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## The LEBANON WEEKLY MONITOR

## Economy

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Following the socio-political developments that erupted in October 2019, Lebanon's public finances statistics for the month of October (latest available) point to a significant expansion of the government's deficit as a result of a considerable drop in public revenues by 29.4% year-on-year, in addition to the economic sluggishness amid weak real sector activity, along with a lower decline in public expenditures by 10.9% year-on-year over the month of October.

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Amid continuous cabinet stalemate and lingering regional geopolitical tensions, and with the Central Bank Governor reassuring that "there is a crisis and difficulties, but not a collapse" and reiterating the Bank's willingness to do whatever is deemed necessary to support the government, Lebanon's capital markets witnessed this week net foreign buying operations on the Eurobond market, increased activity on the equity market along with price contractions, and reduced FC conversions on the FX market. In details, internationals were net buyers on the Eurobond market following BDL Governor's reassuring words. Accordingly, bond prices expanded by up to 1.38 pt week-on-week. On the equity market, the BSE total turnover more than doubled to reach US\$ 5.7 million, while the price index fell by 3.4%, mainly dragged by banking shares. At the level of the FX market, FC conversions slowed down when compared to the previous week, while the deposit dollarization rate touched 75%. Within this context, the overnight rate remained relatively low at 12%.

## LEBANON MARKETS: WEEK OF JANUARY 06 - JANUARY 12, 2020

Money Market	↔	BSE Equity Market	↓
LP Tbs Market	↓	Eurobond Market	↑
LP Exchange Market	↔	CDS Market	↔

## ECONOMY

### A 29% DROP IN PUBLIC REVENUES IN OCTOBER 2019 ALMOST DOUBLING THE MONTHLY FISCAL DEFICIT

Following the socio-political developments that erupted in October 2019, Lebanon's public finances statistics for the month of October (latest available) point to a significant expansion of the government's deficit as a result of a considerable drop in public revenues by 29.4% year-on-year, in addition to the economic sluggishness amid weak real sector activity, along with a lower decline in public expenditures by 10.9% year-on-year over the month of October.

A detailed look at public finance statistics over the month of October shows that public revenues went down from US\$ 1,252 million in October 2018 to US\$ 884 million in October 2019, as a result of a considerable drop in tax revenues by 38.0%, on the back of a 65.9% decline in VAT revenues and a 34.8% contraction in customs revenues, while public expenditures reported a lower drop from US\$ 1,478 million to US\$ 1,317 million between the two periods. Accordingly, the public finance deficit expanded from US\$ 226 million in October 2018 to US\$ 432 million in October 2019.

However, Lebanon's public finance deficit still registered a downward trajectory over the first ten months of 2019, falling by 15.0% year-on-year. In annualized terms, it is the equivalent of US 4.8 billion, or 8.2% of GDP, yet likely to deviate from its budget target for the year 2019 as a whole. The net decline in public finance deficit was mainly due to a net contraction in public expenditures by 8.6% coupled with a lower decline in revenues by 5.5%, as per the Ministry of Finance.

Going further into details, the net decline in public expenditures from US\$ 14.7 billion in the first ten months of 2018 to US\$ 13.4 billion in the first ten months of 2019 came within the context of a 7.6% drop in budget expenditures coupled with an 18.2% contraction in Treasury expenditures. The decline in budget expenditures was tied to a 10.3% decrease in general expenditures amid a contraction in transfers to EDL by 5.2%, while the drop in Treasury expenditures was actually tied to a 13.2% decline in spending by municipalities.

