

LEBANON THIS WEEK

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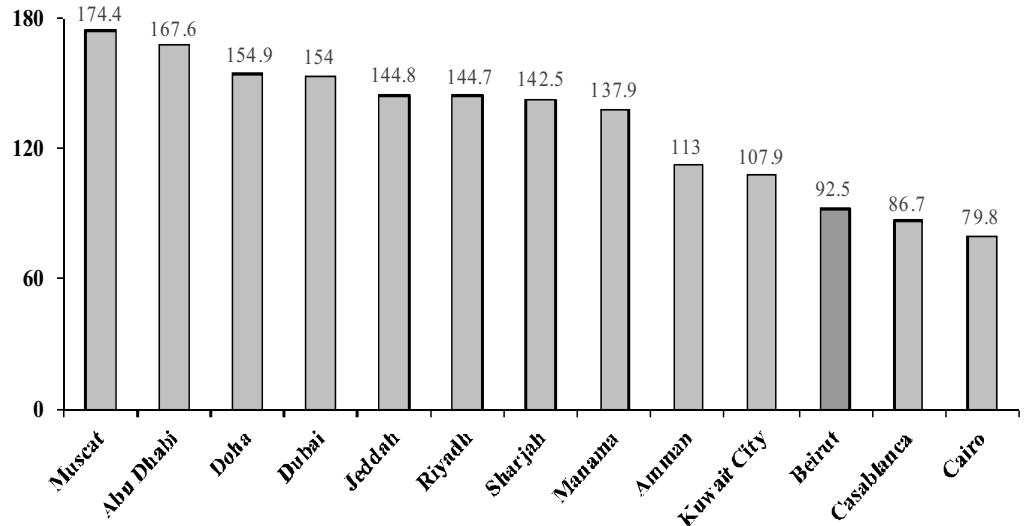
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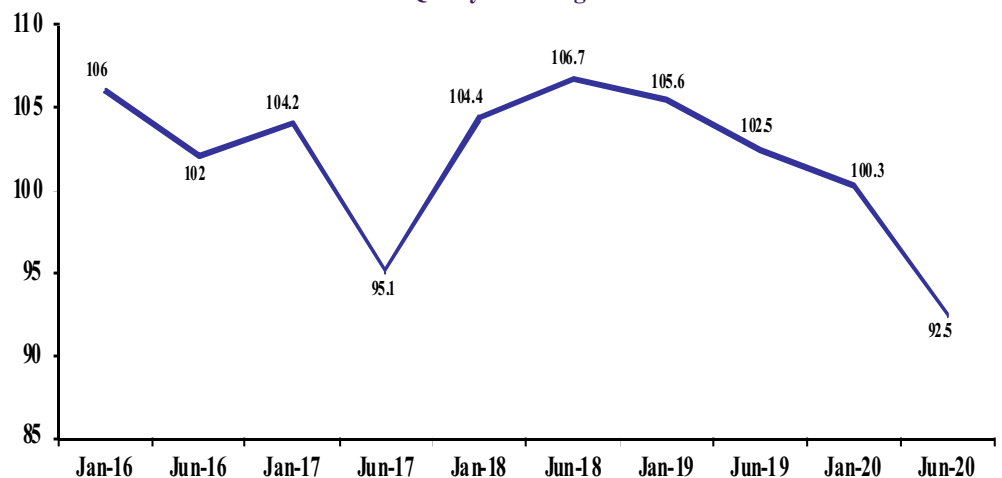
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Charts of the Week

Quality of Living Index in Select Arab Cities



Evolution of Quality of Living Index in Beirut



*Higher score reflects better quality of living

Source: Numbeo's mid-2020 Quality of Living Index, Byblos Bank

Quote to Note

"We are really ready to help you, but help us to help you."

Jean-Yves Le Drian, French Minister of Foreign Affairs and International Development, on the fact that the international community will not be able to support Lebanon if Lebanese authorities do not start implementing much-needed structural reforms

Number of the Week

21.5%: Banque du Liban's gold reserves, as a share of the Arab countries' official gold holdings in tons as of July 2020, according to the World Gold Council

Lebanon in the News

\$m (unless otherwise mentioned)	2019	Jan-May 2019	Jan-May 2020	% Change*	May-19	Apr-20	May-20
Exports	3,731	1,440	1,335	(7.3)	319	171	251
Imports	19,239	8,762	4,349	(50.4)	2,456	745	674
Trade Balance	(15,508)	(7,322)	(3,014)	(58.8)	(2,137)	(574)	(423)
Balance of Payments	(5,851)	(5,187)	(2,191)	(57.8)	(1,882)	(241)	(888)
Checks Cleared in LBP	22,146	8,732	7,748	(11.3)	1,623	998	1,105
Checks Cleared in FC	34,827	14,677	13,847	(5.7)	2,529	1,948	1,467
Total Checks Cleared	56,973	23,409	21,595	(7.7)	4,152	2,946	2,572
Fiscal Deficit/Surplus**	(5,837)	(1,380)	(1,751)	26.9	(1,006)	(96)	-
Primary Balance**	(287)	23	(596)	-	(60)	79	-
Airport Passengers	8,684,937	3,139,690	1,191,376	(62.1)	572,876	6,029	20,253
Consumer Price Index	2.9	3.6	28.6	2500bps	3.5	46.6	56.5

\$bn (unless otherwise mentioned)	Dec-19	May-19	Feb-20	Mar-20	Apr-20	May-20	% Change*
BdL FX Reserves	29.55	29.72	28.34	28.23	27.37	26.44	(11.0)
In months of Imports	21.95	12.10	29.80	34.18	36.76	39.24	224.3
Public Debt	91.64	85.35	92.24	92.60	92.87	-	-
Bank Assets	216.78***	253.63	210.34	208.55	205.75	203.84	(19.6)
Bank Deposits (Private Sector)	158.86	170.85	151.71	149.59	147.52	146.30	(14.4)
Bank Loans to Private Sector	49.77	56.32	46.08	45.02	43.90	42.91	(23.8)
Money Supply M2	42.11	49.23	39.59	39.60	38.64	38.78	(21.2)
Money Supply M3	134.55	139.33	130.95	130.34	129.52	129.67	(6.9)
LBP Lending Rate (%)	9.09	10.75	9.33	9.41	9.29	8.45	(230bps)
LBP Deposit Rate (%)	7.36	8.72	5.81	5.13	5.06	4.63	(409bps)
USD Lending Rate (%)	10.84	9.54	9.11	8.55	7.79	7.90	(164bps)
USD Deposit Rate (%)	4.62	5.79	3.22	2.53	2.32	1.99	(380bps)

*year-on-year **year-to-date figures reflect results for first four months of each year ***The decline in assets in December 2019 is mainly due to the "netting" on the assets and liabilities' sides of the consolidated balance sheet of commercial banks as part of the implementation of international accounting standard IFRS 7
Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

Most Traded Stocks on BSE	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization
Solidere "A"	14.93	5.44	482,206	22.99%
Solidere "B"	15.00	7.07	127,886	15.01%
Audi Listed	0.94	6.82	45,934	8.52%
Byblos Common	0.45	0.00	15,000	3.92%
BLOM Listed	3.18	(5.64)	100	10.53%
HOLCIM	12.10	0.00	-	3.64%
BLOM GDR	3.00	0.00	-	3.41%
Audi GDR	1.39	0.00	-	2.56%
Byblos Pref. 08	49.95	0.00	-	1.54%
Byblos Pref. 09	52.75	0.00	-	1.62%

Source: Beirut Stock Exchange (BSE); *week-on-week

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Apr 2021	8.25	18.00	432.73
Oct 2022	6.10	17.00	97.97
Jan 2023	6.00	16.75	84.46
Jun 2025	6.25	16.75	39.90
Nov 2026	6.60	16.88	29.98
Feb 2030	6.65	16.00	19.99
Apr 2031	7.00	16.50	17.45
May 2033	8.20	15.13	15.26
Nov 2035	7.05	17.00	11.92
Mar 2037	7.25	17.63	10.68

