LEBANON WEEKLY MONITOR

DECEMBER 16 - DECEMBER 22, 2024
WEEK 51

Bank Audi

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Economy

p.2 **WORLD BANK'S SCD TALKS OF LNSTITUTIONAL PARALYSIS AND REGIONAL TURBULENCE AS TWO OVERARCHING CONSTRAINTS IN LEBANON**

The World Bank's just released Systematic Country Diagnosis (SCD) says that Lebanon remains plagued by two overarching constraints to inclusive growth that continue to shape and reshape each other: (a) institutional paralysis and (b) a turbulent regional and international environment.

Also in this issue

Surveys / Reports

p.5 **LEBANON BELONGS TO TIER 4 COUNTRIES IN GLOBAL CYBERSECURITY INDEX 2024**

The International Telecommunication Union (ITU) released its fifth version of the "Global Cybersecurity Index (GCI) 2024" report, in which Lebanon scored in a range of 20-55 and thus belonged to the Tier 4 category.

Also in this issue

Corporate News

p.7 **ALI AND ILO NOTE LABOR SHORTAGE AMONG MANY LEBANESE MANUFACTURERS**

According to a recent survey by the Association of Lebanese Industrialists (ALI) and the International Labor Organization (ILO), the manufacturing sector in Lebanon has shown significant resilience to ongoing economic and political instability, sustaining value-added production on the back of a mix of export and input substitution strategies. However, challenges and constraints remain.

Also in this issue

Markets In Brief

p.9 **BDL'S FX RESERVES RESUME GROWTH AFTER CEASEFIRE DEAL**

Amid intensified efforts to reach a broad consensus on the next President, few weeks before the January 9 Parliamentary session, and while the World Bank is showing readiness to collaborate with the Lebanese government on the reconstruction plan, and as BDL's liquid FX reserves resumed their growth after ceasefire deal, the country's capital markets continued to witness this week stability in the LP/US$ parallel market rate, while the bond market held up to last week's price gains, and the equity market pursued its upward trajectory. In details, the LP/US$ parallel market rate continued to move marginally around 89,600-89,700 this week, while BDL's liquid FX reserves resumed their growth over the first half of December (+US$ 26 million) to reach US$ 10,176 million mid-month, following four consecutive bi-monthly contractions over the two-month war period. Within this context, the World Bank said in a recent report that currency stability remains fragile and unsustainable, as it is not underpinned by a robust monetary framework, adding that rising post-conflict funding demands threaten to deplete remaining FX reserves or increase currency in circulation, which would undermine exchange rate stability. On the bond market, prices of sovereigns remained relatively stable at 12.40-13.10 cents per US dollar on Friday, amid continuous international bid and some local selling. Finally, the BSE registered price gains of 6.7%, while the total turnover rose more than six folds week-on-week to reach US$ 21.0 million.

LEBANON MARKETS: 16 DECEMBER - 22 DECEMBER, 2024

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

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ECONOMY

WORLD BANK'S SCD TALKS OF LNSTITUTIONAL PARALYSIS AND REGIONAL TURBULENCE AS TWO OVERARCHING CONSTRAINTS IN LEBANON

The World Bank's just released Systematic Country Diagnosis (SCD) says that Lebanon remains plagued by two overarching constraints to inclusive growth that continue to shape and reshape each other: (a) institutional paralysis and (b) a turbulent regional and international environment. The two overarching constraints reflect the current interplay between two axes that have shaped much of Lebanon's evolution post-independence: a political structure still bound by an imperative of consociationalism and external players and forces with significant domestic roles.

While institutional paralysis has always been a possible outcome of the power-sharing structure, the ongoing economic and financial crisis that depleted state resources cement it as an outcome that now forces the system into a standstill. With the financial crisis transforming the state from a channel for rent seeking and corruption into a financial burden, political players have lost interest in state structures and divested from them as a source of rents. This has led to a state of paralysis, in which the elite has distanced itself from the business of ruling and evaded accountability for the economic downturn.

Lebanon's acute permeability to foreign political forces means that any internal agreement requires a regional consensus, one that does not seem to be materializing anytime soon. The risk of conflict or spillover from neighboring violence remains an immediate one (as evident from the spillover of the conflict in the Middle East), pushing any plans for reform further into the background. In the meantime, the political class is choosing to face the current crisis through institutionalizing a state of paralysis, awaiting an amelioration of the international climate around Lebanon that might allow the ruling elite to reproduce its power. This interplay between the two overarching constraints is leading to disastrous human consequences and severely hampering any progress toward recovery, let alone sustainable development.

