



DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

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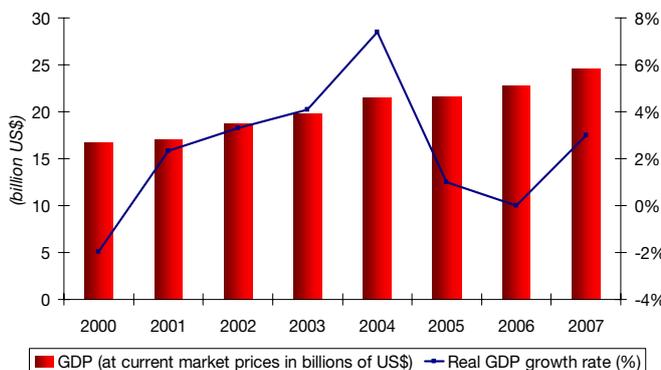
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HIGHLIGHTS

- By the end of December 2007, gross public debt reached US\$ 42.06 billion, registering an increase of 3.34% over the end-September 2007 debt level.
- By end December 2007, local currency debt amounted to US\$ 20.81 billion, increasing by 3.61% over the end-September 2007 level.
- By end December 2007, foreign currency debt amounted to US\$ 21.25 billion, increasing by 3.08% over the end-September 2007 level.
- On October 4, 2007, Lebanon issued a US \$400 million Eurobond that was placed directly with Banque Du Liban (BDL). The transaction was issued through a reopening of the series 33 November 2010– 6.875% coupon USD Eurobond.
- On November 20, 2007, Lebanon issued a US \$300 million Eurobond that was placed directly with BDL. The transaction was issued through a reopening of the series 45 August 2011– 7.500% coupon USD Eurobond.
- This quarter, the United Arab Emirates disbursed a US \$300 million loan in three tranches, the first two tranches equaling US \$200 million were received in November and the remaining US \$100 million was received in December. This loan has a 20 year maturity with an amortized repayment structure beginning after a 5 year grace period and carries a concessional effective interest rate of 3.00%. The proceeds from the loan were used for budgetary support.
- On December 5, Oman transferred \$10 million to the Lebanese Government in fulfillment of the grant agreement signed on November 27 as part of its Paris III pledge. The grant proceeds were used for debt reduction.
- This quarter, commercial banks swapped LL 1,532 billion worth of 60-month BDL-issued CDs earning 11.3% coupon they were holding in exchange for 60-month Treasury bills earning 11.5% coupon in two swap transactions. The swaps were executed on October 25 in the amount of LL 1,003 billion and November 22 in the amount of LL 529 billion.

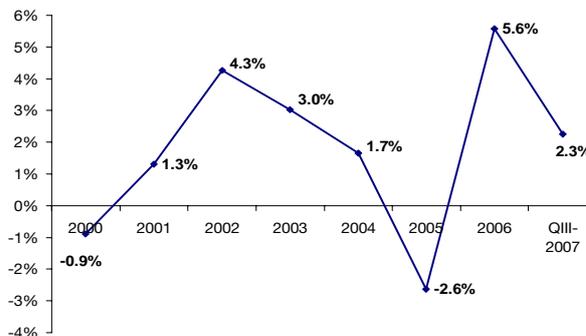
THE LEBANESE ECONOMY

GDP and GDP growth



Source: 2000-2003 are National Accounts Committee figures
2004-2006 are Banque Du Liban (BDL) figures
2007 Figures are as per latest BDL estimates

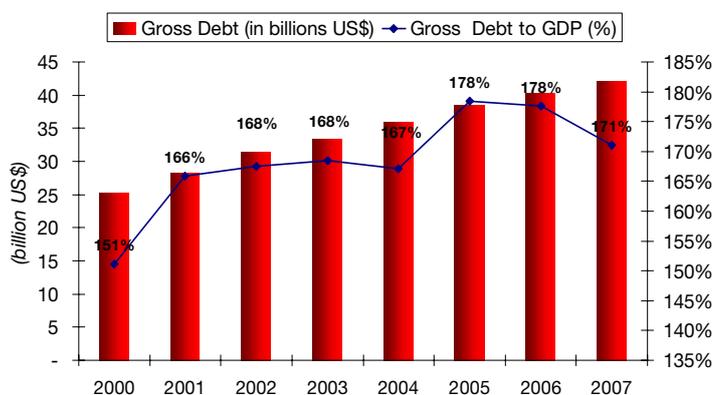
CPI % change (1998 base year)