Source: Byblos Bank Capital Markets, Refinitiv

	Jul 6-10	Jun 29-Jul 3	% Change	June 2020	June 2019	% Change
Total shares traded	671,126	5,446,227	(87.7)	9,040,647	1,693,147	434
Total value traded	\$8,812,422	\$11,495,669	(23.3)	\$28,524,807	\$7,832,924	264.2
Market capitalization	\$6.50bn	\$6.36bn	2.1	\$6.36bn	\$8.58bn	(25.9)

Source: Beirut Stock Exchange (BSE)



Cost of living in Beirut is 167th highest in the world, second highest among Arab cities

The Mid-2020 Cost of Living Index, produced by crowd-sourced global database Numbeo, ranked the cost of living in Beirut as the 167th highest among 514 cities around the world and the second highest among 25 Arab cities. Also, the cost of living in Beirut was the highest among 101 cities in upper middle-income countries (UMICs) included in the survey. In comparison, Beirut came in 157th place in the mid-2019 survey among 377 cities worldwide. Beirut ranked in the 68th percentile worldwide in the Mid-2020 Index, which means that the cost of living in the city was higher than about 68% of cities in the survey, while the cost of living in Beirut was higher than about 58% of cities worldwide in the mid-2019 survey, which reflects a relative increase in the city's cost of living. The Cost of Living Index is an indicator of the prices of consumer goods, such as groceries, meals & drinks at restaurants, transportation and utilities. Numbeo benchmarks the Index against New York City. It also issues a Rent Index, which is an estimation of apartment rents in a city compared to New York City rents. Numbeo relies on residents' inputs and uses data from official sources to compute the indices.

According to the Cost of Living Index, consumer goods in Beirut are more expensive than in Turin in Italy, Houston in the United States, and Bonn in Germany; while they are less costly than in Las Vegas and Louisville in the United States, and in Edinburgh in Scotland. Beirut received a score of 68.5 points, which means that prices in Beirut are 31.5% lower than those in New York City.

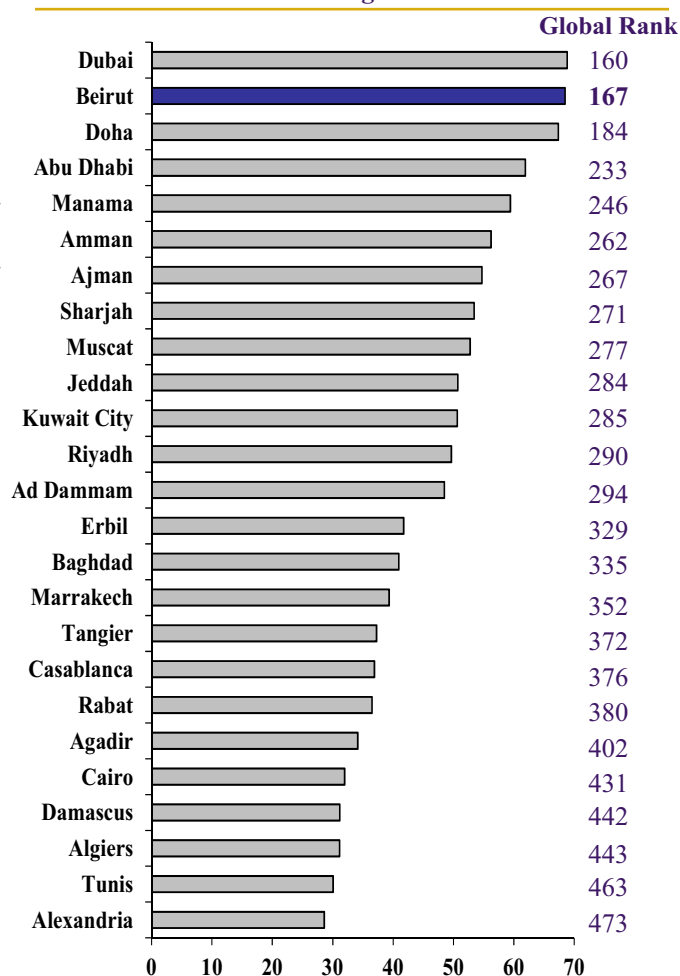
In parallel, the Rent Index ranked Beirut in 206th place globally, in seventh place among Arab cities, and in sixth place among cities in UMICs. Globally, renting an apartment in Beirut is more expensive than in Cardiff in the United Kingdom, Lille in France, and Tampere in Finland; while it is less expensive than in Exeter and Aberdeen in the United Kingdom, and Shenzhen in China. Further, Dubai, Doha, Abu Dhabi, Ajman, Kuwait City and Manama are the only Arab cities that have more expensive rents than Beirut; while Shanghai, Beijing, Moscow, Bangkok, and Shenzhen are the only cities among UMICs with more expensive rents. Beirut received a score of 24.4 points on the index, which means that rent in Beirut is 75.6% less expensive than in New York City.

Also, the Groceries Index, which is an estimate of grocery prices in a city compared to New York City, ranked Beirut in 204th place globally, in second place among Arab cities and in fourth place among cities in UMICs. Beirut received a score of 55 points, which means that groceries in Beirut are 45% less expensive than they are in New York City. Globally, groceries in Beirut are more expensive than in Birmingham and Sheffield in the United Kingdom, and in Finland's Turku; while they are cheaper than in Bangkok, and in Oxford and Coventry in the United Kingdom. In addition, groceries in Beirut are less costly than only in Doha among Arab cities.

Finally, the Restaurant Index, which compares the prices of meals and drinks at restaurants and pubs relative to New York City, ranked Beirut in 196th place globally, in third place among Arab cities and in first place among cities in UMICs. The Lebanese capital received a score of 60.73 points on the index, which means that prices at restaurants and pubs in Beirut are 39.3% less expensive than they are in New York City. Globally, meals and drinks at restaurants and pubs in Beirut are more expensive than in Barcelona, Coventry, and Adelaide in Australia; while they are cheaper than in Bonn, Birmingham, and Kitchener in Canada. Also, meals and drinks at restaurants and pubs in Beirut are less costly than only in Dubai and Doha among Arab cities.

On a country basis, the Index ranked the cost of living in Lebanon as the 34th highest among 135 countries worldwide, the second highest among 41 UMICs, and the third highest among 16 Arab countries behind Qatar and Libya. Lebanon came in 35th place globally on the Rent Index, in 40th place on the Groceries Index, and in 31st place on the Restaurant Index.

Cost of Living Index for Mid-2020
Scores & Rankings of Arab Cities



Source: Numbeo, Byblos Research

Lebanon ranks 64th globally, fifth in Arab world in insurance premiums in 2019

Swiss Re's annual survey of the global insurance market indicated that Lebanon ranked in 64th place among the largest 88 markets in terms of premiums generated in 2019, and came in fifth place among 12 Arab markets included in the survey. Lebanon ranked in 61st place globally and in fourth place among Arab countries in 2018. Lebanon generated \$1.61bn in total premiums in 2019, constituting a decline of 4% in nominal terms and a drop of 6.7% in real terms from the preceding year. Total premiums generated in Lebanon last year accounted for 0.03% of global premiums, for 0.3% of premiums generated in emerging markets excluding China, and for 1.4% of premiums generated in the Middle East & Africa region.

Globally, insurance premiums generated in Lebanon were higher than premiums generated in Croatia (\$1.58bn), Panama (\$1.57bn) and Uruguay (\$1.55bn); while they were lower than premiums generated in Ecuador (\$1.8bn), and Bulgaria and Nigeria (\$1.64bn each). Also, aggregate premiums in the Lebanese insurance market were higher than those generated in Qatar (\$1.38bn), Kuwait (\$1.33bn), Algeria (\$1.25bn), Oman (\$1.12bn), Jordan (\$865m), Tunisia (\$830m), and Bahrain (\$788m) among Arab countries.

