

DEBT AND DEBT MARKETS

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REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end-2018, gross public debt stood at LL 128,338 billion (US\$ 85.1 billion), a 7.0 percent increase compared to end-2017.
- Net public debt registered LL 114,152 billion (US\$ 75.7 billion) at end-2018, an increase of 9.5 percent from the end-2017 level.
- Domestic currency debt reached LL 77,852 billion at end-2018, an increase of 5.1 percent compared to end-2017.
- During QIV 2018, the remaining part of the agreement between the Ministry of Finance and BdL was completed, whereby the Ministry of Finance issued a LL 2,250 billion 10-year Tbond at 1% coupon instead of 7.46% on 08 November 2018.
- In December 2018 rates on the 10yr DX treasury bonds increased to 10% from 7.46%.
- On 13 December 2018, Ministry of Finance issued on ad hoc basis 15yr DX treasury bond at 10.5% in the amount of LBP 1,201,574,740,000.
- Foreign currency debt totaled LL 50,486 billion (US\$ 33.5 billion) at the end-2018, a 10.2 percent increase from the end-2017 level.

KEY COST AND RISK INDICATORS

As end December 2018	QIV 2018 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change end 2017 - Dec 2018	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
Gross Government Debt	128,338	85.1	7.0%			
DX	77,852	51.6	5.1%	60.66%	4.42 yr	6.15%
FX	50,486	33.5	10.2%	39.34%	8.00 yr	6.57%
Net Government Debt	114,152	75.7	9.5%			

SOVEREIGN RATINGS

Lebanon Sovereign Debt Rating (as of February 11, 2019)

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

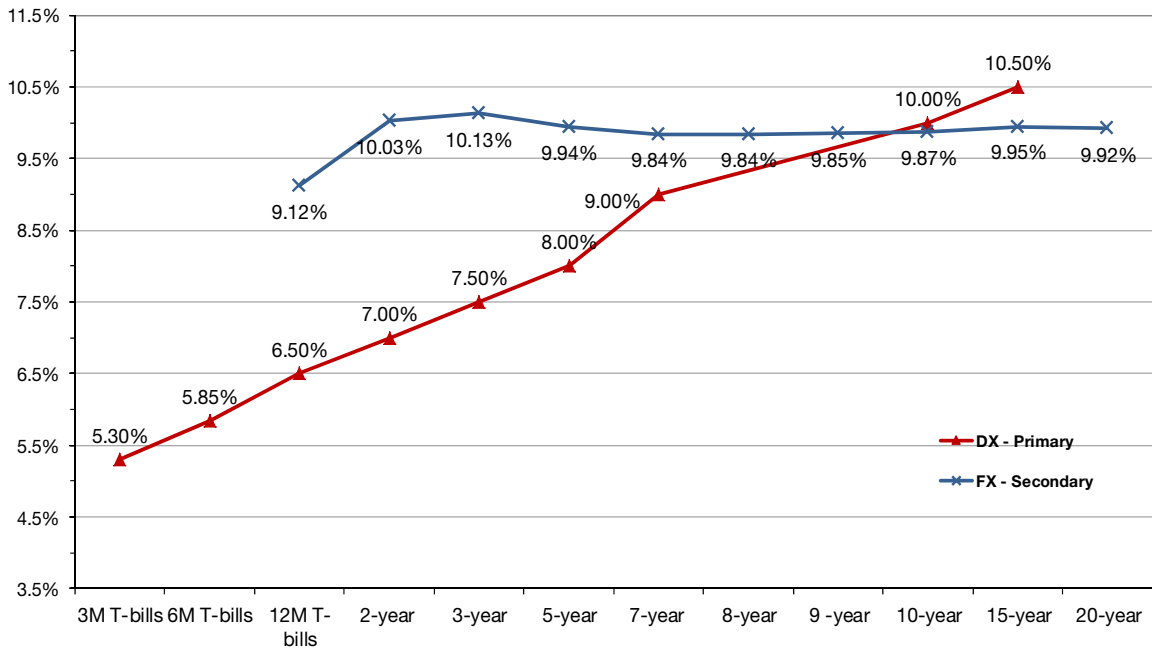
* Fitch Ratings Investors Services affirmed its B- ratings and revised the outlook of Lebanon from stable to negative on 18 December 2018

