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The LEBANON WEEKLY MONITOR

Economy

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Lebanon's external sector witnessed a net decline in trade deficit by 17.7% in January 2019 compared to January 2018, moving from US\$ 1.4 billion to US\$ 1.2 billion, according to the latest trade statistics released by Lebanon's Customs Authority, but the balance of payments deficit has been on the rise.

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Société Générale de Banque au Liban (SGBL) posted net profits of US\$ 198.0 million in 2018, down by 10.4% from US\$ 220.9 million reported in the previous year, as per Bankdata Financial Services.

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While the international community continued to urge the new government to embark into the implementation of fiscal and economic reforms, and given a widespread emerging market weakness following Turkey's money market turmoil, Lebanese capital markets witnessed this week net foreign selling on the bond market, a relatively balanced activity on the FX market and extended price gains on the equity market. In details, Lebanese Eurobonds came under downward price pressures, tracking emerging market weakness amid deepening liquidity crunch in Turkey and surging Turkish lira volatility that have triggered EM contagion fears. Under these conditions, internationals were net sellers on the Lebanese bond market. This led to a 37 bps rise in the average yield to reach 9.95%. On the equity market, activity remained shy, while the BSE price index extended its upward trajectory for the second consecutive week, moving up by 1.0%. On the FX market, activity was relatively balanced, while BDL remained on the sidelines.

LEBANON MARKETS: WEEK OF MARCH 25 - MARCH 31, 2019

Money Market	↔	BSE Equity Market	↑
Certificates of Deposits Market	↔	GDR Market	↑
LP Tbs Market	↑	Eurobond Market	↓
LP Exchange Market	↔	CDS Market	↓