Lebanon generated \$1.14bn in non-life premiums last year, ranking it in 65th place among the 88 markets and in sixth place among Arab countries. Non-life premiums produced in Lebanon regressed by 1.6% in nominal terms, while they declined by 4.4% in real terms in 2019. Globally, non-life premiums generated in Lebanon were higher than those produced in Algeria (\$1.13bn), Croatia (\$1.12bn), and Egypt (\$1.03bn); and came lower than non-life premiums generated in Kuwait and Panama (\$1.16bn each) and the Dominican Republic (\$1.15bn). Non-life premiums produced in the Lebanese market accounted for 0.03% of global non-life premiums, for 0.4% of such premiums generated in emerging markets excluding China, and for 1.9% of non-life premiums generated in the Middle East & Africa region in 2019.

Further, Lebanon generated \$471m in life premiums in 2019, ranking it in 65th place globally and in fourth place in the Arab world. Life premiums generated in the Lebanese market declined by 9.2% in nominal terms, while they dropped by 11.8% in real terms last year. Globally, life premiums generated in Lebanon were higher than those produced in Croatia (\$463m), Ecuador (\$434m), and Cyprus (\$431m); and lower than life premiums generated in Trinidad & Tobago (\$640m), and Romania and Sri Lanka (\$481m each). Life premiums generated in Lebanon accounted for 0.02% of global life premiums, for 0.2% of such premiums in emerging markets excluding China, and for 0.9% of life premiums produced in the Middle East & Africa region in 2019.

In parallel, Swiss Re estimated Lebanon's insurance density, or premiums per capita, at \$236 in 2019, which ranks the local market in 58th place globally and in sixth place in the Arab world. Lebanon had a similar insurance density as Bulgaria; while it had a higher insurance density than Oman (\$225), Argentina (\$208) and Colombia (\$182), and a lower density than Saudi Arabia (\$294), Costa Rica (\$283) and Mexico (\$239). The survey estimated Lebanon's non-life density at \$167 and life density at \$69 in 2019.

Also, the survey estimated the insurance penetration rate in Lebanon, or premiums relative to the size of the economy, at 2.85% of GDP in 2019, ranking it in 44th place among the 88 covered markets and in third place in the Arab world. Lebanon had a higher insurance penetration rate than the Czech Republic (2.83% of GDP), Colombia (2.82% of GDP) and Uruguay (2.74% of GDP), and a lower rate than Morocco (3.89% of GDP), India (3.76% of GDP) and the UAE (3.13%). Lebanon posted penetration rates of 0.83% of GDP and 2.01% of GDP in the life and non-life categories, respectively, in 2019.

Revenues through Port of Beirut down 41% to \$42m in first four months of 2020

Figures released by the Port of Beirut show that the port's revenues reached \$41.5m in the first four months of 2020, constituting a decline of 41.3% from \$70.7m in the same period of 2019. The Port of Beirut handled 1.5 million tons of freight in the covered period, decreasing by 37.3% from 2.4 million tons in the first four months of 2019. Imported freight amounted to 1.2 million tons in the first four months of the year, down by 41% from 2.1 million tons in the same period of 2019, and accounted for 83.6% of total freight. In parallel, export cargo reached 242,000 tons in the covered period, down by 9.7% from 268,000 tons in the first four months of 2019, and accounted for 16.4% of total freight in the first four months of 2020. A total of 512 vessels docked at the port in the covered period, down by 9.1% from the same period of 2019.

In parallel, revenues generated through the Port of Tripoli reached \$3.5m in the first four months of 2020, constituting a decrease of 40.3% from \$5.8m in the same period of 2019. The Port of Tripoli handled 509,208 tons of freight in the first four months of the year, down by 32.6% from 755,650 tons in the first four months of 2019. Imported freight amounted to 372,742 tons in the first four months of 2020, down by 34.2% from 566,273 tons in the same period of 2019. It accounted for 73.2% of total freight in the covered period. In parallel, export cargo reached 136,466 tons, or 26.8% of total freight, and decreased by 28% from 189,377 tons in the first four months of 2019. A total of 160 vessels docked at the port in the first four months of 2020, decreasing by 22.3% from 206 ships in the same period of 2019.

Insurance Density in Arab Countries in 2019 (Premiums per Capita in US\$)

	Life	Non-Life	Total	Rank
UAE	272	1,030	1,302	32
Bahrain	97	460	557	39
Qatar	20	469	489	42
Kuwait	41	277	318	53
Saudi Arabia	8	287	294	55
Lebanon	69	167	236	58
Oman	30	195	225	60
Morocco	57	70	127	69
Jordan	12	74	86	72
Tunisia	15	56	71	76
Algeria	3	26	29	84
Egypt	9	10	19	85

Source: Swiss Re, Byblos Research

Broad money supply down 3.6%, currency in circulation up 67% in first five months of 2020

Figures released by Banque du Liban show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP24,829bn at the end of May 2020, constituting an increase of 49.4% from LBP16,620bn at the end of 2019 and a rise of 129.4% from LBP10,825bn at end-May 2019. Currency in circulation stood at LBP16,420bn at the end of May 2020, up by 67.3% from LBP9,818bn at end-2019 and by 227.7% from LBP5,011bn at end-May 2019. Also, demand deposits in local currency stood at LBP8,409bn at the end of May 2020, constituting an increase of 23.6% from end-2019 and a rise of 44.6% from end-May 2019. The increase in money supply largely reflects the migration of term deposits to demand deposits, as well as the shift to a cash based economy. Money supply M1 rose by 10.7% in May from LBP22,427bn at end-April 2020, with currency in circulation growing by 12.8% and demand deposits in local currency rising by 7% month-on-month.

In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP58,467bn at the end of May 2020, constituting a decrease of 8% from LBP63,484bn at the end of 2019 and a decline of 21.2% from LBP74,213bn a year earlier. Term deposits in Lebanese pounds totaled LBP33,638bn at the end of May 2020, down by 28.2% from LBP46,864bn at end-2019 and by 47% from LBP63,387bn at end-May 2019. Money supply M2 increased by a marginal 0.4% in May from LBP58,243bn at end-April 2020, with term deposits in local currency declining by 6.1% month-on-month.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, reached LBP195,473bn at the end of May 2020, constituting a decrease of 3.6% from LBP202,831bn at the end of 2019 and a decline of 7% from LBP210,042bn at end-May 2019. Deposits in foreign currency totaled LBP136,457bn at the end of May 2020, declining by 1.8% from end-2019 and increasing by 0.7% from a year earlier. Also, debt securities issued by the banking sector amounted to LBP549bn at the end of May 2020, compared to LBP437bn at the end of 2019 and to LBP318bn at end-May 2019. Money supply M3 and deposits in foreign currency were nearly unchanged from the end of April 2020, while debt securities issued by the banking sector rose by 16% month-on-month. In parallel, M3 decreased by LBP7,358bn in the first five months of 2020 due to a drop of LBP9,849bn in claims on the private sector, a decline of LBP6,289bn in net claims on the public sector and a decrease of LBP280bn in the net foreign assets of deposit-taking institutions, which were partly offset by a rise of LBP9,060bn in other net items.

Banque du Liban to support imports of more than 300 basic products

Banque du Liban (BdL) issued on July 8, 2020 Intermediate Circular 564 that amends Basic Circular 23 about the facilities that BdL can extend to commercial banks and financial institutions, and which provides additional details about Intermediate Circular 557 that BdL issued in late May 2020. The circular allows banks operating in Lebanon to source foreign currency from BdL to finance the imports of basic food products and raw materials that are used in the agro-food industry.

The circular indicated that the importers and manufacturers of food products must submit their import requests to the banks and pay the import bill in cash in Lebanese pounds. In turn, each bank will transfer the funds to BdL, where the latter will convert the money to US dollars and then transfer it to correspondent banks. Also, the circular stipulated that banks must verify that the imported products are destined exclusively for domestic consumption and will not be partly or fully re-exported. It added that the financing mechanism will use the exchange rate that will be set through BdL's "Sayrafa" electronic platform for foreign currency trading. In addition, the circular indicated that banks that do not comply with BdL's requirements will be penalized by placing at BdL the equivalent of two times the funds transferred to correspondent banks in a blocked non-interest bearing account. Also, importers would face a penalty equivalent to 50% of the transferred amount in case of non-compliance.

In a separate announcement, BdL indicated that all import requests that have been submitted and approved prior to July 8, 2020 will continue to be subject to the exchange rate set in Intermediate Circular 557, which is LBP3,200 per dollar. It reiterated that the official exchange rate remains at LBP1,515 per US dollar at banks.

