

THE LEBANON BRIEF

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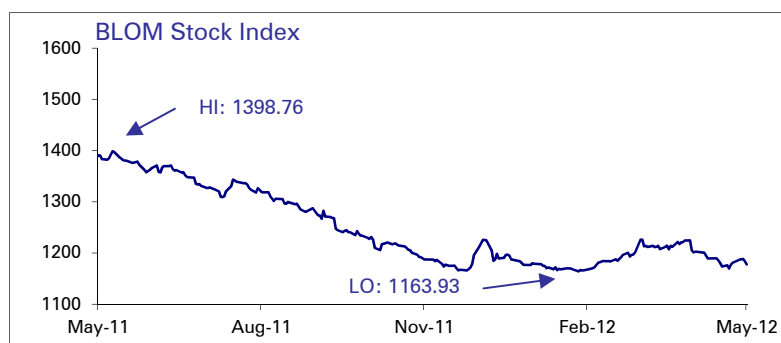
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FINANCIAL MARKETS

Equity Market Stock Market

	04/05/12	27/04/12	% Change
BLOM Stock Index*	1177.87	1182.37	-0.38%
Avg Traded Volume	917,029	303,356	202.29%
Avg Traded Value	4,292,951	2,674,321	60.52%

*22 January 1996 = 1000



Banking Sector

	Mkt	04/05/12	27/04/12	% Change
BLOM (GDR)	BSE	\$7.80	\$7.61	2.50%
BLOM Listed	BSE	\$7.80	\$7.69	1.43%
BLOM (GDR)	LSE	\$7.75	\$7.85	-1.27%
Audi (GDR)	BSE	\$6.50	\$6.25	4.00%
Audi Listed	BSE	\$6.00	\$6.15	-2.44%
Audi (GDR)	LSE	\$6.55	\$6.27	4.39%
Byblos (C)	BSE	\$1.59	\$1.60	-0.62%
Byblos (GDR)	LSE	\$79.00	\$79.00	0.00%
Bank of Beirut (C)	BSE	\$19.29	\$19.29	0.00%
BLC (C)	BSE	\$1.90	\$1.90	0.00%
Fransabank (B)	OTC	\$28.00	\$28.00	0.00%
BEMO (C)	BSE	\$2.09	\$2.20	-5.00%

	Mkt	04/05/12	27/04/12	% Change
Banks' Preferred Shares Index *		\$103.23	\$103.59	-0.35%
BEMO Preferred 2006	BSE	\$100.00	\$100.00	0.00%
Audi Pref. D	BSE	\$10.00	\$10.00	0.00%
Audi Pref. E	BSE	\$100.00	\$100.00	0.00%
Byblos Preferred 08	BSE	\$101.00	\$100.00	1.00%
Byblos Preferred 09	BSE	\$101.00	\$101.00	0.00%
Bank of Beirut Pref. D	BSE	\$25.56	\$26.25	-2.63%
Bank of Beirut Pref. E	BSE	\$25.73	\$25.75	-0.08%
BLOM Preferred 2011	BSE	\$10.17	\$10.35	-1.74%
Bank of Beirut Pref. H	BSE	\$25.00	\$25.00	0.00%

* 25 August 2006 = 100

The BLOM Stock Index (BSI), Lebanon's leading index, declined by 0.38% this week and settled at 1,177.87 points resulting in a 0.10% rise since year start. As for the market capitalization, it decreased by \$35M to \$9.16B compared to last week's \$9.2B while the average daily traded volume was 917,029 shares worth \$4,292,951 higher than last week's 303,356 shares valued at \$2,674,321. This surge in total volume is due to cross trades on Audi listed stock and RYMCO shares.

The Lebanese benchmark failed to beat the Morgan Stanley (MCSI) Emerging Index that rose by 0.82% to 1024.27 points. It was also outperformed by the S&P Pan Arab Composite LargeMidCap Index that retreated by 0.13% to 117.28 points and the S&P AFE40 that declined by a slight 0.07% to 56.57 points. Dubai was the most notable component pulling the indices down by falling 4.23% while Kuwait and Bahrain were the best performers increasing by 2.24% and 1.14% respectively.

