

DEBT AND DEBT MARKETS

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REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end of QII-2019, gross public debt stood at LL 129,241 billion (US\$ 85.7 billion), a 0.7 percent increase compared to end-2018.
- Net public debt registered LL 115,288 billion (US\$ 76.5 billion) at end QII-2019, an increase of 1.0% compared to end-2018.
- Domestic currency debt reached LL 80,586 billion at end QII-2019, an increase of 3.51% compared to end-2018.
- Foreign currency debt totaled LL 48,655 billion (US\$ 32.3 billion) at end of QII-2019 a 3.64 percent decrease from end-2018 level. It is to be noted that the FX Debt figure does not include the bridge financing from BDL in the amount of LBP 1,733.63 billion (USD 1.15 billion).

KEY COST AND RISK INDICATORS

As end June 2019	QII 2019 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change end 2018 - Jun 2019	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
Gross Government Debt	129,241	85.7	0.7%			
DX	80,586	53.5	3.5%	62.35%	4.43 yr	6.42%
FX	48,655	32.3	-3.6%	37.65%	7.81 yr	6.61%
Net Government Debt	115,288	76.5	1.0%			

SOVEREIGN RATINGS

Lebanon Sovereign Debt Rating (as of August 27, 2019)

Agency	Long – term tenor rating	Short – term tenor rating	Outlook
Fitch Ratings*	CCC	C	-
Moody's Investor Services Ltd **	Caa1	-	Stable
Standard and Poor's ***	B-	B	Negative

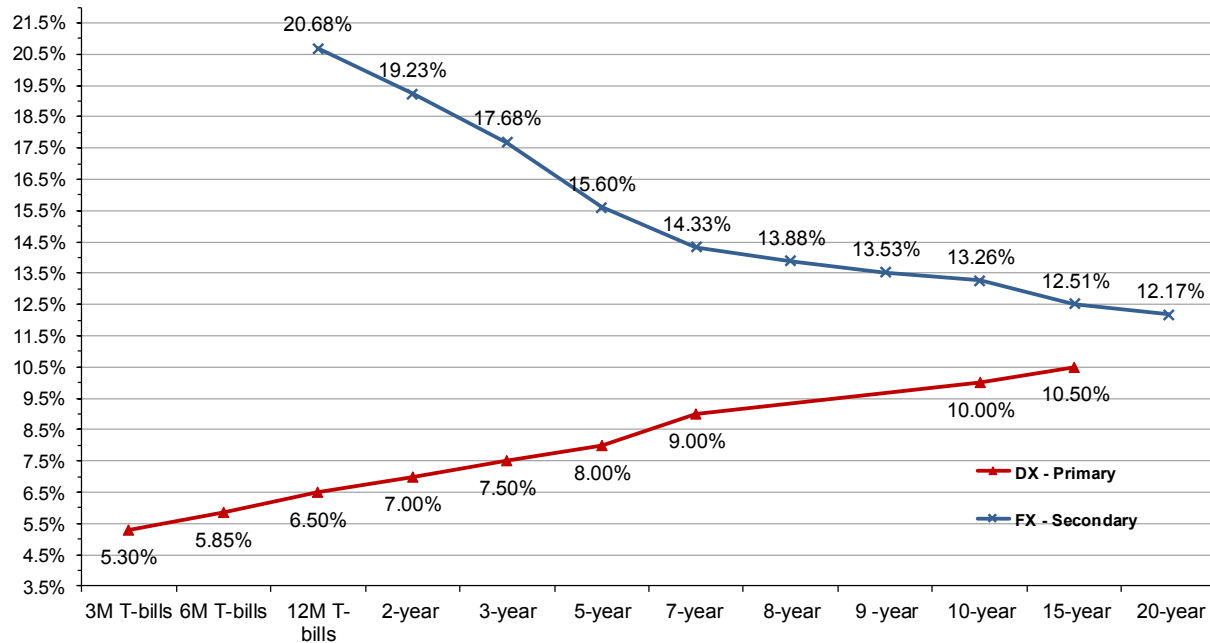
* On 23 August 2019, Fitch Ratings Investors Services downgraded long- and short-term foreign and local currency sovereign credit ratings on Lebanon to CCC/C from B-/B.

** Moody's Investors Services downgraded Lebanon's bond rating from B3 to Caa1 and revised the outlook from negative to stable on 21 January 2019

