

DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 51, Quarter IV 2019



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end-2019, gross public debt stood at LL 138,150 billion (US\$ 91.6 billion), a 7.6 percent increase compared to end-2018.
- Net public debt registered LL 122,473 billion (US\$ 81.2 billion) at end-2019, an increase of 7.3 percent compared to end-2018.
- Domestic currency debt reached LL 87,279 billion at end-2019, an increase of 12.1 percent compared to end-2018.
- Foreign currency debt totaled LL 50,871 billion (US\$ 33.7 billion) at end-2019 a 0.7 percent increase from end-2018 level.
- On 27 November 2019, the Lebanese Ministry of Finance (MoF) concluded a dual-tranche Eurobond privately placed transaction with BDL. The first series consisted of a new US\$ 1.5 billion 11.5% coupon Eurobond due 27 November 2029 (Series 90) at a yield of 11.5%; and the second series a new US\$ 1.5 billion 12.0% coupon Eurobond due 27 July 2035 (Series 90) at a yield of 12.0%.

KEY COST AND RISK INDICATORS

As end 2019	QIV 2019 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change end 2018 - Sep 2019	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
Gross Government Debt	138,150	91.6	7.6%			
DX	87,279	57.9	12.1%	63.18%	4.83 yr	6.47%
FX	50,871	33.7	0.7%	36.82%	8.17 yr	7.38%
Net Government Debt	122,473	81.2	7.3%			

SOVEREIGN RATINGS

Lebanon Sovereign Debt Rating (as of March 02, 2020)

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

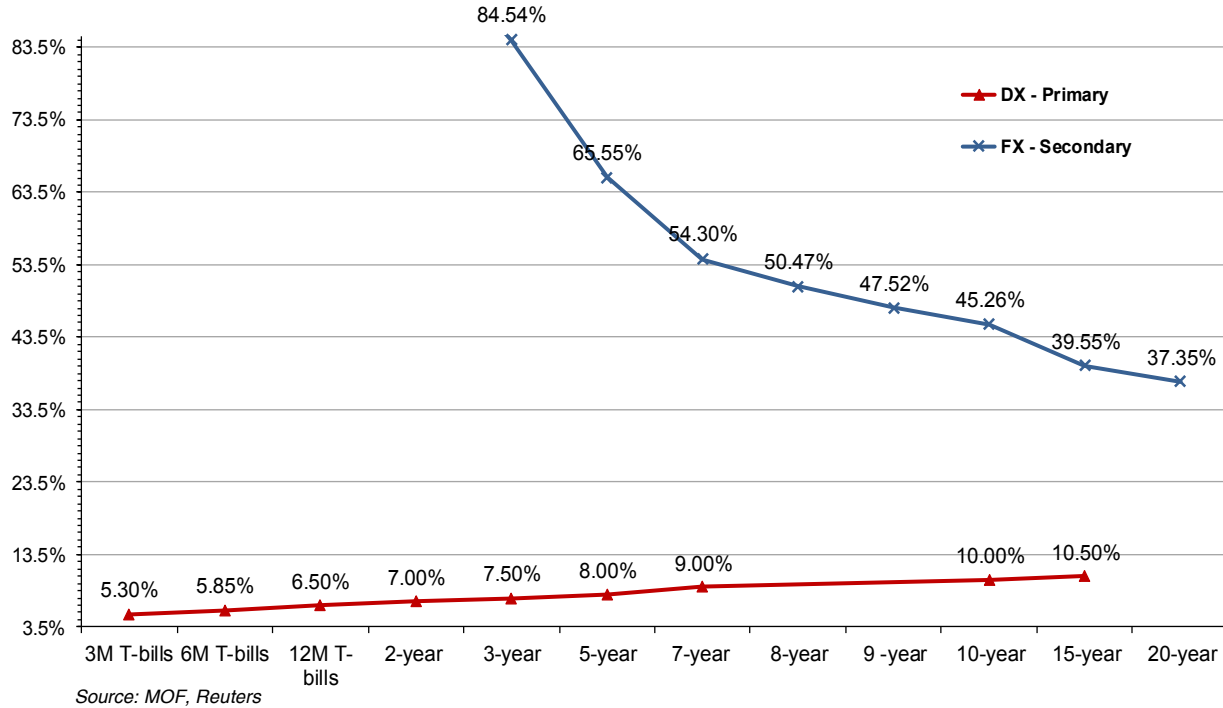
* On 12 December 2019, Fitch Ratings Investors Services downgraded long- and short-term foreign and local currency sovereign credit ratings on Lebanon to CC/C from CCC/C.

** On 21 February 2020, Moody's Investors Services downgraded Lebanon's bond rating from Caa2 to Ca and changed outlook to stable.