The banking sector maintained its dominance over the market holding approximately 96% of total volume traded and 74% if we do not take into account the banking sector cross trades made over the week. BLOM and Audi GDRs surged 2.50% and 4.00% to \$7.80 and \$6.80 correspondingly while BLOM listed stock increased by 1.43% to \$7.80 and Audi listed stock fell by 2.44% to trade at \$6.00. Furthermore, Byblos listed stock dropped 1 cent to \$1.59, whereas BEMO listed stock took a downward turn to record a 5.00% decrease and settle at \$2.09. The preferred shares index decreased by 0.13% to 103.23 points due to the decline of Bank of Beirut preferred E and D shares by 0.08% and 2.63% to \$25.73 and \$25.56 respectively. Additionally, BLOM preferred 2011 stumbled by 1.74% to settle at \$10.17 while Byblos preferred 08 was the only preferred stock to ameliorate marking a rise of 1.00% to stand at \$101.00. In London, BLOM GDR lost 1.27% to \$7.75, while Audi GDR advanced 4.39% to \$6.55.

Real Estate

	Mkt	04/05/12	27/04/12	% Change
Solidere (A)	BSE	\$13.46	\$13.52	-0.44%
Solidere (B)	BSE	\$13.39	\$13.55	-1.18%
Solidere (GDR)	LSE	\$13.20	\$13.09	0.84%

As for the real estate sector, Solidere witnessed a decrease in its shares having Solidere A retreat by 0.44% to \$13.46 and Solidere B decline by 1.18% to \$13.39. On the London Stock Exchange, Solidere GDR edged 0.84% up to \$13.2.

In the industrial sector, cement producer Holcim Liban fell by 5.72% to close at \$16.97.

Manufacturing Sector

	Mkt	04/05/12	27/04/12	% Change
HOLCIM Liban	BSE	\$16.97	\$18.00	-5.72%
Ciments Blancs (B)	BSE	\$3.15	\$3.15	0.00%
Ciments Blancs (N)	BSE	\$3.10	\$3.10	0.00%

To summarize, Solidere's stock decline is related partly to the tensed political environment and partly because investors are staying on the sidelines prior to the upcoming publication of the company's 2011 financials in the next couple of weeks. Regarding the banking sector, the GDRs increased as we anticipated last week and we expect this positive momentum to continue if no major negative political developments take place during the month.

Funds

	Mkt	04/05/12	27/04/12	% Change
Beirut Preferred Fund	BSE	\$103.10	\$103.10	0.00%
BLOM Cedars Balanced Fund Tranche "A"	-----	\$6,733.22	\$6,721.39	0.18%
BLOM Cedars Balanced Fund Tranche "B"	-----	\$5,109.54	\$5,100.20	0.18%
BLOM Cedars Balanced Fund Tranche "C"	-----	\$5,113.93	\$5,104.94	0.18%
BLOM Bond Fund	-----	\$10,016.99	\$10,016.99	0.00%

Retail Sector

	Mkt	04/05/12	27/04/12	% Change
RYMCO	BSE	\$2.44	\$2.44	0.00%
ABC (New)	OTC	\$16.50	\$16.50	0.00%

Tourism Sector

	Mkt	04/05/12	27/04/12	% Change
Casino Du Liban	OTC	\$550.00	\$550.00	0.00%
SGHL	OTC	\$4.50	\$4.50	0.00%

Foreign Exchange Market

Lebanese Forex Market

	04/05/12	27/04/12	%Change
Dollar / LP	1502.00	1502.00	0.00%
Euro / LP	1979.80	1991.41	-0.58%
Swiss Franc / LP	1647.72	1657.32	-0.58%
Yen / LP	18.81	18.71	0.53%
Sterling / LP	2437.48	2439.29	-0.07%
NEER Index**	98.94	98.71	0.23%

*Close of GMT 09:00+2

**Nominal Effective Exchange Rate; Base Year Jan 2006=100

**The unadjusted weighted average value of a country's currency relative to all major currencies being traded within a pool of currencies. The NEER represents the approximate relative price a consumer will pay for an imported good.