*** On 23 August 2019, Standard and Poor's affirmed its rating at B-/B and the outlook of Lebanon remained negative.

INTEREST RATES & COST

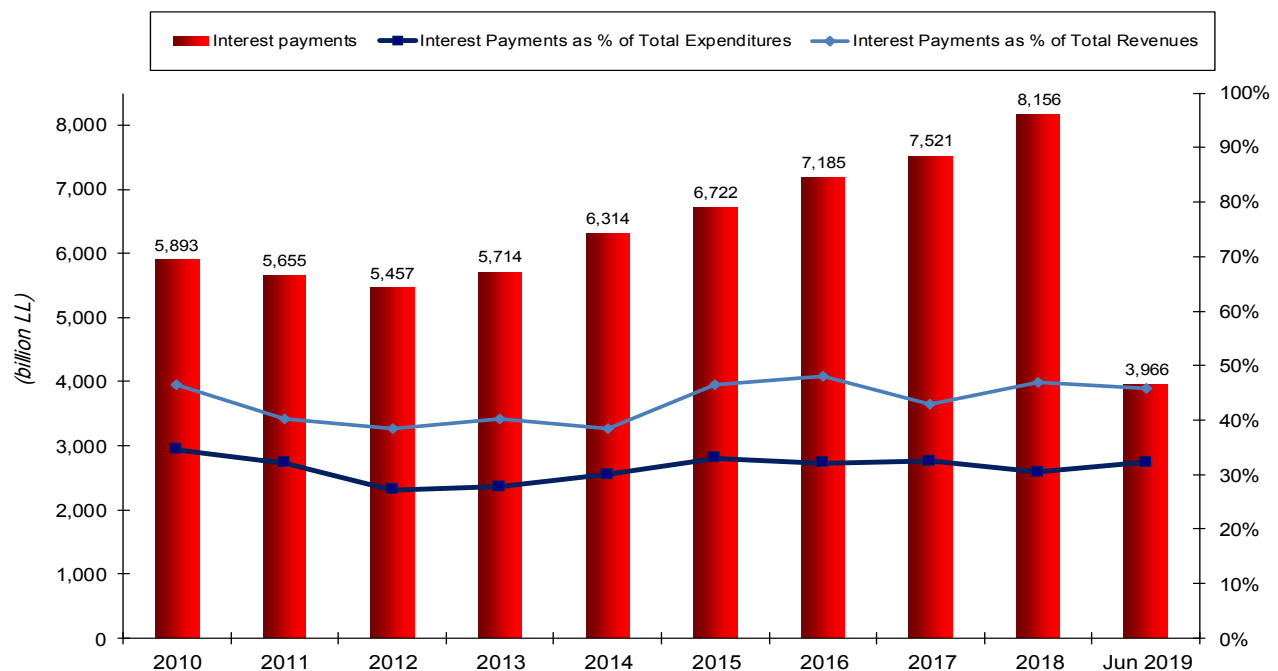
Government DX & FX T-Bills and T-Bonds Yield Curve
as at 27 August 2019



Source: MOF, Reuters

During QII 2019, primary market rates on DX Treasury bills and bonds issued remained unchanged compared to QI 2019 levels. Eurobonds secondary levels as at 27 August 2019 have widened by 411 bps on average from the 03 June 2019 levels quoted in the QI 2019 Debt & Debt Markets report.

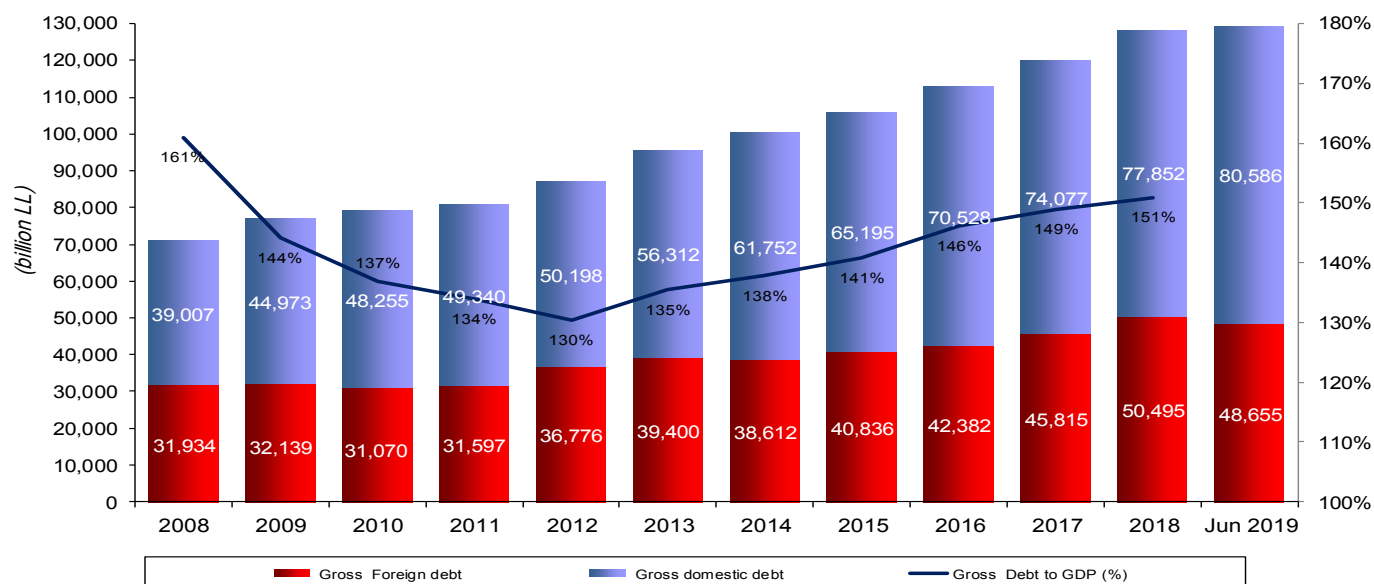
Interest Payments As end of Period



Source: MOF

OVERALL DEBT DATA

Historical Debt Evolution (as of end-period)



Source: MOF, BDL

Notes:

1- Debt data may be subject to slight modification due to the revision of the Debt Management and Financial Analysis System (DMFAS).

