

## The LEBANON WEEKLY MONITOR

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### Markets In Brief

#### p.9 STABILITY IN LP/US\$ RATE ON BLACK MARKET AWAITING CABINET FORMATION

After a long-awaited verdict issued by the Special Tribunal for Lebanon in the 2005 assassination of the Ex-Prime Minister Rafic Hariri, and with a cautious mood swaying over the domestic front while the discussions to form a new government kicked-off based on the "French Paper", Lebanon's capital markets saw this week stability in the LP/US\$ exchange rate on the black FX market, two-way flows on the equity market and shy price gains on the bond market. In details, the LP/US\$ rate hovered around LP/US\$ 7,000 during this week, while the money transfer houses continued to pay transfers from abroad in US dollars. BDL's foreign assets pursued their downward trajectory after Beirut devastating blast, reaching US\$ 30 billion mid-August 2020, while an informed source said that BDL can subsidize fuel oil, wheat and pharmaceutical products for three months only. In parallel, the equity market saw mixed price movements, which resulted into a shy rise in the BSE price index of 0.1%. On the bond market, activity was mostly tilted to the upside. Sovereigns registered weekly price gains of up to 0.38 pt.

### LEBANON MARKETS: WEEK OF AUGUST 17 - AUGUST 23, 2020

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## ECONOMY

### BDL'S SUBSIDY PROGRAM MIGHT END IN THREE MONTHS

Lebanon's Central Bank can subsidize fuel oil, wheat and pharmaceutical products for three months only, an official source informed Reuters last week.

BDL's foreign currency reserves dwindled sharply over the past year due to the import subsidy and its constant intervention on the parallel market to keep the Lebanese pound within acceptable limits on the market. The current level of reserves at hand is close to the required reserves BDL imposes on banks FX deposits. Since the beginning of the year, the decline in BDL's FX reserves is estimated to have exceed US\$ 7 billion.

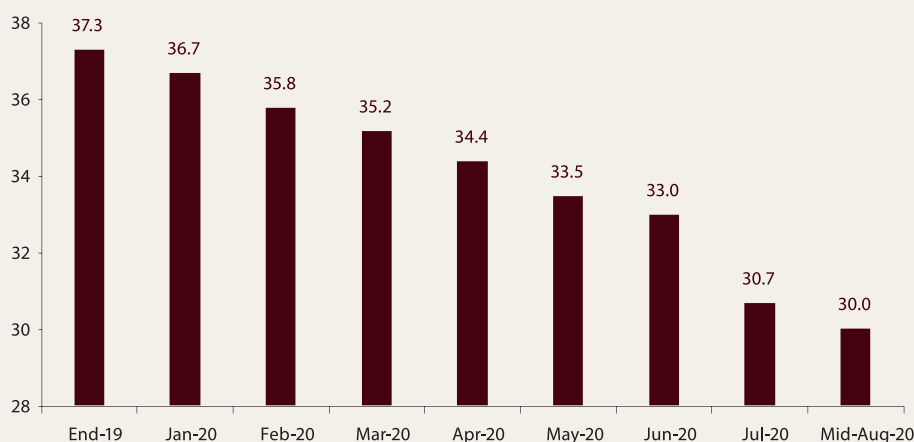
As a matter of fact, the annual foreign currency financing needs lying on the burden of the Central Bank are quite significant relative to the size of the foreign currency reserves at hand.

Those foreign currency needs amount to no less than US\$ 10 billion per annum covering the financing of basic consumption products (wheat, pharmaceuticals, gasoline), the financing of the newly subsidized food basket, the financing of fuel oil for EDL and the financing of BDL intervention on the parallel FX market.

BDL's foreign assets are today at US\$ 30 billion, including a portfolio of US\$ 5 billion of Lebanese sovereign Eurobonds and US\$ 9 billion of FX loans to Lebanese banks, which leaves a mere US\$ 16 billion of liquid FX reserves at the Central Bank.

As such, a gradual erosion of reserves is henceforth anticipated, with adverse potential effects on the monetary situation, inflation and socio-economic conditions. The only way to break such a vicious circle is to secure foreign assistance, which calls for a full-fledge program with the IMF that will ensure direct IMF loan in addition to the indirect potential impact on other donors, shall such a program be in place.