Nominal Effective Exchange Rate (NEER)



Money & Treasury Bills Markets

Money Market Rates

	04/05/12	27/04/12	Change bps
Overnight interbank	2.75	2.75%	0
BDL 45-day CD	3.57%	3.57%	0
BDL 60-day CD	3.85%	3.85%	0

Treasury Yields

	04/05/12	27/04/12	Change bps
3-M TB yield	4.39%	4.43%	-4
6-M TB yield	4.87%	4.99%	-12
12-M TB yield	5.08%	5.08%	0
24-M TB coupon	5.84%	5.84%	0
36-M TB coupon	6.50%	6.50%	0
60-M TB coupon	6.74%	6.74%	0

The exchange rate between the Lebanese Pound and the US dollar remained at the lower end of the peg on the local exchange market this week at \$/LP 1,500.5 - \$/LP 1,503.5 with a mid-price of \$/LP 1,502. BdL's foreign assets (excluding gold) increased by a monthly 1.8% to \$33.04 billion by the end of April 2012 while the dollarization rate of private sector deposits was 65.63% in February 2012, down from 65.9% a month earlier.

In international markets, the Euro retreated over the past week following the release of discouraging indicators from the Eurozone, namely on manufacturing and employment. The currency's losses were however limited against the US dollar that was in turn seeing relatively weak demand, with investors remaining cautious ahead of the US payrolls report. The euro thus ended at \$/€ 1.3133 by Friday 12.00 pm Beirut time, sliding 0.58% from last week pushing the Lebanese Pound to appreciate to LP/€ 1979,8 from LP/€ 1991.41. The Nominal effective exchange rate (NEER) added 0.23% to 98.94 points.

Broad money M3 rose by LP492B (\$326.37M) during the week ending April 12 to attain LP151,608B (\$100.57B). Hence, M3 increased by 7.75% y-o-y and 3.43% from end of December 2011. M1 increased during the week by LP1B (\$0.66M) as the LP118B (\$78.28M) rise in demand deposits outpaced the LP117B (\$77.61M) decrease in money in circulation. Total deposits (excluding demand deposits) jumped by \$325.33M as deposits denominated in foreign currencies progressed by \$259M, while term and saving deposits advanced by \$66.33M. As for the dollarization rate of broad money, it went up by 7 basis points (bps) on a weekly basis to 58.99%. The overnight interbank rate stood at 2.75% during the month of January, according to the Association of Banks in Lebanon.

On April 26, the Ministry of Finance (MoF) raised LP647.62B (\$429.6M) through the issuance of Treasury Bills. The money collected from the auction was largely more than the LP290.27B (\$192.55M) required to finance the maturing TBs. Demand was mainly observed on the 60M paper that captured 87.65% of total subscriptions. The 3M and 6M papers accounted for 6.17% each. The average discount rate for the 3M and 6M papers narrowed by 4 bps and 12 bps to 4.39% and 4.87% respectively, whereas the average coupon rate for the 60M paper stood at 6.74%. To note that the MoF continues to undertake all accepted bids.

Eurobond Market

Eurobonds Index and Yield

	04/05/12	27/04/12	Change	Year to Date
BLOM Bond Index (BBI)*	110.810	110.790	0.02%	-0.12%
Weighted Yield**	4.56%	4.61%	-5	-22
Weighted Spread***	389	391	-2	-17

