

Economy

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Amid a protracted institutional vacuum that would be extended until 2023 and on heated domestic bickering over the powers of the caretaker government, and as the money in circulation resumed its growth, the Lebanese pound reached this week new all-time lows against the US dollar on the black FX market, while Eurobond prices remained at historical lows, and equities posted shy price gains. In details, the Lebanese pound was in free fall against the US dollar on the parallel market, reaching LP/US\$ 43,400-LP/US\$ 43,500 on Friday as compared to LP/US\$ 41,800-LP/US\$ 41,900 at the end of last week. The continuous currency collapse came within the context of a resumed growth in the money in circulation outside BDL, as the latter expanded by circa LP 4 trillion between mid-November and mid-December 2022 to reach about LP 75 trillion. On the equity market, the price index edged up by 0.1%, while the BSE total turnover more than tripled week-on-week. Finally, Eurobond prices remained at their record lows of 5.50-6.00 cents per US dollar amid a prolonged political void and lingering reform uncertainties.

LEBANON MARKETS: DECEMBER 12 - DECEMBER 18, 2022

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

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ECONOMY

CPI ANNUAL INFLATION AT 152% IN OCTOBER

This October, the CPI has surged by 151.8% year-on-year compared to results of October 2021 as per the Consultation and Research Institute. All nine main indices registered increases this October. The highest increase was registered by the "Recreation" category (186.9%), followed by the "Transportation and Telecommunications" category (185.6%), then by the "Apparel" category (179.9%), the "Other Goods and Services" category (173.5%) and the "Durable Consumer Goods" category (166.6%).

The October 2022 year-on-year "Food and Beverages" index has significantly increased by 139.3% since October 2021. All of the four main indices registered increases this month, as follows: the "Nonalcoholic Beverages" category (166.3%), the "Alcoholic Beverages" category (149.6%), the "Food" category (139.0%) and the "Tobacco Products" category (130.7%). The index for "Food" increased by 139.0% compared to its level last year, as all of the twelve food group indices have witnessed increases this October.

Apparel year-on-year prices registered 179.9% increase in October 2022. This was the result of the increase in the "Clothing and Sewing Materials" category (181.8%), and in the "Footwear" category (175.3%) this month.

The index for "Housing" has increased by 101.1% in October 2022 from its level last year. This was mainly due to the increase in the "Household Maintenance" category (112.7%) and "Household Energy" category (100.9%).

The "Durable Consumer Goods" index has increased by 166.6% since October 2021. All eight indices have witnessed increases this October, most significantly those of the "Housekeeping Services" category (364.3%), followed by the "Glassware" category (267.5%), the "Household Furnishings" category (174.3%) and the "Kitchenware" category (161.6%).

The healthcare index has increased by 143.8% since October 2021. This is due to the increases registered in the "Medications and Medical Accessories" category (225.0%), followed by the "Outpatient Services" category (152.8%) and the "Inpatient Services" category (49.9%). The "Health Insurance" category kept stable in October 2022.

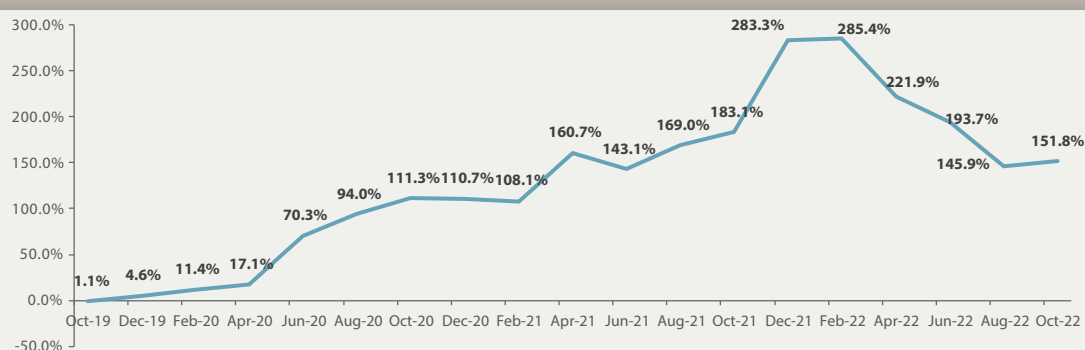
The CPI component for "Transportation and Telecommunications" has increased by 185.6% (year-on-year) in October 2022, due to the surge in the "Telephon Services" category (410.6%) and the "Transportation" category (183.0%).

The index for education has increased by 146.6% from the previous year, due to the increase in the "School Transportation" category (525.4%), followed by the "Educational Books and Supplies" category (253.3%) and the "Tuition Fees" category (49.3%).

