

Economy

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Amid resumed military operations in Gaza and elevated tensions on the Southern Lebanese border, and as cabinet discussions of the draft law on banking reform have been delayed while eleven Lebanese banks submitted a memorandum to the Finance Ministry asking the State to pay its debts and obligations to the Central Bank of Lebanon, the country's capital markets saw this week continuous stability in the LP/US\$ parallel market rate, while equities posted price rebounds and Eurobond prices remained at their lows. In details, the LP/US\$ exchange rate continued to hover around LP/US\$ 89,000 this week, while the Central Bank of Lebanon's liquid foreign reserve assets accumulated expansions of US\$ 490 million since the first deputy governor of BDL took over as interim Chief after governor's term ended on July 31, 2023. On the equity market, the BSE bounced back, posting price gains of 2.9% amid increased appetite for Solidere shares, while the total turnover rose more than six folds week-on-week. Finally, Eurobond prices remained at historical lows of 5.875 cents per US dollar amid lingering geopolitical risks and a lack of political will to implement much-needed reforms.

LEBANON MARKETS: DECEMBER 4 - DECEMBER 10, 2023

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

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ECONOMY

ECONOMIC ACTIVITY DECLINED BY 25% AS A RESULT OF THE CONFLICT ACCORDING TO INFORMATION INTERNATIONAL

Israel's siege of Gaza in the past seven weeks has taken its toll on Lebanon, where skirmishes have been taking place between Israeli troops and the Hezbollah near the Israel-Lebanon border. The Beirut-based research Information International says economic activity in Lebanon has declined by 25 percent, hitting sectors hard, especially tourism. But their data also points to a rapid economic recovery once the Israel-Hamas fighting ends.

The Rafic Hariri International Airport in Beirut is in poor condition but remains operational. According to Information International research group, the number of departures and arrivals decreased due to security concerns and many countries calling for their citizens who live in Lebanon to leave the country.

As Lebanon's tourist season was set to begin, thousands of reservations were cancelled, causing damage to the tourist sector, which requires at least six months to recover.

The President of the Federation of Tourist Syndicates in Lebanon said "The confrontations led to the cancellation of all reservations for the next three months, and all countries and embassies asked their citizens to evacuate the country, so there was no tourism. Even if the war ends tomorrow, countries need several months to lift the ban on travel to Lebanon. We need to promote Lebanon to ensure that tourists can be convinced to come, and I do not imagine that we can recover again before six months."

In contrast to the pessimism of the tourism sector, the Information International Research expects a rapid economic recovery after calm is restored in the Middle East.

"It is too early to decide the status of the holiday season, especially if there are positive indicators of the end of the war in Gaza. Tourism indicators will easily return to the rise. Tourism and travel movement as a result of the events in Gaza decreased by 25% compared to last year, and the movement of departures decreased by 3%, but this movement is circumstantial and according to the development of events, it may recover quickly."

According to Information International, economic activity in Lebanon declined by 25%, as demand for fuel, clothing, and electronics declined between 25% and 90%. Meanwhile, the Lebanese pound against the U.S. dollar remained stable. Bank of Lebanon increased its reserves by \$500 million.

"In the face of adversity, the fragility of the Lebanese economy, which relies on a rentier and service economy rather than a productive one, is highlighted. Since the Israel-Hamas conflict began in October, clashes in the south between Hezbollah and Israel have hindered the tourism sector which will take months to recover."

Within the same context, Standard and Poor's said in a recent report that the war between Israel and Hamas will have repercussions for other economies in the MENA. Focusing on the tourism sector, S&P thinks Lebanon could suffer the most, hampering real GDP growth and weakening its external position. S&P tested the financial impact of a 10%, 30%, or 70% loss in tourism receipts on Lebanon, while revealing that the country has a high reliance on the tourism sector, where it accounts for 26% of current account receipts.

Under the first scenario, S&P sees that if tourism receipts were to fall by 10%, the direct loss to economic output could be 3%. Under the second scenario, which assumes a drop in tourism receipts of 30%, the resulting impact would be a 10% contraction in the real domestic economy. Finally, under the third scenario, which assumes a 70% loss in tourism receipts, Lebanon's real GDP is forecast by S&P to contract by 23%. Finally, the report highlighted that in the context of ongoing foreign currency shortages, currency depreciation of more than 95% since 2020, hyperinflation, and a political vacuum, Lebanon can ill afford to forego critical foreign currency inflows from tourism.