#### BDL'S FOREIGN ASSETS (US\$ BILLION)



Source: BDL

The conception and implementation of such an IMF program should be the Top priority of any upcoming Cabinet. It is worth recalling that the Lebanese Government had resigned on the 10th of August following the large explosion at the Beirut Port that inflicted huge human and material losses. Lebanon is now awaiting Parliamentary Consultations for the nomination of a new Prime Minister that would be in charge of forming the awaited new Cabinet.

## STRONG ACTIVITY IN THE REAL ESTATE MARKET IN FIRST SEVEN MONTHS OF 2020

The Lebanese real estate market witnessed strong activity over the first seven months of 2020, with the October 17 revolution and the ensuing exacerbation of the economic and financial crisis spurring significant demand for real estate.

Apartments and land are widely perceived as a safe-haven investment, and are sought after by buyers fearing a haircut on their financial investment. In this context, the statistics published by the General Directorate of Land Registry and Cadastre covering the first seven months of 2020 showed that realty markets have undergone a rise in sales activity and a hike in their value.

In fact, the number of sales operations rose from 25,384 sales operations in the first seven months of 2019 to 37,609 operations in the first seven months of 2020, while property taxes recorded a strong increase of 90.2% to reach US\$ 306.9 million over the period. However, sales to foreigners contracted by 3.6% year-on-year to reach 533 operations in the first seven months of 2020.

In parallel, the value of property sales transactions was on a significant improving path in the first seven months of 2020. It posted a noticeable rise of 137.5% year-on-year to attain a total of US\$ 7,183 million during the same period of 2020. Accordingly, the average sales value increased from US\$ 119,147 in the first seven months of 2019 to US\$ 191,001 in the first seven months of 2020. Most of the regions recorded an increase in the value of sales transactions, with the most significant movements coming as follows: Beirut (+185%), Kesrouan (+172%) and Baabda (+145%).



Sources: Directorate of Land Registry and Cadastre, Bank Audi's Group Research Department

**A 43% DROP IN FOREIGN TRADE ACTIVITY IN H1 2020 AMID A DECLINE IN IMPORTS AND EXPORTS**

Lebanon’s external sector witnessed a considerable drop in trade deficit by 57.3% over the first half of 2020, when compared to the first half of 2019, moving from US\$ 8.4 billion to US\$ 3.6 billion between the two periods, according to trade statistics released by Lebanon’s Customs Authority.

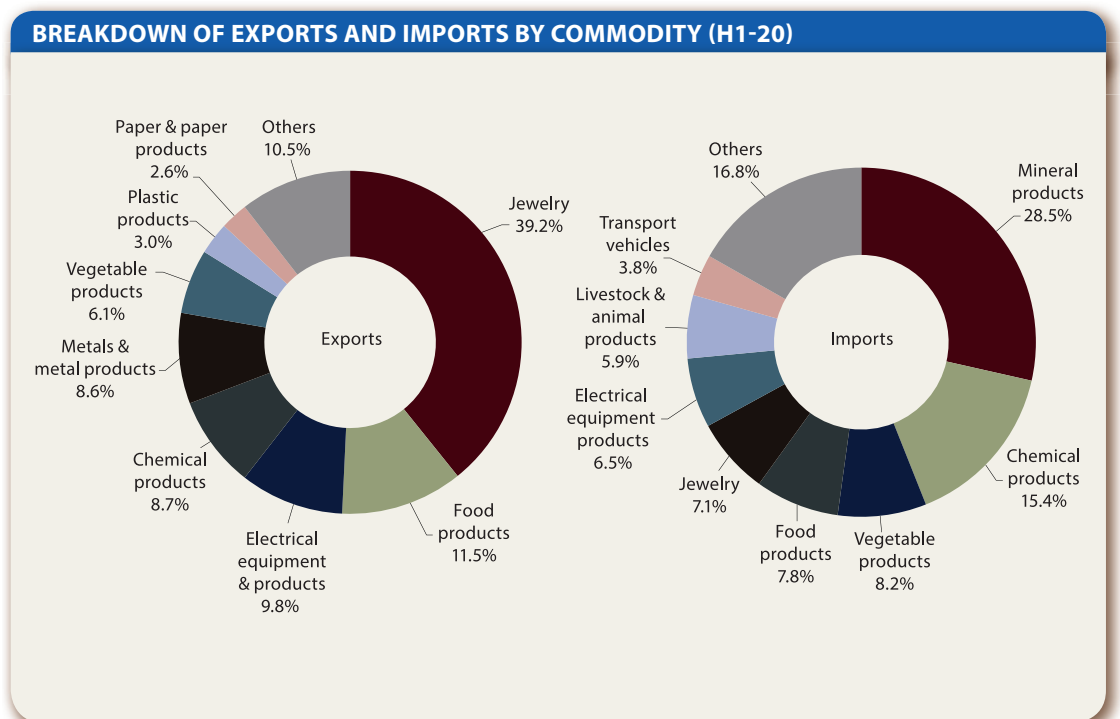
This tangible contraction in trade deficit was triggered by a decline in imports by 48.7% coupled with a decrease in exports by 6.5% over the same period.