The SCD presents a strategic approach to address Lebanon's critical challenges, suggesting four High-Level Outcomes (HLOs) to eradicate poverty and enhance shared prosperity: (1) restoring macroeconomic and financial stability, (2) improving governance and access to public services, (3) enhancing public utilities, and (4) improving human capital. Eleven policy priorities are identified to achieve these HLOs, including financial and fiscal reforms, civil service reform, digitalization, energy transition, and restoring the provision of social services while expanding social protection.

The SCD also presents two scenarios for Lebanon's future: a "muddling through" scenario with continued political and economic stagnation, and a "Recovery" scenario with improved decision-making and crisis resolution. The scenarios imply different policy possibility frontiers, so action items to address priorities under each HLO are developed separately by scenario. Importantly, the proposed interventions under the two scenarios are not mutually exclusive, as operational improvements in targeted sectors in the muddling through scenario can serve as a foundation for larger-scale investments when conditions for deeper reforms become feasible in a recovery scenario.

Immediate sectoral emergency plans are urgently needed to preserve basic services, including public utilities and government services, health, education, and social protection, even in the absence of larger reforms. The focus on emergency interventions in critical sectors with high value-added potential, is crucial, albeit within a suitable and realistic framework. Domestic revenue mobilization is a necessary first step toward the preservation of these services, and the SCD proposes a list of proximate measures for quick revenue mobilization that promise to also redress some of the alarming rise in inequality of recent decades.

The SCD also identifies some axes of intervention that would be essential for the emergency plans in each of the vital domains. For public utilities, this includes the solarization of energy for major public utilities (water, wastewater treatment, telecommunications), tariff adjustments for better cost recovery, and a move to cleaner energies. A survey of the public workforce is a first step toward identifying key functions, competency needs, redundancies, and costing any emergency adjustment in benefits and pay. Until large-scale investments and deeper reforms are possible, operational improvements in health and education can help maintain services within the limited fiscal space of the muddling through scenario. A vigorous effort at digitalization within each of these vital sectors and across them can unlock economies essential for continuation of services and valuable for deeper reforms in the future, as per the World Bank.

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QUANTITY OF GOODS AT PORT OF BEIRUT INCREASED BY 2% IN 10M-2024

The latest statistics released by the Port of Beirut (PoB) reveal that the quantity of goods increased by 1.5% year-on-year, reaching 4,594.7 thousand tons in the first 10 months (10M) of 2024, up from 4,526.8 thousand tons in the same period of 2023.

Additionally, the number of ships increased over the period, reaching 1,251 ships in 10M 2024 compared to 1,143 ships in 10M 2023, showing a year-on-year increase of 9.4%.

It is worth noting that the levels recorded for both the quantity of goods and the number of ships were the highest since 2019.

Concurrently, the number of containers saw a yearly increase of 1.8%, totaling 469,318 containers in 10M 2024, compared to 460,997 containers in the same period of the previous year.

Transshipments at PoB recorded 171,526 containers in 10M 2024, showing a year-on-year drop of 28.1% down from 238,628 containers in 10M 2023. This comes mostly on the back of increased insurance cost for ships going towards Lebanon amid the war leading shipping companies to prefer offloading transshipments in safer countries.

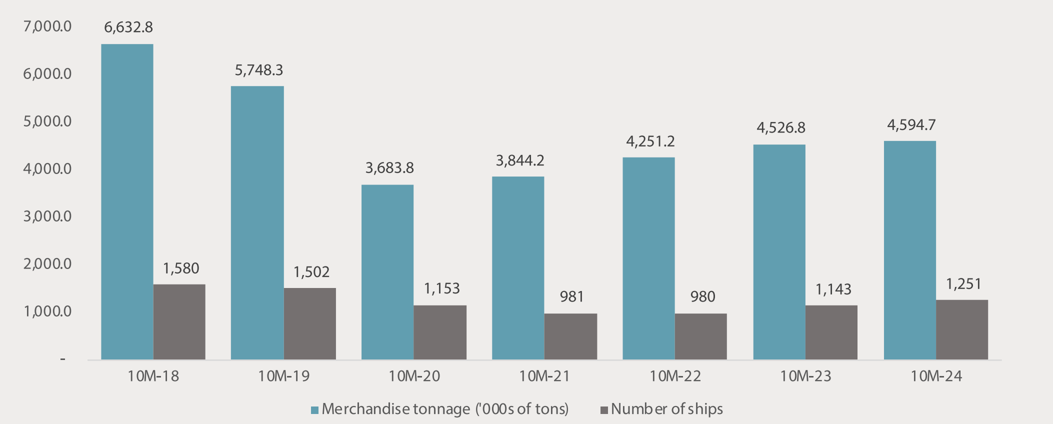
Looking at the Port of Beirut's performance in October 2024, the quantity of goods reported a drop of 15.2% year-on-year, reaching 489.6 thousand tons for the month, down from 577.4 thousand tons in the same month of the year prior.

