

DEBT AND DEBT MARKETS

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REPUBLIC OF LEBANON
MINISTRY OF FINANCE

HIGHLIGHTS	1
KEY COST AND RISK INDICATORS	1
SOVEREIGN RATINGS	1
INTEREST RATES & COST	2
OVERALL DEBT DATA	3
AMORTIZATION PROFILE	4
DOMESTIC CURRENCY DEBT DATA	5
FOREIGN CURRENCY DEBT DATA	7

HIGHLIGHTS

- At end-QIII 2018, gross public debt stood at LL 126,400 billion (US\$ 83.8 billion), a 5.4 percent increase compared to end-2017.
- Net public debt registered LL 111,003 billion (US\$ 73.6 billion) at end- QIII 2018, an increase of 6.5 percent from the end-2017 level.
- Domestic currency debt reached LL 73,007 billion at end- QIII 2018, a decrease of 1.4 percent compared to end-2017.
- During QIII 2018 and as part of the agreement between the Ministry of Finance and BdL, the Ministry of Finance issued a LL 2,000 billion 5-year Tbond at 1% coupon instead of 6.74% and a LL 2,000 billion 7-year Tbond at 1% coupon instead of 7.08% on 16 August 2018 and 06 September 2018 respectively.
- Foreign currency debt totaled LL 53,393 billion (US\$ 35.4 billion) at the end- QIII 2018, a 16.5 percent increase from the end-2017 level.

KEY COST AND RISK INDICATORS

As end September 2018	QIII 2018 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change end 2017 - Sep 2018	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
Gross Government Debt	126,400	83.8	5.4%			
DX	73,007	48.4	-1.4%	57.76%	4.11 yr	6.16%
FX	53,393	35.4	16.5%	42.24%	7.83 yr	6.51%
Net Government Debt	111,003	73.6	6.5%			

SOVEREIGN RATINGS

Lebanon Sovereign Debt Rating (as of December 27, 2018)

Agency	Long – term tenor rating	Short – term tenor rating	Outlook
Fitch Ratings*	B-	B	Negative
Moody's Investor Services Ltd **	B3	-	Negative
Standard and Poor's ***	B-	B	Stable

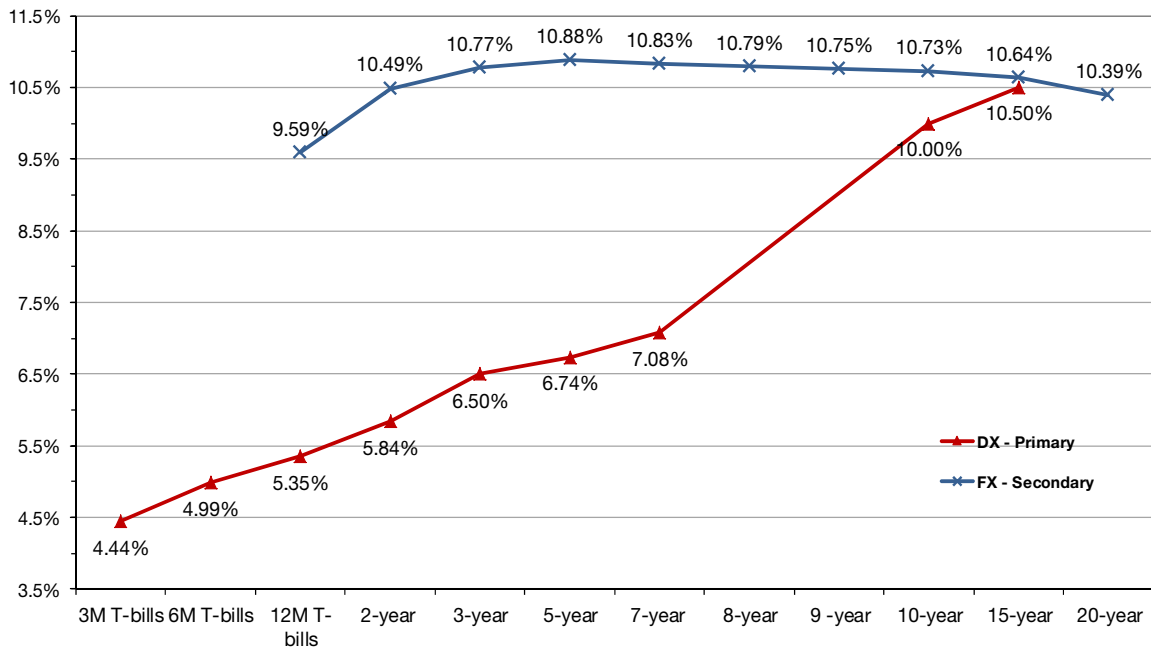
* Fitch Ratings Investors Services affirmed its B- ratings and revised the outlook of Lebanon from stable to negative on 18 December 2018