*** On 21 February 2020, Standard and Poor's lowered its long- and short-term foreign and local currency sovereign credit ratings on Lebanon to 'CC/C' from 'CC/C' keeping the outlook negative.

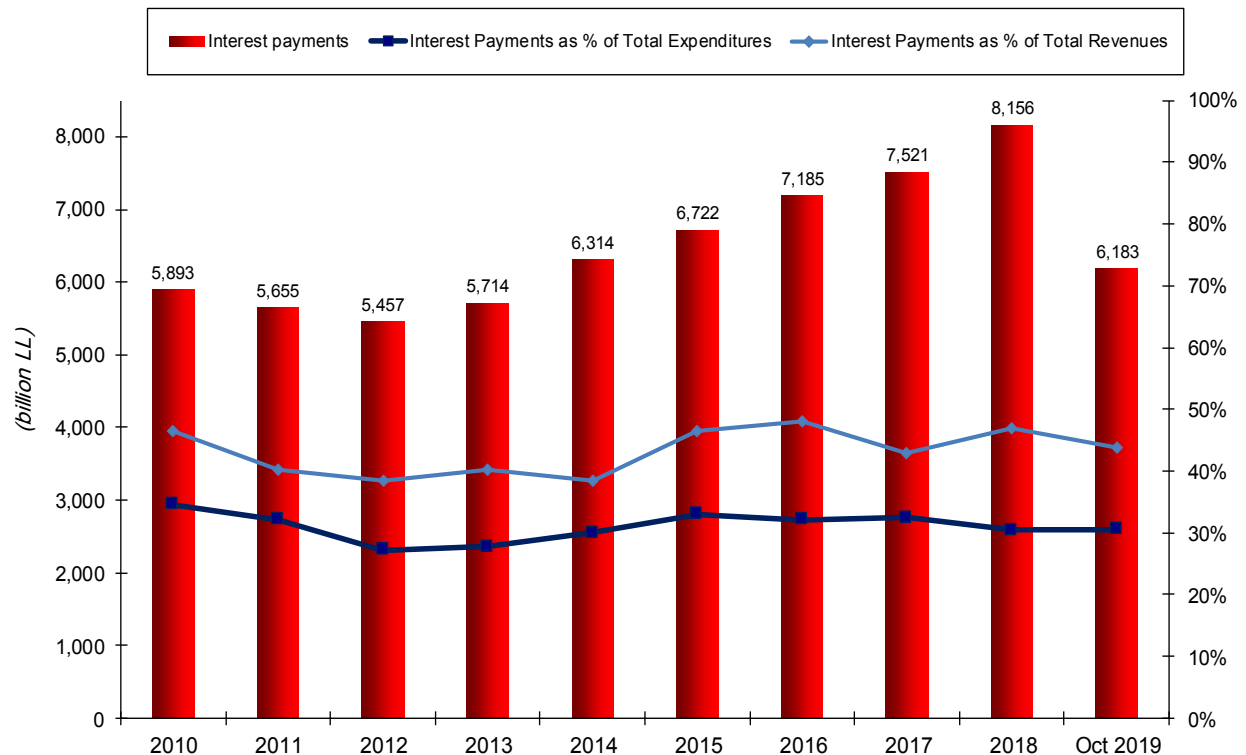
INTEREST RATES & COST

Government DX & FX T-Bills and T-Bonds Yield Curve as at 02 March 2020



During QIV 2019, primary market rates on DX Treasury bills and bonds issued remained unchanged compared to QIII 2019 levels. Eurobonds secondary levels as at 02 March 2020 have widened by 2,769 bps on average from the 02 December 2019 levels quoted in the QIII 2019 Debt & Debt Markets report.