The number of containers reported a year-on-year decrease of 7.5%, recording 53,521 containers in October 2024, down from 57,865 containers in October 2023, according to data from PoB.

In parallel, the number of ships recorded at PoB during October 2024 reached 110 ships, marking a year-on-year decrease of 13.4%, down from 127 ships in the same month of the previous year.

Additionally, transshipments through PoB noted a year-on-year drop of 40.5% between October 2023 and October 2024, reaching 11,898 containers in the latter down from 19,983 containers in the former.

NUMBER OF SHIPS AND MERCHANDISE TONNAGE



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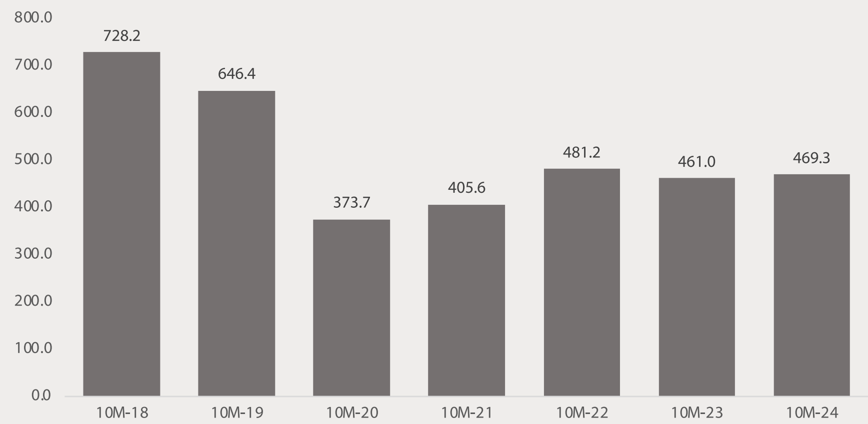
NUMBER OF CONTAINERS (000S)



Source: Port of Beirut, Bank Audi Group Research Department

CONSTRUCTION PERMITS FROM OEAB INCREASE BY 8% IN THE FIRST 11 MONTHS OF 2024

Construction permits in the first 11 months of 2024 increased by 7.6% against figures from the same period of the year prior, as per figures from the Order of Engineers and Architects of Beirut (OEAB).

Construction permits for the first 11 months of 2024 increased to 4,296,191 m2, up from 3,993,123m2 in the first 11 months of 2023. This shows an improvement of construction activity during the period following a stunting of activity between 2022 and 2023. However, activity levels in the first 11 months of 2022 still exceed levels recorded in the first 10 months of 2024 by 60.0%.

In details, looking at the regional distribution of construction permits in the first 11 months of 2024, Mount Lebanon took the lion's share with 41.0% of total reaching 1,763,043 m2 during the period. South Lebanon and Bekaa followed with 24.1% of total (1,034,597 m2) and 17.9% of total (769,511 m2) in the first 11 months of 2024 respectively. The Nabattiyeh region came in fourth with 10.7% (461,836 m2) of total construction permits. The region of Beirut had a contribution of 4.6% (197,102 m2) of total followed by North Lebanon with a contribution of 1.6% (70,102 m2) of total.

This increase in construction permits was mostly due to a 29.4% increase in construction permits for Mount Lebanon, a 57.9% increase in construction permits for Bekaa as well as increases of 67.7% and 111.2% respectively for the Beirut region and North Lebanon in the first 11 months of 2024 against the same period of 2023. These increases were partially offset by a 16.5% decrease in construction permits for the Southern Lebanon region and a 38.7% drop in construction permits for the Nabattiyeh region.

It is worth noting that this jump in activity is mostly due to land registries gradually reopening within the country following their closure in 2023.

Additionally, at the level of the distribution of direct execution order transactions by type, the majority of direct execution orders came for residential buildings (54.2% or 1,432,478 orders) in the first 11 months of 2024. Single dwellings and economic sector buildings followed with contributions of 29.1% (769,002 orders) and 7.8% (206,581 orders) respectively during the period. Trade-related buildings and offices accounted for 6.8% (178,883 orders) of the total while other projects consisted of 2.2% of the total (58,331 orders) in the first 11 months of 2024, as per data from OEAB.

