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## The LEBANON WEEKLY MONITOR

## Economy

**p.2 US\$ 1.1 BILLION OF EUROBOND SALES ON BEHALF OF LEBANESE BANKS IN JANUARY**

The year 2020 started with a significant contraction in deposits by US\$ 3.8 billion in January, of which US\$ 2.0 billion in LP and US\$ 1.8 billion in FX. Resident deposits actually contracted by US\$ 2.7 billion while non-resident deposits dropped by US\$ 1.1 billion. Banks sold US\$ 1.1 billion of Lebanese eurobonds.

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According to a recent report by Freedom House titled "Freedom in the World 2020: A Leaderless Struggle for Democracy", Lebanon ranked 3rd among 23 Arab nations in Freedom House's Freedom in the World report and 118th globally with a "partly free" status and an aggregate score of 44.

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According to the latest statistics issued by BDL, the total balance sheet of financial institutions amounted to US\$ 1,342.1 million at end-January 2020, down by 2.9% from end-2019.

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## Markets In Brief

**p.9 BOND PRICES REMAIN IN FREE FALL AHEAD OF CABINET'S DECISION ON PAYMENT**

Ahead of the Lebanese government's decision on the payment of a US\$ 1.2 billion Eurobond maturing on March 9, 2020 and following the suspension of the prosecutor's order to freeze the assets of 20 local banks and warnings that such a measure would send the country and its financial sector into chaos, Lebanon's capital markets witnessed this week a dramatic plunge in prices on the Eurobond market, an extended drop in prices on the equity market to reach their lowest levels in 15 years, and continuous net FC conversions on the FX market. In details, Lebanese bonds maturing between 2021 and 2037 were in free fall this week, with prices hovering between 21.625 cents per dollar and 27.250 cents per dollar. The weighted average yield jumped to a historical high level of 372%. Lebanon's five-year CDS spreads crossed above the 25,000 threshold. On the equity market, the BSE price index retreated by a shy 0.7%, and the total turnover contracted by 34%. At the level of the FX market, FC conversions continued to slow down amid a high deposit dollarization rate of 76.7%, while BDL's foreign assets dropped to US\$ 35.8 billion at end-February 2020.

## LEBANON MARKETS: WEEK OF MARCH 02 - MARCH 08, 2020

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

## ECONOMY

### US\$ 1.1 BILLION OF EUROBOND SALES ON BEHALF OF LEBANESE BANKS IN JANUARY

The year 2020 started with a significant contraction in deposits by US\$ 3.8 billion in January, of which US\$ 2.0 billion in LP and US\$ 1.8 billion in FX. Resident deposits actually contracted by US\$ 2.7 billion while non-resident deposits dropped by US\$ 1.1 billion. This follows a cumulative US\$ 15 billion contraction in deposits throughout 2019, of which US\$ 11 billion in the last quarter of the year.

Banks continued their deleveraging policies, with an additional net contraction in their loans portfolio to the private sector. The latter decreased by US\$ 1.9 billion in January, of which US\$ 1.7 billion in FX and US\$ 0.2 billion in LP. Loans to residents actually contracted by US\$ 1.6 billion while loans to non-residents declined by US\$ 0.3 billion. It is worth mentioning that the ratio of non-performing loans as a percentage of total loans had exceeded 19% at end-December 2019.

