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## The LEBANON WEEKLY MONITOR

## Economy

**p.2 AN 18% DECLINE IN IMPORTS OVER Q4 2019 GENERATING A 26% DROP IN TRADE DEFICIT**

The latest foreign trade statistics released by Lebanon's Customs Authority for the fourth quarter of 2019, suggest a net contraction in imports by 18.4%, alongside a 22.8% growth in exports, which led to a reduction in the trade deficit by 26.0%, a trend that is likely to continue and develop further over the months to come.

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**p.7 TOTAL ASSETS OF FFA PRIVATE BANK DOWN TO US\$ 104.6 MILLION AT END-2018**

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## Markets In Brief

**p.9 BOND MARKET AWAITS ROADMAP TO RECOVERY BEFORE MARCH PAYMENT**

As investors count down to Lebanon's next US\$ 1.2 billion sovereign bond maturing on March 9, 2020 and following the inauguration of an economic-financial workshop aiming to draft a road map out of the current crisis and PM's reiteration that there are several ways out of the crisis, Lebanon's bond market was jittery during this week, while the equity market pursued its downward trajectory and the FX market saw further slowdown in FC conversions. In details, the Eurobond market was marked by relatively improved sentiment after ministers and banking officials met to discuss ways to ease the crisis and the Lebanese PM asked to draw up a plan for the country's economic and financial salvation. Within this context, the average yield fell from 45.75% mid-week to 40.16% on Friday. On the equity market, the BSE price index declined slightly by 0.3% amid mixed price movements, while activity remained quite shy. On the FX market, FX conversions slowed further, while the commercial demand for US dollar was restricted to imports of vital goods.

## LEBANON MARKETS: WEEK OF JANUARY 27 - FEBRUARY 02, 2020

Money Market ↑  
LP Tbs Market ↑  
LP Exchange Market ↓

BSE Equity Market ↓  
Eurobond Market ↓  
CDS Market ↓

**ECONOMY**

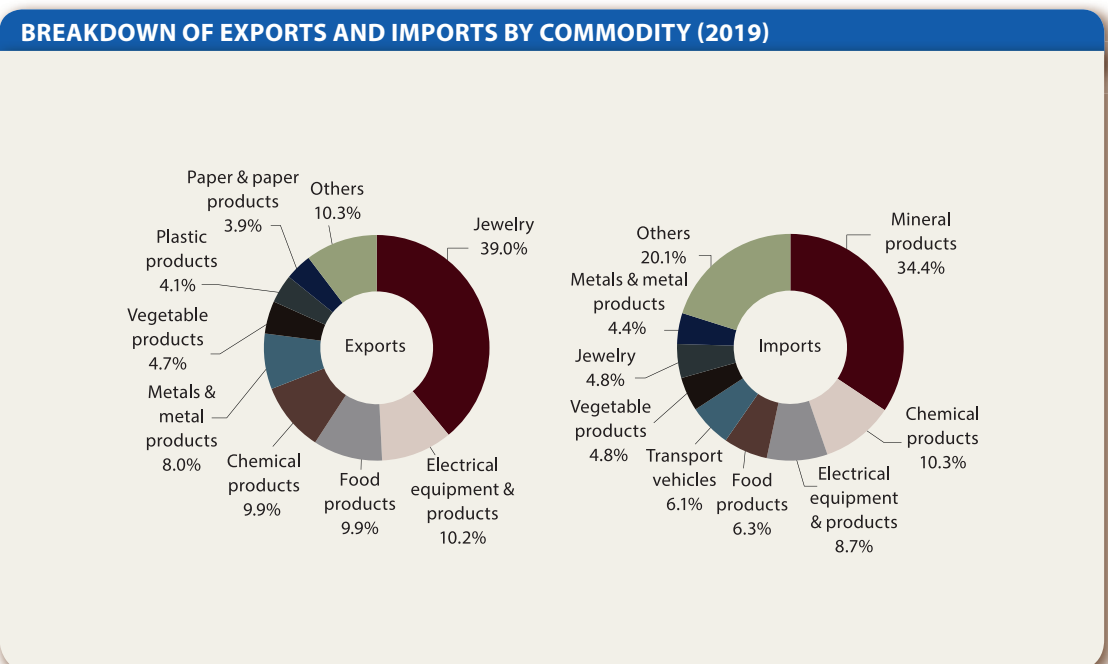
**AN 18% DECLINE IN IMPORTS OVER Q4 2019 GENERATING A 26% DROP IN TRADE DEFICIT**

The latest foreign trade statistics released by Lebanon’s Customs Authority for the fourth quarter of 2019, suggest a net contraction in imports by 18.4%, alongside a 22.8% growth in exports, which led to a reduction in the trade deficit by 26.0%, a trend that is likely to continue and develop further over the months to come. The aim for the new Cabinet should be to stimulate domestic production at the detriment of imports through providing incentives for sectors that produce import-substitution goods and export oriented products.