Source: Central Administration of Statistics

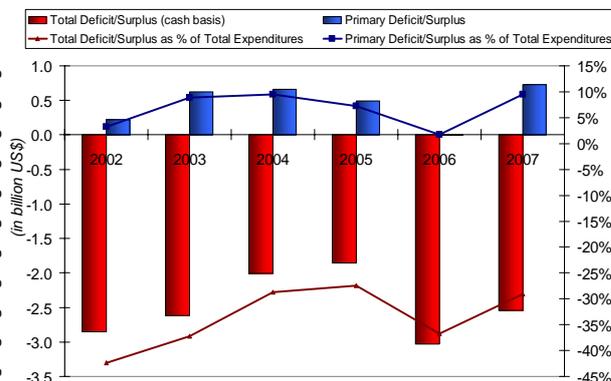
OVERALL DEBT DATA

Gross Public Debt



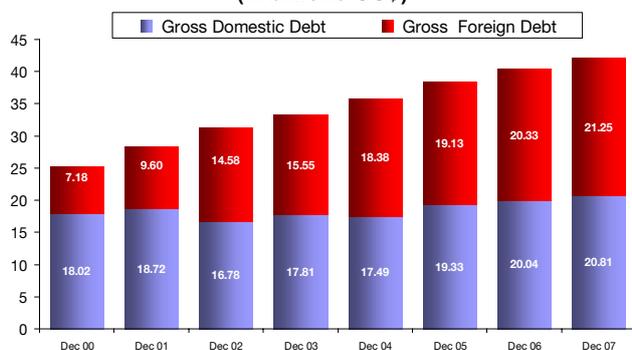
Source: MOF, BDL
Note: 2007 figures are based on BDL GDP estimate.

Fiscal Performance



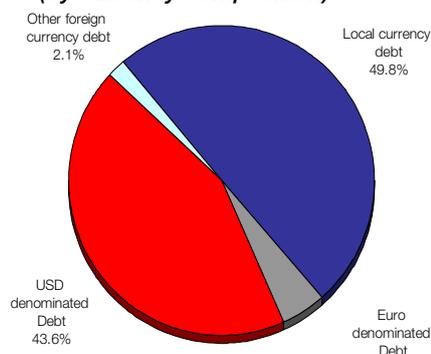
Source: MOF

Historical Debt Evolution (in billions US\$)



Source: MOF

Gross Debt of \$42.06 billion as of end-December 2007 (by currency composition)



Source: MOF

Public Debt (in billions of US\$)	Dec 04	Dec 05	Dec 06	end-Q1 07	end-QII 07	end-QIII 07	end-QIV 07	Change QIII - QIV	% change QIII - QIV	% change YoY
Gross public debt	35,875	38,464	40,365	41,180	39,781	40,700	42,060	1,360	3.34%	4.20%
Local currency debt	17,493	19,331	20,036	20,787	19,550	20,086	20,811	725	3.61%	3.87%
a. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ⁽¹⁾	7,066	7,752	6,360	6,967	5,477	6,248	6,005	(243)	-3.90%	-5.59%
b. Commercial Banks	8,106	9,373	10,937	10,525	10,490	10,245	11,175	930	9.08%	2.18%
c. Other Local Currency Debt (T-bills) o/w Public entities	2,322	2,206	2,739	3,294	3,583	3,593	3,631	38	1.07%	32.57%
1,451	1,623	2,198	2,718	3,057	3,087	3,181	94	3.05%	44.76%	
Foreign currency debt⁽²⁾	18,382	19,133	20,330	20,393	20,231	20,614	21,249	635	3.08%	4.52%
a. Bilateral, Multilateral and Private sector loans	1,992	1,850	1,894	1,897	1,919	2,039	2,393	354	17.37%	26.37%
b. Paris II related debt (Eurobonds and Loans) ⁽³⁾	4,401	4,312	4,338	4,306	4,312	4,139	4,159	21	0.50%	-4.13%
c. Paris III related debt (Eurobonds and Loans) ⁽⁴⁾	-	-	-	-	-	500	900	400	80.00%	...
d. Market-issued Eurobonds	11,732	12,424	13,532	13,540	13,449	13,288	13,247	(42)	-0.31%	-2.11%
e. Accrued Interest on outstanding Eurobonds	257	269	288	373	273	369	272	(98)	-26.39%	-5.53%
f. Special T-bls in Foreign currency ⁽⁵⁾	-	278	278	278	278	278	278	-	0.00%	0.00%
Public sector deposits	2,892	3,708	2,948	2,664	2,323	2,291	2,963	673	29.37%	0.52%
Net debt	32,984	34,756	37,418	38,516	37,458	38,410	39,097	688	1.79%	4.49%
Gross market debt⁽⁶⁾	20,966	22,927	25,575	25,292	25,016	24,687	25,422	735	2.98%	-0.60%
% of total debt	58%	60%	63%	61%	63%	61%	60%			