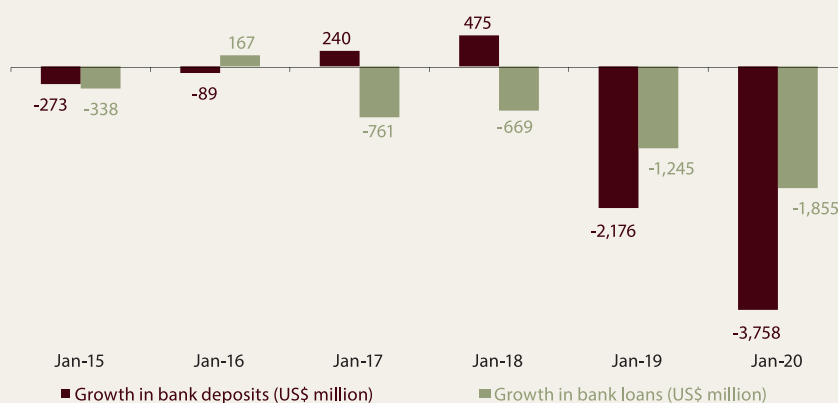
As such, deposits dollarization reached 76.7% in January, against 76.0% in December, while loan dollarization reported 67.8% in January, against 68.7% in December. As such, deposit dollarization reached a 12-year high this January, while loan dollarization reported a two-year low. Likewise, the ratio of loans to deposits reported a 12-year low of 30.9% in January.

In parallel, the start of the year reported a significant contraction in interest rates. LP deposits rates registered 6.62% in January, down from 7.36% in December 2019 and a high of 9.40% in November 2019. US\$ deposits rates registered 4.00% in January, down from 4.62% in December 2019 and 6.31% in November 2019.

The month of January also reported a US\$ 1.1 billion sale of sovereign Eurobonds on behalf of Lebanese banks. Their Eurobond portfolio declined from US\$ 13.8 billion in December 2019 to US\$ 12.7 billion in January 2020. As a percentage of FX deposits, Lebanese banks Eurobond holdings reported 10.7% in January, almost a 20-year low. Likewise, Eurobond holdings represented 0.61 times equity, one of the lowest levels ever reported in Lebanon.

With respect to capitalization, the ratio of shareholders' equity to total assets reported 9.8% amid a slight reinforcement of own funds to reach US\$ 21.0 billion at end-January, while BDL requested Lebanese banks to raise their capital by 20% by June-end 2020. It is worth finally mentioning that domestic profits in the banking sector reported a low of US\$ 521 million in 2019, contracting from US\$ 2.2 billion in 2018, amid the burden of higher taxes and significant provision charges.

#### EVOLUTION OF MAIN BANKING AGGREGATES



Source: BDL

**TOTAL NUMBER OF PASSENGERS AT THE AIRPORT DOWN BY A YEARLY 13.9% IN FIRST TWO MONTHS OF 2020**

Figures released by the Rafic Hariri International Airport revealed that the total number of passengers recorded a yearly 13.9% decrease in the first two months of 2020. The number of aircraft fell by 14.2% year-on-year in the aforementioned period. Alongside, the total freight handled by the airport edged down by 19.5% year-on-year in the aforementioned period.

A detailed look at the activity shows that the number of incoming passengers fell by a yearly 14.3% and that of departing passengers by 13.5% to reach 453,197 and 511,594 respectively in the first two months of 2020.

The number of transiting passengers rose from 10,681 passengers in the first two months of 2019 to 12,733 passengers in the corresponding period of this year. When including the latter mentioned category, the total number of passengers using the airport attained 977,527, down by a yearly 13.6%. Excluding transiting passengers, the total would be 964,791, i.e. 13.9% lower than the level seen in the first two months of 2019.

Looking at the aircraft activity, landings and take-offs decreased by a yearly 14.1% and 14.4% respectively with the former amounting to 4,398 planes and the latter reporting 4,394 in the first two months of 2020.

Regarding the freight movement within the airport, a total of 5,584 thousand tons were imported and unloaded during the first two months of 2020 while 4,454 thousand tons were loaded and exported. The first mentioned activity posted a decline of 30.8% while the latter posted a 1.2% rise on a yearly basis in the first two months of 2020.



Sources: Rafic Hariri International Airport, Bank Audi's Group Research Department

## EXTERNAL SUPPORT AND MAJOR REFORMS CRUCIAL TO RE-ASSURE INVESTORS AND FOREIGN DONORS, SAYS FITCH SOLUTIONS

According to a recent report by Fitch Solutions, Fiscal and balance of payments pressures in Lebanon have come to a head. Since the start of 2020, investor concern has risen sharply regarding the sustainability of the country's fiscal and current account deficits, with financial markets pricing in substantial stress.