** Moody's Investors Services affirmed its B3 ratings and revised the outlook of Lebanon from stable to negative on 13 December 2018

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

INTEREST RATES & COST

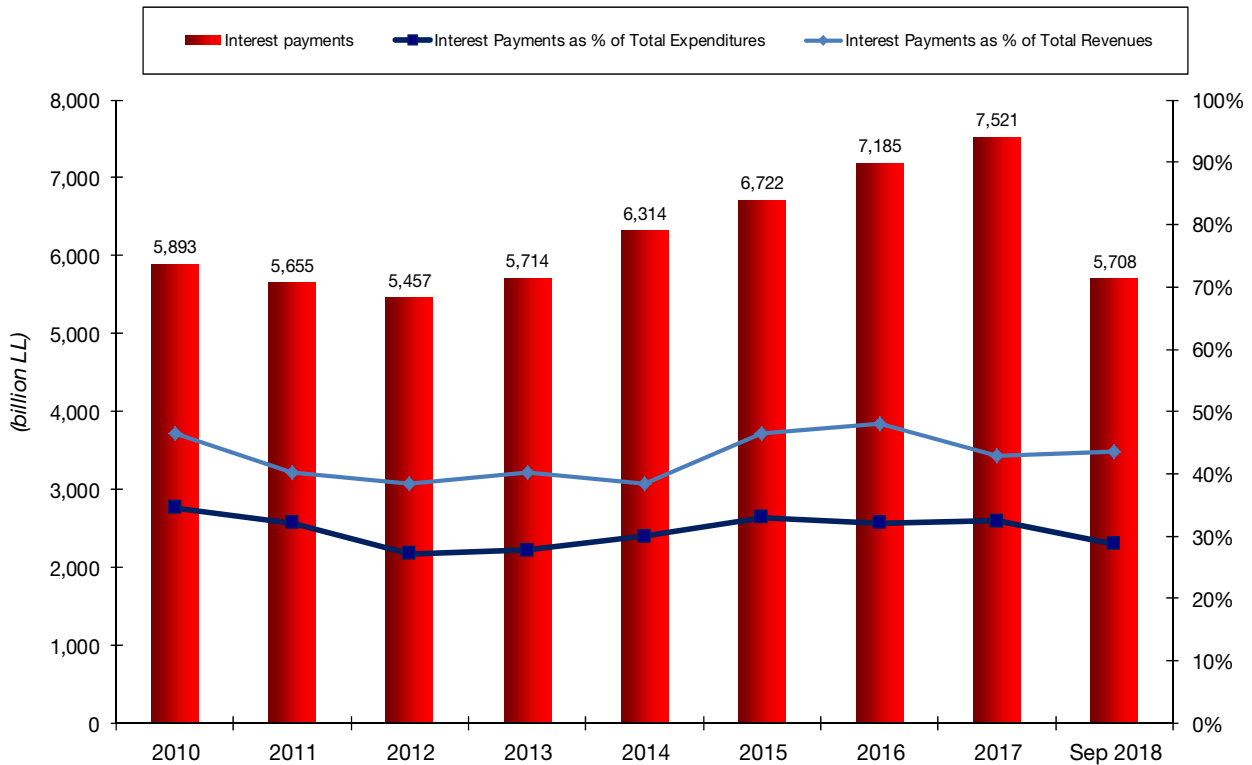
Government DX & FX T-Bills and T-Bonds Yield Curve as at 27 December 2018



