

Economy

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Amid a multifaceted crisis combining an unprecedented institutional vacuum, a poor track record in implementing much-needed reforms and intensified judicial-banking tensions, and as all market players await the IMF delegation's visit next month to continue discussions on an aid program supported by reforms, while banks continue an open-ended strike, the country's capital markets saw this week the Lebanese pound plummet to new historical lows on the black FX market, while equities traced an upward trajectory and bond prices remained at their lows. In details, the LP/US\$ parallel market rate pierced the LP/US\$ 80,000 ceiling upward, reaching LP/US\$ 80,500-LP/US\$ 81,000 on Friday as compared to LP/US\$ 64,500-LP/US\$ 65,000 at the end of last week. This brought the differential between the LP/US\$ parallel market rate and the LP/US\$ Sayrafa rate to an unprecedented high level of circa 37,000. On the equity market, the BSE price index rose by 2.6% week-on-week, mainly on hedging activity against crisis. At the level of the bond market, internationals remained on the sidelines this week. Prices of sovereigns contracted by 0.13 pt week-on-week to reach 7.00 cents per US dollar on Friday.

LEBANON MARKETS: FEBRUARY 13 - FEBRUARY 19, 2023

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

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ECONOMY

ESCWA SAYS THERE IS NEED FOR A NEW TRADE POLICY APPROACH FOR LEBANON

An ESCWA ex-post assessment of the free trade agreements (FTAs) signed by Lebanon with the European Union and with other Arab countries shows that the subpar performance of Lebanon under these agreements can be broadly attributed to three main reasons.

Firstly, the two trade agreements deal exclusively with border measures (partial integration) that accord nondiscriminatory national treatment to foreign goods and firms, but stop short of intervening in domestic economic policies beyond this requirement. In contrast, the new generation of free trade agreements (FTAs) are moving from “partial” to “deep” integration agreements that include rules on domestic policies that fall “inside borders”.

Secondly, Lebanon is incapable of expanding its exports to its preferential markets owing to limited national productive capacities, the prevalence of non-tariff measures, and a deterioration in its competitiveness.

Thirdly, the unilateral open-trade regime followed by Lebanon since the mid-90s, where the gap between preferential and non-preferential tariffs is insignificant, makes import surges a real concern. These three major factors have led the country to reach over US\$ 250 billion in trade deficit over the past two decades. While the impacts of such a high trade deficit will hinder Lebanon’s economic recovery, it may provide an opportunity to re-examine its trade policy vis-a-vis its economic development path.

In this context, and given that Lebanon is not yet a member of the World Trade Organization (WTO), it has the opportunity to revise its tariff structure applied on non-preferential imports, and to implement new non-tariff barriers and special taxes. Nevertheless, for imports from preferential partners, Lebanon has the opportunity to either initiate safeguard measures or simply freeze specific FTA provisions to reduce its trade imbalances and facilitate its economic recovery and transformation.

According to ESCWA, the quantitative assessment of the trade policy in Lebanon and its integration schemes with its major partners indicate that accompanying domestic policies can create significant synergy with trade policies and magnify the potential gains in terms of growth. It is therefore critical that the Lebanese authorities adopt a clear policy of managing and adjusting to costs. The most important actions that usually allow better managing of the transition period and handling the cost of adjustment are listed below, and for which additional analysis is still needed in the context of the forthcoming development plan:

- Increasing the efficiency, effectiveness and transparency of customs.
- Reducing the compliance cost for exporters of multiple rules of origin and overlapping FTAs.
- Creating a fair environment for the domestic private sector.
- Developing export and free trade zones.
- Boosting regulation and deregulation in the service sector.
- Strongly avoid the use of specific or special exchange rate to tax imports.

