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The LEBANON WEEKLY MONITOR

Economy

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The Consultation & Research Institute's index of consumer prices has decreased for the seventh consecutive month this November, as the year-on-year index dropped by 0.8% compared to results of November 2018. The 12-month moving average recorded a decrease of 0.5%.

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p.9 BOND PRICE CONTRACTIONS AMID CABINET STALEMATE AND SWAP WARNINGS
Amid extended cabinet deadlock, violent street clashes, calls to form a new government of "specialized" that can regain international confidence and secure support for Lebanon, and warnings from international rating agencies that a proposed swap of 2020 Eurobonds may be considered a "Selective Default", Lebanon's capital markets saw this week bond price contractions, continuous equity price falls and increased FC conversions. In details, the Eurobond market came under downward price pressures, while Lebanese authorities decided to postpone swap talks until a new cabinet is formed. The weighted average bond yield reached a record high level of 34.71% and Lebanon's five-year CDS spreads hit an unprecedented high level that has exceeded the 2,800 bps threshold. On the equity market, the BSE price index contracted by 1.8%, mainly dragged by price falls in the banking shares, while realty and industrial shares traced an upward trajectory. On the FX market, FC conversions gained momentum amid lingering cabinet uncertainties, and BDL's foreign assets dropped to US\$ 37 billion mid-January 2020.

LEBANON MARKETS: WEEK OF JANUARY 13 - JANUARY 19, 2020

Money Market



LP Tbs Market



LP Exchange Market



BSE Equity Market



Eurobond Market



CDS Market



ECONOMY

TWELVE-MONTH MOVING AVERAGE INFLATION AT -0.5% BY END-NOVEMBER

The Consultation & Research Institute’s index of consumer prices has decreased for the seventh consecutive month this November, as the year-on-year index dropped by 0.8% compared to results of November 2018. The 12-month moving average recorded a decrease of 0.5% amid sluggish demand for goods and services.

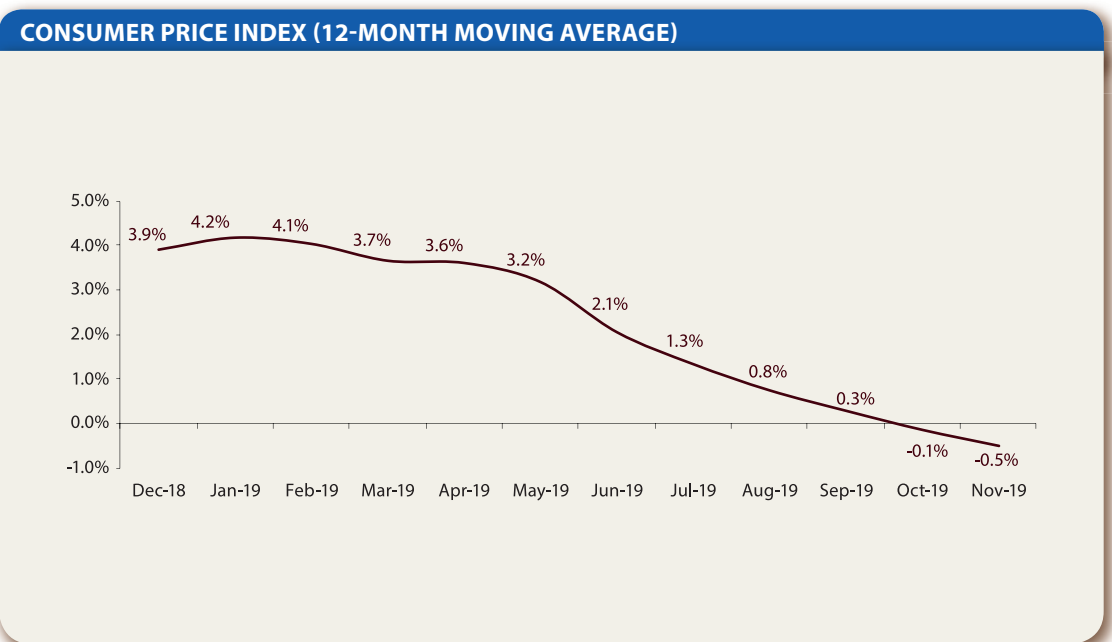
Four of the nine main indices registered decreases this November. The most significant decrease was registered by the “Food and Beverages” category (-3.1%), followed by the “Housing” category (-2.0%) and the “Durable Consumer Goods” category (-1.7%). On the other hand, four main indices increased, the highest increase was recorded by the “Apparel” category (5.1%), followed by the “Other Goods and Services” category (2.0%) and the “Transportation and Telecommunications” category (1.6%).

