

## Economy

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## Markets In Brief

### p.9 MARKETS IN BRIEF: FURTHER DETERIORATION IN LP/US\$ BLACK MARKET RATE ON TOUGH TASK OF IMPLEMENTING IMF REQUIREMENTS

After a Parliamentary session regarding the "Capital Control Law" was postponed due to a loss of quorum, and as concerns started to float on the surface regarding Lebanon's ability to meet IMF's requirements before May 2022 Parliamentary elections, the country's capital markets saw this week a further deterioration in the Lebanese pound against the US dollar on the black FX market, while the equity and bond markets pursued their downward trajectory. In details, the LP/US\$ exchange rate crossed the LP/US\$ 26,000 level this week before sliding to LP/US\$ 25,750-LP/US\$ 25,800 on Thursday, as market players eyed reform laws needed to be issued before securing the IMF's Board approval on a US\$ 3 billion EFF, while BDL's FX reserves continued their nosedive. Concurrently, the Central Bank's exceptional measures, aimed to curb currency swings, are remaining in place till end-April. In parallel, the Eurobond market dipped further into the red, with prices of sovereigns falling to 11.50-12.38 cents per US dollar. At the level of the equity market, activity was mixed on the BSE which resulted into a shy decline in the price index of 0.2%, while the total turnover expanded by 86% week-on-week.

### LEBANON MARKETS: APRIL 18 - APRIL 24, 2022

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

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## ECONOMY

### YEARLY CPI RECORDED AN INCREASE OF 285% IN FEBRUARY

The year-on-year Consultation & Research Institute's index of consumer prices witnessed an increase of 285.3% this February, while the 12-month moving average recorded an increase of 204.9%. These results illustrate the inflationary trend in the CPI performance. The CPI index had actually started to witness growing inflationary trends since end 2019, as the deep economic, financial and monetary crisis has started to affect considerably product and services prices in the market.

All nine main indices registered increases this February. The highest increase was registered by the "Apparel" category (383.1%), followed by the "Food and Beverages" category (332.8%), then by the "Transportation and Telecommunications" category (314.4%), the "Housing" category (310.3%) and the "Durable Consumer Goods" category (223.1%).

The February 2022 year-on-year "Food and Beverages" index has significantly increased by 332.8% since February 2021. All of the four main indices registered increases this month, as follows: the "Nonalcoholic Beverages" category (345.3%), the "Food" category (342.6%), the "Alcoholic Beverages" category (244.2%) and the "Tobacco Products" category (200.3%). The index for "Food" increased by 342.6% compared to its level last year, as all of the twelve food group indices have witnessed increases this February. The most significant increase was registered in the "Eggs and Dairy Products" category (481.3%), followed by the "Food Away from Home" category (400.1%), the "Other Food Products" category (376.8%), the "Fats and Oils" category (362.4%) and the "Chocolate and Candy" category (355.8%).

Apparel year-on-year prices registered 383.1% increase in February 2022. This was the result of the surge in the "Footwear" category (444.2%), and in the "Clothing and Sewing Materials" category (371.3%) this month.

The index for "Housing" has significantly increased by 310.3% in February 2022 from its level last year. This was mainly due to the increase in the "Household Energy" category (491.3%) and the "Household Maintenance" category (180.3%). The other two categories remained stable this month.

The healthcare index has increased by 211.5% since February 2021. This is due to the increases registered in the "Outpatient Services" category (297.5%) followed by the "Medications and Medical Accessories" category (194.7%) and the "Inpatient Services" category (33.5%). The "Health Insurance" category kept stable in February 2022.

The CPI component for "Transportation and Telecommunications" has increased by 314.4% (year-on-year) in February 2022, due to the increase in the "Transportation" category (323.9%); while the "Telephone Services" category remained unchanged this month.

The index for education has increased by 72.8% from the previous year, due to the increase in the "School Transportation" category (278.2%), followed by the "Educational Books and Supplies" category (253.3%) and the "Tuition Fees" category (5.7%).

The index for recreation has increased by 143.7% compared to its results in February 2021, as both of its main categories increased: the "Movies and Restaurants" category (188.8% percent) and the "Reading Materials and Photography" category (29.3%).

The index of "Other Goods and Services" has increased by 126.0% since February 2021. This was basically due to the increases registered in the "Personal Care" category (190.7%) and the "Jewelry" category (2.9%). The other two categories remained unchanged this February.