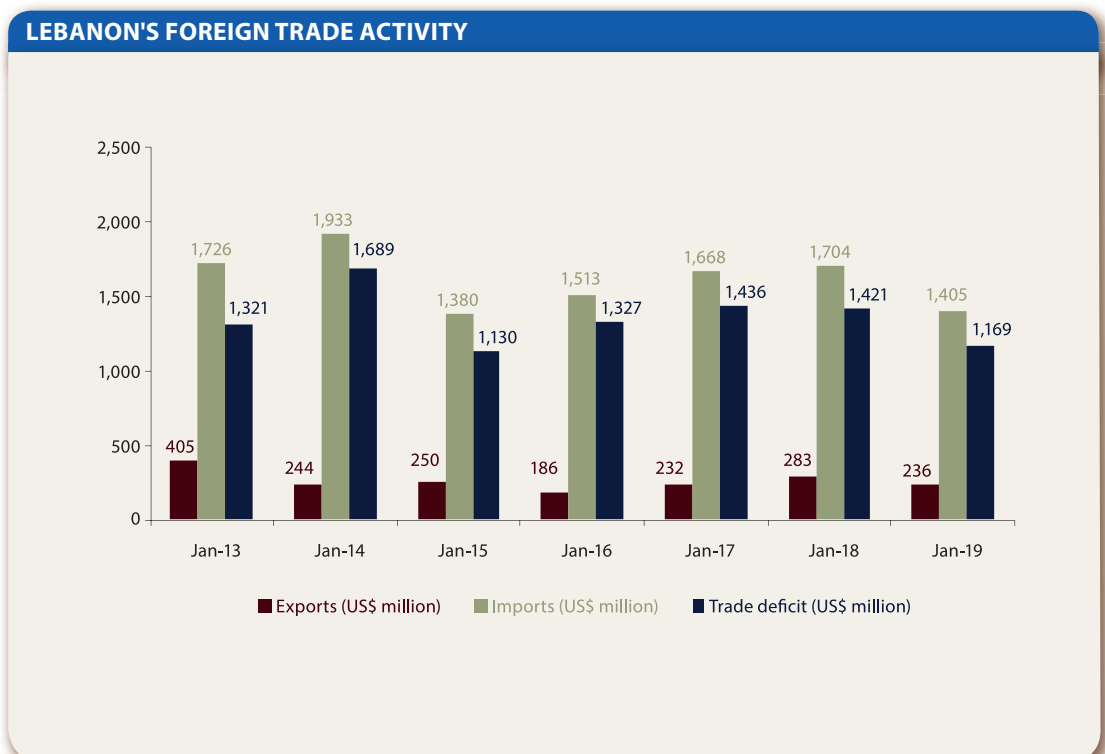
ECONOMY

FOREIGN TRADE DEFICIT DOWN BY A YEARLY 18% IN THE FIRST MONTH OF THE YEAR

Lebanon’s external sector witnessed a net decline in trade deficit by 17.7% in January 2019 compared to January 2018, moving from US\$ 1.4 billion to US\$ 1.2 billion, according to the latest trade statistics released by Lebanon’s Customs Authority. This drop in trade deficit was the result of retreating imports by 17.5% and declining exports by 16.6% over the first month of this year. Accordingly, the sum of exports and imports went down by 17.4% to reach US\$ 1.6 billion over the period, while the exports to imports ratio reached 16.8% in January 2019, almost unchanged from January 2018 level. It is worth mentioning that the balance of payments recorded a rising deficit of US\$ 1.4 billion in January, despite the drop in trade deficit, as it was impacted by weakening inflows prior to Cabinet formation.

Going further into details, imports reached US\$ 1.4 billion in January 2019, compared to US\$ 1.7 billion over the same month of the previous year. The breakdown of imports by major product suggests that almost all products witnessed a decline over the period when compared to January 2018. The main items to have displayed the most significant retreat were jewelry with 41.6%, followed by metals and metal products with 40.0%, electrical equipments with 24.7%, livestock and animal products with 22.9%, textiles and textile products with 21.7% and transport vehicles with 16.8% during the first month of 2019 relative to the first month of 2018. The breakdown of imports by country of origin in the first month of the year shows that most of the inward merchandise came from China with 11.0% of total imports, followed by Italy with 7.7%, Greece with 7.0%, Germany with 6.2%, USA with 5.4%, Russia with 4.8%, Turkey with 4.3% and UAE with 3.6% of total imports over the period.

Total exports reached US\$ 236 million in the first month of 2019, from US\$ 283 million in the first month of 2018. It is worth mentioning that exports through the Hariri international Airport went down significantly by 22.1% and those through the Port of Beirut witnessed a decline by 13.0% over the same period, while land exports through Syria went up by 75.0% moving from US\$ 12 million to US\$ 21 million, supported by the gradual reopening of trade routes through conflict countries in the region.



Source: Lebanese customs

The analysis of exports by major products suggests that exports of metals and metal products reported a 50.0% year-on-year drop in January 2019, followed by jewelry with 28.8%, electrical equipments and products with 12.5%, and chemical products with 7.4%. In parallel, exports of vegetables increased the most among the major categories with an increase of 15.4%, followed by papers and paper products with 11.1%, plastic products with 8.3% and food products with 3.8% over the first month of 2019 relative to the same month of 2018. The geographic distribution of domestic exports indicates that 16.9% of total exports went to UAE, followed by Switzerland with 11.9% of the total, South Africa with 8.1%, Syria with 6.8%, Saudi Arabia with 6.4%, Qatar with 4.2%, and Iraq with 3.8% of the total, with Arab countries taking over the lion's share with almost 50% of total exports over first month of the year.

VALUE OF KAFALAT GUARANTEES DOWN TO US\$ 2.3 MILLION IN FIRST TWO MONTHS OF 2019

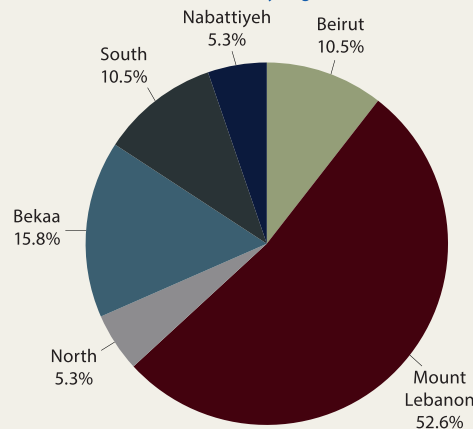
Figures released by the Kafalat Corporation indicate that loans extended to small and medium sized companies under the guarantee of Kafalat totaled US\$ 2.3 million in the first two months of 2019, down by 76.7% year-on-year.

Meanwhile, the aggregate number of guarantees amounted to 19 in the first two months of 2019, falling from 74 guarantees given in the corresponding period of last year.