The index for recreation has increased by 186.9% compared to its results in October 2021, due to the increase in the "Movies and Restaurants" category (223.6%); while the "Reading Materials and Photography" category remained stable this month.

The index of "Other Goods and Services" has increased by 173.5% since October 2021. This was basically due to the increase registered in the "Personal Care" category (219.5%). On the contrary, the "Jewelry" category witnessed a decrease this month (-4.9%). The other two categories remained unchanged this October.

INFLATION RATE



Source: Consultation & Research Institute, Bank Audi's Group Research Department

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NUMBER OF PASSENGERS AT THE AIRPORT HIKED BY A YEARLY 51% IN THE FIRST 11 MONTHS

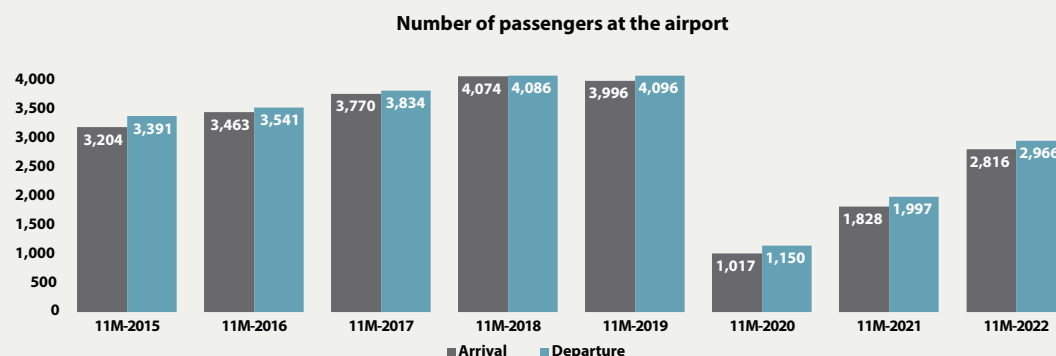
The latest figures released by the Rafic Hariri International Airport revealed that the airport traffic posted a significant performance over the first 11 months of 2022 where total number of passengers hiked by 51.2% when compared to same period of 2021 with the opening up of the global travel after lockdown restrictions worldwide. In addition, the number of aircraft increased by 33.9% yearly. However, the total freight handled by the airport dropped by 12.3% yearly over the same period.

A detailed look at the activity shows that the number of incoming passengers jumped by a yearly 54.1% and that of departing passengers by 48.5%, to reach 2,816,425 and 2,965,608 respectively in the first 11 months of the current year.

In parallel, both landings and take-offs rose by 33.9% year-on-year in the aforementioned period, with 23,947 planes and 23,943 planes respectively in the first 11 months of 2022.

Regarding the freight movement within the airport, a total of 27,017 thousand tons were imported and unloaded during the first 11 months of the year, while 27,641 thousand tons were exported and loaded. The first mentioned activity posted an increase of 11.2% while the latter posted a 27.3% decrease on a yearly basis in the first 11 months of 2022.

NUMBER OF PASSENGERS AT THE AIRPORT



Sources: BIA, Bank Audi's Group Research Department

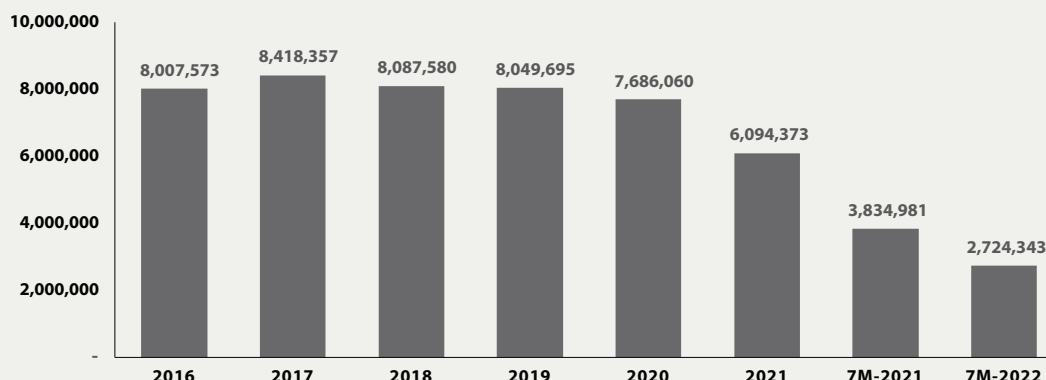
IMPORTS OF PETROLEUM DERIVATIVES DECLINE BY A YEARLY 29% IN THE FIRST SEVEN MONTHS OF 2022

Imports of petroleum derivatives registered a year-on-year drop of 28.9% over the first seven months of 2022. The latter retreated from 3,834,981 metric tons to 2,724,343 metric tons between both periods, as released by the Central Bank of Lebanon.

