

LEBANON THIS WEEK

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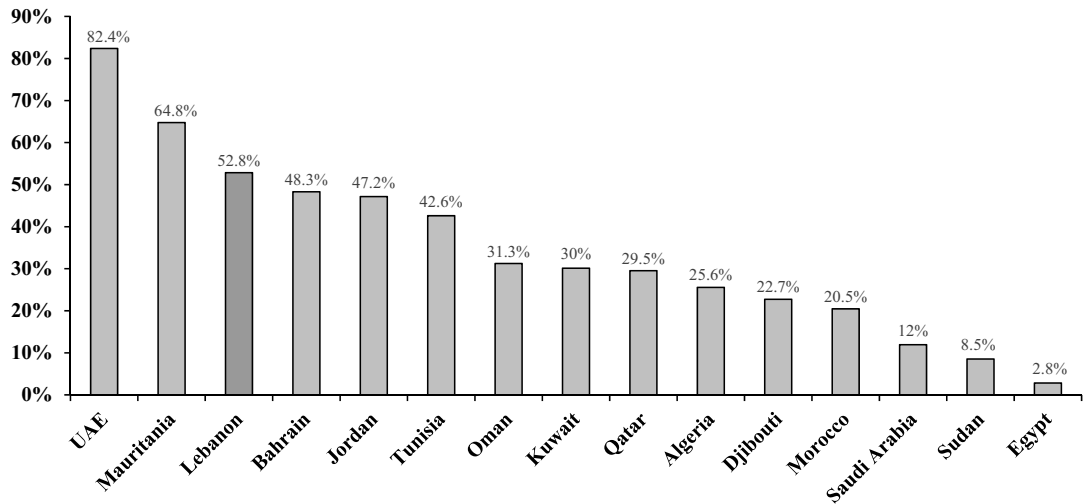
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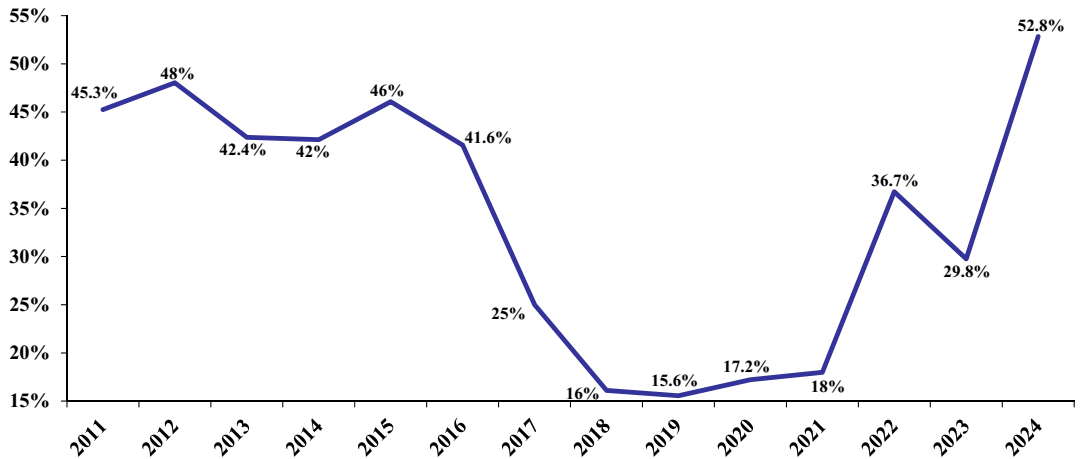
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Charts of the Week

Percentile Rankings of Arab Countries in terms of Labor Freedom for 2024*



Percentile Rankings of Lebanon in terms of Labor Freedom



*The Heritage Foundation measures labor freedom through various aspects of the legal and regulatory framework of a country's labor market

Source: Heritage Foundation, Index of Economic Freedom for 2024, Byblos Bank

Quote to Note

"Growth in private consumption supported by tourism, remittance flows and a stabilization in private sector activity will drive modest growth in 2024."

The World Bank, on the prospects of the Lebanese economy this year

Number of the Week

18: Number of months that Lebanon has been without a President

Lebanon in the News

\$m (unless otherwise mentioned)	2021	2022	2023	% Change*	Dec-22	Nov-23	Dec-23
Exports**	3,887	3,492	1,704	-	272	-	-
Imports**	13,641	19,053	10,285	-	1,251	-	-
Trade Balance**	(9,754)	(15,562)	(8,582)	-	(979)	-	-
Balance of Payments	(1,960)	(3,197)	2,237	-170.0%	17	186	591
Checks Cleared in LBP***	18,639	27,146	4,396	-83.8%	3,686	359	404
Checks Cleared in FC***	17,779	10,288	3,109	-69.8%	577	106	183
Total Checks Cleared***	36,418	37,434	7,505	-80.0%	4,263	465	587
Fiscal Deficit/Surplus	2,197	-	-	-	-	-	-
Primary Balance	5,009	-	-	-	-	-	-
Airport Passengers	4,334,231	6,360,564	7,103,349	11.7%	551,632	323,523	481,470
Consumer Price Index	154.8	171.2	221.3	5,014bps	122.0	211.9	192.3

\$bn (unless otherwise mentioned)	Dec-22	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	% Change*
BdL FX Reserves	10.40	8.82	8.91	9.14	9.37	9.64	-7.3%
In months of Imports	-	-	-	-	-	-	-
Public Debt	101.81	-	-	-	-	-	-
Bank Assets	169.06	113.72	112.69	112.25	112.58	115.25	-31.8%
Bank Deposits (Private Sector)	125.72	95.59	95.17	94.64	94.97	94.75	-24.6%
Bank Loans to Private Sector	20.05	8.92	8.69	8.58	8.53	8.32	-58.5%
Money Supply M2	77.34	6.64	6.77	6.48	6.78	6.72	-91.3%
Money Supply M3	152.29	78.38	78.10	77.42	77.74	77.75	-48.9%
LBP Lending Rate (%)	4.56	3.77	4.36	3.34	3.29	3.97	20
LBP Deposit Rate (%)	0.60	0.41	0.49	1.02	1.41	0.55	14
USD Lending Rate (%)	4.16	2.40	3.15	3.70	3.08	1.95	(45)
USD Deposit Rate (%)	0.06	0.03	0.03	0.05	0.05	0.03	0