** 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

*** Standard and Poor's affirmed its rating and keeping the outlook of Lebanon stable on 02 March 2018

INTEREST RATES & COST

**Government DX & FX T-Bills and T-Bonds Yield Curve
as at 11 February 2019**

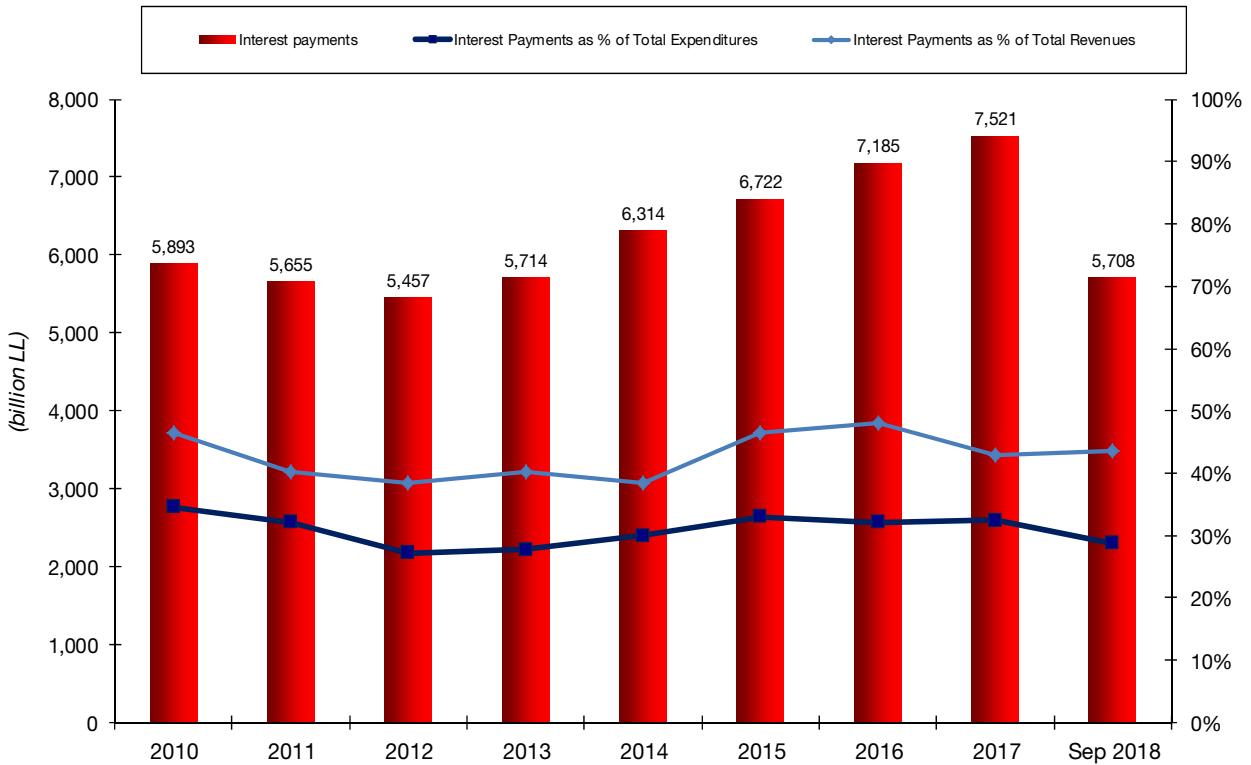


Source: MOF, Reuters

During QIV 2018, DX Treasury 10yrs and 15yrs bonds were issued at 10.0% and 10.5% respectively while other tenors remained unchanged. However in January 2019 the DX T-bills and Bonds shifted upwards.

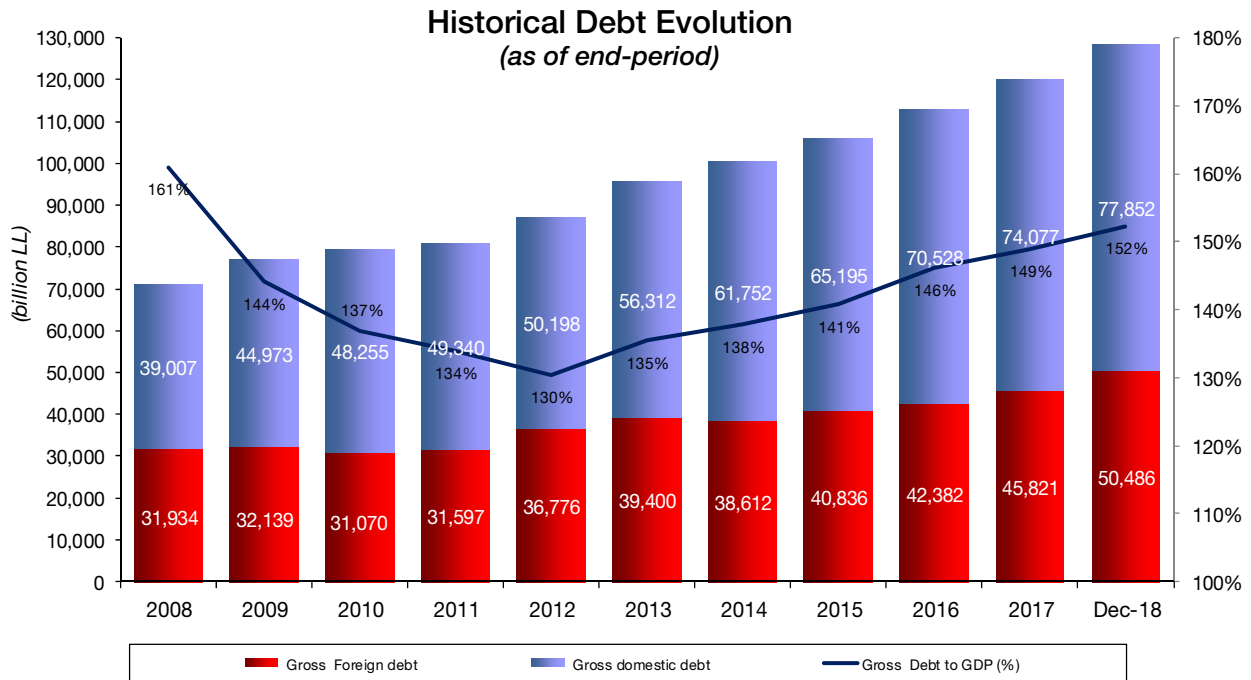
Eurobonds secondary levels as at 11 February 2019 have narrowed by 74 bps on average from the 27 Dec 2018 levels quoted in the QIII 2018 Debt & Debt Markets report.