#### CPI INFLATION (FEBRUARY 2022/FEBRUARY 2021)

Country	Weight	% Variation
Food and beverages	35.40%	332.82%
Apparel	6.55%	383.07%
Housing	6.49%	310.29%
Durable consumer goods	8.18%	223.08%
Healthcare	9.82%	211.54%
Transportation and telecommunications	14.39%	314.42%
Education	12.45%	72.85%
Recreation	2.70%	143.73%
Other goods and services	24.02%	125.96%
<b>Total CPI - January</b>	<b>100.00%</b>	<b>285.35%</b>

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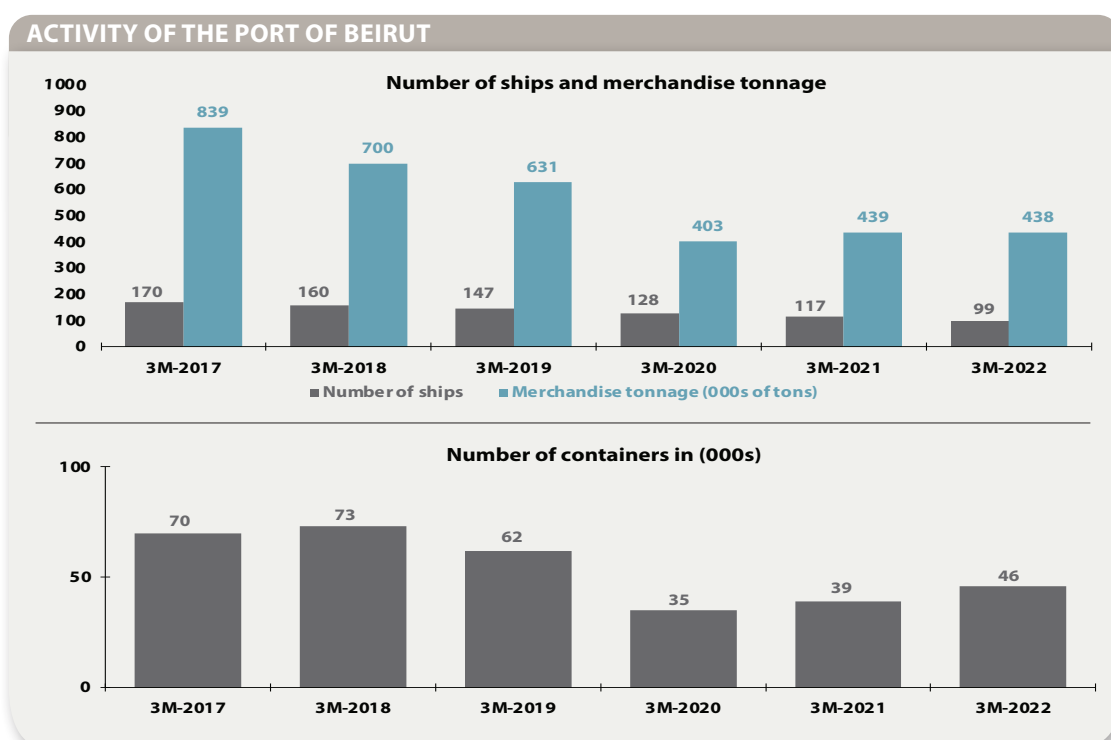
## CONTAINERS AT PORT OF BEIRUT UP BY 18% IN FIRST THREE MONTHS

The latest statistics released by the Port of Beirut revealed that the number of containers registered a yearly increase of 17.7% to attain 46,362 containers in the first three months of 2022, against 39,395 containers in the corresponding period of previous year.

However, the number of ships witnessed further annual contraction of 15.4% in the first three months of 2022 to reach 99 ships, following a drop of 8.6% in the same period of 2021.

The quantity of goods did not witness any tangible change, registering 438 thousand tons in the first three months of 2022, similar to same period of 2021.

It is worth noting that transshipments rose by 6.4% over the first three months of 2022 to attain 11,503 containers, following a drop of 66.2% in corresponding month of year 2021.



Sources: Port of Beirut, Bank Audi's Group Research Department

## OPENED L/Cs FOR IMPORT FINANCING UP BY 446% FOR THE FIRST TWO MONTHS

Figures released by the Central Bank of Lebanon show that documentary letters of credits opened to finance imports activities increased significantly by 446.4% in the first two months of 2022 to reach US\$ 45.9 million, up from US\$ 8.4 million during the first two months of 2021.