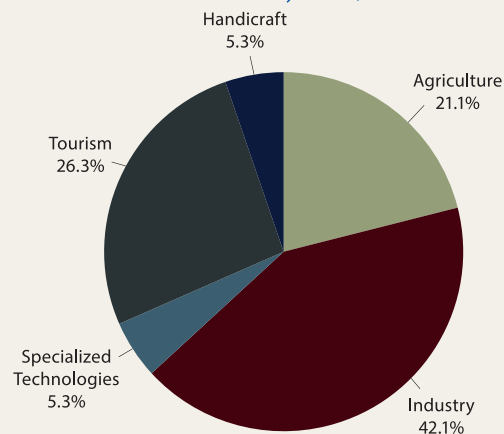
Industry captured the lion's share when it comes to the number of extended guarantees in the first two months of 2019, with 8 or 42.1% of the total number of guarantees.

BREAKDOWN OF KAFALAT GUARANTEES

Breakdown of Guarantees by Region (First two months of 2019)



Breakdown of Guarantees by Sector (First two months of 2019)



Sources: Kafalat, Bank Audi's Group Research Department

Tourism came in next with 5 guarantees (26.3%) over the same period. They were followed by agriculture with 4 guarantees (21.1%).

Specialized technologies and handicrafts both had only 1 guarantee each (5.3%) in the first two months of 2019.

As for the distribution of guarantees by area, Mount Lebanon accounted for the biggest share of given guarantees with 10 guarantees (52.6%), followed by Bekaa with 3 guarantees (15.8%), the South and Beirut with 2 guarantees each (10.5%), while the North and Nabattiyeh had 1 guarantee each (5.3%).

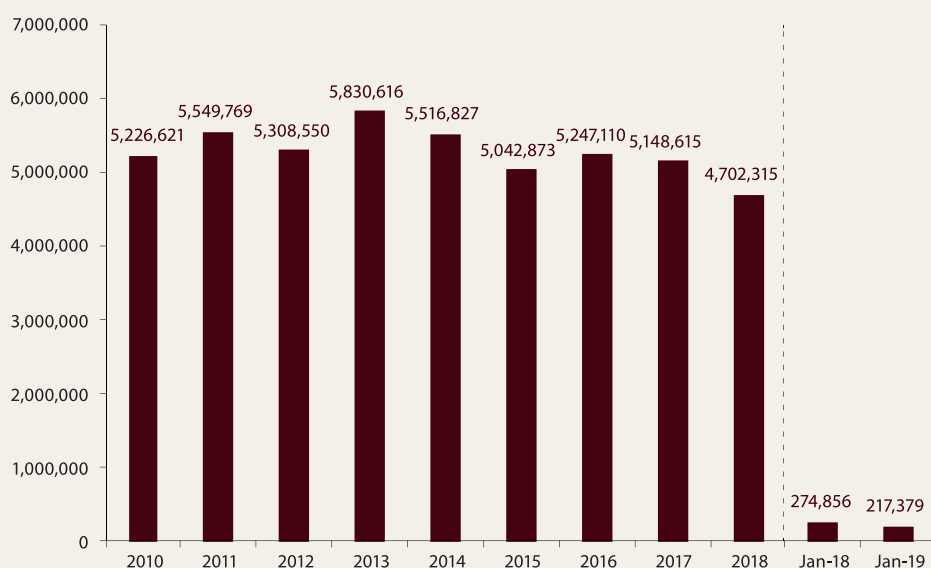
CEMENT DELIVERIES DOWN BY 20.9% IN JANUARY 2019

Figures released by the Central Bank of Lebanon show that cement deliveries, a coincident indicator of construction activity, declined by a yearly 20.9% in the first month of 2019.

Cement deliveries actually reached circa 217,379 tons in the first month of 2019, down from 274,856 tons in the corresponding month of 2018, reflecting the sluggishness of the construction activity in the country.

It is worth recalling that cement deliveries reached 4,702,315 in 2018, down from 5,148,615 tons in 2017.

CEMENT DELIVERIES (IN TONS)



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

SURVEYS

LEBANON TO MUDDLE THROUGH THE NEAR-TERM, WITH REFORMS ON HORIZON FOR 2020, SAYS BAML

According to a recent note by Bank of America Merrill Lynch (BAML), Lebanon is expected to muddle through the near-term, with reforms on the horizon for 2020.

BAML's meetings communicated a sense of urgency and consensus in regards to addressing Electricity du Liban (EdL) reforms. The potential long-awaited EdL reforms which would kick in from 2020 under current proposed plans could unlock some CEDRE donor funding and prove a milestone in restoring depositor and investor confidence. However, reform prospects in 2019 appear poor against a background of still elevated twin imbalances, as per the note.