On July 9, the Ministry of Economy & Trade published an expanded list of food products that qualify for financing under BdL's Intermediate Circular 564. The list consists of more than 300 food and non-food items that are classified under 10 categories. It includes food items, such as meat and fish, fat and oil products, grains, vegetables, poultry and livestock, and powdered milk for individual consumption, among others. It also covers personal consumption products, as well as raw materials used in the processing of food products, including feed, veterinary medicines and vaccines for livestock and poultry, fertilizers, and seeds and seedlings, among other items. Also, the list includes industrial supplies, such as plastics, metals, plates, sheets, tapes, strips and other items used in the synthesizing, packaging, and transportation of goods.

In parallel, the ministry issued the mechanism that regularizes the subsidized food basket and specified the documents that importers need to submit in order to access financing under the mechanism. It stressed that the importers of food products under BdL's financing scheme are not allowed to re-export such items. It added that importers are required to price their products strictly in Lebanese pounds, as well as to set a ceiling for the retail price of the products. The ministry warned that any violator of these conditions will have to return the amount that BdL paid, and will be referred to judicial authorities.

The buying rate of the US dollar through the "Sayrafa" electronic platform stood at LBP3,850, while the selling rate was at LBP3,900 on July 13, 2020.



Lack of policies and political paralysis increase risk of accelerated inflation

Bank of America (BofA) considered that the depreciation of the Lebanese pound against the US dollar in the black market is largely due to the deterioration of Lebanon's fiscal balance, to weaker supply of dollars amid persistent foreign currency outflows, to the lack of external support amid stalled talks with the International Monetary Fund, and to the rapid increase in monetary aggregates.

First, it indicated that fiscal revenues declined by 9.1% annually in the first four months of 2020, while public spending was nearly unchanged year-on-year partly due to a decrease in transfers to Electricité du Liban and in debt servicing. It noted that the fiscal deficit stood at LBP2.6 trillion, or \$1.8bn at the official exchange rate in the first four months of 2020, and estimated that the annualized fiscal deficit would reach \$5.3bn at the official exchange rate, which is wider than the fiscal deficit in the 2020 Budget Law of \$4.6bn. It expected the fiscal balance to further deteriorate during the remainder of 2020, mainly due to higher coronavirus-related spending. It considered that the financing sources of the deficit and the extent of fiscal monetization are unclear. But it said that the increase in Banque du Liban's claims on the government could reflect the monetization of the deficit.

Second, it pointed out that foreign currency reserves have declined by a monthly average of \$0.6bn in the first four months of 2020, due to leakages from the current account and financial balances. It considered that higher remittance inflows following the re-opening of the airport in July would support the supply of dollars in the market, but it said that the re-opening could also initiate the process of emigration.

Third, it indicated that the talks between Lebanese authorities and the IMF have stalled, due to the reluctance of the political class to agree on implementing deep reforms. It considered that the costs of policy inaction in Lebanon would be elevated and could put at risk the country's socio-political stability. It added that a comprehensive and equitable reform program is necessary for a deal with the IMF.

Fourth, it indicated that monetary aggregates have significantly increased following the October 2019 protests, which shows the withdrawal of deposits from the banking sector. It noted that currency in circulation grew from \$3.7bn prior to the protests to \$11.6bn at end-June 2020, which constitutes an average monthly increase of \$0.9bn between October 2019 and June 2020. In addition, it said that resident deposits in Lebanese pounds dropped by a total of \$13.9bn, or by a monthly average of \$2bn, between October 2019 and April 2020, to \$28bn.

The report pointed out that the sharp depreciation of the Lebanese pound on the black market shows that the current lack of policies and the political paralysis increase the risk of accelerated inflation. It said that current developments resemble those of the late 1980s crisis when Lebanon experienced a rapid collapse in the exchange rate and a surge in the inflation rate. It added that the rise in the inflation rate to elevated levels would likely increase money velocity, which would, in turn, further fuel inflation and weaken the Lebanese pound.

In parallel, BofA considered that a weaker exchange rate would likely narrow the current account deficit from 21.9% of GDP in 2019 to 10.4% of GDP in 2020, assuming an average weighted exchange rate of LBP4,000 per US dollar. It added that the continued depreciation of the exchange rate could lead to a balanced current account, but it said that this would likely come at a high economic cost. As such, it noted that Lebanon's GDP per capita would be consistent with a low middle-income country, compared to its current status of upper middle-income country. Also, it anticipated that the currency weakness would likely lead to a spike in the public debt ratios, and would reduce the recovery value of Eurobonds, which would complicate the government's negotiations with creditors.

Private hospitals raise alarm over prevailing conditions

The Syndicate of Private Hospital Owners in Lebanon indicated that private hospitals have not yet received the LBP450bn that Parliament approved on April 22, 2020 to cover the dues of the Ministry of Public Health, the Lebanese Army and the Internal Security Forces for 2019. It noted that current hospital tariffs do not cover the cost of hospitalization, given the significant rise in costs. As such, it said that some medical supplies are already missing from the market and cautioned that other supplies will soon be depleted. It pointed out that the price of medical supplies are 60% to 70% higher than the official prices set by healthcare insurance bodies, as a result of the significant depreciation of the Lebanese pound on the black market. It added that some suppliers are only accepting payments in US dollars.

It indicated that the operating expenditures at hospitals grew by more than 50% on average, while the occupancy rate at hospitals declined by about 50% due to fears of contamination from the spread of the coronavirus, which reduced hospitals' revenues. It indicated that the fee per hospital bed is currently equivalent to \$10 per day based on the market exchange rate, which covers the overnight stay, food, and some medicines and supplies. It added that the average cost of a delivery room is now \$35 per day, while the average cost of an appendectomy is \$110 and the cost of a stent vascular surgery is \$80. As such, it noted that hospitals can no longer incur significant losses due to the disparities between their operational costs and the applicable tariffs.

It reiterated the need to form a committee that includes the Syndicate of Hospitals Owners, as well as the various healthcare insurance bodies and the Ministry of Public Health, in order to deal with the challenges and to reconsider the current hospital tariffs. It repeated the need for establishing a mechanism with suppliers and importers to curb the rise in the prices of materials and supplies used at hospitals, and to price these products in Lebanese pounds. It indicated that hospitals are obliged to only admit emergency cases, especially dialysis, chemotherapy and life threatening conditions. It warned that, in case the government failed to find solutions, hospitals will close almost all their departments within a period of three weeks. In parallel, the Minister of Finance gave instructions on July 8, 2020 to settle LBP96.7bn in dues to private hospitals for 2019.



Lebanon ranks 87th globally, 12th among Arab countries in transparency of real estate sector

Jones Lang LaSalle's Global Real Estate Transparency Index for 2020 ranked Lebanon in 87th place among 99 countries and markets worldwide and in 12th place among 15 Arab countries and markets included in the survey. Lebanon also came in 22nd place among 26 upper middle-income economies (UMICs). Based on the same set of countries and markets included in the 2018 and 2020 surveys, Lebanon's global rank regressed from 80th place in 2018 to 86th place in 2020, while its regional rank retreated from 10th place to 12th place in the 2020 survey.

The index, which is issued every two years, measures real estate transparency across the globe and is used to compare transparency conditions across markets. It highlights the important differences in transaction processes, property rights, and the regulatory and legal environment around the world. It also aims to provide international benchmarks to cross-border investors, developers and occupiers of real estate, as well as to government and industry bodies, in order to measure and improve transparency in their markets.