Over the full-year 2019, the external sector had witnessed a relative decline in trade deficit by 8.9% when compared to 2018, moving from US\$ 17.0 billion to US\$ 15.5 billion. This drop in trade deficit was the result of a strong hike in exports by 26.5% along with a relative decline in importing activity by 3.7%. Accordingly, the exports to imports ratio reached 19.4% over the year 2019, up from 14.8% over the year 2018.

Going further into details, exports reached US\$ 3.7 billion in 2019, compared to US\$ 3.0 billion in 2018, to report its strongest yearly growth in almost a decade. The breakdown of exports by product suggests that the most significant increase among the major categories was reported by jewelry with 124.5%, electrical equipments and products with 18.6%, fats and oils with 5.5% and paper and paper products with 2.9% over the year 2019 when compared to the year 2018.

The breakdown of exports by major countries of destination suggests that Switzerland reported the most significant hike of 717% year-on-year (with a share of 28% of total exports), followed by Greece with 50.0%, Saudi Arabia with 16.0%, Egypt with 9.9% and USA with 9.5%, while exports to South Africa reported a significant decline of 60.3%, followed by Turkey with 52.0% and Spain with 26.3% between the two periods. It is worth mentioning that land exports through Syria continued their positive trend, increasing significantly by 41.7%, moving from US\$ 199 million to US\$ 282 million. In parallel, exports through the Hariri international Airport witnessed a hike by 86.5%, while those through the Port of Beirut went down by 6.6% over the same period.



Source: Lebanon's Customs Administration

In parallel, total imports reached US\$ 19.2 billion in 2019, from US\$ 20.0 billion in 2018. The breakdown of imports by product suggests that the most significant increase was that registered by mineral products with 58.5% year-on-year. On the other hand, the main items to have displayed a significant decline were metals and metal products with 33.0%, cement and stone products with 31.0%, transport vehicles with 29.2%, electrical equipments and products with 28.3%, jewelry with 25.6%, textiles with 19.8% and livestock and animal products with 19.1% in 2019 compared to 2018.

The breakdown of imports by country of origin over the same period shows that imports from Russia and Kuwait increased the most by 137.0% and 106.3% respectively, followed by Belgium with 61.1%, USA with 18.6% and France with 8.5% year-on-year. On the other hand, imports from Saudi Arabia witnessed the most significant decline among the major partners with 31.5% year-on-year, followed by Switzerland with 30.5%, Egypt with 25.7%, China with 20.6%, Germany with 18.4% and Greece with 18.0% between the two periods.

### VALUE OF CLEARED CHECKS DOWN BY A YEARLY 14.4% IN 2019

The total value of cleared checks, an indicator of consumption and investment spending in the Lebanese economy, declined by 14.4% year-on-year in 2019 pointing to a relative deceleration in spending during the aforementioned year.

The value of cleared checks reached US\$ 56,971 million in 2019, against US\$ 66,560 million in 2018.

A breakdown by currency shows that the banks' clearings in Lebanese pounds amounted to LP 33,384 billion (+0.1%) in 2019 while those in FC amounted to US\$ 34,826 million (-21.6%).

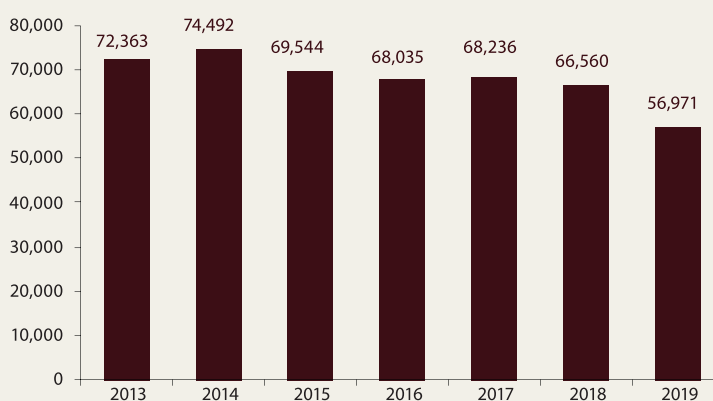
Furthermore, the number of cleared checks registered 9,930,420 in 2019, down by 16.4% from 11,881,511 in the same period of 2018.

