



الاعتماد اللبناني  
CREDIT LIBANAIS



**Weekly**  
**Market Watch**

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### **LEBANON RANKS 3<sup>RD</sup> REGIONALLY IN TERMS OF REMITTANCE FLOWS IN 2018**

The World Bank estimated a 1.8% expansion in remittance flows to Lebanon to \$7.2 billion in 2018, positioning the country 3<sup>rd</sup> in the MENA region in terms of size of remittance inflows.

### **LEBANON RANKS 8<sup>TH</sup> IN THE MENA REGION IN EXTERNAL DEBT RETURN BY APRIL 2019**

The cumulative return on Lebanon's external sovereign debt stood at 6.77% by end of April 2019, poising it to occupy the 8<sup>th</sup> position among 13 MENA countries included in Merrill Lynch's external debt EM sovereign bond.

### **NEW CAR SALES SETTLE 20.44% LOWER YTD APRIL 2019**

New car sales in Lebanon fell by 20.44% y-o-y to 8,102 vehicles during the first four months of the current year, down from 10,184 vehicles during that same period last year.

### **PUBLIC PERSONNEL COSTS AT \$5.90 BILLION BY NOVEMBER 2018**

Total public sector personnel costs soared by 22.08% on an annual basis to \$5.90 billion in the first eleven months of 2018, up from \$4.83 billion during that same period a year earlier.

### **NUMBER OF BIA PASSENGERS UP BY 4.36% Y-O-Y BY APRIL 2019**

The number of passengers travelling via the Beirut International Airport rose by 4.36% y-o-y to 2,566,676 during the first four months of the current year, up from 2,459,555 passengers over that same period last year.

## SYNOPSIS OF TERMS

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"ABL"	Association of Banks in Lebanon
"BDL"	Banque Du Liban
"BOP"	Balance of Payment
"BSE"	Beirut Stock Exchange
"CLASI"	Credit Libanais Aggregate Stock Index
"CLFI"	Credit Libanais Financial Sector Stock Index
"CLCI"	Credit Libanais Construction Sector Stock Index
"CPI"	Consumer Price Index
"EIU"	Economist Intelligence Unit
"EOY"	End of Year
"GDRs"	Global Depository Receipts
"GDP"	Gross Domestic Product
"IMF"	The International Monetary Fund
"LBP"	The Lebanese Pound
"M1"	Currency in Circulation + Demand Deposits in LBP
"M2"	M1 + Other Deposits in LBP
"M3"	M2 + Deposits in Foreign Currencies
"M4"	M3+ Treasury Bills Held by Non-Banking System Including Accrued Interests
"MENA"	Middle East and North Africa
"MOF"	The Lebanese Ministry of Finance
"Moody's"	Moody's Investors Service
"P/E"	Price to Earnings Multiple
"P/BV"	Price to Book Multiple
"PPI"	Producer Price Index
"TEU"	Twenty-Foot-Equivalent Unit
"USD"	The United States Dollar
"Y-O-Y"	Year-on-Year
"YTD"	Year to Date
"YTD Price Performance"	Yield to Date Price Appreciation

## LEBANON RANKS 3<sup>RD</sup> REGIONALLY IN TERMS OF REMITTANCE FLOWS IN 2018

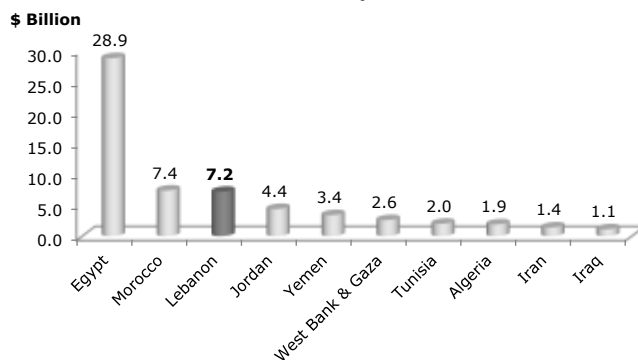
According to the World Bank's "Migration and Development Brief 31" report, global remittance flows are expected to maintain their upturn during the upcoming couple of years albeit at a slower pace. In fact, the World Bank estimated an 8.8% hike in global remittance flows in the year 2018 to \$689 billion, and anticipated said flows to expand by 3.6% in 2019 to \$714 billion and by 4.5% in 2020 to \$746 billion. The World Bank attributed its 2018 figures to the solid economic performance and improved job market in the United States, together with the increase in outflows from Russia and the Gulf Cooperation Council (GCC). The report cited, however, a set of challenges that might cripple remittance flows across the globe over the coming period, of which the downside risks to economic growth in many countries, the emergence of more stringent immigration policies in several remittance-sending nations, rising trade restrictions internationally, persisting geopolitical tensions, and the relatively expensive cost of sending remittances worldwide. From another standpoint, the bulk (about 77.0%) of global remittance flows is likely to be channelled to low and middle income countries (LMICs) in the year 2019, as has been the case since at least the year 2010. In details, the World Bank foresaw that the majority of these flows will be directed to the East Asia & Pacific (\$149 billion; <27.1%>) and South Asia (\$137 billion; <24.9%>) regions. In this context, remittances to LMICs seem to follow a similar pattern to that of global remittances, soaring by 9.5% in 2018 to \$529 billion, and projected to grow by 4.0% in 2019 to \$550 billion and by 4.4% in 2020 to \$574 billion. On a regional basis, the World Bank estimated that remittance inflows to the Middle East and North Africa (MENA) region rallied by 8.8% in 2018 to \$62 billion, with expectations to increase by 3.2% in 2019 to \$64 billion and by 3.1% in 2020 to \$66 billion. According to the report, this forecasted slowdown in the pace of growth of remittance inflows to the region can be justified by a tempering of economic growth in the Euro area, which represents one of its major sources of remittances. Remittance flows to the MENA region should accordingly represent around 11.6% of remittance flows to low and middle income countries and 9.0% of global remittance flows in 2019.