Source: MOF, Reuters

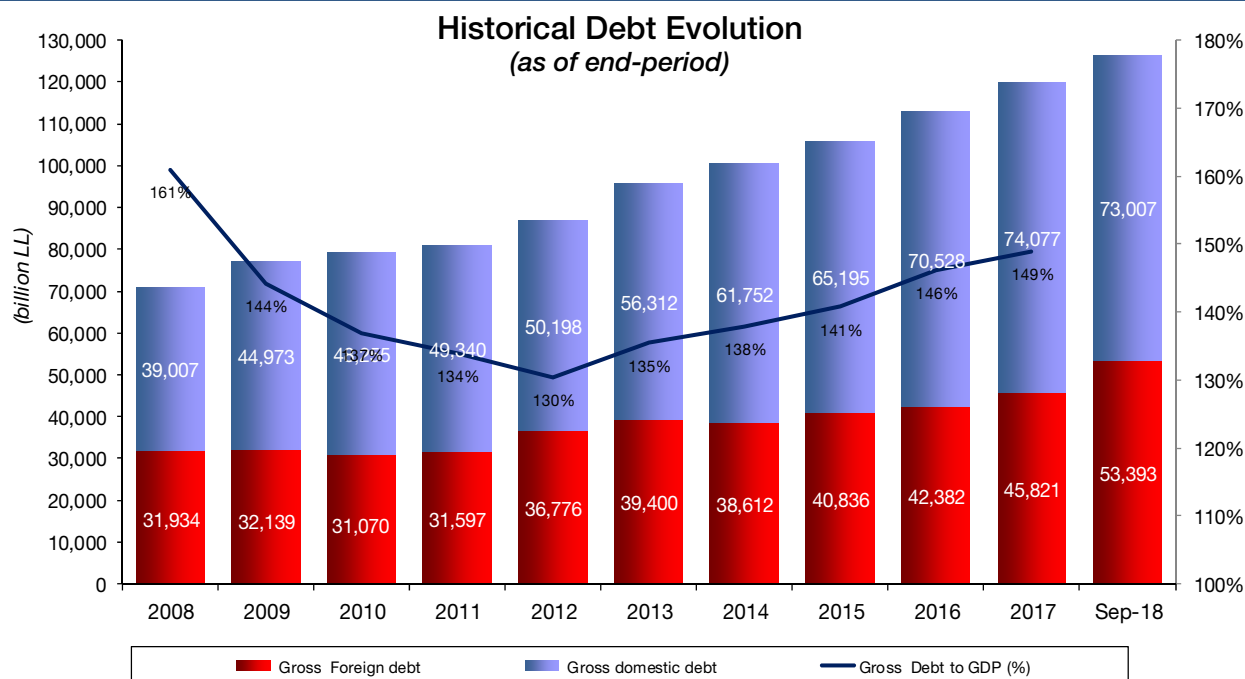
During QIII 2018, primary market rates on DX Treasury bills and bonds issued remained unchanged compared to end QII 2018 levels. However in December 2018 the 10yrs and 15yrs T-bonds were issued at 10.0% and 10.5% respectively as compared to their previous issuances at 7.46% and 7.9%. Eurobonds secondary levels as at 27 Dec 2018 have narrowed by 89 bps on average from the 17 Sep 2018 levels quoted in the QII 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. Published in November 2018.

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

Public Debt (in LL billion)	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Sep-18	Change Sep 18 - Dec 17	% Change Sep 18 - Dec 17
Gross Public Debt (A + B)	80,937	86,974	95,712	100,364	106,031	112,910	119,898	126,400	6,502	5%
A. Local currency debt	49,340	50,198	56,312	61,752	65,195	70,528	74,077	73,007	(1,070)	-1%
1. Central Bank	15,974	14,649	16,761	19,454	23,907	30,150	35,580	36,590	1,010	3%
2. Commercial Banks (including REPOs)	25,577	27,667	30,315	31,869	30,279	29,581	27,756	25,622	(2,134)	-8%
3. Other local debt (T-bills)	7,789	7,882	9,236	10,429	11,009	10,797	10,741	10,795	54	1%
o/w Public entities	6,538	6,479	7,117	7,701	8,461	8,718	8,941	9,166	225	3%
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	1,108	(51)	-4%
B. Foreign currency debt	31,597	36,776	39,400	38,612	40,836	42,382	45,821	53,393	7,572	17%
4. Eurobonds	27,490	32,789	35,533	34,850	37,561	39,240	42,339	50,036	7,697	18%
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	49,003	7,212	17%
* Accrued Interest on Eurobonds	407	400	444	425	435	458	480	1,033	553	115%
5. Loans	4,033	3,884	3,738	3,648	3,207	3,079	3,449	3,351	(98)	-3%
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	396	(56)	-12%
5.3 Bilateral loans (non-Paris II and III)	787	841	827	1,200	1,054	953	935	863	(71)	-8%
5.4 Multilateral loans (non-Paris II and III)	1,816	1,753	1,694	1,506	1,417	1,494	1,960	1,998	38	2%
5.5 Foreign Private Sector Loans	18	14	94	54	24	59	84	94	10	12%
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	15,397	(262)	-2%
Net debt	69,953	74,058	80,217	86,118	92,476	98,324	104,239	111,003	6,764	6%
Gross Market debt⁽⁴⁾	50,585	59,014	65,789	67,774	69,200	70,303	71,944	77,387	5,443	8%
% of total debt	62.5%	67.9%	68.7%	67.5%	65.3%	62.3%	60.0%	61.2%	1.2%	2%

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 2016 may be subject to slight modification.