The average value per check rose by 2.4% year-on-year to stand at US\$ 5,737 in 2019.

The value of returned checks reached US\$ 1,637 million in 2019, against US\$ 1,623 million in 2018.

The contraction in clearing activity mirrors the rising economic sluggishness across Lebanon's economic sectors, especially felt at the level of private investment.

### CLEARING ACTIVITY (FULL YEAR, US\$ MILLION)



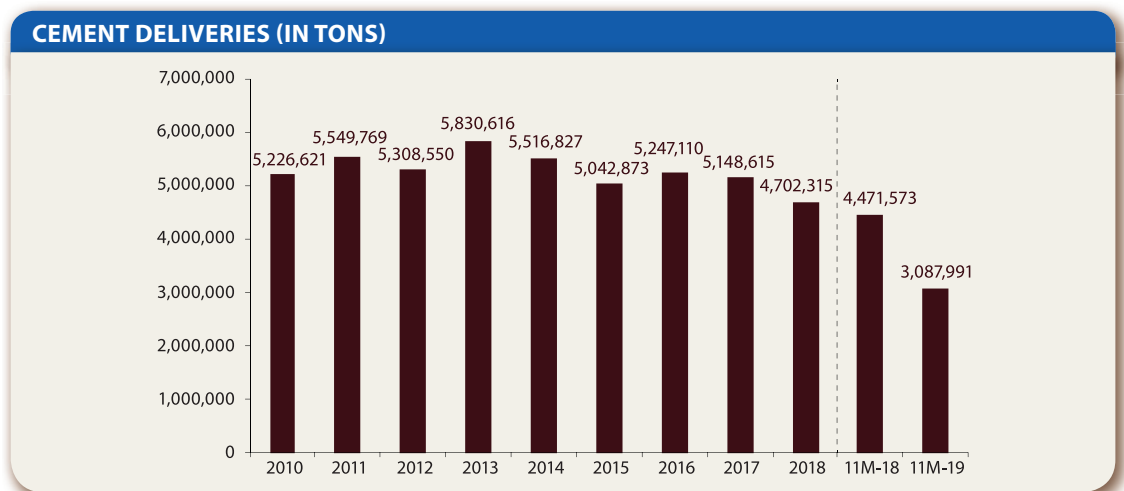
Sources: Association of Banks in Lebanon, Bank Audi's Group Research Department

## CEMENT DELIVERIES DOWN BY 30.9% IN FIRST 11 MONTHS OF 2019

Figures released by the Central Bank of Lebanon show that cement deliveries, a coincident indicator of construction activity, declined by a yearly 30.9% in the first 11 months of 2019.

Cement deliveries actually reached circa 3,087,991 tons in the first 11 months of 2019, down from 4,471,573 tons in the corresponding period of 2018, reflecting a continued slowdown in 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.