Fitch Solutions explained that Lebanon faces the issue of declining reserves alongside downward pressure on both the balance of payments as well as the fiscal accounts. The report estimates that the current account deficit stood at 22.3% of GDP in 2019 which, although not unusually high for Lebanon, has become a more acute problem as financial account inflows (especially non-resident bank deposits) have dried up.

Lebanon's reserves also fell by 9.2% and 9.1% in 2018 and 2019 respectively, putting pressure on the balance of payments, the currency and the level of reserves that can be accessed by the Central Bank, potentially further limiting the government's options.

At this stage, the approach most re-assuring to investors and foreign donors would likely involve some form of external support paired with major reforms, potentially under the auspices of an IMF loan agreement, as per the report.

Such a result would provide greater certainty about the long-term sustainability of the government's fiscal accounts and the trajectory of its debt load beyond the next few maturities, allowing investors to better price their existing assets.

Therefore, Fitch Solutions believes that a credible reform agenda with IMF support would also unlock the US\$ 11.1 billion of funding (CEDRE) pledged by other external backers in 2018 and revitalize foreign-currency deposits in the local banking system, supporting the BdL's reserves.

However, Fitch Solutions added that the government does not have sufficient political clout to enact major policy changes and will likely have to opt for a short-term approach, rather than a comprehensive plan with the backing of the IMF.

Should the government opt for a short-term and selective approach, Fitch Solutions believes this would reflect a very challenging domestic political environment. The appetite for the kind of sharp macroeconomic adjustment that an IMF deal would entail, potentially including a devaluation of the Lebanese pound, substantial fiscal and monetary tightening as well as politically challenging subsidy reforms, seems very low at present among political parties.

Within this context, Lebanon ranks very poorly in our proprietary Short-Term Political Risk Index, particularly in the "social stability" and "policymaking process" sub-components, where it scores 20.0 and 36.7 respectively out of 100 (higher being better), which is well below the emerging market average of 55.3 and 61.2 respectively.

Regardless of whether the government opts to renegotiate immediate debt maturities or not, Fitch Solutions believe that the government would likely need some form of external support to avoid a sharp weakening of its fiscal accounts and balance of payments position over the next one-to-two years.

The report noted that external support is necessary to put a floor under investor confidence and encourage foreign deposits, which would be all the more crucial in the event that the government opts for some form of debt renegotiation, which would likely cut off access to international debt markets for some time.

Last but not least, Fitch Solutions noted that even in the absence of an IMF deal, the government could potentially still muddle through with a mix of bilateral support and a partial release of CEDRE funds if it shows material progress on fiscal reform, even if those reforms fall short of what the IMF would have prescribed.

## SURVEYS

### LEBANON RANKS 3RD AMONG 23 ARAB NATIONS IN FREEDOM HOUSE'S FREEDOM IN THE WORLD REPORT AND 118TH GLOBALLY WITH A "PARTLY FREE" STATUS

According to a recent report by Freedom House titled "Freedom in the World 2020: A Leaderless Struggle for Democracy", Lebanon ranked 3rd among 23 Arab nations in Freedom House's Freedom in the World report and 118th globally with a "partly free" status and an aggregate score of 44.

The report evaluates the state of freedom in 195 countries and 15 territories, where each country is assigned a score ranging between 0 and 4 on 25 key indicators. Assigned countries can reach an aggregate score of 100, where 0 is least free and 100 is most free.

Moreover, said scores are divided into two main indicators of freedom, namely political rights (assigned a score between 0 and 40) and civil liberties (assigned a score between 0 and 60). The sum of the two equally-weighted indicators thus determines a country or territory's overall status of "free", "partly free", or "not free".

Regionally, Tunisia was again the top performer when it comes to freedom in Arab countries in 2019 and came in the 88th position globally, coming in as the only "free" Arab nation with an aggregate score of 70, scoring 32 in the political rights and 38 in the civil liberties.