2- GDP 2008-2017: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2017. GDP 2018 estimated using IMF growth rate.

3- GDP 2018: Computed based on 2017 CAS figure and using the IMF growth rate and deflator published on WEO - April 2019

Public Debt Table ⁽¹⁾ (as of end-period)

Public Debt (in LL billion)	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Jun-19	Change June 19 - Dec 18	% Change June 19 - Dec 18
Gross Public Debt (A + B) ⁽¹⁾	86,974	95,712	100,364	106,031	112,910	119,892	128,347	129,241	894	1%
A. Local currency debt	50,198	56,312	61,752	65,195	70,528	74,077	77,852	80,586	2,734	4%
1. Central Bank	14,649	16,761	19,454	23,907	30,150	35,580	39,006	42,984	3,978	10%
2. Commercial Banks (including REPOs)	27,667	30,315	31,869	30,279	29,581	27,756	27,402	26,576	(826)	-3%
3. Other local debt (T-bills)	7,882	9,236	10,429	11,009	10,797	10,741	11,444	11,026	(418)	-4%
o/w Public entities	6,479	7,117	7,701	8,461	8,718	8,941	9,956	9,576	(380)	-4%
o/w Contractor bonds	134	134	180	180	139	166	166	133	(33)	-20%
*Accrued interest included in debt	789	877	1,029	997	1,098	1,159	1,123	1,162	39	3%
B. Foreign currency debt ⁽²⁾	36,776	39,400	38,612	40,836	42,382	45,815	50,495	48,655	(1,840)	-4%
4. Eurobonds	32,789	35,533	34,850	37,561	39,240	42,339	47,225	45,477	(1,748)	-4%
Of which, Paris II at preferential rates	2,646	2,130	1,615	1,099	583	68	-	-	-	-
Of which, Paris III at preferential rates	317	271	226	181	136	-	-	-	-	-
Of which, market-issued Eurobonds	29,427	32,688	32,584	35,846	38,063	41,791	46,678	44,945	(1,733)	-4%
* Accrued Interest on Eurobonds	400	444	425	435	458	480	547	532	(15)	-3%
5. Loans	3,884	3,738	3,648	3,207	3,079	3,443	3,264	3,175	(89)	-3%
5.1 Paris II loans	279	208	128	83	48	18	-	-	-	-
5.2 Paris III loans ⁽³⁾	997	915	760	629	525	452	344	294	(50)	-15%
5.3 Bilateral loans (non-Paris II and III)	841	827	1,200	1,054	953	935	822	785	(37)	-5%
5.4 Multilateral loans (non-Paris II and III)	1,753	1,694	1,506	1,417	1,494	1,954	2,015	2,020	5	0%
5.5 Foreign Private Sector Loans	14	94	54	24	59	84	83	77	(6)	-7%
6. Other debt	103	129	114	68	63	33	6	3	(3)	-50%
6.1 Special Tbs in Foreign currency ⁽⁴⁾	103	129	114	68	63	33	6	3	(3)	-50%
Public sector deposits	12,916	15,495	14,246	13,555	14,586	15,659	14,186	13,953	(233)	-2%
Net debt	74,058	80,217	86,118	92,476	98,324	104,233	114,161	115,288	1,127	1%
Gross Market debt ⁽⁵⁾	59,014	65,789	67,774	69,200	70,303	71,944	76,204	73,583	(2,621)	-3%
% of total debt	67.9%	68.7%	67.5%	65.3%	62.3%	60.0%	59.4%	56.9%	-2.4%	-4%

Source: MOF, BDL

Notes:

⁽¹⁾ Due to revisions in the Debt Management and Financial Analysis System (DMFAS):

1- Debt data for December 2012 to December 2018 may be subject to slight modification.

