Lebanese Eurobonds Rise as Paris Talks Address Losses, but Regional War Risks Persist

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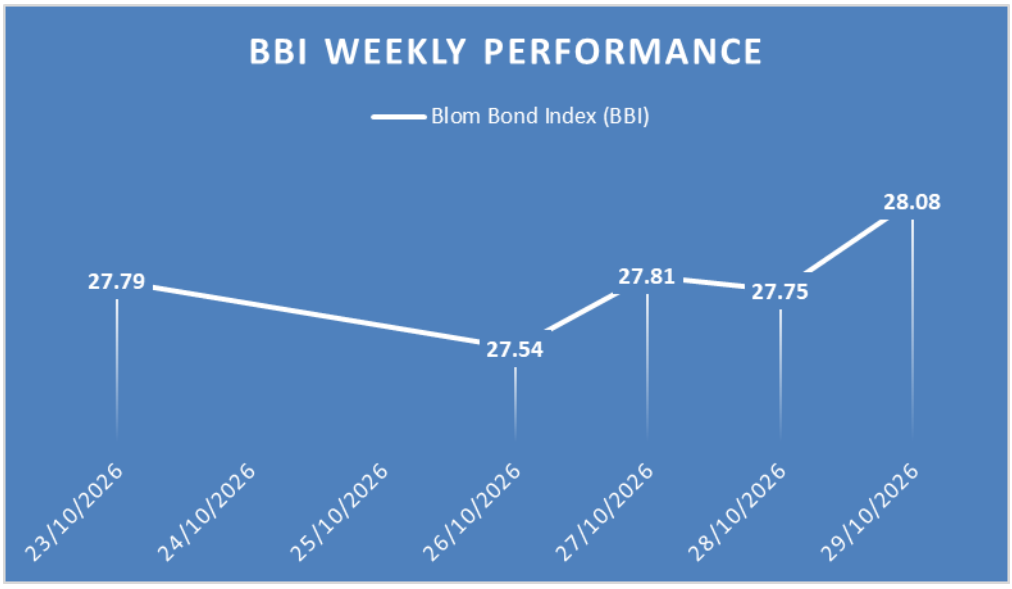
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	29/10/2026	23/10/2026	Weekly Change	Year to Date
BLOM Bond Index (BBI)	28.08	27.79	1.06%	16.14%
Weighted Yield	68.50%	68.52%	-0.03%	1.00%
Weighted Spread	6,412.82	6,412.91	0.00%	-0.28%

The **BLOM Bond Index (BBI)**, which tracks defaulted Lebanese government Eurobonds that haven't matured yet (excluding coupon payments), rose by 1.06% week-to-date to 28.08 points on October 29, 2026.

Bond prices are now trading between 26.56¢ and 28.11¢ on the dollar for maturities ranging from 2027 to 2037.

		Prices		Weekly
Maturity	Coupon in %	29/10/2026	23/10/2026	Change
29/11/2027	6.75	26.61	26.41	0.75%
20/03/2028	7	26.72	26.44	1.05%
03/11/2028	6.65	26.61	26.37	0.88%
25/05/2029	6.85	26.56	26.27	1.12%
27/11/2029	11.5	26.84	26.90	-0.20%
26/02/2030	6.65	26.62	26.28	1.29%
22/04/2031	7	26.89	26.65	0.90%
20/11/2031	7.15	26.94	26.62	1.22%
23/03/2032	7	26.94	26.60	1.27%
17/05/2033	8.2	28.06	27.66	1.44%
17/05/2034	8.25	28.11	27.67	1.58%
27/07/2035	12	27.92	27.67	0.92%
02/11/2035	7.05	27.74	27.44	1.08%
23/03/2037	7.25	27.76	27.40	1.30%



Source: BLOM Bank

The rise comes as representatives of the Banque du Liban (BDL) and local banks meet in Paris, with the participation of Rothschild & Co, BDL's financial adviser, to test the feasibility of scenarios for resolving Lebanon's financial crisis based on actual figures and each party's capacity to meet its obligations, according to an article titled *BDL and Banks in Paris Under the Sponsorship of Rothschild: Seeking a workable Mechanism for Deposit Recovery* published by Annahar. The meetings are held at the level of technical teams, and aim to unify financial figures and compare available options ahead of upcoming meetings with the International Monetary Fund (IMF) in Lebanon between 9 and 13 November 2026.