Comoros came second in the region and 117th globally with a "partly free" status, with an aggregate score of 44 globally (scoring 18 in political rights and 26 in civil liberties). Lebanon ranked third regionally scoring 14 in political rights and 30 in civil liberties.

At the global scale, Finland, Norway, and Sweden, topped the list of countries in terms of freedom in the year 2019, each scoring 100, entitling them to classify as "free". Moreover, out of the 195 assessed countries representing a population of 7.7 billion, 69 countries emerged as "free", 67 countries were classified as "partly free", and 59 countries were considered "not free".

#### REGIONAL SCORES-FREEDOM IN THE WORLD 2020

Country	Status	Score (0 to 100)
Tunisia	Free	70
Comoros	Partly Free	44
<b>Lebanon</b>	<b>Partly Free</b>	<b>44</b>
Morocco	Partly Free	37
Jordan	Partly Free	37
Kuwait	Partly Free	36
Mauritania	Partly Free	34
Algeria	Not Free	34
Iraq	Not Free	31
Qatar	Not Free	25
West Bank	Not Free	25
Djibouti	Not Free	24
Oman	Not Free	23
Egypt	Not Free	21
UAE	Not Free	17
Sudan	Not Free	12
Gaza	Not Free	11
Yemen	Not Free	11
Bahrain	Not Free	11
Libya	Not Free	9
Somalia	Not Free	7
Saudi Arabia	Not Free	7
Syria	Not Free	0

Sources: Freedom House, Bank Audi's Group Research Department

In conclusion, the report reflected a deterioration in global freedom for the fourteenth consecutive year whereby year 2019 saw a setback in democracy in all continents. Furthermore, the report stated that while the overall drops in democracy remain small compared to the gains in the late 20th century, the decline in democracy has been steady and worrying. In detail, 64 nations witnessed net drops in political rights and civil liberties in the year 2019, while only 37 recorded gains.

### LEBANON RANKS 60TH IN THE WORLD IN 2020 INCLUSIVE INTERNET INDEX, AS PER THE EIU

The Economist Intelligence Unit (EIU) released its "Inclusive Internet Index 2020" report in which it ranks 100 countries across the globe according to their internet access, whereby Lebanon ranked 60th globally. The country took over 8th position in the region.

The overall score is based on the scores of the four following categories namely, availability which assesses the quality and breadth of the available infrastructure required for access and levels of Internet usage, affordability which compares the cost of access to income levels and examines the level of competition in the Internet marketplace, relevance which studies the existence and extent of local language and relevant contents and readiness which examines the capacity to access the Internet, including skills, cultural acceptance and supporting policy.

The report highlights that weak policy development does much to constrain Lebanon's ability to support internet inclusion. That, along with low level of trust in Internet content is behind a global rank of 80 in the readiness pillar. One bright spot is good availability of local content and e-government services.

In details, the country ranked 52nd on availability whereby it ranked 54th in its usage sub-category and 40th in its quality sub-category. It ranked 74th in affordability (58th in price and 82nd in competitive environment sub-categories). The country took over a rank of 58th in relevance (43rd in local content and 60th in relevant content sub-categories) and 80th on readiness (39th on literacy, 89th in trust and safety and 92nd in policy sub-categories), according to EIU.

It is noteworthy that Kuwait ranked first in the region and 24th globally, while Sudan ranked last in the region and 91st globally.

#### ARAB MENA REGION'S EIU INCLUSIVE INTERNET INDEX 2020 RANKINGS

	Global Ranking	Overall Score	Availability Score	Affordability Score	Relevance Score	Readiness Score
Kuwait	24	79.1	78.0	84.8	81.1	62.2
Qatar	28	78.5	79.8	70.3	84.6	85.7
United Arab Emirates	38	74.9	83.1	64.7	76.9	68.3
Bahrain	41	73.8	79.2	61.8	81.9	71.6
Saudi Arabia	43	73.3	70.8	68.2	85.9	73.4
Oman	44	72.0	73.7	59.7	85.3	77.3
Morocco	59	65.5	67.5	60.2	75.4	53.7
<b>Lebanon</b>	<b>60</b>	<b>64.4</b>	<b>67.2</b>	<b>57.7</b>	<b>74.7</b>	<b>52.5</b>
Egypt	65	62.0	64.0	62.0	59.4	59.6
Algeria	74	56.7	56.1	59.7	56.2	50.7
Sudan	91	43.7	27.9	57.3	57.8	37.3