It is worth noting that the imports of petroleum derivatives stood at 6,094,373 metric tons in 2021, down from 7,686,060 metric tons in 2020.

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IMPORTS OF PETROLEUM DERIVATIVES (METRIC TONS)



Sources: BDL, Bank Audi's Group Research Department

OPENED L/Cs FOR IMPORT FINANCING WITNESSED A SIGNIFICANT HIKE FOR THE FIRST 10 MONTHS

Figures released by the Central Bank of Lebanon show that documentary letters of credits opened to finance import activities in the first 10 months of 2022 recorded a 221.4% hike year-on-year standing at US\$ 234.6 million, against US\$ 73.0 million during the same period of the previous year.

Moreover, utilized credits increased significantly by 147.2% in the first 10 months of 2022 to reach US\$ 191.8 million, up from US\$ 77.6 million during the first 10 months of 2021. In parallel, inward bills for collection, another documentary credit form of financing, declined by 11.1% over the first 10 months of 2022 to reach US\$ 161.0 million, versus US\$ 181.2 million in the same period of 2021. It is worth noting that documentary letters of credits opened to finance exports activities worsened significantly and retreated by 29.5% in the first 10 months of 2022 recording US\$ 70.1 million, down from US\$ 99.4 million during the same period of the previous year.

However, utilized credits for exports for the first 10 months of 2022 jumped by 22.4% standing at US\$ 72.0 million against US\$ 58.8 million during same period of 2021. Outward bills for collection, another documentary credit form of financing contracted by 23.7% in the first 10 months of 2022 to reach US\$ 131.0 million, versus US\$ 171.7 million over the same period of previous year.

DOCUMENTARY CREDITS FOR IMPORTS' FINANCING

(US\$ million)	2020	2021	10M-2021	10M-2022	10M-22/10M-21
Documentary L/Cs					
Opened credits	342.9	112.6	73.0	234.6	221.4%
Utilized credits	443.7	115.5	77.6	191.8	147.2%
Outstanding credits	2,017.9	602.3	512.7	554.1	8.1%
Bills for collection					
Inward bills	307.8	212.1	181.2	161.0	-11.1%
Outstanding bills	410.6	540.0	449.9	441.8	-1.8%

Sources: BDL, Bank Audi's Group Research Department

DOCUMENTARY CREDITS FOR EXPORTS' FINANCING

(US\$ million)	2020	2021	10M-2021	10M-2022	10M-22/10M-21
Documentary L/Cs					
Opened credits	188.5	108.6	99.4	70.1	-29.5%
Utilized credits	408.6	68.9	58.8	72.0	22.4%
Outstanding credits	3,403.3	1,520.3	1,315.1	910.7	-30.8%
Bills for collection					
Inward bills	272.2	206.1	171.7	131.0	-23.7%
Outstanding bills	2,921.1	2,488.4	2,086.0	1,739.2	-16.6%

Sources: BDL, Bank Audi's Group Research Department

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SURVEYS

LEBANON RANKED 130TH GLOBALLY AND 6TH REGIONALLY IN THE 2022 TRACE BRIBERY RISK MATRIX

The 2022 Trace bribery risk matrix has been issued this week. It shows the country risk scores and rankings of 194 countries around the globe.

Lebanon ranked 130th in the 2022 ranking with a country risk score of 58, similar to Eswatini, Uzbekistan and Kyrgyz Republic. Globally, Norway ranked first with a country risk score of 4, while North Korea ranked last with a score of 100.

Regionally, Lebanon ranked sixth, directly surpassed by Kuwait and Oman (country risk scores of 111 and 128 respectively), while it was followed by Morocco and Sudan (country risk scores of 140 and 149 respectively). Jordan ranked first in the Arab MENA region with a country risk score of 43, while Syria ranked last with a country risk score of 88.

The detailed analysis of Lebanon's country risk score over the four domains, namely Opportunity, Deterrence, Transparency and Oversight suggests the following: The Overall Opportunity risk was assessed at 57, broken down to 36 for Interaction, 69 for Expectation and 61 for Leverage. The Overall Deterrence risk was assessed at 79, broken down to 76 for Dissuasion and 74 for Enforcement. The Overall Transparency risk was assessed at 68, broken down to 75 for Processes and 56 for Interests. The Overall Oversight risk was assessed at 36, broken down to 34 for Free press and 39 for Civil Society.