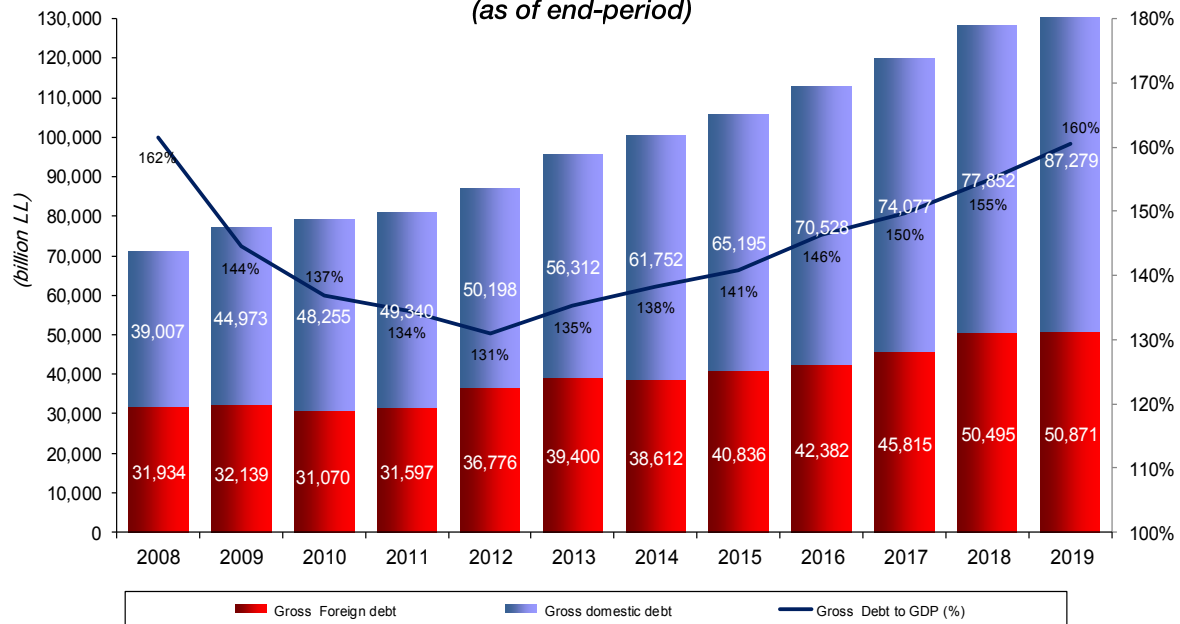
Interest Payments As end of Period



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 2008-2018: Lebanese National Accounts - CAS revised estimates published in December 2019.

3- GDP 2019: Computed based on 2018 CAS figure and using the IMF growth rate and deflator published on WEO - October 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	Dec-19	Change Dec 19 - Dec 18	% Change Dec 19 - Dec 18
Gross Public Debt (A + B)⁽¹⁾	86,974	95,712	100,364	106,031	112,910	119,892	128,347	138,150	9,803	8%
A. Local currency debt	50,198	56,312	61,752	65,195	70,528	74,077	77,852	87,279	9,427	12%
1. Central Bank	14,649	16,761	19,454	23,907	30,150	35,580	39,006	50,717	11,711	30%
2. Commercial Banks (including REPOs)	27,667	30,315	31,869	30,279	29,581	27,756	27,402	25,316	(2,086)	-8%
3. Other local debt (T-bills)	7,882	9,236	10,429	11,009	10,797	10,741	11,444	11,246	(198)	-2%
o/w Public entities	6,479	7,117	7,701	8,461	8,718	8,941	9,956	9,968	12	0%
o/w Contractor bonds	134	134	180	180	139	166	166	120	(46)	-28%
* Accrued interest included in debt	789	877	1,029	997	1,098	1,159	1,123	1,294	171	15%
B. Foreign currency debt⁽²⁾	36,776	39,400	38,612	40,836	42,382	45,815	50,495	50,871	376	1%
4. Eurobonds	32,789	35,533	34,850	37,561	39,240	42,339	47,225	47,776	551	1%
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	47,206	528	1%
* Accrued Interest on Eurobonds	400	444	425	435	458	480	547	570	23	4%
5. Loans	3,884	3,738	3,648	3,207	3,079	3,443	3,264	3,092	(172)	-5%
5.1 Paris II loans	279	208	128	83	48	18	-	-	-	-
5.2 Paris III loans ⁽²⁾	997	915	760	629	525	452	344	261	(83)	-24%
5.3 Bilateral loans (non-Paris II and III)	841	827	1,200	1,054	953	935	822	727	(95)	-12%
5.4 Multilateral loans (non-Paris II and III)	1,753	1,694	1,506	1,417	1,494	1,954	2,015	2,036	21	1%
5.5 Foreign Private Sector Loans	14	94	54	24	59	84	83	68	(15)	-18%
6. Other debt	103	129	114	68	63	33	6	3	(3)	-50%
6.1 Special Tbs in Foreign currency ⁽³⁾	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	15,677	1,491	11%
Net debt	74,058	80,217	86,118	92,476	98,324	104,233	114,161	122,473	8,312	7%
Gross Market debt ⁽⁴⁾	59,014	65,789	67,774	69,200	70,303	71,944	76,204	74,441	(1,763)	-2%
% of total debt	67.9%	68.7%	67.5%	65.3%	62.3%	60.0%	59.4%	53.9%	-5.5%	-9%

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.

