

## Economy

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### p.2 LEBANON PARLIAMENT PASSES THE 2022 BUDGET WITH A RISE IN CUSTOMS DOLLAR RATE

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## Markets In Brief

### p.9 MARKETS IN BRIEF: LEBANON'S CAPITAL MARKETS ON FALL AMID PROTRACTED CABINET STALEMATE AND MOUNTING CONCERNS ABOUT PRESIDENTIAL VACUUM

As Lebanon is moving to devalue its currency peg to the US dollar to 15,000 for the first time since 1997, a plan that depends on approving the government recovery plan, and with no breakthrough in the cabinet formation process and amid mounting concerns about a Presidential vacuum, the country's capital markets saw this week a further currency collapse on the black FX market, while the Eurobond market pursued its free fall and the equity market plunged further into the red. In details, the LP/US\$ parallel market rate pierced the LP/US\$ 39,000 level upward on Friday as compared to LP/US\$ 38,000 at the end of last week, amid a long-simmering cabinet stalemate and as Lebanon is nearing constitutional deadlines to elect a new President, which added to concerns about dire domestic economic fundamentals and continuous BDL's FX reserves burn. On the bond market, prices of sovereigns dived further into the red, reaching 5.63-6.0 cents per US dollar on Friday, as the country is facing tough reform challenges to unlock much-needed international financial assistance. Finally, the equity market posted significant weekly price contractions of 6.5%, mainly on profit-taking operations following recent strong price rally.

### LEBANON MARKETS: SEPTEMBER 26 - OCTOBER 2, 2022

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

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## ECONOMY

### LEBANON PARLIAMENT PASSES THE 2022 BUDGET WITH A RISE IN CUSTOMS DOLLAR RATE

The Lebanese parliament passed last week the budget for 2022, which calculates customs tax revenues at an exchange rate of 15,000 Lebanese pounds per U.S. dollar.

The budget also calculates public expenditures at 41 trillion Lebanese pounds and revenues at 30 trillion Lebanese pounds.

Parliament members actually met to review the 121 articles of the latest draft submitted to them, the result of a series of nearly two dozen meetings since earlier this year by the Finance and Budget Committee.

The process for approving this year's budget has far exceeded the normal deadlines. Still, adopting a 2022 budget is one of the International Monetary Fund's preliminary offer of a multi-billion-dollar assistance package to Lebanon.

Parliament did not pass a budget for the fiscal year 2021, and the delay in passing the 2022 budget does not bode well for a potential 2023 budget, which is approaching its constitutional deadline of at most the end of January 2023.

It is worth stressing on the fact that the budget 2022 entailed raising the customs dollar from the official exchange rate to around LL/US\$ 15,000. The customs dollar refers to the LL/US\$ exchange rate used to compute the customs duties on imported products.

In our opinion, there are pros and cons to this customs dollar measure:

At the level of pros,

- Reducing imports and thus trade deficit that are not anymore sustainable given the decline in inflows to Lebanon. Lebanon's trade deficit still amounts to 45% of GDP in 2021 (US\$ 10 billion of trade deficit versus US\$ 22 billion GDP in 2021), still one of the highest ratios worldwide. This was previously sustained for a long period of time when the massive inflows used to come to Lebanon which is not the case anymore.
- Reducing imports would thus lead to positive impact on the balance of payments which could equilibrate in a medium term horizon. Had this been introduced few years ago, it would have avoided excessive imports that use up the net foreign assets of the financial system.
- Raising customs dollar would also foster domestic production and support the productive economic sectors such as agriculture and industry.
- Raising customs dollar would bring revenues for the Treasury and thus reduce fiscal deficit, which would reduce the monetization volume on behalf of the Central Bank and thus reduce money creation, with potential support to the LL exchange rate.

At the level of cons,

- Raising the customs dollar would create further inflation in Lebanon that is already at a three-digit rate for the past three rates, i.e a cumulative price inflation of 1,141% since the onset of the crisis in October 2019. It is estimated that the increase in the customs dollar would generate additional inflation of 20% to 30%. Having said, it is also estimated that an increase in the customs dollar would also reduce the margin of traders that are relatively high in Lebanon.
- Raising the customs dollar would increase smuggling and customs evasion, unless it is accompanied by very strict measures to combat evasion at all borders.