*year-on-year

**trade figures for 2023 are for the first eight months of 2023

***checks figures do not include compensated checks in fresh currencies

Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

Most Traded Stocks on BSE*	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Solidere "A"	71.15	(1.7)	65,114	41.6%	Nov 2024	6.25	6.00	3,204.55
Byblos Common	0.52	0.0	14,189	1.7%	Jun 2025	6.25	6.01	523.16
BLOM Listed	4.37	0.0	4,000	5.5%	Nov 2026	6.60	6.02	147.01
Audi Listed	1.56	0.0	3,750	5.4%	Mar 2027	6.85	6.03	126.23
BLOM GDR	3.16	0.0	1,800	1.4%	Nov 2028	6.65	6.04	73.66
Solidere "B"	72.45	0.0	810	27.5%	Feb 2030	6.65	6.05	54.90
HOLCIM	59.60	0.0	211	6.8%	Apr 2031	7.00	6.06	44.83
Audi GDR	1.12	0.0	-	0.8%	May 2033	8.20	6.07	33.73
Byblos Pref. 08	27.00	0.0	-	0.3%	Nov 2035	7.05	6.08	26.06
Byblos Pref. 09	29.99	0.0	-	0.4%	Mar 2037	7.25	6.09	23.09

Source: Beirut Stock Exchange (BSE); *week-on-week

Source: Refinitiv

	Apr 29 - May 2	Apr 22-26	% Change	April 2024	April 2023	% Change
Total shares traded	89,874	59,689	50.6	736,801	315,447	133.6
Total value traded	\$4,820,458	\$4,187,143	15.1	\$18,271,664	\$17,282,146	5.7
Market capitalization	\$17.11bn	\$16.68bn	2.6	\$17.24bn	\$19.30bn	(10.7)

Source: Beirut Stock Exchange (BSE)



Travel and tourism industry to contribute 5.5% of GDP in 2024

The World Travel & Tourism Council (WTTC) estimated that the broad travel and tourism (T&T) industry in Lebanon contributed 6.6% of the country's GDP in 2023, compared to a contribution of 4% of GDP in 2022. It also estimated that the T&T industry generated LBP149.11 trillion (tn) in revenues in 2023 relative to LBP22.3tn in 2022. The estimates represent the direct, indirect and induced impact of the industry on economic activity. In parallel, it indicated that the T&T industry in Lebanon generated LBP604.13tn and contributed 18.9% of the country's GDP in 2109. The WTTC said that all figures are in constant 2023 prices.

It pointed out that there were 369,000 jobs in the T&T industry in Lebanon in 2023, constituting an increase of 8,800 jobs from 360,200 jobs in 2022. As such, the industry accounted for 22.7% of total employment in Lebanon in 2023 compared to a share of 19.8% in 2022. Also, it estimated the aggregate spending by international visitors in Lebanon at LBP112.37tn in 2023 relative to LBP8.1tn in 2022. It added that domestic spending on T&T reached LBP17.31tn in 2023 compared to LBP8.5tn in 2022. In parallel, it said that the T&T industry contributed 415,700 jobs, or 22.9% of total employment in Lebanon in 2019. It added that the aggregate spending by international visitors in Lebanon was LBP519.4tn and that domestic spending stood at LBP49.27tn in 2019.

Further, it noted that leisure spending in Lebanon reached LBP124.1tn in 2023 compared to LBP15.7tn in 2022, while spending related to business activities totaled LBP5.6tn in 2023 relative to LBP8.3tn in 2022. In comparison, it said that expenditures on leisure and business activities in Lebanon reached LBP537.4tn and LBP31.3tn, respectively, in 2019.

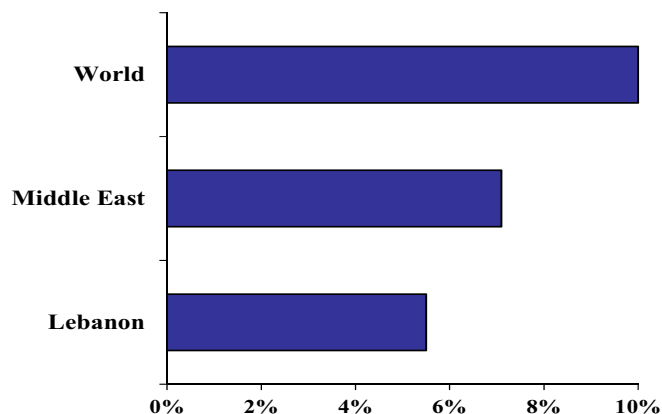
In parallel, it expected the T&T industry in Lebanon to contribute to 5.5% of GDP in 2024 and 5.2% of GDP in 2034. It forecast the T&T industry to generate LBP127.32tn in revenues in 2024 and LBP155.81tn in 2034, and for receipts to post a compound annual growth rate (CAGR) of 2% during the 2024-34 period. In addition, it anticipated the employment in the T&T industry at 375,600 jobs in 2024 and 430,100 jobs in 2034, which would account for 23.1% of aggregate jobs in Lebanon in 2024 and for 26.2% of employment in 2034. Also, it expected the aggregate spending by international visitors in Lebanon to stand at LBP90.54tn in 2024 and LBP98.88tn in 2034 and to post a CAGR of 0.9% during the 2024-34 period. Further, it projected domestic spending on T&T at LBP14.67tn in 2024 and LBP22.72tn in 2034 for a CAGR of 4.5% in the 2024-2034 period.