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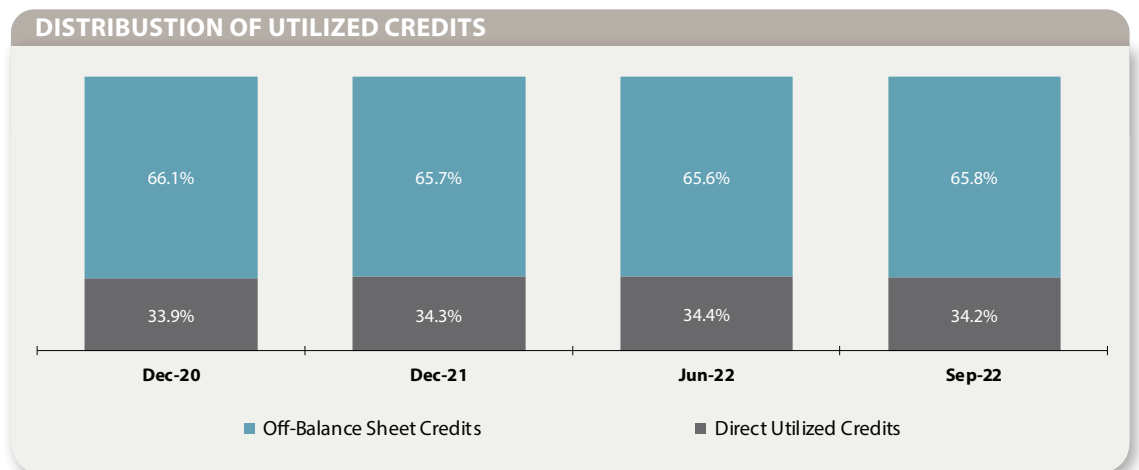
44% OF DIRECT UTILIZED CREDITS IS AGAINST REAL ESTATE MORTGAGE AND 64% OF IT IS BELOW LP 5 MILLION AS AT SEP-2022

As per the Central Bank of Lebanon, total direct facilities at Sep-2022 accounted for LP 43.3 trillion in direct facilities and LP 83.3 trillion in off-balance sheet facilities retreating by 17.1% and 16.7% respectively relative to Dec-2021.

In details, 44.0% of the total direct facilities were against real estate mortgage, followed by 36.2% overdrafts, 13.0% against personal guarantees, 2.9% against cash collateral/bank guarantees, 2.6% in advances against financial values and 1.3% in advances against other real guarantees.

In parallel, indirect facilities represented 65.8% of total utilized credits at Sep-2022, slightly up from 65.7% in Dec-2021. It is worth mentioning that endorsements and guarantees at Sep-2022 constituted the biggest share for 95.2% against 95.6% as at Dec-2021.

It is worth highlighting that the small debtors represented the biggest share of beneficiaries utilizing direct credits less than LP 5 million recording 64.1% and 21.1% as at Sep-2022 and Dec-2021 respectively. The distribution of utilized credits by amount at Sep-2022 showed that 71.3% were loans bigger than LP 10 billion, versus 51.8% at Dec-2021.



Sources: BDL, Bank Audi's Group Research Department

DISTRIBUTION OF UTILIZED CREDITS SHOWS 33% IN TRADE AND SERVICES, 75% FOR BEIRUT AND SUBURBS AS AT SEP-2022

As per the Central Bank of Lebanon, the total direct utilized credits as at Sep-2022 are distributed over seven categories, namely trade and services loans, individual loans, construction loans, industrial loans, financial intermediation loans, agricultural loans and other loans.

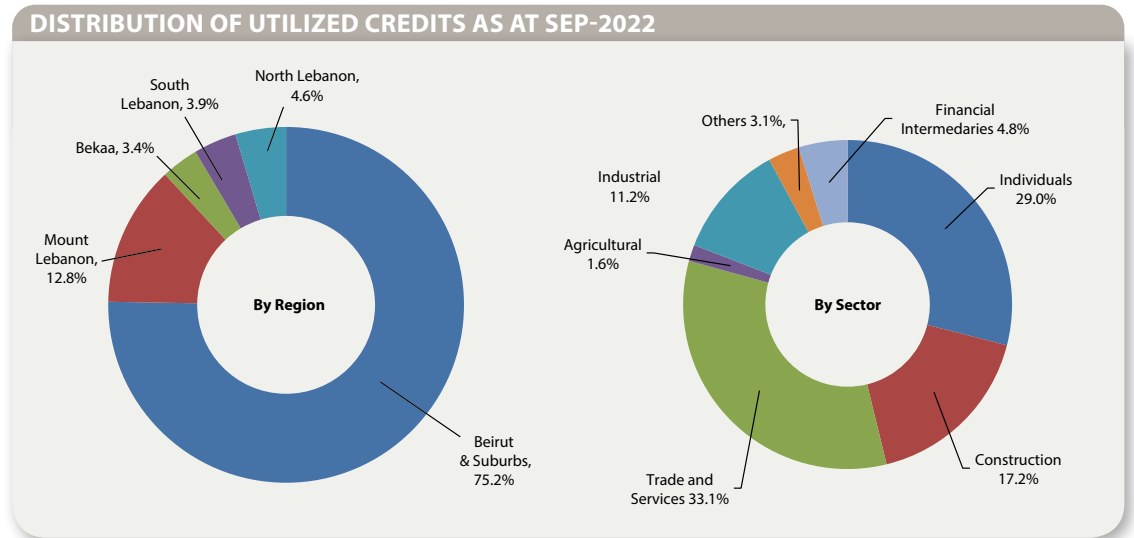
In details, trade and services loans represented the biggest share of 33.1% as at Sep-2022 versus 32.3% at end-December 2021. Individual loans constituted 29.0% of total loans at Sep-2022 versus 31.4% at end-December 2021, out of which housing loans accounted for 20.3% of total loans as at Sep-2022 versus 22.7% at end-December 2021.