⁽²⁾ FX Debt figure does not include the bridge financing from BDL in the amount of LBP 1,733.63 billions (USD 1.15 billions)

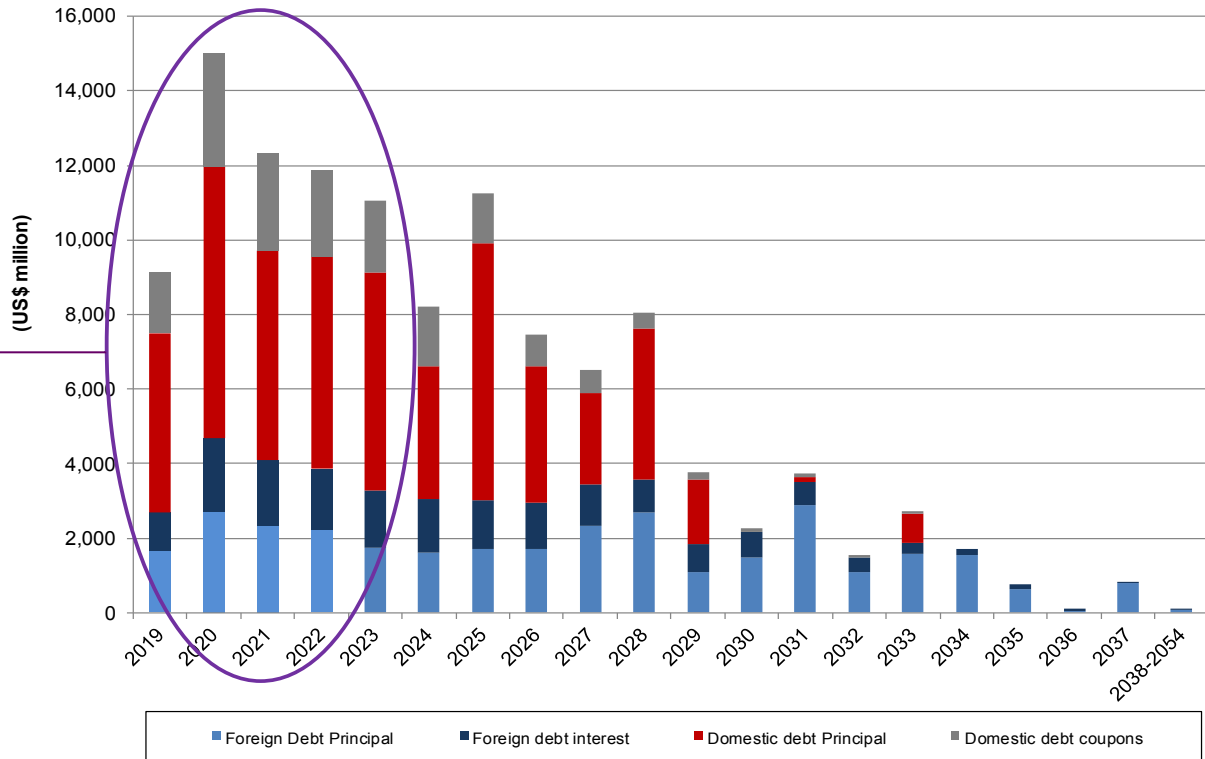
⁽³⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

⁽⁴⁾ Special Tbs in Foreign currency (expropriation and contractor bonds).

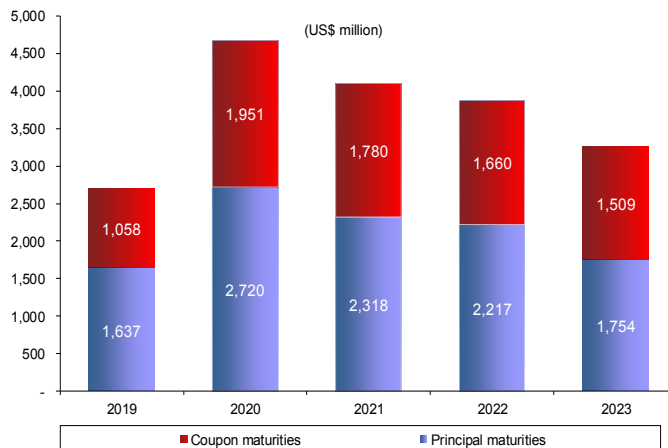
⁽⁵⁾ Gross market debt equals gross debt less the portfolios of the BDL, Public Entities, bilateral and multilateral loans, Paris II and Paris III related debt.

AMORTIZATION PROFILE

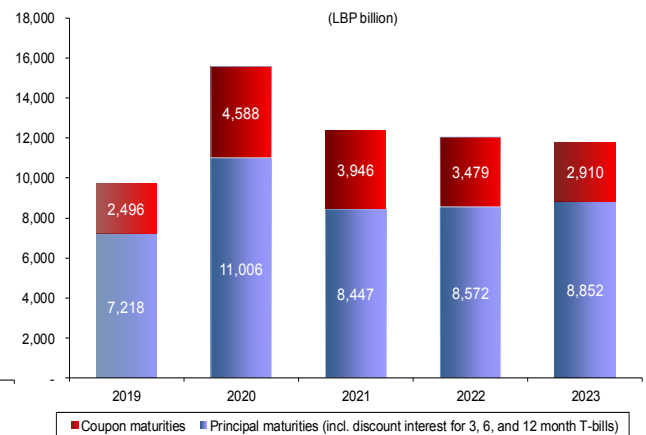
Aggregate Debt Amortization (as of end-June 2019)



Foreign Currency Debt (Eurobonds –Loans)