European Union announces €1bn in support for Lebanon

The European Union (EU) announced on May 2, 2024 that it will allocate €1bn in financial support to Lebanon during the 2024-27 period, and that the funds will be disbursed in tranches of €250m per year during the covered period. It said the assistance aims to address several significant domestic and regional challenges that the country is facing. It stated that the funds will be earmarked to strengthen basic services such as education, healthcare, social protection and water to the most vulnerable individuals in Lebanon, including to refugees, internally displaced persons, and to the host communities of refugees. It added that the support will assist the Lebanese authorities in the implementation of urgent economic, financial and banking sector reforms, especially those requested by the International Monetary Fund, in order to improve economic conditions and the business environment in the country. In addition, it pointed out that the package will support the Lebanese Armed Forces by enhancing their border and migration management, including combating human trafficking and smuggling.

In parallel, the EU indicated that the European Commission has allocated more than €3bn in financial aid and technical assistance to Lebanon since 2011, including €2.6bn to support displaced Syrians and host communities in the country. It stated that it has provided support to Lebanon since 2021 through the Neighborhood Development and International Cooperation Instrument – Global Europe (NDICI) framework, with €136m disbursed in 2021 through this instrument. It noted that support through the NDICI aims to enhance good governance and support key reforms in Lebanon, strengthen an inclusive and resilient economy, and promote a green and sustainable recovery. It added that the EU provides assistance to Lebanon through other programs, such as the Instrument contributing to Stability and Peace and the European Instrument for Democracy and Human Rights, which have delivered €27.2m worth of assistance to Lebanon since 2015. Also, it said that the EU is Lebanon's largest trading partner, as the aggregate amount of bilateral trade stood at €5.34bn in 2019 and €3.62bn in 2021. It added that the EU-Lebanon partnership prioritizes issues related to security and counter-terrorism, governance and the rule of law, migration, economic growth, and job opportunities in Lebanon.

Travel & Tourism Industry Contribution to GDP in 2024



Source: World Travel & Tourism Council, Byblos Research

Currency in circulation down 37% in 12 months ending February 2024

Figures released by Banque du Liban (BdL) show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP83,364.4bn at the end of February 2024, constituting decreases of 2.4% from LBP85,449.6bn at the end of 2023 and of 17% from LBP101,290.6bn at end-February 2023. Currency in circulation stood at LBP48,241.5bn at the end of February 2024, as it declined by 4.7% from LBP50,599.7bn at end-2023 and by 36.6% from LBP76,069.8bn at end-February 2023. Also, demand deposits in local currency stood at LBP35,123bn at the end of February 2024, and grew by 0.8% from the end of 2023 and by 39.3% from end-February 2023. Money supply M1 contracted by 2.8% in February from LBP85,745.4bn at end-January 2024, with currency in circulation regressing by 1.1% and demand deposits in local currency decreasing by 5% month-on-month.

In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP98,399.7bn at the end of February 2024, constituting decreases of 2.4% from LBP100,787.3bn at end-2023 and of 17.2% from LBP118,911.1bn a year earlier. Term deposits in Lebanese pounds stood at LBP15,035.3bn at the end of February 2024, and declined by 2% from LBP15,337.7bn at end-2023 and by 14.7% from LBP17,620.5bn at end-February 2023. Money supply M2 decreased by 2.4% in February from LBP100,781.6bn at end-January 2024, while term deposits in local currency were nearly unchanged month-on-month.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, reached LBP6,374.4 trillion (tn) at the end of February 2024, with deposits in foreign currency totaling LBP6,252.9tn and debt securities of the banking sector amounting to LBP23,066.3bn at end-February 2024. In parallel, M3 increased by LBP5,208.2tn in the first two months of 2024 due to a jump of LBP4,088.6tn in claims on the public sector, a rise of LBP1,251.1tn in the net foreign assets of deposit-taking institutions and a surge of LBP517,557.8bn in claims on the private sector, which were offset by a decline of LBP649,193.2bn in other items. The surge in M3 is due to the impact of the new exchange rate of the Lebanese pound that went into effect on January 31, 2024. BdL indicated that the change in its net foreign assets during the covered period includes the net flow of the internationally traded net Lebanese Government's sovereign bonds in foreign currencies that BdL bought during the same year only.

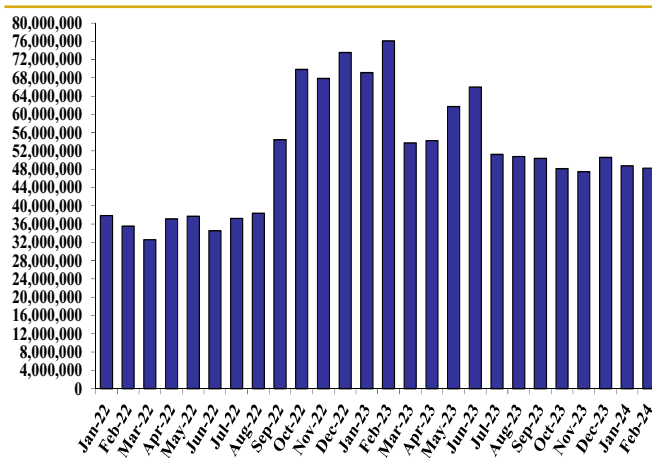
BdL issued Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currencies to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions. BdL requested banks and financial institutions, in line with the provisions of International Accounting Standard 21, to convert their foreign currency monetary assets and liabilities and non-monetary assets classified by fair value or by equity method at the exchange rate published on BdL's electronic platform at the date of the preparation of the financial statements. It added that the decision is applicable as of January 31, 2024. BdL had modified on February 1, 2023 the official exchange rate of the Lebanese pound against the US dollar from LBP1.507.5 per dollar to LBP15,000 per dollar, as part of the measures to unify the multiple exchange rates of the dollar that prevail in the Lebanese economy.