Construction loans represented 17.2% of total loans as at Sep-2022, followed by industrial loans with 11.2% and financial intermediation loans with 4.8%.

As for the regional distribution of the banks utilized credits, Beirut and the suburbs constitute the biggest share of total loans for 75.2% as at Sep-2022, followed by Mount Lebanon region with 12.8%, North Lebanon region with 4.6%, South Lebanon region with 3.9% and Bekaa region with 3.4%.

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It is worth mentioning that beneficiaries in Beirut benefited from the highest loans share for 54.9% of total loans as at Sep-2022, followed by beneficiaries in Mount Lebanon with 17.8%, beneficiaries in North Lebanon for 11.2%, beneficiaries in South Lebanon with 8.8% and beneficiaries in Bekaa with 7.3%.



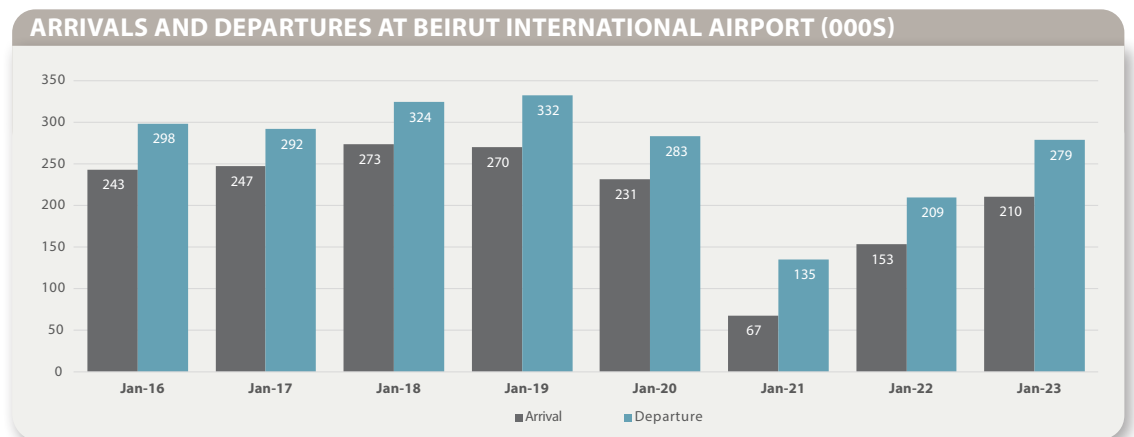
Sources: BDL, Bank Audi's Group Research Department

NUMBER OF PASSENGERS AT THE AIRPORT HIKE BY 35% YEAR-ON-YEAR IN JAN-23

Data published by the Central Bank of Lebanon shows that electricity production declined by 63.1%. The latest figures released by the Rafic Hariri International Airport revealed that the airport traffic posted a significant performance in the first month of 2023 where total number of passengers hiked by 35.3% when compared to the same month of 2022. In addition, the number of aircraft increased by 22.3% year-on-year. However, the total freight handled by the airport decreased by 6.1% between Jan-22 and Jan-23.

The number of incoming passengers jumped by 37.3% year-on-year and that of departing passengers by 33.8%, to reach 210,318 and 279,122 respectively in the first month of 2023. In parallel, both landings and take-offs rose by 22.4% and 22.2% respectively year-on-year in the first month of 2023, with 2,247 planes landing and 2,243 planes taking-off during the month.

Regarding the freight movement within the airport, a total of 2,197 tons were imported and unloaded during the first month of 2023, while 1,753 tons were exported and loaded. The first mentioned activity posted an increase of 6.8% while the latter posted an 18.4% decrease on a yearly basis in January 2023.



Source: BIA, Bank Audi Research department

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SURVEYS

LEBANON RANKS 154TH GLOBALLY OUT OF 180 COUNTRIES AS PER THE CORRUPTION PERCEPTION INDEX 2022

Lebanon has recorded a score of 24 in the Corruption Perceptions Index (CPI) for the year 2022 prepared by Transparency International. This corresponds to the 154th rank worldwide out of 180 countries and the 14th rank in the region out of 22 countries. Regionally, Lebanon came just before Iraq and just after Mauritania. UAE ranked first in the region, while Somalia ranked last.