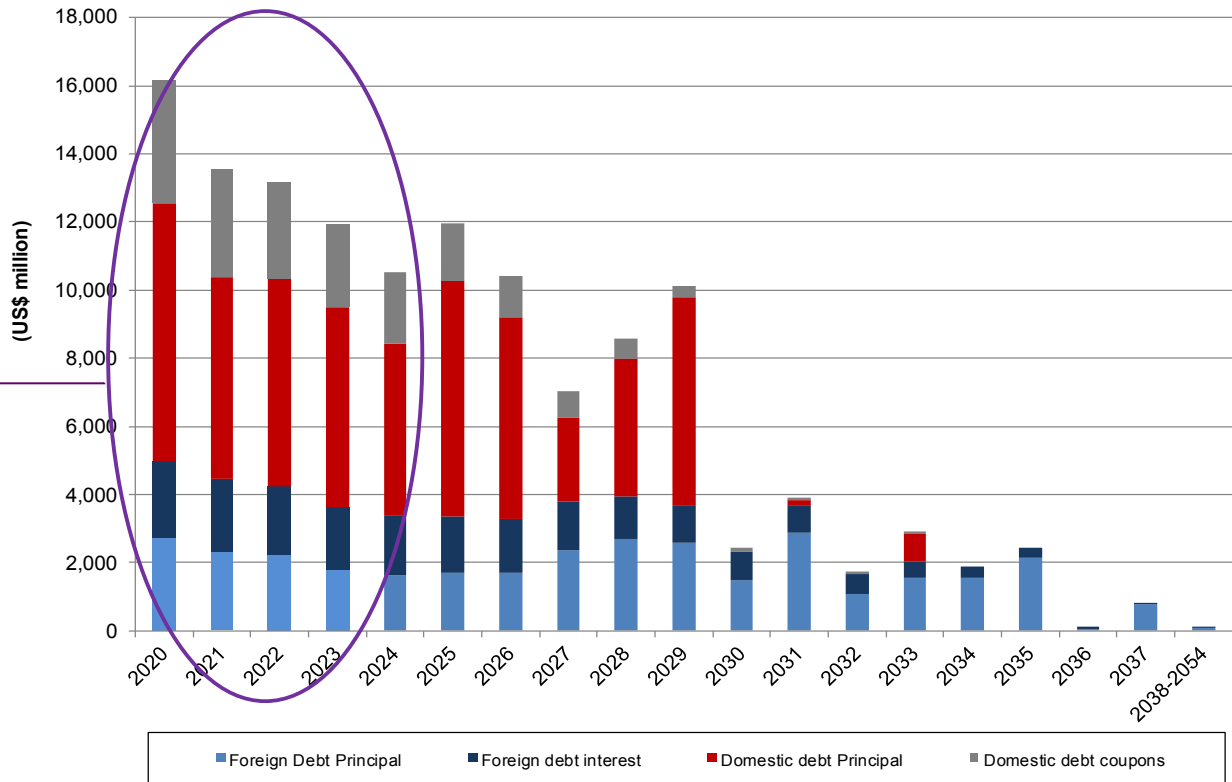
⁽²⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

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

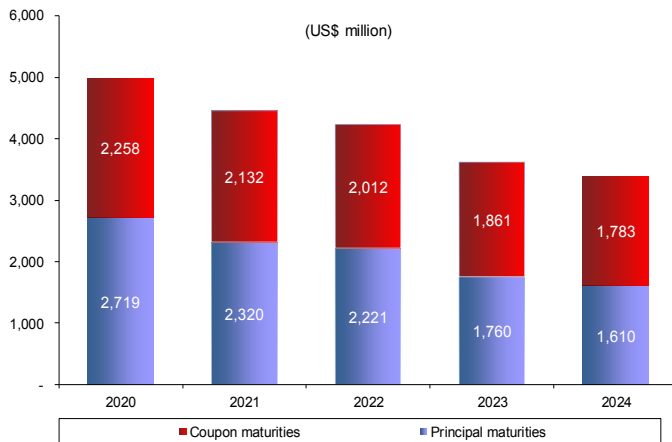
⁽⁴⁾ Gross market debt equals gross debt less the portfolios of the BDL, Public Entities, bilateral and multilateral loans, Paris II and Paris III related debt.

AMORTIZATION PROFILE

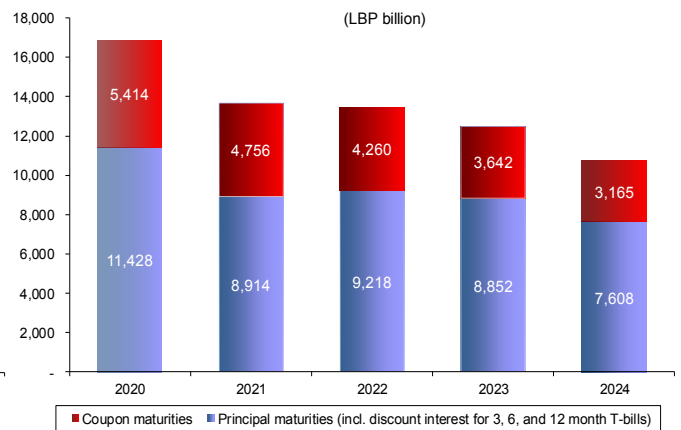
Aggregate Debt Amortization (as of end-December 2019)