Sources: The Economist Intelligence Unit, Bank Audi's Group Research Department

## CORPORATE NEWS

### BALANCE SHEET OF FINANCIAL INSTITUTIONS TOTALS US\$ 1,342 MILLION AT END-JANUARY 2020

According to the latest statistics issued by the Central Bank of Lebanon, the total balance sheet of financial institutions amounted to US\$ 1,342.1 million at end-January 2020, down by 2.9% from end-2019.

In details, currency and deposits with Central Banks fell from US\$ 54.9 million at end-2019 to US\$ 50.8 million at end-January 2020.

Claims on resident customers declined by 2.0% from end-2019 to US\$ 611.9 million at end-January 2020. Claims on non-resident customers fell from US\$ 47.3 million at end-2019 to US\$ 33.4 million at end-January 2020.

Claims on resident financial sector rose from US\$ 306.7 million at end-2019 to US\$ 318.9 million at end-January 2020. Claims on non-resident financial sector decreased by 40.0% from end-2019 to US\$ 30.8 million at end-January 2020.

Claims on the public sector stood at US\$ 4.8 million at end-January 2020, down by 7.2% from end-2019.

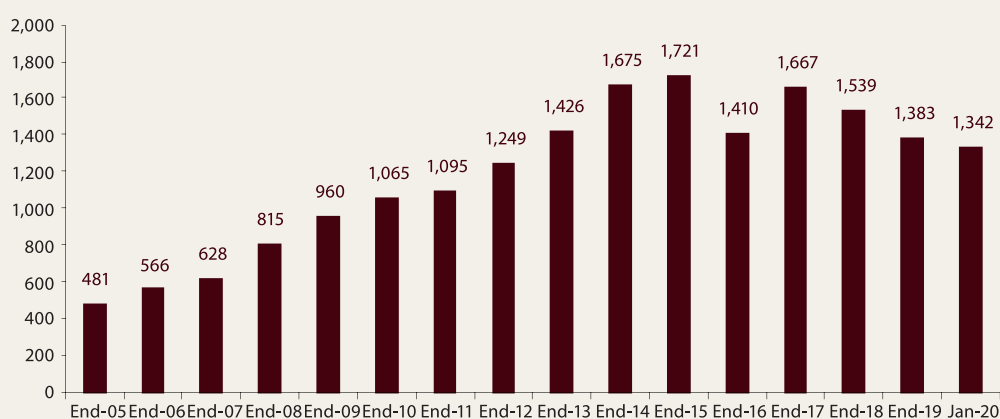
Securities portfolio registered US\$ 89.9 million at end-January 2020, unchanged from its level at end-2019.

Tangible assets reported US\$ 48.4 million at end-January 2020, up by 3.6% from end-2019. Intangible assets declined from US\$ 139.1 million at end-2019 to US\$ 138.1 million at end-January 2020.

On the liabilities side, resident customer deposits registered US\$ 174.5 million at end-January 2020, up by 2.0% from end-2019. Non-resident customer deposits fell to US\$ 13.2 million at end-January 2020, from US\$ 17.1 million at end-2019.

Resident financial sector liabilities stood at US\$ 198.1 million at end-January 2020, declining by 11.4% from end-2019. Non-resident financial liabilities decreased from US\$ 124.7 million at end-2019 to US\$ 111.5 million at end-January 2020.

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



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

Public sector deposits stood at US\$ 3.7 million at end-January 2020, down from US\$ 3.9 million at end-2019.

Debt securities issued stood at US\$ 111.9 million at end-January 2020, unchanged from its level at end-2019.

Capital accounts reported US\$ 473.7 million at end-January 2020, down from US\$ 486.4 million at end-2019.