The November 2019 year-on-year “Food and Beverages” index has decreased by 3.1% since November 2018. Three main “Food and Beverages” indices registered decreases this month, namely those of the “Alcoholic Beverages” category (-8.4%), the “Food” category (-3.9%) and the “Non-alcoholic Beverages” category (-0.3%). On the other hand, a sole main index witnessed a surge this November, namely that of the “Tobacco Products” category (10.7%).

The index for “Food” decreased by 3.9% compared to its level last year, as four of the food group indices have witnessed sharp decreases this November. The most significant decrease was registered in the “Vegetables” category (-20.9%), followed by the “Food away from Home” category (-15.0%) and by the “Fruits” category (-14.4%).

On the other hand, eight “Food” categories witnessed increases this November, most significantly that of the “Grains and Nuts” category (13.1%), the “Sugar and Confectioneries” category (11.2%) and the “Meat and Poultry” category (4.7%).

Apparel prices registered a 5.1% increase year-on-year in November 2019. This was the result of the surge in the “Footwear” category (34.5%), against the decrease in the “Clothing and Sewing Materials” category (-3.9%).



Sources: Consultation and Research Institute, Bank Audi’s Research Department

The index for "Housing" decreased by 2.0% in November 2019 from its level last year. This was due to the decrease in the "Household Energy" category (-4.9%). On the other hand, a sole category witnessed a significant increase, namely that of the "Household Maintenance" category (6.2%).

The "Durable Consumer Goods" index decreased by 1.7% since November 2018. Five categories have witnessed decreases this November, most significantly that of the "Appliances" category (-9.5%), followed by the "Linens" category (-5.8%) and the "Kitchenware" category (-5.6%). Another two categories recorded significant increases, namely those of the "Miscellaneous Household Products" category (12.8%) and the "Glassware" category (5.7%).

The healthcare index decreased by 0.6% since November 2018. This is due to the decreases registered in the "Medications and Medical Accessories" (-2.7%) and the "Inpatient Services" categories (-1.0%).

The CPI component for "Transportation and Telecommunications" increased by 1.6% (year-on-year) in November 2019, due to the equivalent increase in the "Transportation" category (1.8%); while the "Telephone Services" category remained unchanged this month.

The index for education slightly increased by 1.0% from the previous year, due to the increase in all the three categories, as follows: the "Educational Books and Supplies" category (6.5%), followed by the "School Transportation" category (4.7%) and the "Tuition Fees" category (0.1%).

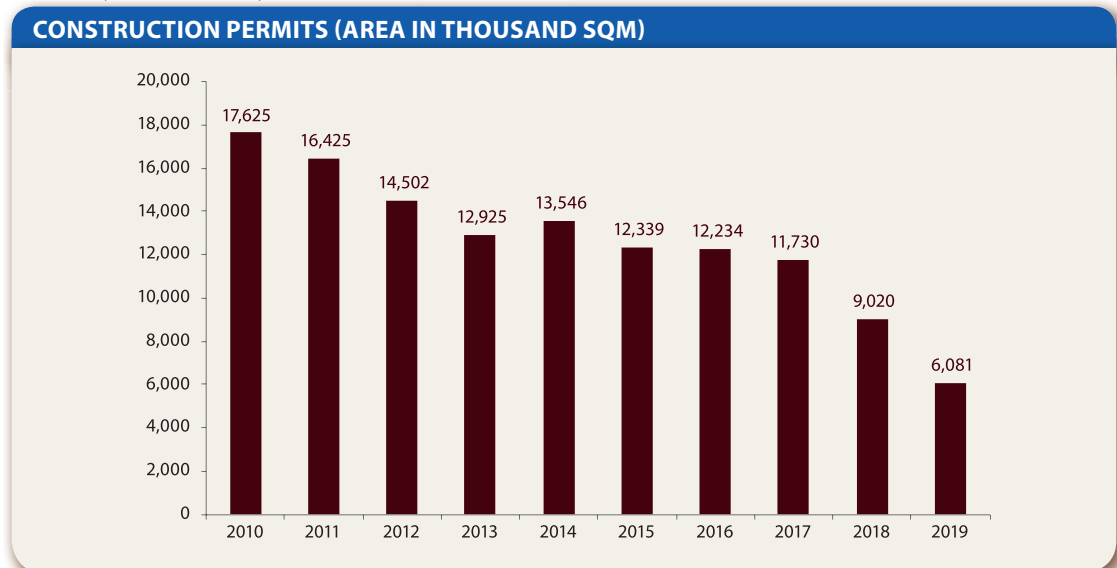
The index for recreation remained stable compared to its results in November 2018, as both of its main categories - the "Reading Materials and Photography" category and the "Movies and Restaurants" category - kept unchanged in November 2019.