Transparency International is a global movement with one vision: a world in which government, business, civil society and the daily lives of people are free of corruption. With more than 100 chapters worldwide and an international secretariat in Berlin, Transparency International is leading the fight against corruption to turn this vision into reality.

The index ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and business people. It relies on 13 independent data sources and uses a scale of zero to 100, where zero is highly corrupt and 100 is very clean.

This year's Corruption Perceptions Index (CPI) reveals that 124 countries have stagnant corruption levels, while the number of countries in decline is increasing. This has the most serious consequences, as global peace is deteriorating¹ and corruption is both a key cause and result of this.

Corruption and conflict feed each other and threaten durable peace. On one hand, conflict creates a breeding ground for corruption. Political instability, increased pressure on resources and weakened oversight bodies create opportunities for crimes, such as bribery and embezzlement. Unsurprisingly, most countries at the bottom of the CPI are currently experiencing armed conflict or have recently done so.

ARAB MENA REGION'S CORRUPTION PERCEPTION INDEX RANKINGS 2022

Country	Score	Global Rank
United Arab Emirates	67	28
Qatar	58	40
Saudi Arabia	51	56
Jordan	47	61
Bahrain	44	69
Oman	44	71
Kuwait	42	79
Tunisia	40	90
Morocco	38	97
Algeria	33	116
Djibouti	30	130
Egypt	30	131
Mauritania	30	133
Lebanon	24	154
Iraq	23	159
Sudan	22	163
Comoros	19	168
Libya	17	175
Yemen	16	176
South Sudan	13	178
Syria	13	179
Somalia	12	180

Sources: Transparency International, Bank Audi's Research Department

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On the other hand, even in peaceful societies, corruption and impunity can spill over into violence by fuelling social grievances. And siphoning off resources needed by security agencies leaves states unable to protect the public and uphold the rule of law. Consequently, countries with higher levels of corruption are more likely to also exhibit higher levels of organised crime and increased security threats.

Corruption is also a threat to global security, and countries with high CPI scores play a role in this. For decades, they have welcomed dirty money from abroad, allowing kleptocrats to increase their wealth, power and geopolitical ambitions.

In this complex environment, fighting corruption, promoting transparency and strengthening institutions are critical to avoid further conflict and sustain peace.

LEBANON RANKS 106TH GLOBALLY AND 6TH REGIONALLY IN RULE OF LAW INDEX

According to the recently released Rule of Law Index 2022 issued by the World Justice Program, Lebanon ranked 106th globally out of 113 countries in the Rule of Law index with a score of 0.45, and it also came in sixth among nine covered Middle East and North African countries.

The World Justice Program, an independent organization working to advance the rule of law around the world, ranks 140 countries worldwide by measuring a nation's adherence to the rule of law from the perspective of how ordinary people experience it.

More particularly, the Rule of Law Index is the average of eight factors. The latter comprises constraints on government powers, which measures the extent to which those who govern are bound by law. It also includes the absence of corruption, which measures the absence of corruption in a number of government agencies.

Next comes open government, which assesses the openness of a government and to the extent to which it shares information with the public. The rule of law index also includes fundamental rights, which measures the protection of fundamental human rights.

Furthermore, the index comprises order and security, which measures how well the society assures the security of persons and property. Regulatory Enforcement is also part of the index, which measures the extent to which regulations are fairly and effectively implemented and enforced. Civil Justice as well which measures whether ordinary people can resolve their grievances peacefully and effectively through the civil justice system. The final element of the index is criminal justice, which evaluates the criminal justice system.

It is worth noting that Lebanon scored highest in the order & security factor with a 0.67, followed by constraints on government powers factor (0.48) and the fundamental rights factor (0.46). On the other hand, Lebanon fared worst in the absence of corruption factor with a score of 0.36 and the criminal justice factor with a score of 0.33, as per the World Justice Program.

Regionally, the UAE ranked top with a Rule of Law index score of 0.63, followed by Jordan (0.54) and Tunisia (0.52). Egypt, on the other hand, ranked last in the region, with a score of 0.35.