*Base Year 2000 = 100; includes US\$ sovereign bonds traded on the OTC market

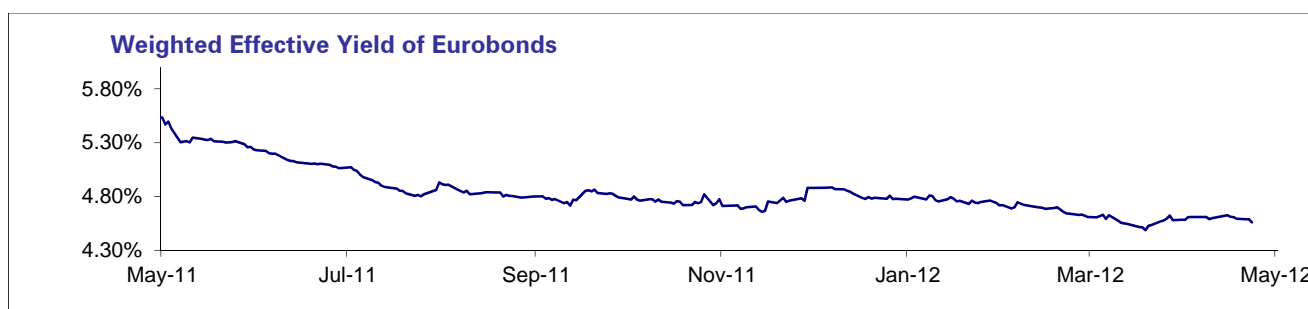
** The change is in basis points

***Against US Treasuries (in basis points)

Lebanese Government Eurobonds

Maturity - Coupon	04/05/12 Price*	27/04/12 Price*	Weekly Change%	04/05/12 Yield	27/04/12 Yield	Weekly Change bps
2012, Sep - 7.750%	101.00	102.25	-1.22%	0.91%	0.69%	22
2013, Mar - 9.125%	105.75	105.75	0.00%	2.21%	2.34%	-13
2013, Jun - 8.625%	107.00	107.00	0.00%	2.24%	2.33%	-9
2014, Apr - 7.375%	107.38	107.38	0.00%	3.40%	3.43%	-3
2014, May - 9.000%	110.50	110.50	0.00%	3.48%	3.52%	-4
2015, Jan - 5.875%	105.00	104.88	0.12%	3.99%	3.95%	4
2015, Aug - 8.500%	113.38	113.38	0.00%	4.06%	4.08%	-2
2016, Jan - 8.500%	114.25	114.25	0.00%	4.29%	4.30%	-2
2016, May - 11.625%	126.75	126.75	0.00%	4.29%	4.31%	-2
2017, Mar - 9.000%	118.50	118.50	0.00%	4.70%	4.71%	-1
2018, Nov - 5.150%	100.50	100.38	0.12%	5.06%	5.08%	-2
2020, Mar - 6.375%	106.25	106.13	0.12%	5.38%	5.41%	-3
2021, Apr - 8.250%	118.50	118.50	0.00%	5.59%	5.59%	0
2022, Oct - 6.100%	102.25	102.19	0.06%	5.82%	5.82%	0
2024, Dec - 7.000%	108.50	108.25	0.23%	6.03%	6.05%	-3
2026, Nov - 6.600%	103.00	102.63	0.37%	6.32%	6.32%	0

- Mid Prices ; BLOMINVEST bank

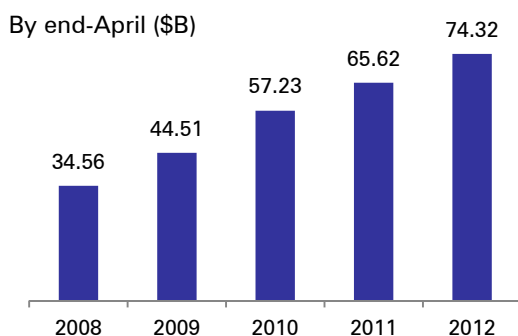


Activity on the Eurobond market remained slow over the past week, although some demand was seen on undervalued papers across the maturity spectrum, following a two-week decline. The BLOM Bond Index (BBI) added only 0.02% to 110.81 points, however driving the portfolio's average weighted yield down by 5 basis points (bps) to 4.56%. The spread between average Lebanese and US yields narrowed 2 bps to 389 bps. In comparison, demand for emerging market sovereigns continued to prove resilient against contradicting reports on the global economy, due to the positive longer term outlook of the investment instruments. The JP Morgan emerging markets' bonds index thus climbed 1.2% from last week.

Lebanon's credit default swap for 5 years (CDS) stabilized this week around 435-455 bps. In regional economies, Dubai's 5-year CDS narrowed by an average 20 bps to 340-350 bps and Saudi Arabia's 5-year CDS contracted slightly to 115-120 bps. In emerging Turkey and Brazil, 5-year CDS quotes ended the week at 224-227 bps and 119-121 bps respectively.