In sum, while there are definitely costs associated with the increase in the customs dollar, advantages outpace disadvantages, especially that it helps secure softlanding in the twin deficits, i.e the external deficit and the budget deficit.

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## MOVE TOWARDS RE-PEGGING THE LEBANESE CURRENCY AT LP 15,000

Lebanon is set to re-peg its currency for the first time since December 1997 to LP 15,000 up from LP 1,500 officially, depreciating its value against the US dollar (ten times less), as per a statement by the Ministry of Finance.

The devaluation of the peg shall be tied to the adoption of the of the government recovery plan by the concerned parties.

This step came in an effort to meet the IMF's requirements (requested in April 2022) to reduce the gap with the parallel market value and to restore confidence in the financial system after one of the world's worst economic crises in 150 years, as per the World Bank.

The new currency peg would first impact the following: public governmental transactions, credit lines in USD, private sector capital, electricity bills...etc

The subject move aims to help the private sector on an orderly transition to the new exchange rate, the Ministry of Finance said in a statement.

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## BALANCE OF PAYMENTS DEFICIT OF US\$ 3.1 BILLION OVER THE 2022 FIRST EIGHT-MONTH PERIOD

The balance of payments recorded a deficit of US\$ 3.1 billion over the first eight months of this year, against US\$ 2.0 billion over last year's same period.

The deficit in the balance of payments this year is the result of a US\$ 3.5 billion contraction of BDL net foreign assets, while banks net foreign assets grew by US\$ 0.4 billion.

The year-to-date decline in BDL's net foreign assets is mainly the result of BDL intervention on the Sayrafa platform within the context of BDL Circular 161 initiated at 2021 year-end.

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## VALUE OF CLEARED CHECKS DOWN BY 14% IN THE FIRST EIGHT MONTHS

Total value of cleared checks, an indicator of consumption and investment spending in the Lebanese economy, contracted by 13.5% year-on-year in the first eight months of 2022 mirroring decrease in spending during the above mentioned period.

The value of cleared checks reached US\$ 22,603 million in the first eight months of 2022, down from US\$ 26,125 million in same period of the previous year.

A breakdown by currency shows that the banks' clearings in Lebanese Pounds amounted to LP 22,865 billion in the first eight months of 2022, a 22.9% increase while those in US\$ amounted to US\$ 7,436 million, retreating by 46.0% as many businesses are cashing fresh dollars only.

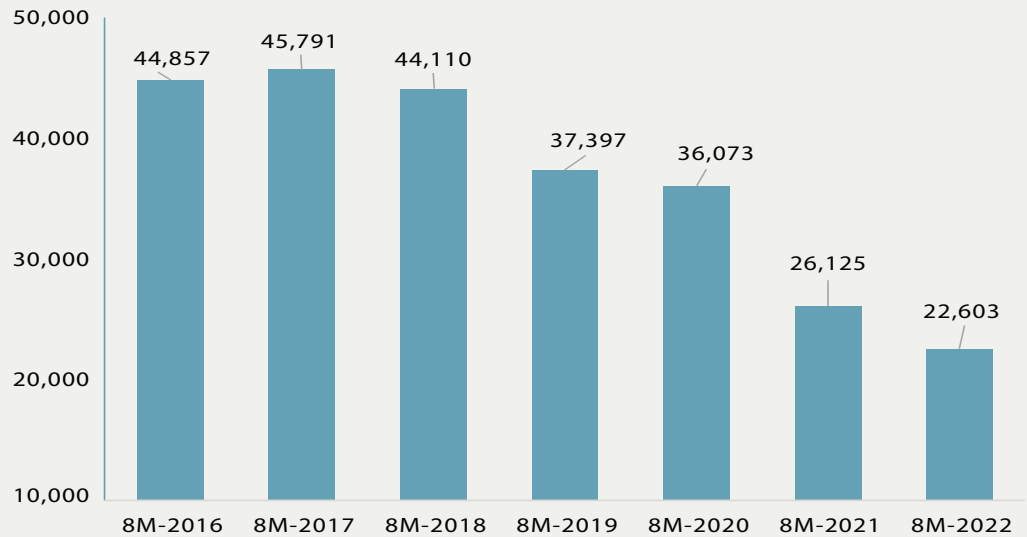
Moreover, the number of cleared checks registered 1,225,373 in the first eight months of 2022, down by 47.9% from 2,350,757 checks in the first eight months of 2021.