It is worth noting that donors are signaling the need for more ambitious fiscal reforms and structural measures. That being said, donor disbursement is not centralized and, as it is linked to project finance, may still proceed forward in the case of some donors, according to the same source.

Furthermore, the formation of a Cabinet in late January after eight months of impasse helps authorities restore domestic confidence and provides an opportunity to address macro imbalances. The cabinet formation is important due to donor funding requiring institutional continuity, the end to policy paralysis, and the urgent need to implement reforms after the restructuring crisis comments, as per Bank of America Merrill Lynch.

According to BAML, the Cabinet approved an ambitious action plan which lays the grounds for a broad economic reform plan. The authorities have indicated an annual fiscal consolidation effort target of 1 percentage point of GDP for the next five years starting from 2019 onwards. Reforms include medium-term economic structural supply-side reforms, electricity sector reforms, and a 20% cut to non-salary budgets of ministries, excluding interest payments and EdL transfers.

A comprehensive fiscal and debt reform plan being evaluated at the MoF could include a LL-debt rescheduling a la Paris II special domestic schemes. In addition to the external support from Paris II donors, BDL and domestic banks participated in debt management operations. BDL's scheme involved debt cancellation, exchange and rollovers which decreased public debt by 10ppt of GDP and lowered debt service, as per the report.

Moreover, BAML added that a second offshore hydrocarbon exploration bid for four blocks is to take place this year and to conclude within 12 months. Contracts are likely to be 25-30 years long, with first commercial production expected in 2025-26, with government's total fiscal take through royalties, profit share and income tax around c70%.

More importantly, a plan to reform EdL is being studied by the authorities, as per BAML. A ministerial commission is examining and debating the plan in an effort to reach political consensus, with a target to present its recommendations to the Council of Ministers within a week. The reform plan includes a 180% increase in the EdL tariffs in early 2020, the first such hike since 1994. The tariff increase goes in pair with an increase in power generation. The tariff hike would be implemented according to a sliding scale with five different consumption brackets. The price paid by households would still be 10-15% lower than the composite price being currently paid, as private generators would be eventually fully displaced and phased out with increased EdL power supply, as per authorities.

BAML added that the plan pencils in improvement in bill collection (with a targeted eventual recovery of US\$2bn in unpaid bills) and installation of smart counters from 2019. This would help gradually reduce non-technical losses (c21% of total EdL production). A planned modernization and extension of the transport and distribution network would reduce technical losses (c16% of total EdL production).

The reform plan pencils in the launch of new tenders for long-term power purchase agreements. The bidders would have to propose both a short-term solution to increase power supply in the short-term prior to EdL tariffs increase and up until 2025, alongside a long-term solution to increase supply by building three new power stations by 2023-24. The plan would also include solar and wind power supply PPP projects, and, in a second phase, rehabilitation of existing power plants.

LEBANON SHOULD AIM AT NARROWING FISCAL DEFICIT TO 9% IN 2019, SAYS IIF

According to the Institute of International Finance, Lebanon's public debt overhang, large fiscal and current account deficits, and reliance on deposit inflows for deficit financing remain core vulnerabilities.

The report added that there is much uncertainty regarding the extent and depth of Lebanon's fiscal and structural reforms. The formation of a new unity cabinet, after eight months of paralysis, and the implementation of fiscal and structural reforms as high-lighted in the cabinet statement, could facilitate Lebanon's access to the US\$ 11 billion of concessional loans that were pledged by the international community at the April 2018 CEDRE conference to develop the country's infrastructure.

The first test to regain market confidence would be the 2019 budget that would be discussed by the parliament in the next few weeks, said the report. The IIF hopes that the fiscal adjustment envisaged for this year is at least equivalent to 2 percentage points of GDP. This means that the authorities should aim at narrowing the fiscal deficit to 9% in 2019 to place the public debt-to-GDP ratio on a downward trajectory.

The financial and capital account surplus declined in 2018 as the small increase in FDI and non-resident deposits was more than offset by the decline in portfolio inflows and the increase in resident outflows. As a result, official reserves decreased by US\$ 2.3 billion to about US\$ 39.7 billion by end-2018 (still a high figure, 13 months of import coverage).