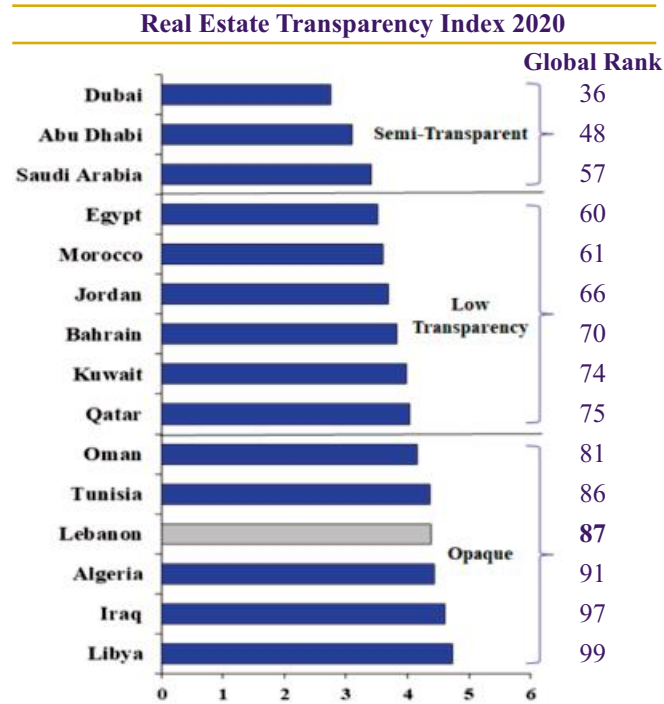
Jones Lang LaSalle compiled the index from 210 quantitative and qualitative transparency measures that are grouped into 14 major topic areas, which are, in turn, grouped into six sub-indices. The six sub-indices are Performance Measurement that has a weight of 25%, Market Fundamentals (16.5%), Governance of Listed Investment Vehicles (10%), Regulatory & Legal Issues (23.5%), the Transaction Process (15%), and Sustainability (10%). The index scores range from 1.00 to 5.00 points. A country or market with a perfect 1.00 score is considered to have a high level of transparency, while a score of 5.00 represents the lowest transparency level. The survey then assigns countries and markets to one of five transparency levels that are "Highly Transparent", "Transparent", "Semi-Transparent", "Low Transparency" and "Opaque".

Globally, Lebanon's real estate market is more transparent than markets in Honduras, Mozambique and Uganda, and is less transparent than markets in Belarus, Angola and Tunisia. It also ranks ahead of only Guatemala, the Dominican Republic, Iraq and Libya among UMICs. Lebanon received a score of 4.38 points in the 2020 survey compared to 4.18 points in the 2018 study, 4.06 points in the 2016 survey, 3.9 points in the 2014 study and 3.75 points in the 2012 survey, reflecting a deterioration in the transparency level of the Lebanese real estate market. Also, Lebanon's score lagged the global average score of 3.2 points, the UMICs' average of 3.51 points and the Arab average of 3.9 points.

Further, the Lebanese real estate market came in the "Opaque" category in the 2020 survey, along with 18 other countries in the world that include Algeria, Ethiopia, the Ivory Coast, Libya, Senegal and Tanzania. The survey downgraded the Lebanese real estate market from the "Semi-Transparent" category in 2012 to the "Low-Transparency" category in 2014 and to the "Opaque" category in 2016.

In parallel, Lebanon, along with Guatemala and Honduras, ranked in the 15th percentile worldwide on the Market Fundamentals sub-index, which means that 85% of markets globally have better market fundamentals than Lebanon. The sub-index covers the availability of data on the office, retail, industrial, hotels and residential real estate segments. Further, Lebanon came in the third percentile worldwide on the Regulatory & Legal sub-index, which assesses a country's real estate regulations, land and property registration, including the accessibility of land registry records to the public. It ranked ahead of only Guatemala, Ethiopia and Libya on this category.

In addition, Lebanon came in the third percentile globally on the Transaction Process sub-index, which assesses the quality and availability of pre-sale information and the fairness of the bidding process, among others, as well as the availability and quality of occupier services. Lebanon ranked ahead of only Senegal, Iraq and Libya on this sub-index.



Source: Jones Lang LaSalle, Byblos Research

Components of the 2020 Real Estate Transparency Index for Lebanon

Sub-Index	Global Rank	Arab Rank	UMICs Rank	Lebanon Score	Global Avg Score	Arab Avg Score	UMICs Avg Score
Performance Measurement	76	11	19	4.60	3.64	4.30	4.00
Market Fundamentals	84	10	21	4.97	3.42	4.40	3.66
Governance of Listed Vehicles	60	7	13	3.05	3.00	3.46	3.41
Regulatory & Legal	96	14	24	4.03	2.61	3.34	2.93
Transaction Process	96	13	24	4.50	2.51	3.46	2.94
Sustainability	70	9	18	4.82	4.03	4.55	4.31

Source: Jones Lang LaSalle, Byblos Research



Gross public debt at \$93bn at end-April 2020

Lebanon's gross public debt reached \$92.9bn at the end of April 2020, constituting an increase of 1.3% from \$91.6bn at the end of 2019, and a rise of 8.2% from \$85.8bn at the end of April 2019. The gross public debt grew by \$1.23bn in the first four months of 2020, relative to an increase of \$709m in the same period of 2019. Debt denominated in Lebanese pounds totaled \$58.5bn at the end of April 2020, and expanded by 1% from end-2019 and by 11.2% from end-April 2019; while debt denominated in foreign currency stood at \$34.4bn and grew by 2% from end-2019 and by 3.4% from a year earlier.

On March 7, 2020, the Lebanese government decided to withhold all payments on the \$1.2bn Eurobond that matures on March 9, 2020 in order to safeguard the country's foreign currency reserves. It further announced on March 23, 2020 that Lebanon will discontinue payments on all of its outstanding Eurobonds.

The year-on-year increase of the local-currency debt was mostly due to the Ministry of Finance's (MoF) issuance in November and December of LBP1,500bn and LBP3,000bn 10-year Treasury bonds, respectively, at a rate of 1%, which were entirely subscribed by Banque du Liban (BdL). The two issuances were part of a deal between the MoF and BdL, which stipulated that the MoF issues \$3bn worth of Eurobonds to BdL to cover external debt payments that BdL made on behalf of the government throughout 2019, in exchange for BdL subscribing to LBP4,500bn worth of Treasury bonds.

Local currency debt accounted for 62.9% of the gross public debt at the end of April 2020 compared to 61.2% a year earlier, while foreign currency-denominated debt represented the balance of 37.1% relative to 38.8% at end-April 2019. The weighted interest rate on outstanding Treasury bills was 6.5% in April 2020, while the weighted life of Treasury bills and bonds was 1,751 days.

BdL accounted for 42.4% of the public debt at the end of April 2020, followed by commercial banks (29.1%), and non-bank resident financial institutions (8.3%); while other investors, including foreign investors, held 18% of the debt, and multilateral institutions and foreign governments accounted for 2.2%.

BdL held 58.8% of the Lebanese pound-denominated public debt at the end of April 2020 compared to 51.7% a year earlier, while commercial banks accounted for 28% of the local debt compared to 34% at end-April 2019. Also, public agencies, financial institutions and the public held 13.2% of the local debt at end-April 2020 relative to 14.5% at end-April 2019. Further, holders of Eurobonds and special T-bills in foreign currencies accounted for 94.2% of foreign currency-denominated debt holders at the end of April 2020, followed by multilateral institutions with 4.1%, and foreign governments with 1.8%. In addition, the net public debt, which excludes public sector deposits at BdL and at commercial and investment banks from overall debt figures, grew by 8.1% annually to \$83.7bn at the end of April 2020. Further, the gross market debt accounted for about 54% of the public debt. The gross market debt is the total public debt less the portfolios of BdL, the National Social Security Fund, as well as bilateral and multilateral loans.