The average value per check rose by 66.0% year-on-year to attain US\$ 18,446 in the first eight months of 2022.

It is worth noting that the value of returned checks registered US\$ 203 million in the first eight months of 2022 down by a yearly 38.7%. The number of returned checks actually stood at 8,480 in the first eight months of 2022, down from 18,759 in the same period of 2021.

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## CLEARING ACTIVITY (IN US\$ MILION)



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

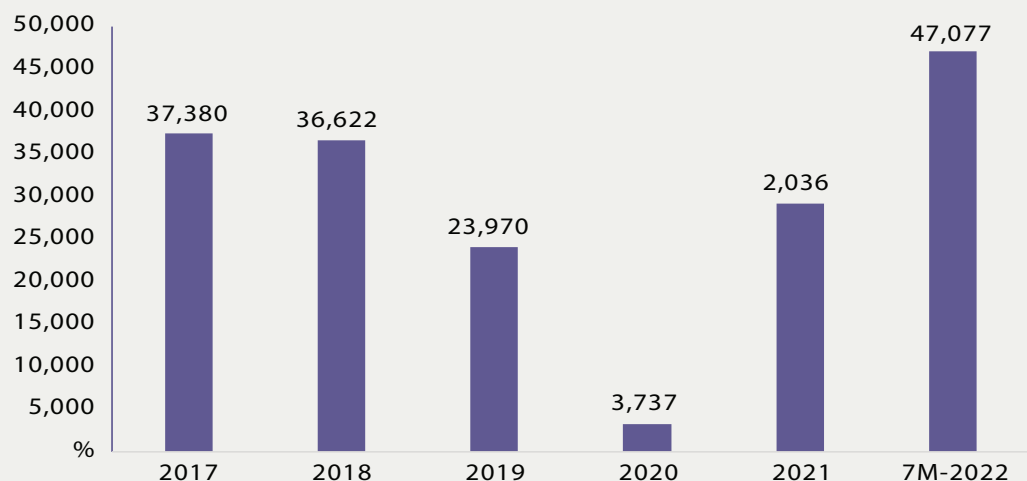
## 47,077 MOTORCYCLES IMPORTED IN THE FIRST SEVEN MONTHS

Figures reveal that 47,077 bikes were imported in the first seven months of the year, while 29,102 bikes were imported in full year 2021, 3,237 bikes in 2020, 23,970 bikes in 2019, 36,622 bikes in 2018 and 37,380 bikes in 2017, as per Information International sal and Lebanese customs.

The above increase in bikes came at the back of the financial and economic crisis Lebanon is facing since year 2020 and ongoing, which had negatively affected the fuel prices that witnessed a hike and consequently led the transportation cost to increase. For that, many Lebanese have found in buying motorcycles as an alternative affordable means of transportation.

It is worth mentioning that figures reported that the total registered bikes reached around 289,000 bikes. As for the unregistered bikes, no exact number was made available.

## NUMBER OF NEWLY REGISTERED BIKES



Sources: Information Internaional sal, Bank Audi's Group Research Department

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## SURVEYS

### LEBANON RANKED 111TH GLOBALLY AND 12TH REGIONALLY AS PER THE INTERNATIONAL PROPERTY RIGHTS INDEX 2022

Lebanon ranked 111<sup>th</sup> globally with a score of 3.73 according to the International Property rights Index 2022.

Regionally, it ranked 12th among 14 regional countries, just after Tunisia and Algeria and before Mauritania and Yemen.