DISTRIBUTION OF UTILIZED CREDITS SHOWS 36% IN TRADE & SERVICES, 83% FOR BEIRUT AND SUBURBS AS AT MAR-2023

As per the Central Bank of Lebanon, the total direct utilized credits as at Mar-2023 registered US\$ 13.6 billion (LP 204.6 trillion at the FX rate of LP 15,000/US\$), down from US\$ 26.2 billion (LP 39.5 trillion at the FX rate of LP 1,507.5/US\$) at end-2022 registering a decrease of 48.1% during the period.

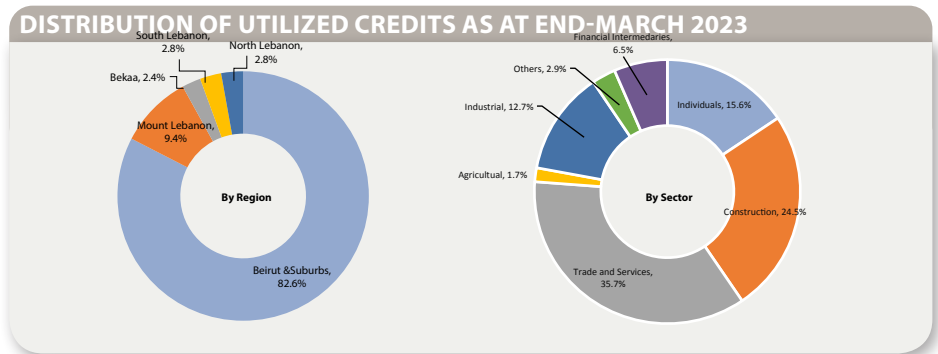
It is worth noting that effective February 1st 2023, the Lebanese Pound was re-pegged at the rate of LP 15,000/US\$ from a prior LP 1,507.5/US\$.

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Loans are distributed over seven categories, namely Trade & Services loans, Individual loans, Construction loans, Industrial loans, Financial Intermediation loans, Agricultural loans and Other loans. In details, Trade & Services loans represented the biggest share of 35.7% as at Mar-2023 versus 33.4% at end-2022. Construction loans represented 24.9% of total loans as at Mar-2023.

Individual loans constituted 15.6% of total loans at Mar-2023 versus 26.8% at end-2022, of which Housing loans accounted for 5.7% of total loans as at Mar-2023. Industrial loans accounted for 12.7% of total loans followed by financial intermediation loans with 6.5% of total at Mar-2023. Additionally, agricultural loans accounted for 1.7% of total loans as at Mar-2023 with all Other loans accounting for 2.9% of the total. As for the regional distribution of the banks utilized credits, Beirut and Suburbs constitute the biggest share of total loans at 82.6% as at Mar-2023, followed by Mount Lebanon region with 9.4%, North Lebanon region with 2.8%, South Lebanon region with 2.8% and Bekaa region with 2.4%.

It is worth mentioning that beneficiaries in Beirut benefited from the highest loans share at 56.2% of total loans as at Mar-2023, followed by beneficiaries in Mount Lebanon with 15.9%, beneficiaries in North Lebanon at 12.2%, beneficiaries in South Lebanon with 8.6% and beneficiaries in Bekaa with 7.1%.

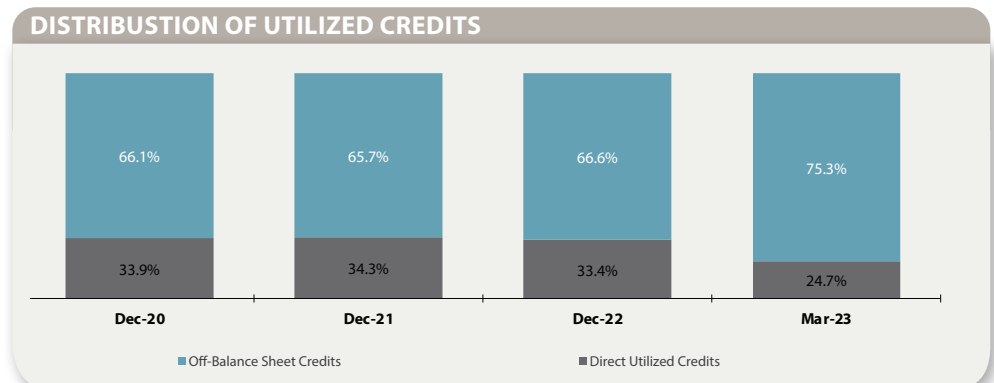


Source: BDL, Bank Audi Group Research Department

37% OF DIRECT UTILIZED CREDITS ARE AGAINST REAL ESTATE MORTGAGE AND 95% OF IT IS BELOW LP 1 BILLION AS AT MAR-2023

As per the Central Bank of Lebanon, total direct facilities at Mar-2023 accounted for US\$ 55.2 billion (LP 829.3 trillion at the FX rate of LP 15,000/US\$) divided between 24.7% in direct facilities and 75.3% in off-balance sheet facilities. This figure denotes a decrease of 29.6% against figures from end-2022.

