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p.9 MARKETS IN BRIEF: CONTINUOUS FX RESERVES BURN WHILE AWAITING SUBSIDY RATIONALIZATION

Amid a months-long cabinet paralysis and worsening domestic economic and living conditions, and following the Lebanese Parliament's approval of a draft law to distribute prepaid ration cards to needy households, the country's capital markets saw this week a further deterioration in the Lebanese pound against the US dollar on the black FX market and extended price contractions on the bond market, while the equity market registered shy price gains. In details, the LP/US\$ exchange rate declined by 5.5% week-on-week, reaching LP/US\$ 17,225-LP/US\$ 17,275 on Friday, while BDL's liquid FX reserves are estimated to have dropped to circa US\$ 15 billion by end-June 2021 amid ongoing essential good subsidies and due to the new "Sayrafa" platform financing. On the equity market, the BSE price index edged up by 0.2% week-on-week, while the total turnover surged significantly to US\$ 51.5 million due to large cross trades on Solidere shares. Finally, activity on the bond market remained tilted to the downside, with prices ranging between 11.75 cents per US dollar and 13.13 cents per US dollar at the end of the week.

LEBANON MARKETS: JUNE 28 - JULY 4, 2021

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

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ECONOMY

SIGNIFICANT CONTRACTION IN FISCAL DEFICIT IN 2020 IN ABSOLUTE AND RELATIVE TERMS

Lebanon has reported important reduction in fiscal deficit in 2020 amid drastic decline in debt servicing following the State's default on its foreign currency debt on one hand and some austerity efforts on the other hand. Public finance deficit decreased from LL 8,799 billion in 2019 to LL 4,083 billion in 2020, a contraction of 53.6%. As a percentage of expenditures, public finance deficit moved from 34.5% in 2019 to 21.0% in 2020. As a percentage of GDP, fiscal deficit contracted from 9.7% to 3.7%.

Most of the savings in fiscal deficit was driven by the decline in interest payments over the year, moving from LL 8,068 billion in 2019 to LL 2,917 billion in 2020. This was almost fully driven by the drop in interest payments on foreign currency debt by 92.8%, while interest on local currency debt retreated by 44.3% over the period. Net of debt servicing, the primary deficit actually doubled, moving from LL 433 billion to LL 977 billion. As a percentage of expenditures, the primary deficit rises from 1.7% in 2019 to 5.0% in 2020. As a percentage of GDP, the primary deficit rises from 0.5% in 2019 to 1.0% in 2020.

The contraction in fiscal deficit is the result of a 23.8% drop in public expenditures, while public revenues declined by 8.0% year-on-year. Public expenditures moved from LL 19,425 billion in 2019 to LL 25,479 billion in 2020. Public revenues contracted from LL 16,680 billion to LL 15,342 billion over the same periods. The contraction in public revenues comes as a result of a severe economic sluggishness, which was estimated by the IMF at -25% in terms of real GDP contraction.

The contraction in public spending is driven by the decline in budgetary expenses by 27.2% in 2020, while Treasury expenses rose by 19.8% year-on-year. The drop in budgetary expenses is mainly tied to the drop in interest payments over the year by 63.8%, along with a contraction in transfers to EDL by 38.6% amid the drastic decline in international oil prices last year that compressed the fuel oil bill of EDL. It is worth mentioning that crude oil prices contracted on average by 22.4% in 2020 relative to 2019.

The retreat in public revenues is likewise due to a contraction in budgetary revenues by 13.9%, while Treasury revenues almost doubled between the two periods. In turn, the contraction in budgetary revenues is driven by a drop in tax revenues by 16.4%, while non-tax revenues barely changed by 4.3%, with Telecom revenues that represent the bulk of non-tax revenues, reporting an expansion by 6.4% last year. It is worth mentioning that almost all items of tax revenues witnessed a contraction in 2020, with VAT revenues dropping by 42.8%, custom revenues declining by 28.4% and miscellaneous tax revenues contracting by 16.4% year-on-year. Paradoxically, real estate registration fees rose by 109.5% year-on-year amid the significant increase in property transactions last year within the context of a rising resort to the real estate sector as a safe haven.