ECONOMIC AND FINANCIAL NEWS

BdL Total Assets

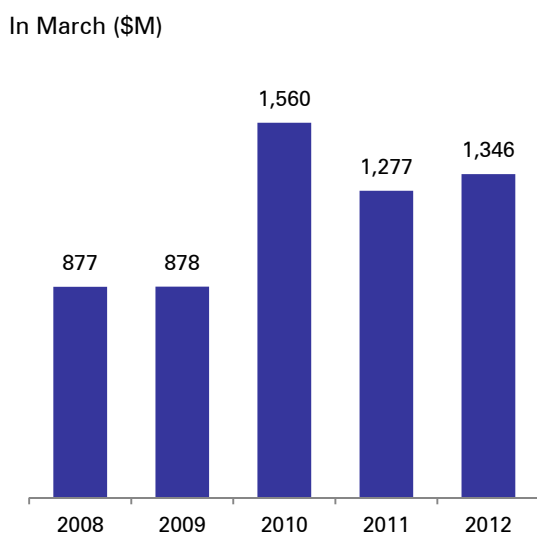


Source: BdL

BdL Assets at \$74.32 Billion by end-April 2012

The Lebanese Central Bank's (BdL) total assets reached \$74.32B by end of April 2012, up by 1.84% from the previous month and 14.88% from a year earlier. BdL's foreign assets (excluding gold) rose by a monthly 1.89% to stand at \$33.04B whereas gold increased slightly by 0.05% to \$15.34B. Moreover, loans to the local financial sector decreased by 0.04% to \$1.41B compared to March's \$1.42B. On the liabilities' side, financial sector deposits increased by 1.84% to \$74.32B, while public sector deposits climbed by 12.16% to reach \$5.73B. Finally, currency in circulation outside of BdL rose by 1.77% to \$2.08B.

Lebanon's Trade Deficit

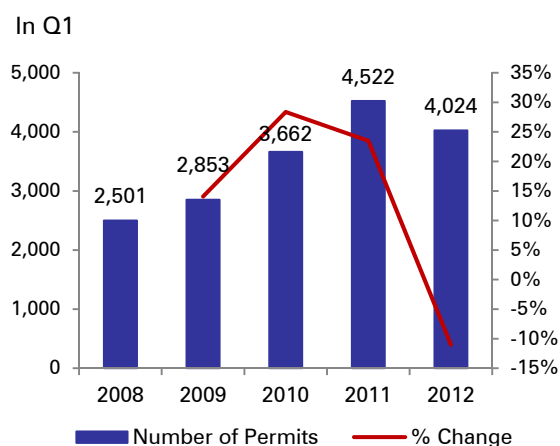


Source: Customs Department

Trade deficit Reaches \$4.8 Billion in Q1 2012

Lebanon's trade deficit widened by 3.3% to reach \$4.8 billion during the first quarter this year, up from \$3.6 billion in Q1 2011, according to the latest figures from the Customs Department. In March alone, the deficit increased by 5.4% year-on-year to \$1.3 billion. This change was caused by the 6% increase in imports to \$1.72B and the 7% rise in exports to \$377M. The latter was mainly constituted by pearls, precious or semi-precious stones making up 47% of the month's total exports with an annual increase of 45%. Base metals followed amounting to 11% and shrinking by an annual 5%. In addition machinery and mechanical appliances declined by 10% annually, however they managed to keep a 10% share of total exports. Furthermore, the main destination for exports was Switzerland receiving 17% of total exported products while UAE and Saudi Arabia followed with 8% and 7% respective shares. On the other hand, the main exporter to Lebanon was the USA holding a share of 20% in total imports with Italy and France succeeding in second place having a share of 7% each. Mineral products held the largest share of imported goods standing at 38% with an annual increase of 99%, while chemical products, and pearls, precious or semi-precious stones each grasped 8% of total imports. Finally, revenues from customs decreased by a slight 1% to settle at \$125.37M compared to \$126.69M in March 2011.

Construction Permits and Annual Percentage Change



Source: Order of Engineers, Beirut & North

Construction Area Authorized by Permits in Q1 2012 Lowest Since 2009

The number Construction permits issued in Lebanon during the first quarter of 2012 dropped by 11% y-o-y to 4,024 after having jumped by 23% y-o-y in Q1 2011, data released by the Order of Engineers in Beirut and the North showed this week. This decline reflects last year's depleted investment sentiment amid a domestic political standstill and the rise of regional turmoil; noting that permits are usually issued at least six months after applications are filed. Correspondingly, total area authorized for construction by the issued permits also diminished by 2.5% y-o-y to 3.59 million square meters (sqm). In March 2012 alone, construction permits fell by almost 20% annually to 1,366 whereas total construction area authorized by permits contracted 12.4% y-o-y to 1.41 million sqm. Mount Lebanon accounted for half of the permits issued in March, North Lebanon took up 13% of sanctioned constructions, Nabatiyeh region and South Lebanon took around 11% of total permits each, while the capital Beirut took up only 6% of total permits.