Foreign Currency Debt (Eurobonds –Loans)



Domestic T-bills and T-Bonds

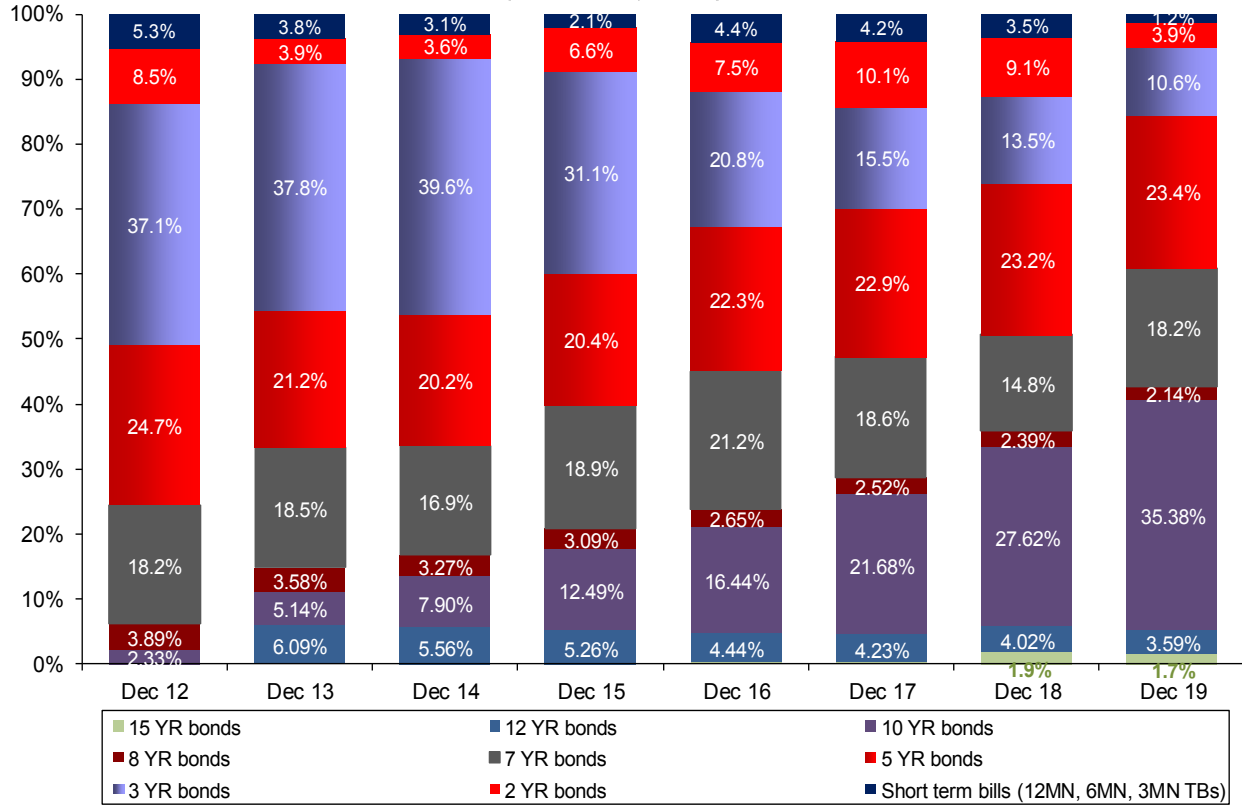


Source: MOF, BDL

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)