Remittance Flows							
(USD Billion)	2010	2015	2016	2017	2018 <sub>e</sub>	2019 <sub>f</sub>	2020 <sub>f</sub>
<b>World</b>	<b>470</b>	<b>596</b>	<b>589</b>	<b>633</b>	<b>689</b>	<b>714</b>	<b>746</b>
<b>Low and Middle Income Countries</b>	<b>342</b>	<b>451</b>	<b>444</b>	<b>483</b>	<b>529</b>	<b>550</b>	<b>574</b>
East Asia and Pacific	96	128	128	134	143	149	156
Europe and Central Asia	38	43	43	53	59	61	64
Latin America and the Caribbean	55	67	73	80	88	91	95
<b>Middle East and North Africa</b>	<b>39</b>	<b>51</b>	<b>51</b>	<b>57</b>	<b>62</b>	<b>64</b>	<b>66</b>
South Asia	82	118	110	117	131	137	142
Sub-Saharan Africa	32	43	38	42	46	48	51

Source: World Bank, Credit Libanais Economic Research Unit

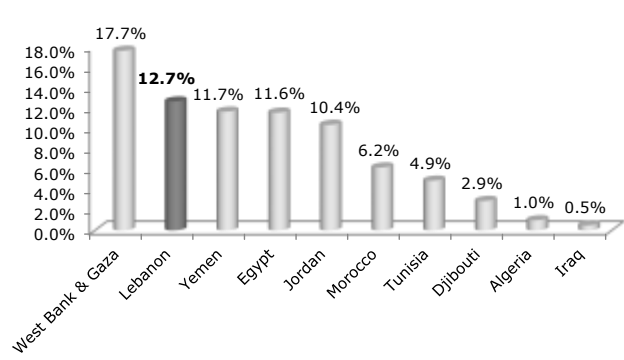
Locally, the report estimated a 1.8% expansion in remittance flows to Lebanon to \$7.2 billion in 2018, positioning the country 3<sup>rd</sup> in the MENA region in terms of size of remittance inflows, only behind Morocco (\$7.4 billion) and Egypt (\$28.9 billion). Concurrently, and always according to World Bank estimates, Lebanon ranked 2<sup>nd</sup> in the MENA region in terms of remittance contribution to GDP, which stood at 12.7% in 2018, outperformed by the West Bank & Gaza (17.7% of GDP). Furthermore, the World Bank commented that the average cost of sending remittances to Lebanon from high-income OECD nations remains significantly elevated.

Estimated Remittance Inflows to the MENA Region by Country in 2018



Source: World Bank, Credit Libanais Economic Research Unit

Estimated Remittance Inflows to the MENA Region as a % of GDP by Country in 2018



Source: World Bank, Credit Libanais Economic Research Unit

## LEBANON RANKS 8<sup>TH</sup> IN THE MENA REGION IN EXTERNAL DEBT RETURN BY APRIL 2019

According to the monthly "High Yield & Emerging Market Profiles" report published by Merrill Lynch, the return on Lebanon's external debt stood at 3.28% during the month of April 2019, compared to a negative 3.70% in March, with the cumulative return on the external sovereign debt reaching 6.77% by end of April 2019. This poises Lebanon to occupy the 8<sup>th</sup> position among 13 MENA countries included in the external debt EM sovereign bond index in terms of total return. Iraq topped the list with a total return of 10.00%, followed by Egypt (9.91%) and Jordan (9.13%), only to name a few, with Turkey bottoming the list with a negative return of 0.93%. It is worth highlighting that these returns are not risk-adjusted, which explains the fact that countries offering high sovereign yields have high Option Adjusted Spreads (OAS) as sketched in the table below, lowering as such the risk adjusted returns.

When factoring in all emerging economies in the Merrill Lynch index, however, Ecuador emerged as the best performer with a sovereign return of 17.39%, while Argentina suffered the worst return performance with a negative return of 3.85%. Lebanon's excess return reached 4.90% by April 2019, the seventh highest among surveyed MENA countries, noting that it recorded the highest OAS of 758 basis points (bps) in the region and the fourth highest OAS amongst all emerging economies in the index.

The OAS on Lebanon's External Sovereign debt came lower than the 823 bps level reported in March 2019. The weight assigned to Lebanon in Merrill Lynch's Emerging Markets' external debt index remained unchanged at 2.15% in April 2019, as captured in the following analysis:

Lebanon's Sovereign External Debt				
	Month of March 2019	Month of April 2019	YTD March 2019	YTD April 2019
Returns (%)	-3.70	3.28	3.37	6.77
Excess Return (%)	-5.38	3.46	1.32	4.90
Option Adjusted Spreads (bps)	823	758	-	-
Lebanon's Weight in the Index (%)	2.15	2.15	-	-

Source: Merrill Lynch, Credit Libanais Economic Research Unit

Total Return on Sovereign External Debt in MENA Countries YTD April 2019					
Country	Returns (%)	MENA Rank	OAS (bps)	Excess Return (%)	MENA Rank
Iraq	10.00	1	413	8.37	1
Egypt	9.91	2	480	7.90	2
Jordan	9.13	3	407	6.89	5
Oman	8.99	4	366	6.94	4
Tunisia	8.21	5	603	7.42	3
Saudi Arabia	7.07	6	126	4.82	8
Bahrain	7.05	7	310	5.17	6
<b>Lebanon</b>	<b>6.77</b>	<b>8</b>	<b>758</b>	<b>4.90</b>	<b>7</b>
Qatar	4.83	9	112	2.80	9
U.A.E.	4.22	10	94	2.23	10
Kuwait	3.22	11	70	1.28	12
Morocco	2.99	12	141	1.94	11
Turkey	-0.93	13	494	-2.74	13

Source: Merrill Lynch, Credit Libanais Economic Research Unit

## NEW CAR SALES SETTLE 20.44% LOWER YTD APRIL 2019

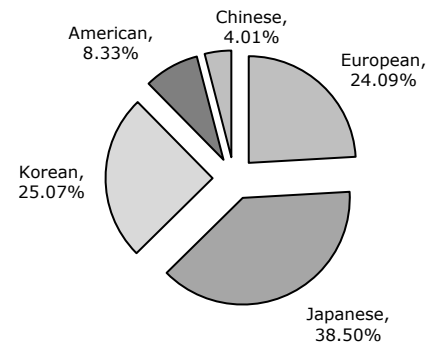
According to the monthly statistics published by the Automobile Importers Association (AIA), new car sales in Lebanon stood at 2,168 vehicles during the fourth month of the year 2019, compared to 2,190 vehicles in March and 2,539 in April of last year. On a cumulative basis, new car sales fell by 20.44% y-o-y to 8,102 vehicles during the first four months of the current year, down from 10,184 vehicles during that same period last year. This comes as a result of the 36.23% sharp annual drop in the sales of Korean cars to 2,031, coupled with some 20.88% contraction in the sales of Japanese cars to 3,119 vehicles, an 8.41% drop in the sales of American cars to 675 vehicles, and a 4.41% fall in the sales of European cars to 1,952, which altogether outweighed the 16.91% hike in the sales of Chinese cars to 325 vehicles. It is worth noting that the number of imported cars via the Beirut Port had plunged by 26.68% annually during the first quarter of 2019. Japanese cars controlled the lion's share of new car sales in Lebanon, amassing alone 38.50% of total unit sales up to April 2019, followed by Korean (25.07%), European (24.09%), American (8.33%), and Chinese (4.01%) cars.