Discussions focus on determining depositors' claims, what the state can repay, BDL's capacity to provide the required funds, and the obligations banks can bear. As per banking sources to Annahar, the IMF requires that any proposal be based on clear data and enforceable commitments. *Unifying financial figures is a necessary step toward a credible Financial Gap Law, which remains a precondition for an IMF program and, ultimately, for restructuring Lebanon's defaulted Eurobonds.*

A key point of debate remains how losses are distributed among the state, BDL, commercial banks and depositors, as well as the criteria for classifying deposits. BDL is pushing for a comprehensive approach that combines classifying deposits as eligible or ineligible, restoring its balance sheet, and recapitalizing commercial banks.

The state's obligations toward BDL are another key focus. One proposal under discussion involves annual interest payments of $500–600 million over 20 to 30 years. However, its implementation depends on the state's ability to secure the necessary resources and pay regularly, and Annahar's banking sources stress the need to define the amounts due, their funding sources and the repayment schedule, to avoid commitments that exceed the state's actual capacity. *This is particularly relevant for Eurobond holders, as any recurring payments the state commits to BDL would compete with the resources available to service restructured Eurobonds under a future debt sustainability framework.*

However, fears of a potential U.S. strike on Iran following the November 3 midterm elections continue to cloud Lebanon's macroeconomic outlook, given the risk of expanding Israel's ongoing war on Lebanon.

Broadening the conflict would delay essential IMF-mandated reforms by forcing the Lebanese government back into short-term crisis management rather than fixing the economy. Escalating physical damage and reconstruction costs would severely disrupt the medium-term fiscal framework required for an IMF agreement, ultimately eroding debt sustainability and driving expected recovery values on Lebanese Eurobonds even lower.

As prices of the 5-year and 10-year bonds rose, their yields declined by 20 basis points to 49% and 31.4%, respectively.

	29/10/2026	23/10/2026	Weekly Change
JP Morgan EMBI	1,095.13	1,090.02	0.47%
5Y LEB	49.00%	49.20%	(20)
10Y LEB	31.40%	31.60%	(20)
5Y US	4.78%	4.82%	(4)
10Y US	4.98%	5.00%	(2)
5Y SPREAD	4,422	4,438	(16)
10Y SPREAD	2,642	2,660	(18)

Similarly, U.S. 5-year and 10-year Treasury yields fell this week by 4 and 2 basis points to 4.78% and 4.98%, respectively.

This drop reflected a shift toward safe-haven government bonds following a broad selloff in global tech and AI stocks. Demand for safe-haven assets grew after weak earnings from Alphabet, Amazon, and Intel raised concerns over AI investments.

This comes despite strong economic data that boosted expectations for a Fed rate hike later this year. Thursday's data showed the U.S. economy grew at a faster-than-expected 3.4% yearly in Q3, driven by strong consumer spending and AI investments. Additionally, the U.S. PCE price index rose 0.5% monthly in September—its largest increase since March.

That said, the Federal Reserve held interest rates unchanged this week. The FOMC voted 10–2 to keep the rate at 3.75%–4%, with Governor Lisa Cook and Cleveland Fed President Beth Hammack favoring a 0.25% hike. Officials gave little guidance on a December rate change, reiterating that future steps depend on data and inflation trends. This comes just ahead of the November midterm elections amid economic dissatisfaction among voters and tight political polling.

According to the CME FedWatch Tool, traders are now pricing in a 72.3% probability of a rate hike at the Fed's 9 December meeting, compared to 68.9% a week earlier.

Target Rate (bps)	Probability(%)	
	Now *	1 Week 23-Oct-26
375-400 (Current)	27.70%	23.80%
400-425	72.30%	68.90%
425-450	0.00%	7.30%
* Data as of 30 Oct 2026 02:30:05 CT		

5Y Credit Default Swaps (CDS)		
	29/10/2026	23/10/2026
KSA	71.02	76.35
Dubai	62.23	63.71
Brazil	137.45	119.89
Turkey	254.30	263.81
Source: Bloomberg		

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