SUMMARY OF FISCAL PERFORMANCE

(LP million)	2019	2020	Var 20/19
Total public revenues	16,679,804	15,341,876	-8.0%
Total public expenditures	25,478,607	19,425,187	-23.8%
Total Cash Deficit / Surplus	-8,798,803	-4,083,311	-53.6%
In % of Total Expenditures	-34.5%	-21.0%	13.5%
In % of GDP	-11.1%	-4.3%	6.8%
Primary Deficit / Surplus	-432,949	-977,129	125.7%
In % of Total Expenditures	-1.7%	-5.0%	-3.3%
In % of GDP	-0.5%	-1.0%	-0.5%

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GROSS PUBLIC DEBT AT US\$ 97.3 BILLION AT END-MARCH 2021

The data published by the Ministry of Finance in Lebanon showed that the country's gross debt reached US\$ 97.3 billion at end-March 2021, up by 4.4% from the level seen at end-March 2020.

Domestic debt increased by 3.9% from end-March 2020 to reach a total of LP 91.3 billion at end-March 2021.

Lebanon's external debt rose by 6.0% from end-March 2020 to stand at around US\$ 36.7 billion at end-March 2021.

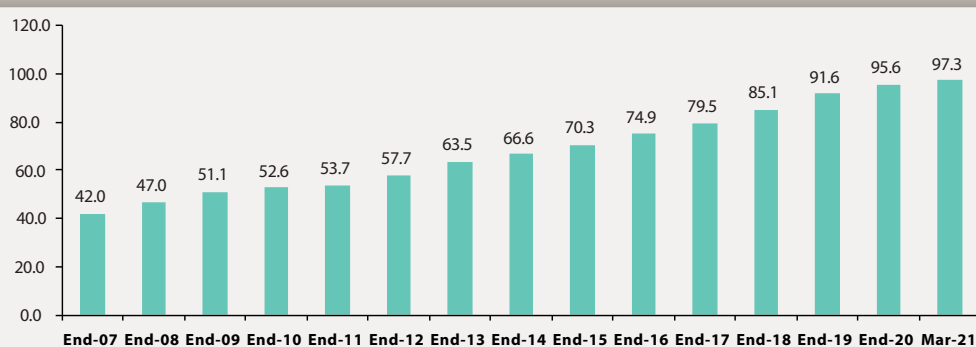
In this context, the public sector deposits at the Central Bank rose by 6.0% from end-March 2020 to register US\$ 4.7 billion at end-March 2021.

The public sector deposits at commercial banks picked-up by 17.5% from end-March 2020 to register US\$ 5.8 billion at end-March 2021.

As such, net public debt, which excludes the public sector deposits at the Central Bank and commercial banks from overall debt figures, increased by 4.1% from end-March 2020 to reach a total of US\$ 86.8 billion at end-March 2021.

Net domestic debt amounted to US\$ 50.1 billion at end-March 2021, up by 1.9% from end-March 2020.

GROSS PUBLIC DEBT (US\$ BILLION)



Sources: Ministry of Finance, Bank Audi's Group Research Department

NET FINANCIAL INFLOWS SLUMPED BY 12% IN THE FIRST TWO MONTHS OF 2021 YEAR-ON-YEAR

According to Customs figures for foreign trade released this week for the first two months of the year, imports reported US\$ 1,949 million in the first two months of 2021, contracting by 7.4% relative to the first two months of 2020, while exports reported US\$ 384 million over the first two months of 2021, dropping by 43.2% year-on-year.

As such, Lebanon's trade deficit for the first two months of 2021 yielded US\$ 1,565 million, down by 9.5% relative to the same period of previous year.

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In parallel to a larger trade deficit in January and February 2021, Lebanon's balance of payments witnessed a widening deficit from US\$ 505 million in first two months of 2020 to US\$ 751 million in the same period current year. This is due to a decline in net financial inflows estimated at 11.9% between the two periods, moving from US\$ 924 million in 2020 to US\$ 814 million.

EXTERNAL SECTOR INDICATORS

(US\$ million)	2M-2020	2M-2021	Variation
Import	2,105	1,949	-7.41%
Export	676	384	-43.20%
Trade Deficit	1432	1,565	9.29%
Balance of Payment	-505	-751	48.71%
Net Financial Inflows	924	814	-11.90%

Sources: High Customs Council, BDL, Bank Audi's Group Research Department

TRANSFERS TO EDL SLOWDOWN BY 39% DURING 2020

Transfers to Electricité du Liban (EDL) witnessed a year-on-year drop of LP 876 billion (-38.6 %) over the past year, moving from LP 2,269 billion in 2019 to LP 1,393 billion in 2020.