**New Car Sales During the Four-Month Period Ending**

	Apr-2018	Apr-2019	% Change
European	2,042	1,952	-4.41%
Japanese	3,942	3,119	-20.88%
Korean	3,185	2,031	-36.23%
American	737	675	-8.41%
Chinese	278	325	16.91%
<b>Total</b>	<b>10,184</b>	<b>8,102</b>	<b>-20.44%</b>

Source: AIA, Credit Libanais Economic Research Unit

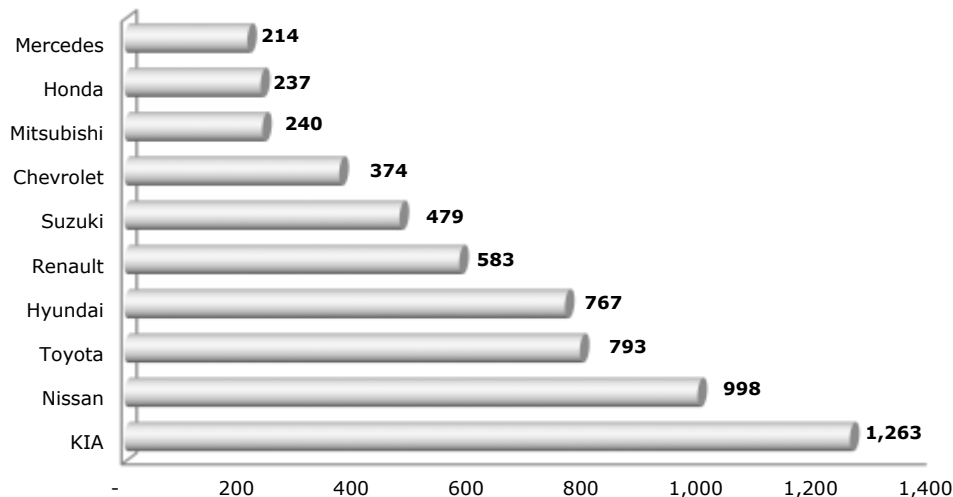
**Breakdown of New Car Sales up to April 2019**



Source: AIA, Credit Libanais Economic Research Unit

The Korean "KIA" brand recorded total unit sales of 1,263 cars by April 2019, enjoying the highest market share of 15.59%, followed by the Japanese "Nissan" (998 cars <12.32%>) and Japanese "Toyota" (793 cars <9.79%>) brands, only to name a few.

**Top 10 New Car Sales by Brand up to April 2019**



Source: AIA, Credit Libanais Economic Research Unit

## PUBLIC PERSONNEL COSTS AT \$5.90 BILLION BY NOVEMBER 2018

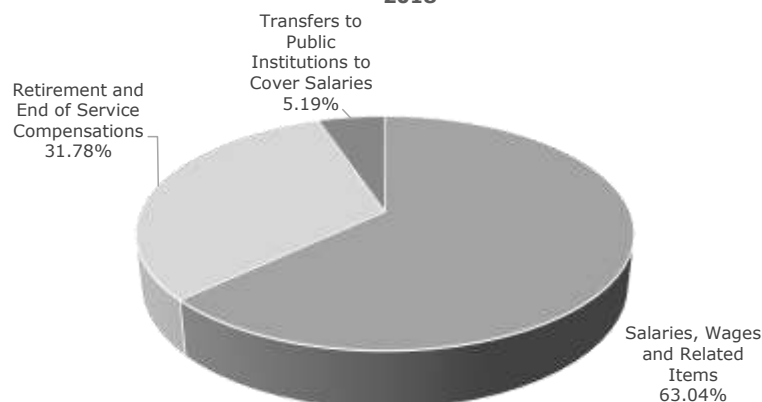
The Lebanese Ministry of Finance recently published its “*Public Finance Monitor - November 2018*”, which includes, among others, a coverage on public sector personnel costs for the first eleven months of 2018. These costs can be broken down into three main constituents, namely “salaries, wages, and related items”, “retirement and end of service compensations”, and “transfers to public institutions to cover salaries”. According to the report, total personnel costs soared by 22.08% on an annual basis to LBP 8,891 billion (\$5.90 billion) in the first eleven months of 2018, up from LBP 7,283 billion (\$4.83 billion) during that same period a year earlier, in light of the newly enacted salary scale bill. More particularly, salaries, wages, and related items, which constituted the bulk (63.04%) of public servants’ costs, rallied by 18.15% y-o-y to LBP 5,604 billion (\$3.72 billion) by end of November. Concurrently, retirement and end of service compensations, which accounted for 31.78% of total public servants’ costs, rose by a sharp 32.57% to LBP 2,825 billion (\$1.87 billion). More specifically, retirement costs grew by 16.78% on a yearly basis to LBP 2,137 billion (\$1.42 billion), with end of service compensations more than doubling to LBP 688 billion (\$456 million). Transfers to public institutions to cover salaries (5.19% of total personnel costs) also increased by 12.71% y-o-y to LBP 461 billion (\$306 million). It is worth noting that personnel costs constituted about 41.29% of the government’s current expenditures and 35.63% of total public spending up until November 2018, compared to 40.39% and 35.43% respectively a year before.

### Cumulative Breakdown of Public Personnel Costs

(USD Million)	Nov-2017	Nov-2018	Y-O-Y % Change
Salaries, Wages and Related Items	3,146	3,717	18.15%
Retirement and End of Service Compensations	1,414	1,874	32.57%
o/w: Retirement	1,214	1,418	16.78%
o/w: End of Service	200	456	128.57%
Transfers to Public Institutions to Cover Salaries	271	306	12.71%
<b>Total Personnel Cost</b>	<b>4,831</b>	<b>5,898</b>	<b>22.08%</b>

Source: MOF, Credit Libanais Economic Research Unit

Breakdown of Public Personnel Costs by November 2018



Source: MOF, Credit Libanais Economic Research Unit

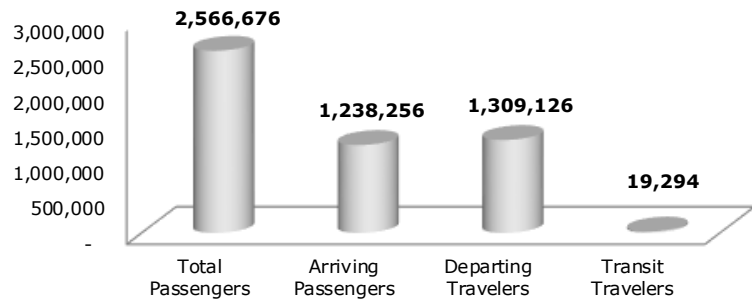
## NUMBER OF BIA PASSENGERS UP BY 4.36% Y-O-Y BY APRIL 2019