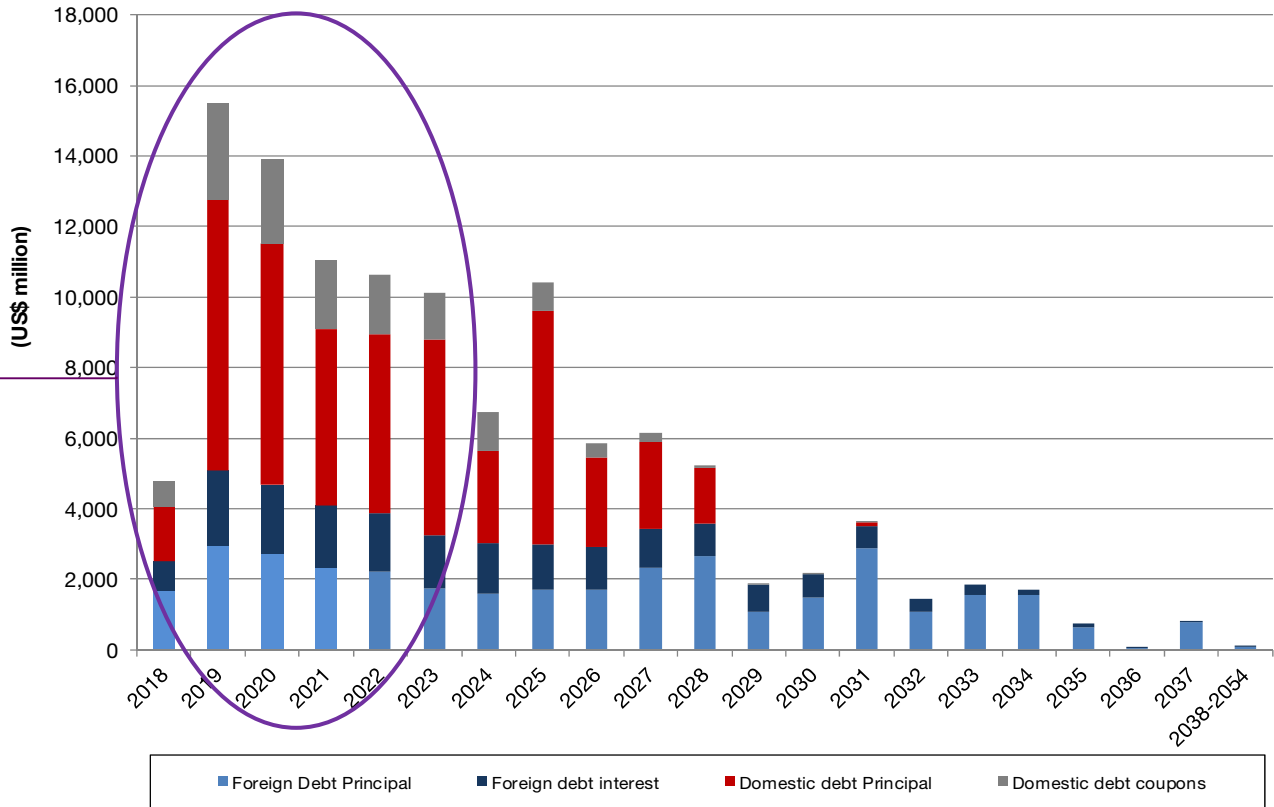
⁽²⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

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

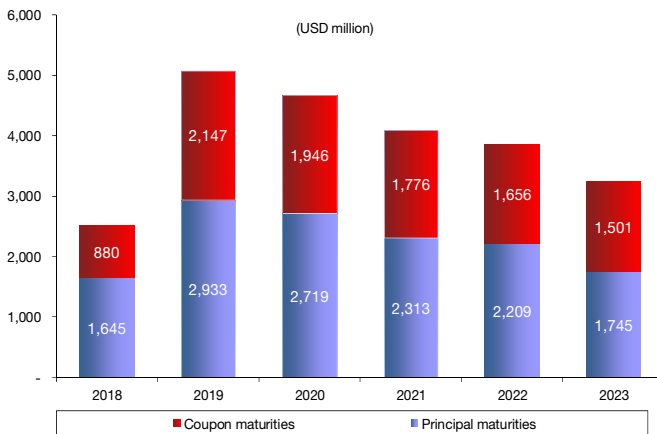
⁽⁴⁾ Gross market debt equals gross debt less the portfolios of the BDL, Public Entities, bilateral and multilateral loans, Paris II and Paris III related debt.

AMORTIZATION PROFILE

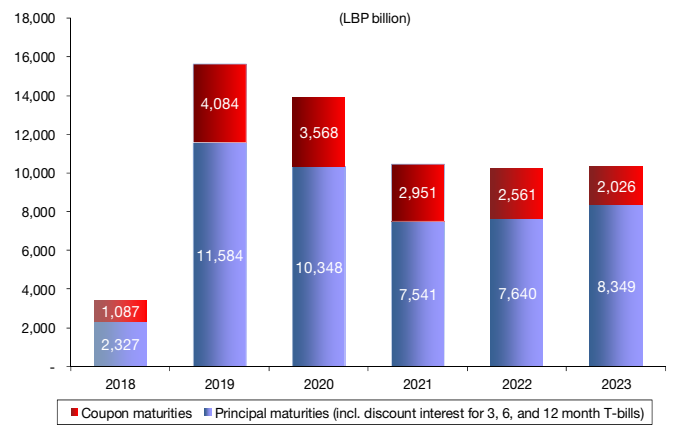
Aggregate Debt Amortization (as of end-September 2018)



Foreign Currency Debt (Eurobonds –Loans)