Source: Ministry of Finance, Banque du Liban

Notes:

⁽¹⁾ The BDL has extended loans to EDL for the equivalent amount of US\$ 300 million to purchase fuel oil. These loans are listed as Public debt as they are government guaranteed.

⁽²⁾ Figures of Dec04 -Jan06 change because of exchange rate of Euro.

⁽³⁾ Paris II related debt (Eurobonds and Loans) declined due to the re-profiling of debt held by Malaysia as part of that country's Paris III contribution and because of a payment of principal of 30M EURO on AFD debt in this month.

⁽⁴⁾ Includes US\$ 500 million Eurobonds issued to Malaysia, US\$ 300 million loan from the UAE, and US\$ 100 million RDPL from the IBRD.

⁽⁵⁾ Special T-bls in foreign currency (expropriation bonds)

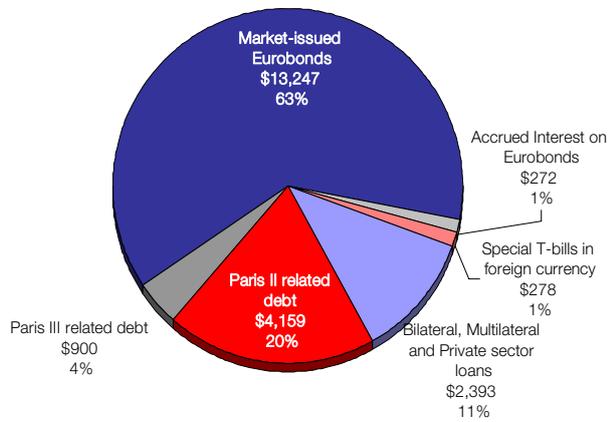
⁽⁶⁾ Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

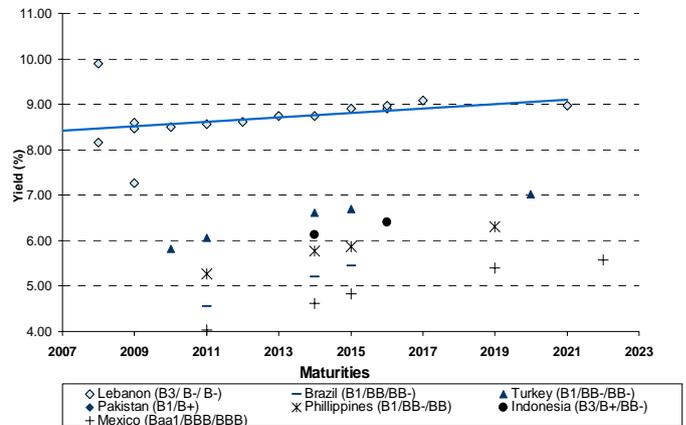
FOREIGN CURRENCY DEBT DATA

Foreign Currency Debt Outstanding
US \$21.25 billion as of end-December 2007
(in billions US\$)



Source: MOF

Yields for Republic of Lebanon Eurobonds and Comparables
(as of January 22, 2008)