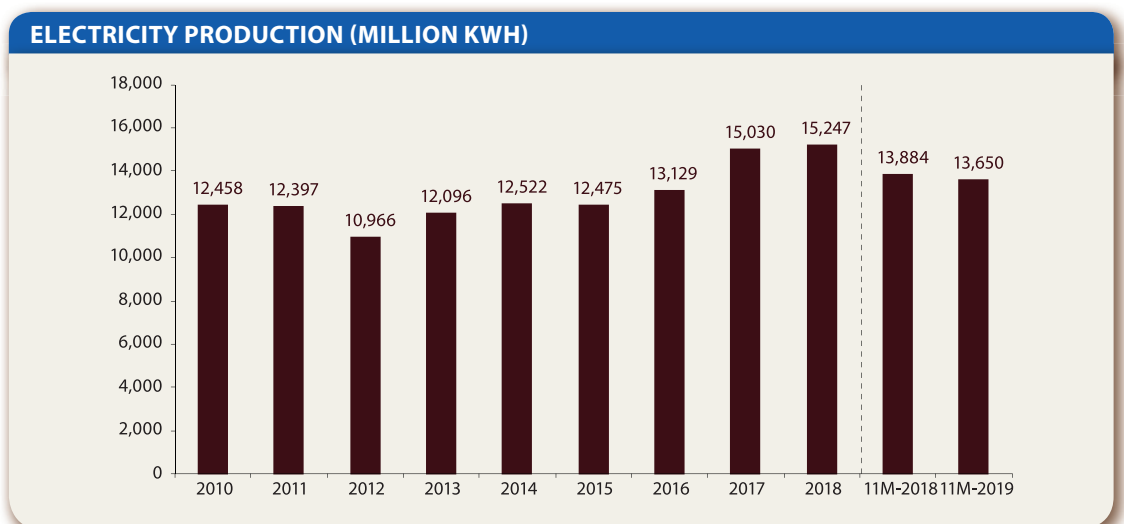


Sources: Central Bank of Lebanon, Bank Audi's Group Research Department

## ELECTRICITY PRODUCTION DOWN BY 1.7% IN FIRST 11 MONTHS OF 2019

Data published by the Central Bank of Lebanon shows that electricity production fell by 1.7% year-on-year in the first 11 months of 2019. The production totaled 13,650 million Kilowatt Hour (kWh) in the first 11 months of 2019, down from 13,884 million kWh in the first 11 months of 2018.

In a backward look, electricity production rose by a yearly 1.4% in 2018 from 15,030 million kWh in 2017 to 15,247 million kWh in 2018.



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

## SURVEYS

### LEBANON RANKS 106TH GLOBALLY AND 4TH IN MENA REGION IN DEMOCRACY INDEX 2019, SAYS EIU

According to the Economist Intelligence Unit, Lebanon ranked 106th globally and 4th in MENA region in its Democracy Index 2019, achieving an overall score of 4.36.

The Economist Intelligence Unit's index of democracy, on a 0 to 10 scale, is based on the ratings for 60 indicators, grouped into five categories: electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture. Each category has a rating on a 0 to 10 scale, and the overall Index is the simple average of the five category indexes.

The category indexes are based on the sum of the indicator scores in the category, converted to a 0 to 10 scale. Adjustments to the category scores are made if countries do not score a 1 in the following critical areas for democracy: whether national elections are free and fair, the security of voters, the influence of foreign powers on government, and the capability of the civil service to implement policies.

If the scores for the first three questions are 0 (or 0.5), one point (0.5 point) is deducted from the index in the relevant category (either the electoral process and pluralism or the functioning of government). If the score for 4 is 0, one point is deducted from the functioning of government category index.

Globally, Lebanon ranked higher than Gambia and Pakistan, but it was surpassed by Haiti and Bolivia. Regionally, Lebanon ranked 4th in the Middle East and North Africa Region. It came higher than Algeria and Jordan, while being surpassed by Morocco and Tunisia. Even in countries whose overall score has slipped, as in Lebanon, local populations are once again taking direct action, as per the EIU report. Lebanon's already poor score for functioning of government slipped further in 2019, as did its score for political culture. The EIU added that the Lebanese public has become increasingly frustrated by a succession of governments presiding over a system in which confessional and other powerful interests determine the allocation of resources and long-term policy planning and financial management. This state of affairs has harmed Lebanon's economy and polity and brought the country closer to a full-blown financial crisis.

Overall, it is worth noting that the MENA region is in a precarious state. Public dissatisfaction with the status quo became even more widespread in 2019. Public protests calling for a fundamental overhaul of political systems, and in some cases regime change, proliferated, as per the report.

#### REGIONAL RANKING IN EIU DEMOCRACY INDEX

Countries	Regional Rank	Global Rank
Tunisia	1	53
Morocco	2	96
<b>Lebanon</b>	<b>3</b>	<b>106</b>
Algeria	4	113
Jordan	5	114
Kuwait	6	114
Palestine	7	117
Iraq	8	118
Qatar	9	128
Egypt	10	137
Oman	11	137
United Arab Emirates	12	145
Sudan	13	147
Bahrain	14	149
Iran	15	151
Libya	16	156
Yemen	17	158
Saudi Arabia	18	159
Syria	19	164

Source: The Economist Intelligence Unit

The Middle East and North Africa (MENA) region is the lowest-ranked of all the regions covered in The Economist Intelligence Unit's Democracy Index, with six out of the 167 countries covered in our rankings featuring in the bottom 20.

### **LEBANON PASSES 2020 BUDGET AND CABINET TO DECIDE ON THE REPAYMENT OF THE US\$ 1.2 BILLION EUROBOND REPAYMENT, SAYS MORGAN STANLEY**

Lebanon passed its 2020 budget last Monday, and the cabinet will now decide on the repayment of the US\$ 1.2 billion LEBAN 6.375% March-2020 eurobond this week.