It is worth noting that other projects include public buildings, healthcare-related buildings, education-related buildings, sports-related buildings, hotels, furnished apartments as well as various other construction projects.

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SURVEYS / REPORTS

LEBANON BELONGS TO TIER 4 COUNTRIES IN GLOBAL CYBERSECURITY INDEX 2024

The International Telecommunication Union (ITU) released its fifth version of the "Global Cybersecurity Index (GCI) 2024" report, in which Lebanon scored in a range of 20-55 and thus belonged to the Tier 4 category. Out of a maximum of 20 points per pillar, Lebanon scored 12.08 on Legal measures, 1.39 on Technical measures, 10.52 on Organisation measures, 5.02 on Capacity development and 3.36 on Cooperation measures. There are 194 countries surveyed worldwide (23 in MENA), broken down in five Tiers.

The Global Cybersecurity Index (GCI) is a trusted reference that measures the commitment of countries to cybersecurity at a global level – to raise awareness of the importance and different dimensions of the issue. As cybersecurity has a broad field of application, cutting across many industries and various sectors, each country's level of development or engagement is assessed along five pillars – (i) Legal Measures, (ii) Technical Measures, (iii) Organizational Measures, (iv) Capacity Development and (v) Cooperation – and then aggregated into an overall score. For each of the pillars, country commitment was assessed through a question-based online survey, which further allowed for the collection of supporting evidence. Through consultation with a group of experts, these questions were weighted in order to arrive at an overall GCI score.

Based on a multi-stakeholder approach and initiative, the GCI leverages the capacity and expertise of different organizations, with the objectives of improving the quality of the survey, fostering international cooperation, and promoting knowledge exchange on this topic. The ITU Global Cybersecurity Agenda (GCA) provides the general foundation and framework for the initiative.

Since 2021, countries have on average taken more cybersecurity-related actions and improved their commitments to cybersecurity. The global average country score has risen to 65.7/100. Across the five GCI pillars, most countries are strongest in the legal pillar. By contrast, the average country is weakest in the capacity-development and technical pillars. Each region has countries that are role-modelling or are advancing, and each region also has countries that are in the beginning stages of building their cybersecurity commitments. To capture these differences, country performance is measured across five tiers, with Tier 1 being the highest and Tier 5 the lowest. These tiers provide peer groups based on scores to help countries to understand and identify role models for improvement.

ARAB MENA COUNTIES GLOBAL CYBERSECURITY INDEX 2024

Countries	Tier	Score
Bahrain	1	95-100
Egypt	1	95-100
Jordan	1	95-100
Morocco	1	95-100
Oman	1	95-100
Qatar	1	95-100
Saudi Arabia	1	95-100
United Arab Emirates	1	95-100
Algeria	3	55-85
Kuwait	3	55-85
Libya	3	55-85
Tunisia	3	55-85
Comoros	4	20-55
Djibouti	4	20-55
Iraq	4	20-55
Lebanon	**4**	**20-55**
Mauritania	4	20-55
Somalia	4	20-55
State of Palestine	4	20-55
Sudan	4	20-55
Syria	4	20-55
South Sudan	4	20-55
Yemen	5	0-20

Sources: International Telecommunication Union, Bank Audi's Research Department

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LEBANON SCORES OUT OF MAXIMUM 20 POINTS PER PILLAR	
Legal Measures	12.08
Technical Measures	1.39
Organisation Measures	10.52
Capacity Development	5.02
Cooperation Measures	3.36

PHARMACEUTICAL EXPENDITURES AT US$ 0.8 BILLION IN 2024 AS PER FITCH SOLUTIONS

According to a new report by Fitch Solutions on Lebanon's Pharmaceutical industry, the ongoing conflict between Hezbollah and Israel will hamper growth in Lebanon's pharmaceutical sector. The landscape will continue to focus on securing essential medical supplies over growth in the near term, or at least until the conflict subsides. Lebanon's reliance on imports will be significantly exacerbated by the conflict and will increasingly be dependent on essential supplies from NGOs, foreign organisations and its political allies. They forecast minimal growth for Lebanon's pharmaceutical sector and expect that the market will remain a low priority for multinational drugmakers. According to the report, Pharmaceutical Expenditures move from LBP 74.5trn (US$ 0.9 bn) in 2023 to LBP 75.2trn (US$ 0.8bn) in 2024.