In details, 40.3% of the total direct facilities were Overdrafts, followed by 36.5% against Real Estate Mortgages, 14.3% against Personal Guarantees, 4.1% in Advances against Financial Values, 3.4% against Cash Collateral/ Bank Guarantees and 1.4% in Advances against Other Real Guarantees. In parallel, indirect facilities represented 75.3% of total utilized credits at Mar-2023, up from 66.6% at end-2022. It is worth mentioning that Endorsements and Guarantees at Mar-2023 constituted the biggest share for 95.6% against 94.8% as at end-2022. It is worth highlighting that debts below or equal to LP 1.0 billion represented the biggest share of beneficiaries utilizing direct credits recording 94.7% and 98.1% as at Mar-2023 and end-2022 respectively. The distribution of utilized credits by amount at Mar-2023 showed that 84.6% were loans bigger than LP 10 billion, versus 57.4% at end-2022.



Sources: BDL, Bank Audi's Group Research Department

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OPENED L/Cs FOR IMPORTS WITNESSED A DROP OF 31% IN THE FIRST EIGHT MONTHS OF 2023

Figures released by the Central Bank of Lebanon show that documentary letters of credits opened to finance imports activities in the first eight months of 2023 recorded a 31.4% drop year-on-year standing at US\$ 130.9 million, against US\$ 190.7 million during the same period of the previous year.

Moreover, Utilized credits decreased by 24.6% year-on-year in the first eight months of 2023 to reach US\$ 122.4 million, down from US\$ 162.3 million during the first eight months of the previous year. On the other hand, outstanding credits for import financing increased significantly by 16.1% year-on-year to reach US\$ 526.4 million in the first eight months of 2023, up from US\$ 453.3 million during the same period of 2022.

In parallel, inward bills for collection, another documentary credit form of financing, increased by 4.4% year-on-year in the first eight months of 2023 to reach US\$ 138.8 million, versus US\$ 132.9 million in the same period of 2022. On the side of outstanding bills for collection, a significant drop of 50.0% year-on-year was recorded to reach US\$ 180.9 million in the first eight months of 2023, down from US\$ 361.7 million in the first eight months of the year prior.

Documentary letters of credits opened to finance export activities worsened significantly and retreated by 67.7% in the first eight months of 2023 recording US\$ 21.6 million, down from US\$ 66.8 million during the same period of the previous year. Similarly, utilized credits for exports for the first eight months of 2023 dropped by 44.1% to stand at US\$ 27.5 million down from US\$ 49.2 million during first eight months of 2022.

Outstanding credits for exports registered a year-on-year marginal decrease of 0.7% to reach US\$ 742.5 million in the first eight months of 2023, up from US\$ 747.4 million in the first eight months of 2022.

Outward bills for collection, another documentary credit form of financing contracted by 39.2% in the first eight months of 2023 to reach US\$ 70.3 million, versus US\$ 115.6 million over the same period of the previous year. Outstanding bills for collection recorded a contraction of 19.8% in the first eight months of 2023 to reach US\$ 1,137.5 million, down from US\$ 1,417.5 million in the first eight months of 2022. It is worth noting that effective February 1st 2023, as decreed by the Banque du Liban (BDL), the Lebanese Pound (LP) was re-pegged to the US Dollar (US\$) at the FX rate of LP 15,000/US\$, almost up ten-fold from the prior peg of LP 1,507.5/US\$. In turn, as the original data for documentary credits is in LP, the re-peg affects the valuation and the comparative study in the article.