Source: Credit Suisse

Lebanon Secondary Issues						
22-Jan-08	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
Lebanese Issues						
Euro						
LEB 5.875 12	92.5	93.5	8.03	7.73	371	345
US Dollars						
LEB 7.375 08	99	100	9.89	7.32	667	408
LEB 10.125 08	101	102	8.15	6.23	501	309
LEB 10.250 09	102.75	103.75	8.46	7.83	571	508
LEB FRN 09	98.5	99.5	7.27	6.68	449	389
LEB 7.000 09	97.25	98.25	8.6	8.01	582	522
LEB 7.125 10	97.38	98.38	8.5	7.97	570	517
LEB 7.875 11	98	99	8.57	8.22	556	521
LEB 4.000 17 Av Life	80.5	81.5	9.09	8.78	549	518
LEB 7.750 12	96.75	97.75	8.61	8.34	532	505
LEB 8.625 13	99.5	100.5	8.74	8.5	532	509
LEB 7.375 14	93.5	94.75	8.75	8.47	518	490
LIEB 10.000 15	105.75	106.75	8.9	8.72	520	501
LEB 8.500 16	97.75	98.75	8.9	8.72	508	490
LEB 11.625 16	115.25	116.25	8.97	8.82	516	500
LEB 8.250 21	94.5	95.5	8.97	8.83	472	458

Source: Credit Suisse
Note: This table is intended for general information purposes only.

Lebanon Sovereign Debt Rating						
Agency	Foreign Currency			Domestic Currency		
	Long-term tenor rating	Short-term tenor rating	Outlook	Long-term tenor rating	Short-term tenor rating	Outlook
As of January 22, 2008						
Fitch IBCA Ltd	B-	B	Stable	B-		
Moody's Investor Services Ltd	B3		Negative			
Standard and Poor's	B-	C	Negative	B-	C	Negative

FOREIGN CURRENCY DEBT DATA

List of Outstanding Eurobonds (values as of December 31, 2007)

ISIN CODE	Eurobond	Outstanding Amount (in original currency)	Number of tranches	Currency	Coupon rate	Mat. Date mm/dd/yy	Years to Maturity
XS0133469253	USD 750 MN - Aug 2008	750,000,000	1	USD	10.125%	08/06/08	0.60
XS0102480513	USD 650 MN - Oct 2009	635,500,000	2	USD	10.250%	10/06/09	1.77
XS0200337979	USD 1,265 MN - Mar 2010	1,065,000,000	1	USD	7.125%	03/05/10	2.18
XS0200329950	USD 600 MN - Sept 2012	600,000,000	2	USD	7.750%	09/07/12	4.69
XS0207128561	USD 625 MN FRN - Nov 2009	625,000,000	1	USD	6 months US \$ Libor + 3.25 %	11/30/09	1.92
XS0207129296	USD 425 MN - Dec 2009	425,000,000	1	USD	7.000%	12/14/09	1.96
US52238PAD15	USD 1,000 MN - May 2011	1,000,000,000	1	USD	7.875%	05/20/11	3.39
XS0192976834	EUR 225 MN - May 2009	225,000,000	1	EUR	7.250%	05/20/09	1.39
XS0128547147	USD 400 MN - May 2016	400,000,000	1	USD	11.625%	05/11/16	8.37
XS0205838435	USD 1,269 MN - Mar 2008	869,000,000	2	USD	6.375%	03/12/08	0.20
XS0205838948	USD 700 MN - Nov 2010	700,000,000	1	USD	6.875%	11/12/10	2.87
XS0219573051	USD 250 MN - May 2008	250,000,000	1	USD	7.000%	05/11/08	0.36
XS0222790841	USD 250 MN - June 2008	250,000,000	1	USD	7.375%	06/20/08	0.47
XS0222794249	USD 650 MN - June 2013	650,000,000	2	USD	8.625%	06/20/13	5.47
US52238PAL84	USD 750 MN - Jan 2016	750,000,000	1	USD	8.500%	01/19/16	8.06
XS0250882809	USD 676.902 MN - April 2014	676,902,000	1	USD	7.375%	04/14/14	6.29
XS0250882478	USD 2,092.469 MN - April 2021	2,092,469,000	3	USD	8.250%	04/12/21	13.29
XS0250883013	EUR 324.542 MN - April 2012	324,542,000	2	EUR	5.875%	04/12/12	4.28
XS0263574112	USD 750 MN - Aug 2011	750,000,000	2	USD	7.500%	08/02/11	3.59
XS0263573817	USD 351.591 MN - Aug 2009	351,591,000	2	USD	7.500%	08/03/09	1.59
Eurobonds issued in the							
context of Paris III							
XS0312416000	USD 300 MN due July 2017	300,000,000	1	USD	3.750%	07/20/17	9.56
XS0312416778	USD 200 MN due July 2012	200,000,000	1	USD	3.750%	07/20/12	4.56
Eurobonds issued in the							
context of Paris II							
XS0160503347	USD 2,007.511 MN - Dec 2017	2,007,511,000	2	USD	4.000%	12/31/17	10.01
XS0160456322	USD 950 MN - Dec 2017	650,000,000	1	USD	5.000%	12/27/17	10.00
XS0160456322	USD 700 MN - Mar 2018	700,000,000	1	USD	5.000%	03/07/18	10.19
XS0169203048	USD 200 MN - Mar 2018	200,000,000	1	USD	5.000%	05/27/18	10.41
Average Time to Maturity (in years, as of Dec 31, 2007):							5.92
Weighted average coupon rate:							7.12%