The report undertakes a SWOT Analysis for Lebanon's Pharmaceutical sector. At the level of strengths, the report mentions:
• Sizeable and strong private healthcare sector, which could provide a firm foundation for overall market growth in the future.
• Private healthcare subsidised by public finances.
• Relatively high drug prices, given that most generic drugs are of branded varieties. This is also due to high retail margins.
• Low administrative barriers to starting a business, as measured by the World Economic Forum's Global Competitiveness index.

At the level of weaknesses, the report mentions:
• Domestic intellectual property protection remains short of international standards.
• Lack of universal healthcare coverage, with the national insurance body heavily in debt.
• Healthcare infrastructure damaged by civil unrest and political stand-offs.
• Counterfeiting is a major problem, while some locally manufactured generic drugs are of dubious quality.
• Public sector procurement biased in favour of local companies.
• Intensifying inflationary pressures and currency weakness will impact multinational drugmaker revenues. The partial end to medicine subsidies will exacerbate extreme medicine shortages and increase prices.

At the level of opportunities, the report mentions:
• Potential for patented product sector growth, as healthcare system modernisation continues. However, this is subject to a patient purchasing power increase.
• Government's desire to boost local production as a point of entry, especially for generic-based foreign firms willing to invest in Lebanon.
• Plans to boost health insurance coverage have the potential to improve both drug market values and volumes.
• Rising deployment of e-health technologies is boosting healthcare efficiency in times of rising structural problems and increasing resource scarcity.
• New drugs tracking system will ensure provenance of medicines and allow a more equitable distribution of drugs for serious illnesses.

At the level of threats, the report mentions:
• Government resistance to reforming domestic patent law.
• Parallel imports undercutting locally manufactured products.
• Reliance on foreign aid, including pharmaceuticals, continues to distort market performance and its accurate evaluation.
• The unstable political situation and regional unrest will continue deterring foreign company involvement and revenues from medical tourism.
• Rising medicine prices disproportionally impact the majority share of the population who are living below the poverty line.
• A combination of supply chain instability, inflation and government indebtedness is resulting in an intractable problem of medicines shortages for serious illnesses.

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CORPORATE NEWS

ALI AND ILO NOTE LABOR SHORTAGE AMONG MANY LEBANESE MANUFACTURERS

According to a recent survey by the Association of Lebanese Industrialists (ALI) and the International Labor Organization (ILO), the manufacturing sector in Lebanon has shown significant resilience to ongoing economic and political instability, sustaining value-added production on the back of a mix of export and input substitution strategies. However, challenges and constraints remain. One major constraint is the significant gap in the labor market between the demand for qualified workers and their limited supply. The mismatch between the kinds of skills currently demanded by employers and the skills possessed by workers continues to hinder progress towards full and productive employment in the sector. The disparity stems largely from the lack of alignment between the education system, especially technical and vocational education and training (TVET), and the needs of the private sector. In short, the skills imparted by educational institutions have failed to address employers' demand across Lebanon adequately.

The survey included a population size of 140 manufacturing enterprises divided over various sectors. Manufacturing companies in the Metals, machineries & electronics sector were the biggest share of the population totaling 29% of all survey respondents. Food & Beverages and Plastics industries followed with 21% and 13% of the total respectively. Chemicals and Paper industries followed with 11% and 10% of the total. Textiles and Furniture industries both had a share of 6% of the total with various other industries making up 5% of the total surveyed population.

Looking at the top skill perceived as lacking among the current work force by occupational group and type, managers' main lack in skill was in management with 24% of respondents mentioning it. IT/Software and Soft skills were also mentioned as skills lacking among current managers with both being mentioned by 13% of respondents. Among technicians in the current work force, 27% of survey respondents reported a lack in Job-Specific Technical skills. Additionally, 25% and 24% of respondents perceived Maintenance and Foreign Language skills as lacking for current technicians. Among administrative workers in the current work force, 21% of survey respondents reported a lack in Management skills. Additionally, 18% and 16% of respondents perceived IT/Software and Foreign Language skills as lacking for current administrative workers. Among low-skilled workers in the current work force, 31% of survey respondents reported a lack in both Foreign Language and Machine Operating skills. Additionally, 27% of respondents perceived Maintenance skills as lacking for current low-skilled workers, as per the ILO and ALI study.

Actions taken by manufacturing companies to combat the lack of skill in the current workforce is mainly further training of already existent staff across all occupational groups. For managers, mentoring/coaching schemes and supervision/performance reviews are also implemented. For technicians, supervision/performance reviews and outsourcing are the second and third most popular actions respectively. For administrative workers, supervision/performance reviews and mentoring/coaching schemes are second and third most popular respectively. For low-skilled workers, new hires and supervision/performance reviews are second and third most popular respectively.