In parallel, the decline in public revenues from US\$ 9.9 billion in the first ten months of 2018 to US\$ 9.4 billion in the first ten months of 2019, came within the context of a moderate drop in budget revenues by

#### SUMMARY OF FISCAL PERFORMANCE

(US\$ million)	Oct-18	Oct-19	Var Oct/Oct	10M-18	10M-19	Var 10M/10M
<b>Public revenues</b>	<b>1,252</b>	<b>884</b>	<b>-29.4%</b>	<b>9,923</b>	<b>9,378</b>	<b>-5.5%</b>
Tax revenues	945	586	-38.0%	7,492	7,189	-4.0%
Non-Tax Revenues	307	299	-2.6%	2,432	2,189	-10.0%
<b>Public expenditures</b>	<b>1,478</b>	<b>1,317</b>	<b>-10.9%</b>	<b>14,657</b>	<b>13,402</b>	<b>-8.6%</b>
General Expenditures	971	798	-17.9%	9,037	8,107	-10.3%
o.w EDL	144	172	19.6%	1,378	1,306	-5.2%
Debt service	415	453	9.1%	4,332	4,241	-2.1%
Other expenditures	92	66	-28.0%	1,288	1,054	-18.2%
<b>Fiscal balance</b>	<b>-226</b>	<b>-432</b>	<b>91.4%</b>	<b>-4,734</b>	<b>-4,024</b>	<b>-15.0%</b>
<b>Fiscal balance (% of GDP)</b>				<b>-10.1%</b>	<b>-8.2%</b>	<b>1.8%</b>
<b>Total Primary Deficit / Surplus</b>	<b>189</b>	<b>21</b>	<b>-89.1%</b>	<b>-402</b>	<b>217</b>	<b>-</b>

Source: Ministry of Finance

3.2% coupled with a 36.5% decline in Treasury revenues. This drop in budget revenues was the result of a 4.0% decline in tax revenues on the back of a net contraction in VAT revenues by 19.3% and in custom duties by 9.0% between the two periods. In parallel, non-tax revenues almost stagnated as a result of a tiny drop in Telecom revenues by 0.4% year-on-year.

## LEBANESE PROPERTY MARKET REPORTS NEGATIVE PERFORMANCE IN 2019

The statistics published by the Directorate of Land Registry and Cadastre covering 2019 showed that realty markets continued to encounter a downturn for the second year in a row, undergoing a decrease in property transactions and sales activity. This comes along a deterioration in the socio-economic conditions amidst the prevailing political uncertainties.

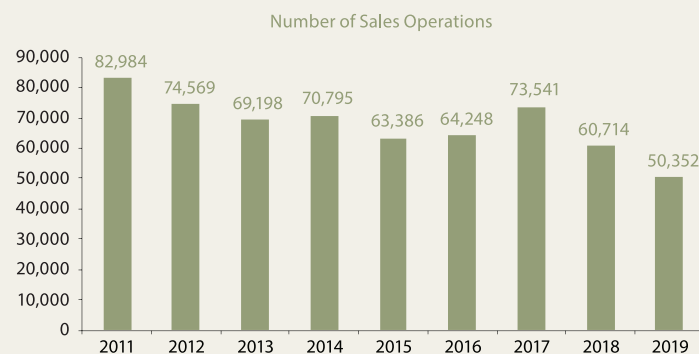
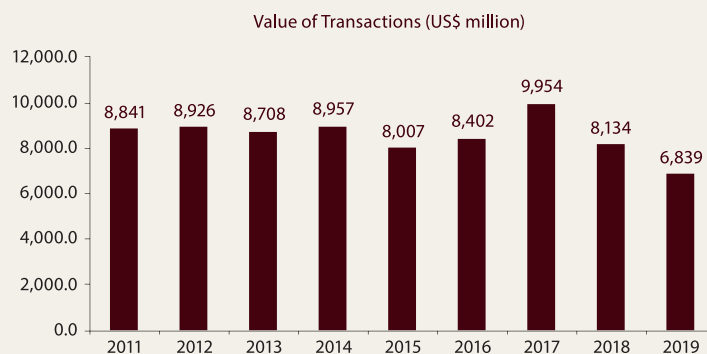
The number of sales operations retreated by a yearly 17.1% from 60,714 sales operations in 2018 to 50,352 operations in 2019. Sales to foreigners contracted by 18.2% year-on-year to reach 993 operations in 2019.

The value of property sales transactions was also on a downward path in 2019. It posted a decline of 15.9% year-on-year to attain a total of US\$ 6,839.2 million during 2019.