DOCUMENTARY CREDITS FOR IMPORTS' FINANCING

(US\$ million)	2020	2021	2022	8M-2022	8M-2023	8M-23/8M-22
Documentary L/Cs						
Opened credits	342.9	112.6	268.3	190.7	130.9	-31.4%
Utilized credits	443.7	115.5	223.2	162.3	122.4	-24.6%
Outstanding credits	2,017.9	602.3	684.8	453.3	526.4	16.1%
Bills for collection						
Inward bills	307.8	212.1	191.2	132.9	138.8	4.4%
Outstanding bills	410.6	540.0	519.8	361.7	180.9	-50.0%

DOCUMENTARY CREDITS FOR EXPORTS' FINANCING

(US\$ million)	2020	2021	2022	8M-2022	8M-2023	8M-23/8M-22
Documentary L/Cs						
188.5	108.6	100.8	66.8	21.6	-67.7%	-54.1%
408.6	68.9	77.2	49.2	27.5	-44.1%	-65.0%
3,403.3	1,520.3	1,092.4	747.4	742.5	-0.7%	0.0%
Bills for collection						
Outward bills	272.2	206.1	143.4	115.6	70.3	-39.2%
Outstanding bills	2,921.1	2,488.4	2,055.6	1,417.5	1,137.5	-19.8%

Sources: BDL, Bank Audi's Group Research Department

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SURVEYS/REPORTS

LEBANON RANKED 7TH REGIONALLY AND 157TH GLOBALLY IN THE AVERAGE PRICE OF 1 GB MOBILE DATA IN 2023

Lebanon ranked 157th globally in the average price of 1 GB Mobile data in 2023, with an average price of US\$ 1.91.

Regionally, Lebanon ranked 7th out of 23 MENA countries. It succeeded Comoros and Oman with average prices of US\$ 2.18 and US\$ 1.95 respectively, and was followed by Saudi Arabia and Mauritania with US\$ 1.49 and 1.32 respectively.

5,603 mobile data plans in 237 countries were actually gathered and analysed by Cable.co.uk to compare the cost of one gigabyte (1GB) of mobile data across the entire world.

The UK comes in at 58th in the world, with 1GB of mobile data costing an average of US\$ 0.62.

Israel is the cheapest country in which to buy mobile data, with the average cost of 1GB at US\$ 0.02.

The United States remains, rather surprisingly, one of the most expensive nations on the planet for purchasing mobile data, coming in 219th in the world, with an average 1GB cost of US\$ 6.00.

Zimbabwe is the most expensive place in which to buy mobile data this year. The average cost of 1GB there is US\$ 43.75 – more than two thousand times more expensive than 1GB in chart-topper Israel.

Five of the ten most expensive countries to buy mobile data are in sub-Saharan Africa. Island nations in Oceania and the Caribbean also tend to be among the most expensive in the world.

ARAB MENA COUNTRIES' AVERAGE PRICE OF 1GB MOBILE DATA IN 2023 (US\$)

Country	Global Rank	Average price of 1GB in USD
Somalia	45	0.50
Kuwait	47	0.52
Morocco	60	0.63
Egypt	62	0.65
Syria	63	0.67
Algeria	75	0.73
Jordan	77	0.76
Libya	83	0.82
Iraq	97	1.07
State of Palestine	101	1.08
Sudan	108	1.16
Djibouti	118	1.26
Tunisia	119	1.28
Bahrain	121	1.31
Mauritania	122	1.32
Saudi Arabia	126	1.49
Lebanon	157	1.91
Oman	159	1.95
Comoros	165	2.18
Qatar	174	2.40
UAE	211	4.61
Yemen	232	15.68
South Sudan	234	23.70

Sources: Cable.co.uk, Bank Audi's Group Research Department

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LEBANON RANKED 11TH REGIONALLY AND 92ND IN THE GLOBAL INNOVATIVE INDEX 2023

Lebanon ranked 11th regionally out of 13 countries and 92nd globally according to the Global Innovative Index 2023 compiled by Visual Capitalist, whereby Lebanon got a score of 23.2.

UAE ranked first in the Arab MENA region with a score of 43.2 and a global rank of 32nd. Followed by Saudi Arabia and Qatar, while Mauritania ranked last regionally with a score of 13.5 and a global rank of 127. Lebanon was preceded by Egypt (score of 24.2 and global rank of 86th) and followed by Algeria (score of 16.1 and global rank of 119th) in the regional ranking.

In many ways, the past year has represented an inflection point in technological advancement. Almost overnight, Open AI's large language model ChatGPT became a household name and AI was within reach to the masses.

Yet looking under the surface, innovation is influenced by several unseen factors, from the institutional environment and high-tech exports to research talent and entrepreneurship culture.