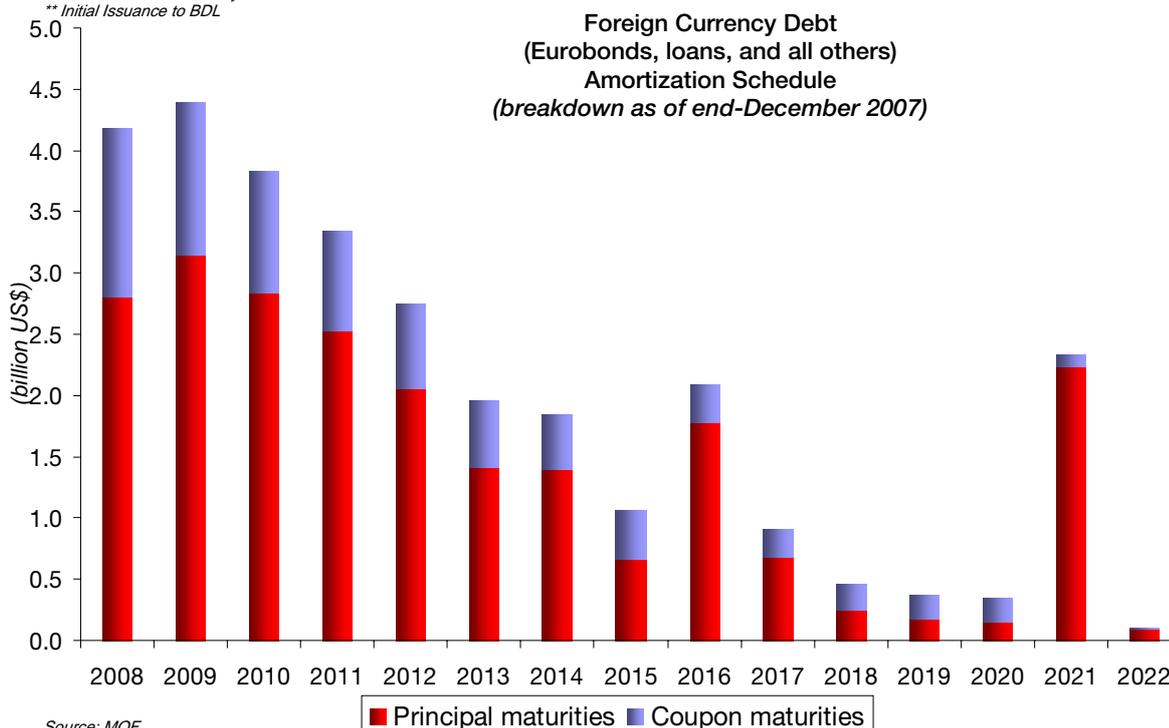
FOREIGN CURRENCY DEBT DATA

Recent Government Eurobond Issuance

Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
20-Nov-07	45 (2)	4	2-Aug-2011	7.500	9.000	USD 300 MN **	XS0263574112
4-Oct-07	33 (2)	3	12-Nov-2010	6.875	9.375	USD 400 MN **	XS0205838948
20-Jul-07	47	5	20-Jul-2012	3.750	3.750	USD 200 MN *	XS0312416778
20-Jul-07	46	10	1-Jul-2017	3.750	3.750	USD 300 MN *	XS0312416000
6-Jul-07	17 (2)	10	1-Dec-2017	4.000	9.250	USD 137.511 MN **	XS0160503347
31-May-07	39 (2)	6	20-Jun-2013	8.625	8.750	USD 400 MN	XS0222794249
26-Feb-07	42 (3)	14	12-Apr-2021	8.250	8.750	USD 431 MN**	XS0250882478
26-Feb-07	32 (2)	1	12-Mar-2008	6.375	6.375	USD 569 MN**	XS0205838435
27-Dec-06	44 (2)	3	3-Aug-2009	7.500	9.250	USD \$145 MN**	XS0263573817