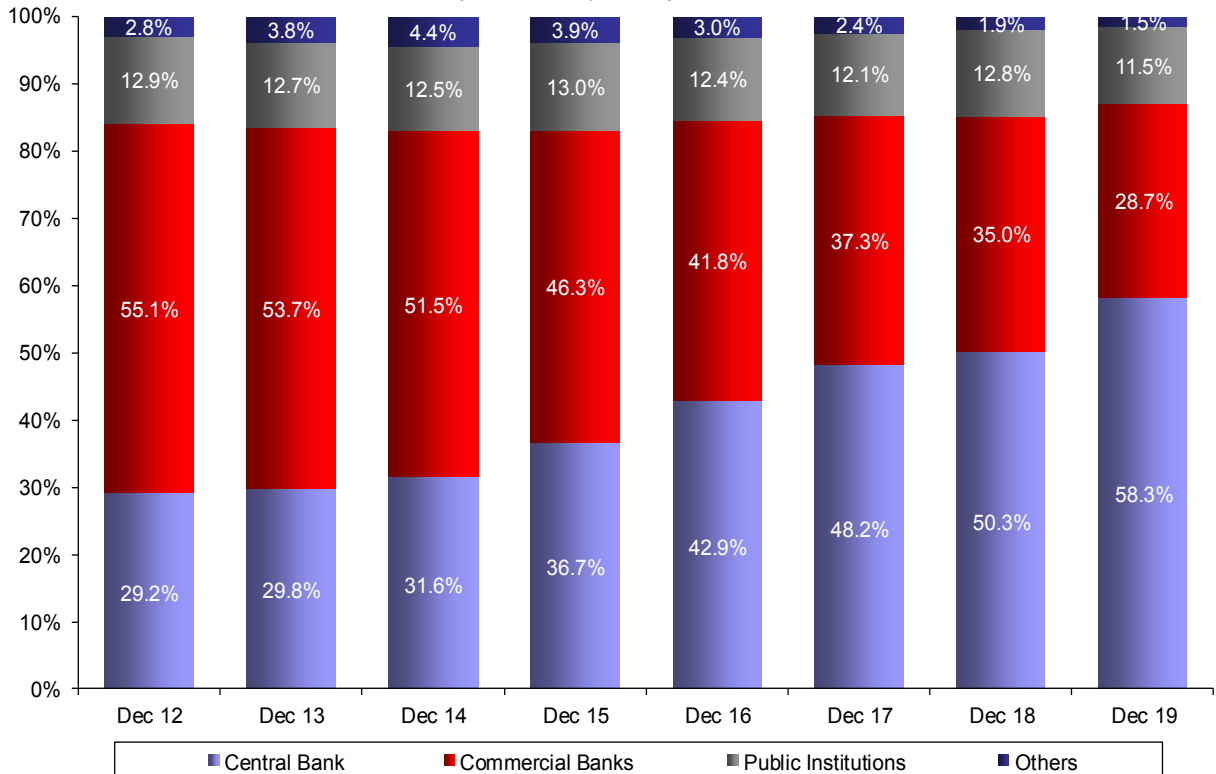
Source: MOF

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 120 billion contractor bonds issued in 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.

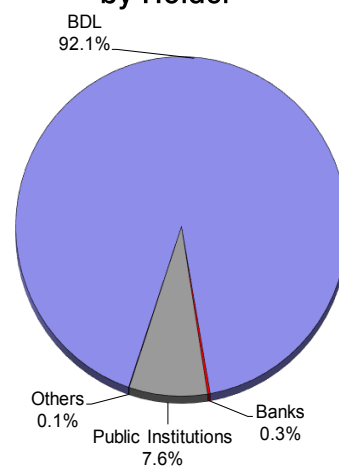
DOMESTIC CURRENCY DEBT DATA

T-Bills and Bonds Subscription Results— QIV 2019

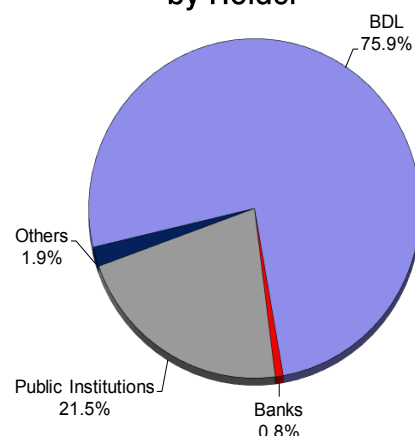
Weekly Issued Amounts

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
QII-2019	42	38	244	321	417	620	174	1,962	3,819
QIII-2019	-	47	190	329	331	705	703	1,462	3,767
03-10-19	-	-	-	-	-	41	-	-	41
10-10-19	-	1	-	-	200	-	611	-	812
17-10-19	8	-	53	-	-	170	-	-	231
24-10-19	-	-	-	-	-	-	-	442	442
31-10-19	-	-	-	-	-	91	-	-	91
07-11-19	-	7	-	-	105	-	1,922	-	2,034
14-11-19	3	-	5	-	-	21	-	-	29
21-11-19	-	4	-	58	-	-	-	1,558	1,620
28-11-19	8	-	15	-	-	1,046	-	-	1,069
05-12-19	-	8	-	-	10	-	117	-	135
12-12-19	8	-	60	-	-	51	-	1,500	1,619
19-12-19	-	6	-	60	-	-	-	116	182
26-12-19	-	-	-	20	-	100	-	1,500	1,620
Total QIV-2019	26	25	133	138	315	1,520	2,650	5,116	9,924
Grand Total	305	162	939	1,039	1,578	3,662	5,164	9,175	22,025

QIV 2019 Subscription Results by Holder



Year 2019 Subscription Results by Holder



In 2019 the largest subscriber in DX Treasury bills and bonds was BDL reaching 75.9 percent of the total subscriptions. Public Institutions share stood at 21.5 percent and the Banks share at 0.8 percent of total quarter subscriptions.