Domestic T-bills and T-Bonds

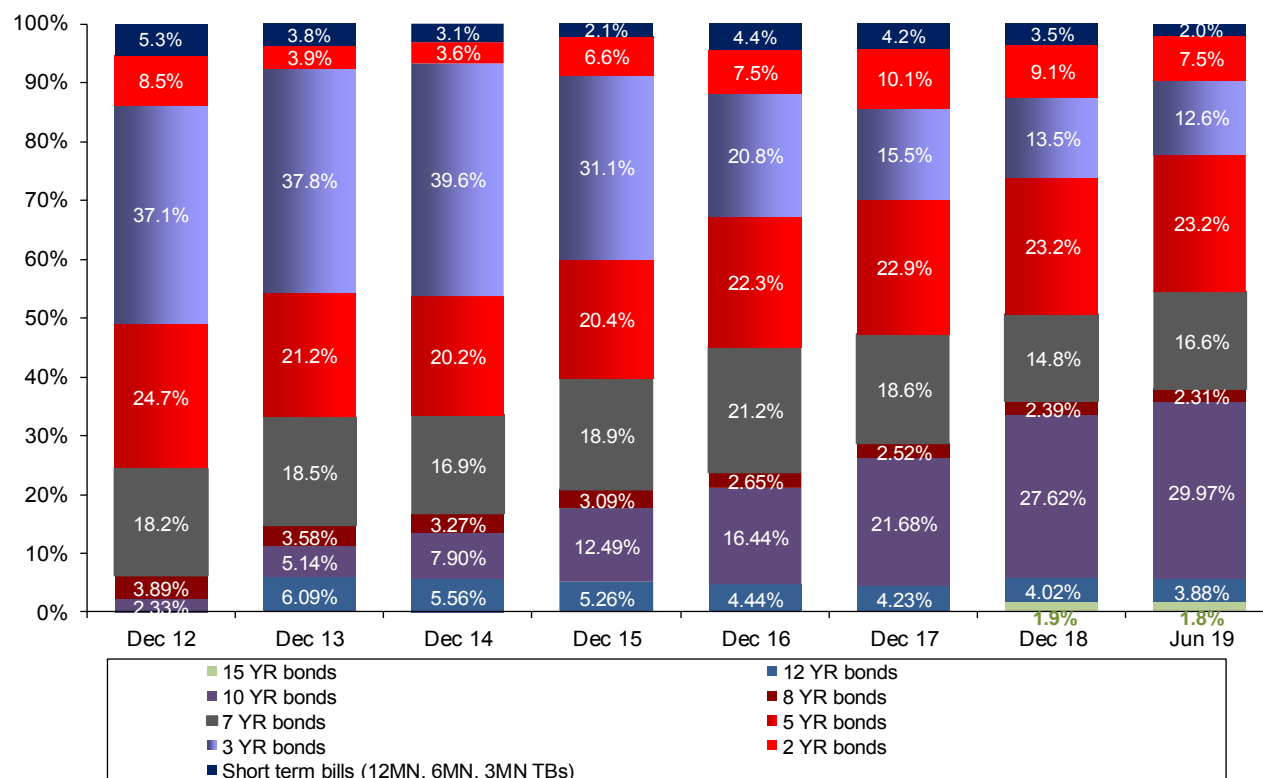


Source: MOF, BDL

Note : The data used for the amortization schedule is based on outstanding and not on committed amounts.

DOMESTIC CURRENCY DEBT DATA

Outstanding Domestic T-bills and Bonds by Tenor Type (as of end-period)