The number of passengers travelling via the Beirut International Airport (BIA) rose by 4.36% y-o-y to 2,566,676 during the first four months of the current year, up from 2,459,555 passengers over that same period last year. More specifically, the number of arriving travelers improved by 1.90% y-o-y to 1,238,256, while the number of departing travelers increased by 5.31% to 1,309,126. Furthermore, the number of transit travelers rose markedly to 19,294, with the number of flights edging 1.31% higher on an annual basis to 21,472. It is worth highlighting in this context that the share of Middle East Airlines (MEA) of total flights rose from 35.63% during the first four months of 2018 to 38.38% by April 2019. This is further sketched in the table below:

Beirut International Airport	For the Four Month Period Ending		
	April-2018	April-2019	% Change
Total Passengers	2,459,555	2,566,676	4.36%
o/w Arriving Passengers	1,215,112	1,238,256	1.90%
o/w Departing Travelers	1,243,089	1,309,126	5.31%
o/w Transit Travelers	1,354	19,294	1324.96%
Number of Flights	21,195	21,472	1.31%
MEA's Share of Total Flights	35.63%	38.38%	

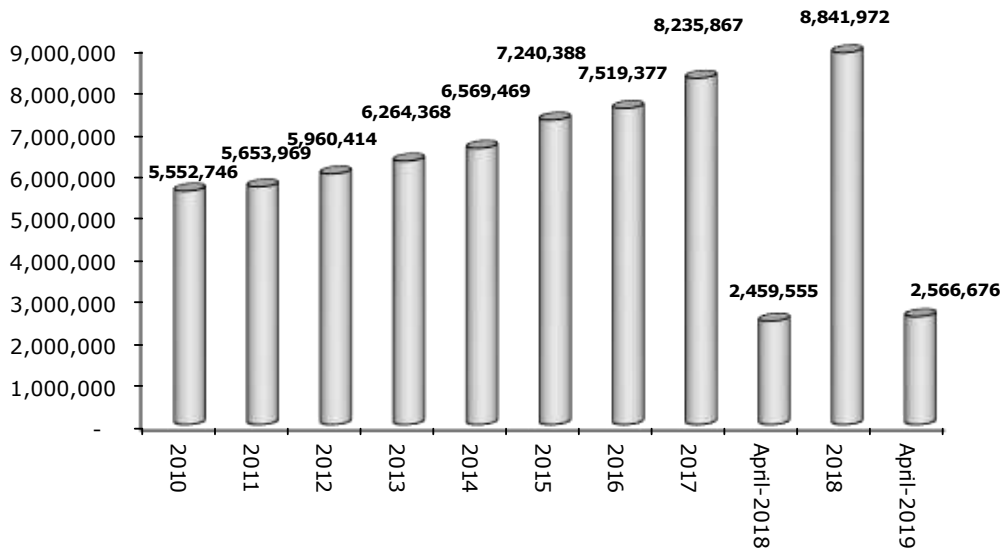
Source: BIA, Credit Libanais Economic Research Unit

BIA's Passengers YTD April 2019



Source: BIA, Credit Libanais Economic Research Unit

Cumulative BIA Total Passengers





## ODEABANK A.Ş. POSTS NET PROFITS OF TRY 4.03 MILLION IN Q1-2019

Bank Audi's fully-owned Turkish subsidiary "Odeabank A.Ş." published its quarterly unaudited financial statements, conveying a 94.66% annual drop in net after tax profits to TRY 4.03 million (around \$0.72 million) as at end of Q1-2019, down from TRY 75.44 million (around \$19.10 million) a year before. In details, net interest income plunged by 19.83% y-o-y to TRY 229.42 million (around \$41.23 million), with net commission & fee income plummeting by 9.84% to TRY 29.60 million (around \$5.32 million). On the other hand, the bank registered net trading gains of TRY 88.13 million (\$15.84 million) compared to a loss of TRY 19.09 million (around \$4.83 million) by end of March 2018 while also significantly boosting its other operating income to TRY 12.54 million (around \$2.25 million). The bank increased its allowances for expected credit losses by 72.42% y-o-y to TRY 115.37 million (\$20.73 million) and its other provision expenses to TRY 91.44 million (\$16.43 million). On the balance sheet front, the consolidated assets of Odeabank A.Ş. dropped by 1.09% during Q1-2019 to TRY 31.06 billion (around \$5.58 billion) on the back of the 2.90% contraction in loans and receivables to TRY 19.90 billion (around \$3.58 billion). On the funding side, customer deposits fell by 4.97% y-o-y to TRY 20.49 billion (around \$3.68 billion), with the ratio of net loans to customer deposits consequently increasing to 97.14%. On the capitalization front, Odeabank's shareholders' equity dropped by 1.33% to just below TRY 3.18 billion (around \$507.62 million).

<b>Odeabank A.Ş.</b>			
<i>In Millions of TRY</i>	<b>As at End of December 2018</b>	<b>As at End of March 2019</b>	<b>% Change</b>
<b><u>Key Balance Sheet Figures</u></b>			
Total Assets	31,400.62	31,059.88	-1.09%
Loans and Receivables	20,498.35	19,904.31	-2.90%
Customer Deposits	21,561.05	20,490.00	-4.97%
Shareholders' Equity	3,218.33	3,175.47	-1.33%
<b><u>Liquidity Ratios (%)</u></b>			
Net Loans to Customer Deposits	95.07%	97.14%	
<i>In Millions of TRY</i>	<b>Q1-2018</b>	<b>Q1-2019</b>	<b>Y-O-Y % Change</b>
<b><u>Key P&amp;L Figures</u></b>			
Net Interest Income	286.18	229.42	-19.83%
Net Commission and Fee Income	32.84	29.60	-9.84%
Net Trading Profit/(Loss)	(19.09)	88.13	-561.72%
Other Operating Income	9.08	12.54	38.05%
Allowance for Expected Credit Losses	66.91	115.37	72.42%
Other Provision Expenses	0.00	91.44	N.A.
Other Operating Expenses (incl. Personnel Expenses)	144.95	147.68	1.88%
Net Operating Profit/(Loss)	97.14	5.21	-94.63%
Net Profits/(Loss)	75.44	4.03	-94.66%