This decline was attributed to drop in oil prices during 2020 recording the lowest in April for US\$ 19.3/barrels down from above US\$ 60/barrel over year 2019.

It is worth noting that transfers to EDL's share of the total expenditures of the Government in 2019 was 8.9% which dropped to 7.2% in 2020.

TRANSFERS TO EDL (IN LP BILLION)

	2019	2020	variation
EDL	2,269	1,393	-38.60%
out of which			
Debt Service	4	3	-23.90%
Reimbursement for purchase of Natural Gas, Fuel & Gas Oil	2,265	1,390	-38.60%

Source: MOF, DGF, Bank Audi's Group Research Department

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SURVEYS

LEBANON RANKED 147TH GLOBALLY ON GLOBAL PEACE INDEX 2021

According to the 15th edition of the Global Peace Index (GPI), which ranks 163 independent states and territories according to their level of peacefulness, Lebanon ranked 147th globally with a score of 2.797.

According to the report, feelings of safety deteriorated the most in Lebanon. Just over 81% of Lebanese people feel that the world was less safe in 2019 compared to 2014. Furthermore, the lack of sufficient economic support from the government was one of the key drivers of unrest.

Produced by the Institute for Economics and Peace (IEP), the GPI is the world's leading measure of global peacefulness. This report presents the most comprehensive data-driven analysis to-date on trends in peace, its economic value, and how to develop peaceful societies.

The average level of global peacefulness deteriorated by 0.07% in the 2021 Global Peace Index. Although a relatively small deterioration, this is the ninth time in the last 13 years that global peacefulness has deteriorated. In the past year, 87 countries recorded an improvement in peacefulness, while 73 countries recorded a deterioration. Three countries recorded no change in their overall score.

According to the report, the Middle East and North Africa (MENA) region remained the world's least peaceful region. It is home to three of the five least peaceful countries in the world. However, it recorded the largest regional improvement over the past year.

ARAB MENA REGION'S GLOBAL PEACE INDEX 2021

Country	Score	Rank 2021
Qatar	1.605	29
Kuwait	1.688	36
United Arab Emirates	1.848	52
Jordan	1.916	63
Oman	1.982	73
Morocco	2.015	79
Tunisia	2.108	98
Bahrain	2.121	102
Algeria	2.310	120
Saudi Arabia	2.376	125
Egypt	2.397	126
Palestine	2.610	138
Lebanon	2.797	147
Sudan	2.936	153
Libya	3.166	156
Iraq	3.257	159
Syria	3.371	161
Yemen	3.407	162

Sources: Institute for Economics and Peace, Bank Audi's Group Research Department

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LEBANESE CHILDREN LAG BEHIND THEIR PEERS IN HUMAN CAPITAL DEVELOPMENT, AS PER THE WORLD BANK

According to a recent report by the World Bank on the education sector in Lebanon, human capital development is a critical determinant of economic growth, equity, and prosperity, but outcomes in this domain are worryingly low in Lebanon, risking the future of generations of children.

According to the World Bank, Lebanese children lag behind their peers in human capital development—measured according to the its Human Capital Index—suggesting that the future productivity of the labor force and the country's trajectory for equitable growth is at risk. The Human Capital Index indicates that children born in Lebanon today will reach, on average, only 52% of their potential productivity when they grow up. This is lower than the average estimates for the Middle East and North Africa (MENA) region (57%) and upper-middle-income countries (56%). Lebanon's poor performance on the Human Capital Index is largely attributed to the education outcomes calculated for the index. If actual years of schooling, which average approximately 10.2 years in Lebanon, are adjusted for actual learning, effective years of schooling are 40% less—on average, only 6.3 years of actual learning, as per the World Bank.

The most recent school closures were due to the COVID-19 pandemic, with schools being closed over 75% of the school year between January 2020 and February 2021. This will likely lead to a further and significant decrease in learning.

According to the report, learning and skill development are essential components used to build human capital, but education quality and equity have been declining in Lebanon. The Lebanese education system enrolls nearly 1.25 million students, of which almost 60% attend private schools, as per Lebanon's Ministry of Education and Higher Education. The private school sector receives approximately a 25% share of public financing.