Domestic Treasury Bills & Bonds Auction Calendar QI 2020

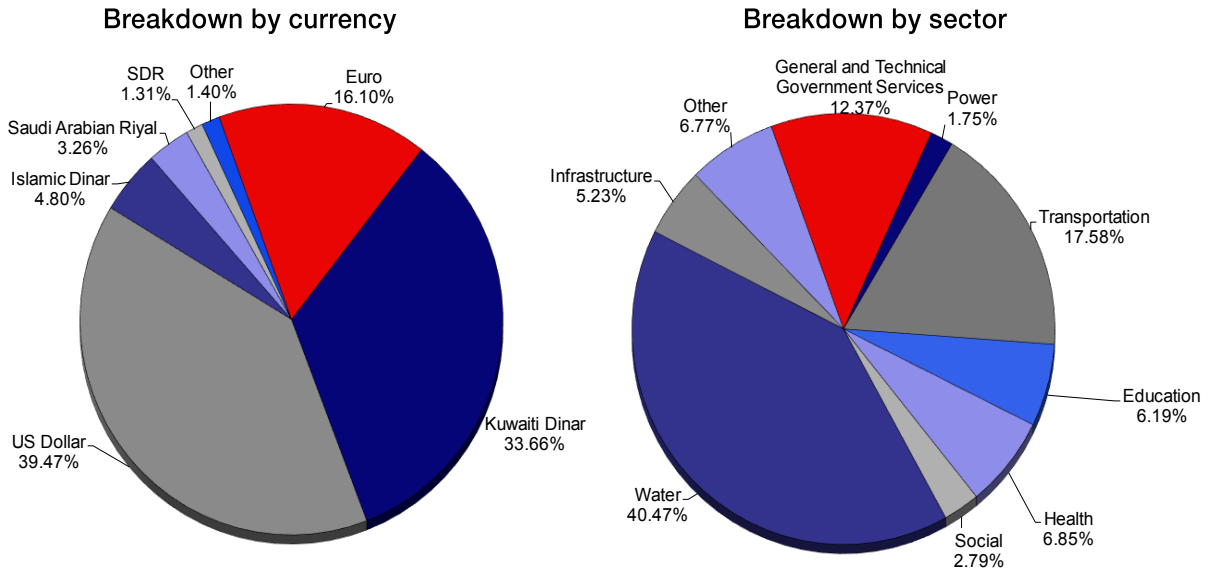
	January				February				March				Frequency	
Auction Date	6	13	20	27	3	10	17	24	2	9	16	23		30
Issue Date	9	16	23	30	6	13	20	27	5	12	19	26	2-Apr	
3 M	x		x		x		x		x		x		x	7
6 M		x		x		x		x		x		x		6
12 M	x		x		x		x		x		x		x	7
2 Y		x				x				x				3
3 Y				x				x				x		3
5 Y	x		x		x		x		x		x		x	7
7 Y				x				x				x		3
10 Y		x				x				x				3

*Auctions falling on holidays will be rescheduled accordingly.