The International Property Rights Index (IPRI) is the flagship publication of the Property Rights Alliance (PRA), based in Washington, D.C., and dedicated to the promotion of property rights. In 2007, PRA instituted the Hernando de Soto fellowship for developing the IPRI. Since then, the yearly IPRI edition has served as a barometer for the status of property rights, ranking the strength of the protection of both physical and intellectual property rights in countries around the world.

Property rights are human rights and have shown their ability to nurture economic growth and social development, promote prosperity and innovation, and have shown to be the most effective mechanism to guarantee civil rights and civil liberties. That is a fundamental reason for preference of a system of strong private property rights: private property rights protect individual liberty. The IPRI is built up from 11 factors, gathered under three components: Legal and Political Environment (LP), Physical Property Rights (PPR), and Intellectual Property Rights (IPR). The overall grading scale of the IPRI is [0 – 10], where 10 is the highest value for a property rights system and 0 is the lowest value. The same logic is applied to its components. (Fig.1)

During 2022, PRA worked to compile case studies with 128 think tanks and policy organizations in 74 countries involved in research, policy development, education, and promotion of property rights in their countries.

The 2022 IPRI ranks 129 countries, accounting for 93.91% of world population and 98.12% of the world GDP. The selection of countries was determined only by the availability of sufficient data. Results continue to suggest that countries with high IPRI scores also show high levels of income and development, indicating the positive relationships between a robust property rights system and citizen quality of life.

The average 2022-IPRI score is 5.19. For a 4th consecutive year, there is a setback of the average score of the IPRI in the LP components. They also found a setback of the other two components of the Index (PPR and IPR) since 2020. The Legal and Political Environment is the weakest component (5.06), followed by Intellectual Property Rights (5.24), while Physical Property Rights is the strongest component (5.27). (Fig.2)

Finland leads the 2022-IPRI (8.17) as well as the PPR (8.53), while New Zealand leads the LP (8.76), and the USA leads the IPR component (8.73). Singapore ranks 2nd in its IPRI score (7.97) followed by Switzerland (7.94) and New Zealand (7.93). IPRI scores of the 15 top countries come in a range of 8.17 to 7.47. All of these but the USA show their LP component as the strongest to build up the IPRI.

#### INTERNATIONAL PROPERTY RIGHTS INDEX 2022

Country	Score	Global Rank
United Arab Emirates	6.79	22
Qatar	6.51	26
Oman	6.20	32
Saudi Arabia	6.06	35
Bahrain	5.96	38
Jordan	5.72	43
Kuwait	5.43	51
Morocco	5.34	55
Egypt	4.72	70
Tunisia	4.63	76
Algeria	4.21	94
<b>Lebanon</b>	<b>3.73</b>	<b>111</b>
Mauritania	3.22	122
Yemen	2.25	128

Sources: Property Rights Alliance, Bank Audi's Research Department

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## LEBANON'S MEDICAL DEVICE MARKET WILL RECORD MODERATE GROWTH AS PER FITCH SOLUTIONS

According to a recent report by Fitch Solutions, Lebanon's medical device market will record moderate growth, hindered by the political and economic crisis. The market will be restricted by political and economic crises, in the context of overburdened healthcare settings.

Falling consumption will continue to drag on the medical device market amid soaring inflation and weakening parallel-market exchange rates, coupled with policy inaction. Results of the resident parliament elections uphold the view that the elections will yield a more polarized parliament and weigh on political consensus. This will maintain the obstacles to policymaking and contain medical device market growth due to Lebanon's stifled healthcare system. Market drivers will include the demographic boost provided by the influx of Syrian refugees, the increasing incidence of chronic diseases, medical tourism, the predominance of private healthcare providers, import reliance and improving market regulation.

According to Fitch Solutions, Lebanon's medical device market will grow at a 2021-2026 CAGR of 44.0% in local currency terms, which will take expenditure to LP 8.8 trillion by 2026. The market will register mid to high double-digit growth every year between 2022 and 2026. Falling consumption will continue to drag on medical device market amid soaring inflation and weakening parallel-market exchange rates, coupled with policy inaction. After contracting by 26.1% in 2021, Lebanon's economy will continue to shrink as consumption falls again amid soaring inflation, weakening parallel-market exchange and policy inaction. In 2022, however, the agency expects that output will rise by 3.9% due largely to base effects following four years of annual contractions. The COVID-19 outbreak, as well as a more aggressive global economic downturn and tightening of global financing conditions, will pose further headwinds to the growth outlook.