ARAB MENA REGION'S RULE OF LAW INDEX 2022 RANKINGS

Countries	Global Ranking	Overall Score
UAE	37	0.63
Jordan	61	0.54
Tunisia	71	0.52
Algeria	89	0.49
Morocco	94	0.48
Lebanon	106	0.45
Sudan	125	0.39
Mauritania	131	0.37
Egypt	135	0.35

Sources: World Justice Project, Bank Audi's Research Department

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CORPORATE NEWS

BALANCE SHEET OF FINANCIAL INSTITUTIONS TOTALS US\$ 1,124 MILLION AT END-2022

According to the latest statistics issued by the Central Bank of Lebanon, the total balance sheet of financial institutions amounted to US\$ 1,123.9 million at end-2022, registering a decline of 1.6% against its figure at end-2021.

In details, currency and deposits with Central Banks increased by 30.9% from US\$ 73.1 million at end-2021 to US\$ 95.7 million at end-2022.

Claims on resident customers inclined in 2022 (14.1%) reaching US\$ 534.8 million, with respect to US\$ 468.9 million at end-2021. Claims on non-resident customers at end-2022 decreased by 13.6% with respect to end-2021, standing at US\$ 12.2 million.

Claims on resident financial sector stood at US\$ 277.8 million as at end-2022 declining by 7.9% from its figure by end-2021. Claims on non-resident financial sector reached US\$ 43.1 million at end-2022, revealing an increase of 33.7% when compared to its level at end-2021.

Claims on the public sector recorded US\$ 8.9 million at end-2022, registering an incline of 4.1% from its figure at end-2021.

Securities portfolio declined drastically to US\$ 36.0 million at end-2022, down by 47.6% from its registered figure at end-2021.

Tangible assets retreated by 10.6% at end-2022 with respect to end-2021, reaching US\$ 48.1 million. Similarly, intangible assets dropped from US\$ 108.0 million at end-2021 to US\$ 56.0 million at end-2022, shrinking considerably by 48.1%.

On the liabilities side, resident customer deposits contracted by 3.5% registering US\$ 191.3 million at end-2022, against US\$ 198.2 million at end-2021. Non-resident customer deposits contracted considerably by 30.4% at end-2022 standing at US\$ 5.9 million, down from US\$ 8.5 million at end-2021.

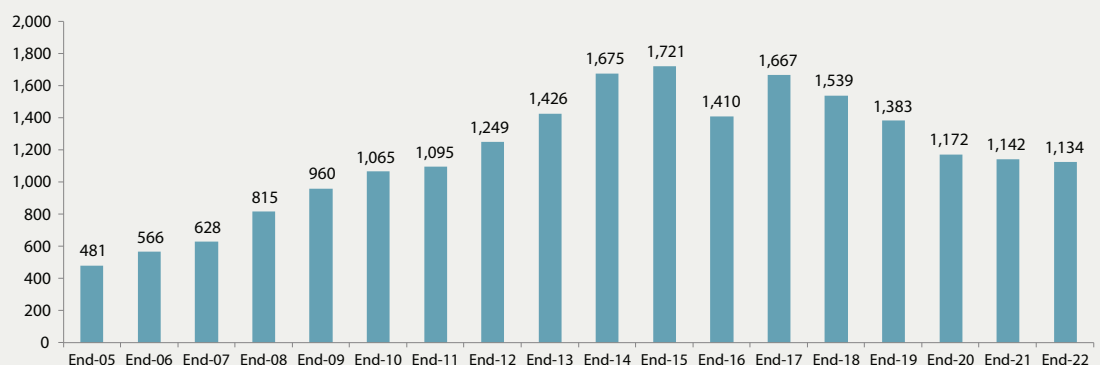
Resident financial sector liabilities stood at US\$ 105.3 million at end-2022, representing a decline of 10.3% from end-2021. Non-resident financial liabilities decreased from US\$ 63.6 million at end-2021 to US\$ 56.3 million at end-2022, retreating by 11.5%.

Public sector deposits retreated to US\$ 2.4 million at end-2022, witnessing a drop of 57.9% from its figure by end-2021.

Debt securities issued as at end-2022 are at a considerable decrease of 99.3% (US\$ 621,000) when compared to their value at end-2021.

Capital accounts reported US\$ 502.5 million at end-2022, up from US\$ 447.4 million at end-2021, which shows an increase of 12.3%.

BALANCE SHEET OF FINANCIAL INSTITUTIONS (US\$ MILLION)



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

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BOB SHOWS A 6% YEAR-ON-YEAR DECREASE IN ASSETS IN 2022

Bank of Beirut (BoB) released their unaudited financial statements as at 31 December 2022. The statements show assets and Liabilities & equities at LP 17.2 trillion (US\$ 11.4 billion at the FX rate of LP 1,507.5/US\$) as at end-December 2022. This shows a 5.9% decrease from figures as at 31 December 2021.