Source: MOF

FOREIGN CURRENCY DEBT DATA

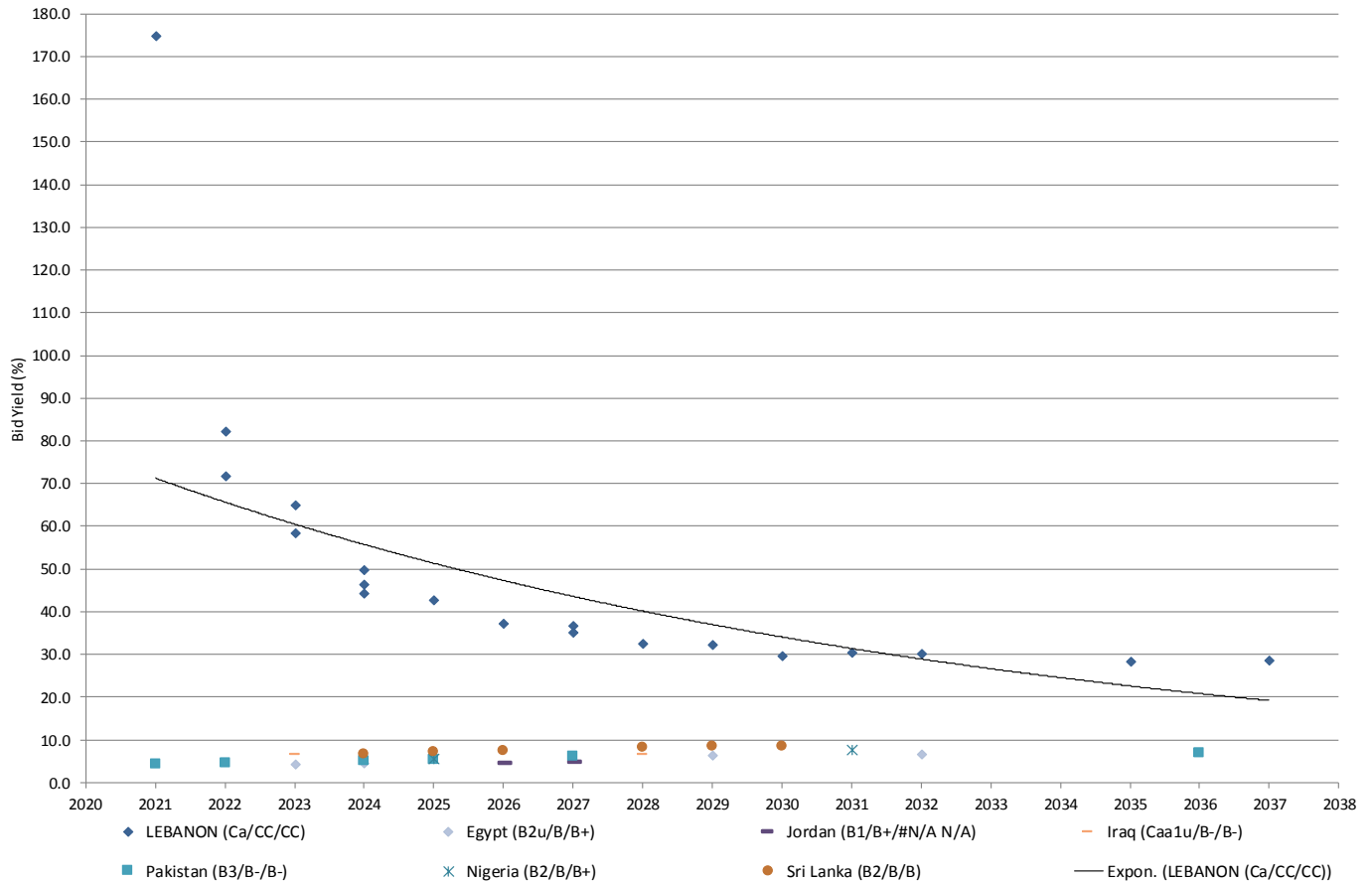
Bilateral and Multilateral Loans (as of end- December 2019)



Source: MOF

The gross outstanding debt comprises less than 2.2% of loans in foreign currency amounting to LBP 3,092 billion, which is mostly for project financing.

Yields for Republic of Lebanon Eurobonds and Comparables (as of 02 March 2020)



Source: DB

FOREIGN CURRENCY DEBT DATA

Marketable Eurobonds end December 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 (QIII 2019-QII 2019)
US DOLLARS							
LEB 6.375	09/03/2020	1,200,000,000	87.13	88.63	79.62	9454	7845
LEB 5.8	14/04/2020	700,000,000	81.25	82.75	83.31	9341	7924
LEB 6.15	19/06/2020	600,000,000	78.50	80.00	64.06	6560	5102
LEB 8.25	12/04/2021	2,092,469,000	55.63	57.13	62.53	6222	4415
LEB 6.25	27/05/2022	500,000,000	48.38	49.88	41.75	4091	2303
LEB 6.1	04/10/2022	1,540,000,000	48.38	49.88	37.10	3616	1857
LEB 6	27/01/2023	1,100,000,000	46.38	47.88	35.71	3474	1757
LEB 6.4	26/05/2023	500,000,000	46.25	47.75	33.75	3272	1597
LEB 6.65	22/04/2024	700,000,000	45.25	46.75	29.63	2848	1280
LEB 6.25	04/11/2024	538,467,000	45.13	46.63	26.87	2566	1105
LEB 7	03/12/2024	250,000,000	45.00	46.50	27.93	2672	1181
LEB 6.2	26/02/2025	800,000,000	44.88	46.38	25.89	2464	1058
LEB 6.25	12/06/2025	800,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 6.6	27/11/2026	1,600,000,000	45.00	46.50	22.39	2102	784
LEB 6.85	23/03/2027	1,250,000,000	44.75	46.25	22.41	2103	778
LEB 6.75	29/11/2027	1,000,000,000	44.75	46.25	21.28	1986	725
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	44.75	46.25	20.05	1859	666
LEB 6.85	25/05/2029	1,000,000,000	44.75	46.25	19.87	1839	643
LEB 11.5	27/11/2029	1,500,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 6.65	26/02/2030	1,400,000,000	44.75	46.25	18.91	1740	615
LEB 7	22/04/2031	300,000,000	44.75	46.75	18.68	1724	591
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	44.75	46.25	18.29	1674	581
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 12	27/07/2035	1,500,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 7.05	02/11/2035	600,000,000	44.75	46.25	17.13	1552	515
LEB 7.25	23/03/2037	750,000,000	44.88	46.38	17.16	1555	518

Source: Byblos Bank—Bloomberg

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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