According to the report, Lebanon's consumables market will grow at a 2021-2026 CAGR of 39.4% in local currency terms and 15.8% in US dollar terms, which will take the value to LP 1.4 trillion (US\$ 43.0 million) by 2026. Results of the resident parliament elections uphold view that the elections will yield a more polarized parliament and weigh on political consensus. This will maintain the obstacles to policymaking and contain medical device market growth due to Lebanon's stifled healthcare system. Lebanon's economy will continue to shrink as consumption falls amid soaring inflation, weakening parallel-market exchange and policy inaction.

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## CORPORATE NEWS

### MEA TO INSTALL SITA'S BAG MANAGER SYSTEM

Middle East Airlines (MEA) renewed its technology contract with SITA and moved the airport's baggage reconciliation system (BRS) at Rafic Hariri International Airport (BIA) to the cloud, as mentioned in a statement.

With installing and implementing this technology solution, it is expected that the airport and airline's operational efficiency will increase and operational costs is to drop with the server-less design that avoids on-site interventions to refresh, upgrade, maintain and support multiple obsolete devices, such as servers.

SITA Bag Manager's cloud solution will enable the airport to process around nine million bags per year compared to three million bags in previous years without any significant equipment investment, as mentioned in a statement.

MEA represents around 40% of the traffic at the airport. Middle East Airline Ground Handling (MEAG, a subsidiary of MEA) represents 80% of the baggage processing at the airport, while the remaining 20% is handled by The Lebanese Air Transport (LAT, the ground handlers), which also installed SITA's cloud-based BRS.

Integration with other SITA baggage solutions such as Bag Journey and WorldTracer further helps to reduce the number of mishandled baggage and quickly repatriate any mishandled ones.

It is worth highlighting that the global mishandled baggage rate increased by 24% to 4.4 bags per thousand passengers in 2021 as the industry recovered from the pandemic, due to the quick resumption of international travel and reduced workforces, as per SITA Baggage IT Insights 2022 report.

### GREEN INNOVATION DAYS 2022: TOWARDS A CIRCULAR FUTURE

Green Innovation Days 2022 is in Lebanon, organized Berytech and funded by the Embassy of the Netherlands in Beirut and the ENI CBC MED, as mentioned in a statement.

The subject event will take place at Le Royal Hotel Dbayeh on October 11, 12 and 13. It is aimed at focusing on circularity, sustainable development and innovation in clean technology.

In details, Green Innovation Days 2022 event aims to shed the light on circular economy trends in the region and innovations in the water, waste, energy, food and transportation sectors in Lebanon, matching potential investors with innovative startups and exposing attendees to the different opportunities in these sectors including Berytech's multiple programs, activities and innovators.

The event will host six programs supporting clean technology in different sectors and 45+ cleantech startups innovating in water, waste, energy, food and transportation.

Moreover, guests are invited to join the conversation with 40+ international speakers taking part in 20+ talks, chats, panel discussions, and roundtables.

It is worth highlighting that this event comes following the success of the third edition of the Agri-Food Innovation Days #AFID2022 which attracted more than 5000 visitors, facilitated more than 100 matchmaking sessions and organized more than 25 activities throughout three days.

### THE ATMOSPHERIC AEROSOL SCIENCE SCHMAUSS AWARD 2022 GRANTED TO A LEBANESE

Dr. Imad El Haddad, the scientific head of the lab of atmospheric chemistry at Paul Scherrer Institute (PSI), won the Schmauss Award 2022 during the International Aerosol Conference, which took place in Athens, as mentioned in a statement.



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Dr. Imad El Haddad was honored the subject award for his major contributions to atmospheric aerosol chemistry and its effect on health and climate where the Schmauss award recognizes outstanding research contributions in the field of atmospheric aerosol science.