Accordingly, the sum of exports and imports went down by 42.5% to reach US\$ 6.8 billion over the first half of 2020, while the exports to imports ratio went up considerably from 17.0% to 31.0% between the two periods.

Going further into details, the breakdown of exports by product suggests that the most significant decline among the major categories was reported by plastic products with 41.7%, followed by paper and paper products with 35.4%, fats and oils with 28.1%, chemical products with 21.8% and metals and metal products by 16.4% over the first half of 2020 when compared to the first half of 2019.

On the other hand, the main items to have displayed an increase were vegetable products with 34.2% and jewelry with 11.2% over the same period.

In parallel, the breakdown of imports by product suggests that the most significant decline was reported by transport vehicle with 69.6%, followed by metals and metal products with 67.5%, electrical equipments and products with 63.1%, textiles and textile products with 59.6%, plastic products with 57.8% and mineral products with 55.9% over the first half of 2020 relative to 2019 same period.



Sources: Lebanon’s Customs Administration, Bank Audi’s Group Research Department

## SURVEYS

### FITCH AFFIRMS LEBANON'S LONG-TERM FOREIGN-CURRENCY ISSUER DEFAULT RATING AT "RD"

Fitch Ratings affirmed Lebanon's long-term foreign-currency Issuer Default Rating (IDR) at Restricted Default "RD" and long-term local-currency IDR at "CC". According to Fitch, Lebanon remains in "RD" on its foreign currency government debt, following the sovereign's failure to pay the principal on the Eurobond that matured on 9 March 2020. The government has stopped servicing its outstanding stock of Eurobonds pending a debt restructuring.

The government is servicing its local-currency government debt to private creditors while it decides on the timing and approach to restructuring it. In April Lebanon outlined a financial recovery plan (FRP), including an indicative debt restructuring plan, but has not reached agreement with external or domestic bondholders.

A number of interlocking factors have been hindering progress, including the need to also restructure the banking sector and the balance sheet of Banque du Liban, domestic disagreement between the newly-resigned government and the financial sector over the restructuring process, failure to secure an IMF deal and now the need for a new government. Progress with reform and debt restructuring will require greater unity among political and economic elites, the prospects for which remain uncertain.

The short-lived government resigned on 10 August following the catastrophic blast in the port of Beirut, which provided irrefutable evidence of the country's widespread governance failings. It is unclear when a new government will be formed and whether parliamentary elections due in 2022 will be accelerated. The international community has emphasized the need for Lebanon's political class to show commitment to reforms to unlock external financing.

The IMF would likely require some prior actions before agreeing to a funding program. This could precipitate action from the next government given the country's straitened circumstances, but domestic political divisions, challenged vested interests and geopolitical dynamics could equally stymie a way forward.