Morgan Stanley argued in its note earlier this month that BDL net FX reserves should still be able to service the near-term import bill and redemptions, and domestic banks have buffers against deposit outflows. Yet, what is more important to watch is the political sentiment on the trade-off of using reserves to cover debt servicing versus imports. This morning's announcement of Russia potentially discussing up to US\$1 billion deposit with BDL is positive but markets have had similar announcements last year around GCC support which was quickly faded by the markets as support didn't eventually materialize. As such, market focus should remain on the cabinet decision.

Against this backdrop and considering the binary nature of the outcome, markets have been jittery and the LEBAN bonds are now quoted in the mid 70s for the very front end, despite less than 40 days to maturity, and mid to high 30s for the long end paper. In Lebanon's case the price action may have been exaggerated by domestic bank selling of high cash price eurobonds to raise FX liquidity either for deposit outflows or any margin calls, but the price action is making it tough to hold onto convictions, according to Morgan Stanley. In fact, just a handful of other instances within the sovereign/quasi-sovereign universe come to mind where cash prices were far below 90 in the 3m preceding the maturity and yet the repayment was done at par: VENZ 16 (traded at around 85) and PDVSA 17 (traded in low 70s). The UKRAIN bonds in 2015 also had a good run ahead of maturity but only because the exchange offer was better than expected.

Morgan Stanley simply lists the three possible scenarios for the cabinet decision on repayment. The first scenario is a repayment at par which is the best case outcome. The front end would rally to above 90 whereas the report expects long-end bonds to be in the low to mid 40s. One can argue that the repayment of the 2020 eurobonds at par by using FX reserves would be negative for the long end bonds as external liquidity moderates further, but Morgan Stanley thinks the initial reaction would be a positive one with long-end bonds retracing January losses to trade in the low to mid 40s.

This positive reaction would be on the back of two factors. First, markets will price out a harsh restructuring scenario, and trade somewhere between a soft restructuring scenario and a remaining current on external debt obligation scenario. Indeed, it would also mean the authorities would also have time to speak with multilateral, bilateral and private creditors to come up with a credible debt sustainability plan. Second, EMBI investor positioning in Lebanon is an underweight. Morgan Stanley wouldn't expect investors to go back to neutral but paring down on the level of underweight given the high carry cannot be ruled out.

In the second scenario of an exchange offer, Morgan Stanley would not expect a duration rally even though a maturity cliff would be avoided. In short, Morgan Stanley argued that long end duration shouldn't rally under an exchange offer scenario whereas the reaction in front end would depend on whether the exchange is notional neutral or NPV neutral. While the Ministry of Finance held off the plan for the swap earlier, the report would not rule out another exchange offer as a new cabinet including a new Finance Minister has been appointed since.

In the third scenario of an imposition of a moratorium on payments i.e. a tail risk scenario, Morgan Stanley would expect cash price convergence and bonds trading in the low 20s on subdued marginal buyer interest. Morgan Stanley call it a tail risk as this action would be unusual at least from a timing perspective where the first bullet payment is due only in March and the bonds also have a 30-day grace period. A pushback against this penciled-in move in bond prices would be the calculation of recovery value which may be higher but Morgan Stanley argue that the lack of marginal buyers could make the initial reaction sharp. The increasing number of special situations in EMs, and lack of an IMF programme for Lebanon, may mean that the price need to be attractive before it entices the interest of non-benchmark investors.

## CORPORATE NEWS

### TOTAL ASSETS OF FFA PRIVATE BANK DOWN TO US\$ 104.6 MILLION AT END-2018

FFA Private Bank posted net profits of US\$ 2.6 million in 2018, down from US\$ 3.0 million reported in 2017, as per Bankdata Financial Services.

The bank's net interest income attained US\$ 3.7 million in 2018, rising from US\$ 3.2 million in 2017. Net fee income rose from US\$ 9.2 million in 2017 to stand at US\$ 9.9 million in 2018.

Net gain on financial instruments at fair value through profit and loss declined by a yearly 62.7% to stand at US\$ 1.6 million in 2018.

Total operating income decreased by a yearly 9.4% from US\$ 16.8 million in 2017 to US\$ 15.2 million in 2018.