In parallel, utilized credits for imports in the first two months of 2022 increased by 43.1% standing at US\$ 17.6 million, against US\$ 12.3 million during the first two months of 2021. While inward bills for collection, another documentary credit form of financing, declined by 24.9% over the first two months of 2022 to reach US\$ 32.2 million, versus US\$ 42.9 million in the same period of 2021.

It is worth noting that documentary letters of credits opened to finance exports activities worsened and retreated by 57.2% in the first two months of 2022 recording US\$ 13.3 million, down from US\$ 31.1 million during the same period of previous year. Amid the unprecedented political crisis with Arab Gulf countries, this figure was seriously exacerbated as some GCC countries ban imports from Lebanon which constituted 29.7% of total Lebanese exports in 2020 and 36.7% in 2021.

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However, utilized credits for exports for the first two months of 2022 recorded 147.8% hike standing at US\$ 16.6 million against US\$ 6.7 million during the first two months of 2021. Similarly, outward bills for collection, another documentary credit form of financing increased by 52.3% in the first two months of 2022 to reach US\$ 40.2 million, versus US\$ 26.4 million over the same period of 2021.

## DOCUMENTARY CREDITS FOR IMPORTS' FINANCING

(US\$ million)	2020	2021	2M-2021	2M-2022	2M-22/2M-21
<b>Documentary L/Cs</b>					
Opened credits	342.9	112.6	8.4	45.9	446.4%
Utilized credits	443.7	115.5	12.3	17.6	43.1%
Outstanding credits	2,017.9	602.3	117.0	103.4	-11.6%
<b>Bills for collection</b>					
Inward bills	307.8	212.1	42.9	32.2	-24.9%
Outstanding bills	410.6	540.0	83.8	92.3	10.1%

Sources: BDL, Bank Audi's Group Research Department

## DOCUMENTARY CREDITS FOR EXPORTS' FINANCING

(US\$ million)	2020	2021	2M-2021	2M-2022	2M-22/2M-21
<b>Documentary L/Cs</b>					
Opened credits	188.5	108.6	31.1	13.3	-57.2%
Utilized credits	408.6	68.9	6.7	16.6	147.8%
Outstanding credits	3,403.3	1,520.3	302.6	187.5	-38.0%
<b>Bills for collection</b>					
Outward bills	272.2	206.1	26.4	40.2	52.3%
Outstanding bills	2,921.1	2,488.4	420.2	383.7	-8.7%

Sources: BDL, Bank Audi's Group Research Department

## TRIPOLI PORT REVENUES REGISTERED 934% YEAR-ON-YEAR HIKE IN THE FIRST MONTH OF THE YEAR

Freight activity via Port of Tripoli witnessed a 58.2% increase during the first month of 2022 to stand at 265,366 tons, up from 167,709 tons registered in same month of previous year.

In addition, the number of vessels rose annually by 38% to stand at 60 vessels in the first month of 2022, while the number of imported cars via Tripoli Port declined by 17.2% to reach 323 in the first month of 2022 against 390 cars in the first month of 2021.

Within this context, Tripoli port revenues increased significantly by 934.0% yearly to reach US\$ 9.7 million over first month of 2022, against US\$ 941 thousand over same month of previous year.

## TRIPOLI PORT ACTIVITY

	Jan-21	Jan-22	2022/2021
Freight activity (tons)	167,709	265,366	58.2%
Number of Vessels	50	69	38.0%
Number of imported cars	390	323	-17.2%
Port revenues (USD'000)	941	9,730	934.0%

Sources: Al Bayan Magazine, Port of Tripoli, Bank Audi's Group Research Department

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## SURVEYS

### MOODY'S EXPECTS THAT THE PROSPECT OF TANGIBLE EXTERNAL SUPPORT WILL ASSIST THE GOVERNMENT'S REFORM PROGRESS

According to a recent comment by Moody's on Lebanon, the International Monetary Fund (IMF) reached a staff-level agreement with the government of Lebanon ("C" no outlook) for a US\$ 3 billion, 46-month Extended Fund Facility (EFF), subject to specific prior actions.

Access to the EFF's external support is tied to a deep restructuring of the government's external commercial debt: US\$ 37.9 billion in foreign currency debt at the end of September 2021, including US\$ 8.6 billion in accumulated payment arrears since Lebanon defaulted on the sovereign Eurobonds in March 2020 – and sufficient creditor participation to restore debt sustainability. The list of prior actions includes measures that have long been advocated by the IMF but which have remained politically deadlocked. These include cabinet approval of a bank restructuring strategy that protects small depositors and limits recourse to public resources, bank resolution legislation, in addition to the approval of a medium-term fiscal strategy among others, according to the agency. Given Lebanon's weak track record of reform implementation capacity, the agency views the staff-level agreement ahead of parliamentary elections scheduled for 15 May (followed by presidential elections) as a response by international financial institutions to the government's urgent need for external support to arrest economic and social decline, which has been exacerbated by narrowing wheat reserves as a result of the Russia-Ukraine military conflict.