Port of Beirut processes 380,000 tons of freight in January 2024

Figures released by the Port of Beirut show that the port processed 380,000 tons of freight in January 2024, constituting a decrease of 22% from 487,000 tons of freight in December 2023 and an increase of 5.8% from 359,000 tons of freight in January 2023. Imported freight totaled 316,000 tons in January 2024, down by 23.5% from 413,000 tons in December 2023 and up by 7.5% from 294,000 tons in the same month of the previous year. It accounted for 83.2% of total processed freight in January 2024. In addition, the volume of exported cargo reached 64,000 tons in January 2024, representing decreases of 13.5% from 74,000 tons in December 2023 and of 1.5% from 65,000 tons in January 2023, and accounted for 16.8% of aggregate freight in the covered month. A total of 119 vessels docked at the port in January 2024, unchanged from December 2023 and up 33.7% from 89 ships in the same month of the preceding year.

In parallel, the Port of Tripoli processed 179,000 tons of freight in January 2024, constituting declines of 45.6% from 329,000 tons in December 2023 and of 32.5% or 86,000 tons from 265,000 tons in January 2023. Imported freight totaled 134,000 tons in January 2024, unchanged from December 2023, and surged by 25.2% from 107,000 tons in the same month of the previous year. It accounted for 75% of freight activity in the covered month. In parallel, the volume of exported cargo reached 45,000 tons in January 2024, representing declines of 77% from 195,000 tons in December 2023 and of 71.5% of 158,000 tons in January 2023. A total of 76 vessels docked at the port in January 2024, constituting increases of 8.6% from 70 ships in December 2023 and of 28.8% from 59 ships in January 2023.

Currency in Circulation (LBP millions)



Source: Banque du Liban, Byblos Research

Nearly 62% of Treasury securities in Lebanese pounds have seven-year maturities or longer at end-February 2024

Figures released by the Association of Banks in Lebanon show that the face value of outstanding Treasury securities denominated in Lebanese pounds stood at LBP87,378bn at the end of February 2024 compared to LBP89,527bn at end-February 2023. The securities were equivalent to \$976.3m at the end of February 2024 based on the new exchange rate of LBP89,500 per US dollar according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024. The weighted interest rate on Lebanese Treasury securities was 6.32% in February 2024 compared to 6.38% in February 2023.

Also, the distribution of outstanding Treasury securities shows that 10-year Treasury bonds totaled LBP32,951bn and accounted for 37.7% of aggregate securities denominated in Lebanese pounds at the end of February 2024, followed by seven-year Treasury securities with LBP16,443bn (18.8%), five-year Treasury bonds with LBP11,878bn (13.6%), one-year T-bills with LBP8,214bn (9.4%), three-year Treasury securities with LBP6,990bn (8%), two-year Treasury bonds with LBP5,711bn (6.5%), 12-year Treasury securities with LBP3,076bn (3.5%), 15-year Treasury bonds with LBP1,417bn (1.6%), six-month Treasury bills with LBP665bn (0.8%), and three-month T-bills with LBP33bn (0.04%). As such, 61.7% of outstanding Treasury securities have seven-year maturities or longer and 75.3% have five-year maturities or more.

In parallel, LBP1,516bn in outstanding Treasury securities denominated in Lebanese pounds matured in February 2024. The distribution of maturing securities shows that 31.5% consisted of five-year Treasury bonds, 21.8% were three-year Treasury securities, 19.3% consisted of six-month Treasury bills, 11.5% were seven-year Treasury bonds, 11.3% consisted of one-year T-bills, and 4.6% were three-month Treasury securities. According to ABL, LBP20,211bn in outstanding Treasury securities in Lebanese pounds will mature in the remainder of 2024.

National Social Security Fund adjusts contributions of insured

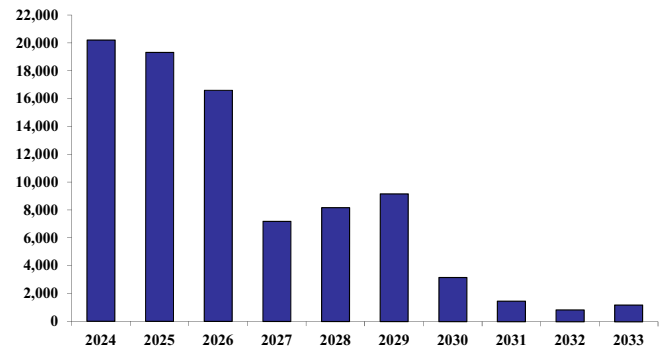
The National Social Security Fund (NSSF) issued on April 24, 2024 Memo 754 related to the application of Government Decree no. 13164 that went into effect after its publication in the Official Gazette on April 18, 2024, of Government Decree no. 12962 dated February 12, 2024 and of other decrees and laws related to contributions to the NSSF. The memo indicated that the monthly minimum wage for the calculation of employers' contributions to the NSSF is LBP18m and the minimum wage for daily workers used is LBP820,000 per day, starting on April 1, 2024. Also, it amended the ceiling of the contributions to the Sickness & Maternity category of the NSSF to LBP90m per month.

Second, it amended the monthly contribution for public drivers who drive their own car to LBP3.51m that consist of LBP1.53m for end-of-service indemnities, and of LBP990,000 for the contributions to each of the Family Allowances and Sickness and Maternity categories, relative to the government's contributions of LBP1.7m for the Family Allowances and of LBP2.25m for the Sickness and Maternity categories. It also amended the daily contribution for public drivers who drive their own car to LBP117,000 that consist of LBP51,000 for end-of-service indemnities, and of LBP33,000 for each of the contributions to the Family Allowances and Sickness and Maternity categories, relative to the government's contributions of LBP39,000 for the Family Allowances and of LBP75,000 for the Sickness and Maternity categories. In parallel, it raised the monthly contribution for public drivers who do not drive their own cars to LBP7.02m that consist of LBP3.06m for end-of-service indemnities, LBP720,000 for the Family Allowances and LBP3.24m for the Sickness and Maternity categories, and the daily contributions for public drivers who do not own their own cars to LBP102,000 for end-of-service indemnities, and to LBP24,000 for the Family Allowances and LBP108,000 to the Sickness and Maternity segments.