Liabilities of BoB were recorded at LP 15.8 trillion (US\$ 10.5 billion) at end-December 2022, a 2.7% decrease from levels at end-December 2021. In parallel, shareholders' equity decreased by 32.2% year-on-year to reach LP 1.4 trillion (US\$ 905.6 million) as at 31 December 2022.

Looking at BoB's income statement, Net Interest Income was recorded at LP 735.2 billion (US\$ 487.7 million) in 2022, a 3.4% increase from figures in 2021. Net Fee and Commission Income decreased by 56.3% over the same period to reach LP 43.2 billion (US\$ 28.6 million) in 2022. BoB recorded a Net Loss in 2022 reaching LP 605.6 billion (US\$ 401.7 million) down from a Net Profit of LP 5.0 billion (US\$ 3.3 million) in 2021.

LEBANON RECEIVES FIRST SHIPMENT OF WHEAT FINANCED BY THE WB

The first shipment of 33,000 tons of wheat was received by Lebanon. This shipment was financed by the World Bank (WB) through the Lebanon Wheat Supply Emergency Project (LWSEP) approved by Lebanon's parliament in July 2022. The shipment was unloaded at the Port of Beirut and is enough for one month of Arabic bread consumption in the country. The LWSEP saw the loaning of US\$ 150 million to Lebanon in the form of wheat shipments that will keep coming until the end of May 2023. In turn, this loan will relieve the Lebanese market by stabilizing the supply of wheat and help moderate bread prices during the crisis.

It is worth noting that the LWSEP was created as Lebanon imports 80% of its wheat consumption, of which 80% from Ukraine and 16% from Russia in 2020. This led to a major cut-off of wheat supply to the country following the start of the Russo-Ukrainian war.

Several layers of mitigation measures were set to ensure that the implementation of activities under the WB are efficient and transparent.

The project aims to help develop the framework for reforms in the policy and governance of the Lebanese wheat sector. Included are storage solutions as well as local production potential.

It is worth highlighting that, included in the LWSEP, a Global Concessional Financing Facility (GCF) grant was provided to Lebanon valued at US\$ 15 million.

AUB JOINS THE COSMOS NETWORK

The American University of Beirut (AUB) has joined the Cosmos Network which is the largest integrated database of clinical information in the United States (US). This makes AUB the first institution outside of the US to join the network.

The Cosmos Network is expected to provide researchers, faculty and students at AUB with up-to-date clinical data and info. Additionally, this network will lead to a reduction of time needed to access data records for researches to a few minutes. In parallel, the access to these data sets will allow physicians and doctors to prescribe better, more case-specific, treatment plans to their patients.

It is worth noting that Cosmos contains an extensive representative sample population of patients spanning across all population metrics. The network is built on a data platform which answers queries in a matter of minutes. Data in the network is collected from medications, laboratories and patient-generated health data. The network includes 6.3 billion encounters, 176 million patients, 8.8 million cancer cases, 266 thousand physicians, 215 thousand beds, 22.5 thousand clinics and 1,118 hospitals. In turn, the Cosmos Network is considered beneficial for personalized patient care and academic research in matters of healthcare.

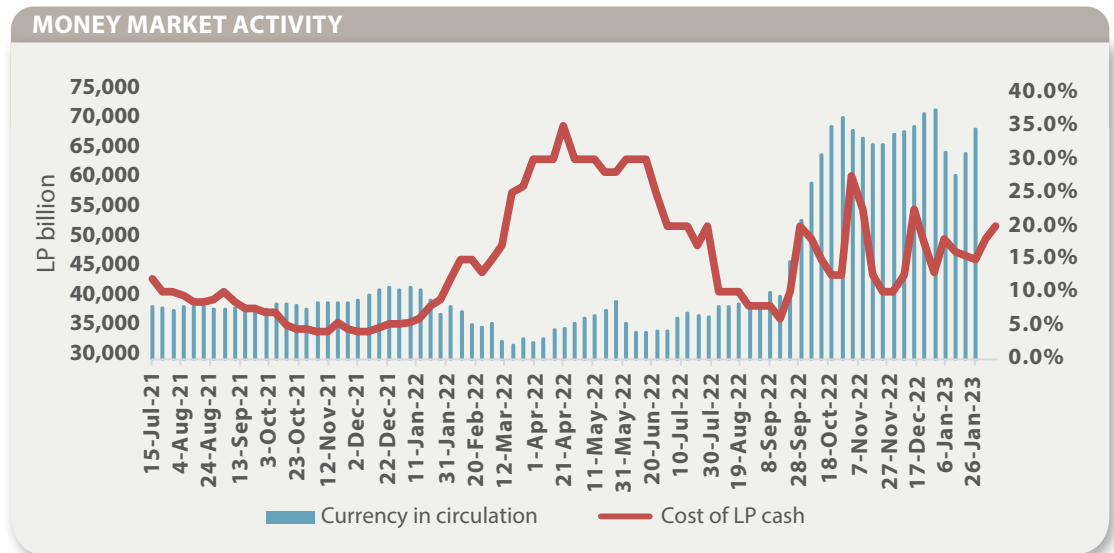
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CAPITAL MARKETS