The index of "Other Goods and Services" has increased by 2.0% since November 2018. This was basically due to the surge registered in the "Jewelry" category (14.7%). On the other hand, a sole category recorded a decrease, namely that of the "Personal Care" category (-4.4%). The "Travel" and the "Financial Services" categories remained unchanged this November.

CONSTRUCTION PERMITS REGISTER YEARLY DECLINE OF 32.6% IN 2019

According to the figures provided by the Order of Engineers of Beirut and Tripoli, construction permits, an indicator of forthcoming construction activity, posted a 32.6% year-on-year decrease in 2019.

This highlights the continued slowdown in the sector whereby some developers are slowing down or sometimes halting their construction works, especially during the phase of economic and political instability in the country over the last quarter of 2019.



Sources: Orders of Engineers of Beirut and Tripoli, Bank Audi's Group Research Department

In fact, construction permits covered an area of 6,081,333 square meters in 2019, against an area 9,019,583 square meters a year earlier.

This followed yearly contractions of 22.2% and 4.1% registered in 2018 and 2017 respectively.

The breakdown by region shows that most of the regions reported contractions in construction permits with Mount-Lebanon, the North, Nabattiyeh and Bekaa reporting the highest contractions of 39.1%, 36.6%, 34.9% and 30.5% respectively in 2019.

As for the breakdown of construction permits, Mount-Lebanon continued to capture the highest share in newly issued construction permits in 2019 with a share of 35.0%. The North followed with a share of 20.3% and the South came third with a share of 19.8%.

LEBANON'S ECONOMIC GROWTH SHRINKS BY 0.5% IN 2019, SAYS UN WORLD ECONOMIC SITUATION AND PROSPECTS 2020 REPORT

According to the "World Economic Situation and Prospects 2020" report published by the United Nations, Lebanon's economic growth is estimated at -0.5% in 2019, dropping from a marginal growth rate of 0.3% in 2018. Lebanon experienced a tightening of balance of payments constraints as foreign capital inflows continued to decline, as per the UN WESP 2020 report. The Central Bank ran down its foreign reserves by US\$ 4 billion over the first seven months of 2019 to alleviate these constraints. The loss of confidence in the Lebanese economy resulted from the current social unrest, highlighting that economic prospects for 2020 depend on taming the effects of the current sociopolitical situation, as per the same source.

The report also forecasted Lebanon's economic growth to accelerate to 0.3% in 2020 and 1.4% in 2021. Moving on to inflation, the CPI expanded by 6.1% in 2018 and by only 2.9% in 2019 amidst tighter balance of payments constraints. Nevertheless, inflation rates are expected to rise to 4.0% in 2020 before decelerating to 2.4% in 2021 according to UN forecasts. Moving on to the exchange rate, pressure on the Lebanese pound mounted due to a severe shortage in United States dollar liquidity.

At the global scale, the world economy passed through a period of broad-based deterioration in the past year, whereby GDP growth fell to 2.3% down from 3.0% in 2018 over protracted trade disputes and policy uncertainties. The UN noted that this is the lowest rate recorded since the financial crisis of 2008-2009. The slowdown took place next to growing resentment towards the social and environmental quality of economic growth amid a worsening climate crisis. Looking ahead, the UN report expects world real GDP growth to reach 2.5% in 2020 and 2.7% in 2021 as trade tensions are expected to keep on easing.