Source: BSE, Bank Audi, Credit Libanais Economic Research Unit

### **BANK OF BEIRUT'S GENERAL ASSEMBLY APPROVES THE DISTRIBUTION OF DIVIDENDS**

According to an announcement issued by Bank of Beirut S.A.L. and circulated by the Beirut Stock Exchange (BSE) on May 7, 2019, the bank's Ordinary General Assembly (OGA) approved during its meeting held on May 6, 2019 the Board of Directors' proposition to distribute dividends to shareholders on the following basis:

- LBP 1,150 per common share and per priority share Series "2014" subject to a 10% withholding tax (i.e. an aggregate amount of LBP 70,146.44 million (\$46.53 million));
- \$0.84 per priority share Series "2014" representing 4% of the issue price subject to a 10% withholding tax (i.e. an aggregate amount of \$4.00 million);
- \$2.3625 per preferred share Series "G" subject to a 10% withholding tax (i.e. an aggregate amount of \$8.43 million);
- \$1.75 per preferred share Series "H" subject to a 10% withholding tax (i.e. an aggregate amount of \$9.45 million);
- \$1.6875 per preferred share Series "I" subject to a 10% withholding tax (i.e. an aggregate amount of \$8.44 million);
- \$1.6250 per preferred share Series "J" subject to a 10% withholding tax (i.e. an aggregate amount of \$4.88 million);
- \$1.6250 per preferred share Series "K" subject to a 10% withholding tax (i.e. an aggregate amount of \$6.50 million).

The payment date for all holders of record as at May 10, 2019 is scheduled on or about May 15, 2019. The announcement further fixed the ex-dividend date on May 8, 2019.

### **BANQUE BEMO'S GENERAL ASSEMBLY APPROVES THE DISTRIBUTION OF DIVIDENDS**

According to an announcement issued by Banque BEMO S.A.L. and circulated by the Beirut Stock Exchange (BSE) on May 7, 2019, the bank's Ordinary General Assembly (OGA) approved during its meeting held on May 6, 2019 the Board of Directors' proposition to distribute dividends only to the holders of preferred shares Class 2013 on the basis of \$7 per preferred share, subject to a 10% withholding tax. The payment date for holders of record as at May 14, 2019 is scheduled on or about June 10, 2019. BSE Circular No. 483/2019 dated May 9, 2019 further specified the ex-dividend date on May 10, 2019.

# MONETARY PERFORMANCE

## MONETARY AGGREGATES

The overall money supply, "M4", widened by LBP 158.59 billion during the week ended of April 18, 2019 to LBP 221,573 billion, yet fell by 0.09% on an annual basis, noting that the non-banking sector's Treasury bills portfolio rose by LBP 14 billion during the concerned week.

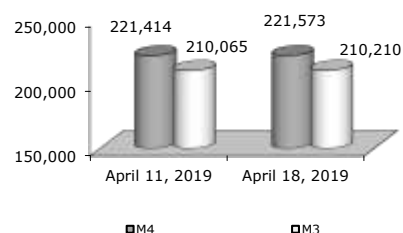
On the other hand, Lebanese-Pound denominated deposits and currency in circulation, "M1", fell by LBP 39.56 billion week-on-week to LBP 9,881 billion on the back of some LBP 133 billion contraction in money in circulation, which outweighed the LBP 93 billion increase in demand deposits. Local currency term deposits, "M2", also dropped by LBP 190.73 billion on a weekly basis and by 7.10% year-on-year to settle at LBP 75,042 billion.

Consequently, private sector term and saving deposits denominated in LBP ("M2-M1") receded by LBP 151.18 billion (0.23%) to LBP 65,161 billion during the week of April 18, while deposits denominated in foreign currencies ("M3-M2") grew by LBP 335.72 billion (0.25%) to reach LBP 135,168 billion.

Money Supply LBP Billion	April 11, 2019	April 18, 2019	% Change
M1	9,920	9,881	-0.40%
M2	75,233	75,042	-0.25%
M3	210,065	210,210	0.07%
M4	221,414	221,573	0.07%
M2 - M1	65,312	65,161	-0.23%
M3 - M2	134,832	135,168	0.25%

Source: Banque Du Liban, Credit Libanais Economic Research Unit

Money Supply - LBP Billion -



Source: BDL, Credit Libanais Economic Research Unit

## MONEY MARKETS

The May 2 Treasury bill auction raised LBP 69.200 billion (\$45.904 million).

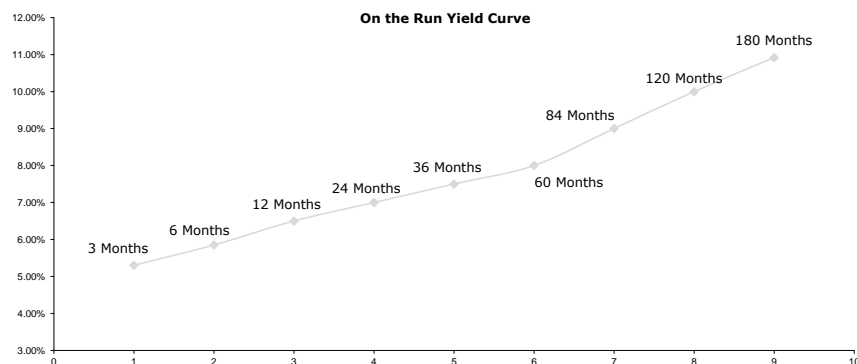
The majority of subscriptions was concentrated in the five-year (79.48%) to maturity T-bonds, followed by the one-year (11.85%) and three-month (8.67%) tenure Treasury securities.

Consequently, the weighted average yield on Lebanese Pound Treasury bills stood at 7.59% in the auction of May 2. The yields on the three-month, one-year, and five-year to maturity Treasury securities stood at 5.30%, 6.50%, and 8.00% respectively.