Most regions recorded declines in the value of sales transactions, with the most significant movements coming as follows: Bekaa (-30.1%), North (-26.0%) and Kesrouan (-25.8%).

The average sales value rose from US\$ 133,977 in 2018 to US\$ 135,828 in 2019.

### PROPERTY MARKET



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

It is worth noting that the number of sales operations improved in December in 2019, with the latter rising by 2.7% when compared to December of 2018. This showed that people kind-off regained interest in the market amidst the current liquidity problems. The value of sales transactions was also on the rise up by 33.9% when compared to the same period of 2018.

### GROSS PUBLIC DEBT AT US\$ 89.5 BILLION AT END-NOVEMBER 2019

The data published by the Ministry of Finance in Lebanon showed that the country's gross debt reached US\$ 89.5 billion at end-November 2019, up by 5.1% from the level seen at end-2018.

Domestic debt was higher by 8.3% from end-2018 to reach a total of US\$ 55.9 billion at end-November 2019.

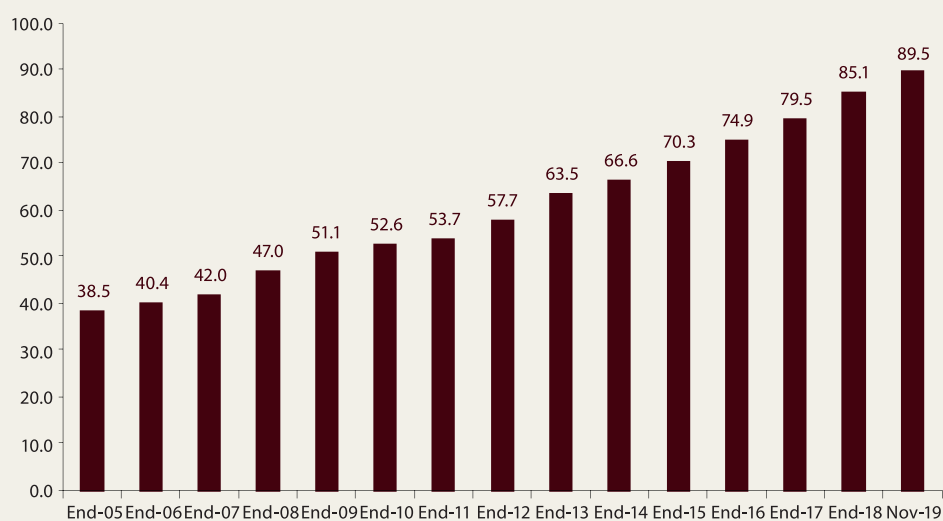
Lebanon's external debt edged up by 0.2% from end-2018 to stand at around US\$ 33.6 billion at end-November 2019.

In this context, the public sector deposits at the Central Bank fell by 18.5% from end-2018 to stand at US\$ 4.1 billion at end-November 2019. The public sector deposits at commercial banks edged up by 10.2% from end-2018 to reach US\$ 4.8 billion at end-November 2019.

As such, net public debt, which excludes the public sector deposits at the Central Bank and commercial banks from overall debt figures, increased by 6.4% from end-2018 to reach a total of US\$ 80.6 billion at end-November 2019.

Net domestic debt amounted to US\$ 46.2 billion at end-November 2019, up by 9.4% from end-2018.

### GROSS PUBLIC DEBT (US\$ BILLION)



Sources: Association of Banks in Lebanon, Bank Audi's Group Research Department

## SURVEYS

### LEBANON FUTURE ECONOMIC POLICY TO FOCUS ON IMPROVING FISCAL MANAGEMENT AND ATTRACTING FOREIGN FINANCIAL SUPPORT, SAYS EIU

According to a recent report by the Economist Intelligence Unit, Lebanon's future economic policy would concentrate on improving fiscal management and attracting foreign financial support, with mixed results.

The latter requires significant adjustments in politically sensitive areas, notably in dealing with the loss-making electricity company, Electricité du Liban (EdL). The authorities will prioritize improving Lebanon's dire power provision and precarious finances (EdL absorbs 10-15% of state spending in most years) in the hope of reducing EdL's fiscal burden, as per the report.