In parallel, nearly half of the 140 manufacturing enterprises sample noted labor shortages. Additionally, 62% of survey respondents reported having at least one job vacancy open with 75% of the need being technicians. This comes as there is unmet demand for electrical and mechanical technicians across all manufacturing subsectors, particularly for machinery maintenance. There is, more specifically, high demand for computer numerical control (CNC) operators, heating, ventilation and air conditioning (HVAC) technicians, lathe technicians and welders. The major challenges for hiring by occupational group are non-competitive pay for managers and administrative workers, lack of skilled labor in the field for technicians and logistical challenges for low-skilled workers.

As a result of the labor shortage of managers, administrative workers and low-skilled workers there was a noted increase of the workload on other staff while the shortage in technicians has led to delays in the production and delivery of orders. The second most prominent outcome of labor shortages by occupational group are delays in the production and delivery of orders for both managers and low-skilled workers, increased workload on other staff for technicians and loss of business to competitors for administrative workers, as per the ILO and ALI study.

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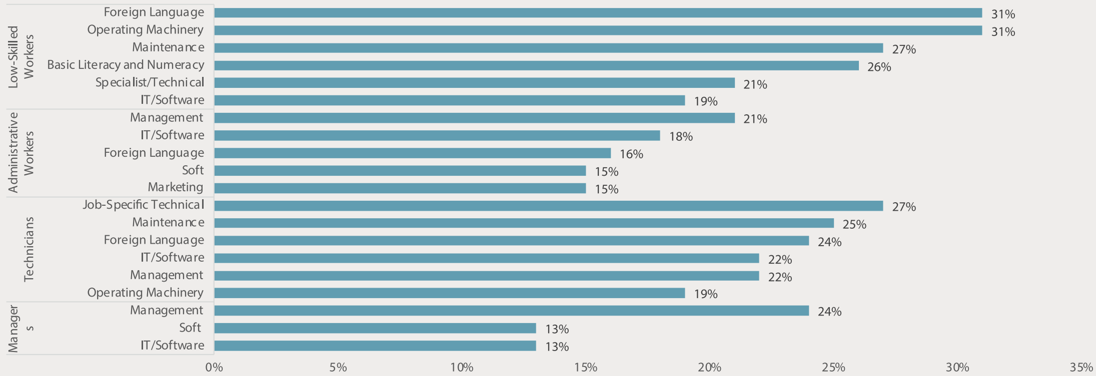
TOP PERCEIVED LACK IN SKILL AMONG CURRENT WORKFORCE BY OCCUPATIONAL GROUP AND TYPE



Source: ILO, ALI, Bank Audi Group' Research Department

COC - ZAHLE AND BEKAA HAS LAUNCHED AN ELECTRONIC EMPLOYMENT APPLICATION

The Chamber of Commerce for Zahle and Bekaa (CoC – Zahle and Bekaa) has recently announced the launch of an electronic employment application in cooperation with ICU. The project was funded by the Italian Agency for Development Cooperation (AICS).

The launch of the platform aims to provide an interactive environment that brings together employers and job seekers, with a focus on developing skills and capabilities that serve various economic sectors in the region. According to the President of CoC – Zahle and Bekaa, the importance of this platform is in enhancing communication between employers and job seekers. Additionally, it represents a qualitative step to support the productive sectors and the labor market, especially after the decline in the role of the General Employment Organization and this platform constitutes a start for interactive mechanisms between various economic entities."

MEA RESUMES FLIGHTS OVER SYRIA

Lebanon's Caretaker Minister of Public Works and Transportation has recently announced that Lebanon's national carrier, Middle East Airlines (MEA), had resumed its flights over Syria.

It is worth noting that MEA had suspended its overflights of Syrian territory earlier when the hostilities in Syria between rebels and the former regime picked back up.

This decision to resume flights came following contacts between the Lebanese Directorate General of Civil Aviation with both the International Civil Aviation Organization and Damascus Airport.

PINKBERRY REOPENS IN LEBANON WITH 10 STORES PLANNED IN THE NEXT THREE YEARS

The international franchise Pinkberry is reopening slowly throughout Lebanon after two local entrepreneurs acquired the franchise for a period of 10 years. The first store has already been opened in ABC Ashrafieh at the start of October.

Looking forward, the entrepreneurs, which bought the franchising rights for the brand are planning to open 10 stores throughout the country in the next three years with no sub-franchises planned.

The next couple of locations where the store is set to open are ABC Verdun and ABC Dbayeh which are set to open in a span of a few months.

It is worth noting that relaunching Pinkberry in Lebanon required extensive planning and an initial investment of US$ 500,000 and a development plan of US$ 1.5 million spread over five years.