According to the World Bank, the current socioeconomic crisis, the effect of the COVID-19 health pandemic, and the recent Port of Beirut explosion will likely mean decreased funding available for education—putting even more stress on the sector in the coming years. Government spending on education has long been insufficient, at less than 2% of GDP in 2020, which is well below the Organization of Economic Co-operation and Development (OECD) average of 4.4% and among the lowest in the MENA region. Recent macroeconomic factors have put additional strains on the system, such as the increase in teacher salaries to account for inflation, potential tuition fee hikes, and less job security for education administrators and teachers—all factors that limit the quality of education.

At the level of short-term reform recommendations, Lebanon has one of the lowest human capital indicators in the region, and it is expected to decline further, given school closures for almost a year due to COVID-19 and various ongoing crises. The country is facing a lost year of learning, which will have lasting negative effects on learning outcomes, from an already low baseline of only 6.3 learning-adjusted school years. Most recent estimates suggest that up to one additional learning-adjusted years of schooling may be lost, on average, as a result of ongoing school closures.

To mitigate learning loss, the Ministry of Education and Higher Education (MEHE) originally introduced remote learning through an online platform, as well as television broadcasts at the end of school year 2019–2020 (April–June 2020). However, television broadcasts did not continue for the 2020–2021 year.

Incorporating lessons learned from this year's school closures to reach more students going forward will be essential. Given the country's electricity and connectivity challenges, doing so will require additional investments and political will beyond the education sector.

Other countries have demonstrated good practices with radio programs in resource-deprived areas. Catch-up classes at the start of the new school year are critical to ensure that student learning continues to move forward and learning loss is mitigated. These catch-up classes are particularly important for the most marginalized, disadvantaged, and younger children, who did not benefit as much from remote learning. They can help ensure equity in learning. In addition, classroom assessments will be an important tool for teachers to gauge student learning levels and to ensure teaching in the next school year starts at the level of the student. Creating a conducive learning environment for all children will mean providing more psychosocial support for children, to support their return to school after more than a year.

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CORPORATE NEWS

THE CMA CGM FOUNDATION SUPPLIES BABY FORMULA AND BABY FOOD PRODUCTS TO THE LEBANESE

Lebanese-owned CMA-CGM Group continuing to support Lebanon through the CMA CGM Foundation by reiterating its humanitarian support for the Lebanese for free as part of its "Containers of Hope" scheme to help more than 20 Lebanese NGOs.

The CMA CGM Foundation delivered from France via the group's vessel more than 4,000 cartons of powdered formula and 10,000 baby food products destined for nine Lebanese NGOs.

These essential items will be distributed directly to the charities with the assistance of the CMA CGM Group's logistics subsidiary CEVA Logistics. Around 1,000 children will benefit from the CMA CGM Foundation's scheme to respond to the needs of newborns and children under three through nine Lebanese NGOs: Offrejoie, Lebanese Food Bank, Fondation Al-Tawarek, Achrafieh 2020, Hôpital gouvernemental de la Quarantaine, Amel Association International, Enfants de Lumière, Tantet men Lebneen and Afnan Social Association.

On the other hand, CMA CGM launched Turkey Med Express 3 (TMX 3), a new short sea Med service between Western Turkey and Adriatic. It consists of two vessels each for 850 teu nominal capacity. It aims to optimize customer's transportation lead-time, become more sustainable and optimizes supply chain dynamics.

Moreover, it will help customers to produce a minimum of two times less CO2 emissions (ton per km) for Southern locations.

The service will begin in the first week of July from Turkey's Ambarli Port and is an additional to the two other TMX services launched by the carrier over the past months.

US\$ 28 MILLION ON SAYRAFA OVER THE THIRD WEEK

The Central Bank of Lebanon processed total transactions for US\$ 28 million on the Sayrafa foreign exchange platform over the third consecutive week, as per the Central Bank Governor. The Central Bank carried out sales of US\$ to participating banks on the "Sayrafa" platform at a price of LP 12,000 per US\$ 1, the Central Bank Governor said in a statement. It is worth noting that the previous two weeks witnessed total transactions for US\$ 28 million converted at LP 12,200.

BANO PURATOS TO EXPAND SHARJAH OPERATIONS

Bano Puratos, a Belgian-Lebanese manufacturer and supplier, announced plans to double its monthly production capacity in its location in Sharjah Airport International Free Zone (SAIF Zone) from 300 tons to 600 tons in 2022 and 900 tons by 2023.