This was accompanied by a 5.3% yearly retreat in total operating expenses, which amounted to US\$ 12.4 million in 2018, down from US\$ 13.1 million in 2017.

Among the latter category, staff expenses decreased by 9.1% year-on-year to reach US\$ 7.0 million in 2018, while administrative and other operating expenses edged down by a yearly 0.7% to register US\$ 4.7 million in 2018.

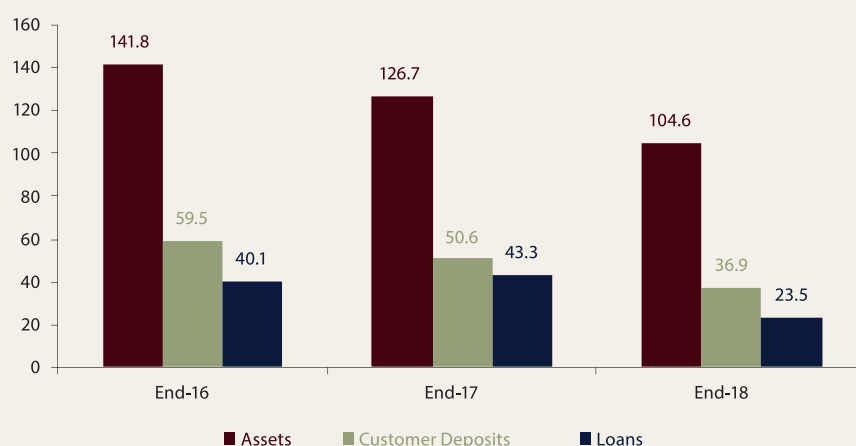
The bank's total assets amounted to US\$ 104.6 million at end-2018, down by 17.4% from US\$ 126.7 million at end-2017.

Deposits from customers stood at US\$ 36.9 million at end-2018, down by 27.1% from end-2017. Loans to customers registered US\$ 23.5 million at end-2018, down from US\$ 43.3 million at end-2017.

The loans to deposits ratio fell from 85.6% at end-2017 to 63.7% at end-2018. The net primary liquidity to deposits ratio edged up to reach 52.4% at end-2018.

Total footings reached US\$ 759.7 million at end-2018, down by 27.1% from end-2017.

#### FFA PRIVATE BANK'S MAJOR BALANCE SHEET AGGREGATES (US\$ MILLION)



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

**NET PROFITS OF BANK OF BAGHDAD PRIVATE SA CO. UP TO US\$ 0.5 MILLION IN 2018**

Bank of Baghdad Private SA Co. posted net profits of US\$ 0.5 million in 2018, up from US\$ 0.4 million reported in 2017, as per Bankdata Financial Services.

The bank's net interest income attained US\$ 2.7 million in 2018, rising from US\$ 2.4 million in 2017. Net fee income fell by 3.2% year-on-year to stand at US\$ 0.1 million in 2018.

Total operating income increased by a yearly 8.3% from US\$ 2.6 million in 2017 to US\$ 2.8 million in 2018.

This was accompanied by a 14.21% yearly rise in total operating expenses, which amounted to US\$ 2.2 million in 2018, up from US\$ 2.0 million in 2017.

Among the latter category, staff expenses increased by 6.2% year-on-year to reach US\$ 1.4 million in 2018 and administrative and other operating expenses edged up by a yearly 38.0% to register US\$ 0.7 million in 2018.

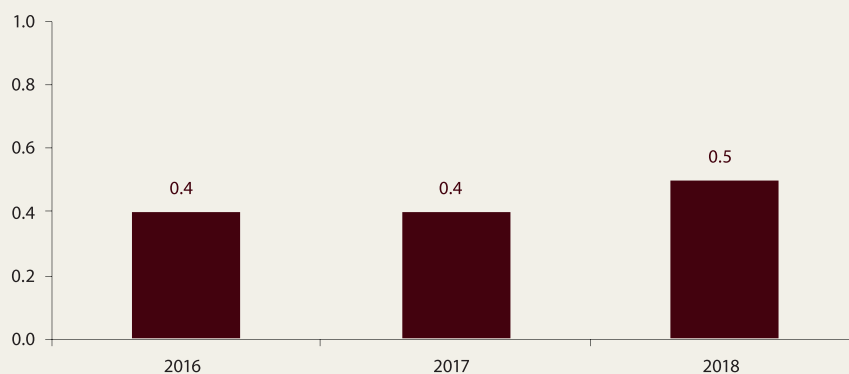
The bank's total assets amounted to US\$ 55.9 million at end-2018, up by 2.9% from US\$ 54.3 million at end-2017.