Moody's expects that the prospect of tangible external support will assist the government's reform progress with the adoption of politically challenging initiatives. In March, the cabinet adopted an electricity reform plan to restructure the loss-making sector and facilitate electricity imports from abroad in an initiative supported by the World Bank. Also in March, the government approved legislation for official capital controls. Parliament has not yet approved either key reform, but they both reflect progress on the IMF's conditions.

According to the report, disbursements under the EFF are tied to restructuring external government debt, mainly affecting Eurobond holders. Based on effective debt service capacity in foreign currency and the estimated haircut to restore debt sustainability, Moody's estimates that losses accruing to Eurobond holders will exceed 65% of face value, which is reflected in Lebanon's rating at the lowest level of the agency's rating scale.

If there is any upward movement in the sovereign rating after the debt restructuring, it will likely be limited for a considerable period, as per the same source. The rating is unlikely to move from its current position before the restructuring, given the extent of the macroeconomic, financial and social challenges and significant reform execution risk.

For Lebanon's sovereign rating to rise above levels associated with a very high probability of future default and significant losses, the key drivers of the country's debt dynamics would need to evolve in a way that ensures future debt sustainability. These drivers include a return to economic growth, access to funding and the ability to generate and sustain large primary surpluses, as per Moody's.

### LEBANON IS A SMALL MARKET WITH A LOW LEVEL OF INTEGRATION INTO REGIONAL AND GLOBAL IT HARDWARE, AS PER FITCH SOLUTIONS

According to a recent report by Fitch Solutions entitled "Lebanon Information Technology Trends and Developments", Lebanon is a small market with a low level of integration into regional and global IT hardware, software and services supply chains.

The domestic market for hardware solutions is primarily served by imported finished devices, but due to the severity of the political, social, economic and pandemic related shocks, the structural foundations have been weakened. The market has been on a downwards trajectory as currency volatility and crippling systemic pressures continue to depress hardware trade flows, resulting in uneven growth over the review period (2014-2020).

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Like most Middle East countries, Lebanon is a net importer of IT hardware but, unlike with many of its peers, there was no strong growth in demand for imported computer hardware products over the review period (2014-2020).

This was because there was not the same growth in incomes in Lebanon compared to the Gulf Cooperation Council (GCC) states that boomed when oil prices were higher, which boosted consumer demand for notebooks and then tablets. The market stagnated over 2014-2018 posting flat growth and then plummeted over 2019-2020 due to current depreciation, worsening economic climate, political deadlocks and the COVID-19 pandemic, as per Fitch Solutions.

A confluence of political challenges, domestic security concerns, poor headline economic growth and weak consumer and investor sentiment along with evolving form factor trends dampened the import levels over 2019-2020. The latest trade data suggest that there was a 59% contraction in IT hardware imports in 2020 driven by decreasing affordability of laptops, desktop assembly equipment and servers owing to severely crippling economic challenges.

The collapse of the economy, political crises, slow reform momentum and currency volatility are weighing on investor confidence and economic growth, especially given that the country depends highly on imports. The impact of COVID-19, the fuel crisis and high inflation levels are negatively impacting domestic demand and hurting supply chains. The weak rule of law and corruption risks elevate the cost of doing business in the State.

The country's risk profile continues to deteriorate in the agency's latest 2022 outlook as challenges to the business environment are mounting. Lebanon scores ahead of the Sub-Saharan Africa average in its Operational Risk Indices for the Information Technology industry. It does, however, trail its Middle East peers in most categories, reflecting elevated security risks, and more broadly a challenging operating environment. Furthermore, Lebanon lacks the scale and low-labor costs to challenge the major East Asian production centers for hardware production, therefore, it will continue to rely on imported devices. It does have some positive features that could support the growth of outsourcing activities, such as a small time difference to major high income markets and language skills in the population.

The most successful part of Lebanon's IT industry is the services segment, where it has emerged as a center of business process outsourcing (BPO). The industry straddles both IT and non-IT activities, including contact centers, back office services (for instance finance, accounting and HR) and IT solutions. Lebanon's investment authority, IDAL, reports there were a total of more than 200 enterprises offering BPO services from Lebanon, with IT outsourcing the largest source of employment at around 90% of the total.