Interest Payments As end of Period



Source: MOF

OVERALL DEBT DATA



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.

Public Debt Table ⁽¹⁾ (as of end - December 2018)

Public Debt (in LL billion)	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Change Dec 18 - Dec 17	% Change Dec 18 - Dec 17
Gross Public Debt (A + B)	80,937	86,974	95,712	100,364	106,031	112,910	119,898	128,338	8,440	7%
A. Local currency debt	49,340	50,198	56,312	61,752	65,195	70,528	74,077	77,852	3,775	5%
1. Central Bank	15,974	14,649	16,761	19,454	23,907	30,150	35,580	39,006	3,426	10%
2. Commercial Banks (including REPOs)	25,577	27,667	30,315	31,869	30,279	29,581	27,756	27,402	(354)	-1%
3. Other local debt (T-bills)	7,789	7,882	9,236	10,429	11,009	10,797	10,741	11,444	703	7%
o/w Public entities	6,538	6,479	7,117	7,701	8,461	8,718	8,941	9,956	1,015	11%
o/w Contractor bonds	41	134	134	180	180	139	166	166	-	0%
*Accrued interest included in debt	788	789	877	1,029	997	1,098	1,159	1,123	(36)	-3%
B. Foreign currency debt	31,597	36,776	39,400	38,612	40,836	42,382	45,821	50,486	4,665	10%
4. Eurobonds	27,490	32,789	35,533	34,850	37,561	39,240	42,339	47,225	4,886	12%
Of which, Paris II at preferential rates	3,161	2,646	2,130	1,615	1,099	583	68	-	(68)	-100%
Of which, Paris III at preferential rates	663	317	271	226	181	136	-	-	-	-
Of which, market-issued Eurobonds	23,258	29,427	32,688	32,584	35,846	38,063	41,791	46,678	4,887	12%
* Accrued Interest on Eurobonds	407	400	444	425	435	458	480	547	67	14%
5. Loans	4,033	3,884	3,738	3,648	3,207	3,079	3,449	3,255	(194)	-6%
5.1 Paris II loans	351	279	208	128	83	48	18	-	(18)	-100%
5.2 Paris III loans ⁽²⁾	1,060	997	915	760	629	525	452	344	(108)	-24%
5.3 Bilateral loans (non-Paris II and III)	787	841	827	1,200	1,054	953	935	817	(118)	-13%
5.4 Multilateral loans (non-Paris II and III)	1,816	1,753	1,694	1,506	1,417	1,494	1,960	2,011	51	3%
5.5 Foreign Private Sector Loans	18	14	94	54	24	59	84	83	(1)	-1%
6. Other debt	74	103	129	114	68	63	33	6	(27)	-82%
6.1 Special Tbls in Foreign currency ⁽³⁾	74	103	129	114	68	63	33	6	(27)	-82%
Public sector deposits	10,984	12,916	15,495	14,246	13,555	14,586	15,659	14,186	(1,473)	-9%
Net debt	69,953	74,058	80,217	86,118	92,476	98,324	104,239	114,152	9,913	10%
Gross Market debt⁽⁴⁾	50,585	59,014	65,789	67,774	69,200	70,303	71,944	76,204	4,260	6%
% of total debt	62.5%	67.9%	68.7%	67.5%	65.3%	62.3%	60.0%	59.4%	-0.6%	-1%

Source: MOF, BDL

Notes:

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

1- Debt data for December 2011 to December 2018 may be subject to slight modification.