The government has committed to a five-year "financial correction" strategy (launched in 2019), to cut the fiscal deficit-proposed measures include cost-cutting, restructuring EdL, public-sector employment changes and tax rises. Progress would be hampered by Lebanon's divisive political environment, although public pressure for meaningful reforms will provide some momentum initially.

Foreign-currency liquidity will be strained early in the forecast period, given concerns about exchange-rate stability and a large stock of government debt (which we estimate will be 155% of GDP by end-2019), which makes fiscal sustainability increasingly challenging.

Moreover, weak investor sentiment, poorly performing private and government consumption and short-term political uncertainty will damage growth prospects. Increased market jitters have led to faltering faith in the currency and will dampen investor sentiment. The economy stagnated in the first half of 2019, as businesses and consumers continued to await a clearer sense of direction from the new government, as per the EIU.

The Economist Intelligence Unit expects the political, economic and financial crises that unravelled at the end of the 2019 to continue into 2020, which will weigh on Lebanon's headline growth-forecast at a meagre 0.8% in 2020 (up from 0.5% in 2019). Rising oil prices in the second half of the forecast period (averaging US\$71.9/barrel in 2022-24) will support increased Gulf investment and economic activity in Lebanon.

Lebanon's consumer price growth would strengthen during the forecast period, in line with increasing global oil prices. The widening gap between the official and parallel exchange rates in the first half of 2020 will increase inflationary pressure as import costs rise and the political crisis leads to supply bottlenecks, resulting in inflation of 4.5% in 2020.

Lebanon's current-account deficit will narrow only gradually during the forecast period, from 18.2% of GDP in 2020 to a still-large 15% of GDP in 2024. A strengthening in domestic demand, together with higher average oil prices in 2021-24, will keep import costs elevated, and import spending will continue to dwarf export earnings as the trade deficit expands, to a peak of US\$19bn in 2024.

The services account will remain in surplus, given the contribution from travel and financial services-although these will be increasingly affected by a possible financial crisis.

Lebanon's currency, which is pegged to the US dollar within a band of LBP 1,501-1,514:US\$ 1, will remain under pressure during the 2020-24 period, according to EIU. Slowing growth in foreign currency deposits from Lebanon's diaspora community, the massive fiscal deficit and the huge public debt stock will all contribute to Lebanon's ongoing currency crisis, which will continue in 2020, threatening the durability of the peg.

Political instability will remain high throughout the 2020-24 forecast period, as per the Economist Intelligence Unit. Lebanon's weak political institutions will struggle to address deep structural problems.

Intermittent civil unrest will persist, calling for a shift away from the confessional-based system created by the 1989 Taif Agreement (which ended the Lebanese civil war), towards a more technocratic governing structure. Political divisions and myriad economic challenges will impede reform attempts, as per the same source.

Lebanon's confession-based governing system will be under increasing pressure to evolve into a more technocratic system during the forecast period. The next parliamentary election is due in mid-2023, but civil unrest could bring this forward. The Economist Intelligence Unit believes that Mr Hariri will stay on as interim prime minister until the next elections.

The confessional rift that divides Lebanon's government will continue to put the country's international position at risk during the forecast period. Gulf Arab States such as Saudi Arabia and Qatar have expressed interest in re-engaging with Lebanon.

Resuming Gulf ties would reap economic benefits for Lebanon, taking into account that the current Prime Minister, Mr Diab, is successful in forming government with a strong political will and regional and international support, according to the Economist Intelligence Unit.

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#### **LEBANON COMES IN 29TH INTERNATIONALLY IN THE EMERGING MARKETS LOGISTICS INDEX 2019, SAYS AGILITY**

According to the "Agility Emerging Markets Logistics Index 2019" report issued by Agility in collaboration with the logistics research firm Transport Intelligence, Lebanon came in 29th among the 50 covered nations with an index score of 4.71.