Domestic T-bills and T-Bonds



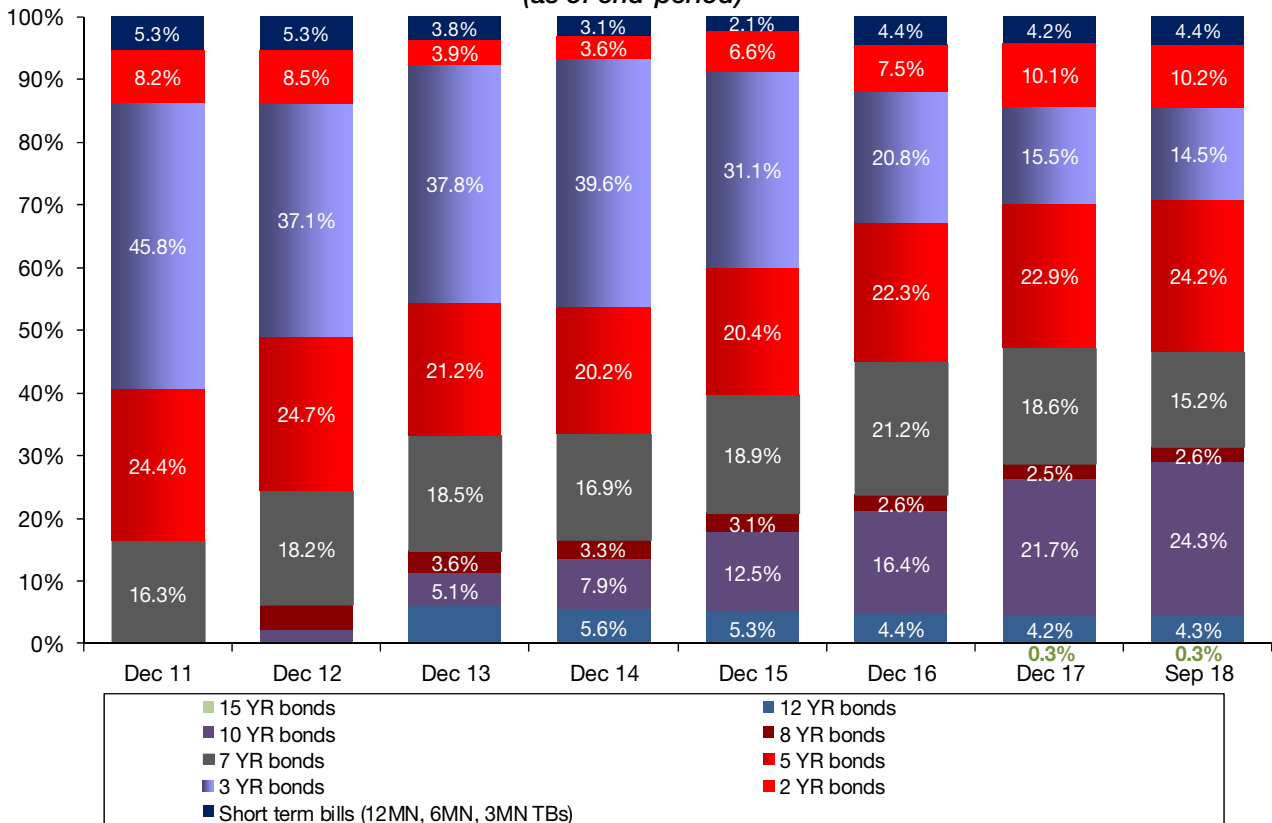
Source: MOF, BDL

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)