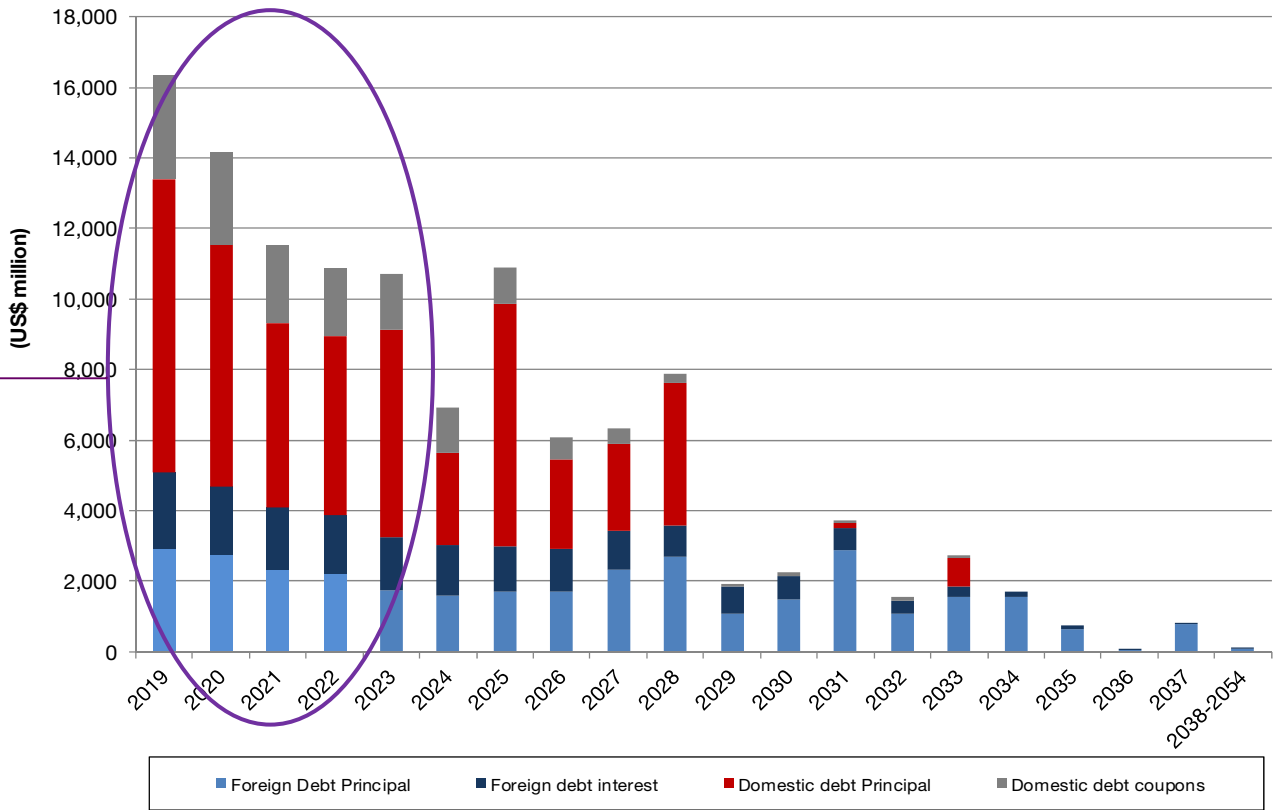
⁽²⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

⁽³⁾ Special Tbls in Foreign currency (expropriation and contractor bonds).

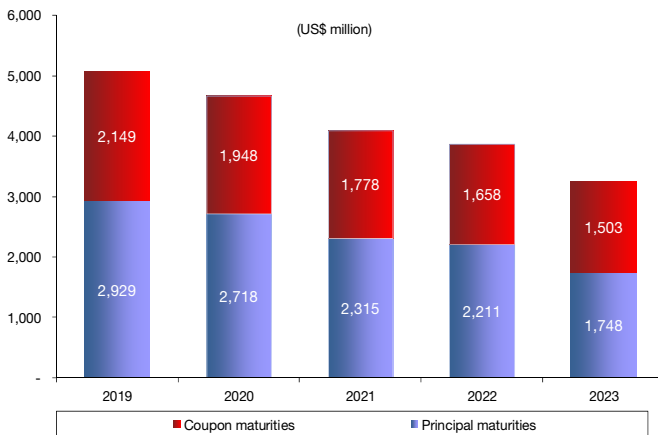
⁽⁴⁾ Gross market debt equals gross debt less the portfolios of the BDL, Public Entities, bilateral and multilateral loans, Paris II and Paris III related debt.

AMORTIZATION PROFILE

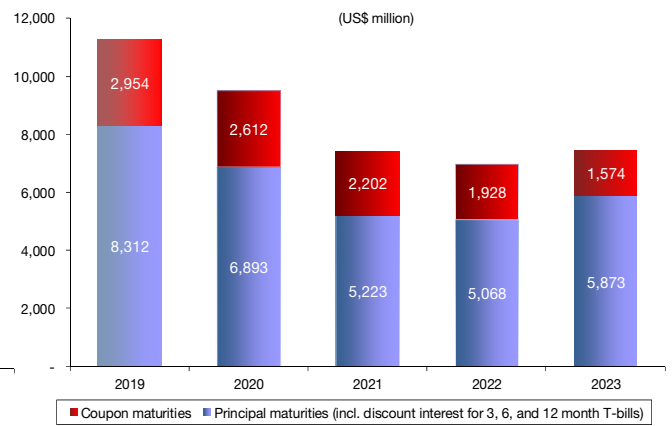
Aggregate Debt Amortization (as of end-December 2018)



Foreign Currency Debt (Eurobonds –Loans)



