	28.938	-5.73%	73.56%	69.75%	380.81
26/02/2030	6.65%	26.933	28.741	-6.29%	58.46%	55.18%	327.63
22/04/2031	7.00%	27.369	29.086	-5.90%	47.03%	44.63%	240.16
20/11/2031	7.15%	27.444	29.182	-5.96%	43.60%	41.40%	220.49
23/03/2032	7.00%	27.374	29.148	-6.09%	41.60%	39.48%	211.78
17/05/2033	8.20%	28.554	30.55	-6.53%	38.90%	36.75%	214.74
17/05/2034	8.25%	28.696	30.528	-6.00%	36.38%	34.53%	184.84
27/07/2035	12.00%	28.41	30.184	-5.88%	45.24%	42.89%	234.79
02/11/2035	7.05%	28.101	29.938	-6.14%	31.25%	29.64%	160.81
23/03/2037	7.25%	28.057	29.868	-6.06%	30.15%	28.61%	154.23

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