Going forward, capital flows to Lebanon may increase gradually under the assumption of significant fiscal consolidation and structural reforms, as per the report. The IIF expects most of the inflows to be in the form of other investment, particularly loans from official sources, multilateral and bilateral, related to the CEDRE conference. The IIF sees non-resident deposits in Lebanese banks gradually increasing, attracted by high interest rates on the US dollar and Lebanese pound.

LEBANON SELECTED MACROECONOMIC INDICATORS

	2013	2014	2015	2016	2017	2018	2019f	2020f
Nominal GDP (US\$ billion)	46.9	48.3	50.0	51.2	53.4	56.3	60.2	65.0
Real GDP (annual % change)	2.6	1.9	0.4	1.6	0.6	0.4	1.9	2.4
GDP deflator (annual % change)	3.3	1.1	3.0	0.9	2.4	4.9	5.0	5.3
Fiscal revenue (US\$ billion)	9.4	10.9	9.6	9.9	11.6	11.9	13.3	14.3
Fiscal expenditure (US\$ billion)	13.6	14.0	13.5	14.9	15.4	18.4	19.3	20.4
Fiscal balance (% of GDP)	-9.0	-6.4	-7.9	-9.6	-7.0	-11.5	-10.0	-9.4
Government debt (% of GDP)	135.5	137.9	140.7	146.2	148.9	154.1	155.0	153.1
Exports of goods and services (annual % change)	2.0	-9.6	7.5	-3.5	-3.3	1.4	4.6	5.8
Imports of goods and services (annual % change)	4.5	0.9	5.7	10.9	6.3	-2.2	3.0	4.0

Sources: The Institute of International Finance, Bank Audi's Group Research Department

CORPORATE NEWS

NET PROFITS OF SGBL DOWN TO US\$ 198.0 MILLION IN 2018

Société Générale de Banque au Liban (SGBL) posted net profits of US\$ 198.0 million in 2018, down by 10.4% from US\$ 220.9 million reported in the previous year, as per Bankdata Financial Services.

The bank's net interest income attained US\$ 330.7 million in 2018, up by 18.5% from US\$ 279.2 million in 2017. Net fee and commission income rose by 38.8% year-on-year to stand at US\$ 53.3 million in 2018.

Total operating income expanded by a yearly 15.4% from US\$ 462.1 million in 2017 to US\$ 533.4 million in 2018. Net provisions for credit losses surged to US\$ 62.9 million last year.

This was accompanied by an 18.9% yearly rise in total operating expenses, which amounted to US\$ 242.3 million in 2018, up from US\$ 203.7 million in 2017.

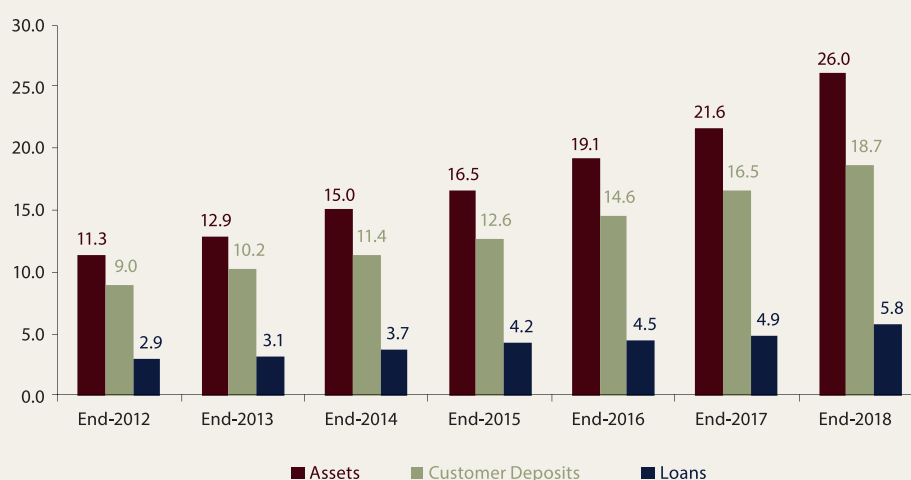
Among the latter category, staff expenses stood at US\$ 113.3 million in 2018, up by a yearly 18.7% from its value in 2017 and administrative and other operating expenses expanded by a yearly 20.6% to stand at US\$ 118.2 million in 2018.

Cost-to-income ratio rose from 44.1% in 2017 to 45.4% in 2018.