Earlier last year, Bano Puratos established a large production facility in the SAIF Zone with investments estimated at AED 20 million (US\$ 5.4 million). It manufactures materials used in the production of cakes, muffins and baked goods. Currently, it aims to increase the list of its products from 45 to 150.

The company states it will open a training academy in the UAE for workers and specialists attracting an elite group of chefs specialized in bakeries and pastries.

Founded in 1995 in Lebanon under the name of Bano Trading, the company signed a joint-venture agreement in 2019 with Belgian Puratos Group and was named as Bano Puratos. It is currently operating in Lebanon, UAE, Kuwait, Saudi Arabia, Oman, Bahrain and Jordan.

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The factory produces materials used in the manufacture of cakes, muffins and baked goods. It supplies raw materials, utensils and machinery for the chocolate, ice cream, bakery and pastry industries. Currently, it employs about 40 workers and technicians.

SYNAPP MESSAGING AND PODEO WIN THE ENTREPRENEUR AWARD ESA-HEC PARIS

ESA-HEC Paris Entrepreneur Award was awarded to the start-up SynApp Messaging, second prize was given to Podeo start-up. The event was a great success that took place on the ESA Business School campus where 113 applications were identified, 42 were shortlisted and 11 finalists, whose quality of innovative projects that made strong impression to the members of the jury during the discussion.

The winning start-up will join the HEC incubator at Station F, the largest start-up campus in the world based in Paris for a period of six months, with all expenses covered. Podeo will benefit from remote monitoring by the HEC incubator, in particular to optimize its chances of developing and meeting new investors. As for the other finalists, they will benefit from the support program provided by the Smart-ESA incubator in Beirut.

ASynApp Messaging is a tool for communication and collaboration between health professionals and with hospitals, made a strong impression on the jury members at a times following the Covid-19 pandemic. According to its founders, this award will allow them to obtain two elements: support by experts from the HEC incubator for the development, improvement and market penetration of their application and reconnection and recruiting in Lebanon.

Podeo, based in the United States and have two branches in Beirut and Dubai, is an Arab podcast platform well established in the Middle East and North Africa (MENA) market since 2019. With the ambition to penetrate international markets, Arabic being the fifth most spoken language in the world, the founder of Podeo insists on their presence in Lebanon which is a hub of creativity and where start-ups are young entrepreneurs who must create change.

FFA PRIVATE BANK GROUP TO RELOCATE ITS HQ TO DUBAI

FFA Private Bank Group ,a regional player in the financial sector, plans to relocate its headquarters to the Dubai International Financial Center (DIFC), in accordance with its five year strategic plan.

It is in this context that FFA Group Holding was incorporated in the DIFC, with its headquarters being from within the offices of FFA Private Bank Dubai Ltd.

The Dubai Financial Services Authority (DFSA) granted its approval for a change of control for FFA Private Bank Dubai Ltd, as a result of which FFA Group Holding will replace FFA Private Bank SAL as the 100% controller of FFA Private Bank Dubai Ltd.

It is worth mentioning that FFA Private Bank is operational from the DIFC since 2006 and expanded its international reach considerably since then.

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CAPITAL MARKETS

MONEY MARKET: WEEKLY CONTRACTIONS IN LP AND FC RESIDENT DEPOSITS

The overnight rate stood unchanged at 3% this week, as the local currency liquidity remained quite abundant on the money market, noting that its official rate is quoted at 1.90%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 17th of June 2021 showed that total resident banking deposits contracted further by LP 464 billion. This is mainly attributed to a LP 454 billion fall in foreign currency resident deposits (the equivalent of US\$ 301 million as per the official rate of LP 1,507.5), while total LP resident deposits declined by LP 10 billion amid a LP 143 billion decrease in LP saving deposits and a LP 133 billion rise in LP demand deposits. Within this context, the money supply in its largest sense (M4) contracted by LP 501 billion over the covered week amid a decline in the currency in circulation of LP 191 billion and an increase in the non-banking Treasury bills portfolio of LP 154 billion.

INTEREST RATES

	02/07/21	25/06/21	31/12/20	
Overnight rate (official)	1.90%	1.90%	1.90%	↔
7 days rate	2.00%	2.00%	2.00%	↔
1 month rate	2.75%	2.75%	2.75%	↔
45-day CDs	2.90%	2.90%	2.90%	↔
60-day CDs	3.08%	3.08%	3.08%	↔

Source: Bloomberg

TREASURY BILLS MARKET: NOMINAL SURPLUS OF LP 1,192 BILLION DURING THE FIRST HALF OF 2021

The latest Treasury bills auction results for value date 1st of July 2021 showed subscriptions in the six-month category (offering a yield of 4.0%), the two-year category (offering a coupon of 5.0%) and the ten-year category (offering a coupon of 7.0%).