Agility, a global logistics company with extensive expertise in emerging markets, recently released its "Agility Emerging Markets Logistics Index 2019" report in which it offers a quick insight, ranking, and evaluation of 50 emerging markets. The index changed its methodology in 2019 and is now calculated based on three equally weighted metrics highlighted in the following section.

The first metric is Domestic Logistics, which assesses the size and growth of domestic logistics markets, the economy and of the population, income equality, urbanization and development of business clusters.

The second metric is International Logistics, which assesses the size and growth of international logistics markets and of logistics intensive trade, infrastructure quality and connectedness. The third metric is Business Fundamentals, which assesses the regulatory environment, credit and debt dynamics, contract enforcement and anti-corruption frameworks, inflation and price stability, cost of crime & violence and market accessibility and domestic stability.

It is worth noting that Lebanon performed poorly in the Business Fundamentals sub-index (score: 4.30), but scored better on International Logistics (score: 4.69) and Domestic Logistics (score: 4.93).

In the Middle East and North Africa region, a number of countries performed strongly ranking among the top ten emerging economies. In details, the United Arab Emirates came in third in global rankings, followed by Saudi Arabia (6th internally), and Qatar (8th internationally).

Globally, the trade war between the US and China alongside Brexit risks put global growth prospects at risk. China topped the list of countries covered in the Logistics Index for yet another consecutive year with a score of 8.87, followed by India (7.39), and the United Arab Emirates (6.16).

The report pointed out that the outsourcing of logistics services is expected to accelerate as e-commerce giants in emerging markets are rapidly expanding their sales domestically and abroad. Surveyed experts as per the report expected India, China, Vietnam, Brazil and Indonesia to have the best logistics potential whereas Syria, Iraq, Libya, Venezuela and Ethiopia were deemed to have the least potential.

## CORPORATE NEWS

### BANK OF BEIRUT'S NET PROFITS DOWN BY 5.3% TO US\$ 118.0 MILLION IN FIRST NINE MONTHS OF 2019

Bank of Beirut published its quarterly financials showing a slight decline in net profits on a yearly basis (-5.3%) to reach US\$ 118.0 million in the first nine months of 2019.

In details, net interest income fell by 12.0% year-on-year to attain US\$ 203.2 million in the first nine months of 2019.

Net fees income progressed by 4.0% to reach US\$ 80.4 million.

Net operating income retreated by 4.1% to amount to US\$ 307.1 million over the covered period of 2019.

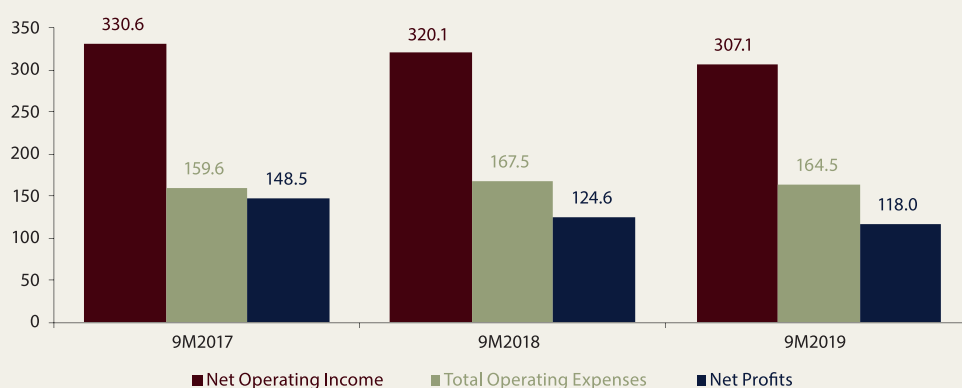
In parallel, total operating expenses declined by 1.8% year-on-year to reach US\$ 164.5 million in the first nine months of 2019. Out of the latter, staff expenses edged down by 4.3% to US\$ 90.7 million while administrative and other operating expenses rose by 0.6% to US\$ 60.8 million in the first nine months.