The bank's total assets amounted to US\$ 26.0 billion at end-2018, up by 20.4% from US\$ 21.6 billion at end-2017. Deposits from customers stood at US\$ 18.7 billion at end-2018, up by 13.5% from end-2017. Loans to customers registered US\$ 5.8 billion at end-2018, up by a yearly 17.7% from end-2017.

The ROAA edged down 1.09% in 2017 to 0.83% in 2018, and the ROAE retreated from 12.47% to 10.53% over the same period.

SGBL'S MAJOR BALANCE SHEET AGGREGATES (US\$ BILLION)



Sources: Bankdata Financial Services, Bank Audi's Group Research Department

BANQUE DE L'HABITAT SECURES 30-YEAR SOFT LOAN FROM ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT

Banque de l'Habitat (The Housing Bank) secured a 30-year soft loan of KWD 50 million (US\$ 165 million) from the Arab Fund for Economic and Social Development, as per the Chairman of The Housing Bank.

A preliminary agreement has been signed between the AFESD and the Council for Development and Reconstruction (CDR) for this purpose. The Cabinet is expected to issue the related decree in its next session.

The Housing Bank will pay an interest rate of 2.5% on the loan while it will charge borrowers the 5.5% set by the Central Bank (BDL) for housing loans provided in 2019.

The new funds will enable the bank to provide more than 1,000 loans, as per the same source.

The Housing Bank obtained a loan of nearly US\$ 112 million from the AFESD in 2013.

400 CHINESE COMPANIES SIGN 15-YEAR LEASE AGREEMENT WITH INTER MALL GROUP

Around 400 Chinese companies signed this month a 15-year lease agreement with Inter Mall Group, owner and operator of Cascada Village in Taanayel, Bekaa to rent the 60,000 square-meter mall.

Cascada Village stretches over a space of 220,000 square meters. It houses Cascada Mall, as well as events venues, healthcare facilities and outdoor activities.

Chinatown, which will be the official name of the hub, will be a one-stop shop for bargain-hunters, packed with Chinese products that include garments, jewelry, furniture, electronic goods and interior offerings. It is expected to start operations as of end of April.

The main purpose of renting the mall is for retailers and wholesalers to secure orders from China, but there will also be an opportunity to buy immediately, as per the Chairman of Inter Mall Group.

The value of the lease is at least US\$ 12 million to US\$ 15 million per year, as per the same source.

STARZ PLAY LAUNCHES VIDEO STREAMING SERVICES IN LEBANON

Starz Play, a provider of subscription video on demand (SVOD) services, launched its operations in Lebanon.

The company, which offers its video streaming service in 19 countries across the Middle East and North Africa, will provide Hollywood and local Arabic TV shows and movies as well kids' entertainment. It will also stream content from Starz Original Series and same-time-as-US series.

Ivy Circle, the representative of Starz Play and the exclusive distributor of its services in Lebanon, signed a deal with mobile operator Alfa Telecom to provide Starz Play streaming services, as per the CEO of Ivy Circle. The company previously signed similar contracts with Mobi and Terranet which have already carried out a soft launch, as per the same source.

Ivy Circle is involved in technical and commercial activities to ensure the distribution of the streaming content of Starz Play, which is a competitor to Netflix, as per the CEO of Ivy Circle.

Users can stream content anytime from various devices such as smartphones, tablets, Smart TVs, Android TVs, and Apple TVs.

Starz Play, which launched in 2014, is affiliated with US-based cable and satellite television network Starz.

CAPITAL MARKETS

MONEY MARKET: WEEKLY GROWTH IN TOTAL RESIDENT DEPOSITS

The overnight rate initiated the week at 7% due to technical reasons related to the withdrawal of CNSD deposits from the banking sector, yet slid to 4% at the end of the week amid a continuous balanced activity on the foreign exchange market. As to Certificates of Deposits, no subscriptions were made in shorter-term 45-day and 60-day categories.

In parallel, total resident banking deposits expanded by LP 405 billion during the week ending 14th of March 2019, as per the latest monetary aggregates released by the Central Bank of Lebanon. This was mainly triggered by a LP 391 billion growth in foreign currency resident deposits (the equivalent of US\$ 259 million), in addition to a LP 14 billion rise in total LP resident deposits amid a LP 114 billion increase in LP saving deposits and a LP 100 billion decline in LP demand deposits. Within this context, the money supply its largest sense (M4) registered a weekly expansion of LP 24 billion amid a LP 221 billion fall in the non-banking sector Treasury bills portfolio and a LP 160 billion retreat in the currency in circulation.