In the meantime, macroeconomic conditions have deteriorated sharply, with multiple exchange rates, soaring inflation (90% year-on-year in June) and plunging GDP, exacerbated by the massive damage and disruption caused by the blast. We forecast real GDP to decline by 25% and that nominal GDP in US dollar terms will collapse close to USD20 billion in 2020 from USD55 billion in 2019, the lowest level in at least 15 years. This projection is highly uncertain given the unfolding economic crisis and assumes an average effective exchange rate of LBP5,000 to the US dollar. There are multiple exchange rates currently in operation, ranging from the official LP 1,500 to a parallel rate of around LP 7,000 (which had weakened to LP 9,000).

The government's FRP aims to reduce government debt/GDP to 103% in 2020, from 176% in 2019, with a gradual decline to less than 90% by 2026. The plan did not specify the extent of potential nominal haircuts on external and domestic debt (or changes to maturities and coupons). Haircuts of 70% and 43%, respectively, would fit roughly with the government numbers, but the underlying macroeconomic assumptions will need updating. For example, the plan assumes an exchange rate of LP 3,500 to the US dollar.

In the FRP, the government tentatively quantified the net losses that BdL and the banking sector are facing at LP 154 trillion (around 150% of GDP) pending a full audit of BdL. The BdL figure stems from accumulated annual losses, haircuts to its holdings of government debt and the impact of devaluation. The hit to the banking sector comes from restructuring of government debt (LBP securities and Eurobonds), impaired assets with BdL and impaired claims on the private sector. Among a raft of proposed measures, there would be a full bail-in of existing capital at banks, further capital injections required from shareholders and some bail-ins of large depositors. The financial sector has pushed back against the above and suggested an alternative plan.

The core immediate problem remains the negative foreign currency position at BDL and the consequences of this for banks and depositors. Banks' foreign-currency deposit liabilities total US\$ 114 billion and although banks' foreign-currency assets at BDL are approximately US\$ 80 billion, these are not available to them because BDL's foreign currency reserves are only US\$ 26 billion as of June (excluded gold valued at US\$ 16 billion). Rebalancing the US dollar shortfall implies large losses. The disagreement is how to manage this painful process and distribute the losses.

Lebanon has an ESG Relevance Score of 5 for both Political Stability and Rights and for the Rule of Law, Institutional and Regulatory Quality and Control of Corruption, as is the case for all sovereigns. These scores reflect the high weight that the World Bank Governance Indicators (WBGIs) have in our proprietary Sovereign Rating Model. Lebanon has a low WBGIs ranking at around the 20th percentile, reflecting severe institutional failings and government ineffectiveness, uneven application of the rule of law and a high level of corruption.

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### **S&P AFFIRMS LEBANON'S FOREIGN CURRENCY SOVEREIGN CREDIT RATINGS AT "SD"**

S&P affirmed its long-term and short-term foreign currency sovereign credit ratings on Lebanon at "SD/SD".

The agency also affirmed its long-term and short-term local currency ratings at "CC/C". The outlook on the local currency ratings remains "negative". At the same time, S&P lowered to "D" from "CC" the issue ratings on the following bonds with missed coupon payments in July and August. S&P's transfer and convertibility assessment remains at "CC".

The "negative" outlook on the local currency rating reflects that the government will likely decide to restructure its local currency debt as part of a broader restructuring program.

On the downside, S&P could lower the local currency sovereign ratings to "SD" if the government signals that it will restructure local currency debt in addition to the Eurobonds.

On a positive note, S&P could raise the local currency ratings if S&P believed a distressed exchange of Lebanon's local currency commercial debt had become less likely. This could be the case if, for example, significant donor funding support were to materialize, allowing the government to implement immediate and transformative reforms, or if meaningful reforms led to sustained, strong economic growth.

In March 2020, the Lebanese government announced that it would stop paying its commercial foreign currency obligations, which amounted to about US\$ 31 billion of Eurobonds. Lebanon defaulted on three principal payments of Eurobonds - due in March, April, and June 2020 - along with interest payments due on all other outstanding Eurobonds.

Pressure on the government's ability to repay debt started mounting in 2019 as the key financing source - deposit inflows from non-residents - declined, eroding confidence in Lebanon's currency peg to the US dollar and weighing on foreign exchange reserves.