Third, it raised the monthly contributions of newspaper and magazine sellers to LBB3.06m for end-of-service indemnities, and to LBP720,000 for the Family Allowances and LBP3.24m for the Sickness and Maternity categories, as well as the daily contribution to LBP102,000 for end-of-service indemnities, and to LBP24,000 for the Family Allowances and LBP108,000 for the Sickness and Maternity categories. Fourth, it amended the monthly contributions of mayors to the Sickness and Maternity category to LBB648,000 relative to the government's contribution of LBP2.592m. Fifth, it increased the annual contribution for the Sickness and Maternity of the university students and of each beneficiary on his expense to LBP5.4m each. Sixth, it increased the monthly contributions for the Sickness and Maternity of the doctors contracted with the NSSF to LBP4.95m. Seventh, it increased the monthly contributions for the Sickness and Maternity of the optional insured business owners to LBP4.05m, to LBP3.24m for the other optional insured individuals, and to LBP1.62m for the insured who are retired.

In addition, it amended the burial expenses of the insured or of any of his/her family members, as stipulated in Article 27 of the Social Security Law, to LBP27m starting on April 1, 2024. In parallel, the NSSF indicated that the increase of the minimum wage would generate between LBP2,500bn and LBP3,000bn in revenues that it will earmark to the Sickness and Maternity category, specifically to the hospitals sector, which will increase the fund's contribution to between 70% to 90% of the insured's hospitalization bill.

Projected Maturities of Treasury Securities in LBP* (LBP billions)



*as at end-February 2024

Source: Association of Banks in Lebanon, Byblos Research

Ministry of Agriculture agreement with World Food Program to address food insecurity

The Ministry of Agriculture and the World Food Program (WFP) signed a cooperation agreement to implement a project to address food and nutrition insecurity in the country, as well as to build long-term resilience of agricultural systems through this partnership, as the WFP proposes providing a package of technical assistance to the ministry. It indicated that the assistance consists first of helping the ministry to produce reliable, sustainable and timely information and analysis on food security and nutrition, as well as to facilitate the development of effective national and regional policies and interventions aimed at reducing food insecurity and malnutrition in the country. Second, it said that the technical assistance aims to strengthen the ministry's capacity to provide integrated programs to support resilience and livelihoods for the most vulnerable Lebanese citizens and to refugees. Third, it added that the WFP aims to build a strong partnership with the food security and agriculture sector in Lebanon.

According to the most recent figures, the WFP assisted 2.14 million persons in Lebanon in 2023 who consist of 1.3 million displaced Syrians and 836,745 Lebanese, to meet their food and other basic needs. It indicated that the assistance included \$299m in cash transfers, 28,897 metric tons of food, and \$85m in cash transfers under the Emergency Social Safety Net support program that the Ministry of Social Affairs is administering.

Construction activity deteriorates in third quarter of 2023

Banque du Liban's quarterly business survey about the opinions of business managers shows that the balance of opinions for general construction activity reached -47 in the third quarter of 2023, compared to -38 in the previous quarter and to -18 in the third quarter of 2022. The balance of opinions for general construction activity in the third quarter of 2023 reached its third lowest quarterly level since the beginning of the economic crisis in the fourth quarter of 2019 after posting -18 in the third quarter of 2022 and -38 in the second quarter of 2023, and the ninth lowest level since the first quarter of 2017. The results reflect the absence of major new projects, low investments in the sector, delays in the implementation of reforms to restore confidence, as well as the relative adjustment of the private sector to the ongoing crisis.

The business survey covers the opinions of managers of construction enterprises about their businesses, in order to depict the evolution of a number of key economic variables. The balance of opinions is the difference between the proportion of surveyed managers who consider that there was an improvement in a particular indicator and the proportion of those who reported a decline in the same indicator. The balance of opinions for construction activity was -50 in the third quarter of 2023 compared to -38 in the preceding quarter and to -18 in the third quarter of 2022. It reached its third lowest quarterly level since the start of the crisis and its ninth lowest level since the first quarter of 2017.

The balance of opinions about construction activity was -14 in the North, -53 in the South, -62 in Beirut & Mount Lebanon, and -76 in the Bekaa. Also, the balance of opinions about public works stood at -47 in the third quarter of 2023 compared to -48 in the second quarter and -25 in the third quarter of 2022. The opinions about the level of public works reached -18 in the North, -48 in the Bekaa, -75 in Beirut & Mount Lebanon, and -80 in the South.

In addition, the balance of opinions about the portfolio of projects was -69 in the third quarter of 2023 relative to -74 in the preceding quarter and to -72 in the third quarter of 2022. It reached its lowest quarterly level since the fourth quarter of 2019 and its 12th lowest level since first quarter of 2017. The balance of opinions about the portfolio of projects was -30 in the North, -85 in Beirut & Mount Lebanon, and -86 in each of the South and the Bekaa. Further, the balance of opinions about construction costs reached +45 in the third quarter of 2023, compared to +65 in the preceding quarter and +71 in the third quarter of 2022.

In parallel, the balance of opinions about investments in the sector was 21% in the third quarter of 2023, compared to 24% in the preceding quarter and to 23% in the third quarter of 2022. The balance of opinions about investments was 73% in the North, 21% in the Bekaa, 2% in Beirut & Mount Lebanon, and zero percent in the South.

Also, the balance of opinions about the number of employees in the sector was -68 in the third quarter of 2023 compared to -44 in the preceding quarter and to -60 in the third quarter of 2022. It reached its fourth lowest quarterly level since the fourth quarter of 2019 and its 15th lowest quarterly level since the first quarter of 2017. The balance of opinions about the number of employees was -44 in the North, -67 in Beirut & Mount Lebanon, -86 in the Bekaa, and -93 in the South.