ARAB MENA COUNTRIES' BRIBERY RISK MATRIX FOR 2022 RANKINGS AND SCORES

Countries	Global Rank	Total Risk Score	Domain1: Opportunity				Domain2: Deterrence			Domain3: Transparency			Domain4: Oversight		
			Overall Opportunity Risk	Interaction	Expectation	Leverage	Overall Deterrence Risk	Dissuasion	Enforcement	Overall Transparency Risk	Processes	Interests	Overall Oversight Risk	Free Press	Civil Society
Jordan	65	43	27	20	47	23	52	48	50	50	50	47	57	58	57
Tunisia	76	45	50	24	53	75	51	46	51	48	52	40	31	30	33
UAE	79	46	24	37	23	23	53	62	39	52	57	44	74	87	63
Kuwait	111	53	57	43	58	0	56	53	53	50	41	55	46	50	43
Oman	128	57	45	43	41	0	71	68	67	60	60	55	68	76	61
Lebanon	130	58	57	36	69	61	79	76	74	68	75	56	36	34	39
Morocco	140	61	60	56	57	59	69	62	67	65	59	66	52	53	53
Sudan	149	63	60	54	51	0	61	62	55	59	71	43	72	77	68
Qatar	150	63	52	54	56	40	88	92	75	75	87	58	55	54	56
Saudi Arabia	157	65	54	50	47	0	68	60	68	69	66	66	77	87	69
Djibouti	160	65	55	47	59	53	75	69	72	73	79	62	70	77	65
Egypt	161	67	57	38	58	73	68	59	69	75	74	70	76	83	70
Iraq	163	68	74	49	77	82	75	76	66	73	77	63	46	47	45
Algeria	165	68	77	75	60	79	63	57	61	68	74	56	56	57	57
Bahrain	169	70	68	57	61	0	81	91	65	63	65	56	73	84	64
Mauritania	176	73	78	59	75	85	80	84	67	81	77	79	52	51	53
Comoros	179	74	86	70	74	0	65	51	71	82	82	77	51	54	48
Libya	180	76	85	71	71	0	74	54	84	84	94	69	52	47	58
Somalia	187	79	73	39	84	0	95	87	94	95	89	95	62	58	66
South Sudan	188	80	75	67	83	55	93	92	84	88	96	73	71	72	70
Yemen	189	82	75	47	100	56	88	74	91	100	93	99	72	76	69
Syria	191	88	91	69	82	0	100	95	94	79	83	69	82	89	76

Sources: Trace International, Bank Audi's Group Research Dept

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FITCH SOLUTIONS FORECASTING A 2.5% GROWTH FOR LEBANON'S AUTOMOTIVE SECTOR IN 2023

Fitch Solutions is currently forecasting a 2.5% growth for Lebanon's beleaguered automotive sector for 2023, which has now shrunk to one-tenth of the size it reached in 2015. They would likely look to make upward revisions to our forecasts should a new IMF deal be signed in early 2023.

Fitch Solutions says that for 2023, there is hope that Lebanon can now stabilise its political and economic situations, which could provide for a recovery in the depressed automotive sector. At the present time, a lack of agreement within parliament on who should replace Michel Aoun as President (Aoun stepped down at end-October 2022) has delayed the signing of any fresh IMF deal, with MPs set to meet for an eighth time and agree on a new head of state.

Given this continued political deadlock, Fitch Solutions core view is that final agreement over a new IMF programme will not occur before Q1 23 at the earliest. This delay means that the country will not begin to see the positive impact of reforms and funding on growth (and, by extension, vehicle sales) until at least H2 23.

Fitch Country Risk team is forecasting a 3% rise in private consumption in 2023 (compared to 1.2% growth in 2022), indicative of higher appetite among local consumers for a new car. An improving outlook for Lebanese exports - especially if the official LBP/USD exchange rate is devalued in the coming months - may also boost demand for new commercial vehicles from the Freight Transport sector over the coming months.

Fitch Solutions undertakes a SWOT analysis for the car sector. At the level of strengths, they mention the following:

- A fast-growing and young population underlines the market's long-term potential, should longstanding political and economic challenges be overcome.
- The market offers potential in both the volume and high-end segments.
- Many foreign carmakers are present in the market.

At the level of weaknesses, they mention the following:

- Lebanon's new PV sales market has shrunk to one tenth of the size it was in 2015, with little sign of sales returning back to this level before the end of their forecast period in 2031.
- Demand for new vehicles remains constrained by high auto financing rates and the very weak Lebanese pound.
- New car ownership remains out of reach for the vast majority of citizens, with unemployment now estimated to be well above 40% and inflation forecast to average 60% in 2023 by Fitch Country Risk team.