The country is also reeling from the loss of lives and damage caused by an explosion at the Beirut port on Aug. 4, 2020. It occurred at a warehouse where 2,750 tons of ammonium nitrate had been stored for over six years. The cause of the initial fire remains uncertain and an enquiry is ongoing; the most likely explanation so far appears to be gross negligence by the authorities. Amid rising social tensions and public anger directed at the political elite, the Lebanese government resigned.

## CORPORATE NEWS

### BALANCE SHEET OF FINANCIAL INSTITUTIONS TOTALS US\$ 1,224 MILLION AT END-JUNE 2020

According to the latest statistics issued by the Central Bank of Lebanon, the total balance sheet of financial institutions amounted to US\$ 1,223.7 million at end-June 2020, down by 11.5% from end-2019. In details, currency and deposits with Central Banks fell from US\$ 54.9 million at end-2019 to US\$ 51.1 million at end-June 2020.

Claims on resident customers declined by 13.7% from end-2019 to US\$ 538.6 million at end-June 2020. Claims on non-resident customers fell from US\$ 47.3 million at end-2019 to US\$ 18.6 million at end-June 2020.

Claims on resident financial sector decreased from US\$ 306.7 million at end-2019 to US\$ 299.2 million at end-June 2020. Claims on non-resident financial sector decreased by 51.0% from end-2019 to US\$ 25.1 million at end-June 2020.

Claims on the public sector stood at US\$ 4.7 million at end-June 2020, down by 9.3% from end-2019.

Securities portfolio registered US\$ 87.4 million at end-June 2020, down by 2.7% from its level at end-2019.

Tangible assets reported US\$ 52.0 million at end-June 2020, up by 11.1% from end-2019. Intangible assets declined from US\$ 139.1 million at end-2019 to US\$ 131.1 million at end-June 2020.

On the liabilities side, resident customer deposits registered US\$ 146.3 million at end-June 2020, down by 14.5% from end-2019. Non-resident customer deposits fell to US\$ 4.8 million at end-June 2020, from US\$ 17.1 million at end-2019.

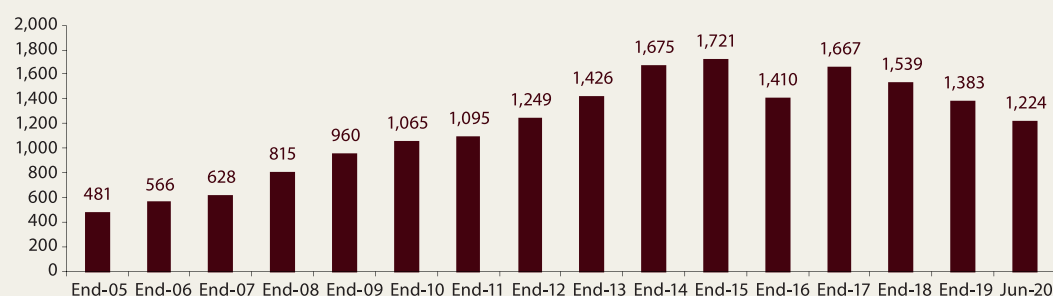
Resident financial sector liabilities stood at US\$ 177.5 million at end-June 2020, declining by 20.6% from end-2019. Non-resident financial liabilities decreased from US\$ 124.7 million at end-2019 to US\$ 93.6 million at end-June 2020.

Public sector deposits stood at US\$ 4.8 million at end-June 2020, up by 21.9% from end-2019.

Debt securities issued stood at US\$ 110.5 million at end-June 2020, down by 1.2% from its level at end-2019.

Capital accounts reported US\$ 467.7 million at end-June 2020, down from US\$ 486.4 million at end-2019.

### BALANCE SHEET OF FINANCIAL INSTITUTIONS (US\$ MILLION)



Sources: Central Bank of Lebanon, Bank Audi's Group Research Department

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**FFA PRIVATE BANK SIGNS REPRESENTATION AGREEMENT WITH ANKURA**

FFA Private Bank signed a representation agreement with Ankura, a US-headquartered international management consultancy. The two companies have joined forces to seek mandates for restructuring consultancy in the banking and other sectors.