Domestic T-bills and T-Bonds

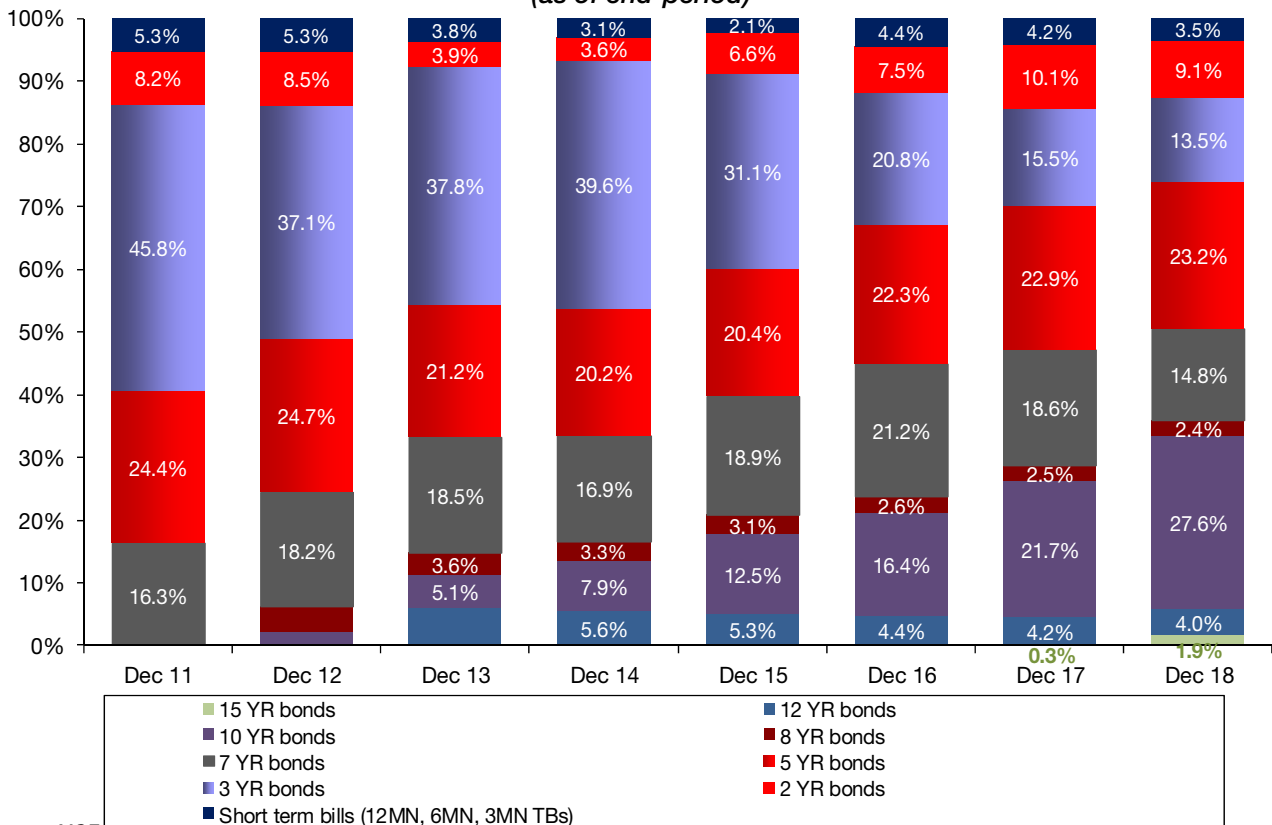


Source: MOF, BDL

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)