MONEY MARKET: LARGE CONTRACTION IN MONEY IN CIRCULATION IN JANUARY 2023

The overnight rate, which is a non-cash rate, reached a high level of 40% on the money market at the end of this week. This came within the context of a customs dollar raise to LP/US\$ 15,000 on December 1, 2022 and a 112% yearly surge in the value of cleared checks in local currency last December.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon showed that the money in circulation contracted significantly by LP 3,248 billion in January 2023, mainly due to BDL's heavy intervention via the "Sayrafa" platform early-January. In parallel, total resident banking deposits declined by LP 94 billion in January 2023. This is mainly explained by a LP 108 billion fall in total LP resident deposits amid a LP 583 billion contraction in LP saving deposits and a LP 475 billion rise in LP demand deposits, while foreign currency resident deposits expanded slightly by LP 14 billion (the equivalent of US\$ 9 million as per the existing official rate of LP 1,507.5). Within this context, the money supply in its broadest sense (M4) contracted significantly by LP 2,329 billion over the month of January 2023, mainly due to a large fall in the currency in circulation.



TREASURY BILLS MARKET: NOMINAL WEEKLY SURPLUS OF LP 55 BILLION

The latest Treasury bills auction results for value date 16th of February 2023 showed that the Central Bank of Lebanon allowed banks to subscribe in full to the three-month category (offering a yield of 3.50%), the one-year category (offering a yield of 4.50%) and the five-year category (offering a coupon of 6.0%).

The Treasury bills auction results for value date 9th of February 2023 showed subscriptions of LP 112 billion, fully allocated to the Central Bank of Lebanon and concentrated in the six-month category (offering a yield of 4.00%). These compare to maturities of LP 57 billion, which resulted into a nominal weekly surplus of LP 55 billion.

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TREASURY BILLS

	17/02/2023	10/02/2023	30/12/2022	
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%	↔
10-year	-	7.00%	7.00%	
Nom. Subs. (LP billion)		112	1	
Short-term (3&6 mths)		112	-	
Medium-term (1&2 yrs)		0		
Long-term (3 yrs)		-	1	
Long-term (5 yrs)		-	-	
Long-term (10 yrs)		0		
Maturities		57	193	
Nom. Surplus/Deficit		55	-192	

Sources: Central Bank of Lebanon, Ministry of Finance

FOREIGN EXCHANGE MARKET: DIFFERENTIAL BETWEEN BLACK MARKET RATE AND SAYRAFA RATE AT RECORD HIGHS

The black FX market saw a rapid deterioration in the Lebanese pound against the US dollar this week, with the LP/US\$ exchange rate reaching LP/US\$ 80,500-LP/US\$ 81,000 on Friday as compared to LP/US\$ 64,500-LP/US\$ 65,000 at the end of last week. This came within the context of a multilayered institutional vacuum, a poor track record in implementing reforms, a continuous open-ended strike by banks, a restricted activity on "Sayrafa" platform and a continuous FX reserves' burn.

In fact, the latest BDL's bi-monthly balance sheet ending 15th of February 2023 showed that the Central Bank's foreign assets contracted by US\$ 170 million over the first half of the month. This drove BDL's liquid foreign exchange reserves to circa US\$ 9.8 billion mid-January 2023. In parallel, the Central Bank of Lebanon lifted on February 16, 2023 the Sayrafa rate to LP/US\$ 44,100 from LP/US\$ 43,600. Accordingly, the differential between the LP/US\$ black FX market rate and the LP/US\$ Sayrafa rate reached a record high level of circa 37,000 this week, compared to a much lower differential of circa 5,300 at the end of 2022.