At the level of opportunities, they mention the following:

- There are growing indications that Lebanon's new vehicle sales market has now reached a bottom, with a high likelihood that 2022 has represented the first year of positive growth for the sector since 2015.
- Fitch Solutions believe that hybrid and electric vehicles will gain in popularity over the long term.
- They believe that demand for SUVs will rise over their forecast period to 2031, as incomes rise and with SUVs being well positioned to weather the poor standard of road infrastructure across much of the country.
- The country has an ageing national vehicle fleet, presenting a clear sales opportunity for carmakers over the medium term.

At the level of threats, they mention the following:

- They expect political tensions to remain elevated over the near term, with any resultant negative economic impact also liable to undermine new vehicle sales.
- Should the government decide to prioritise public transport in the years ahead, this would present downside risks to their current forecasts.

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CORPORATE NEWS

BALANCE SHEET OF FINANCIAL INSTITUTIONS TOTALS US\$ 1,114 MILLION AT END-OCTOBER 2022

According to the latest statistics issued by the Central Bank of Lebanon, the total balance sheet of financial institutions amounted to US\$ 1,114 million at end-October 2022, registering a decline of 2.5% against its figure at end-2021.

In details, currency and deposits with the Central Bank increased from US\$ 73.2 million at end-2021 to US\$ 84.1 million at end-October 2022.

Claims on resident customers inclined in October 2022 (10.2%) reaching US\$ 516.9 million, with respect to US\$ 469.0 million at end-2021. Claims on non-resident customers at end-October 2022 dropped by 14.4% with respect to end-2021, standing at US\$ 12.1 million.

Claims on resident financial sector stood at US\$ 270.2 million as at end-October 2022 declining by 10.4% from its figure by end-2021. Claims on non-resident financial sector reached US\$ 39.1 million at end-October 2022, revealing an increase of 21.3% when compared to its level at end-2021.

Claims on the public sector recorded US\$ 8.5 million at end-October 2022, registering a negligible incline of 0.02% from its figure at end-2021.

Securities portfolio declined to US\$ 63.8 million at end-October 2022, down by 7.1% from its registered figure at end-2021.

Tangible assets reported retreated by 9.3% at end-October 2022 with respect to end-2021, reaching US\$ 48.8 million. Similarly, intangible assets dropped from US\$ 108.0 million at end-2021 to US\$ 58.6 million at end-October 2022, shrinking considerably by 45.7%.

On the liabilities side, resident customer deposits contracted by 26.9% registering US\$ 144.9 million at end-October 2022, against US\$ 198.2 million at end-2021. Non-resident customer deposits hiked considerably by 144.6% at end-October 2022 standing at US\$ 20.9 million, up from US\$ 8.5 million at end-2021.

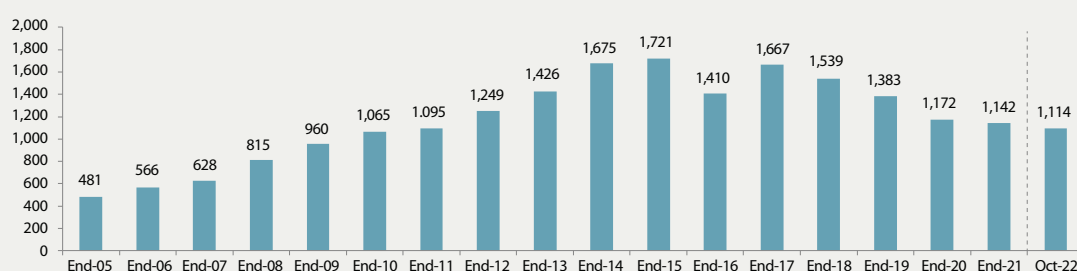
Resident financial sector liabilities stood at US\$ 134.8 million at end-October 2022, representing an increase of 14.9% from end-2021. Non-resident financial liabilities decreased from US\$ 63.6 million at end-2021 to US\$ 56.6 million at end-October 2022, retreating by 12.6%.

Public sector deposits retreated to US\$ 4.9 million at end-October 2022, witnessing a decline of 14.0% from its figure by end-2021.

Debt securities issued as at end-October 2022 are at a decrease of 8.8% (US\$ 75.6 million) when compared to their value at end-2021.

Capital accounts reported US\$ 422.8 million at end-October 2022, down from US\$ 447.4 million at end-2021, which shows a decrease of 5.5%.