His work is mainly focused on the impact of human emissions on the composition of the atmosphere as he developed many online and offline techniques to characterize the aerosol composition and the sources in environments from the Arctic to China. Moreover, he redefined the atmospheric aging of complex emissions through smog chamber experiments at PSI in the CLOUD experiment.

The Schmauss award, which is named after the physicist and meteorologist August Schmauss, Dr. Imad El Haddad holds a Bachelor of Science degree in chemistry at University of Saint Joseph (USJ). He obtained a Master's degree in analytical chemistry, reactivity and modeling from University of Provence, France. Moreover, he obtained his Ph.D. in atmospheric chemistry at Laboratoire Chimie Provence.

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### AN INVENTION FOR AIRCRAFT PROTECTION ON RUNWAYS PATENT WAS REGISTERED

Mohammad Dandashli, Lebanese mechanical engineering student, registered a new patent at the Ministry of Economy and Trade for his final project, the Runway Safety Clearing System By Sectors, as mentioned in a statement.

The Runway Safety Clearing System By Sectors ensures that the aircraft runway is safe and clear from any foreign objects that may endanger the process. The invention also identifies the types of objects and deals with them accordingly.

It is worth noting that Mohammad Dandashli began working on his innovative project in the spring of 2022, where the patent was issued on September 15, 2022, as mentioned in a statement.

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### RURAL ENTREPRENEURS IN AGRI-FOOD PROGRAM BY BERYTECH

Berytech launches the Rural Entrepreneurs in Agri-Food (REAF) program, which is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in partnership with Berytech, within the framework of the project Strengthening Agriculture, Local Communities and Small and Medium Enterprises (ACE).

The program aims at strengthening the socio-economic resilience of individuals in South of Mount-Lebanon, Central and West Bekaa through supporting the business model viability of startups in the agri-food, eco-tourism, sustainable agriculture and circular economy sectors.

In details, the Rural Entrepreneurs in Agri-Food (REAF) program will provide the startups with the tools to transform their ideas into sustainable and profitable businesses. REAF's youth training will enhance their entrepreneurship mentality and entry into the job market. Moreover, it is designed to empower youth, women and people with disabilities in rural areas with a set of skills that will enable them to thrive in their communities. It is worth noting that an open call will select applicants to join the incubation part of the program consisting of three batches for startups in the agri-food, eco-tourism, sustainable agriculture and circular economy sectors.

Selected applicants will receive training and financial grants equipping them with the necessary knowledge and tools to develop their startups.

Furthermore, selected startups will benefit from tailored capacity-building activities, business development services, technical assistance, coaching and in-kind grants.



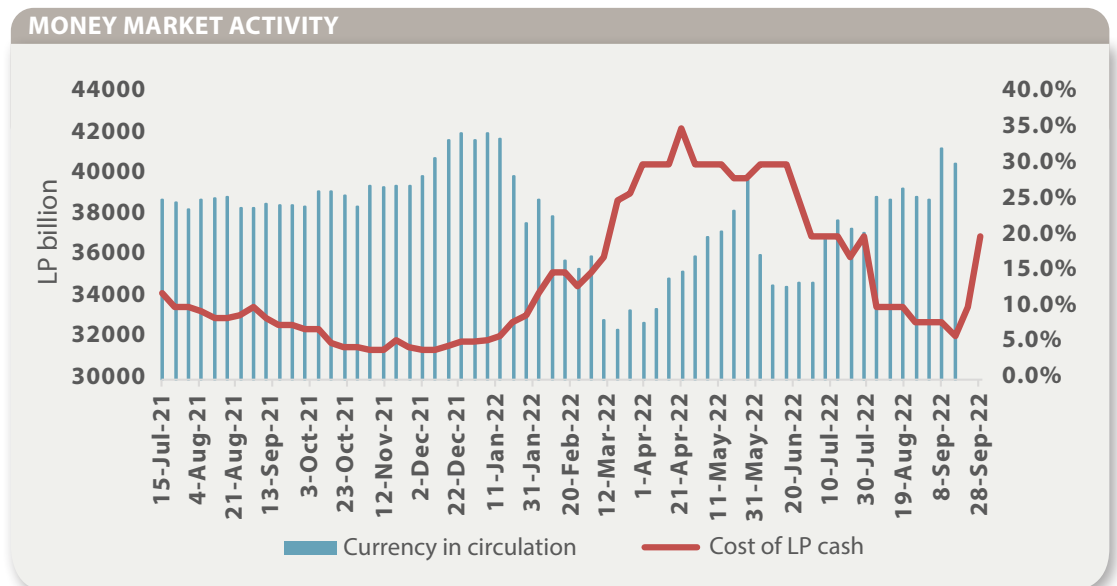
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## CAPITAL MARKETS