The domestic software industry is highly export-focused, with up to a third of firms getting 75% of all receipts from regional and Western markets. According to recent estimates, the software development industry dominated local activity, accounting for 50% of software firms, with a further 37% working on web solutions and 13% mobile applications. Leading Lebanese software companies tend to focus on the banking, retail, education and trade sectors.

The Lebanese ICT software and services trade segment is heavily overshadowed by the telecommunications related services trade as evidenced by the 2012-2019 data. Telecommunications related services imports came in at a peak of US\$ 584 million in 2018 before plummeting to US\$ 223 million as foreign mobile carriers reduced their exposure to the country amidst worsening business climate. Telecoms service exports grew to a high of US\$ 538 million in 2018 before plummeting to US\$ 313.7 million in 2019.



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## CORPORATE NEWS

### WOMEN ECONOMIC EMPOWERMENT FOR LEBANON PROJECT – WEEL

Berytech and Expertise France are launching the Women Economic Empowerment for Lebanon Project (WEEL) to support business-women in Lebanon.

WEEL aims to provide between 8 and 20 Micro, Small and Medium Enterprises (MSMEs) and startups with grants varying from Euro15,000 to Euro 50,000 to be disbursed and utilized in investments covering operational expenses and securing technical assistance for developing and growing their businesses amid the challenging political, economic and social environment in Lebanon.

This initiative comes as part of the European Union for Women Empowerment Program in Lebanon. It focuses on non-discrimination and promotion of gender equality, diversity and inclusion and equal opportunities.

The program identifies eligibility criteria for the MSMEs and startups where both should be legally registered in Lebanon with Lebanese national women-owners or women-led. Businesses are to be already established and their employees must have contracts with social security payments and tax obligations up to date. Moreover, companies should be up to date on their social security payment and tax obligations. Eligible MSMEs and startups will have to submit a plan on how they intend on using the grants and will need to submit relative supporting documentation (quotations, invoices, receipts, etc.).

Additional criteria for eligible startups are the following: received less than US\$ 3 million in total funding since establishment. Businesses working across the following sectors including SaaS, AI/Data, Ecommerce, Edtech, Health Tech, Media & Entertainment and Fashion & Design.

Additional criteria for eligible MSMEs is that the support will be prioritized to sectors outside the agricultural/agribusiness. This includes IT and IT services, creative industries, financial services, education, health providers or health equipment producers, transporters, storage centers, processors, distributors, wholesalers, exporters and importers, retailers and manufacturing firms in general.

### ACCESS TO SUSTAINABLE EMPLOYMENT FOR YOUTH (ASE), BY CARITAS LEBANON

Caritas Lebanon with the support of Novo Nordisk Foundation, Caritas Switzerland and Caritas Denmark, launched the Access to Sustainable Employment for Youth (ASE), a new project aiming to empower the youth in Lebanon, to secure jobs and support emerging businesses.

The project aims to empower the youth by providing them with skills and techniques, as well as financial business startup support and employability support activities through workshops in Beirut, Mount Lebanon, and the Bekaa regions.

Amid the country's economic crisis, over 200,000 young citizens emigrated seeking job opportunities abroad, said Caritas Lebanon in a statement.

Caritas explains that the initiative will target 660 applicants. It will be implementing and piloting new methodologies in the upcoming 2 years that can be replicated in the future for many more areas all over Lebanon. Youth between the age of 18 and 30 can apply! The beneficiaries will be 50% Lebanese and 50% Syrians, divided equally between all genders, Caritas Lebanon said in a statement.

### LEBANON OUTSOURCING OPTION CAMPAIGN LAUNCHED

Lebanon Outsourcing Option is an innovative and exciting Pro Bono initiative aims to underscore Lebanon's wealth of resources offered by its private sector. This awareness campaign was launched by various business organizations and private sector associations during a conference held at BDD.

This campaign operates in Lebanon and abroad, promoting Lebanon's outsourcing potentials and makes it visible to the world. It aims to attract projects and fresh currencies to private sector and contribute to improve the current economic slowdown in Lebanon.

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This campaign is a joint effort between the American Lebanese Commerce Alliance (ALCA), Beirut Digital District (BDD), Berytech, BIEEL, Chambre de Commerce et d'Industrie Canada Liban (CCICL), Family Business Network Levant (FBN Levant), Global Chamber, Lebanese Business Council in Kuwait (LBCK), LebNet, Lebanese League for Women in Business (LLWB), Lebanese Private Sector Network (LPSN), RDCL together with Outerpond.com.