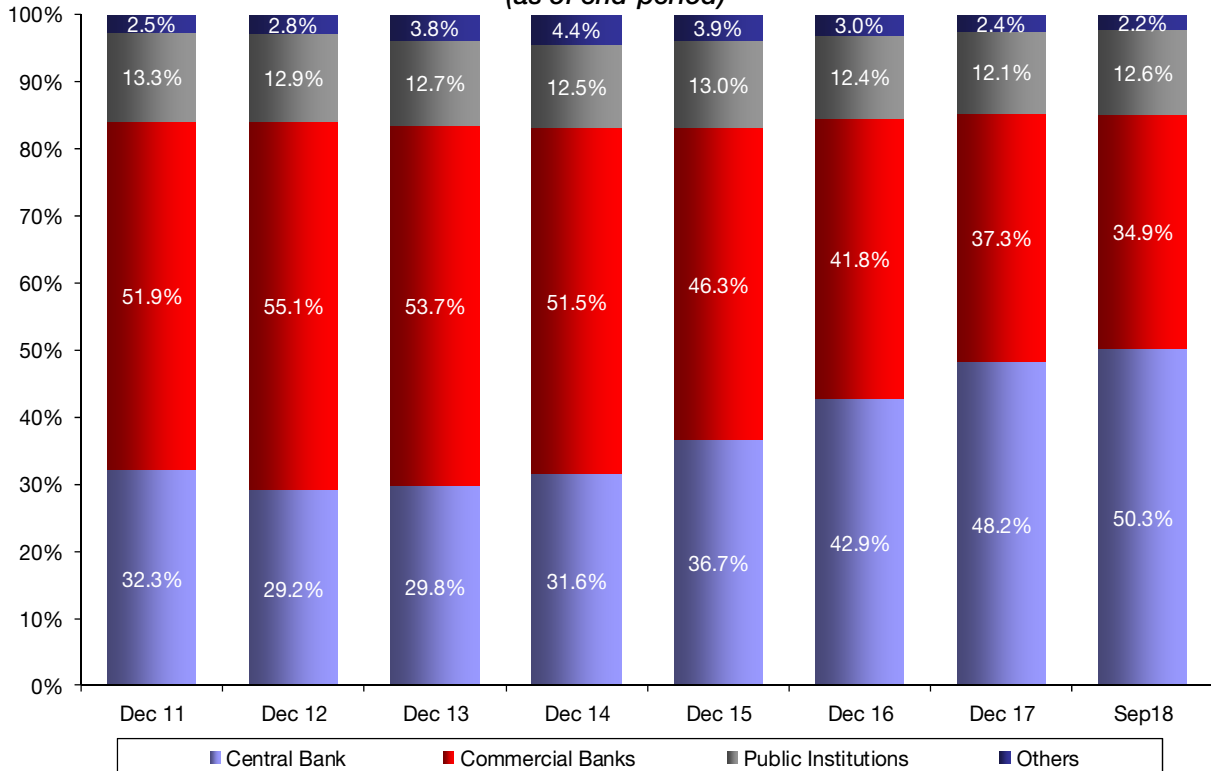
Source: MOF

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.

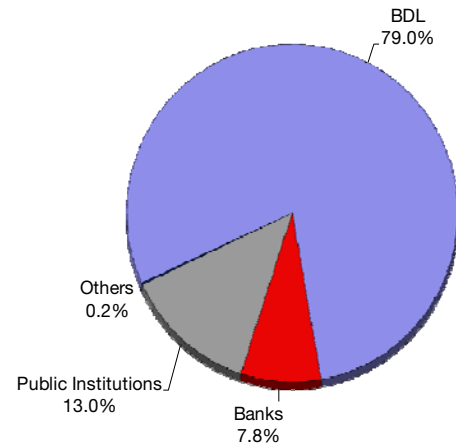
DOMESTIC CURRENCY DEBT DATA

T-Bills and Bonds Subscription Results— QIII 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	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
05-07-18	-	51	-	75	-	-	-	75	202
12-07-18	51	-	53	-	-	50	-	-	154
19-07-18	-	51	-	-	51	-	50	-	152
26-07-18	51	-	53	-	-	50	-	-	154
02-08-18	-	51	-	75	-	-	-	75	202
09-08-18	25	-	27	-	-	51	-	-	102
16-08-18	-	26	-	-	50	2,000	50	-	2126
23-08-18	25	-	26	-	-	50	-	-	102
30-08-18	-	26	-	50	-	-	-	50	126
06-09-18	25	-	53	-	-	26	2,000	-	2104
13-09-18	-	26	-	-	50	-	50	-	126
20-09-18	25	-	53	-	-	25	-	-	103
27-09-18	-	26	-	50	-	-	-	50	126
Total QIII-2018	203	257	264	251	151	2,252	2,150	251	5,779
Grand Total	1,143	1,293	1,546	2,218	4,094	4,805	3,943	2,378	21,419

QIII 2018 Subscription Results by Holder



In QIII 2018 the largest subscriber in DX Treasury bills and bonds was BDL reaching 79.0 percent of the total subscriptions. Banks share stood at 7.8 percent and the Public institutions share amounted to 13.0 percent of the total quarter subscriptions.