Many Lebanese commercial banks will need to adapt to the new operating environment. It is vital that they have access to expert resources that can help them develop and evaluate strategies designed to help them make informed decisions and realizing winning strategies, as per the Chairman of FFA Private Bank.

The partnership with Ankura adds functional skills such as turnaround, restructuring, forensic accounting, finance transformation, risk and compliance, due diligence and financial advisory to the mix. Such expertise is fundamental to support response and strategic repositioning of financial institutions, as per the same source. The two parties jointly provide a "unique suite of advisory and consulting services localized to the Lebanese market," as per the Chairman of FFA Private Bank.

Ankura, the consulting firm, is looking forward to offer its capabilities in Lebanon, as per a company official.

For the US-headquartered consultancy, the partnership in Lebanon comes shortly after it closed two acquisitions in North America: Water Street Partners and UnitedLex's cybersecurity practice.

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**SAINT GEORGE HOSPITAL RESUMES LIGHT ACTIVITY FOLLOWING PORT EXPLOSION**

Labs, including X-ray and MRI scanning, are resuming at Saint George Hospital a couple of weeks after the facility was rocked and rendered non-operational by the port's explosion.

The hospital will open its external clinics and emergency room, and begin carrying out minimal surgeries. Most equipment was spared. Other operations will gradually resume.

The hospital has received pledges of financial support. According to preliminary assessment, direct infrastructure damages are estimated at US\$ 40 million, as per the Chief of Staff. A 60-bed field hospital provided by the State of Qatar is suitable for small operations and for simple medical services, said the Chief of Staff.

The destruction is considerable and rebuilding will take time. The hospital will reopen sections and floors step by step and the 300-bed hospital is expected to be fully operational six months from now, as per the same source.

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**CEDAR ENVIRONMENTAL LAUNCHES PROJECT TO RECYCLE BLASTED GLASS**

Cedar Environmental Co. launched a project to recycle broken glass resulting from the blast of the Port of Beirut, said the CEO of Cedar Environmental.

The company has teamed up with the Green Glass Recycling Initiative - Lebanon (GGRIL) to implement the project.

The glass shreds will be sent to two glass factories in Tripoli and to Khalife Brothers factory in Sarafand for recycling into glass utensils such as jars and bottles. There are no panel glass factories in Lebanon.

Cedar Environmental is preparing to launch a fundraising campaign for donations to pay for transportation costs as well as for fuel for the Sarafand factory. The factories will not pay for the shattered glass. Their output will be bought by GGRIL.

Cedar Environmental Co. will start transporting eight tons of shattered glass. Cedar Environmental is also cooperating with civil society organizations that provide voluntary work.



## CAPITAL MARKETS

### MONEY MARKET: EXTENDED WEEKLY EXPANSION IN TOTAL RESIDENT DEPOSITS

Abundant local currency liquidity remained the main feature characterizing the money market this week. This kept the overnight rate stable at its low level of 3.0%, noting that its official level stayed quoted at 1.90%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 6th of August 2020 showed that total resident banking deposits saw further expansions of LP 61 billion for the second consecutive week. This is mainly driven by a LP 168 billion growth in foreign currency resident deposits, while total LP resident deposits contracted by LP 107 billion amid a LP 286 billion drop in LP saving deposits and a LP 179 billion rise in LP demand deposits. Within this context, Money supply in its largest sense (M4) registered its largest weekly expansion so far this year of LP 872 billion, mainly driven by a LP 824 billion rise in the currency in circulation after the devastation explosion that has rocked Beirut on August 4, 2020 causing large human and material damages.

### INTEREST RATES

	21/08/20	14/08/20	27/12/19	
Overnight rate (official)	1.90%	1.90%	3.90%	↔
7 days rate	2.00%	2.00%	4.00%	↔
1 month rate	2.75%	2.75%	4.75%	↔
45-day CDs	2.90%	2.90%	4.90%	↔
60-day CDs	3.08%	3.08%	5.08%	↔

Source: Bloomberg

### TREASURY BILLS MARKET: SHY NOMINAL WEEKLY DEFICIT OF LP 6 BILLION

The latest Treasury bills auction results for value date 20th of August 2020 showed that the Central Bank of Lebanon allowed banks to subscribe in full to the three-month category (offering a yield of 3.50%), the one-year category (offering a yield of 4.50%) and the five-year category (offering a coupon of 6.0%).