EXCHANGE RATES

	17/02/2023	10/02/2023	30/12/2022	
LP/US\$	15,000.00	15,000.00	1,507.50	↔
LP/£	17,917.50	18,142.50	1,813.97	↑
LP/¥	111.25	114.54	11.27	↑
LP/SF	16,089.24	16,251.35	1,628.67	↑
LP/Can\$	11,108.64	11,164.04	1,108.21	↑
LP/Euro	15,957.00	16,059.00	1,603.83	↑

Source: Bank Audi's Group Research Department

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STOCK MARKET: WEEKLY PRICE GAINS ON BSE AMID LOW TRADING VOLUMES

A slow mood governed the Beirut Stock Exchange over this four-day week. The total turnover was restricted to US\$ 1.2 million as compared to a total trading value of US\$ 5.5 million in the previous four-day week.

A closer look at individual stocks shows that Byblos Bank's "listed" share price jumped by 7.1% to US\$ 0.75, followed by Solidere "A" shares with +3.7% to US\$ 66.95, and Solidere "B" shares with +1.5% to US\$ 65.05. This resulted into a 2.6% increase in the BSE price index week-on-week. On a cumulative basis, the Beirut Stock Exchange registered year-to-date price rises of 8.0%, mainly supported by price gains in Solidere shares of 8%-10% as market players continued to flock to realty stocks to hedge against crisis.

AUDI INDICES FOR BSE

	17/02/2023	10/02/2023	30/12/2022	
Market Cap. Index	663.95	647.18	614.50	↑
Trading Vol. Index	13.29	62.04	96.84	↑
Price Index	139.38	135.86	129.00	↑
Change %	2.59%	-0.55%	1.30%	↑
	17/02/2023	10/02/2023	30/12/2022	
Market Cap. \$m	15,751	15,354	14,578	↑
No. of shares traded (Exc. BT)	27,884	86,752	187,711	↓
Value Traded \$000 (Exc. BT)	1,173	5,479	6,415	↓
o.w. : Solidere	1,165	5,475	6,349	↓
Banks	8	1	66	↑
Others	0	3	0	↓

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

BOND MARKET: BOND PRICES AT RECORD LOWS AMID MYRIAD OF ACCUMULATED CRISIS

A lull mood swayed over the Lebanese Eurobond market this week, with international market players remaining on the sidelines. This came within the context of a deepened political crisis that is casting doubt on the country's ability to meet IMF prior actions, while market players await the IMF delegation's visit next month to continue discussions on an aid program supported by reforms.

That being said, Lebanese sovereigns registered across-the-board price contractions of 0.125 pt this week to reach 7.00 cents per US dollar on Friday. This brought accumulated bond price gains to 1.25 pt-1.38 pt since the beginning of the year 2023.

EUROBONDS INDICATORS

	17/02/2023	10/02/2023	30/12/2022	
Total tradable size \$m	32,364	32,364	32,364	↔
o.w.: Sovereign bonds	31,314	31,314	31,314	↔
Bid price (cents per US dollar)	7.00	7.13	5.50-5.88	↓
Average Life	5.24	5.26	5.34	↓
Yield on US 5-year note	4.09%	3.88%	3.94%	↑

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	17-Feb-23	10-Feb-23	31-Dec-22	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	134.16	131.35	131.11	2.1%	2.3%
\$/£	1.204	1.206	1.208	-0.2%	-0.4%
\$/Euro	1.070	1.068	1.071	0.2%	-0.1%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	33,826.69	33,869.27	33,147.25	-0.1%	2.0%
S&P 500	4,079.09	4,090.46	3,839.50	-0.3%	6.2%
NASDAQ	11,787.27	11,718.12	10,466.48	0.6%	12.6%
CAC 40	7,347.72	7,129.73	6,473.76	3.1%	13.5%
Xetra Dax	15,482.00	15,307.98	13,923.59	1.1%	11.2%
FT-SE 100	8,004.36	7,882.45	7,451.74	1.5%	7.4%
NIKKEI 225	27,513.13	27,670.98	26,094.50	-0.6%	5.4%
COMMODITIES (in US\$)					
GOLD OUNCE	1,842.36	1,865.57	1,824.02	-1.2%	1.0%
SILVER OUNCE	21.73	22.00	23.95	-1.2%	-9.3%
BRENT CRUDE (per barrel)	83.00	86.39	85.91	-3.9%	-3.4%
LEADING INTEREST RATES (%)					
1-month Libor	4.59	4.58	4.39	0.01	0.20
US Prime Rate	7.75	7.75	7.50	0.00	0.25
US Discount Rate	4.75	4.75	4.50	0.00	0.25
US 10-year Bond	3.81	3.73	3.87	0.08	-0.06

Sources: Bloomberg, Bank Audi's Group Research Department

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