May 2, 2019			
Lebanese Treasury Bills	Yield (%)	Face Value (in billions of LBP)	% of Total Face Value
3 Months	5.30%	6.000	8.67%
1 Year	6.50%	8.200	11.85%
5 Years	8.00%	55.000	79.48%
<b>Total</b>		<b>69.200</b>	<b>100.00%</b>

Source: Reuters, Credit Libanais Economic Research Unit

Lebanese Treasury Bills	3 Months	6 Months	12 Months	24 Months	36 Months	60 Months	84 Months	120 Months	180 Months
Treasury Yield	5.30%	5.85%	6.50%	7.00%	7.50%	8.00%	9.00%	10.00%	10.92%



## Weekly Market Watch

SOURCE: BDL, REUTERS, CREDIT LIBANAIS ECONOMIC RESEARCH UNIT

# LEBANESE EQUITIES

## LEBANESE EQUITIES

Listed stocks on the Beirut Stock Exchange (BSE) swirled through an unprecedented nosedive this week as various strikes were organized across the Lebanese territories to protest against any potential salary cuts in the public sector in the forthcoming budget law. Activity on the BSE, however, prolonged its upturn for the second consecutive week, with the number of shares changing hands soaring to 463,454 shares, compared to 230,251 shares last week. Traded value rallied to nearly \$2.23 million, from around \$1.40 million a week before. Trades were mainly concentrated in banking sector stocks, which accounted for 76.60% of weekly traded volume.

The average daily trading volume more than doubled to 154,485 shares this week, from 76,750 shares in the previous week. Concurrently, the average daily trading value widened to \$0.74 million, from about \$0.47 million a week earlier.

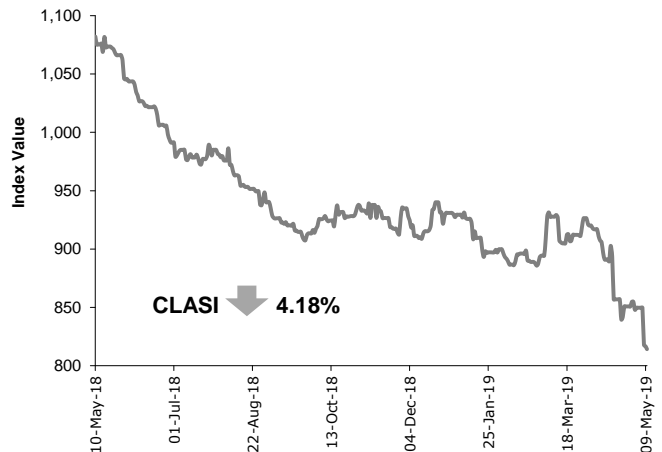
Eight losing and two gaining stocks were screened throughout the week, dragging the BSE's market capitalization down by 3.66% week-on-week to \$8.63 billion and the Credit Libanais Aggregate Stock Index ("CLASI") lower by 4.18% to a new life low of 814.21.

In the real estate sector, trades mainly consisted of Solidere "A" and "B" shares (23.19% of weekly traded volume), with the price of Solidere "A" plunging by 11.50% on a weekly basis to \$5.00 and that of Solidere "B" shedding 9.82% to \$4.96. Consequently, the Credit Libanais Construction Sector Stock Index ("CLCI") ended its week 7.78% lower at 323.30.

In the banking sector, Bank Audi GDRs amassed the highest concentration of trades (24.81% of total BSE traded volume) on a thin turnover ratio of 0.10%. The Credit Libanais Financial Sector Stock Index ("CLFI") ended Friday's session 3.49% lower week-on-week at a new year-low of 1,127.21 as a result of the 5.53% weekly contraction in the price of Bank Audi listed shares to \$4.44, coupled with some 4.02% drop in the price of Bank Audi GDRs to \$4.30, a 4.71% depreciation in the price of BLOM Bank listed shares to \$8.10, and a 3.50% decrease in the price of BLOM Bank GDRs to \$8.00, which altogether outweighed the 2.44% rise in the price of Byblos Bank listed shares to \$1.26.

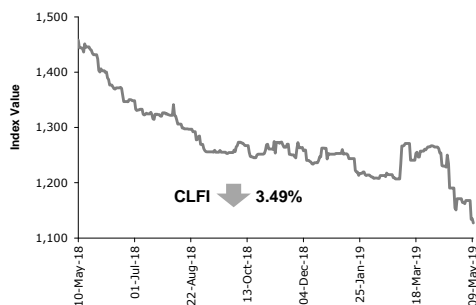
Credit Libanais Indices	Week of 3-May-19	Week of 10-May-19	Weekly % Change	YTD % Change
Credit Libanais Aggregate Stock Index <.CLASI>	849.72	814.21	-4.18%	-12.54%
Credit Libanais Financial Sector Stock Index <.CLFI>	1,167.97	1,127.21	-3.49%	-9.94%
Credit Libanais Construction Sector Stock Index <.CLCI>	350.57	323.30	-7.78%	-24.38%

Credit Libanais Aggregate Stock Index  
Weekly Performance  
CLASI

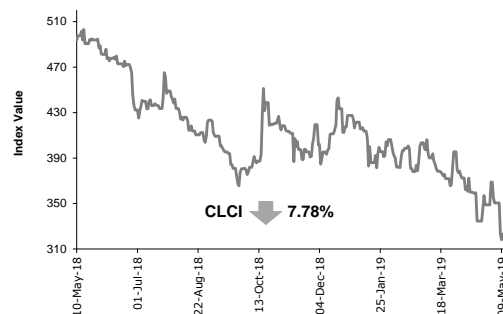


.CLASI Credit Libanais Aggregate Stock Index			
Friday, May 10, 2019			
Value	Daily % Chng	Daily Net Chng	
814.21	-0.316%	-2.58	
Yr.High	Year Hi.Date	Yr.Low	Year.Lo.Date
931.47	6-Mar-19	814.21	10-May-19
Life High	Life Hi.Date	Life Low	Life.Lo.Date
1,801.01	7-Jul-08	814.21	10-May-19