BALANCE SHEET OF FINANCIAL INSTITUTIONS (US\$ MILLION)



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

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EU FUNDED PROJECT HELPS CONTRIBUTE TO LEBANON'S RURAL ECONOMY THROUGH AGROFITT

Agro Food Industries Trading & Technologies (AGROFITT) received support from the EU funded WEEL project. The subject support came in the form of financial help to purchase equipment which will allow the company to introduce new products while also making it a zero-waste facility, said the AGROFITT team in a statement. When the new production starts, financial resources provided will help the company expand locally and potentially internationally and will offer an opportunity at diversifying its production, added the AGROFITT team in their statement.

As the company tries to make the best out of Lebanon's economic crises, the WEEL project allowed it to put effort into development and growth, stated the AGROFITT team.

It is worth noting that AGROFITT was established in 2018 with the goal of contributing and developing the agricultural sector and the rural economy in the Jezzine district. KWIKEEZ which is AGROFITT's brand makes high shelf life dehydrated fruit and vegetable products.

Moreover, WEEL is part of the EU for Women Empowerment (EU4WE) program with a 42-month operations period between October 2019 and March 2023. The subject program is implemented by Expertise France and funded by the European Union.

TAG-KS TO BE ESTABLISHED IN THE LEBANESE CITY OF TYRE

A joint Memorandum of Understanding (MoU) was signed between Talal Abu-Ghazaleh Global (TAG.Global) and the National School Network in Lebanon's Tyre district as well as MENA EdTech Alliance in Lebanon. The subject memorandum tackles the establishment of the Talal Abu-Ghazaleh Knowledge Station (TAG-KS) in the field of Information and Communications Technology (ICT) in Tyre.

The station will be under the supervision of Talal Abu-Ghazaleh Knowledge Center (TAG-KC) and will be provided with modern technological means and tools.

It is worth highlighting that TAG.Global has signed several agreements as of late with Lebanese universities, ministries, schools as well as the Lebanese Armed Forces aiming to help with the government's digital transformation strategy all the while aiding in the fight against digital illiteracy. The group has already established and inaugurated nine knowledge stations in Lebanon with the number expected to double by the end of 2022.

LEBANESE SMES RECEIVE TRAINING BY AN EBRD FUNDED ADVISORY PROGRAM

A training program targeting the Lebanese private sector funded by the European Bank for Reconstruction and Development (EBRD) as well as the European Union (EU) is being given to Small and Medium Enterprises (SMEs). The subject training comes in the form of an advisory program aiming to help SMEs in matters of innovation, growth and increasing their competitiveness. Funds from the EU will be used in order to connect the SMEs and startups with research and development institutions in order to help innovate their processes and products. The main focus of the program will be set on innovation as a key lever for growth, supporting Lebanon's economy, lowering unemployment rate, helping make SMEs more viable against international competitors and increasing SMEs' market share.

The ceremony that took place at InterContinental Phoenicia Hotel in Beirut was attended by the EU ambassador to Lebanon, 150 representatives from the business community, SMEs, NGOs, consultants, business associations and the media.

The SMEs were helped by local and international consultants that specialize in a wide range of subjects to develop their inclusive, green and digital business practices. With the completion of the project, 54% of benefiting SMEs reported an increase in their labor force and 41% reported an increase in their exports and turnover. Lebanese consultants also benefited from the experience with a variety of activities that aimed to develop their skillset as well as help them deliver more specific advice to SMEs.

SMEs are regarded as essential in supporting a competitive and sustainable private sector in Lebanon. The EBRD vows to offer continued support to SMEs in delivering unique value as well as making the economy more robust and competitive, said the EBRD Director for SME F&D's Regional Network in a statement.

Moreover, The EU remains committed to helping SMEs to adopt and develop Innovation. In turn, this support is expected to bring added-value to the country and aid in its economic recovery, as said by the EU ambassador to Lebanon in a statement.

It is worth noting that EBRD has invested a total of EUR 880 million (US\$ 930.6 million) in aiding to bolster Lebanon's private sector competitiveness and the betterment of public service delivery.