In parallel, the Treasury bills auction results for value date 24th of June 2021 showed that total subscriptions amounted to LP 198 billion, distributed as follows: LP 7 billion in the three-month category (offering a yield of 3.50%), LP 8 billion in the one-year category (offering a yield of 4.50%) and LP 183 billion in the five-year category (offering a coupon of 6.0%). These compare to maturities of LP 365 billion, resulting into a nominal weekly deficit of LP 167 billion.

On a cumulative basis, total subscriptions amounted to LP 7,205 billion during the first half of 2021. The five-year category captured 37.6% of the total, followed by the seven-year category with 16.5%, the three-year category with 13.5%, the ten-year category with 12.1% and the one-year category with 10.8%, while the three-month, six-month and two-year categories accounted for the remaining 9.5%. These compare to maturities of LP 6,013 billion, resulting into a nominal surplus of LP 1,192 billion during the first half of 2021.

FOREIGN EXCHANGE MARKET: LP DIPS TO NEW RECORD LOWS AGAINST US DOLLAR ON BLACK FX MARKET

Amid a stubborn cabinet gridlock and dwindling BDL's FX reserves due to ongoing essential good subsidies and new "Sayrafa" platform financing, and following the Lebanese Parliament's approval of a

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TREASURY BILLS

	02/07/21	25/06/21	31/12/20	
3-month	3.50%	3.50%	3.50%	↔
6-month	4.00%	4.00%	4.00%	↔
1-year	4.50%	4.50%	4.50%	↔
2-year	5.00%	5.00%	5.00%	↔
3-year	5.50%	5.50%	5.50%	↔
5-year	6.00%	6.00%	6.00%	↔
7-year	-	-	6.50%	
10-year	7.00%	-	7.00%	
Nom. Subs. (LP billion)		198	122	
Short-term (3&6 mths)		7	-	
Medium-term (1&2 yrs)		8	-	
Long-term (3 yrs)		-	20	
Long-term (5 yrs)		183	-	
Long-term (7 yrs)		-	102	
Maturities		365	191	
Nom. Surplus/Deficit		-167	-69	

Sources: Central Bank of Lebanon, Ministry of Finance

law to distribute prepaid ration cards to poor households, the Lebanese pound lost more ground against the US dollar on the black FX market this week, reaching new lows of LP/US\$ 17,225-LP/US\$ 17,275 on Friday as compared to LP/US\$ 16,325-LP/US\$ 16,375 at the end of last week.

In parallel, the Central Bank of Lebanon's latest bi-monthly balance sheet ending 30th of June 2021 showed that BDL's foreign assets contracted by US\$ 287 million during the second half of the month to reach US\$ 20.6 billion at end-June (including BDL's Eurobond holdings of US\$ 5 billion). Within this context, it is worth mentioning that the "currency in circulation outside BDL" contracted by LP 20.9 billion during the second half of June 2021, which marks its first bi-monthly contraction since end-August 2019. This may be explained by the new "Sayrafa" activity, which required LP payment in cash in return for US dollar banknotes.

EXCHANGE RATES

	02/07/21	25/06/21	31/12/20	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	2,073.57	2,096.63	2,048.54	↑
LP/¥	13.52	13.61	14.61	↑
LP/SF	1,627.62	1,644.13	1,706.67	↑
LP/Can\$	1,212.30	1,225.31	1,178.66	↑
LP/Euro	1,783.37	1,800.41	1,851.21	↑

Source: Bank Audi's Group Research Department

STOCK MARKET: SHY WEEKLY PRICE GAINS ON BSE

The BSE total turnover reached US\$ 51.5 million this week as compared to US\$ 3.0 million last week, mainly due to large cross trades on Solidere shares, noting that the latter accounted for 99.2% of activity, which is equivalent to US\$ 51.1 million.