Domestic Treasury Bills & Bonds Auction Calendar QI 2019

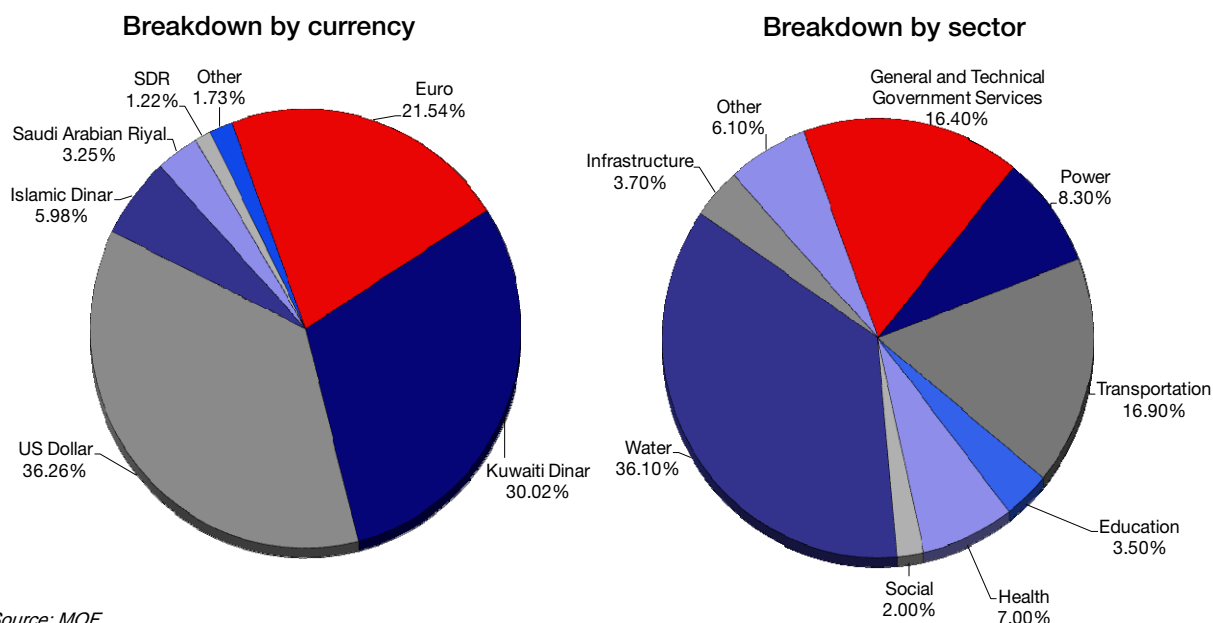
Auction Date	January				February				March				Frequency
	7	14	21	28	4	11	18	25	4	11	18	25	
Issue Date	10	17	24	31	7	14	21	28	7	14	21	28	
3 M	x		x		x		x		x		x		6
6 M		x		x		x		x		x		x	6
12 M	x		x		x		x		x		x		6
2 Y		x				x				x			3
3 Y				x				x				x	3
5 Y	x		x		x		x		x		x		6
7 Y				x				x				x	3
10 Y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

*Auctions falling on holidays will be rescheduled accordingly.

Source: MOF

FOREIGN CURRENCY DEBT DATA

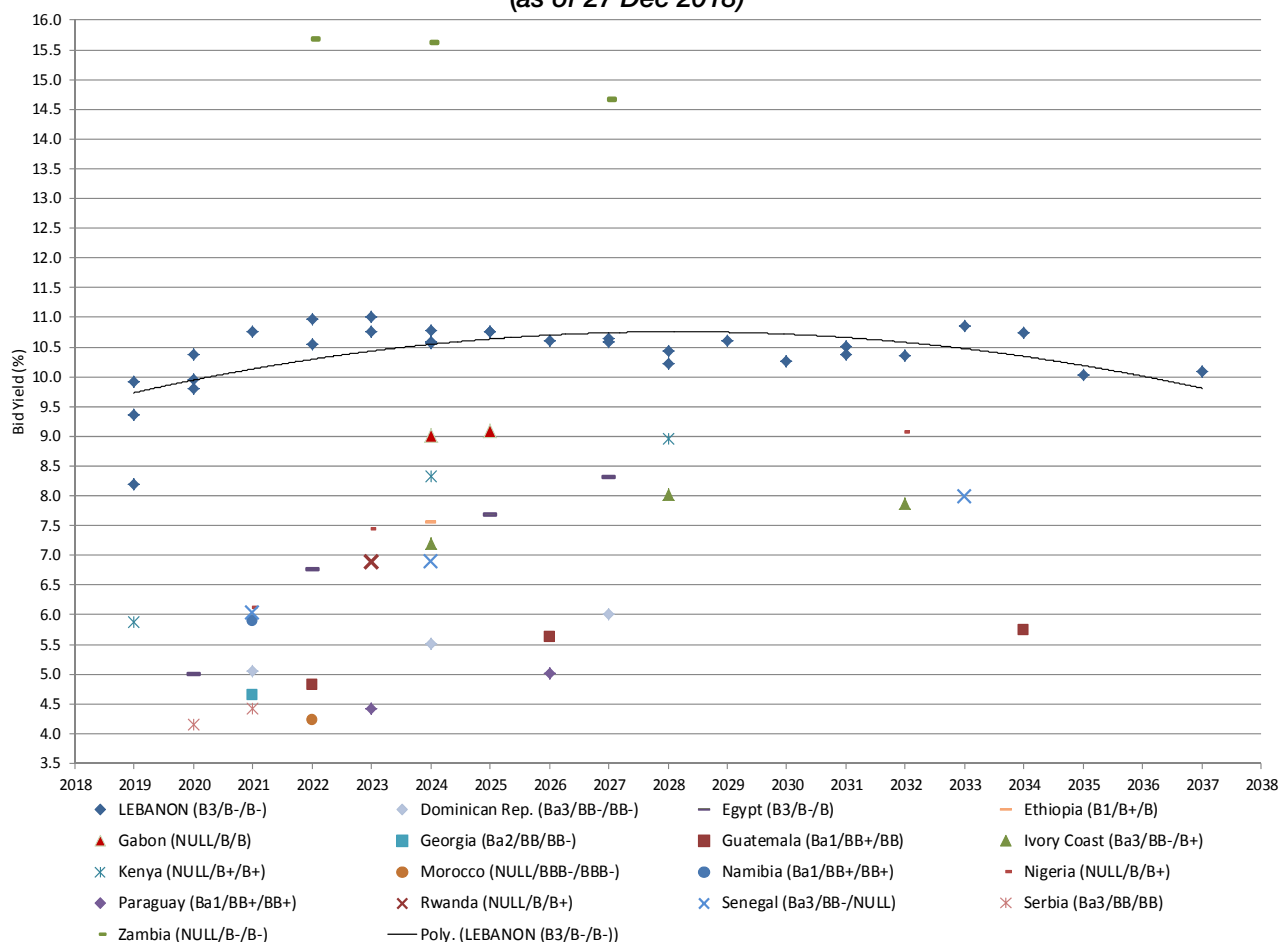
Bilateral and Multilateral Loans (as of end-September 2018)



