



Byblos Bank/AUB Consumer Confidence Index: Consumer Confidence Unchanged in First Quarter of 2019

- Formation of government was main factor to support confidence
- Unchanged level of confidence in first quarter shows the need to implement immediate and concrete reforms by new government

Byblos Bank Headquarters, April 16, 2019: Byblos Bank issued today the results of the Byblos Bank/AUB Consumer Confidence Index for the first quarter of 2019.

The results show that the Index regressed by 10.4% in January 2019 from December 2018, increased by 13.6% in February and decreased by 2.5% in March 2019. Further, the Index averaged 75.5 in the first quarter of 2019 and was unchanged from the fourth quarter of 2018. In addition, the Byblos Bank/AUB Present Situation Index averaged 66.4 and the Byblos Bank/AUB Expectations Index averaged 81.6 in the first quarter of 2019, with the two sub-indices nearly unchanged from the fourth quarter of 2018. Further, the average monthly score of the Index in the first quarter of 2019 was 28.7% lower than the quarterly peak score of 105.8 registered in the fourth quarter of 2008, and remained 22% below the annual peak of 96.7 reached in full year 2009.

Commenting on the results, Mr. Nassib Ghobril, Chief Economist and Head of the Economic Research and Analysis Department at Byblos Bank Group stated: "Household sentiment was directly correlated to political developments during the first three months of 2019, as the January drop reflected the repeated false signals in late 2018 about a breakthrough in negotiations to form a new government. But the formation of the government on the last day of January, after nine months of political deadlock, led the Index to jump in February."

Mr. Ghobril added that "the short-lived momentum in February and the retreat of the Index in March highlight the fact that Lebanese citizens consider that the government's formation in itself is not sufficient, and that it is not an "achievement" as politicians like to claim. Rather, they believe it is a basic right of every tax-paying citizen to have a functioning government in place. As such, households need to see concrete evidence and tangible solutions that would raise their standard of living and economic well-being in order to improve their confidence level, as they have repeatedly seen many politicians put personal or partisan agendas ahead of the national interest." He noted that "the acceleration of the much-needed reforms by the new government is the main factor that will sustain the confidence and expectations of households in the long term."

Further, the first-quarter results reflect the still-low expectations of Lebanese households, as 10.6% of the Lebanese polled in the first quarter of 2019 expected their financial conditions to improve in the coming six months compared to 9.6% in the fourth quarter of 2018. In parallel, 60% of respondents in the covered quarter believed that their financial situation would deteriorate, up from 57.9% in the previous quarter, and 27.2% forecast their financial condition to remain the same in the next six months. In addition, 9.1% of the Lebanese surveyed in March 2019 expected business conditions in Lebanon to improve in the coming six months, down from 9.6% in December 2018; while 66.2% of respondents anticipated business conditions to deteriorate in the covered period relative to 65.8% in December 2018.

The results of the Byblos Bank/AUB Consumer Confidence Index for the first quarter of 2019 show that female consumers had a higher level of confidence than their male counterparts, and consumers in the 21 to 29 year-old bracket posted the highest confidence level relative to citizens in other age brackets during the covered quarter. Also, households with an income of USD 2,500 or more per month continued to be more confident than those earning less. Moreover, public sector employees were more optimistic than housewives, the self-employed, private sector employees and the unemployed in the first quarter of the year, while students were the most optimistic segment overall.

In addition, the confidence level of residents in Mount Lebanon increased by 6.9% in the first quarter of 2019 from the fourth quarter of 2018, followed by households in the South (+1.3%) and the Bekaa region (+0.4%); while the sentiment of residents in Beirut regressed by 17.3% and that of households in the North was unchanged in the covered quarter. Still, the sentiment of residents in the Bekaa region was the highest among all geographic regions during the first quarter of 2019, followed by households in the North, the South, Mount Lebanon and Beirut. Further, the confidence level of Druze households increased by 14.6% quarter-on-quarter in the first quarter of 2019, while the sentiment of Shiite households regressed by 4.2% from the fourth quarter of 2018 and that of Sunni households retreated by 0.5%. In addition, the confidence level of Christian households was nearly unchanged in the first quarter of 2019. Also, Druze households registered the highest level of confidence in the first quarter of 2019, followed by Christian, Sunni and Druze households.

The Byblos Bank/AUB Consumer Confidence Index is a measure of the sentiment and expectations of Lebanese consumers toward the economy and their own financial situation. The Index is compiled, implemented and analyzed in line with international best practices and according to criteria from leading consumer confidence indices worldwide. It is composed of two sub-indices, the Byblos Bank/AUB Present Situation Index and the Byblos Bank/AUB Expectations Index. The first sub-index covers the current economic and financial conditions of Lebanese consumers, and the second one addresses their outlook over the coming six months. In addition, the data segregates the Index by age, gender, income, profession, geographical region, and religious affiliation. The Byblos Bank Economic Research and Analysis Department has been calculating the Index on a monthly basis since July 2007, with January 2009 as its base month. The Index is based on a face-to-face monthly survey of a nationally representative sample of 1,200 males and

females living throughout Lebanon. The monthly field survey is conducted by Statistics Lebanon Ltd, a market research and opinion-polling firm.

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