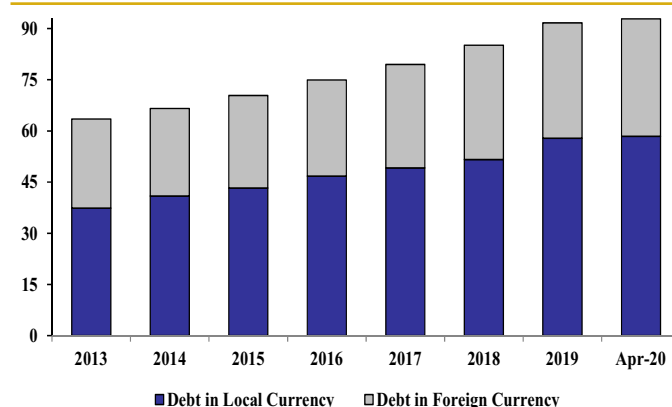
Value of cleared checks down 4%, returned checks down 19% in first half of 2020

The value of cleared checks reached \$26.5bn in the first half of 2020, constituting a decrease of 3.8% from \$27.5bn in the same period of 2019. In comparison, the value of cleared checks declined by 16.3% year-on-year in the first half of 2019 and by 2.5% annually in the same period of 2018. The value of cleared checks in Lebanese pounds regressed by 7.8% year-on-year to the equivalent of \$9.5bn in the first half of 2020, while the amount of cleared checks in foreign currencies decreased by 1.4% to \$16.9bn in the covered period. The dollarization rate of cleared checks expanded from 62.5% in the first half of 2019 to 64% in the same period of 2020. There were 3.04 million cleared checks in the first half of 2020, down by 40% from 5.06 million in the same period of 2019.

In addition, the value of cleared checks reached \$4.9bn in June 2020, constituting a rise of 89% from \$2.6bn in the preceding month, and compared to \$4.1bn in June 2019. The value of cleared checks in Lebanese pounds increased by 59.8% from the equivalent of \$1.1bn in May 2020 to \$1.8bn in the covered month, and the amount of cleared checks in foreign currencies jumped by 111% month-on-month to \$3.1bn in June 2020. There were 544,729 cleared checks in June 2020 relative to 300,262 cleared checks in the preceding month.

In parallel, the amount of returned checks in domestic and foreign currencies was \$567.8m in the first half of 2020 compared to \$700.5m in the same period of 2019 and to \$749m in the first half of 2018. This constitutes a decline of 19% in the first half of 2020 relative to a decrease of 6.5% in the same period of 2019. Also, there were 79,671 returned checks in the covered period, down by 39% from 130,659 returned checks in the first half of 2019. Further, the amount of returned checks in domestic and foreign currencies was \$91m in June 2020, constituting an increase of 98.6% from \$45.8m in the previous month, and compared to \$94.2m in June 2019. Also, there were 8,141 returned checks in June 2020, up by 15.5% from 7,049 returned checks in May 2020.

Lebanon's Gross Public Debt (US\$bn)



Source: Ministry of Finance, Byblos Research

Number of real estate transactions up 24% in first half of 2020

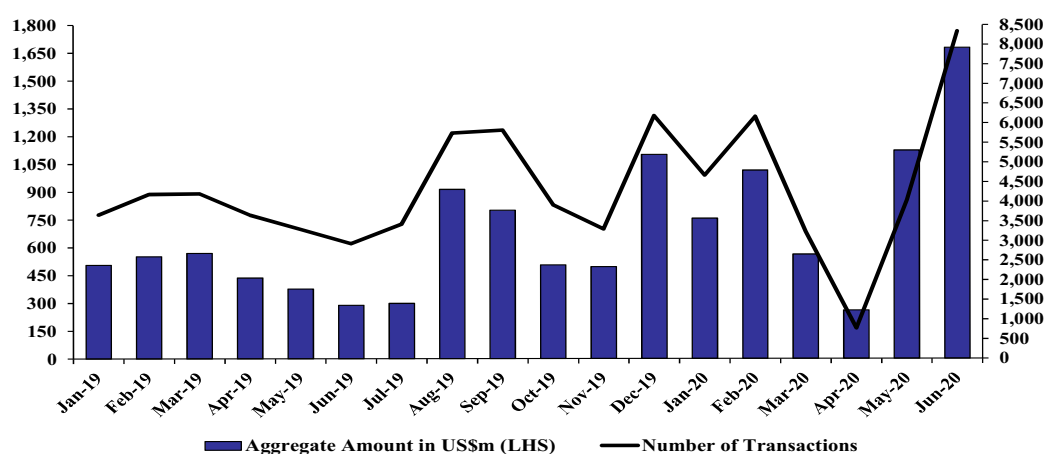
Figures released by the Ministry of Finance show that 27,216 real estate transactions took place in the first half of 2020, constituting an increase of 24% from 21,957 deals in the same period of 2019. In comparison, there were 27,472 real estate transactions in the first half of 2018 and 33,584 real estate deals in the same period of 2017. The number of transactions reached 8,339 in June 2020, up from 4,036 in May, and relative to 2,933 deals in June 2019. The increase in real estate activity in June 2020 reflects the normalization of activity in public agencies and departments, as the government lifted the lockdown measures that it enforced following the outbreak of the coronavirus and which affected the processing of transactions in March, April, and partially in May. The expansion in real estate activity is also due to the continuous migration of some deposits out of the banking sector towards real estate. There were 5,232 real estate transactions in the Baabda area in the first half of 2020, representing 19.2% of the total. The Metn district followed with 3,619 deals (13.3%), then the North with 3,517 transactions (13%), the South with 3,443 deals (12.7%), the Keserwan region with 3,351 transactions (12.3%), the Zahlé area with 2,903 deals (10.7%), Beirut with 2,432 transactions (9%), and the Nabatieh area with 2,051 deals (7.5%).

The aggregate amount of real estate transactions reached \$5.4bn in the first half of 2020 and increased by 98% from \$2.7bn in the same period of 2019. In comparison, the amount of real estate deals regressed by 29.6% in the first half of 2019 and declined by 14% in the same period of 2018. The amount of transactions reached \$1.7bn in June 2020, up from \$1.1bn in May 2020 and from \$288.4m in June 2019. Further, the value of real estate transactions in Beirut totaled \$2bn and accounted for 37.5% of the total in the first half of 2020. The Metn district followed with \$933.4m (17.3%), then the Baabda region with \$889m (16.5%), the Keserwan area with \$598.3m (11.1%), the South with \$406.6m (7.5%), the North with \$235.4m (4.4%), the Zahlé area with \$165m (3.1%), and the Nabatieh region with \$119.6m (2.2%). The amount of real estate transactions in Beirut increased by 141.6% in the first half of 2020, followed by the value of deals in the Keserwan region (+121.5%), the Baabda area (+99%), the South (+88.7%), the Metn district (+66.1%), the Zahlé area (+64%), the Nabatieh region (+51.6%), and the North (+26.6%).

In parallel, the average amount per real estate transaction was \$198,276 in the first half of 2020, up by 60% from an average of \$124,163 in the same period of 2019 and relative to an average of \$140,971 in the first half of 2018. Further, there were 427 real estate transactions executed by foreigners in the first six months of 2020, compared to 464 deals in the same period of 2019 and to 559 transactions in the first half of 2018. The number of real estate deals by foreigners accounted for 1.6% of total real estate transactions in the covered period, down from 2.1% in the first half of 2019 and from 2% in the same period of 2018.

Further, 25% of real estate transactions executed by foreigners in the first half of 2020 were in the Baabda area, followed by Beirut (24.6%), the Metn district (18.5%), the South (9.4%), the Keserwan region and the North (7% each), the Zahlé area (6.3%), and the Nabatieh region (2.1%). Syrian citizens accounted for 28% of the amount of real estate transactions executed by foreigners in June 2020, followed by Jordanians (8.6%), British citizens (4.8%), Iraqi nationals (1.8%), and German citizens (1.3%).

Number and Amount of Real Estate Transactions



Source: Ministry of Finance, Byblos Research

Trade deficit narrows by 59% to \$3bn in first five months of 2020

Total imports reached \$4.35bn in the first five months of 2020, constituting a decrease of 50.4% from \$8.76bn in the same period of 2019; while aggregate exports declined by 7.3% annually to \$1.34bn in the first five months of 2020. As such, the trade deficit narrowed by 58.8% to \$3bn in the first five months of 2020 due to a decline of \$4.4bn in imports that was partly offset by a decrease of \$104.6m in exports.

Non-hydrocarbon imports decreased by \$2.64bn to \$3.05bn in the first five months of 2020, while imports of oil & mineral fuels regressed by \$1.77bn to \$1.3bn and accounted for 30% of total imports in the covered period. Lebanon imported 2.78 million tons of mineral fuel & oil in the first five months of 2020 relative to 5.48 million tons in the same period of 2019.