2-Aug-06	44	3	3-Aug-2009	7.500	9.250	USD \$206.591 MN**	XS0263573817
2-Aug-06	45	5	2-Aug-2011	7.500	7.500	USD \$450 MN**	XS0263574112

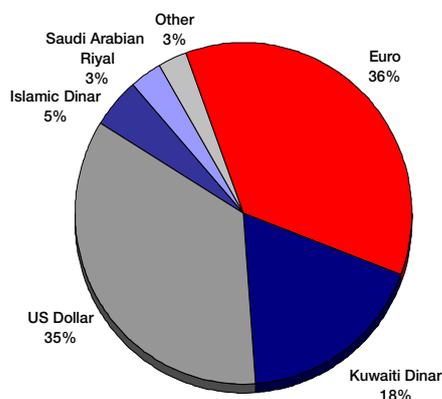
* Paris III conference Malaysia contribution

** Initial Issuance to BDL



FOREIGN CURRENCY LOANS DATA

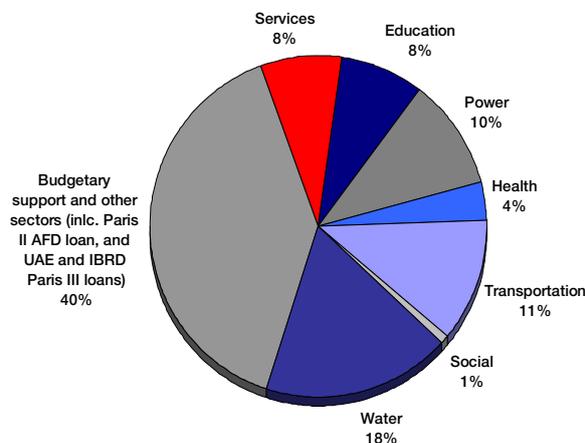
**Bilateral and Multilateral Loans
(concessional and otherwise)
breakdown by currency
(as of end-December 2007)**



Total US\$ 2.9 billion

Source: MOF, BDL

**Bilateral and Multilateral Loans
(concessional and otherwise)
breakdown by sector**



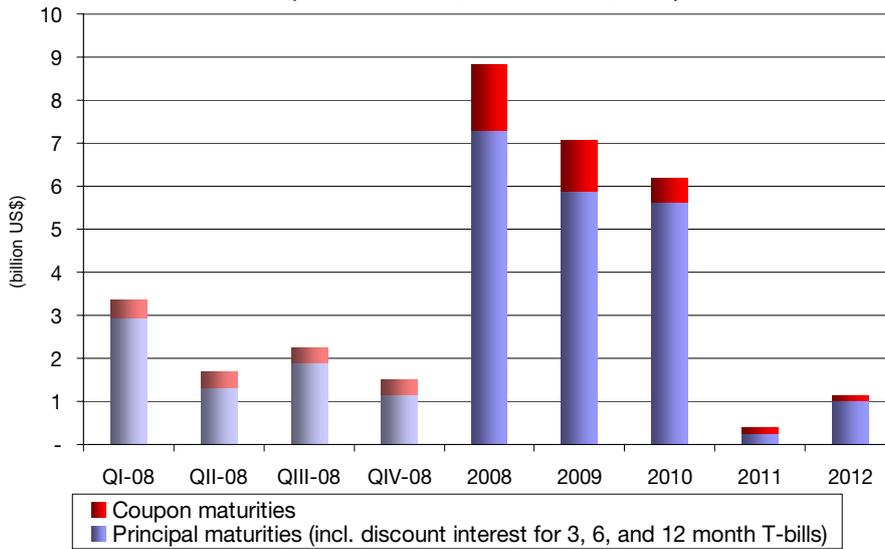
Total US\$ 2.9 billion



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DOMESTIC CURRENCY DEBT DATA

Amortization Schedule of Domestic T-bills and Notes
(in billions US\$, as of Dec 31, 2007)