In parallel, the Treasury bills auction results for value date 13th of August 2020 showed that total subscriptions amounted to LP 350 billion, distributed as follows: LP 5 billion in the six-month category (offering a yield of 4.0%), LP 108 billion in the three-year category (offering a coupon of 5.50%) and LP 237 billion in the seven-year category (offering a coupon of 6.50%). These compare to maturities of LP 356 billion, resulting into a shy nominal weekly deficit of LP 6 billion.

## TREASURY BILLS

	21/08/20	14/08/20	27/12/19	
3-month	3.50%	3.50%	5.30%	↔
6-month	4.00%	4.00%	5.85%	↔
1-year	4.50%	4.50%	6.50%	↔
2-year	5.00%	7.00%	7.00%	↔
3-year	5.50%	5.50%	7.50%	↔
5-year	6.00%	6.00%	8.00%	↔
7-year	-	6.50%	9.00%	
<b>Nom. Subs. (LP billion)</b>		<b>350</b>	<b>120</b>	
Short-term (3&6 mths)		5	-	
Medium-term (1&2 yrs)		-	20	
Long-term (3 yrs)		108	-	
Long-term (5 yrs)		-	100	
Long-term (7 yrs)		237	-	
<b>Maturities</b>		<b>356</b>	<b>61</b>	
<b>Nom. Surplus/Deficit</b>		<b>-6</b>	<b>59</b>	

Sources: Central Bank of Lebanon, Bloomberg

## FOREIGN EXCHANGE MARKET: BDL'S FOREIGN ASSETS DOWN TO US\$ 30 BILLION MID-AUGUST

After a long-awaited verdict from the Special Tribunal for Lebanon in the 2005 assassination of the former Prime Minister Rafic Hariri, and along a cautious mood swaying over the domestic front, while the money transfer houses continued paying transfers from abroad in US dollars, the black foreign exchange market saw a relative stability in the LP/US\$ exchange rate, with the latter closing at LP/US\$ 6,900-LP/US\$ 7,000 at the end of this week versus LP/US\$ 7,000-LP/US\$ 7,100 at the end of last week. Concurrently, the money changers syndicate kept the parallel market exchange rate at LP/US\$ 3,850-LP/US\$ 3,900.

In parallel, the Central Bank of Lebanon's latest bi-monthly balance sheet ending 15th of August 2020 showed that BDL's foreign assets contracted significantly by US\$ 709 million during the first half of the month following the devastating explosion that has rocked Beirut on August 4, 2020 causing large human and material damages. Accordingly, BDL's foreign assets reached US\$ 30.0 billion mid-August 2020, accumulating year-to-date contractions of US\$ 7.3 billion. Within this context, an informed source said that the Central Bank of Lebanon can subsidize fuel oil, wheat and pharmaceutical products for three months only.

## EXCHANGE RATES

	21/08/20	14/08/20	27/12/19	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,989.90	1,971.36	1,970.00	↓
LP/¥	14.29	14.13	13.77	↓
LP/SF	1,655.50	1,655.50	1,543.78	↔
LP/Can\$	1,142.31	1,137.91	1,150.59	↓
LP/Euro	1,780.81	1,780.66	1,679.20	↓

Source: Bank Audi's Group Research Department

## STOCK MARKET: BSE PRICE INDEX UP BY 0.1% WEEK-ON-WEEK ON MIXED PRICE MOVEMENTS

The BSE total turnover was restricted to US\$ 1.8 million during this week that was shortened to four working days due to holidays and compared to a total activity of US\$ 4.2 million last week, noting that Solidere shares continued to capture the lion's share of activity (93.7%).