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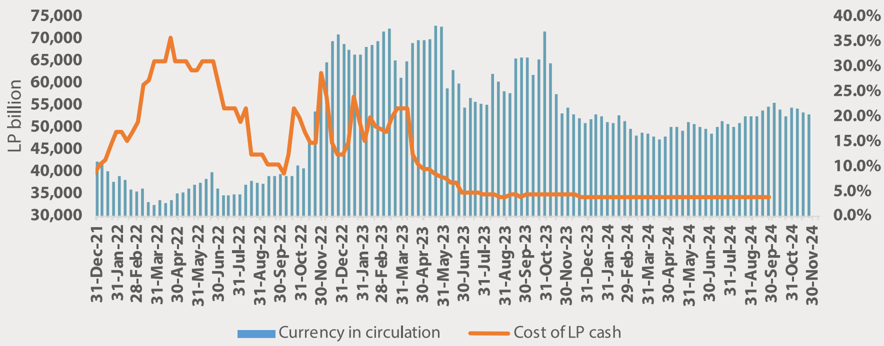
CAPITAL MARKETS

MONEY MARKET: WEEKLY CONTRACTION IN TOTAL RESIDENT BANKING DEPOSITS, ON FC DEPOSIT FALL

The overnight rate, which is a non-cash rate, declined from 50% at the end of last week to 30% on Friday, in a sign of relative return of local currency liquidity to the money market, while the cost of LP cash remained close to nil.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 5th of December 2024 showed that total resident banking deposits contracted significantly by LP 12,414 billion. This is mainly attributed to a LP 12,112 billion fall in foreign currency resident deposits (the equivalent of US$ 135.3 million as per the official rate of LP 89,500), while total LP resident deposits declined by LP 302 billion amid a LP 1,339 billion drop in LP demand deposits and a LP 1,037 billion increase in LP saving deposits. Within this context, the money supply in its broadest sense (M4) contracted by LP 9,386 billion over the covered week amid an increase in the currency in circulation of LP 3,069 billion and a shy retreat in the non-banking sector Treasury bills portfolio of LP 41 billion.

MONEY MARKET ACTIVITY



FOREIGN EXCHANGE MARKET: BDL'S LIQUID FX BUFFERS UP BY US$ 26 MILLION IN FIRST HALF OF DECEMBER

The LP/US$ parallel market rate continued to move marginally around 89,600-89,700 this week, while BDL's liquid FX reserves resumed their growth after the two-month war period, despite a special two-month disbursement related to BDL circulars No. 158 and 166 in December. In fact, the Central Bank of Lebanon's latest bi-monthly balance sheet ending 15th of December 2024 showed that BDL's liquid foreign reserve assets expanded by US$ 26 million over the first half of the month to reach US$ 10,176 million mid-December, after accumulating contractions of US$ 515 million between end-September 2024 and end-November 2024. Concurrently, BDL's balance sheet showed that the currency in circulation outside BDL expanded by LP 6.0 trillion (the equivalent of US$ 67 million) in the first half of December to reach LP 55.8 trillion mid-month, in a sign of BDL's intervention on the FX market as a buyer of the greenback through money transfer companies.

On the backdrop of the prevailing currency stability, the World Bank said in the "Fall 2024 Lebanon Economic Monitor" that this stability since August 2023 remains fragile and unsustainable, as it is not underpinned by a robust monetary framework. Instead, it depends on fiscal restraint and spending restrictions imposed on public institutions' accounts at BDL, alongside increased revenue collection and unspent public sector surpluses. The World Bank sees that this strategy has temporarily curbed currency in circulation but at the cost of delaying critical investments needed for recovery and development. The Bank added that rising post-conflict funding demands threaten to deplete remaining foreign reserves or increase currency in circulation, which would undermine exchange rate stability and intensify inflationary pressures.

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EXCHANGE RATES

	20/12/2024	13/12/2024	29/12/2023	
LP/US$	89,500.00	89,500.00	15,000.00	→
LP/£	111,973.00	113,047.00	19,207.50	↑
LP/¥	571.19	583.25	106.60	↑
LP/SF	99,978.00	100,078.00	17,942.58	↑
LP/Can$	62,213.00	62,909.00	11,347.30	↑
LP/Euro	92,964.00	93,751.00	16,695.00	↑

STOCK MARKET: STRONG WEEKLY EQUITY PRICE GAINS

The Beirut Stock Exchange pursued its upward trajectory this week, as reflected by a 6.7% surge in the price index. Seven out of eight traded stocks registered price gains, while one stock posted price falls week-on-week.