Construction and Public Work Activity: Evolution of Opinions				
Aggregate results	Q3-20	Q3-21	Q3-22	Q3-23
General activity	-75	-67	-18	-47
Construction	-74	-67	-18	-50
Public works	-68	-66	-25	-47
Portfolio of projects	-92	-96	-72	-69
Construction costs	79	43	71	45
Investments (% of yes)	15%	17%	23%	21%

Source: Banque du Liban Business Survey for Third Quarter of 2023

Term deposits account for 54.4% of customer deposits at end-February 2024

Figures issued by Banque du Liban about the distribution of bank deposits at commercial banks in Lebanon show that aggregate deposits, which include demand deposits and term deposits, stood at LBP8,449.4 trillion (tn) at the end of February 2024, or the equivalent of \$94.4bn. Total deposits include private sector deposits that reached LBP8,139.8tn, deposits of non-resident financial institutions that amounted to LBP244.1tn, and public sector deposits that stood at LBP62.4tn at the end of February 2024. The figures reflect Banque du Liban's Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currencies to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions starting on January 31, 2024.

Term deposits in all currencies reached LBP4,591.2tn and accounted for 54.4% of total deposits in Lebanese pounds and in foreign currency at the end of February 2024 relative to a share of 54% at end-2023 and of 56.4% at end-February 2023. Further, the foreign currency-denominated term deposits of the public sector declined by 22% from end-2023, followed by a decrease of 7.8% in the term deposits of the non-resident financial sector, a contraction of 2.9% in the term deposits in Lebanese pounds of the resident private sector, a retreat of 1.9% in the term deposits of non-residents, and a downturn of 1.4% in foreign currency-denominated term deposits of the resident private sector. This was offset by an increase of 54.4% in the term deposits in Lebanese pounds of the public sector from the end of 2023. Aggregate term deposits declined by \$115.2bn since the end of September 2019, based on the new exchange rate, due to the migration of funds from term to demand deposits and to cash withdrawals, amid the confidence crisis that started in September 2019.

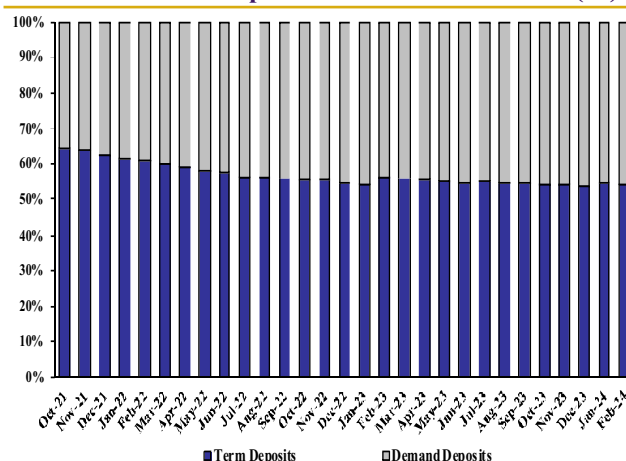
In addition, the foreign currency-denominated term deposits of the resident private sector reached \$36.5bn and accounted for 38.6% of aggregate deposits at the end of February 2024, relative to 37.4% at end-2023 and 39.5% at end-February 2023. Term deposits of non-residents followed with \$12.8bn or 13.5% of the total, then the term deposits of the non-resident financial sector with \$1.7bn (1.8%), term deposits of the public sector in foreign currency with \$241.5m (0.3%), term deposits in Lebanese pounds of the resident private sector with LBP14.6tn (0.2%), and term deposits of the public sector in Lebanese pounds with LBP8.2tn (0.1%).

In parallel, demand deposits in all currencies at commercial banks stood at LBP3,855.2tn at the end of February 2024. They accounted for 45.6% of aggregate deposits at end-February 2024 relative to a share of 46% at end-2023 and 43.6% at end-February 2023. Foreign currency-denominated demand deposits of the resident private sector declined by \$335.4m from end-2023, followed by a decrease of \$16.1m in demand deposits of the non-resident financial sector, and a downturn of LBP1,031.6bn in demand deposits in Lebanese pounds of the public sector. This was partly offset by an increase of \$63.3m in demand deposits of non-residents, a rise of \$6.3m in demand deposits in foreign currency of the public sector, and an upturn of LBP97.3bn in demand deposits in Lebanese pounds of the resident private sector.

Also, demand deposits in foreign currency of the resident private sector totaled \$33bn and represented 35% of deposits at end-February 2024, relative to 33.7% at end-2023 and to 32.4% at the end of February 2023. Demand deposits of non-residents followed with \$8.3bn (8.8%), then demand deposits of the non-resident financial sector with \$1.06bn (1.1%), demand deposits in foreign currency of the public sector with \$338.7m and demand deposits in Lebanese pounds of the resident private sector with LBP34.3tn (0.4% each), and demand deposits in Lebanese pounds of the public sector with LBP2.33tn (0.03%).

Based on the latest available figures, Beirut and its suburbs accounted for 66.2% of private-sector deposits and for 53% of the number of depositors at the end of September 2023. Mount Lebanon followed with 14.7% of deposits and 16.7% of beneficiaries, then South Lebanon with 7.4% of deposits and 10.5% of depositors, North Lebanon with 6.6% of deposits and 11.9% of beneficiaries, and the Bekaa with 5.1% of deposits and 8.1% of depositors.

Breakdown of Deposits at Commercial Banks (%)



Source: Banque du Liban, Byblos Research

Corporate Highlights

Life premiums down 62% to \$95m in 2023

The annual survey by *Al-Bayan* magazine of the insurance sector in Lebanon indicates that total life premiums generated by 25 providers of life insurance in the Lebanese market reached \$94.75m in 2023, constituting a decline of 62.1% from \$249.8m in 2022. In comparison, life premiums decreased by 32.4% in 2022, by 13.8% to \$369.3m in 2021, by 13% to \$428.4m in 2020 and by 9.2% to \$491.7m in 2019, while they increased by 4% to \$541.5m in 2018, and by 4.3% to \$521m in 2017. Based on the same set of insurance companies in 2022 and 2023, life premiums amounted to \$94.7m in 2023, and dropped by 52.6% from \$200m in 2022.