Deposits from customers stood at US\$ 2.8 million at end-2018, up from US\$ 1.5 million at end-2017.

Loans to customers registered US\$ 22.1 million at end-2018, down from US\$ 22.8 million at end-2017.

Shareholders' equity totaled US\$ 13.4 million at end-2018, up by 2.2% from end-2017.

The return-on-average assets ratio (ROAA) moved up from 0.75% in 2017 to 0.83% in 2018.

**BANK OF BAGHDAD PRIVATE SA CO'S NET PROFITS (US\$ MILLION)**

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



## CAPITAL MARKETS

### MONEY MARKET: OVERNIGHT RATE DOWN TO 40%

After hovering around 125% last week, the overnight rate declined gradually over this week to reach 40% on Friday as the CNS re-deposited part of its funds in the Lebanese banking sector.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 16th of January 2020 showed that total resident deposits at banks started to witness reduced pace of contractions. In fact, declines in total resident banking deposits were limited to LP 474 billion over the covered week and compared to a much higher weekly average drop of LP 910 billion since the beginning of October 2019. This is mainly driven by a LP 401 billion fall in total LP resident deposits amid a LP 845 billion decrease in LP saving deposits and a LP 444 billion rise in LP demand deposits, while foreign currency resident deposits shrank by LP 73 billion (the equivalent of US\$ 48 million). Within this context, the money supply in its largest sense (M4) contracted by LP 157 billion week-on-week amid a LP 189 billion growth in the currency in circulation and a LP 128 increase in the non-banking sector Treasury bills portfolio.

#### INTEREST RATES

	31/01/20	24/01/20	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 104 BILLION

The latest Treasury bills auction results for value date 30th 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 three-year category (offering a coupon of 7.50%) and the seven-year category (offering a coupon of 9.0%).

In parallel, the Treasury bills auction results for value date 23rd of January 2020 showed that total subscriptions amounted to LP 229 billion and were distributed as follows: LP 25 billion in the three-month category (offering a yield of 5.30%), LP 122 billion in the one-year category (offering a yield of 6.50%) and LP 82 billion in the five-year category (offering a coupon of 8.0%). These compare to maturities of LP 125 billion, resulting into a nominal weekly surplus of LP 104 billion.

## TREASURY BILLS

	31/01/20	24/01/20	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%	-	9.00%	
<b>Nom. Subs. (LP billion)</b>		<b>229</b>	<b>120</b>	
Short-term (3&6 mths)		25	-	
Medium-term (1&2 yrs)		122	20	
Long-term (3 yrs)		-	-	
Long-term (5 yrs)		82	100	
<b>Maturities</b>		<b>125</b>	<b>61</b>	
<b>Nom. Surplus/Deficit</b>		<b>104</b>	<b>59</b>	

Sources: Central Bank of Lebanon, Bloomberg

## FOREIGN EXCHANGE MARKET: FURTHER SLOWDOWN IN FX CONVERSIONS

Conversions in favor of foreign currencies continued to slow down over this week amid increased deposit dollarization rate (around 75%), while Lebanese banks continued to play the role of an intermediary between the importers of wheat, medications and gasoline and the Central Bank of Lebanon.

Concurrently, there were talks this week about plans to issue a new BDL circular allowing the free movement of fresh funds coming from abroad after October 17, 2019, while setting a maximum ceiling of US\$ 50,000 foreign currency transfers abroad each year for each depositor for urgent personal needs, and a ceiling for Lebanese pound cash withdrawals at LP 25 million per month for each depositor.

## EXCHANGE RATES

	31/01/20	24/01/20	27/12/19	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,977.39	1,973.92	1,970.00	↓
LP/¥	13.83	13.76	13.77	↓
LP/SF	1,553.96	1,552.68	1,543.78	↓
LP/Can\$	1,139.28	1,147.70	1,150.59	↑
LP/Euro	1,662.47	1,663.68	1,679.20	↑

Source: Bank Audi's Group Research Department

## STOCK MARKET: SHY EQUITY PRICE RETREATS WEEK-ON-WEEK

The BSE total turnover was restricted to US\$ 1.7 million this week as compared to US\$ 4.9 million in the previous week. Solidere shares captured 74.9% of activity, while the banking shares accounted for the remaining 25.1%.