On the balance sheet side, Bank of Beirut's total assets fell by 0.8% from end-2018 to US\$ 17.6 billion at end-September 2019. Net loans went down from US\$ 5.9 billion at end-2018 to amount to US\$ 5.3 billion at end-September 2019.

On the liabilities side of the balance sheet, customer deposits reached US\$ 13.0 billion at end-September 2019, down from US\$ 13.4 billion at end-2018.

Shareholders' equity rose by 1.3% from end-2018 to attain US\$ 1.8 billion at end-September 2019.

#### BANK OF BEIRUT'S SELECTED INCOME STATEMENT INDICATORS (US\$ MILLION)



Sources: Bank of Beirut, Bank Audi's Group Research Department

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## LEBANESE-OWNED CMA CGM UNVEILS ITS NEW SERVICE OFFER "OCEAN ALLIANCE DAY 4 PRODUCT"

Lebanese-owned CMA CGM Group announced that it signed with COSCO SHIPPING, Evergreen and OOCL the launch of Ocean Alliance Day 4 Product, which will further strengthen the CMA CGM Group's service offer. The new offer will start in April 2020.

Through Ocean Alliance, CMA CGM offers its customers more port calls, more direct links and better transit times, thus reinforcing its competitiveness, as per a company statement.

With the Day 4 Product, the Group's customers will benefit from an optimized, tailored service offering with: the use of 325 container ships, 112 of which will be operated by the CMA CGM Group, which continues to play a major role within the alliance, 38 services and an estimated carrying capacity of around 3.8 million TEUs (Twenty-foot Equivalent Unit).

The evolution of the product Ocean Alliance highlights the commitment of CMA CGM to serve its customers through a comprehensive service offer on the Transpacific trade with 19 services, a strong offer between Asia and Europe with seven services, a large offer between Asia and the Mediterranean with four services, two Transatlantic services linking North Europe to the East Coast of the United States and the Gulf of Mexico, the only alliance offering four services between Asia and the Middle East, and two Asia-Red Sea services.

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## NET PROFITS OF AL-BARAKA BANK UP TO US\$ 0.2 MILLION IN 2018

Al-Baraka Bank posted net profits of US\$ 0.2 million in 2018, against a loss of US\$ 2.1 million reported in 2017, as per Bankdata Financial Services.

The bank's net interest income attained US\$ 9.2 million in 2018, rising from US\$ 6.7 million in 2017.

Net fee income decreased by 1.7% year-on-year to stand at US\$ 1.5 million in 2018.

Total operating income increased by a yearly 29.5% from US\$ 8.7 million in 2017 to US\$ 11.2 million in 2018.

This was accompanied by a 1.0% yearly decline in total operating expenses, which amounted to US\$ 10.6 million in 2018.

Among the latter category, staff expenses decreased by 5.7% year-on-year to reach US\$ 5.8 million in 2018 and administrative and other operating expenses edged up by a yearly 7.7% to register US\$ 3.5 million in 2018.

The bank's total assets amounted to US\$ 365.2 million at end-2018, up by 2.4% from end-2017. Deposits from customers stood at US\$ 315.3 million at end-2018, up by 12.4% from end-2017.

Loans to customers registered US\$ 105.5 million at end-2018, down from US\$ 110.8 million at end-2017.

The loans to deposits ratio stood at 33.5% at end-2019, down from 39.5% at end-2017. The net primary liquidity to deposits ratio edged up to reach 64.4% at end-2018.

Shareholders' equity totaled US\$ 19.9 million at end-2018, down by 1.0% from end-2017.



## CAPITAL MARKETS

### MONEY MARKET: OVERNIGHT RATE AT 10%-12%

Amid reduced conversions in favor foreign currencies on the foreign exchange market, the local currency liquidity remained quite abundant on the money market. This kept the overnight rate at 10%-12% during this week, after reaching record high levels of 100% in the past few months.