RATES OF GROWTH OF REAL GDP

	2016	2017	2018	2019	2020	2021
Western Asia Fuel Exporters	3.3%	-0.7%	1.6%	0.9%	2.2%	2.9%
Bahrain	3.6%	4.2%	2.2%	1.8%	2.3%	2.5%
Iraq	13.8%	-3.8%	-1.0%	3.2%	4.8%	5.8%
Kuwait	2.9%	-3.5%	1.2%	0.7%	2.3%	2.6%
Oman	5.1%	0.3%	1.8%	0.9%	1.7%	2.6%
Qatar	2.1%	1.6%	1.4%	0.1%	3.1%	4.0%
KSA	1.7%	-0.8%	2.2%	0.3%	1.3%	1.9%
UAE	3.1%	0.5%	1.7%	1.1%	2.4%	2.9%
Yemen	-14.8%	-5.9%	-2.7%	1.2%	3.6%	4.3%
Western Asia Fuel Importers	3.1%	6.3%	3.0%	1.1%	2.5%	2.8%
Jordan	2.1%	2.1%	1.9%	1.9%	2.2%	2.0%
Lebanon	1.6%	0.6%	0.3%	-0.5%	0.3%	1.4%
Palestine	4.7%	3.1%	0.9%	1.4%	2.6%	2.6%
Syria	-4.0%	1.9%	11.5%	10.1%	3.7%	3.3%

Sources: United Nations, Bank Audi's Group Research Department

SURVEYS

LEBANON'S HOSPITALITY SECTOR ON MILD GROWTH IN FIRST ELEVEN MONTHS, AS PER EY

Ernst & Young issued its latest Hotel Benchmark Survey on the Middle East in 11M 2019 (four and five star hotels), in which it showed that the performance of Lebanon's hospitality sector witnessed an improvement in occupancy rates, alongside an improvement in average room rates and room yields.

As a matter of fact, the occupancy rate of four and five-star hotels within the capital reached 65.2% in the first eleven months of 2019, against 64.6% in the same period of 2018.

The occupancy rate within Beirut was the seventh highest among 14 cities included in the survey. It was directly surpassed by Makkah (65.6%) and Doha (69.2%), while Madinah (64.1%) and Riyadh (63.6%) came directly after Beirut.

Beirut's room rate notably moved up from the first eleven months of 2018 to attain US\$ 202 in 11M 2019 from US\$ 186 in the past year. It is worth noting that the city's growth rate ranked top out of 14 surveyed cities, growing by 8.6%.

The rate of the capital's hotels was the third highest in the region. It exceeded that of Makkah (US\$ 174) and Manama (US\$ 162), while being surpassed by Dubai (US\$ 222) and Jeddah (US\$ 274).

The rooms' yield rose by 10.0% annually to reach US\$ 132 in 11M 2019 compared to US\$ 120 in the same period of 2018. Beirut ranked first in terms of variation in the region when assessing this indicator.

The room yield in Beirut was the third highest at US\$ 132, surpassed by Jeddah (US\$ 162) and Dubai (US\$ 165), and higher than Makkah (US\$ 114) and Ras Al Khaimah (US\$ 108), as per EY.

ERNST & YOUNG MIDDLE EAST HOTEL BENCHMARK SURVEY

	Occupancy %		Average Room Rate (US\$)		Room Yield (US\$)	
	11M-2019	11M-2018	11M-2019	11M-2018	11M-2019	11M-2018
Abu Dhabi	78.8	75.8	101	99	80	75
Cairo	75.6	72.4	113	113	85	82
Ras al Khaimah	74.6	72.3	144	161	108	117
Dubai	74.5	75.0	222	260	165	195
Doha	69.2	60.7	111	118	77	71
Makkah	65.6	61.1	174	184	114	112
Beirut	65.2	64.6	202	186	132	120
Madinah	64.1	63.3	147	146	94	93
Riyadh	63.6	55.1	161	172	102	95
Amman	62.1	59.5	145	149	90	89
Muscat	60.6	56.2	123	138	75	78
Jeddah	59.2	58.9	274	293	162	173
Kuwait City	56.3	56.3	161	175	91	98
Manama	53.4	51.2	162	161	87	82

Sources: Ernst & Young, Bank Audi's Group Research Department

BEIRUT RANKS THIRD REGIONALLY IN NUMBEO'S COST OF LIVING SURVEY

Numbeo, a global statistics website, recently released its global cost of living index in which it compares cities worldwide based on their scores in the index when benchmarked to New York City.

The Cost of Living Index (Excl. Rent) is a relative indicator of consumer goods prices, including groceries, restaurants, transportation and utilities.