Credit Libanais Financial Sector Stock Index  
Weekly Performance  
CLFI



Credit Libanais Construction Sector Stock Index  
Weekly Performance  
CLCI



## Weekly Market Watch

# LEBANESE EQUITIES

## Lebanese Equities

BEIRUT STOCK EXCHANGE	Closing	Weekly %Change	Weekly Volume Traded	% of Weekly Volume Traded	Weekly Value Traded	% of Weekly Value Traded	Total Listed Shares	Market Capitalisation (\$000)	P/E	P/BV	YTD Price Perf.
Solidere A	\$5.00	-11.50%	77,502	16.72%	\$390,759	17.52%	100,000,000	500,000	-	0.43	-28.57%
Solidere B	\$4.96	-9.82%	29,951	6.46%	\$145,645	6.53%	65,000,000	322,400	-	0.43	-31.02%
BLC Bank	\$0.93	0.00%	-	-	-	-	71,033,333	66,061	5.81	0.42	0.00%
BLC Bank Preferred Class "C"	\$100.00	0.00%	-	-	-	-	350,000	35,000	n.a	n.a	0.00%
BLC Bank Preferred Class "D"	\$94.00	0.00%	-	-	-	-	750,000	70,500	n.a	n.a	0.00%
BLC Bank Preferred Class "E"	\$94.00	0.00%	-	-	-	-	263,510	24,770	n.a	n.a	0.00%
Bank Audi - Listed Shares	\$4.44	-5.53%	47,419	10.23%	\$213,261	9.56%	399,749,204	1,774,886	3.89	0.56	-9.39%
Bank Audi GDR	\$4.30	-4.02%	114,985	24.81%	\$503,610	22.58%	119,924,761	515,676	3.77	0.55	-11.70%
Bank Audi Preferred "H"	\$95.00	0.00%	-	-	-	-	750,000	71,250	n.a	n.a	9.20%
Bank Audi Preferred "I"	\$89.80	0.00%	-	-	-	-	2,500,000	224,500	n.a	n.a	-0.11%
Bank Audi Preferred "J"	\$82.00	-1.20%	2,000	0.43%	\$164,000	7.35%	2,750,000	225,500	n.a	n.a	-8.89%
Bank Of Beirut - Listed Shares	\$18.80	0.00%	-	-	-	-	20,796,417	390,973	8.47	0.97	0.00%
Bank Of Beirut Priority Shares 2014	\$21.00	0.00%	-	-	-	-	4,762,000	100,002	9.46	1.09	0.00%
Bank Of Beirut Preferred "H"	\$24.90	0.00%	-	-	-	-	5,400,000	134,460	n.a	n.a	-0.40%
Bank Of Beirut Preferred "I"	\$24.95	0.00%	-	-	-	-	5,000,000	124,750	n.a	n.a	0.00%
Bank Of Beirut Preferred "J"	\$25.00	0.00%	-	-	-	-	3,000,000	75,000	n.a	n.a	0.00%
Bank Of Beirut Preferred "K"	\$25.00	0.00%	-	-	-	-	4,000,000	100,000	n.a	n.a	0.00%
Byblos Bank - Listed Shares	\$1.26	2.44%	114,222	24.65%	\$142,873	6.41%	565,515,040	712,549	5.73	0.48	-8.03%
Byblos Bank Preferred Class 2008	\$70.00	0.00%	-	-	-	-	2,000,000	140,000	n.a	n.a	0.00%
Byblos Bank Preferred Class 2009	\$72.00	-8.80%	600	0.13%	\$43,300	1.94%	2,000,000	144,000	n.a	n.a	2.86%
Byblos Bank GDR	\$70.00	0.00%	-	-	-	-	1,309,078	91,635	6.36	0.53	-6.67%
BEMO Bank - Listed Shares	\$1.55	0.00%	-	-	-	-	51,400,000	79,670	5.74	0.63	-1.27%
BEMO Bank Preferred Class 2013	\$96.70	0.00%	-	-	-	-	350,000	33,845	n.a	n.a	0.00%
BLOM Bank GDR	\$8.00	-3.50%	15,775	3.40%	\$125,963	5.65%	73,896,010	591,168	3.39	0.53	-14.07%
BLOM Bank Listed Shares	\$8.10	-4.71%	60,000	12.95%	\$486,000	21.79%	215,000,000	1,741,500	3.43	0.54	-12.43%
RYMCO Class "B"	\$3.28	0.00%	-	-	-	-	10,920,000	35,818	18.22	1.57	0.00%
Holcim Liban	\$14.50	1.75%	1,000	0.22%	\$14,500	0.65%	19,516,040	282,983	6.53	1.61	-6.45%
Ciments Blancs Nominal	\$2.61	0.00%	-	-	-	-	9,000,000	23,490	5.33	1.24	2.35%

**Note:** n.a stands for not applicable

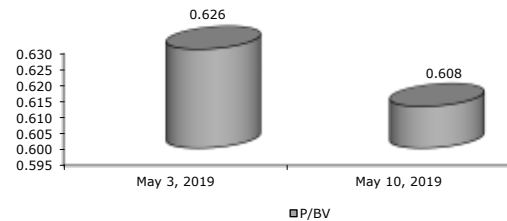
Source: Beirut Stock Exchange, Credit Libanais Economic Research Unit

### Activity Analysis

	Previous	Last	% Change
Value Traded (\$)	1,399,468	2,229,910	59.34%
Volume Traded	230,251	463,454	101.28%
Average Daily Trading Value (\$)	466,489	743,303	59.34%
Average Daily Trading Volume	76,750	154,485	101.28%
Market Cap - BSE (\$)	8,960,242,819	8,632,386,188	-3.66%
Weighted Average P/BV	0.626	0.608	-2.86%

Source: Beirut Stock Exchange, Credit Libanais Economic Research Unit

### Evolution of Beirut Bourse Comparable Benchmarks



Source: BSE, Credit Libanais Economic Research Unit

The market-cap weighted average price to book value (P/BV) multiple of listed stocks ended its week lower at 0.608x based on the closing prices of Friday's session.