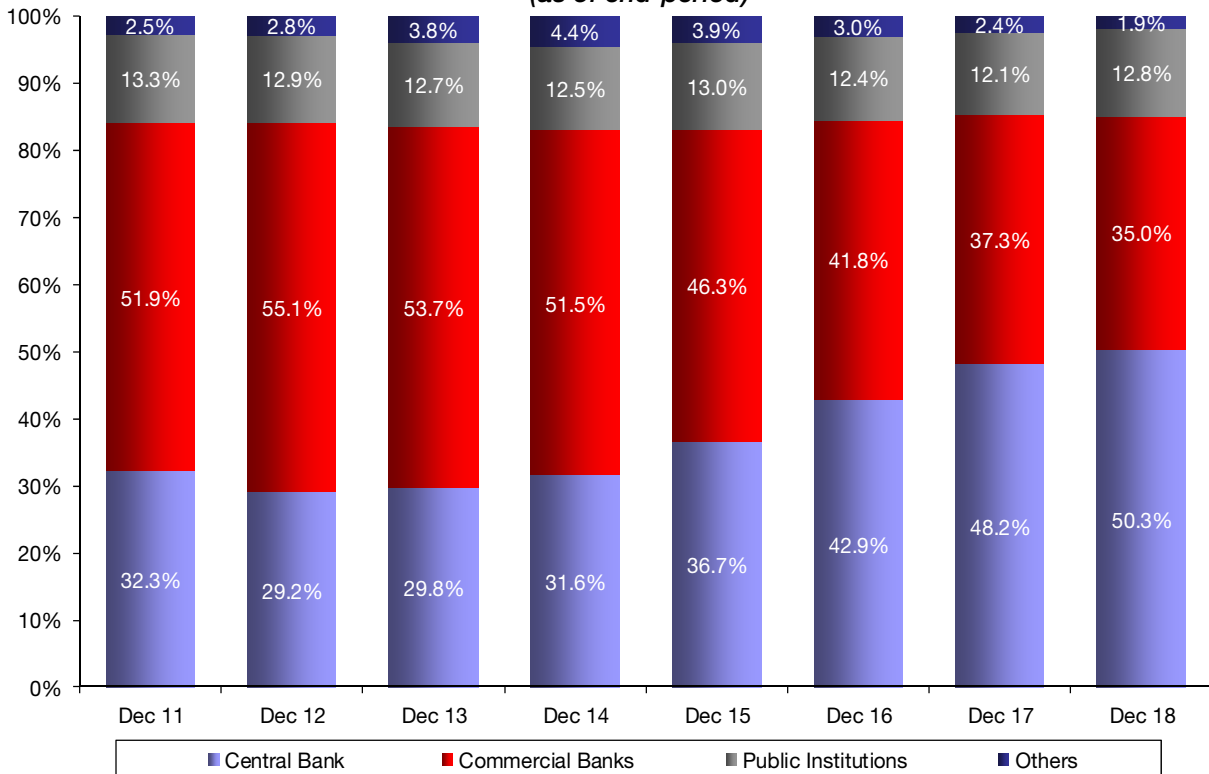


Source: MOF

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 166 billion contractor bonds issued in Jan 2014, Nov 2014, Jul 2016 and Jun 2017.

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



Source: MOF, BDL

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

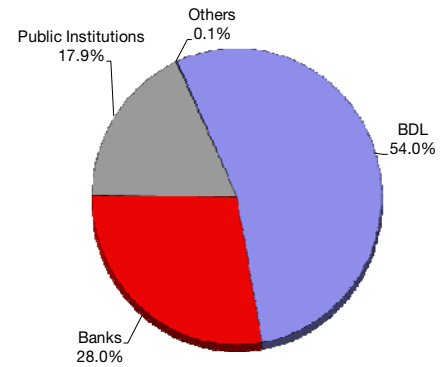
DOMESTIC CURRENCY DEBT DATA

T-Bills and Bonds Subscription Results— QIV 2018

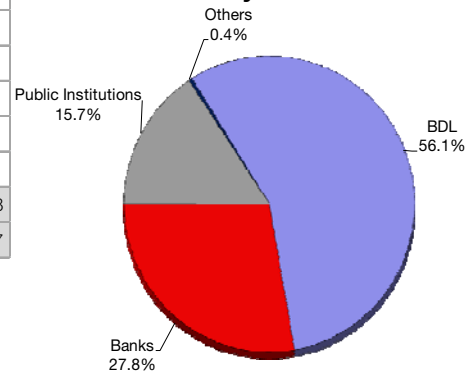
Weekly Issued Amounts

Date	Categories									
	Nominal Value - LBP Billions									
	3 Mn	6 Mn	12 Mn	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	15 Yr	Total
QI-2018	567	596	732	965	1,292	1,601	1,142	876	-	7,771
QII-2018	373	439	551	1,002	2,651	952	651	1,251	-	7,870
QIII-2018	203	257	264	251	151	2,252	2,150	251	-	5,779
04-10-18	3	-	442	-	-	75	-	-	-	520
11-10-18	-	4	-	-	100	-	225	-	-	329
18-10-18	5	-	34	-	-	75	-	-	-	114
25-10-18	-	32	-	12	-	-	-	229	-	274
01-11-18	5	-	56	-	-	75	-	-	-	136
08-11-18	-	8	-	-	114	-	140	2,250	-	2512
15-11-18	201	-	6	-	-	48	-	-	-	255
22-11-18	-	5	-	8	-	-	-	223	-	236
29-11-18	7	-	14	-	-	133	-	-	-	154
06-12-18	-	8	-	-	118	-	43	-	-	169
13-12-18	6	-	84	-	-	16	-	-	1,202	1308
20-12-18	-	8	-	22	-	-	-	1,002	-	1033
27-12-18	4	-	11	-	-	83	-	-	-	98
Total QIV-2018	231	66	649	42	332	505	408	3,705	1,202	7,138
Grand Total	1,374	1,358	2,195	2,260	4,426	5,309	4,351	6,082	1,202	28,557

QIV 2018 Subscription Results by Holder



Year 2018 Subscription Results by Holder



On yearly basis the largest subscriber in DX Treasury bills and bonds in 2018 was BDL reaching 56.1 percent of the total subscriptions. Banks share stood at 27.8 percent and the Public institutions share amounted to 15.7 percent of the total year subscriptions.