Numbeo provides other indices like the Rent Index which is an estimation of prices of renting apartments in the city compared to New York City. Groceries Index is an estimation of grocery prices in the city compared to New York City. To calculate this section, Numbeo uses weights of items in the "Markets" section for each city. Restaurants Index is a comparison of prices of meals and drinks in restaurants and bars compared to NYC. Cost of Living Plus Rent Index is an estimation of consumer goods prices including rent comparing to New York City.

In its recently released statistics, Beirut ranked third in the region and 184th globally in Numbeo's 2020 Cost of Living Index. The city was preceded by Dubai which ranked first in the region and 152nd globally and Doha which came second and 179th globally.

In details, Beirut's index stood at 62.83, its rent index was 26.20, its cost of living + rent index reported 45.31, its groceries index registered 45.27, its restaurant index was 63.16 and its local purchasing power index was 40.99.

It is worth noting that Switzerland's Zurich ranked first globally with an index of 128.29.

RANKING BY COST OF LIVING INDEX 2020

	Cost of Living Index	Global Rank
Dubai	66.81	152
Doha	63.96	179
Beirut	62.83	184
Abu Dhabi	62.75	186
Manama	59.03	201
Amman	56.70	212
Sharjah	52.81	219
Muscat	51.07	229
Jeddah	49.99	236
Ajman	49.08	243
Al Dammam	48.90	245
Riyadh	48.18	249
Baghdad	42.05	283
Irbil	41.57	286
Casablanca	37.86	326
Rabat	36.68	335
Algiers	32.15	388
Cairo	30.94	393
Alexandria	28.60	401
Tunis	28.32	403

Sources: Numbeo, Bank Audi's Group Research Department

CORPORATE NEWS

NEWLY REGISTERED CARS AT 21,991 IN 2019, DOWN BY A YEARLY 33.4%

According to data compiled by the Association of Car Importers in Lebanon, the number of newly registered passenger cars stood at 21,991 in 2019, falling by 33.4% from a total of 33,012 in 2018.

According to a recent statement, this is due to the currently prevailing macro situation in Lebanon, the suspension of car loans, impossibility of opening documentary credits to import cars and spare parts, increase of interest rates, difficulty of converting cash collected in Lebanese pounds into US dollars in the banks to pay the suppliers and the risk of seeing thousands of employees losing their job.

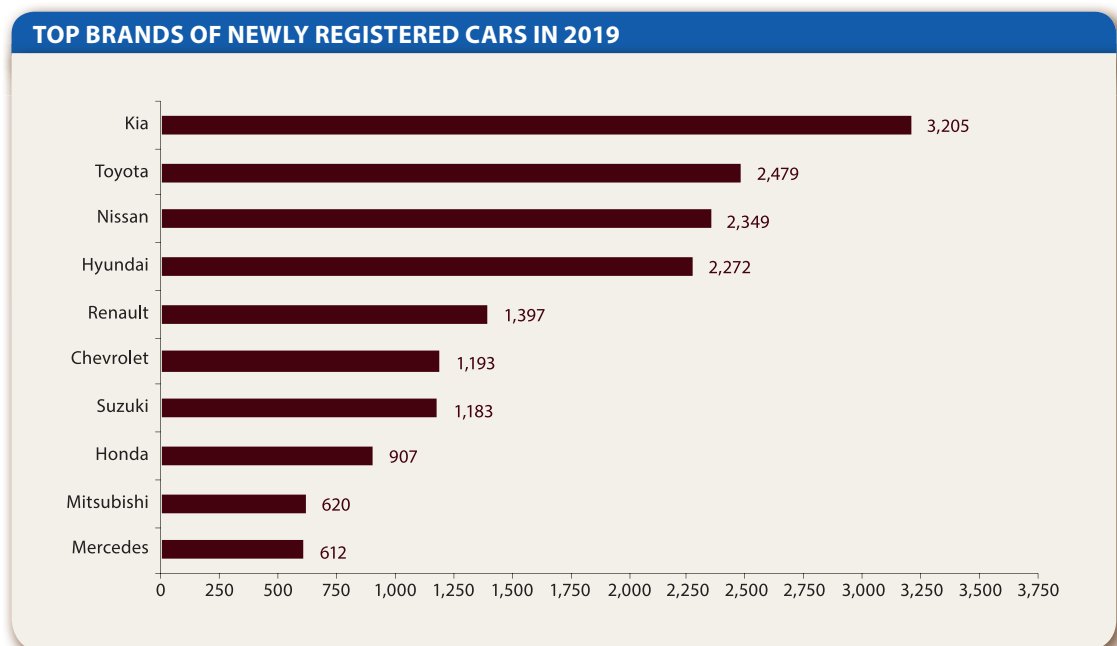
In a look at the regions, Japanese cars took over the highest share of newly registered cars in 2019 with a total of 8,630, down by 35.7% from 2018. Korean cars took over the second place with a total of 5,495 cars, down from 9,357 cars in 2018.