#### INTEREST RATES

	10/01/20	03/01/20	27/12/19	
Overnight rate (official)	3.90%	3.90%	3.90%	↔
7 days rate	4.00%	4.00%	4.00%	↔
1 month rate	4.75%	4.75%	4.75%	↔
45-day CDs	4.90%	4.90%	4.90%	↔
60-day CDs	5.08%	5.08%	5.08%	↔

Source: Bloomberg

### TREASURY BILLS MARKET: NOMINAL WEEKLY DEFICIT OF LP 42 BILLION

The latest Treasury bills auction results for value date 9th of January 2020 showed that the Central Bank of Lebanon has allowed banks to subscribe in full to the three-month category (offering a yield of 5.35%), the one-year category (offering a yield of 6.50%) and the five-year category (offering a coupon of 8.0%).

In parallel, the Treasury bills auction results for value date 2nd of January 2020 showed that total subscriptions amounted to LP 121 billion and were distributed as follows: LP 63 billion in the three-year category (offering a coupon of 7.50%) and LP 58 billion in the seven-year category (offering a coupon of 9.0%). These compare to maturities of LP 163 billion, resulting into a nominal weekly deficit of LP 42 billion.

## TREASURY BILLS

	10/01/20	03/01/20	27/12/19	
3-month	5.30%	5.30%	5.30%	↔
6-month	5.85%	5.85%	5.85%	↔
1-year	6.50%	6.50%	6.50%	↔
2-year	7.00%	7.00%	7.00%	↔
3-year	7.50%	7.50%	7.50%	↔
5-year	8.00%	8.00%	8.00%	↔
7-year	-	9.00%	-	
<b>Nom. Subs. (LP billion)</b>		<b>121</b>	<b>120</b>	
Short-term (3&6 mths)		-	-	
Medium-term (1&2 yrs)		-	20	
Long-term (3 yrs)		63	-	
Long-term (5 yrs)		-	100	
Long-term (7 yrs)		58	-	
<b>Maturities</b>		<b>163</b>	<b>61</b>	
<b>Nom. Surplus/Deficit</b>		<b>-42</b>	<b>59</b>	

Sources: Central Bank of Lebanon, Bloomberg

## FOREIGN EXCHANGE MARKET: REDUCED FC CONVERSIONS AMID HIGH DEPOSIT DOLLARIZATION RATE

Depositors continued to convert their LP holdings into US dollar holdings over this four-day week, yet at a slower pace when compared to the previous week. Reduced conversions occurred at a time when the deposit dollarization rate has reached 74.7% in November 2019, according to the latest figures released by the Central Bank of Lebanon, which is its highest level since May 2008.

Concurrently, the Central Bank governor reiterated that the official exchange rate is stable and that although sticking with a fixed exchange rate regime is costly, BDL is convinced about maintaining the currency peg, signaling that the parallel market is subject to demand and supply forces. The Central Bank governor also added that once confidence is restored by the formation of a new government with a clear program, the banking conditions are set to improve and activity would go gradually back to its normal path.

## EXCHANGE RATES

	10/01/20	03/01/20	27/12/19	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,970.15	1,970.30	1,970.00	↑
LP/¥	13.75	13.95	13.77	↑
LP/SF	1,546.63	1,548.38	1,543.78	↑
LP/Can\$	1,153.23	1,161.13	1,150.59	↑
LP/Euro	1,672.72	1,679.51	1,679.20	↑

Source: Bank Audi's Group Research Department

## STOCK MARKET: BSE PRICE INDEX DOWN BY 3.4% WEEK-ON-WEEK

Activity on the Beirut Stock Exchange more than double week-on-week, moving from US\$ 2.1 million last week to US\$ 5.7 million this week. Solidere shares captured the lion's share of activity, accounting for 98.3% of the total, followed by the banking shares with 1.3% and the industrial shares with 0.4%.

Solidere shares registered a strong price rally over this week, as some depositors sought to place their funds into realty stocks. In details, Solidere "A" share price jumped by 23.6% to reach US\$ 8.42. Solidere "B" share price climbed by 24.4% to close at US\$ 8.40. As to banking stocks, Bank Audi's "listed" share price plunged by 34.3% to US\$ 2.30. Bank Audi's GDR price shed 34.8% to US\$ 2.30. BEMO's "listed" share price increased by 8.7% to US\$ 1.25. At the level of industrial stocks, Holcim Liban's share price rose by 2.6% to US\$ 10.0. Within this context, the BSE price index dropped by 3.4% week-on-week to reach 66.76.