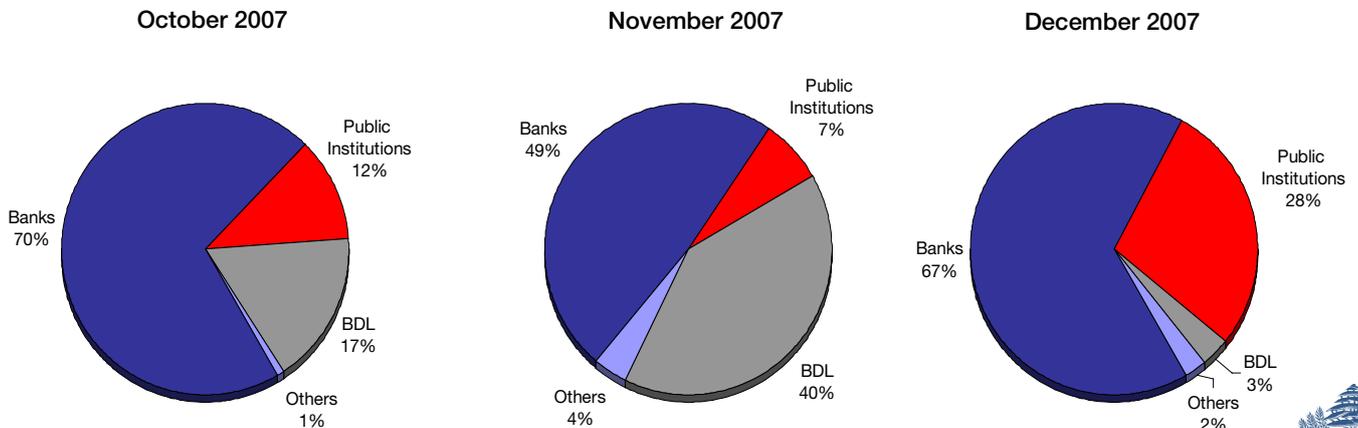
Average Time to Maturity of Domestic Currency T-bills and Notes
(In years, as of end-Dec 2007) **1.61**

Source: MOF, BDL

Upcoming Government Treasury Bill Auctions	
Auction Date	Tenors to be auctioned (in months)
4-Feb-08	3 MN, 6 MN
9-Feb-08	12 MN
11-Feb-08	24 MN, 36 MN
18-Feb-08	3 MN, 6 MN
23-Feb-08	12 MN
25-Feb-08	24 MN, 36 MN
3-Mar-08	3 MN, 6 MN
8-Mar-08	12 MN
10-Mar-08	24 MN, 36 MN
17-Mar-08	3 MN, 6 MN
22-Mar-08	12 MN
24-Mar-08	24 MN, 36 MN