European cars took over the third place with a total of 5,023 cars in 2019, down by a yearly 21.8%.

Korea's Kia ranked first in terms of new car registration during 2019, with a total of 3,205 cars against a total of 5,012 cars during the previous year.

It was followed by Japan's Toyota with a total of 2,479 newly registered cars in 2019, against 4,155 cars in 2018.

Japan's Nissan came in the third position with a total of 2,349 newly registered cars in 2019, compared to 3,995 cars registered in 2018. These were followed by Korea's Hyundai with a total of 2,272 newly registered cars in 2019, compared to a total of 4,319 cars registered in the year earlier.



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

BERYTECH LAUNCHES ACT SMART INNOVATION HUB

Berytech launched its ACT Smart Innovation Hub that will provide incubation and acceleration programs for startups in the agri-food sector and in the clean-tech sector that includes energy, solid waste, water and wastewater.

The 36-month program will be funded by grants from the Netherlands. It consists of two acceleration programs Agrytech and Cleanergy (ACT is an acronym for Agri-Food and CleanTech).

Each startup could gradually receive grants of up to US\$ 40,000 from the Dutch government as initial financing to help it kick-start its operations, as per the Deputy General Manager at Berytech and Director of the ACT program. A startup could secure the full amount if it completes successfully the initial stages of growth, as per the same source.

The hub will help entrepreneurs obtain soft loans as well as equity financing by linking them to venture capital and private equity investors.

The ACT hub will also support and expand Berytech's QOOT Agri-food Innovation Cluster which was launched a year ago. The program will create three clean-tech think-tanks to lobby for an enabling environment for innovation and growth in the energy, waste and water sectors.

A number of institutions will support the development of this ecosystem including the Issam Fares Institute for Public Policy and International Affairs at the American University of Beirut which will be hosting the working groups on waste, energy and water, as well as developing a paper on sustainable agriculture. The Euro-Lebanese Centre for Industrial Modernization (ELCIM) of the National Industrial Research Institute will mobilize academic and research institutions to work on commercializing intellectual property to the industrial sector. The ACT program will team up as well with universities and professional bodies to create synergies between these entities and its different components.

NET PROFITS OF NORTH AFRICA COMMERCIAL BANK DOWN TO US\$ 9.1 MILLION IN 2018

North Africa Commercial Bank posted net profits of US\$ 9.1 million in 2018, down from US\$ 10.4 million reported in 2017, as per Bankdata Financial Services.

The bank's net interest income attained US\$ 18.2 million in 2018, falling from US\$ 18.9 million in 2017.

Net fee income decreased by 7.8% year-on-year to stand at US\$ 0.8 million in 2018. Net gain on financial instruments at fair value through profit & loss fell year-on-year to register US\$ 5.4 million.

Total operating income decreased by a yearly 3.8% from US\$ 25.3 million in 2017 to US\$ 24.4 million in 2018.

Allowance for expected credit losses moved from US\$ 0.2 million in 2017 to US\$ 0.8 million in 2018.

This was accompanied by a 1.0% yearly rise in total operating expenses, which amounted to US\$ 12.8 million in 2018. Among the latter category, staff expenses increased by 4.2% year-on-year to reach US\$ 8.9 million in 2018 while administrative and other operating expenses edged down by a yearly 2.6% to register US\$ 3.4 million in 2018.

The bank's total assets amounted to US\$ 1.1 billion at end-2018, nearly unchanged from end-2017. Deposits from customers stood at US\$ 195.0 million at end-2018, down by 11.2% from end-2017. Loans to customers registered US\$ 13.9 million at end-2018, down from US\$ 15.0 million at end-2017.

The loans to deposits ratio stood at 7.1% at end-2018, up from 6.8% at end-2017. The net primary liquidity to deposits ratio edged up to reach 22.1% at end-2018.

Shareholders' equity totaled US\$ 203.6 million at end-2018, down by 2.8% from end-2017.