A closer look at individual stocks shows that Solidere "A" share price jumped by 8.3% week-on-week to reach US$ 99.65. Solidere "B" share price climbed by 10.3% to US$ 101.50. As to banking shares, BLOM's GDR price surged by 11.9% to US$ 4.70, followed by Bank Audi's GDRs with +9.8% to US$ 2.35, Byblos Bank's "listed" shares with +9.3% to US$ 1.17 and Bank Audi's "listed" shares with +1.6% to US$ 2.50. In contrast, Bank Audi's preferred shares "I" posted price declines of 6.8% to US$ 20.00. As to industrial shares, Ciments Blancs Nominal's share price increased by 4.1% to US$ 41.63.

As to trading volumes, the BSE total turnover expanded more than six folds week-on-week, moving from US$ 3.2 million last week to US$ 21.0 million, noting that Solidere captured 97.8% of activity.

AUDI INDICES FOR BSE

22/1/96=100	20/12/2024	13/12/2024	29/12/2023	
Market Cap. Index	983.97	922.59	868.20	↑
Trading Vol. Index	189.52	29.01	73.00	↑
Price Index	206.57	193.68	182.26	↑
Change %	6.65%	1.40%	2.34%	↑
	20/12/2024	**13/12/2024**	**29/12/2023**	
Market Cap. $m	23,343	21,887	20,597	↑
No. of shares traded (Exc. BT)	375,221	437,777	54,721	↓
Value Traded $000 (Exc. BT)	20,980	3,209	4,855	↑
o.w. : Solidere	20,511	2,317	4,855	↑
Banks	436	837	0	↓
Others	33	56	0	↓

BOND MARKET: LEBANESE EUROBONDS REMAINING IN INTERNATIONAL INVESTORS' RADAR SCREEN

Lebanese Eurobonds continued to attract an international institutional bid over this week, while some local market players offered their papers. Within this context, prices of sovereigns remained relatively stable at 12.40-13.10 cents per US dollar on Friday against 12.25-13.25 cents per US dollar at the end of last week.

It is worth mentioning that prices of sovereigns doubled since late September 2024 (6.50 cents per US dollar), on speculation about higher recovery values. This was mainly fueled by bets about a political breakthrough following recent rapid developments on the domestic and regional fronts, while Lebanon is only few weeks away from the January 9 Parliamentary session aimed to elect a consensus President, in addition to bets about forming an efficient government that would pave the way for the implementation of long-awaited reforms and debt restructuring.

Bank Audi

EUROBONDS INDICATORS

	20/12/2024	13/12/2024	29/12/2023	
Total tradable size $m	31,793	31,793	31,793	→
o.w.: Sovereign bonds	31,314	31,314	31,314	→
Average Life	12.400	12.250	6.000	↑
Yield on US 5-year note	4.37%	4.20%	3.83%	↑

INTERNATIONAL MARKET INDICATORS

	20-Dec-24	13-Dec-24	31-Dec-23	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/$	156.30	153.66	141.04	1.7%	10.8%
$/£	1.257	1.262	1.273	-0.4%	-1.3%
$/Euro	1.043	1.050	1.104	-0.7%	-5.5%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	42,840.26	43,828.06	37,689.54	-2.3%	13.7%
S&P 500	5,930.85	6,051.09	4,769.83	-2.0%	24.3%
NASDAQ	19,572.60	19,926.72	15,011.35	-1.8%	30.4%
CAC 40	7,274.48	7,409.57	7,543.18	-1.8%	-3.6%
Xetra Dax	19,884.75	20,405.92	16,751.64	-2.6%	18.7%
FT-SE 100	8,084.61	8,300.33	7,733.24	-2.6%	4.5%
NIKKEI 225	38,701.90	39,470.44	33,464.17	-1.9%	15.7%
COMMODITIES (in US$)					
GOLD OUNCE	2,622.91	2,648.23	2,062.98	-1.0%	27.1%
SILVER OUNCE	29.52	30.55	23.80	-3.4%	24.1%
BRENT CRUDE (per barrel)	72.94	74.49	77.04	-2.1%	-5.3%
LEADING INTEREST RATES (%)					
Term SOFR 1-month	4.34	4.38	5.35	-0.05	-1.02
US Prime Rate	7.50	7.75	8.50	-0.25	-1.00
US Discount Rate	4.50	4.75	5.50	-0.25	-1.00
US 10-year Bond	4.52	4.40	3.88	0.13	0.64

Sources: Bloomberg, Bank Audi's Group Research Department