### MONEY MARKET: FIRST WEEKLY EXPANSION IN TOTAL RESIDENT DEPOSITS SINCE END-JULY 2022

The cost of LP cash rose further from 8%-10% last week to 15%-20% this week, amid a continuous lack of local currency liquidity on the money market.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 15<sup>th</sup> of September 2022 showed that total resident banking deposits registered their first weekly expansion since end-July 2022 of LP 119 billion. This is mainly attributed to a LP 137 billion increase in foreign currency resident deposits (the equivalent of US\$ 91 million as per the rate of LP 1,507.5), while total LP resident deposits declined slightly by LP 18 billion amid a LP 20 billion fall in LP saving deposits and a LP 2 billion rise in LP demand deposits. However, the money supply in its broadest sense (M4) contracted by LP 594 billion over the covered week, mainly due to a LP 749 billion fall in the money in circulation.



### TREASURY BILLS MARKET: WEEKLY NOMINAL DEFICIT OF LP 639 BILLION

The latest Treasury bills auction results for value date 29th of September 2022 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 22nd of September 2022 showed subscriptions of LP 23 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 22 billion in the six-month category and LP 1 billion in the two-year category. These compare to maturities of LP 654 billion, resulting into a nominal weekly deficit of LP 631 billion.

### FOREIGN EXCHANGE MARKET: FURTHER CURRENCY COLLAPSE ON PARALLEL FX MARKET

The black FX market saw this week a further deterioration in the Lebanese pound against the US dollar, with the latter piercing the LP/US\$ 39,000 level upward on Friday versus LP/US\$ 37,900-LP/US\$ 38,000 at the end of last week. This was fueled by news that Lebanon is moving to re-peg its currency for the first time since December 1997, a plan that depends on approving the government recovery plan by legislative authorities, and as the cabinet formation file returned to square one, in addition to the clouded Presidential elections' outlook.

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## TREASURY BILLS

	30/09/2022	23/09/2022	30/12/2021	
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%	
<b>Nom. Subs. (LP billion)</b>		<b>23</b>	<b>246</b>	
Short-term (3&6 mths)		22	-	
Medium-term (1&2 yrs)		1	-	
Long-term (3 yrs)		-	200	
Long-term (5 yrs)		-	-	
Long-term (7 yrs)		-	46	
Maturities		654	13	
<b>Nom. Surplus/Deficit</b>		<b>-631</b>	<b>233</b>	

Sources: Central Bank of Lebanon, Ministry of Finance

Concurrently, the Central Bank of Lebanon announced that foreign currency operations on the "Sayrafa" platform remained executed at an average rate of LP/US\$ 29,800 between September 26 and September 30 2022, with no change relative to the previous week.

## STOCK MARKET: BSE SINKS FURTHER INTO RED THIS WEEK ALONG WITH INCREASED ACTIVITY

The Beirut Stock Exchange sank further into the red this week, as reflected by a 6.5% fall in the price index, mainly as some market players sought to lock into their gains after year-to-date strong price rally.

Five out of six traded stocks posted price declines, while one stock registered price gains. A closer look at individual stocks shows that Solidere "A" share prices led the fall on the BSE this week, shedding 10.0% to reach US\$ 51.05, followed by Solidere "B" shares with -9.0% to US\$ 51.80, Byblos Bank's "listed" shares with -7.8% to US\$ 0.59, Holcim Liban's shares with -7.4% to US\$ 28.22 and Bank Audi's "listed" shares with -6.0% to US\$ 1.41. In contrast, Bank Audi's GDR price closed 0.7% higher at US\$ 1.49.