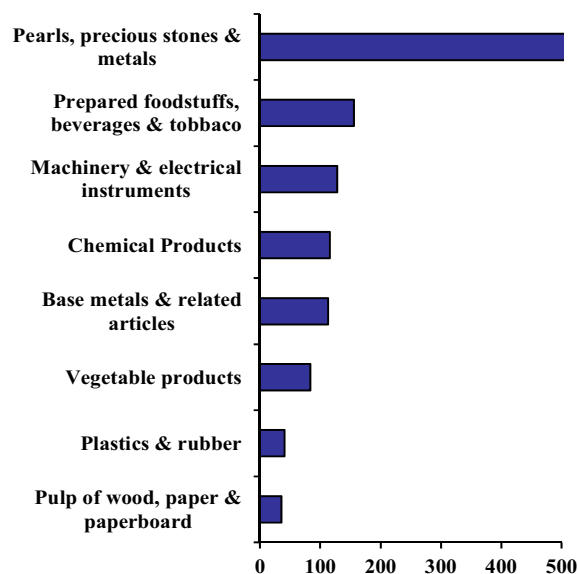
The decline in exports in the covered period was mainly due to a decrease of \$41.5m, or of 26.4%, in exported chemical products; a drop of \$32.6m (-75.7%) in the exports of mineral products; a contraction of \$31.1m (21.6%) in exported base metal, a retreat of \$30.8m (-43%) in the exports of plastics & rubber; a decrease of \$30m (-19%) in the exports of machinery & electrical instruments; a decline of \$20.8m (-11.8%) in exported prepared foodstuff, and a contraction of \$20m (-36%) in the exports of pulp of wood. The decrease in exports was partly offset by a rise of \$87m (+20%) in the exports of jewelry, mostly unwrought gold, as well as by an increase of \$22.5m (+37%) in the exports of vegetable products.

Exports to Switzerland jumped by 92% annually in the first five months of 2020, and those to Egypt grew by 16.8%. The surge in exports to Switzerland is due to higher gold exports, mostly unwrought gold. In contrast, exported goods to Syria dropped by 50.6% in the covered period, those to Greece fell by 23%, exports to the UAE declined by 19.4%, those to Jordan decreased by 13.3%, exports to Iraq dropped by 12.2%, those to Saudi Arabia regressed by 10.5%, exports to Qatar declined by 7.7% and those to the U.S. dropped by 7.1%. Re-exports totaled \$87.4m in the first five months of 2020 compared to \$217.7m in the same period of 2019. The Hariri International Airport was the exit point for 47.3% of Lebanon's exports in the first five months of 2020, followed by the Port of Beirut (40%), the Masnaa crossing point (5.1%), the Port of Tripoli (4.5%), the Port of Saida (1.7%), and the Arida crossing point (1.2%).

Lebanon's main non-hydrocarbon imports were chemical products that reached \$646m in the first five months of 2020 and that declined by 24.4% from the same period of 2019. Imports of vegetable products followed with \$355.2m (-26%), then imported jewelry with \$325m (-13.4%), prepared foodstuff with \$320.8m (-40.8%), machinery & electrical instruments with \$274m (-63.5%), animal products with \$267m (-27.2%), vehicles, aircraft & vessels with \$159.8m (-70.4%), and base metals with \$121.4m (-69%). The Port of Beirut was the entry point for 65.2% of Lebanon's merchandise imports in the first five months of 2020, followed by the Hariri International Airport (23.3%), the Port of Tripoli (6.6%), the Port of Saida (3.3%), the Masnaa crossing point (1%), the Abboudieh crossing point (0.3%), and the Arida crossing point (0.2%).

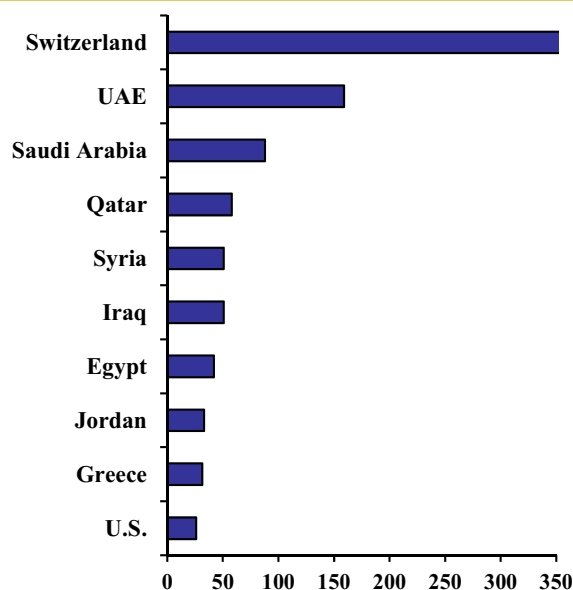
Greece was the main source of imports with \$349.8m, or 8% of the total, in the first five months of 2020, followed by Turkey with \$295.5m (6.8%), Italy with \$292m (6.7%), the U.S. with \$284m (6.5%), China with \$259m (6%), Russia with \$243m (5.6%), the UAE with \$230.5m (5.3%), and Germany with \$216m (5%). Imported goods from China dropped by 65%, those from the U.S. fell by 63.8%, imports from Russia decreased by 62.6%, those from Germany declined by 48.8%, imported goods from Italy contracted by 46.1%, those from Greece dropped by 41%, imports from Turkey regressed by 16.2%, and imported goods from the UAE decreased by 12.5% year-on-year in the first five months of 2020.

Main Lebanese Exports in First Five Months of 2020 (US\$m)



Source: Lebanese Customs Administration, Byblos Research

Main Destinations of Lebanese Exports in First Five Months of 2020 (US\$m)



Source: Lebanese Customs Administration, Byblos Research

Occupancy rate at Beirut hotels at 14%, room yields down 86% in first five months of 2020

EY's benchmark survey of the hotel sector in the Middle East indicates that the average occupancy rate at four- and five-star hotels in Beirut was 14% in the first five months of 2020 relative to 68% in the same period of 2019, and compared to an average rate of 43.9% in 14 Arab markets included in the survey. The occupancy rate at Beirut hotels was the lowest in the region in the covered period, while it was the seventh lowest in the first five months of 2019. The occupancy rate at hotels in Beirut regressed by 53.8 percentage points in the first five months of 2020, constituting the steepest decline in the region. In comparison, the average occupancy rate in Arab markets declined by 23 percentage points in the covered period.

The occupancy rate at Beirut hotels stood at 3% in May 2020, constituting a decrease of 41.8 percentage points from 45% in May 2019. It was the second lowest rate in the region in the covered month after Madinah (1%). The occupancy rate at Beirut hotels reached 25% in January, 30% in February, 10% in March, and 2% in April 2020. In comparison, it stood at 60% in January, at 71% in February, at 79% in March and at 85% in April 2019.

The average rate per room at Beirut hotels was \$129 in the first five months of 2020, decreasing by 33% from \$192 in the same period of 2019 and constituting the seventh highest rate in the region. The average rate per room in Beirut was lower than the regional average of \$134.2 that regressed by 16.4% from the first five months of 2019. The average rate per room at Beirut hotels was \$108 in May 2020, relative to \$138 in January, \$123 in February, \$122 in March and \$124 in April 2020, and down by 42% from \$186 in May 2019.

Further, revenues per available room (RevPAR) were \$18 at Beirut hotels in the first five months of 2020, the lowest rate in the region, compared to \$130 in the same period of 2019. Beirut's RevPAR regressed by 86.2% year-on-year and posted the steepest decrease regionally in the covered period. Beirut posted RevPAR of \$3 in May 2020, down by 96.2% from \$83 in May 2019. The RevPAR in Beirut, along with Muscat, were the second lowest in the region in the covered month after Madinah (\$1). In comparison, Beirut posted RevPARs of \$35 in January, of \$37 in February, of \$12 in March and of \$2 in April 2020; while it registered RevPARs of \$118 in January, of \$132 in February, of \$146 in March and of \$174 in April 2019. Abu Dhabi posted the highest occupancy rate in the region at 68% in the first five months of 2020, while Dubai registered the highest average rate per room at \$214 and Kuwait had the highest RevPAR at \$98 in the covered period.