The Lebanon Outsourcing Option campaign is not a one-off initiative, but a sustained effort by key private sector organizations and Outerpond.com to provide a practical solution in terms of economic development.

Outerpond.com was created to facilitate outsourcing, partnerships and investment opportunities between Lebanon based companies and foreign entities. This free business platform is an essential tool enabling Lebanese firms to access global business opportunities. Outerpond.com involves international firms with a most reliable option in accessing a database of hundreds of qualified Lebanese firms ready to service their needs.

### JAPAN DONATES SOLAR PANELS AND MEDICAL SUPPLIES TO LEBANON

Japan donates solar panels, medical supplies for intensive care and a system for sterilizing governmental hospitals. This donation was completed through UNOPS, as part of the Urgent Support to Critical Health Facilities in Lebanon Project, funded by the government of Japan.

The donations were delivered to Baabda Governmental University Hospital in the presence of Japanese Ambassador to Lebanon, Director of the United Nations Office for Project Services (UNOPS) and the Lebanese Minister of Public Health.

Lebanon has huge available potentials in the field of renewable energy that must be tackled to secure electricity and support vital sectors, said the Ambassador of Japan to Lebanon in a statement.

It is worth highlighting that a new project titled "Urgent Support to the Health Sector in Lebanon" will be initiated, aiming to provide governmental hospitals with medical equipment and solar panels.

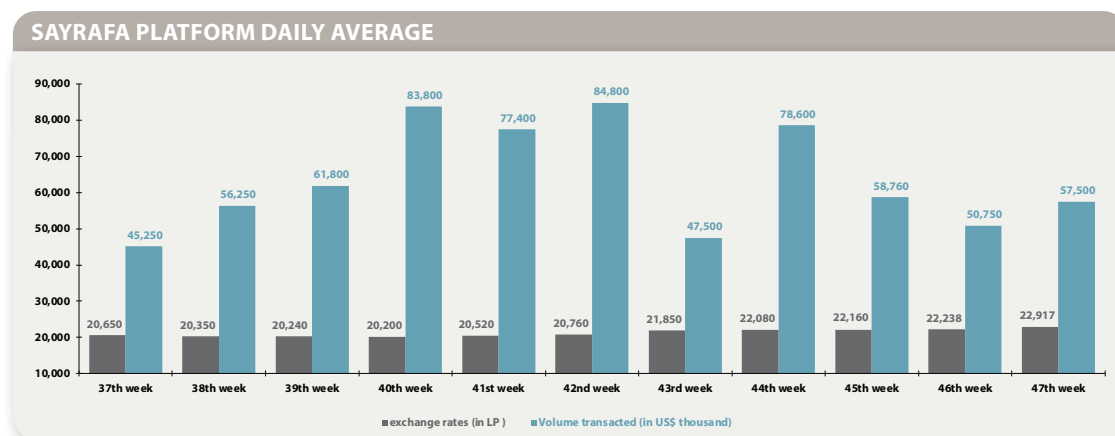
The Minister of Public Health will start installing a new Department of Plastic Surgery fully equipped with the latest medical equipment and surgical techniques at the Baabda Governmental University Hospital, as mentioned in a statement.

### SAYRAFA TRANSACTED A DAILY AVERAGE OF US\$ 58 MILLION LAST WEEK

The daily average volume of transactions on Sayrafa foreign exchange platform during the 47<sup>th</sup> week was US\$ 57.5 million, compared to previous week's daily average transacted volume of US\$ 50.8 million (against a cumulative daily average volume since the launch of Sayrafa of US\$ 21.1 million).

The daily average conversion rate for week 47 is LP 22,917 when compared to daily average conversion rate of previous week of LP 22,238 and the cumulative daily average conversion rate since the launch of Sayrafa of LP 19,363.

The Central Bank (BDL) announced that the conversion rate at end of week 47 was LP 23,000, while the conversion rate reported by end of week 46 was LP 22,200.