CAPITAL MARKETS

MONEY MARKET: US\$ 10 BILLION CONTRACTION IN TOTAL RESIDENT DEPOSITS IN 2019

The overnight rate traced an upward slope over this week, rising gradually from 12% on Monday to reach 75%-85% on Friday, mainly due to technical reasons and increased conversions in favor of foreign currencies on the foreign exchange market.

Monetary aggregates released by the Central Bank of Lebanon showed that total resident banking deposits contracted by circa LP 15,295 billion in 2019 (the equivalent of US\$ 10.2 billion). This is mainly attributed to a LP 18,184 billion fall in total LP resident deposits (the equivalent of US\$ 12.1 billion) amid a LP 18,354 billion drop in LP saving deposits and a LP 170 billion rise in LP demand deposits, while foreign currency resident deposits expanded by LP 2,889 billion (the equivalent of US\$ 1.9 billion) over the year. Within this context, the money supply in its largest sense (M4) contracted by LP 10,554 billion in 2019 (the equivalent of US\$ 7.0 billion) amid a LP 5,166 billion increase in the currency in circulation and a LP 255 billion decrease in the non-banking sector Treasury bills portfolio.

INTEREST RATES

	17/01/20	10/01/20	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 SURPLUS OF LP 12 BILLION

The latest Treasury bills auction results for value date 16th of January 2020 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 two-year category (offering a coupon of 7.0%) and the ten-year category (offering a coupon of 10.0%).

In parallel, the Treasury bills auction results for value date 9th of January 2020 showed that total subscriptions amounted to LP 252 billion and were distributed as follows: LP 7 billion in the three-month category (offering a yield of 5.30%), LP 114 billion in the one-year category (offering a yield of 6.50%) and LP 131 billion in the five-year category (offering a coupon of 8.0%). These compare to maturities of LP 240 billion, resulting into a nominal weekly surplus of LP 12 billion.

TREASURY BILLS

	17/01/20	10/01/20	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%	↔
10-year	10.00%	-	10.00%	
Nom. Subs. (LP billion)		252	120	
Short-term (3&6 mths)		7	-	
Medium-term (1&2 yrs)		114	20	
Long-term (3 yrs)		-	-	
Long-term (5 yrs)		131	100	
Maturities		240	61	
Nom. Surplus/Deficit		12	59	

Sources: Central Bank of Lebanon, Bloomberg

FOREIGN EXCHANGE MARKET: BDL'S FOREIGN ASSETS DOWN TO US\$ 37 BILLION MID-JANUARY 2020

Amid continuous cabinet uncertainties and violent street clashes, the foreign exchange market was underpinned over this week by increased conversions in favor of foreign currencies, though the implementation of a newly issued BDL circular, ordering non-banking intermediary institutions to pay inward transfers in their foreign currencies, has somehow contributed to reduce FX pressures.

In parallel, the Central Bank of Lebanon's latest bi-monthly balance sheet ending 15th of January 2020 showed that BDL's foreign assets remained on the decline, contracting by US\$ 306 million during the first half of the month to reach US\$ 37.0 billion mid-January.

EXCHANGE RATES

	17/01/20	10/01/20	27/12/19	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,968.04	1,970.15	1,970.00	↑
LP/¥	13.68	13.75	13.77	↑
LP/SF	1,561.21	1,546.63	1,543.78	↓
LP/Can\$	1,155.79	1,153.23	1,150.59	↓
LP/Euro	1,677.55	1,672.72	1,679.20	↓

Source: Bank Audi's Group Research Department

STOCK MARKET: 1.8% CONTRACTION IN BSE PRICE INDEX WEEK-ON-WEEK

The total turnover on the Beirut Stock Exchange was restricted to US\$ 2.6 million this week and compared to US\$ 5.7 million in the previous week, down by 54.8%. Solidere shares captured 89.2% of activity, followed by the banking shares with 10.1% and the industrial shares with 0.7%.