For the 13th consecutive year, Switzerland was named the world's most innovative country.

Among the key factors underscoring its rank are its policies for doing business and its scale of patent applications. Its world-class research institutions and skilled workforce are also key ingredients in fostering innovation.

For full methodology notes on which economies are included in the report, see the bottom of the article.

Sweden ranked second, rising above the U.S. this year. The country excelled in business sophistication, knowledge-intensive employment, and researchers per capita.

While the U.S. ranked third overall, it saw the highest scores in venture capital received, global corporate research and development (R&D) investors, and total unicorn value. Of the 1,206 global unicorns as of April 2023, the U.S. was home to 54% of the total.

At fifth overall, Singapore ranked the highest in Asia. As both a financial hub and global innovator, Singapore ranked strongly on government effectiveness, venture capital received, and stability for business. It has the highest venture funding per capita in the world.

Brazil (49th) ranked highest in Latin America, while Mauritius (57th) was the top-ranking country in Sub-Saharan Africa.

ARAB MENA COUNTRIES' GLOBAL INNOVATIVE INDEX 2023

Countries	Global Rank	Score
UAE	32	43.2
Saudi Arabia	48	34.5
Qatar	50	33.4
Kuwait	64	29.9
Bahrain	67	29.1
Oman	69	28.4
Morocco	70	28.4
Jordan	71	28.2
Tunisia	79	26.9
Egypt	86	24.2
Lebanon	92	23.2
Algeria	119	16.1
Mauritania	127	13.5

Sources: Visual Capitalist, Bank Audi's Group Research Department

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CORPORATE NEWS

UNHCR RELEASES ITS 2023 Q3 EDUCATION SECTOR DASHBOARD

The United Nations High Commissioner for Refugees (UNHCR) has released its 2023 3rd Quarter (Q3) education sector dashboard.

According to the dashboard and as of November 7 2023, UNHCR received US\$ 83.9 million since the start of the current year representing 23.1% of the total funding required for 2023. Additionally, US\$ 79.1 million were carried over from 2022 representing 21.8% of total funding required for 2023. In turn, the funding gap for 2023 stands at US\$ 199.7 million representing 55.1% of total funding required for 2023.

In parallel, the UNHCR identifies 1,442,592 people in need within Lebanon out of which 884,267 individuals (56.4% Lebanese, 39.1% Syrian, 4.0% Palestinian in Lebanon, 0.5% Palestinian from Syria) were targeted by the agency. From the total targeted population, 68.0% (601,202 individuals) were reached.

In details, 498,544 Lebanese individuals were targeted with 58.6% (292,236 individuals) of them reached. 345,737 Syrian individuals were targeted with 78.4% (270,935 individuals) of them reached. 35,141 Palestinian Refugees in Lebanon (PRL) were targeted with 97.7% (34,319 individuals) of them reached. 4,845 Palestinian Refugees from Syria (PRS) were targeted with 76.6% (3,712 individuals) of them reached.

According to the UNHCR's multi-sectoral situation update within the dashboard, the economic situation in Lebanon remains dire in Q3 2023, resulting in significant challenges for individuals and families. The Survival Minimum Expenditure Basket (SMEB), which includes expenses for food, essential goods and services, was recorded at LP 30,472,087 in July 2023. The average price of bottled water in Lebanon up to September 2023 has witnessed a 16% increase in US\$ terms and a 2,598% increase in LP terms against prices in January 2021. Similarly, water trucking costs have soared with a significant 297% increase in US\$ terms and 1,665% increase in LP terms over the same period. These soaring prices highlight the acute economic challenges faced by the population.

It is worth noting that in Q3, Child Protection and Gender-Based Violence (GBV) partners continued to observe rising trends in women and girls being exploited and exposed to sexual harassment and assault when working in farms and as domestic workers or in the streets. A spike in anti-gender rhetoric was observed resulting in a shrinking space to advocate for women's rights, diversity, and gender-based violence prevention and response programs. Additionally, As of July, inter-communal relations in Lebanon eased slightly after having experienced a peak in negative sentiments in the first and second quarter of 2023. Some 34% of respondents now report negative inter-communal relations as compared to 46% in March 2023 as per the UNDP-ARK Perception Survey. The main tension drivers continue to be economic such as competition for lower-skilled jobs and services such as electricity, healthcare, and waste management. Relations between Lebanese on the other hand have slightly deteriorated with 34% rating intra-Lebanese relations as negative, compared to 21% in March 2023. For the first time ever, economic competition was quoted as the main tension driver among Lebanese (58%), followed by political and sectarian conflict (51%).