Domestic Treasury Bills & Bonds Auction Calendar QI 2019

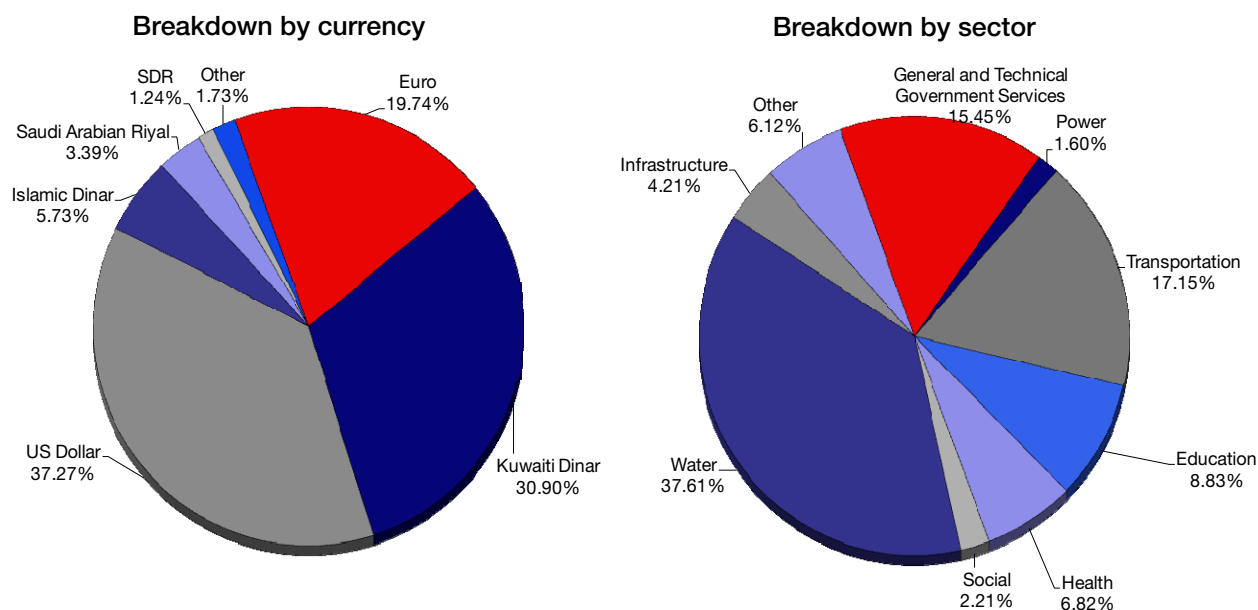
Auction Date	January				February				March				Frequency
	7	14	21	28	4	11	18	25	4	11	18	25	
Issue Date	10	17	24	31	7	14	21	28	7	14	21	28	
3 M	x		x		x		x		x		x		6
6 M		x		x		x		x		x		x	6
12 M	x		x		x		x		x		x		6
2 Y		x				x				x			3
3 Y				x				x				x	3
5 Y	x		x		x		x		x		x		6
7 Y				x				x				x	3
10 Y		x				x				x			3

*Auctions falling on holidays will be rescheduled accordingly.

Source: MOF

FOREIGN CURRENCY DEBT DATA

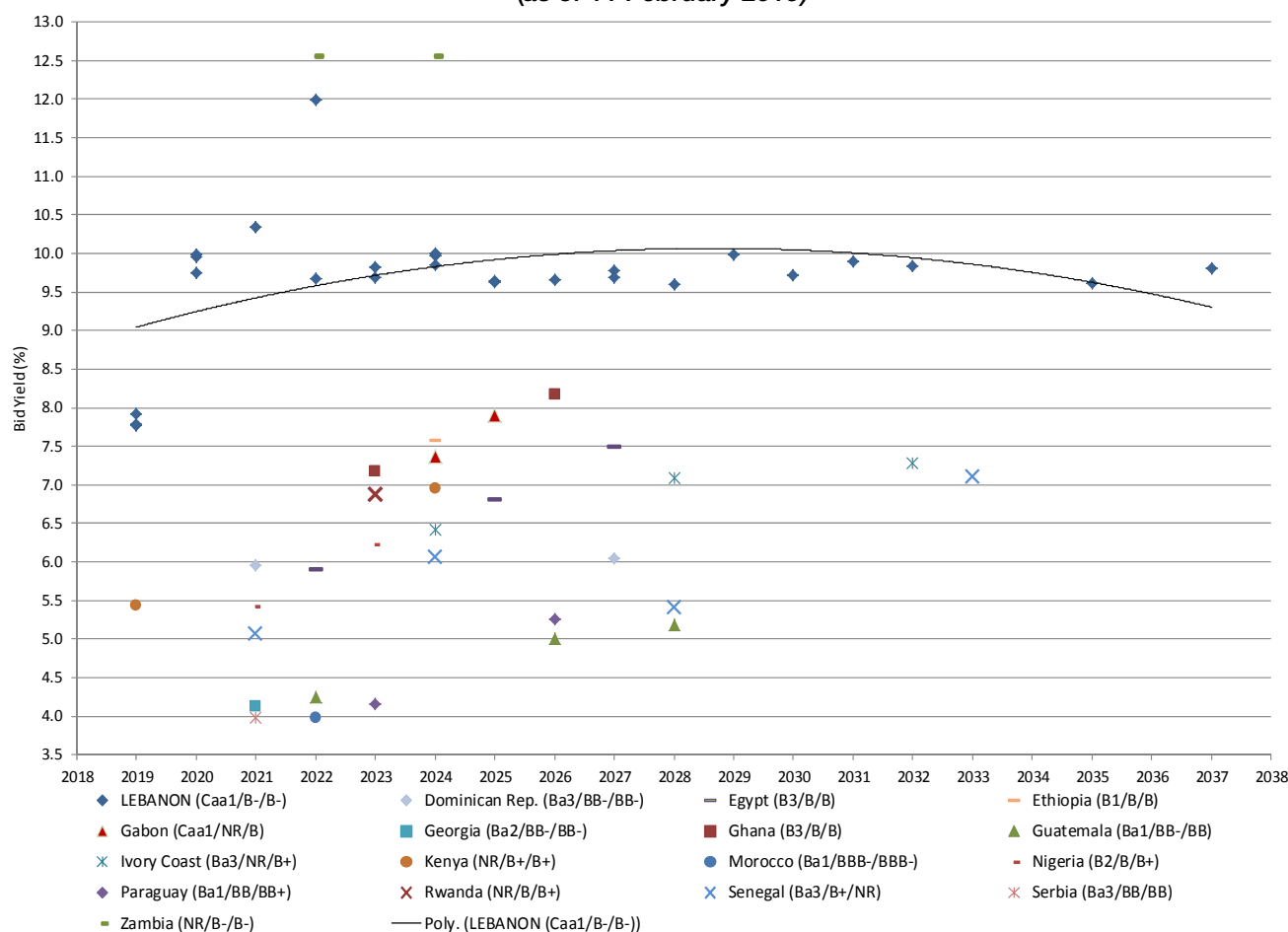
Bilateral and Multilateral Loans (as of end-December 2018)