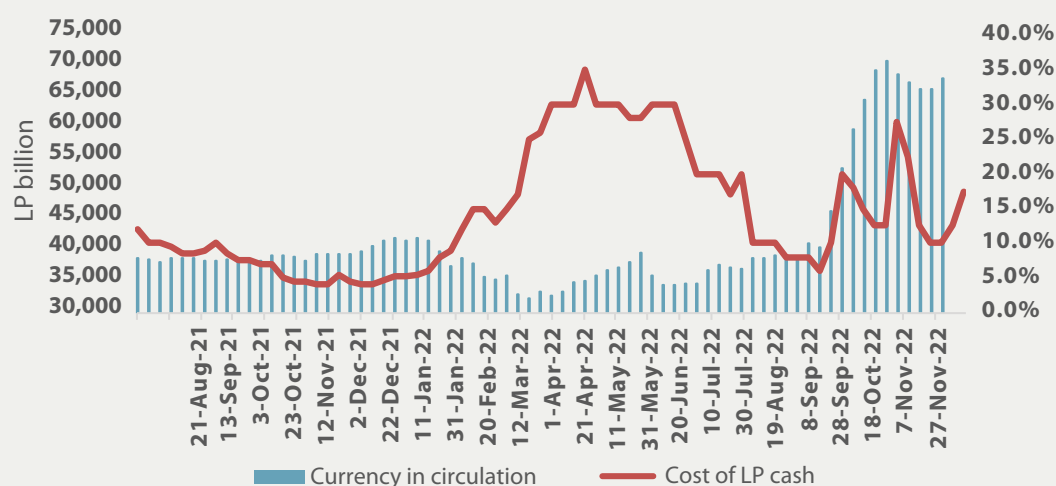
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CAPITAL MARKETS

MONEY MARKET: SIGNIFICANT WEEKLY EXPANSION IN CURRENCY IN CIRCULATION

The cost of LP cash rose from 10%-15% last week to 20%-25% on the money market this week. In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 1st of December 2022 showed that the currency in circulation expanded significantly by LP 1,782 billion following four consecutive weeks of contractions. In parallel, total resident banking deposits rose by LP 823 billion over the covered week. This is mainly attributed to a LP 1,351 billion growth in total LP resident deposits amid a LP 1,303 billion increase in LP demand deposits and a LP 48 billion rise in LP saving deposits, while foreign currency resident deposits contracted by LP 529 billion (the equivalent of US\$ 351 million as per a rate of LP 1,507.5). Within this context, the money supply in its broadest sense (M4) expanded significantly by LP 2,574 billion over the covered week, mainly due to a large growth in the currency in circulation and in LP demand deposits.

MONEY MARKET ACTIVITY



TREASURY BILLS MARKET: NOMINAL WEEKLY DEFICIT OF LP 75 BILLION

The latest Treasury bills auction results for value date 15th of December 2022 showed that the Central Bank of Lebanon allowed banks to subscribe in full to 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%).

The Treasury bills auction results for value date 8th of December 2022 showed subscriptions of LP 73 billion, fully allocated to the Central Bank of Lebanon and allocated as follows: LP 40 billion in the six-month category, LP 13 billion in the one-year category and LP 15 billion in the five-year category. These compare to maturities of LP 148 billion, which resulted into a nominal weekly deficit of LP 75 billion.

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TREASURY BILLS

	16/12/2022	09/12/2022	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%	
10-year	7.00%	-	7.00%	
Nom. Subs. (LP billion)		73	246	
Short-term (3&6 mths)		40	-	
Medium-term (1&2 yrs)		33	-	
Long-term (3 yrs)		-	200	
Long-term (5 yrs)		0.02	-	
Long-term (7 yrs)		-	46	
Maturities		148	13	
Nom. Surplus/Deficit		-75	233	

Sources: Central Bank of Lebanon, Ministry of Finance

FOREIGN EXCHANGE MARKET: LP STAYING IN FREE FALL AGAINST US DOLLAR ON PARALLEL MARKET

The Lebanese pound hit new lows against the US dollar on the black FX market this week, ranging between LP/US\$ 43,400 and LP/US\$ 43,500 on Friday as compared to LP/US\$ 41,800-LP/US\$ 41,900 at the end of last week. This came within the context of a lingering institutional vacuum, tough reform challenges to secure much-needed international financial support, and resumed growth in the money in circulation.

In fact, the Central Bank of Lebanon's latest bi-monthly balance sheet ending 15th of December 2022 showed that the "Currency in Circulation outside BDL" expanded by circa LP 2.4 trillion during the first half of the month, accumulating total expansions of LP 3.8 trillion since mid-November 2022. In parallel, BDL's latest bi-monthly balance sheet revealed a US\$ 63 million growth in the Bank's foreign assets.

Concurrently, the Central Bank of Lebanon announced that foreign currency operations on the "Sayrafa" platform remained executed at an average rate of LP/US\$ 30,600 to LP/US\$ 30,8000 between December 12 and 16, 2022, as compared to LP/US\$ 30,300-LP/US\$ 30,500 in the previous week. Accordingly, the spread between the LP/US\$ black market rate and the Sayrafa rate exceeded 12,000.