Sources: BDL, Bank Audi's Group Research Department



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## CAPITAL MARKETS

### MONEY MARKET: COST OF LP CASH TOUCHES 40% ON SEVERE SHORTAGE IN LP LIQUIDITY

The cost of LP cash increased further this week, touching the 40% level, as the local currency liquidity continued to dry up on the money market given BDL's exceptional measures put in place at the beginning of the year.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 7<sup>th</sup> of April 2022 showed stability in total resident banking deposits. This is mainly attributed to a LP 435 billion rise in total LP resident deposits amid a LP 561 billion increase in LP demand deposits and a LP 126 billion decline in LP saving deposits, while foreign currency resident deposits contracted by LP 434 billion (the equivalent of US\$ 288 million as per the official rate of LP 1,507.5). Yet, the money supply in its broadest sense (M4) expanded significantly by LP 865 billion over the covered week amid a LP 697 billion rise in the money in circulation and a LP 168 billion increase in the non-banking sector Treasury bills portfolio.

#### INTEREST RATES

	22/04/2022	15/04/2022	30/12/2021	
Overnight rate (official)	1.90%	1.90%	1.90%	↔
7 days rate	2.00%	2.00%	2.00%	↔
1 month rate	2.75%	2.75%	2.75%	↔
45-day CDs	2.90%	2.90%	2.90%	↔
60-day CDs	3.08%	3.08%	3.08%	↔

Source: Bloomberg

### TREASURY BILLS MARKET: NOMINAL WEEKLY DEFICIT OF LP 59 BILLION

The latest Treasury bills auction results for value date 21st of April 2022 showed subscriptions in the six-month category (offering a yield of 4.0%), the three-year category (offering a coupon of 5.50%) and the seven-year category (offering a coupon of 6.50%).

In parallel, the Treasury bills auction results for value date 14th of April 2022 showed that total subscriptions amounted to LP 108 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 27 billion in the three-month category (offering a yield of 3.50%), LP 48 billion in the one-year category (offering a yield of 4.50%) and LP 33 billion in the five-year category (offering a coupon of 6.0%). These compare to maturities of LP 167 billion, resulting into a nominal weekly deficit of LP 59 billion.

### FOREIGN EXCHANGE MARKET: LP UNDER PRESSURE ON BLACK MARKET AMID RISING REFORM CONCERNS

The Lebanese pound remained under pressure on the black FX market this week after a Parliamentary session aimed to discuss the "Capital Control Law" was adjourned due to a loss of quorum, and on rising uncertainties about Lebanon's ability to meet IMF requirements and enact needed reform laws before Parliamentary elections scheduled on May 15, 2022. Concurrently, BDL's exceptional measures, which allow ceiling-free US dollars purchases from the Central Bank of Lebanon, continued to help curbing currency swings on the parallel market.

Within this context, the LP/US\$ exchange rate crossed the LP/US\$ 26,000 threshold this week, before sliding to LP/US\$ 25,750-LP/US\$ 25,800 on Thursday, as Lebanon is facing the tough task of implementing IMF requirements. This compared to a lower rate of LP/US\$ 24,600-LP/US\$ 24,650 at the end of last week. Concurrently, the Central Bank of Lebanon announced that FX operations on the "Sayrafa" platform were executed at an average rate of LP/US\$ 22,900 on April 21, 2022.

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## TREASURY BILLS

	22/04/2022	15/04/2022	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%	-	6.50%	
<b>Nom. Subs. (LP billion)</b>		<b>108</b>	<b>246</b>	
Short-term (3&6 mths)		27	-	
Medium-term (1&2 yrs)		48	-	
Long-term (3 yrs)		-	200	
Long-term (5 yrs)		33	-	
Long-term (7 yrs)		-	46	
<b>Maturities</b>		<b>167</b>	<b>13</b>	
<b>Nom. Surplus/Deficit</b>		<b>-59</b>	<b>233</b>	

Sources: Central Bank of Lebanon, Ministry of Finance

## STOCK MARKET: SHY WEEKLY EQUITY PRICE RETREATS ON MIXED ACTIVITY

Activity was mixed on the Beirut Stock Exchange this week, as price gains in Solidere shares were offset by price declines in some banking and industrial shares. This resulted into a shy decline in the BSE price index of 0.2% week-on-week. Five out of nine traded stocks posted price drops, while three stocks registered price rises and one stock saw no price change this week.

A closer look at individual stocks shows that CimENTS Blancs Nominal shares led the decline on the Beirut Stock Exchange this week, posting a 6.7% fall in prices to reach US\$ 6.26, followed by Bank Audi's "listed" shares with -6.1% to US\$ 1.70, BLOM's "listed" shares with -5.3% to US\$ 2.85, Holcim Liban's shares with -2.3% to US\$ 21.0 and BLOM's GDR price with -0.3% to US\$ 3.10. In contrast, Solidere "A" and "B" share prices rose by 2.6% each to close at US\$ 34.60 and US\$ 35.0 respectively. Byblos Bank's "listed" share price remained stable at US\$ 0.80.