Source: MOF

The gross outstanding debt comprises less than 3% of loans in foreign currency amounting to LBP 3,351 billion, which is mostly for project financing.

Yields for Republic of Lebanon Eurobonds and Comparables (as of 27 Dec 2018)



Source: Reuters, MOF

FOREIGN CURRENCY DEBT DATA

Marketable Eurobonds end September 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 (QIII 2018-QII 2018)
EURO							
LEB	28/11/2018	445,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
US DOLLARS							
LEB 5.15	12/11/2018	1,025,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 5.5	23/04/2019	500,000,000	97.25	99.25	8.79	432	-40.00
LEB 6	20/05/2019	650,000,000	97.25	98.45	9.56	457	-19.40
LEB 5.45	28/11/2019	1,500,000,000	94.75	95.75	9.89	695	190.98
LEB 6.375	09/03/2020	1,200,000,000	94.63	95.63	10.10	705	140.10
LEB 5.8	14/04/2020	700,000,000	92.88	93.13	10.88	736	154.83
LEB 6.15	19/06/2020	600,000,000	92.75	93.25	10.72	755	164.21
LEB 8.25	12/04/2021	2,092,469,000	93.88	94.88	10.85	835	148.14
LEB 6.25	27/05/2022	500,000,000	86.50	87.50	10.63	838	130.20
LEB 6.1	04/10/2022	1,540,000,000	84.99	86.60	10.54	814	110.26
LEB 6	27/01/2023	1,100,000,000	84.60	85.90	10.31	841	110.75
LEB 6.4	26/05/2023	500,000,000	84.25	85.25	10.64	846	106.87
LEB 6.65	22/04/2024	700,000,000	82.63	83.13	10.83	827	96.33
LEB 6.25	04/11/2024	538,467,000	80.25	81.25	10.62	843	109.44
LEB 7	03/12/2024	250,000,000	82.65	83.65	10.81	840	105.35
LEB 6.2	26/02/2025	800,000,000	79.00	80.00	10.70	830	87.18
LEB 6.25	12/06/2025	800,000,000	79.13	81.13	10.45	835	88.28
LEB 6.6	27/11/2026	1,600,000,000	78.13	79.13	10.57	816	75.93
LEB 6.85	23/03/2027	1,250,000,000	78.50	79.50	10.68	819	71.22
LEB 6.75	29/11/2027	1,000,000,000	77.65	78.95	10.49	810	82.80
LEB 7	20/03/2028	1,700,000,000	78.63	79.63	10.54	789	#N/A
LEB 6.65	03/11/2028	893,197,000	75.75	77.25	10.48	789	51.86
LEB 6.85	25/05/2029	1,000,000,000	75.75	76.75	10.63	811	77.20
LEB 6.65	26/02/2030	1,400,000,000	74.75	75.75	10.41	769	49.45
LEB 7	22/04/2031	300,000,000	75.13	76.13	10.55	801	59.57
LEB 7.15	20/11/2031	2,500,000,000	75.57	76.00	10.61	783	#N/A
LEB 7	23/03/2032	1,000,000,000	75.35	76.80	10.33	782	46.03
LEB 8.2	17/05/2033	1,500,000,000	80.88	81.88	10.75	833	#N/A
LEB 8.25	17/05/2034	1,500,000,000	81.88	82.88	10.58	821	#N/A
LEB 7.05	02/11/2035	600,000,000	75.55	76.63	10.00	743	35.79
LEB 7.25	23/03/2037	750,000,000	75.13	76.13	10.21	754	35.46

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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