As to prices, the BSE price index contracted by 1.8% week-on-week. Four out of 10 traded stocks registered price falls, while five stocks posted price gains and one stock saw no price change week-on-week. BLOM's GDRs led the decline on the BSE this week, shedding 37.4% to reach US\$ 3.80, followed by BEMO's "listed"

shares with -0.8% to US\$ 1.15, Bank Audi's "listed" shares with -2.2% to US\$ 2.25 and BLOM's "listed" shares with -1.0% to US\$ 7.0. In contrast, Solidere shares continued to trace an upward trajectory. Solidere "A" and "B" share prices increased by 3.4% and 3.6% respectively to reach US\$ 8.71 and US\$ 8.70 respectively. Amongst industrials, Holcim Liban's share price surged by 5.0% to US\$ 10.50. Ciments Blancs Nominal's share price climbed by 15.4% to US\$ 3.0.

AUDI INDICES FOR BSE

22/1/96=100	17/01/20	10/01/20	27/12/19	
Market Cap. Index	299.18	304.50	316.37	↓
Trading Vol. Index	22.52	62.24	24.97	↓
Price Index	65.59	66.76	69.36	↓
Change %	-1.75%	-3.38%	2.37%	↓
	17/01/20	10/01/20	27/12/19	
Market Cap. \$m	7,098	7,224	7,506	↓
No. of shares traded (Exc. BT)	355,594	745,941	333,997	↓
Value Traded \$000 (Exc. BT)	2,583	5,715	2,294	↓
o.w. : Solidere	2,305	5,620	2,294	↓
Banks	261	72	0	↑
Others	17	23	0	↓

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

BOND MARKET: LEBANESE BONDS UNDER DOWNWARD PRICE PRESSURES ON SWAP CONCERNS

Lebanese Eurobonds came under downward price pressures this week amid an extended delay in cabinet formation and after international rating agencies warned that a proposed swap of 2020 Lebanese Eurobonds could constitute a "Selective Default", which has prompted Lebanese authorities to hold off the swap until a new government is formed.

Within this context, Lebanese sovereigns maturing between 2020 and 2037 posted weekly price contractions ranging between 0.50 pt and 4.0 pts. The weighted average bond yield reached 34.71% at the end of this week, up from 31.63% at the end of last week. The weighted average bid Z-spread expanded by 510 bps to reach 3,783 bps at the end of this week. As to the cost of insuring debt, Lebanon's five-year CDS spreads expanded from 2,597 bps at the end of last week to an unprecedented level of 2,821 bps this week. Finally, it is worth mentioning that the Lebanese Eurobond portfolio reached US\$ 31,314 million after the inclusion of US\$ 3 billion bonds issued by the Ministry of Finance and held by the Central Bank of Lebanon.

EUROBONDS INDICATORS

	17/01/20	10/01/20	27/12/19	
Total tradable size \$m	32,564	29,564	29,564	↑
o.w.: Sovereign bonds	31,314	28,314	28,314	↑
Average Yield	34.71%	31.63%	29.99%	↑
Z-Spread (bid in bps)	3,783	3,273	3,045	↑
Average Life	7.93	7.46	7.50	↑
Yield on US 5-year note	1.61%	1.66%	1.71%	↓

Source: Bank Audi's Group Research Department

INTERNATIONAL MARKET INDICATORS

	17-Jan-20	10-Jan-20	31-Dec-19	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	110.16	109.46	109.61	0.6%	0.5%
\$/£	1.302	1.306	1.275	-0.4%	2.1%
\$/Euro	1.109	1.112	1.147	-0.3%	-3.3%
STOCK INDICES					
Dow Jones Industrial Average	29,348.10	28,823.77	28,538.44	1.8%	2.8%
S&P 500	3,329.62	3,265.35	3,230.78	2.0%	3.1%
NASDAQ	9,388.94	9,178.86	8,972.60	2.3%	4.6%
CAC 40	6,100.72	6,037.11	5,978.06	1.1%	2.1%
Xetra Dax	13,526.13	13,483.31	13,249.01	0.3%	2.1%
FT-SE 100	7,674.56	7,587.85	7,542.44	1.1%	1.8%
NIKKEI 225	24,041.26	23,850.57	23,656.62	0.8%	1.6%
COMMODITIES (in US\$)					
GOLD OUNCE	1,557.24	1,562.34	1,517.27	-0.3%	2.6%
SILVER OUNCE	18.04	18.12	17.85	-0.4%	1.1%
BRENT CRUDE (per barrel)	64.85	64.98	66.00	-0.2%	-1.7%
LEADING INTEREST RATES (%)					
1-month Libor	1.65	1.68	1.71	-0.03	-0.06
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	1.82	1.92	0.00	-0.10

Sources: Bloomberg, Bank Audi's Group Research Department

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