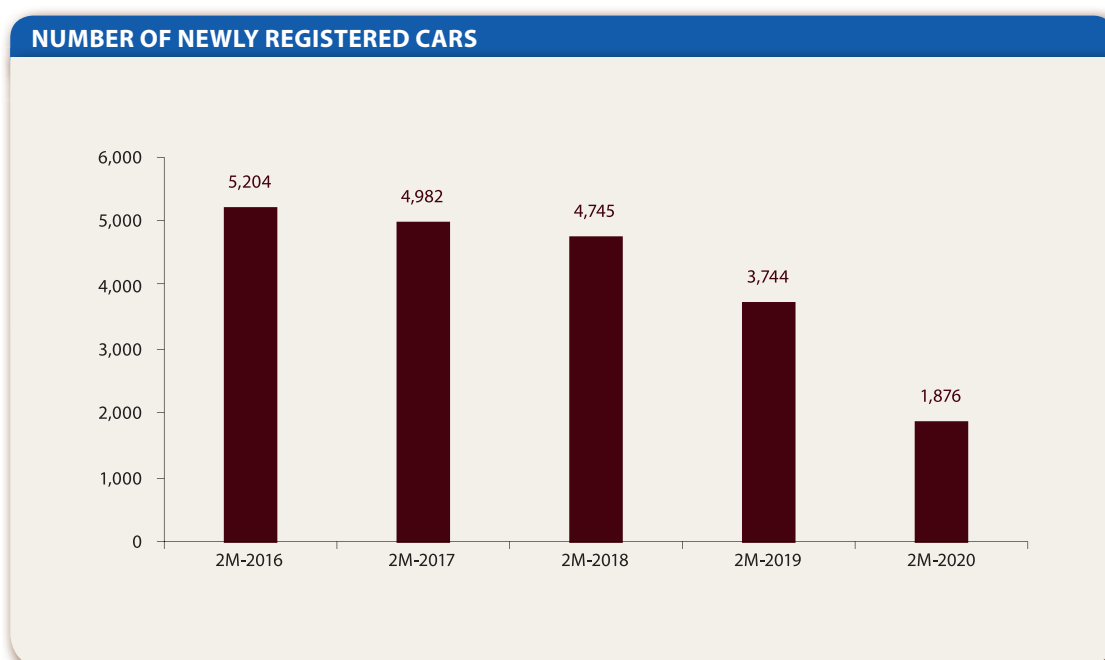
### NEWLY REGISTERED CARS AT 1,876 IN THE FIRST TWO MONTHS OF 2020, DOWN BY A YEARLY 49.9%

According to data compiled by the Association of Car Importers in Lebanon, the number of newly registered passenger cars stood at 1,876 in the first two months of 2020, falling by 49.9% from a total of 3,744 in the same period of 2019.

In February 2020, the number of cars registered stood at 897, down by 52.9% from 1,906 cars registered in the same month of 2019.

The taxes paid by car importer companies to the State Treasury declined from US\$ 265 million in 2018, to US\$ 178 million in 2019. These are estimated by the Association of Car Importers in Lebanon to stand at US\$ 46 million in 2020.

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, 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.



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



## CAPITAL MARKETS

### MONEY MARKET: OVERNIGHT SLID TO 50% AT END-WEEK

The overnight rate, which initiated the week at 90%, fell to 50% on Friday following the receipt of interest payments on LP Treasury bills and CDs, which kept the local currency liquidity quite abundant on the money market.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 20th of February 2020 showed that total resident banking deposits contracted by LP 1,027 billion. This is mainly attributed to a LP 779 billion fall in total LP resident deposits amid a LP 819 billion drop in LP saving deposits and a LP 40 billion rise in LP demand deposits, while foreign currency resident deposits decreased by LP 248 billion (the equivalent of US\$ 165 million). Within this context, the money supply in its largest sense (M4) contracted by LP 736 billion amid a LP 167 billion growth in the currency in circulation and a LP 124 billion increase in the non-banking sector Tbs portfolio.