Source: MOF

The gross outstanding debt comprises less than 3% of loans in foreign currency amounting to LBP 3,255 billion, which is mostly for project financing.

Yields for Republic of Lebanon Eurobonds and Comparables (as of 11 February 2019)



Source: Reuters, MOF

FOREIGN CURRENCY DEBT DATA

Marketable Eurobonds end December 2018

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 (QIV 2018- QIII 2018)	
US DOLLARS							
LEB 5.5	23/04/2019	500,000,000	99.13	100.13	6.69	393.16	-39.28
LEB 6	20/05/2019	650,000,000	99.13	100.13	6.97	421.33	-35.63
LEB 5.45	28/11/2019	1,500,000,000	96.63	97.63	8.82	606.64	-88.44
LEB 6.375	09/03/2020	1,200,000,000	96.38	97.38	9.21	646.87	-58.00
LEB 5.8	14/04/2020	700,000,000	95.25	96.25	9.39	665.23	-70.30
LEB 6.15	19/06/2020	600,000,000	94.75	95.75	9.71	699.60	-55.45
LEB 8.25	12/04/2021	2,092,469,000	95.00	96.00	10.51	787.39	-48.05
LEB 6.25	27/05/2022	500,000,000	86.97	87.97	10.74	816.00	-22.46
LEB 6.1	04/10/2022	1,540,000,000	86.25	87.25	10.46	788.04	-26.16
LEB 6	27/01/2023	1,100,000,000	84.38	85.38	10.68	810.75	-30.38
LEB 6.4	26/05/2023	500,000,000	84.63	85.63	10.73	815.72	-30.02
LEB 6.65	22/04/2024	700,000,000	83.50	84.50	10.67	809.32	-17.24
LEB 6.25	04/11/2024	538,467,000	80.50	81.50	10.71	811.37	-31.77
LEB 7	03/12/2024	250,000,000	83.50	84.50	10.72	812.30	-28.16
LEB 6.2	26/02/2025	800,000,000	79.75	80.75	10.66	805.60	-24.26
LEB 6.25	12/06/2025	800,000,000	79.75	80.75	10.55	794.37	-40.23
LEB 6.6	27/11/2026	1,600,000,000	78.75	79.75	10.53	788.50	-27.04
LEB 6.85	23/03/2027	1,250,000,000	79.25	80.25	10.60	794.98	-24.17
LEB 6.75	29/11/2027	1,000,000,000	77.88	78.88	10.55	788.56	-21.28
LEB 7	20/03/2028	1,700,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 6.65	03/11/2028	893,197,000	77.00	78.00	10.35	765.98	-22.78
LEB 6.85	25/05/2029	1,000,000,000	76.38	77.38	10.57	787.05	-24.12
LEB 6.65	26/02/2030	1,400,000,000	75.88	76.88	10.25	753.94	-14.75
LEB 7	22/04/2031	300,000,000	75.88	76.88	10.45	772.09	-28.52
LEB 7.15	20/11/2031	2,500,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 7	23/03/2032	1,000,000,000	75.75	76.75	10.33	758.71	-23.19
LEB 8.2	17/05/2033	1,500,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 8.25	17/05/2034	1,500,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 7.05	02/11/2035	600,000,000	75.63	76.63	10.01	723.86	-19.53
LEB 7.25	23/03/2037	750,000,000	75.75	76.75	10.13	735.45	-18.46

Source: DB

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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