As to trading volumes, the BSE total turnover more than doubled week-on-week, moving from US\$ 4.2 million last week to US\$ 9.4 million, noting that Solidere shares captured 74.6% of activity, followed by the banking shares with 24.5% and the industrial shares with 0.9%.

## EXCHANGE RATES

	30/09/2022	23/09/2022	30/12/2021	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,691.11	1,716.67	2,022.91	↑
LP/¥	10.45	10.55	13.11	↑
LP/SF	1,543.94	1,572.47	1,639.48	↑
LP/Can\$	1,102.78	1,131.81	1,175.53	↑
LP/Euro	1,482.93	1,500.48	1,701.52	↑

Source: Bank Audi's Group Research Department

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## AUDI INDICES FOR BSE

	30/09/2022	23/09/2022	30/12/2021	
Market Cap. Index	558.45	597.39	447.87	↓
Trading Vol. Index	84.78	38.26	80.38	↑
Price Index	117.24	125.41	94.02	↓
Change %	-6.52%	-2.02%	4.13%	↓
	30/09/2022	23/09/2022	30/12/2021	
Market Cap. \$m	13,249	14,172	10,625	↓
No. of shares traded (Exc. BT)	4,075,248	77,623	171,230	↑
Value Traded \$000 (Exc. BT)	9,364	4,227	5,359	↑
o.w. : Solidere	6,987	4,221	4,614	↑
Banks	2,292	6	732	↑
Others	85	0	13	↑

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

## BOND MARKET: LEBANESE EUROBONDS IN FREE FALL ON TOUGH REFORMS ROAD

Lebanon's Eurobond market remained on the fall this week amid a protracted cabinet paralysis and due to a lack of consensus on a Presidential candidate, while the IMF is warning that Lebanon's progress in implementing reforms required to unlock much-needed financial support from the International Monetary Fund remains "very slow".

Within this context, prices of Lebanese sovereigns dipped further into the red, reaching 5.63-6.00 cents per US dollar on Friday as compared to 5.88-6.38 cents per US dollar at the end of last week. On a cumulative basis, Lebanese Eurobonds maturing between 2020 and 2037 posted price falls of 4.13 pts to 4.50 pts over the first nine months of the year 2022.

## EUROBONDS INDICATORS

	30/09/2022	23/09/2022	30/12/2021	
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)	5.63-6.00	5.88-6.38	9.88-10.63	↓
Average Life	5.54	5.55	6.18	↓
Yield on US 5-year note	3.95%	3.95%	1.26%	↔

Source: Bank Audi's Group Research Department

# Bank Audi

## INTERNATIONAL MARKET INDICATORS

	30-Sep-22	23-Sep-22	31-Dec-21	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	144.74	143.31	115.11	1.0%	25.7%
\$/£	1.117	1.086	1.353	2.9%	-17.4%
\$/Euro	0.980	0.969	1.137	1.2%	-13.8%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	28,725.51	29,590.41	36,338.30	-2.9%	-20.9%
S&P 500	3,585.62	3,693.23	4,766.18	-2.9%	-24.8%
NASDAQ	10,575.62	10,867.93	15,644.97	-2.7%	-32.4%
CAC 40	5,762.34	5,783.41	7,153.03	-0.4%	-19.4%
Xetra Dax	12,114.36	12,284.19	15,884.86	-1.4%	-23.7%
FT-SE 100	6,893.81	7,018.60	7,384.54	-1.8%	-6.6%
NIKKEI 225	25,937.21	27,153.83	28,791.71	-4.5%	-9.9%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,660.61	1,643.94	1,829.20	1.0%	-9.2%
SILVER OUNCE	19.03	18.87	23.31	0.8%	-18.4%
BRENT CRUDE (per barrel)	85.14	85.03	77.78	0.1%	9.5%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	3.14	3.08	0.10	0.06	3.04
US Prime Rate	6.25	6.25	3.25	0.00	3.00
US Discount Rate	3.25	3.25	0.25	0.00	3.00
US 10-year Bond	3.83	3.68	1.51	0.14	2.32

Sources: Bloomberg, Bank Audi's Group Research Department

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