As far as prices are concerned, the BSE price index retreated by a shy 0.3% week-on-week. Four out of six traded stocks registered price contractions, while two stocks posted price gains. Solidere "A" share

price increased by 2.4% to US\$ 8.51, while Solidere "B" share price dropped by 2.5% to close at US\$ 8.50. As to banking shares, Bank Audi's "listed" share price jumped by 8.5% to US\$ 2.05. Bank Audi's GDR price retreated by 2.8% to US\$ 2.06. BLOM's GDR price plunged by 7.1% to US\$ 3.0. Byblos Bank "Preferred shares 2009" saw price falls of 4.9% to reach 59.90.

#### AUDI INDICES FOR BSE

22/1/96=100	31/01/20	24/01/20	27/12/19	
Market Cap. Index	291.61	292.42	316.37	↓
Trading Vol. Index	14.38	42.63	24.97	↓
Price Index	63.93	64.11	69.36	↓
Change %	-0.28%	-2.26%	2.37%	↓
	31/01/20	24/01/20	27/12/19	
Market Cap. \$m	6,918	6,937	7,506	↓
No. of shares traded (Exc. BT)	193,507	675,696	333,997	↓
Value Traded \$000 (Exc. BT)	1,647	4,886	2,294	↓
o.w. : Solidere	1,233	4,335	2,294	↓
Banks	414	498	0	↓
Others	0	53	0	↓

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

#### BOND MARKET: BOND MARKET AWAITS PLAN TO FIGHT CRISIS

As investors count down to Lebanon's next US\$ 1.2 billion sovereign bond maturing on March 9, 2020, the Lebanese Eurobond market has been jittery over this week. The weighted average bond yield, which touched 45% mid-week, slid to 40.16% on Friday following the inauguration of the economic-financial workshop and on increased hopes about a potential plan to fight the country's worst economic crisis in decades, noting that it compared to a yield of 37.17% last week.

Lebanese bonds managed to trace an upward trajectory towards the end of this week, despite the Russian Finance Ministry denying talks with the Lebanese government about financial aid, and the IMF saying that it didn't receive any request from Lebanon for a financial assistance. In the overall, Lebanese sovereigns maturing in 2020 posted price gains of 1.75 pt, while papers maturing between 2021 and 2037 registered price contractions ranging between 2.75 pts and 6.0 pts week-on-week. As to the cost of insuring debt, Lebanon's five-year CDS spreads hovered around 3,683 bps at the end of this week, which marks a year-to-date expansion of 1,264 bps.

#### EUROBONDS INDICATORS

	31/01/20	24/01/20	27/12/19	
Total tradable size \$m	32,564	32,564	29,564	↔
o.w.: Sovereign bonds	31,314	31,314	28,314	↔
Average Yield	40.16%	37.17%	29.99%	↑
Z-Spread (bid in bps)	4,803	4,211	3,045	↑
Average Life	7.90	7.92	7.50	↓
Yield on US 5-year note	1.38%	1.55%	1.71%	↓

Source: Bank Audi's Group Research Department

## INTERNATIONAL MARKET INDICATORS

	31-Jan-20	24-Jan-20	31-Dec-19	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	108.37	109.27	109.61	-0.8%	-1.1%
\$/£	1.321	1.307	1.275	1.0%	3.5%
\$/Euro	1.109	1.103	1.147	0.6%	-3.3%
<b>STOCK INDICES</b>					
Dow Jones Industrial Average	28,256.03	28,989.73	28,538.44	-2.5%	-1.0%
S&P 500	3,225.52	3,295.47	3,230.78	-2.1%	-0.2%
NASDAQ	9,150.94	9,314.91	8,972.60	-1.8%	2.0%
CAC 40	5,806.34	6,024.26	5,978.06	-3.6%	-2.9%
Xetra Dax	12,981.97	13,576.68	13,249.01	-4.4%	-2.0%
FT-SE 100	7,286.01	7,585.98	7,542.44	-4.0%	-3.4%
NIKKEI 225	23,205.18	23,827.18	23,656.62	-2.6%	-1.9%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,589.16	1,571.53	1,517.27	1.1%	4.7%
SILVER OUNCE	18.04	18.10	17.85	-0.3%	1.1%
BRENT CRUDE (per barrel)	56.62	60.69	66.00	-6.7%	-14.2%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	1.66	1.66	1.71	0.00	-0.05
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	1.51	1.68	1.92	-0.17	-0.41

Sources: Bloomberg, Bank Audi's Group Research Department

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