Hotel Sector Performance in First Five Months of 2020

	Occupancy Rate (%)	RevPAR (US\$)	RevPAR % change
Kuwait City	55	98	(5.2)
Dubai	45	95	(54.1)
Riyadh	58	88	(15.3)
Ras Al Khaimah	51	80	(33.6)
Jeddah	39	62	(47.4)
Doha	57	62	(18.9)
Abu Dhabi	68	58	(32.5)
Makkah	48	50	(58.4)
Muscat	37	45	(52.0)
Amman	36	44	(49.1)
Cairo	42	43	(49.1)
Manama	31	41	(50.4)
Madina	34	39	(56.7)
Beirut	14	18	(86.2)

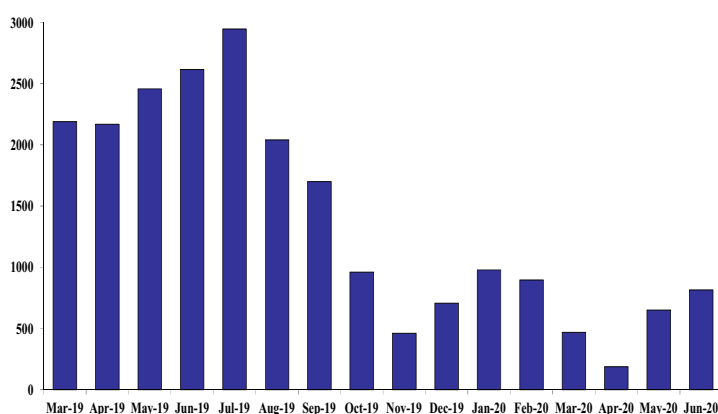
Source: EY, Byblos Research

New car sales down 70% in first half of 2020

Figures released by the Association of Automobile Importers (AAI) in Lebanon show that dealers sold 3,998 new passenger cars in the first half of 2020, constituting a drop of 69.7% from 13,176 cars sold in the same period of 2019. Individuals and institutional clients purchased 979 new cars in January, 897 new vehicles in February, 468 new automobiles in March, 188 new cars in April, 651 new vehicles in May, and 815 new automobiles in June 2020. In comparison, clients bought 1,838 new vehicles in January, 1,906 new automobiles in February, 2,190 new cars in March, 2,168 new vehicles in April, 2,458 new automobiles in May, and 2,616 new cars in June 2019.

The market for new passenger cars in Lebanon has been facing increasing challenges in the past few years, including economic contraction, job insecurity, reduced purchasing power of consumers, as well as more stringent requirements for car loans. In addition, the market has been affected by the measures that banks had to put in place since last October, as well as by the outbreak of the coronavirus in the country and the related general mobilization measures. The AAI stopped releasing its monthly data on car sales by brand, distributor and source country since January 2020.

Number of Passenger Cars Sold



Source: Association of Automobile Importers

Stock market capitalization down 26% to \$6.4bn at end of June 2020

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 34,839,869 shares in the first half of 2020, constituting a decline of 81.4% from 187,498,273 shares traded in the same period last year; while aggregate turnover amounted to \$123.6m, down by 84.6% from a turnover of \$793.8m in the first half of 2019. The sharp decline in trading volume and turnover in the first half of 2020 came from a high base in the same period last year, which saw eight block trades in the shares of three listed companies. The market capitalization of the BSE reached \$6.4bn at end-June 2020, and regressed by 18.1% from \$7.76bn at the end of 2019 and by 26% from \$8.6bn at the end of June 2019, with banking stocks accounting for 61.8% of the total, followed by real estate equities (33.7%), industrial shares (3.9%), and trading firms' equities (0.5%). The market liquidity ratio was 1.9% in the covered period compared to 9.3% in the first half of 2019.

Banking stocks accounted for 75.8% of the aggregate trading volume in the first half of 2020, followed by real estate equities with 23.9%, industrial shares with 0.2% and trading firms' equities with 0.1%. Also, real estate equities accounted for 65.3% of the aggregate value of shares traded, followed by banking stocks with 34.4%, industrial stocks with 0.2%, and trading firms' equities with 0.1%. The average daily traded volume for the period was 302,955 shares for an average daily value of \$1.07m. The figures reflect a year-on-year decrease of 81.6% in average daily traded volume, and an annual drop of 84.7% in the average value in the first half of the year. In parallel, the Capital Markets Authority's (CMA) Market Value-Weighted Index for stocks traded on the BSE rose by 97.2% in the first half of 2020, while the CMA's Banks Market Value-Weighted Index regressed by 17% in the covered period.

Ratio Highlights

(in % unless specified)	2017	2018	2019	Change*
Nominal GDP (\$bn)	53.1	55.0	52.2	(2.76)
Public Debt in Foreign Currency / GDP	57.2	60.9	64.6	3.71
Public Debt in Local Currency / GDP	92.5	94.0	110.9	16.95
Gross Public Debt / GDP	149.7	154.9	175.6	20.66
Total Gross External Debt / GDP**	190.3	192.8	196.3	3.50
Trade Balance / GDP	(31.5)	(31.0)	(29.7)	1.27
Exports / Imports	14.5	14.8	19.4	4.62
Fiscal Revenues / GDP	21.9	21.0	19.5	(1.53)
Fiscal Expenditures / GDP	28.9	32.4	29.7	(2.62)
Fiscal Balance / GDP	(7.1)	(11.4)	(10.3)	1.09
Primary Balance / GDP	2.7	(1.2)	(0.5)	0.65
Gross Foreign Currency Reserves / M2	68.2	63.8	70.2	6.38
M3 / GDP	260.8	257.1	257.7	0.59
Commercial Banks Assets / GDP	413.7	453.9	415.3	(38.64)***
Private Sector Deposits / GDP	317.4	317.1	304.3	(12.76)
Private Sector Loans / GDP****	112.3	108.1	95.3	(12.71)
Private Sector Deposits Dollarization Rate	68.7	70.6	76.0	5.41
Private Sector Lending Dollarization Rate	68.6	69.2	68.7	(0.50)

*change in percentage points 19/18; **includes portion of public debt owed to non-residents, liabilities to non-resident banks, non-resident deposits (estimated by the IMF), Bank for International Settlements' claims on Lebanese non-banks; ***The decline in assets in 2019 is mainly due to the "netting" on the assets and liabilities' sides of the consolidated balance sheet of commercial banks as part of the implementation of international accounting standard IFRS 7; **** in January 2018, Lebanese banks started reporting their financials based on international accounting standard IFRS 9, and revised the 2017 figures accordingly
Source: Association of Banks in Lebanon, Institute of International Finance, Central Administration of Statistics, Byblos Research Estimates & Calculations
Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

National Accounts, Prices and Exchange Rates

	2018	2019e	2020f
Nominal GDP (LBP bn)	82,854	82,250	119,401
Nominal GDP (US\$ bn)	55.0	52.2	35.2
Real GDP growth, % change	-1.9	-7.2	-14.6
Domestic demand	-0.3	-5.8	-17.0
Private consumption	-1.3	-6.4	-14.5
Public consumption	6.7	1.5	-28.5
Gross fixed capital	-1.8	-9.9	-15.8
Exports of goods and services	-4.7	-5	-24.9
Imports of goods and services	1.1	-3.5	-23.5
Consumer prices, %, end-period	3.9	6.9	94.1
Official exchange rate, average, LBP/US\$	1,507.5	1,507.5	1,923
Parallel exchange rate, average, LBP/US\$	n/a	1,620	4,021
Weighted average exchange rate LBP/US\$	1,507.5	1,575	3,392

Source: Institute of International Finance

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Investors Service	Ca	NP	Stable	Ca		Stable
Fitch Ratings	RD	C	-	CC	C	-
S&P Global Ratings	SD	SD	-	CC	C	Negative
Capital Intelligence Ratings	SD	SD	-	C-	C	Negative

*for downgrade

**CreditWatch negative

Source: Rating agencies

Banking Sector Ratings

	Outlook
Moody's Investors Service	Negative

Source: Moody's Investors Service

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