As to trading volumes, the BSE total turnover expanded by 86.4% week-on-week, moving from US\$ 4.0 million last week to US\$ 7.5 million, noting that Solidere shares captured 87.9% of activity, followed by the banking shares with 10.0% and the industrial shares with 2.1%.

## EXCHANGE RATES

	22/04/2022	15/04/2022	30/12/2021	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,968.95	1,980.40	2,022.91	↑
LP/¥	11.76	12.03	13.11	↑
LP/SF	1,589.35	1,612.82	1,639.48	↑
LP/Can\$	1,208.90	1,201.39	1,175.53	↓
LP/Euro	1,645.74	1,645.29	1,701.52	↓

Source: Bank Audi's Group Research Department

# Bank Audi

## AUDI INDICES FOR BSE

	22/04/2022	15/04/2022	30/12/2021	
Market Cap. Index	446.93	447.73	447.87	↓
Trading Vol. Index	113.78	45.78	80.38	↑
Price Index	93.82	93.99	94.02	↓
Change %	-0.18%	-0.67%	4.13%	↓

	22/04/2022	15/04/2022	30/12/2021	
Market Cap. \$m	10,603	10,622	10,625	↓
No. of shares traded (Exc. BT)	522,486	175,530	171,230	↑
Value Traded \$000 (Exc. BT)	7,536	4,042	5,359	↑
<b>o.w. : Solidere</b>	6,625	3,775	4,614	↑
Banks	754	227	732	↑
Others	157	40	13	↑

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

## BOND MARKET: EXTENDED WEEKLY BOND PRICE DECLINES AMID LINGERING LEGISLATIVE CHALLENGES

Activity on the Eurobond market remained skewed to the downside this week, as market players continued to assess tough legislative challenges and urgent reforms needed to be implemented before securing IMF's final approval on a 46-month Extended Fund Arrangement, while Lebanon is getting closer to Parliamentary elections schedule on May 15, 2022.

Within this context, Lebanese sovereigns saw across-the-board price contractions of 0.13 pt to 0.25 pt week-on-week, reaching 11.50-12.38 cents on Thursday as compared to 11.63-12.50 cents per US dollar at the end of last week. On a cumulative basis, Lebanese Eurobonds maturing between 2020 and 2037 posted price gains of 1.50 pt to 2.25 pts since the beginning of the year 2022.

## EUROBONDS INDICATORS

	22/04/2022	15/04/2022	30/12/2021	
Total tradable size \$m	32,364	32,364	32,364	↔
<b>o.w.: Sovereign bonds</b>	31,314	31,314	31,314	↔
Bid price (cents per US dollar)	11.50-12.38	11.63-12.50	9.88-10.63	↓
Average Life	5.91	5.91	6.18	↔
Yield on US 5-year note	2.86%	2.60%	1.26%	↑

Source: Bank Audi's Group Research Department

# Bank Audi

## INTERNATIONAL MARKET INDICATORS

	22-Apr-22	15-Apr-22	31-Dec-21	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	128.52	126.45	115.11	1.6%	11.6%
\$/£	1.284	1.306	1.353	-1.7%	-5.1%
\$/Euro	1.079	1.081	1.137	-0.2%	-5.1%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	33,811.40	34,451.23	36,338.30	-1.9%	-7.0%
S&P 500	4,271.78	4,392.59	4,766.18	-2.8%	-10.4%
NASDAQ	12,839.29	13,351.08	15,644.97	-3.8%	-17.9%
CAC 40	6,581.42	6,589.35	7,153.03	-0.1%	-8.0%
Xetra Dax	14,142.09	14,163.85	15,884.86	-0.2%	-11.0%
FT-SE 100	7,521.68	7,616.38	7,384.54	-1.2%	1.9%
NIKKEI 225	27,105.26	27,093.19	28,791.71	0.0%	-5.9%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,931.60	1,978.24	1,829.20	-2.4%	5.6%
SILVER OUNCE	24.14	25.55	23.31	-5.5%	3.6%
BRENT CRUDE (per barrel)	106.65	111.70	77.78	-4.5%	37.1%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	0.70	0.59	0.10	0.11	0.60
US Prime Rate	3.50	3.50	3.25	0.00	0.25
US Discount Rate	0.50	0.50	0.25	0.00	0.25
US 10-year Bond	2.90	2.83	1.51	0.07	1.39

Sources: Bloomberg, Bank Audi's Group Research Department

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