## AUDI INDICES FOR BSE

22/1/96=100	10/01/20	03/01/20	27/12/19	
Market Cap. Index	304.50	315.14	316.37	↓
Trading Vol. Index	62.24	30.85	24.97	↑
Price Index	66.76	69.09	69.36	↓
Change %	-3.38%	-0.39%	2.37%	↓
	10/01/20	03/01/20	27/12/19	
Market Cap. \$m	7,224	7,476	7,506	↓
No. of shares traded (Exc. BT)	745,941	167,139	333,997	↑
Value Traded \$000 (Exc. BT)	5,715	2,125	2,294	↑
o.w. : Solidere	5,620	825	2,294	↑
Banks	72	1,300	0	↓
Others	23	0	0	↑

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

## BOND MARKET: BOND PRICES UP WEEK-ON-WEEK

Despite continuous cabinet deadlock and lingering regional geopolitical tensions, the Lebanese Eurobond market benefited this week from a relatively improved sentiment after the Central Bank governor said that "there is a crisis and difficulties, but not a collapse". This prompted international institutional investors to buy Lebanese sovereigns across the yield curve.

Helped by net foreign buying operations, Lebanese bonds registered weekly price expansions that have ranged between 0.13 pt and 1.38 pt, noting that the shorter end of yield curve saw the highest price gains. Within this context, the weighted average bond yield declined from 32.08% at the end of last week to 31.63% at the end of this week, down by 45 bps. The weighted average bid Z-spread tightened slightly by three bps to reach 3,273 bps at the end of this week amid increases in international benchmark yields. As to the cost of insuring debt, Lebanon's five-year CDS spreads continued to hover around 2,550 bps this week.

## EUROBONDS INDICATORS

	10/01/20	03/01/20	27/12/19	
Total tradable size \$m	29,564	29,564	29,564	↔
o.w.: Sovereign bonds	28,314	28,314	28,314	↔
Average Yield	31.63%	32.08%	29.99%	↓
Z-Spread (bid in bps)	3,273	3,276	3,045	↓
Average Life	7.43	7.48	7.50	↓
Yield on US 5-year note	1.66%	1.61%	1.71%	↑

Source: Bank Audi's Group Research Department

## INTERNATIONAL MARKET INDICATORS

	10-Jan-20	03-Jan-20	31-Dec-19	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	109.46	108.11	109.61	1.2%	-0.1%
\$/£	1.306	1.308	1.275	-0.1%	2.4%
\$/Euro	1.112	1.116	1.147	-0.4%	-3.0%
<b>STOCK INDICES</b>					
Dow Jones Industrial Average	28,823.77	28,634.88	28,538.44	0.7%	1.0%
S&P 500	3,265.35	3,234.85	3,230.78	0.9%	1.1%
NASDAQ	9,178.86	9,020.77	8,972.60	1.8%	2.3%
CAC 40	6,037.11	6,044.16	5,978.06	-0.1%	1.0%
Xetra Dax	13,483.31	13,219.14	13,249.01	2.0%	1.8%
FT-SE 100	7,587.85	7,622.40	7,542.44	-0.5%	0.6%
NIKKEI 225	23,850.57	23,204.86	23,656.62	2.8%	0.8%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,562.34	1,552.20	1,517.27	0.7%	3.0%
SILVER OUNCE	18.12	18.06	17.85	0.3%	1.5%
BRENT CRUDE (per barrel)	64.98	68.60	66.00	-5.3%	-1.5%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	1.68	1.71	1.71	-0.03	-0.03
US Prime Rate	4.75	4.75	4.75	0.00	0.00
US Discount Rate	2.25	2.25	2.25	0.00	0.00
US 10-year Bond	1.82	1.79	1.92	0.03	-0.10

Sources: Bloomberg, Bank Audi's Group Research Department

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