## Weekly Market Watch

SOURCE: BSE, CREDIT LIBANAIS ECONOMIC RESEARCH UNIT

# LEBANON'S MAIN INDICATORS

Recap of Lebanon's Major Indicators								
	2012	2013	2014	2015	2016	2017	2018	2019
<b>MACROECONOMIC INDICATORS</b>								
GDP (Current Prices) (\$ Billion)	44.23	46.87	48.30	49.97	51.24	53.39	56.41*	58.28*
Real GDP Growth Rate	2.72%	2.62%	1.88%	0.42%	1.61%	0.55%	0.25%*	1.30%*
GDP per Capita (Current Prices) (\$)	8,997	8,883*	8,619*	8,540*	8,530*	8,778*	9,257*	9,608*
Foreign Direct Investment Inflows (\$ Billion)	3.1	2.7	2.9	2.4	2.6	2.6	2.9	2.6*
FDI/GDP Ratio	7.03%	5.68%	6.03%	4.70%	5.09%	4.93%	5.14%	4.46%
<b>INDUSTRY</b>								
Industrial Exports (\$ Million)	3,567	3,384	3,150	2,956	2,527	2,474	2,548	
Import of Industrial Machinery (\$ Million)	288	300	269	234	236	257	266	
<b>TOURISM</b>								
Total Number of Tourists	1,365,845	1,274,362	1,354,647	1,517,927	1,688,357	1,856,795	1,963,917	375,815 <sup>(5)</sup>
Growth in Tax- Free Spending	-6%	4%	8%	2%	-9%	5%	7%	12% <sup>(5)</sup>
<b>REAL ESTATE</b>								
Value of Real Estate Transactions (\$ Million)	9,175	8,708	8,952	8,006	8,482	9,954	8,134	1,625 <sup>(5)</sup>
Number of Real Estate Sales Transactions	74,569	69,198	70,721	63,386	64,248	73,541	60,714	12,067 <sup>(5)</sup>
Construction Permits (000 sqm)	12,362	10,527	11,159	10,294	9,935	9,271	7,144	1,567 <sup>(5)</sup>
Cement Delivery (000 Tons)	5,309	5,831	5,517	5,043	5,265	5,149	4,702	420 <sup>(4)</sup>
<b>TRANSPORTATION</b>								
Beirut Port: Freight Activity (000 Tons)	7,225	8,268	8,281	7,240	8,737	8,629	7,985	1,766 <sup>(5)</sup>
Beirut Airport: Number of Passengers (Million)	5.96	6.26	6.57	8.22	7.61	8.24	8.84	2.57 <sup>(7)</sup>
<b>FOREIGN TRADE</b>								
Imports (\$ Million)	21,280	21,228	20,494	18,069	18,705	23,130	19,980	2,769 <sup>(4)</sup>
Exports (\$ Million)	4,483	3,936	3,313	2,952	2,977	2,844	2,952	536 <sup>(4)</sup>
Trade Balance (\$ Million)	(16,797)	(17,292)	(17,181)	(15,117)	(15,729)	(20,287)	(17,028)	(2,233) <sup>(4)</sup>
<b>BALANCE OF PAYMENTS</b>								
Net Foreign Assets at the Financial Sector (\$ Million)	(1,537)	(1,127)	(1,407)	(3,354)	1,238	(157)	(4,823)	(2,005) <sup>(5)</sup>
Foreign Assets at BDL (\$ Billion)	35.74	35.29	37.86	37.09	40.71	41.99	39.67	37.97 <sup>(7)</sup>
Gold Reserves at BDL (\$ Billion)	15.31	11.10	10.95	9.85	10.71	11.96	11.77	11.85 <sup>(7)</sup>
<b>PUBLIC FINANCE</b>								
Government Expenditures (\$ Million)	13,321	13,640	13,952	13,528	14,867	15,381	16,554 <sup>(2)</sup>	
Government Revenues (\$ Million)	9,396	9,420	10,879	9,576	9,923	11,625	10,745 <sup>(2)</sup>	
Budget Primary Deficit / Surplus (\$ Million)	(110)	(240)	1,307	724	21	1,428	(491) <sup>(2)</sup>	
Total Deficit (\$ Million)	(3,925)	(4,220)	(3,073)	(3,952)	(4,944)	(3,756)	(5,809) <sup>(2)</sup>	
Deficit / GDP Ratio	8.87%	9.00%	6.36%	7.91%	9.65%	7.03%		
Debt Service / GDP Ratio	8.18%	8.09%	9.07%	9.36%	9.69%	9.71%		
Net Public Debt (\$ Billion)	49.12	53.18	57.30	61.54	65.42	69.32	75.72	76.55 <sup>(4)</sup>
Gross Public Debt/GDP Ratio	130.42%	135.44%	137.82%	140.71%	146.15%	148.96%	150.92%*	157.81%*
<b>MONETARY AGGREGATES &amp; INFLATION</b>								
M4 (\$ Billion)	110.00	117.41	124.53	131.17	139.20	145.16	148.31	146.98 <sup>(6)</sup>
(M2 - M1) (\$ Billion)	39.32	40.56	43.27	46.25	47.95	45.45	42.98	43.23 <sup>(6)</sup>
Monetization Level (M2/GDP Ratio)	99.15%	97.17%	100.66%	104.17%	106.25%	98.05%	89.84%	
Change in CPI (%)	4.68%	2.05%	-1.66%	-3.40%	3.14%	5.01%	3.98%	4.08% <sup>(5)</sup>
<b>BANKING SYSTEM</b>								
Number of Commercial Banks	54	56	55	53	50	49	49 <sup>(1)</sup>	
Number of Branches	962	985	1,020	1,039	1,056	1,065	1,069 <sup>(1)</sup>	
Total Assets (\$ Million)	151,883	164,821	175,697	185,989	204,311	219,856	249,484	252,752 <sup>(5)</sup>
Total Deposits (\$ Million)	127,657	139,166	147,637	154,951	166,446	172,965	178,556	177,094 <sup>(5)</sup>
Loans to the Private Sector (\$ Million)	43,452	47,381	50,899	54,224	57,180	60,318	59,386**	57,329 <sup>(5)</sup>
Customer Loans/ Deposits	34.04%	34.05%	34.48%	34.99%	34.35%	34.87%	33.26%**	32.37% <sup>(5)</sup>
Dollarization Rate	64.82%	66.14%	65.71%	64.88%	65.82%	68.72%	70.62%	70.60% <sup>(5)</sup>
Exchange Rate (LBP to USD)	1,507.50	1,507.50	1,507.50	1,507.50	1,507.50	1,507.50	1,507.50	1,507.50

\* Figures Reflect IMF Estimates

\*\* Year 2018 loan figures and onwards reflect BDL's reclassification of some balance sheet items to meet IFRS9 requirements.

(1) As at End of September, 2018, (2) As at End of November, 2018, (3) As at End of January, 2019, (4) As at End of February, 2019, (5) As at End of March, 2019, (6) As at April 18, 2019, (7) As at End of April, 2019

# LEBANON'S RATINGS

## Republic Of Lebanon Sovereign Ratings

Rating Agency	Tenor	Rating	Outlook
Standard & Poor's Global Ratings	Long-Term	B-	Negative
	Short-Term	B	
Moody's Investors Service	Long-Term	Caa1	Stable
Fitch Ratings	Long-Term	B-	Negative
	Short-Term	B	

Source: S&P Global Ratings, Moody's Investors Service, Fitch Ratings, Credit Libanais Economic Research Unit

## Lebanese Banks' Latest Ratings

Rated Banks	Moody's Investors Service		Fitch Ratings		S&P Global Ratings		
	Long Term Foreign Currency	Outlook	Long Term IDR	Outlook	Long-Term Counterparty Credit Rating	Short-Term Counterparty Credit Rating	Outlook
Bank Audi	Caa1	Stable	B-	Negative	B-	C	Negative
BLOM Bank	Caa1	Stable	-	-	B-	-	Negative
Byblos Bank	Caa1	Stable	B-	Negative	-	-	-
BankMed	-	-	-	-	B-	C	Negative

Source: Moody's Investors Service, Fitch Ratings, S&P Global Ratings, Credit Libanais Economic Research Unit

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