MetLife maintained its market lead with \$34.7m in life premiums, equivalent to a 36.6% market share in 2023. SNA followed with \$14.6m for a market share of 15.4%, then Bankers Assurance with \$8.9m (9.4%), Libano-Suisse Insurance with \$5.95m (6.3%), and Sécurité Assurance with \$5.3m (5.6%) as the top five providers of life insurance in Lebanon. Adonis Insurance and Reinsurance Co. (ADIR), Byblos Bank's affiliate, came in sixth place with life premiums of \$3.5m in 2023.

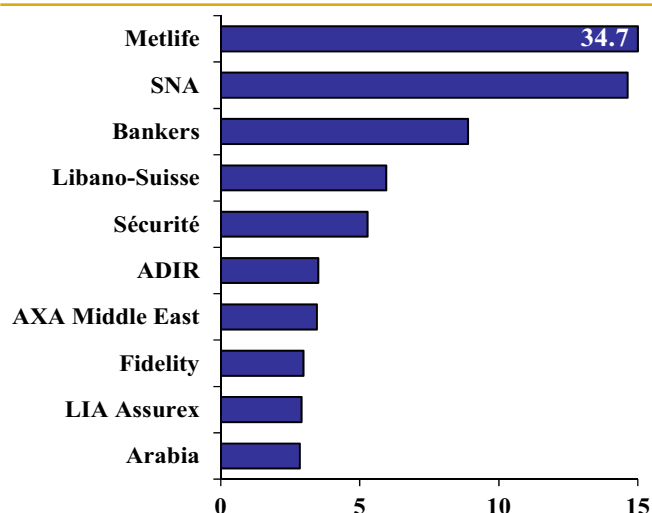
In parallel, four insurance providers posted increases in their life premiums last year among the 25 life insurance companies, while the other 21 firms saw a decline in their life premiums in 2023. Arabia Insurance was the only insurance firm out of the top 10 life insurers to post an increase in its life premiums in 2023.

The composition and rankings of the top 10 insurers changed from 2022. MetLife remained in first place, while the rankings of SNA, Bankers Assurance, and ADIR advanced by one spot each to second, third, and sixth place, respectively, in 2023. Further, the rankings of Libano-Suisse Insurance and Sécurité Assurance advanced by five notches each to fourth and fifth place, respectively, in 2023. In contrast, the ranking of LIA Assurex deteriorated by four spots from fifth place in 2022 to ninth place in 2023. In addition, AXA Middle East, Fidelity Assurance & Reinsurance, and Arabia Insurance joined the top 10 in 2023, as the ranking of AXA Middle East advanced by five spots to seventh place, that of Fidelity rose by three notches to eighth place, and the rank of Arabia Insurance improved by four spots to 10th place last year.

The survey shows that the top 10 providers of life insurance in Lebanon accounted for 89.8% of the life insurance market, while the top 20 firms generated 99.6% of life premiums in 2023. Further, the top five life insurers in Lebanon accounted for 73.3% of the market in 2023, up from 70.2% in 2022. Their premiums totaled \$69.4m in 2023, \$175.5m in 2022, \$269.3m in 2021, \$268m in 2020, \$314.8m in 2019, \$346.3m in 2018, and \$337.1m in 2017.

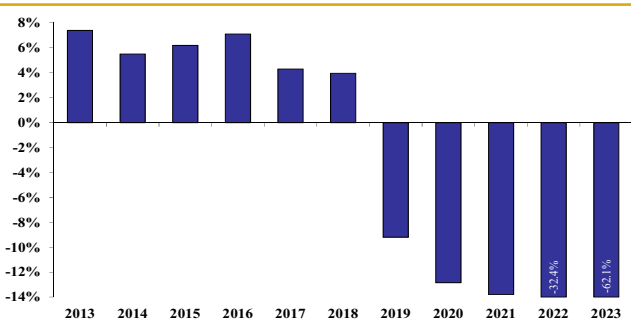
In parallel, the insurance penetration rate of the life category in Lebanon, or premiums relative to the size of the economy, stood at 0.5% of GDP in 2023, while Lebanon's life insurance density, or premiums per capita, reached \$17.5 in 2023.

Life Premiums of the Top 10 Insurers in 2023 (US\$m)



Source: *Al-Bayan*, *Byblos Research*

Nominal Change in Life Premiums (%)



Source: *Al-Bayan*, *Byblos Research*

Stock market capitalization down 11% to \$17.2bn at end-April 2024

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 4.67 million shares in the first four months of 2024, constituting a drop of 82.6% from 26.9 million shares traded in the same period of 2023; while aggregate turnover amounted to \$200.5m and rose by 39% from a turnover of \$144.2m in the first four months of 2023.

Further, the market capitalization of the BSE stood at \$17.2bn at the end of April 2024, representing a decrease of 10.7% from \$19.3bn a year earlier, and compared to \$17.8bn at the end of March 2024 and to \$20.5bn at end-December 2023. Real estate equities accounted for 69.3% of the market's capitalization at the end of April 2024, followed by banking stocks (22.8%), and industrial shares (7.9%). Also, the trading volume reached 736,801 shares in April 2024, as it decreased by 7.6% from 797,200 shares traded in March 2024 and increased by 133.6% from 315,447 shares in April 2023. Also, the aggregate turnover stood at \$18.3m in April 2024, constituting rises of 26% from a turnover of \$14.5m in the preceding month and of 5.7% from \$17.3m in April 2023. The market liquidity ratio was 1.2% at the end of April 2024 compared to 0.7% a year earlier.