### INTEREST RATES

	06/03/20	28/02/20	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 48 BILLION

The latest Treasury bills auction results for value date 5th of March 2020 showed that the Central Bank of Lebanon has allowed banks to subscribe in full to the three-month category, the one-year category and the five-year category.

In parallel, the Treasury bills auction results for value date 27th of February 2020 showed that total subscriptions amounted to LP 176 billion and were distributed as follows: LP 7 billion in the six-month category (offering a yield of 5.85%), LP 60 billion in the three-year category (offering a coupon of 7.50%) and LP 109 billion in the seven-year category (offering a coupon of 9.0%). These compare to maturities of LP 224 billion, resulting into a nominal weekly deficit of LP 48 billion.

On a cumulative basis, total subscriptions amounted to LP 2,388 billion during the first two months of 2020. The ten-year category captured 29.1% of the total (the equivalent of LP 696 billion), followed by the five-year category with 20.3% (the equivalent of LP 486 billion), the one-year category with 14.2% (the equivalent of LP 338 billion), the two-year with 11.5% (the equivalent of LP 275 billion), the seven-year categories with 11.3% (the equivalent of LP 270 billion), and the three-year category with 9.8% (the equivalent of LP 233 billion), while the three-month and six-month categories accounted for the remaining 3.8% (the equivalent of LP 90 billion in total). In parallel, total maturities reached LP 1,946 billion, resulting into a nominal surplus of LP 442 billion in January 2020.

On the other hand, it is worth mentioning that the Central Bank of Lebanon's LP Treasury bills portfolio grew by US\$ 244 million during the first two months of 2020 to reach US\$ 38.2 billion at end-February 2020, as BDL continued to play the role of intermediary between commercial banks and the sovereign.

## TREASURY BILLS

	06/03/20	28/02/20	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>176</b>	<b>120</b>	
Short-term (3&6 mths)		7	-	
Medium-term (1&2 yrs)		-	20	
Long-term (3 yrs)		60	-	
Long-term (5 yrs)		-	100	
Long-term (7 yrs)		109	-	
<b>Maturities</b>		<b>224</b>	<b>61</b>	
<b>Nom. Surplus/Deficit</b>		<b>-48</b>	<b>59</b>	

Sources: Central Bank of Lebanon, Bloomberg

## FOREIGN EXCHANGE MARKET: SLOWDOWN IN CONVERSIONS IN FAVOR OF FOREIGN CURRENCIES

Conversions in favor of foreign currencies continued to slow down during this week amid a deposit dollarization rate of 76.7%, the highest since February 2008, while commercial banks continued to play the role of an intermediary between the importers of wheat, medications and gasoline and the Central Bank of Lebanon.

In parallel, the Central Bank of Lebanon's latest bi-monthly balance sheet ending 29th of February 2020 showed that BDL's foreign assets contracted by US\$ 396 million during the second half of the month to reach US\$ 35.8 billion at end-February (including Lebanese Eurobonds' holdings of US\$ 5.5 billion). This brought total year-to-date contractions in BDL's foreign assets to US\$ 1.5 billion.

## EXCHANGE RATES

	06/03/20	28/02/20	27/12/19	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,958.39	1,945.28	1,970.00	↓
LP/¥	14.34	13.87	13.77	↓
LP/SF	1,605.60	1,564.12	1,543.78	↓
LP/Can\$	1,124.66	1,121.15	1,150.59	↓
LP/Euro	1,702.42	1,664.88	1,679.20	↓

Source: Bank Audi's Group Research Department

## STOCK MARKET: SHY WEEKLY EQUITY PRICE RETREATS

The BSE price index retreated by 0.7% week-on-week to reach 59.16, its lowest level in 15 years, mainly driven by price falls in banking shares. Two out of seven traded stocks registered price contractions, while three stocks posted price gains and two stocks saw no price change week-on-week.