INTEREST RATES

	29/03/19	22/03/19	28/12/18	
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 SURPLUS OF LP 82 BILLION

The Treasury bills auction results for value date 21st of March 2019 showed that total subscriptions reached LP 411 billion and were distributed as follows: LP 201 billion in the three-month category (offering a yield of 5.30%), LP 11 billion in the one-year category (offering a yield of 6.50%) and LP 199 billion in the five-year category (offering a coupon of 8.0%). In parallel, maturities totaled LP 329 billion, resulting into a nominal weekly surplus of LP 82 billion.

In parallel, the latest Treasury bills auction results for value date 28th of March 2019 showed that the Central Bank of Lebanon has allowed banks to subscribe in full to the six-month category (offering a yield of 5.85%), the three-year category (offering a coupon of 7.50%) and the seven-year category (offering a coupon of 9.0%).

The latest "key indicators" report released by the Association of Banks in Lebanon showed that the weighted average yield on LP Treasury bills reached 7.12% in January 2019 as compared to 7.08% in December 2018 and 6.92% in December 2017. This followed interest rate hikes by Lebanon's Ministry of Finance in December 2018 and January 2019 at a range hovering between 0.86% and 2.60%.

TREASURY BILLS

	29/03/19	22/03/19	28/12/18	
3-month	5.30%	5.30%	4.44%	↔
6-month	5.85%	5.85%	4.99%	↔
1-year	6.50%	6.50%	5.35%	↔
2-year	7.00%	7.00%	5.84%	↔
3-year	7.50%	7.50%	6.50%	↔
5-year	8.00%	8.00%	6.74%	↔
7-year	9.00%	-	7.08%	
Nom. Subs. (LP billion)		411	98	
Short-term (3&6 mths)		201	4	
Medium-term (1&2 yrs)		11	11	
Long-term (3 yrs)		-	-	
Long-term (5 yrs)		199	83	
Maturities		329	124	
Nom. Surplus/Deficit		82	-26	

Sources: Central Bank of Lebanon, Bloomberg

FOREIGN EXCHANGE MARKET: SUSTAINED BALANCED ACTIVITY PREVAILS

The foreign exchange market initiated the week with an increased demand for US dollar for commercial reasons, especially that Monday was an official holiday. However, FX activity became in favor of the Lebanese Pound towards the end of the week, as some market players sought to secure enough LP liquidity at hand to pay employees' salaries at end-March 2019. Meanwhile, activity on the interbank market remained relatively absent, and the Central Bank of Lebanon stayed on the sidelines.

EXCHANGE RATES

	29/03/19	22/03/19	28/12/18	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,963.37	1,974.98	1,905.78	↑
LP/¥	13.61	13.64	13.66	↑
LP/SF	1,513.10	1,512.95	1,529.68	↓
LP/Can\$	1,121.82	1,127.19	1,107.48	↑
LP/Euro	1,690.21	1,704.23	1,724.73	↑

Source: Bank Audi's Group Research Department

STOCK MARKET: EXTENDED EQUITY PRICE GAINS WEEK-ON-WEEK

Activity on the Beirut Stock Exchange remained quite shy this week. The Total turnover was restricted to US\$ 2.7 million as compared to US\$ 1.1 million in the previous week and an average weekly trading value of US\$ 6.6 million since the beginning of the year 2019. The banking shares captured 54.44% of activity, followed by Solidere shares with 44.82% and the industrial shares with 0.74%.

In parallel, Lebanese equities continued to trace an upward trajectory for the second consecutive week, as reflected by a 1.0% increase in the BSE price index to close at 83.23, as some market players sought to add Lebanese stocks to their holdings before the distribution of dividends for the year 2018. Six out

of seven traded stocks posted price gains, while one stock saw no price change week-on-week. Solidere "A" share price led the advance this week, posting price rises of 8.8% to US\$ 6.40, followed by Solidere "B" share price with +6.9% to US\$ 6.39. As to banking stocks, Bank Audi's GDR price edged up by 0.2% to US\$ 4.99. Bank Audi's "listed" share price remained stable at US\$ 5.0. BLOM's GDR price closed 3.6% higher at US\$ 9.79. BLOM's "listed" share price increased by 0.8% to US\$ 9.27. Amongst industrials, Holcim Liban's share price went up by 1.3% to US\$ 15.50.