In addition, real estate equities accounted for 51% of the trading volume in the first four months of 2024, followed by banking stocks (46.2%) and industrial shares (2.8%). Further, real estate equities accounted for 94% of the aggregate value of shares traded, followed by industrial shares (3.8%), and banking stocks (2.1%). The average daily traded volume for the first four months of 2024 was 59,837 shares for an average daily amount of \$2.6m. The figures represent a drop of 83.3% of the average daily traded volume and a surge of 33.7% of the average daily value in the covered period.

In parallel, the price of Solidere 'A' shares decreased by 18.7% and the price of Solidere 'B' shares regressed by 19.5% in the first four months of 2024, while the price of Holcim shares improved by 0.2% in the covered period. Further, the price of Solidere 'A' shares increased by 1.7% in January while it decreased by 14.2% in February, by 6% in March 2024 and by 1% in April 2024. Also, the price of Solidere 'B' shares improved by 1.3% in January and contracted by 18% in February, by 0.7% in March 2024 and by 2.4% in April 2024. Further, the share price of Holcim regressed by 0.5% January and grew by 0.7% in February 2024, while it remained unchanged in March and in April 2024.

The decline in the bourse's capitalization in the first four months of 2024 was triggered by the contraction in the share prices of Solidere in the covered period due to negative market sentiment since the eruption of the war in the Gaza Strip and the start of Israeli attacks along the Blue Line of Lebanon's southern border.

Import activity of top five shipping firms and freight forwarders down 5.5% in January 2024

Figures released by the Port of Beirut show that the aggregate volume of imports by the top five shipping companies and freight forwarders through the port totaled 14,836 20-foot equivalent units (TEUs) in January 2024, constituting a decrease of 5.5% from 15,694 TEUs in January 2023. The five shipping and freight forwarding firms accounted for 79.7% of imports to the Lebanese market in January 2024.

Merit Shipping handled 5,372 TEUs in January 2024, equivalent to 29% of the total import freight market to Lebanon. Mediterranean Shipping Company (MSC) followed with 4,118 TEUs (22%), then MAERSK with 2,112 TEUs (11.3%), MEDBRIDGE Shipping Agency with 1,626 TEUs (8.7%), and Gezairi Transport with 1,608 TEUs (8.6%). MEDBRIDGE registered a rise of 41% in imports in January 2024, the highest growth rate among the covered companies, while MSC posted a decline of 22%, the steepest decline among the five firms in January 2024 from the same month of 2023.

In parallel, the aggregate volume of exports by the top five shipping and freight forwarding firms through the Port of Beirut reached 5,633 TEUs in January 2024, nearly unchanged from January 2023. The five companies accounted for 91% of exported Lebanese cargo in the covered month.

Merit Shipping handled 3,309 TEUs of freight in January 2024, equivalent to 53.4% of the Lebanese cargo export market. MAERSK followed with 1,013 TEUs (16.4%), then MSC with 590 TEUs (9.5%), Gezairi Transport with 449 TEUs (7.2%), and Seanautics with 272 TEUs (4.4%). Gezairi Transport posted a surge of 123.4% in exports in January 2024, the highest growth rate among the covered companies, while MAERSK registered a decrease of 33%, the steepest decline among the five firms year-on-year in January 2024.



Ratio Highlights

(in % unless specified)	2020	2021	2022	Change*
Nominal GDP (\$bn)	24.7	20.5	21.8	1.3
Public Debt in Foreign Currency / GDP	56.8	188.1	189.8	1.7
Public Debt in Local Currency / GDP	93.8	302.1	277.7	(24.4)
Gross Public Debt / GDP	150.6	490.2	467.5	(22.7)
Trade Balance / GDP	(8.1)	(4.7)	(2.8)	1.9
Exports / Imports	31.3	28.5	18.3	(10.2)
Fiscal Revenues / GDP	16.0	9.8	6.3	(3.4)
Fiscal Expenditures / GDP	20.3	8.7	11.3	2.5
Fiscal Balance / GDP	(4.3)	1.1	(4.9)	-
Primary Balance / GDP	(1.0)	2.4	(4.3)	-
Gross Foreign Currency Reserves / M2	41.5	26.0	13.4	(12.6)
M3 / GDP	209.0	96.9	41.8	(55.2)
Commercial Banks Assets / GDP	296.2	127.1	46.4	(80.7)
Private Sector Deposits / GDP	219.2	94.1	34.5	(59.6)
Private Sector Loans / GDP	57.0	20.1	5.5	(14.6)
Private Sector Deposits Dollarization Rate	80.4	79.4	76.1	(3.3)
Private Sector Lending Dollarization Rate	59.6	56.3	50.7	(5.6)

*change in percentage points 22/21;

Source: Banque du Liban, Ministry of Finance, Central Administration of Statistics, International Monetary Fund, Byblos Research Estimates & Calculations

Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

National Accounts, Prices and Exchange Rates

	2020	2021e	2022f
Nominal GDP (LBP trillion)	95.7	196	480
Nominal GDP (US\$ bn)	24.7	18.0	18.3
Real GDP growth, % change	-25.9	-8.4	-2.5
Private consumption	-70	1.2	1.5
Public consumption	-4	-45.7	-9.8
Gross fixed capital	-63	-16.2	21.8
Exports of goods and services	-34.2	8.7	6.6
Imports of goods and services	-33.4	-1.1	10.6
Consumer prices, %, average	84.9	154.8	171.2
Official exchange rate, average, LBP/US\$	1,507.5	1,507.5	1,507.5
Parallel exchange rate, average, LBP/US\$	6,705	16,821	30,313
Weighted average exchange rate LBP/US\$	3,878	10,876	26,222

Source: Central Administration of Statistics, Institute of International Finance- May 2023

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Investors Service	C	NP	-	C		Stable
Fitch Ratings	RD	C	-	RD	RD	-
S&P Global Ratings	SD	SD	-	CC	C	Negative

Source: Rating agencies

Banking Sector Ratings	Outlook
Moody's Investors Service	Negative

Source: Moody's Investors Service



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