Looking at the key priorities of the education sector for Q4 2023, under the umbrella of the Ministry of Education and Higher Education (MEHE)'s five-year plan, the Education Sector will continue to prioritize the implementation of activities. This will be done with the aim to ensure an effective response to learning losses, expand coordination with new partners under the leadership of MEHE, strengthen the education system, and provide children with retention support. As well as support households with programs such as cash for education. Moreover, responding to the increasing child protection risks, the sector will ensure cross-sectoral coordination, especially with the child protection sector, for the targeting, outreach, and referrals of children as well as the implementation of activities.

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NSSF ADDS NEW SPECIALIZATION FOR PULMONOLOGY AND MEDICAL RESUSCITATION

According to a statement by the Public Relations Directorate of the National Social Security Fund (NSSF), in line with memorandum No. 728 dated 11/23/2023 by the Director General, the NSSF is adding a new specialization in Pulmonology and Medical Resuscitation due to its importance in the field of medical care and hospital care.

The duration of the specialization includes two years in internal medicine branches and three years in the specialization of chest diseases and medical resuscitation.

It is worth noting that this decision comes based on decision No. 1257 of the Board of Directors at the NSSF taken in session No. 1016 dated 11/8/2023. In addition to the approval of the Ministry of Labor with Resolution No. 119/1 dated 11/20/2023 and registered with the Registry of the General Directorate under No. 2017 dated 11/21/2023.

In parallel and in light of the ongoing crisis and the skirmishes on the Lebanese-Israeli border, the NSSF has also prepared an emergency plan in order for health authorities that are directly involved to be fully prepared in the event of an emergency.

LEBANON'S MOH APPEALS TO THE INTERNATIONAL COMMUNITY FOR MORE SUPPLIES

The Lebanese Ministry of Health has appealed to the International Community for additional supplies in order to prepare for further escalations on its southern border. Due to the steady escalation of skirmishes on the Lebanese-Israeli border, more than 55,000 individuals have become Internally Displaced People (IDP).

While the Lebanese government has set an emergency plan for a possible full-scale war, this scenario could see upwards of a million individuals fleeing northwards with hospitals in the south being overwhelmed. Additionally, due to the economic crisis, the Lebanese state is in dire need of different kinds of supplies.

According to the Lebanese Public Health Emergency Operations Center Manager, hospitals in southern Lebanon face a shortage of supplies and medication amid low funds. The hospitals lack medication for chronic diseases as well as basic supplies. Additionally, hospitals in the southern region lack burn units.

Non-Governmental Organizations (NGOs) such as the International Committee of the Red Cross (ICRC) and the United Nations (UN) have already helped through training sessions for medical personnel in the south. The UN International Children's Emergency Fund (UNICEF) has also spent US\$ 1.4 million in order to bring in emergency healthcare supplies in the case that the Beirut International Airport (BIA) is targeted. Additionally, UNICEF has also worked to equip Primary Health Centers in south Lebanon.

In parallel, as the number of IDPs increases weekly, the UN is working to establish cash assistance programs (such as Cash for Work Programs). UNICEF has stated a need for US\$ 39 million in funding for its emergency preparations for a full-scale war with US\$ 4.9 million already borrowed to cover needs stemming from the ongoing clashes.

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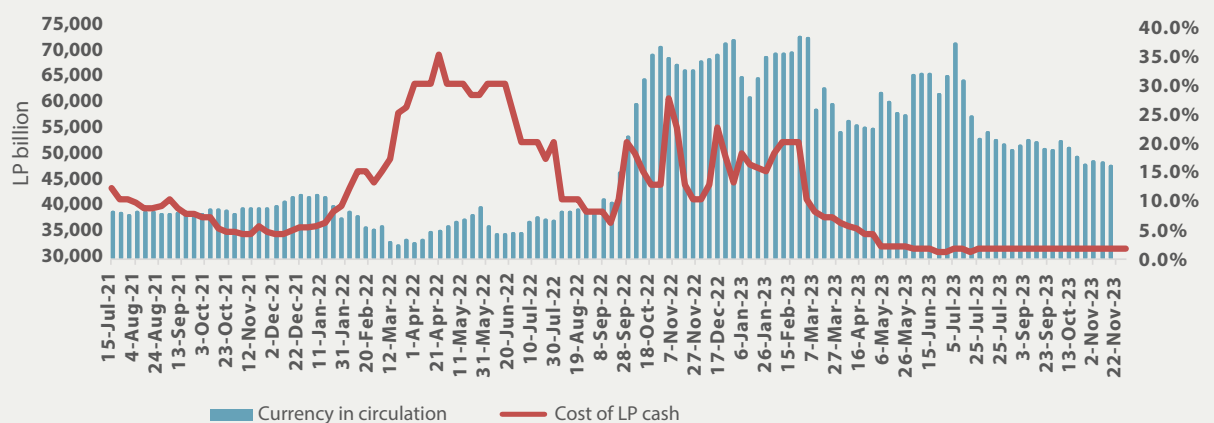
CAPITAL MARKETS