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As to prices, the BSE price index edged up by 0.2% this week. Five out of seven traded stocks registered price gains, while one stock posted price retreats and one stock saw no price change week-on-week. In details, Byblos Bank Preferred shares 2008 led the advance on the BSE, posting a price surge of 9.9% to reach US\$ 33.09, followed by Bank Audi's "listed" shares with +1.4% to US\$ 2.19, Byblos Bank's "listed" shares with +1.1% to US\$ 0.93, Bank Audi's GDRs with +1.0% to US\$ 2.0 and Solidere "A" shares with +0.1% to US\$ 24.83. In contrast, Solidere "B" share price retreated by 0.2% to close at US\$ 24.69. BLOM's GDR price stood unchanged at US\$ 3.20.

On a cumulative basis, the BSE total trading value expanded by 57% year-on-year during the first half of 2021 to reach US\$ 188 million. Concurrently, the BSE market capitalization grew by 39% between end-June 2020 and end-June 2021. Within this context, the total turnover ratio, measured by the annualized trading value to market capitalization, reached 4.0% during the first half of 2021 and compared to 3.6% during the corresponding period of the previous year.

AUDI INDICES FOR BSE

22/1/96=100	02/07/21	25/06/21	31/12/20	
Market Cap. Index	392.84	392.10	302.49	↑
Trading Vol. Index	459.83	27.16	86.63	↑
Price Index	82.47	82.32	63.50	↑
Change %	0.19%	-0.37%	4.60%	↑
	02/07/21	25/06/21	31/12/20	
Market Cap. \$m	9,320	9,302	7,176	↑
No. of shares traded (Exc. BT)	2,321,676	359,916	650,340	↑
Value Traded \$000 (Exc. BT)	51,491	3,032	5,834	↑
o.w. : Solidere	51,100	2,402	5,565	↑
Banks	391	468	264	↓
Others	0	162	5	↓

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

BOND MARKET: ACTIVITY REMAINS SKEWED TO DOWNSIDE ON LEBANON'S BOND MARKET

With no cabinet breakthrough and while discussions with bondholders remain unscheduled, a lull mood swayed over the Lebanese Eurobond market during this week, with market players showing little or no appetite to buy Lebanese debt papers. Within this context, the country's bond market saw weekly price contractions across the yield curve ranging between 0.38 pt and 1.0 pt. Within this context, prices of sovereigns maturing between 2020 and 2037 ranged between 11.75 cents per US dollar and 13.13 cents per US dollar on Friday as compared to 12.38-13.63 cents per US dollar at the end of last week. Accordingly, Lebanese sovereigns accumulated year-to-date price contractions ranging between 0.25 pt and 1.88 pt.

EUROBONDS INDICATORS

	02/07/21	25/06/21	31/12/20	
Total tradable size \$m	32,364	32,364	32,364	↔
o.w.: Sovereign bonds	31,314	31,314	31,314	↔
Average Yield	76%	73%	57%	↑
Average Life	6.60	6.61	7.04	↓
Yield on US 5-year note	0.89%	0.92%	0.37%	↓

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	2-Jul-21	25-Jun-21	31-Dec-20	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	111.02	110.79	103.32	0.2%	7.5%
\$/£	1.382	1.388	1.367	-0.4%	1.1%
\$/Euro	1.187	1.194	1.222	-0.6%	-2.9%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	34,786.35	34,433.84	30,606.48	1.0%	13.7%
S&P 500	4,352.34	4,280.70	3,756.07	1.7%	15.9%
NASDAQ	14,639.33	14,360.39	12,888.28	1.9%	13.6%
CAC 40	6,552.86	6,622.87	5,551.41	-1.1%	18.0%
Xetra Dax	15,650.09	15,607.97	13,718.78	0.3%	14.1%
FT-SE 100	7,123.27	7,136.07	6,460.52	-0.2%	10.3%
NIKKEI 225	28,783.28	29,027.90	27,444.17	-0.8%	4.9%
COMMODITIES (in US\$)					
GOLD OUNCE	1,787.30	1,781.44	1,898.36	0.3%	-5.9%
SILVER OUNCE	26.47	26.10	26.40	1.4%	0.3%
BRENT CRUDE (per barrel)	76.17	75.38	51.80	1.0%	47.0%
LEADING INTEREST RATES (%)					
1-month Libor	0.10	0.10	0.14	0.01	-0.04
US Prime Rate	3.25	3.25	3.25	0.00	0.00
US Discount Rate	0.25	0.25	0.25	0.00	0.00
US 10-year Bond	1.42	1.52	0.91	-0.10	0.51

Sources: Bloomberg, Bank Audi's Group Research Department

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