Source: MOF, BDL

T-Bill Subscription Results by Holder During QIV-2007

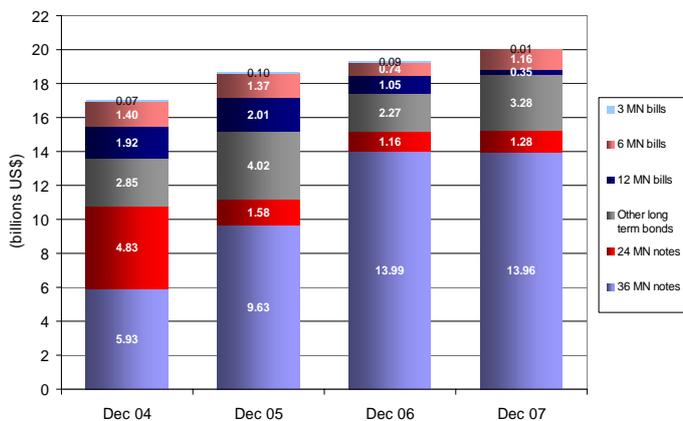


Source: MOF, BDL



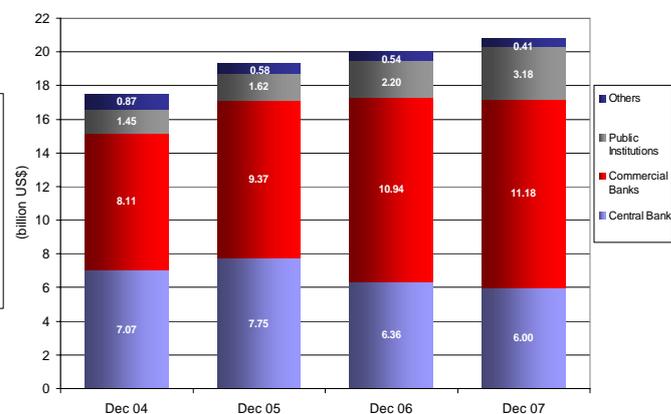
DOMESTIC CURRENCY DEBT DATA

Domestic T-bills Outstanding by Tenor Type
(December 31, 2007)



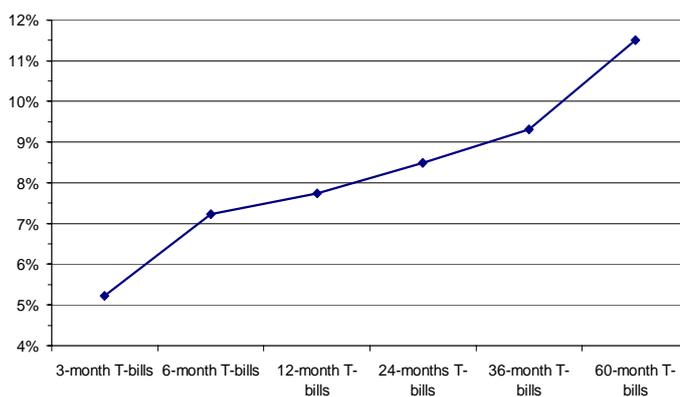
Source: MOF, BDL

Domestic T-bills Outstanding by Investor Type
(December 31, 2007)

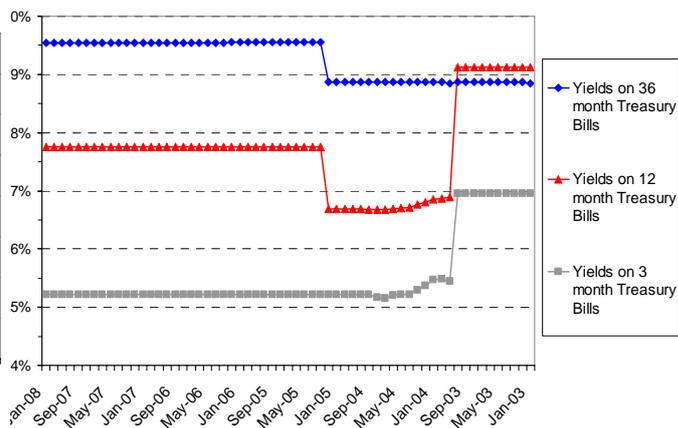


Source: MOF, BDL

Primary Market Rates for T-Bills
(December 31, 2007)



Time Series of Primary Market Rates for T-Bills



Source: MOF

LIST OF FORTHCOMING PUBLICATIONS

Publication	Week of Release
Paris III Conference- Fourth Progress Report	3rd week of January
Note on 2008 Budget Proposal	3rd week of January
Monthly Fiscal Performance for November	1st week of February
Note on 2007 Budget Proposal	1st week of February
Donor Coordination Newsletter for January	1st week of February
Public Finance Monitor- December	2nd week of February
Quarterly Public Finance Report- QIII 2007	2nd week of February
Donor Coordination Newsletter for February	1st week of March
Annual Public Finance Report for 2007	1st week of April
Debt and Debt Markets- QI 2008	4th week of April

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