EXCHANGE RATES

	16/12/2022	09/12/2022	30/12/2021	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,830.11	1,846.39	2,022.91	↑
LP/¥	10.99	11.07	13.11	↑
LP/SF	1,620.62	1,613.68	1,639.48	↓
LP/Can\$	1,102.46	1,105.45	1,175.53	↑
LP/Euro	1,599.61	1,591.62	1,701.52	↓

Source: Bank Audi's Group Research Department

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STOCK MARKET: SHY WEEKLY BSE PRICE GAINS

The heavyweight Solidere shares registered mixed price movements on the Beirut Stock Exchange this week, which resulted into a shy increase in the price index of 0.1%. In details, Solidere "A" share price rose by 1.7% week-on-week to close at US\$ 55.30, while Solidere "B" share price declined by 0.5% to US\$ 53.75. As to banking stocks, Bank Audi's GDR price shed 7.1% to US\$ 1.30. Bank of Beirut's share price retreated by 1.1% to US\$ 17.60. BLOM's "listed" share price plunged by 12.5% to US\$ 2.66.

Regarding trading volumes, the BSE total turnover more than tripled week-on-week, moving from US\$ 10.8 million last week to US\$ 35.7 million, noting that Solidere shares captured almost all activity.

AUDI INDICES FOR BSE

	16/12/2022	09/12/2022	30/12/2021	
Market Cap. Index	579.59	579.09	447.87	↑
Trading Vol. Index	323.49	97.73	80.38	↑
Price Index	121.67	121.57	94.02	↑
Change %	0.09%	0.28%	4.13%	↑

	16/12/2022	09/12/2022	30/12/2021	
Market Cap. \$m	13,750	13,738	10,625	↑
No. of shares traded (Exc. BT)	689,461	662,917	171,230	↑
Value Traded \$000 (Exc. BT)	35,730	10,776	5,359	↑
o.w. : Solidere	35,694	10,066	4,614	↑
Banks	36	704	732	↓
Others	0	6	13	↓

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

BOND MARKET: LEBANESE EUROBOND PRICES AT RECORD LOWS

With no breakthrough in the prolonged institutional deadlock and since the Presidential void would be extended until 2023, and given the tough reform road to reach a final deal with the IMF and secure much-needed international financial support, Lebanese Eurobond prices remained at their historical lows this week. In details, prices of sovereigns maturing between 2020 and 2037 continued to range between 5.50 and 6.00 cents per US dollar on Friday. Accordingly, sovereigns accumulated total price contractions of 4.00 pts to 4.63 pts across the curve since the beginning of the year 2022.

EUROBONDS INDICATORS

	16/12/2022	09/12/2022	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)	5.50-6.00	5.50-6.00	9.88-10.63	↔
Average Life	5.37	5.39	6.18	↓
Yield on US 5-year note	3.70%	3.74%	1.26%	↓

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	16-Dec-22	09-Dec-22	31-Dec-21	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	136.59	136.56	115.11	0.0%	18.7%
\$/£	1.215	1.226	1.353	-0.9%	-10.2%
\$/Euro	1.059	1.054	1.137	0.4%	-6.9%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	32,920.46	33,476.46	36,338.30	-1.7%	-9.4%
S&P 500	3,852.36	3,934.38	4,766.18	-2.1%	-19.2%
NASDAQ	10,705.41	11,004.62	15,644.97	-2.7%	-31.6%
CAC 40	6,452.63	6,677.64	7,153.03	-3.4%	-9.8%
Xetra Dax	13,893.07	14,370.72	15,884.86	-3.3%	-12.5%
FT-SE 100	7,332.12	7,476.63	7,384.54	-1.9%	-0.7%
NIKKEI 225	27,527.12	27,901.01	28,791.71	-1.3%	-4.4%
COMMODITIES (in US\$)					
GOLD OUNCE	1,793.08	1,797.32	1,829.20	-0.2%	-2.0%
SILVER OUNCE	23.22	23.47	23.31	-1.1%	-0.4%
BRENT CRUDE (per barrel)	79.04	76.10	73.35	3.9%	7.8%
LEADING INTEREST RATES (%)					
1-month Libor	4.35	4.27	0.10	0.08	4.25
US Prime Rate	7.50	7.00	3.25	0.50	4.25
US Discount Rate	4.50	4.00	0.25	0.50	4.25
US 10-year Bond	3.48	3.58	1.51	-0.10	1.97

Sources: Bloomberg, Bank Audi's Group Research Department

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