The weekly performance of the domestic stock exchange compares to increases in prices in broader regional stock exchanges (+0.5% as per the S&P Pan-Arab Composite Index) and shy declines in prices across emerging markets (-0.1% as per the S&P Emerging Frontier Super Composite Index) amid a wide sell-off mood following Turkey's money market turmoil, surging Turkish Lira volatility and rising EM contagion fears.

AUDI INDICES FOR BSE

22/1/96=100	29/03/19	22/03/19	28/12/18	
Market Cap. Index	381.34	377.41	384.30	↑
Trading Vol. Index	29.07	9.00	227.09	↑
Price Index	83.23	82.37	83.87	↑
Change %	1.04%	0.37%	-0.70%	↑
	29/03/19	22/03/19	21/12/18	
Market Cap. \$m	9,047	8,954	9,117	↑
No. of shares traded (Exc. BT)	392,742	243,095	4,241,140	↑
Value Traded \$000 (Exc. BT)	2,726	1,055	21,393	↑
o.w. : Solidere	1,222	249	1,208	↑
Banks	1,484	744	20,107	↑
Others	20	62	78	↓

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

BOND MARKET: WEEKLY BOND PRICE FALLS, TRACKING EMERGING MARKET WEAKNESS

Lebanese Eurobonds came under downward price pressures this week, mainly tracking emerging market weakness (as reflected by a 1.7% expansion in the JP Morgan EMBIG Z-spread) amid deepening Turkey's money market turmoil and surging Turkish lira volatility, which fueled emerging market contagion fears.

Under these conditions, international institutional investors were net sellers on the Lebanese Eurobond market this week. This resulted into weekly price contractions between 0.13 pt and 1.63 pts across the yield curve. Accordingly, the weighted average yield closed at 9.95% at the end of this week, as compared to 9.58% at the end of last week. Concurrently, the weighted average bid Z-spread expanded by 43 bps week-on-week, moving from 762 bps last week to 805 bps. As to the cost of insuring debt, Lebanon's five-year CDS spreads hovered between 820 bps and 850 bps at the end of this week as compared to 790-820 bps at the end of last week.

EUROBONDS INDICATORS

	29/03/19	22/03/19	28/12/18	
Total tradable size \$m	32,214	32,214	32,214	↔
o.w.: Sovereign bonds	30,964	30,964	30,964	↔
Average Yield	9.95%	9.58%	9.95%	↑
Z-Spread (bid in bps)	805	762	764	↑
Average Life	7.57	7.59	7.83	↓
Yield on US 5-year note	2.23%	2.28%	2.61%	↓

Source: Bank Audi's Group Research Department

INTERNATIONAL MARKET INDICATORS

	29-Mar-19	22-Mar-19	31-Dec-18	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	110.85	109.93	109.61	0.8%	1.1%
\$/£	1.304	1.321	1.275	-1.3%	2.2%
\$/Euro	1.122	1.130	1.147	-0.7%	-2.2%
STOCK INDICES					
Dow Jones Industrial Average	25,928.68	25,502.32	23,327.46	1.7%	11.2%
S&P 500	2,834.40	2,800.71	2,506.85	1.2%	13.1%
NASDAQ	7,729.32	7,642.67	6,635.28	1.1%	16.5%
CAC 40	5,350.53	5,269.92	4,730.69	1.5%	13.1%
Xetra Dax	11,526.04	11,364.17	10,558.96	1.4%	9.2%
FT-SE 100	7,279.19	7,207.59	6,728.13	1.0%	8.2%
NIKKEI 225	21,205.81	21,627.34	20,014.77	-1.9%	6.0%
COMMODITIES (in US\$)					
GOLD OUNCE	1,292.38	1,313.68	1,282.49	-1.6%	0.8%
SILVER OUNCE	15.12	15.42	15.50	-2.0%	-2.4%
BRENT CRUDE (per barrel)	67.58	67.03	53.80	0.8%	25.6%
LEADING INTEREST RATES (%)					
1-month Libor	2.49	2.50	2.50	-0.01	-0.01
US Prime Rate	5.50	5.50	5.50	0.00	0.00
US Discount Rate	3.00	3.00	3.00	0.00	0.00
US 10-year Bond	2.41	2.44	2.68	-0.03	-0.27

Sources: Bloomberg, Bank Audi's Group Research Department

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