MONEY MARKET: FURTHER WEEKLY EXPANSION IN TOTAL RESIDENT DEPOSITS

The overnight rate, which is a non-cash rate on the money market, rose from 15% at the end of last week to 25% on Friday, while the cost of LP cash remained quoted around 1%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 23rd of November 2023 showed that total resident banking deposits expanded further by LP 1,082 billion. This is mainly attributed to a LP 921 billion increase in foreign currency resident deposits (the equivalent of US\$ 61 million as per the official rate of LP 15,000), while total LP resident deposits rose by LP 161 billion amid a LP 239 billion increase in LP demand deposits and a LP 78 billion retreat in LP saving deposits. Within this context, the money supply in its broadest sense (M4) expanded by LP 790 billion over the covered week amid a LP 688 billion fall in the currency in circulation and a rise in the non-banking sector Treasury bills portfolio of LP 396 billion.

MONEY MARKET ACTIVITY



TREASURY BILLS MARKET: WEEKLY NOMINAL SURPLUS OF LP 458 BILLION

The latest Treasury bills auction results for value date 7th of December 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 6.00%).

The Treasury bills auction results for value date 30th of November 2023 showed subscriptions of LP 664 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 64 billion in the six-month category (offering a yield of 4.00%) and LP 600 billion in the three-year category (offering a coupon of 5.50%). These compare to maturities of LP 206 billion, which resulted into a weekly nominal surplus of LP 458 billion.

On a cumulative basis, total subscriptions amounted to LP 17,076 billion over the first eleven months of 2023, fully allocated to the Central Bank of Lebanon. The one-year category captured 49.3% of the total, followed by the two-year category with 18.1%, the six-month category with 13.8%, the three-year category with 10.6%, the three-month category with 7.6% and the seven-year category with 0.7%, while the five-year category accounted for the remaining 0.01%. These compare to maturities of LP 18,008 billion, resulting into a nominal deficit of LP 933 billion over the first eleven months of 2023.

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TREASURY BILLS

	08/12/2023	01/12/2023	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%	↔
7-year	-	6.50%	6.50%	
Nom. Subs. (LP billion)		664	1	
Short-term (3&6 mths)		64	-	
Medium-term (1&2 yrs)		-	-	
Long-term (3 yrs)		600	1	
Long-term (5 yrs)		-	-	
Long-term (7 yrs)		0	-	
Maturities		206	193	
Nom. Surplus/Deficit		458	-192	

Sources: Central Bank of Lebanon, Ministry of Finance

FOREIGN EXCHANGE MARKET: FURTHER EXPANSION IN BDL'S LIQUID FOREIGN RESERVE ASSETS SINCE JULY 2023

Despite resumed fighting in the Gaza strip and military escalation on the Southern Lebanese border, the LP/US\$ black market rate remained stable at LP/US\$ 89,400-LP/US\$ 89,700 this week, while BDL's liquid FX reserves pursued their upward trajectory since end-July 2023.

In details, the latest BDL's bi-monthly balance sheet ending 30th of November 2023 showed that the Central Bank's liquid foreign reserve assets expanded further by US\$ 60 million over the second half of November to reach US\$ 9,063 million at end-month. This compared to BDL's liquid foreign reserve assets of US\$ 8,573 million at end-July 2023, which marks an expansion of US\$ 490 million since the first deputy governor of the Central Bank took over as interim Chief after governor's term ended. This comes within the context of the new BDL policy refraining from financing the government, especially in foreign currencies, and preserving what remains from the FX reserves at the Central Bank, a move that was well welcomed by the international community.