A further look at individual stocks shows that Byblos Bank's "listed" share price plunged by 12.0% to US\$ 0.88. Bank Audi's "listed" share price closed 12.6% lower at US\$ 1.66. In contrast, BLOM's GDR price jumped by 28.3% to reach US\$ 3.85. BLOM's "listed" share price remained unchanged at US\$ 4.0. BEMO's "listed" share price stood stable at US\$ 1.20. As to Solidere shares, Solidere "A" share price rose by 3.1% to US\$ 8.86. Solidere "B" share price went up by 1.5% to US\$ 8.64. As to trading volumes, the BSE total turnover contracted by 34.0% week-on-week to reach US\$ 2.6 million, noting that Solidere shares accounted for 99% of total activity.

## AUDI INDICES FOR BSE

22/1/96=100	06/03/20	28/02/20	27/12/19	
Market Cap. Index	269.84	271.65	316.37	↓
Trading Vol. Index	22.59	34.19	24.97	↓
Price Index	59.16	59.56	69.36	↓
Change %	-0.67%	1.54%	2.37%	↓
	06/03/20	28/02/20	27/12/19	
Market Cap. \$m	6,402	6,445	7,506	↓
No. of shares traded (Exc. BT)	314,707	528,504	333,997	↓
Value Traded \$000 (Exc. BT)	2,580	3,908	2,294	↓
o.w. : Solidere	2,555	3,793	2,294	↓
Banks	25	105	0	↓
Others	0	10	0	↓

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

## BOND MARKET: BOND PRICES AT RECORD LOWS AHEAD OF GOVERNMENT'S DECISION ON PAYMENT

Ahead of the cabinet's decision on a US\$ 1.2 billion Eurobond maturing on March 9, 2020 and following the suspension of the prosecutor's order to freeze the assets of 20 local banks, Lebanese bonds stayed in a freefall mode during this week. Prices of sovereigns maturing between 2021 and hovered between 21.625 cents per dollar and 27.250 cents per dollar. Within this context, the weighted average yield skyrocketed to reach an unprecedented high level of 372% against 273% last week. As to the cost of insuring debt, Lebanon's five-year CDS spreads crossed above the 25,000 bps threshold for the first time in history, in a clear sign of deterioration in market perception of sovereign risks at large.

## EUROBONDS INDICATORS

	06/03/20	28/02/20	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	372.00%	273.00%	29.99%	↑
Z-Spread (bid in bps)	6,373	6,448	3,045	↓
Average Life	7.80	7.82	7.50	↓
Yield on US 5-year note	0.55%	1.01%	1.71%	↓

Source: Bank Audi's Group Research Department

## INTERNATIONAL MARKET INDICATORS

	06-Mar-20	28-Feb-20	31-Dec-19	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	105.43	108.83	109.61	-3.1%	-3.8%
\$/£	1.305	1.289	1.275	1.2%	2.3%
\$/Euro	1.128	1.101	1.147	2.5%	-1.6%
<b>STOCK INDICES</b>					
Dow Jones Industrial Average	25,864.78	25,409.36	28,538.44	1.8%	-9.4%
S&P 500	2,972.37	2,954.22	3,230.78	0.6%	-8.0%
NASDAQ	8,575.62	8,567.37	8,972.60	0.1%	-4.4%
CAC 40	5,139.11	5,309.90	5,978.06	-3.2%	-14.0%
Xetra Dax	11,541.87	11,890.35	13,249.01	-2.9%	-12.9%
FT-SE 100	6,462.55	6,580.61	7,542.44	-1.8%	-14.3%
NIKKEI 225	20,749.75	21,142.96	23,656.62	-1.9%	-12.3%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,673.83	1,627.01	1,517.27	2.9%	10.3%
SILVER OUNCE	17.35	17.07	17.85	1.6%	-2.8%
BRENT CRUDE (per barrel)	45.27	50.67	66.00	-10.7%	-31.4%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	0.86	1.52	1.71	-0.66	-0.85
US Prime Rate	4.25	4.75	4.75	-0.50	-0.50
US Discount Rate	1.75	2.25	2.25	-0.50	-0.50
US 10-year Bond	0.76	1.24	1.92	-0.48	-1.16

Sources: Bloomberg, Bank Audi's Group Research Department

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