



Byblos Bank/AUB Consumer Confidence Index: Consumer Confidence retreats in Third Quarter of 2019

- Survey's results show clear warning signals about socio-economic crisis
- Authorities need to take concrete measures that would raise the standards of living and economic well-being in order to drive consumer confidence

Byblos Bank Headquarters, December 7, 2019: Byblos Bank issued today the results of the Byblos Bank/AUB Consumer Confidence Index for the third quarter of 2019.

The results show that the Index regressed by 6.6% in July 2019 from the preceding month, increased by 1.9% in August and declined by 0.4% in September 2019. Further, the Index averaged 69 in the third quarter of 2019, constituting a decrease of 2.7% from 70.9 in the second quarter of 2019 and a retreat of 8.3% from 75.3 in the third quarter of 2018. In addition, the Byblos Bank/AUB Present Situation Index averaged 62.3 in the third quarter of 2019 and increased marginally by 0.8% from the preceding quarter, while the Byblos Bank/AUB Expectations Index averaged 73.5 and regressed by 4.6% from the second quarter of 2019. Further, the average monthly score of the Index in the third quarter of 2019 was 34.8% lower than the quarterly peak score of 105.8 registered in the fourth quarter of 2008, and remained 28.6% below the annual peak of 96.7 reached in full year 2009.

The detailed results of the Index's monthly survey clearly reflect the level of frustrations of Lebanese households and the weakening of their expectations, as only 3% of Lebanese polled in September 2019 considered that their personal financial conditions improved from March 2019, while 64% of respondents said that their financial situation deteriorated from March 2019. Further, 9% of the Lebanese polled in September believed that their personal financial conditions would improve in the coming six months, while 63% of households considered that their financial conditions will deteriorate by March 2020. In parallel, 5% of the Lebanese surveyed in September 2019 considered that business conditions in Lebanon improved from March 2019, while 69% indicated that economic conditions deteriorated from March 2019. In addition, 9% anticipated economic conditions to improve in the coming six months, while 70% of respondents expected business conditions to deteriorate by March 2020.

Commenting on the results, Mr. Nassib Ghobril, Chief Economist and Head of the Economic Research and Analysis Department of the Byblos Bank Group stated: "The Consumer Confidence Index has been sending warning signals about the frustrations and receding expectations of Lebanese households since at least June 2017. In fact, since this date, 65% of surveyed Lebanese, on average, said that their personal financial conditions have deteriorated from the six months that preceded the monthly poll, with a high of 72% in September 2017 and a low of 58% in May 2018."

Mr. Ghobril added that "Lebanese households remain skeptical about the seriousness of the traditional political class to deliver the much-needed reforms that would improve the country's prospects and, in turn, raise the citizens' quality of living and economic well-being. Further, citizens continue to feel that politicians are prioritizing their personal or partisan agendas over the national interest, instead of facilitating the implementation of immediate and radical measures to address the prevailing socio-economic emergencies."

In addition, the confidence level of residents in Beirut regressed by 10.4% in the third quarter of 2019 from the preceding quarter, followed by households in the South (-5.8%), the North (-4.1%) and Mount Lebanon (-1.9%); while the sentiment of residents in the Bekaa region increased by 4.9% in the covered quarter. Overall, the sentiment of residents in the Bekaa region was the highest among all geographic regions during the third quarter of 2019, followed by households in the North, Mount Lebanon, the South and Beirut. Further, the confidence level of Druze households dropped by 8% quarter-on-quarter in the third quarter of 2019, followed by the sentiment of Christian households (-3%), Shiite households (-2.1%) and Sunni households (-0.9%).

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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