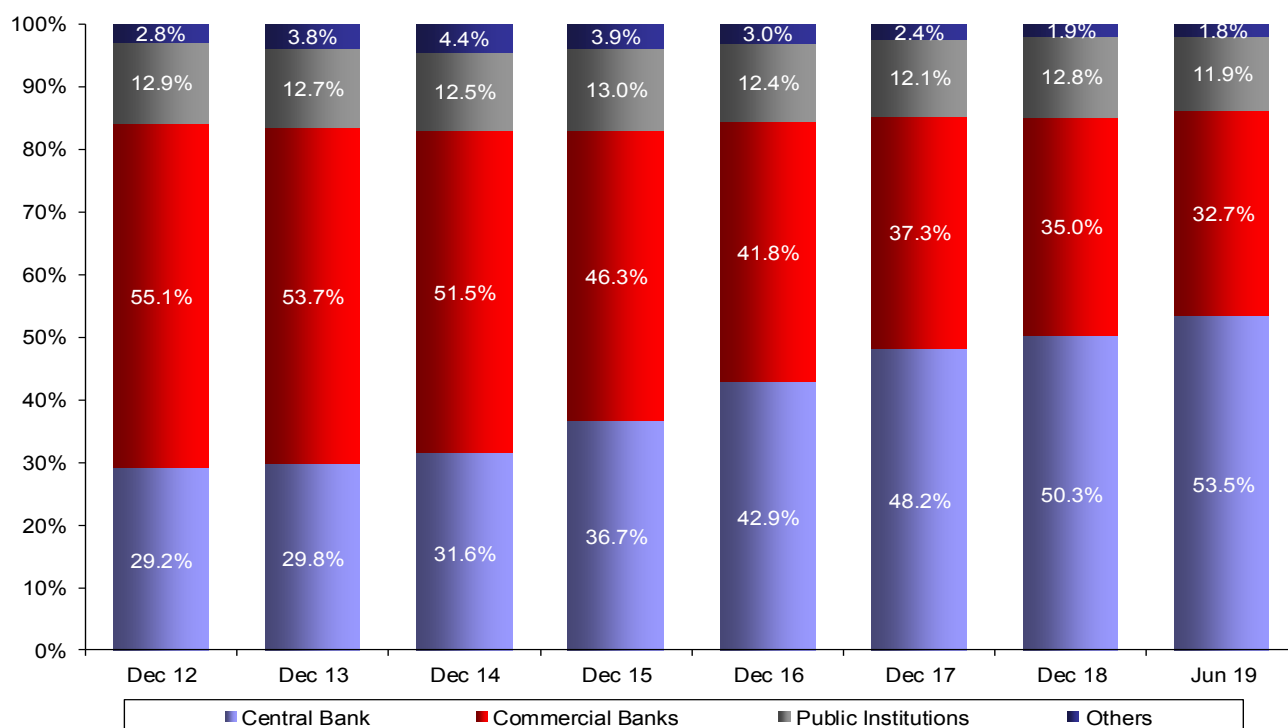
Source: MOF

Notes:

1- Only treasury bills with maturities less than 24 months are issued at a discount to their face value.

2- The 5 YR bonds figure includes LL 133 billion contractor bonds issued in Nov 2014, Jul 2016 and Jun 2017.

Outstanding Domestic T-bills and Bonds by Investor Type



Source: MOF, BDL

Notes: Commercial Banks figures include the amounts of repurchase agreements.

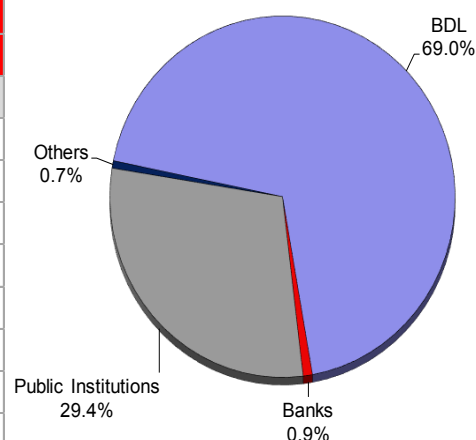
DOMESTIC CURRENCY DEBT DATA

T-Bills and Bonds Subscription Results— QII 2019

Weekly Issued Amounts

Date	Categories								
	Nominal Value - LBP Billions								
	3 Mn	6 Mn	12 Mn	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Total
QI-2019	237	51	372	251	515	817	1,637	635	4,515
04-04-19	2	-	5	-	-	35	-	-	42
11-04-19	-	3	-	106	-	-	-	193	302
18-04-19	6	-	8	-	-	87	-	-	101
25-04-19	-	4	-	-	109	-	50	-	163
02-05-19	6	-	8	-	-	55	-	-	69
09-05-19	-	7	-	103	-	-	-	1,163	1,273
16-05-19	9	-	14	-	-	91	-	-	113
23-05-19	-	4	-	-	108	-	34	-	146
30-05-19	5	-	8	-	-	71	-	-	84
06-06-19	-	6	-	112	-	-	-	606	724
13-06-19	5	-	11	-	-	53	-	-	69
20-06-19	-	14	-	-	200	-	90	-	305
27-06-19	9	-	190	-	-	228	-	-	427
Total QII-2019	42	38	244	321	417	620	174	1,962	3,819
Grand Total	279	90	616	572	932	1,437	1,811	2,597	8,334

QII 2019 Subscription Results by Holder



In QII 2019 the largest subscriber in DX Treasury bills and bonds was BDL reaching 69.0 percent of the total subscriptions. Public Institutions share stood at 29.4 percent and the Banks share at 0.9 percent of total quarter subscriptions.