Only five out of 26 listed stocks were traded this week. Two stocks posted price contractions, while two stocks registered price gains and one stock saw no price change week-on-week. A closer look at individual stocks shows that Bank Audi's "listed" share price surged by 4.2% to US\$ 1.0. Byblos Bank's "listed" share price jumped by 5.4% to US\$ 0.39. BLOM's "listed" share price remained unchanged at US\$ 2.81. In contrast, Solidere "A" share price declined by 0.4% to US\$ 14.18. Solidere "B" share price dropped by 1.5% to US\$ 14.03. These mixed price movements resulted into a shy rise in the BSE price index of 0.1% week-on-week.

### AUDI INDICES FOR BSE

22/1/96=100	21/08/20	14/08/20	27/12/19	
Market Cap. Index	278.00	277.70	316.37	↑
Trading Vol. Index	19.89	36.79	24.97	↓
Price Index	59.13	59.06	69.36	↑
Change %	0.11%	-0.63%	2.37%	↑
	21/08/20	14/08/20	27/12/19	
Market Cap. \$m	6,595	6,588	7,506	↑
No. of shares traded (Exc. BT)	235,577	300,505	333,997	↓
Value Traded \$000 (Exc. BT)	1,802	4,170	2,294	↓
o.w. : Solidere	1,688	4,166	2,294	↓
Banks	114	4	0	↑
Others	0	0	0	↔

Sources: Beirut Stock Exchange, Bank Audi's Group Research Department

## BOND MARKET: LEBANESE BOND PRICES MOSTLY UP THIS WEEK

A lull mood swayed over the Lebanese Eurobond market over this week, while activity was mostly skewed to the upside. Lebanese sovereigns maturing between 2022 and 2031 registered weekly price gains ranging between 0.13 pt and 0.38 pt, while papers maturing in 2020, 2032 and 2037 posted price contractions of 0.13 pt each. Accordingly, prices of Lebanese sovereigns ranged between 15.25 cents per US dollar and 18.0 cents per US dollar across the yield curve at the end of this week. This compared to a range of 15.13-18.38 cents per US dollar at the end of last week.

### EUROBONDS INDICATORS

	21/08/20	14/08/20	27/12/19	
Total tradable size \$m	32,664	32,664	29,564	↔
o.w.: Sovereign bonds	31,314	31,314	28,314	↔
Average Yield	48%	48%	29.99%	↔
Average Life	7.38	7.39	7.50	↓
Yield on US 5-year note	0.25%	0.30%	1.71%	↓

Source: Bank Audi's Group Research Department

## INTERNATIONAL MARKET INDICATORS

	21-Aug-20	14-Aug-20	31-Dec-19	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	105.81	106.60	108.64	-0.7%	-2.6%
\$/£	1.309	1.309	1.326	0.0%	-1.3%
\$/Euro	1.180	1.184	1.121	-0.4%	5.2%
<b>STOCK INDICES</b>					
Dow Jones Industrial Average	27,930.33	27,931.02	28,538.44	0.0%	-2.1%
S&P 500	3,397.16	3,372.85	3,230.78	0.7%	5.1%
NASDAQ	11,311.80	11,019.30	8,972.60	2.7%	26.1%
CAC 40	4,896.33	4,962.93	5,978.06	-1.3%	-18.1%
Xetra Dax	12,764.80	12,901.34	13,249.01	-1.1%	-3.7%
FT-SE 100	6,001.89	6,090.04	7,542.44	-1.4%	-20.4%
NIKKEI 225	22,920.30	23,289.36	23,656.62	-1.6%	-3.1%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,940.48	1,945.12	1,517.27	-0.2%	27.9%
SILVER OUNCE	26.79	26.45	17.85	1.3%	50.1%
BRENT CRUDE (per barrel)	44.35	44.80	62.93	-1.0%	-29.5%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	0.18	0.15	1.76	0.03	-1.58
US Prime Rate	3.25	3.25	4.75	0.00	-1.50
US Discount Rate	0.25	0.25	2.25	0.00	-2.00
US 10-year Bond	0.63	0.71	1.92	-0.08	-1.29

Sources: Bloomberg, Bank Audi's Group Research Department

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