

Daily Market Bulletin

Wednesday May 20, 2015



BLOM Stock Index



Weighted Effective Yield on Eurobonds



BLOM Indices*

	Last	Previous	% Change
BSI	1,189.78	1,191.19	-0.12%
High	1,191.21	1,195.55	
Low	1,188.85	1,187.89	
Vol	47,621	102,193	-53.40%
Val	568,354	1,360,849	-58.24%
 BPSI	 104.37	 104.36	 0.01%
Vol	5,734	25,780	
Val	\$161,413	\$855,078	
 BBI	 107.57	 107.56	 0.01%
10Y Yield	5.99%	6.00%	-1
Spread10Y US	372	377	4
 BLOM Funds	 19/05/2015		
Cedars A (\$)	\$ 7,532.89		0.26%
Cedars B (\$)	\$ 5,387.63		0.26%
Cedars C (\$)	\$ 5,721.28		0.26%
Petra A (JOD)	\$ 2,909.58		0.45%
Petra B (\$)	\$ 4,835.78		0.45%
BBF**	\$ 9,481.98		-
Pyramids	\$ 5,709.33		0.58%

MARKET WRAP UP

The Beirut Stock Exchange witnessed a lackluster performance on the back of a poor showing in the real estate sector. Consequently, the BLOM Stock Index (BSI) declined by 0.12% to 1,189.78 points, tightening its year-to-date gains to 1.67%. In the banking sector, BLOM Bank GDR shares and Byblos Bank preferred shares 2008 increased by 0.20% and 0.10% to close the session at \$10 and \$100.10, respectively. In addition, Byblos Bank common shares and BLOM Bank preferred shares 2011 traded at their previous quote. In the real-estate sector, Solidere shares classes "A" and "B" dropped by 0.61% and 0.87% to settle at \$11.45 and \$11.36, respectively.

Demand for long-term Lebanese Eurobonds slightly improved on Tuesday, which translated into the BLOM Bond Index (BBI) barely moving by 0.01% to 107.567 points. The yield on the 10Y down ticked by 1 basis point (bp) to 5.99% while that of the 5Y persisted at 5.20%. However, the yield on the medium-term U.S bonds went up by 6 bps to close the session at 1.60%. Consequently, the spread between the yields on the 5Y Lebanese Eurobonds and their US counterpart tightened by 6 bps to 360 bps. Lebanon's 5Y Credit Default Swaps (CDS) slightly drifted from a previous quote of 370-397 bps to 371-396 bps.

In its latest article, Lebanon's Telecom Market Overview 2015, Business Monitor International (BMI) discussed the situational backdrop of the Lebanese telecom sector. The telecom industry is considered a monopoly, bearing in mind that there are only two government owned mobile operators in the country. Alfa Mobile, (Kuwait-based Zain operates the network on a management contract) having 47% market share and Touch, constituting 53% of the market (Egypt's Global Telecom Holding are the contract managers) set high quotes for their services. However, according to the latest data, since 2008 Lebanon's Average Revenue per User (ARPU) has gone down by more than 45% to \$37 by September 2012, but still above the \$30 mark, which makes the ARPU one of the highest in the region. In turn, according to BMI, the industry must be privatized to lure competition, drive growth and lower prices but few tangible changes have been seen to the promotion of liberalization. Contractual agreements between the government and the above mentioned companies have been renewed three times since September 2013; the latest being in October 2014. In the beginning of June 2014, the ministry imposed lower tariffs on calls (30% decline to \$0.25/minute) and on internet so ARPU will be expected to fall. The Telecommunication Minister Boutros Harb, during the latest agreement, proposed to either renew current management contracts under new conditions, to tender the contracts to new companies, or turn the networks over to the ministry to run. The main adversary here is that new companies will still be under management contract and the companies will stay under the ownership of the government. It will be hard for the Lebanese government to relinquish their hold on the industry, since it is the third largest source of income, earning approximately \$1.5B for the government, after customs and VAT. It was reported, last month, that the minister is trying to speed up the establishment of a state owned operator called Liban Telecom, while privatizing the rest of the sector. BMI are apprehensive that this will actually happen since nothing noticeable has occurred yet. According to BMI, since 2012, the market has changed little, retaining approximately 4 million subscribers, hence 4 million connections, illustrating the slow market growth. BMI believes that buyers at this point in time are seeing little change and that privatization will be beneficial for the industry and consumers alike as prices will fall and growth will spur on.

Foreign Exchange Market

\$/LBP	1,512.00	1,512.00	-
€/LBP	1,672.12	1,690.66	-1.10%
£/LBP	2,339.04	2,339.34	-0.01%
 NEER****	 163.61	 163.40	 0.13%
 Money & TB's Market Rates			
LBP Interbank Rate	2.75%		
 Lebanese TBs	 Beirut \$ Market		
1 w	0.00%		
1 M	0.03%		
3 M	4.39%	0.10%	
6 M	4.87%	0.16%	
1 Y	5.08%	0.25%	
2 Y	5.84%	0.47%	
3 Y	6.50%	0.91%	
5 Y	6.74%	1.98%	

	Last	Change	Volume	Vwap	Price	Yield	
Solidere (A)	\$11.45	-0.61%	9,665	\$11.48	Nov. 2016	100.510	4.38%
Solidere (B)	\$11.36	-0.87%	44	\$11.36	Mar. 2017	108.060	4.38%
BLOM GDR	\$10.00	0.20%	29,050	\$10.00	Oct. 2017	101.110	4.50%
BLOM Listed	\$9.50	-	-	-	Jun. 2018	101.000	4.79%
Audi GDR	\$6.55	-	-	-	Nov. 2018	100.750	4.91%
Audi Listed	\$6.12	-	-	-	Apr. 2019	101.130	5.18%
BLOM Pref 11	\$10.10	-	4,584	\$10.10	Mar. 2020	104.000	5.42%
Byblos Listed	\$1.61	-	3,128	\$1.61	Apr. 2020	101.750	5.39%
Byblos Pref 08	\$100.10	0.10%	1,150	\$100.10	Apr. 2021	113.500	5.53%
 BSI	 1.67%	 -1.47%	 0.09%	 11.06%	 Dec. 2024	 107.000	 6.02%
 BPSI	 2.19%	 2.19%	 3.74%	 3.60%	 Feb. 2025	 101.250	 6.03%
 BBI					 Nov. 2026	 103.380	 6.19%
 NEER					 Nov. 2027	 104.380	 6.24%
 Year to date					 Feb. 2030	 102.630	 6.37%