EXCHANGE RATES

	08/12/2023	01/12/2023	30/12/2022	
LP/US\$	15,000.00	15,000.00	1,507.50	↔
LP/£	18,837.00	19,000.50	1,813.97	↑
LP/¥	103.95	101.44	11.27	↓
LP/SF	17,135.02	17,164.44	1,628.67	↑
LP/Can\$	11,044.84	11,095.50	1,108.21	↑
LP/Euro	16,165.50	16,345.50	1,603.83	↑

Source: Bank Audi's Group Research Department

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STOCK MARKET: PRICE REBOUNDS ON EQUITY MARKET THIS WEEK

The Beirut Stock Exchange bounced back this week, as reflected by a 2.9% rise in the price index, mainly supported by increased demand for Solidere shares.

A glance on individual stocks shows that Solidere "A" share price surged by 4.3% to US\$ 69.90. Solidere "B" share price jumped by 4.1% to US\$ 70.35. In contrast, Byblos Bank's "listed" share price stood unchanged at US\$ 0.70. Holcim Liban's share price shed 5.7% to US\$ 57.60.

As to trading volumes, the BSE total trading value expanded by more than six folds, moving from US\$ 1.8 million last week to US\$ 11.0 million this week, noting that Solidere shares captured almost all activity.

AUDI INDICES FOR BSE

	08/12/2023	01/12/2023	30/12/2022	
Market Cap. Index	728.94	708.69	614.50	↑
Trading Vol. Index	99.91	16.16	96.84	↑
Price Index	153.03	148.78	129.00	↑
Change %	2.86%	-1.74%	1.30%	↑
	08/12/2023	01/12/2023	30/12/2022	
Market Cap. \$m	17,293	16,813	14,578	↑
No. of shares traded (Exc. BT)	178,924	30,935	187,711	↑
Value Traded \$000 (Exc. BT)	10,997	1,779	6,415	↑
o.w. : Solidere	10,960	1,775	6,349	↑
Banks	14	4	66	↑
Others	23	0	0	↑

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

BOND MARKET: LEBANESE BOND PRICES REMAINING AT THEIR LOWS

Lebanese Eurobond prices remained at their lows this week, standing at 5.875 cents per US dollar across the yield curve on Friday against 5.500-5.625 cents per US dollar at the end of last week, which marks an expansion of 0.25 pt to 0.38 pt. This came within the context of a continuous institutional vacuum and the absence of political will to implement much-needed reforms, which kept recovery rates very low. On a cumulative basis, Lebanese bonds accumulated price expansions of 0.13 pt to 0.25 pt since the beginning of the year 2023.

EUROBONDS INDICATORS

	08/12/2023	01/12/2023	30/12/2022	
Total tradable size \$m	31,793	31,793	31,793	↔
o.w.: Sovereign bonds	31,314	31,314	31,314	↔
Bid price (cents per US dollar)	5.875	5.500-5.625	5.50-5.88	↑
Yield on US 5-year note	4.17%	4.28%	3.94%	↓

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	08-Dec-23	01-Dec-23	31-Dec-22	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	144.95	146.82	131.11	-1.3%	10.6%
\$/£	1.255	1.271	1.208	-1.3%	3.9%
\$/Euro	1.076	1.088	1.071	-1.1%	0.5%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	36,247.87	36,245.50	33,147.25	0.0%	9.4%
S&P 500	4,604.37	4,594.63	3,839.50	0.2%	19.9%
NASDAQ	14,403.97	14,305.03	10,466.48	0.7%	37.6%
CAC 40	7,526.55	7,346.15	6,473.76	2.5%	16.3%
Xetra Dax	16,759.22	16,397.52	13,923.59	2.2%	20.4%
FT-SE 100	7,554.47	7,529.35	7,451.74	0.3%	1.4%
NIKKEI 225	32,307.86	33,431.51	26,094.50	-3.4%	23.8%
COMMODITIES (in US\$)					
GOLD OUNCE	2,004.67	2,072.22	1,824.02	-3.3%	9.9%
SILVER OUNCE	23.00	25.49	23.95	-9.8%	-4.0%
BRENT CRUDE (per barrel)	75.84	78.88	83.10	-3.9%	-8.7%
LEADING INTEREST RATES (%)					
Term SOFR 1-month	5.35	5.35	4.36	0.01	1.00
US Prime Rate	8.50	8.50	7.50	0.00	1.00
US Discount Rate	5.50	5.50	4.50	0.00	1.00
US 10-year Bond	4.23	4.20	3.87	0.03	0.36

Sources: Bloomberg, Bank Audi's Group Research Department

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