Domestic Treasury Bills & Bonds Auction Calendar QIII 2019

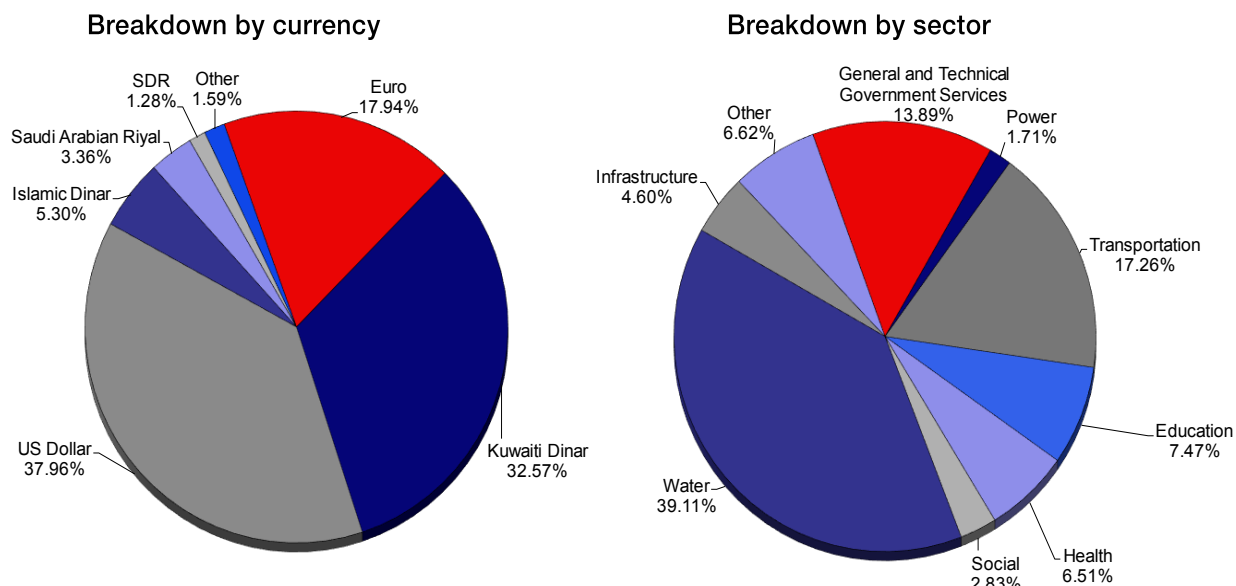
	July					August				September					
Auction Date	1	8	15	22	29	5	12	19	26	2	9	16	23	30	Frequency
Issue Date	4	11	18	25	1-Aug	8	15	22	29	5	12	19	26	3-Oct	
3 M		x		x		x		x		x		x		x	7
6 M	x		x		x		x		x		x		x		7
12 M		x		x		x		x		x		x		x	7
2 Y	x				x				x				x		4
3 Y			x				x				x				3
5 Y		x		x		x		x		x		x		x	7
7 Y			x				x				x				3
10 Y	x				x				x				x		4

*Auctions falling on holidays will be rescheduled accordingly.

Source: MOF

FOREIGN CURRENCY DEBT DATA

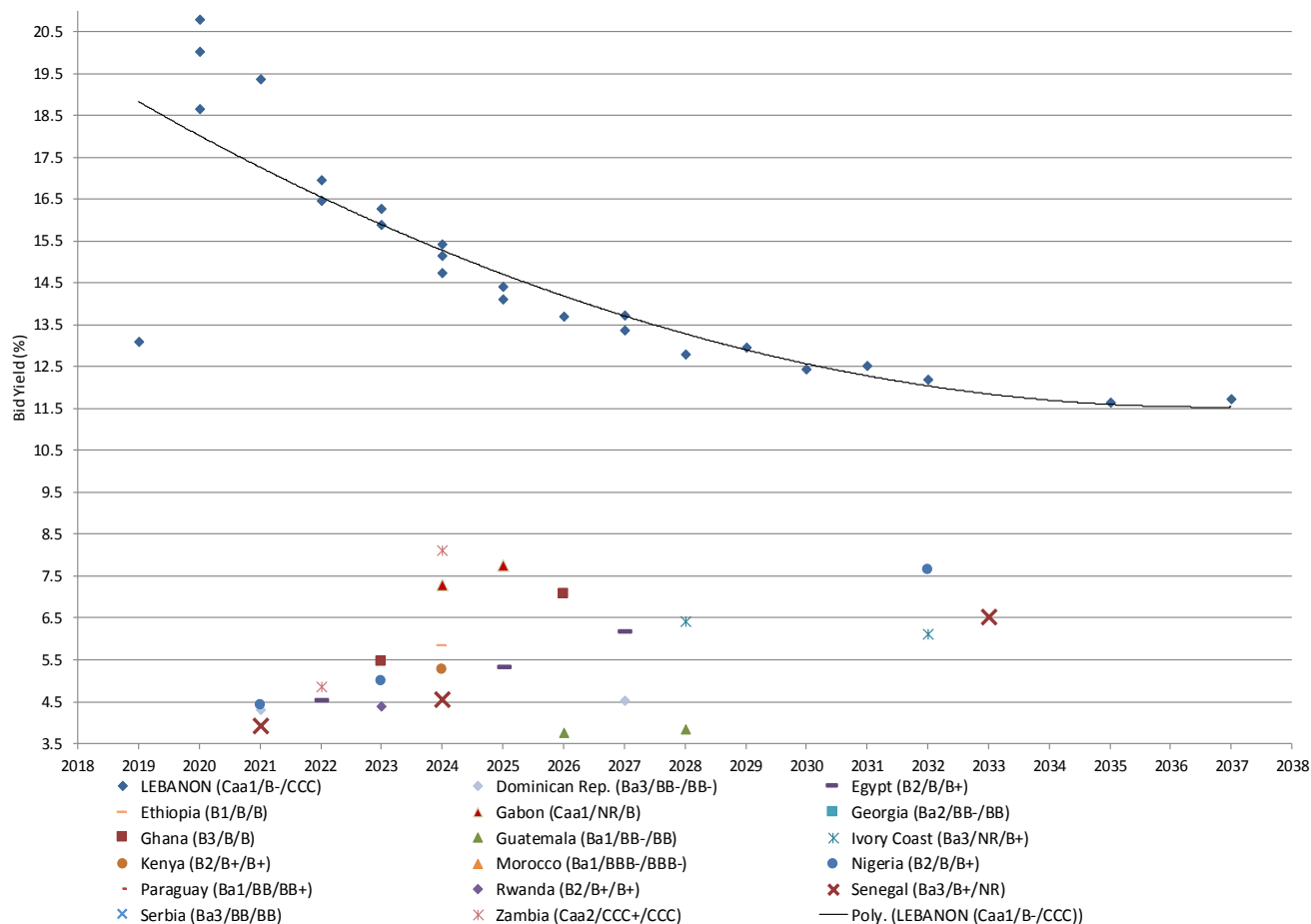
Bilateral and Multilateral Loans (as of end-June 2019)



Source: MOF

The gross outstanding debt comprises less than 2.5% of loans in foreign currency amounting to LBP 3,176 billion, which is mostly for project financing.

Yields for Republic of Lebanon Eurobonds and Comparables (as of 27 August 2019)



Source: DB, MOF

FOREIGN CURRENCY DEBT DATA

Marketable Eurobonds end June 2019

Lebanon Secondary Trading Levels							
	Mat. Date dd/mm/yy	Outstanding Amount (in original cur)	Bid Price	Ask Price	Mid Yield	Mid Z- spread	Change Mid Z- spread (QII 2019-QI 2019)
US DOLLARS							
LEB 5.45	28/11/2019	1,500,000,000	98.88	99.13	7.95	623.29	-106.22
LEB 6.375	09/03/2020	1,200,000,000	97.50	97.56	10.16	832.75	-7.88
LEB 5.8	14/04/2020	700,000,000	96.88	97.38	9.68	816.83	-65.03
LEB 6.15	19/06/2020	600,000,000	96.12	96.21	10.43	872.03	-3.30
LEB 8.25	12/04/2021	2,092,469,000	93.62	93.77	12.28	1086.77	96.01
LEB 6.25	27/05/2022	500,000,000	86.25	86.47	11.94	1060.76	135.47
LEB 6.1	04/10/2022	1,540,000,000	84.75	86.75	11.47	1048.86	195.15
LEB 6	27/01/2023	1,100,000,000	83.47	84.85	11.54	1041.25	163.96
LEB 6.4	26/05/2023	500,000,000	83.63	84.63	11.57	1035.62	155.91
LEB 6.65	22/04/2024	700,000,000	81.38	81.88	11.76	1042.72	147.05
LEB 6.25	04/11/2024	538,467,000	79.38	80.38	11.38	1008.07	128.17
LEB 7	03/12/2024	250,000,000	81.92	82.84	11.45	1013.30	149.48
LEB 6.2	26/02/2025	800,000,000	79.00	80.00	11.19	986.05	93.53
LEB 6.25	12/06/2025	800,000,000	79.00	81.00	10.91	969.51	122.45
LEB 6.6	27/11/2026	1,600,000,000	78.25	79.25	10.85	942.06	114.23
LEB 6.85	23/03/2027	1,250,000,000	78.38	79.38	10.97	953.73	109.59
LEB 6.75	29/11/2027	1,000,000,000	77.98	79.14	10.67	921.21	73.50
LEB 7	20/03/2028	1,700,000,000	78.00	79.00	10.88	939.73	125.92
LEB 6.65	03/11/2028	893,197,000	78.12	79.41	10.23	871.51	41.94
LEB 6.85	25/05/2029	1,000,000,000	76.88	77.88	10.59	905.11	115.51
LEB 6.65	26/02/2030	1,400,000,000	76.25	77.25	10.29	870.08	33.05
LEB 7	22/04/2031	300,000,000	76.00	77.00	10.52	891.11	79.12
LEB 7.15	20/11/2031	2,500,000,000	77.99	78.43	10.30	861.48	35.35
LEB 7	23/03/2032	1,000,000,000	77.38	78.38	10.13	847.33	31.58
LEB 8.2	17/05/2033	1,500,000,000	81.97	82.44	10.69	899.98	106.13
LEB 8.25	17/05/2034	1,500,000,000	81.98	82.30	10.67	895.41	106.90
LEB 7.05	02/11/2035	600,000,000	75.87	77.22	9.99	829.18	40.61
LEB 7.25	23/03/2037	750,000,000	76.13	77.13	10.11	837.77	55.62

Source: Reuters

Note:

Non Marketable Eurobonds issued in the Context of Paris II & III have been fully amortized

For further information, please contact:

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