Aid Highlights in April

Initiating Agent	Project	Aid Amount
European Union	Improving goods circulation between the Middle East and the European Union	Euro 1.163 million
Italian ministry of Foreign Affairs	Expand and improve hospitalization services for Palestinian refugees	Euro 1 million
Switzerland	Support the small and medium enterprises business community to resolve commercial disputes	\$2.9 million
European Union	Reforms in institution building, democracy, good governance, human rights, and economic growth	Euro 30 million

Source: Ministry of Finance

Institutional Capacity Aid to Lebanon in April

The Ministry of Finance published its May issue of the Aid Coordination Newsletter outlining the grants received in April. The European Union (EU) supported the Lebanese Customs through cross border cooperation initiative by granting Euro 1.163 million on a project starting on 12 April 2012 with the purpose of improving goods circulation between the Middle East and the European Union. On 12 March, the Italian ministry of Foreign Affairs contributed Euro 1 million for the UNRWA Health Reform Programme in Lebanon in order to expand and improve hospitalization services for Palestinian refugees. Switzerland provided funding for the Lebanese Mediation Center through the International Finance Cooperation (IFC) on April 4 to support the small and medium enterprises business community to resolve commercial disputes. The project's budget is \$2.9 million of which \$0.8 million is allocated to Lebanon for two years. On 26 April, the EU announced an additional Euro 30 million allocation to the Support for Partnership, Reform and Inclusive Growth (SPRING) instrument which aims at reforms in institution building, democracy, good governance, human rights, and economic growth. The prior allocation was for Euro 62 million.

Transfers to EdL Almost Triple in January 2012

Transfers to EdL

(\$ Million)	Jan-10	Jan-11
EdL of which	63	235
Debt Service	1.33	2.65
Oil Reimbursement	61.67	232.35

Source: Ministry of Finance

Transfers from the Treasury to Electricite du Liban (EdL) were LP 355 billion (\$235 million) in January 2012, almost three times the value of transfers in the same month last year, according to figures from the Ministry of Finance. Reimbursements to oil suppliers, Kuwait Petroleum Company and Algeria's Sonatrach, accounted for 98.8% of total transfers or LP 351 billion (\$232 million), representing the fuel consumption over July-August 2011 for gas oil and July 2011 for fuel oil, when crude oil price averaged US\$ 116/barrel. In contrast, reimbursements for the previous period when average oil prices were \$76 per barrel, amounted to LP 93 billion (\$62 million). The remaining amount paid out in January 2012 was reserved for debt servicing LP 4 billion (\$2.65M) and was double the debt service cost paid out in January 2011.

CORPORATE DEVELOPMENTS

Byblos Bank Q1 Net Profits Reach \$38.63M

Byblos Financial Highlights

(\$M)	Mar-12	Dec-11	%ch
Customer's deposits	12,988	12,719	2.11%
Net Loans & advances to customers	4,020	3,999	0.51%
Total assets	16,761	16,602	0.96%
Net Profit	38.63	38.56*	0.20%

*: Up to March 2011

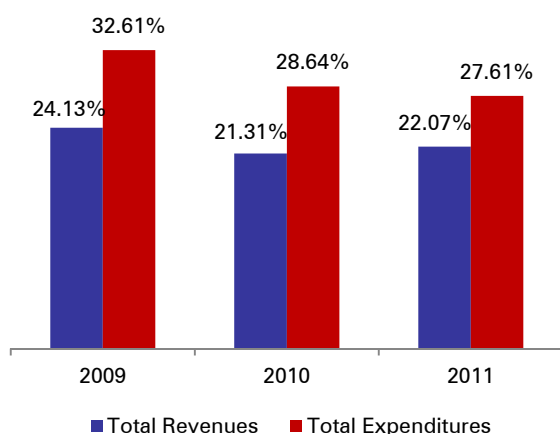
Source: Company Data

Byblos Bank published its financials for the first quarter of 2012, revealing a slight increase of 0.2% in profits reaching \$38.63M compared to \$38.56M registered in Q1 2011. Net interest income declined by 21.54% from year start to settle at \$25.08M, while net commission income rose by 11.16% to stand at \$25.08M. Furthermore, net loans & advances to customers went up by 0.5% to \$4.02B, whereas customers' deposits increased by 2.11% to \$12.99B. Total assets reached \$16.7B, up by 0.96% from year start.

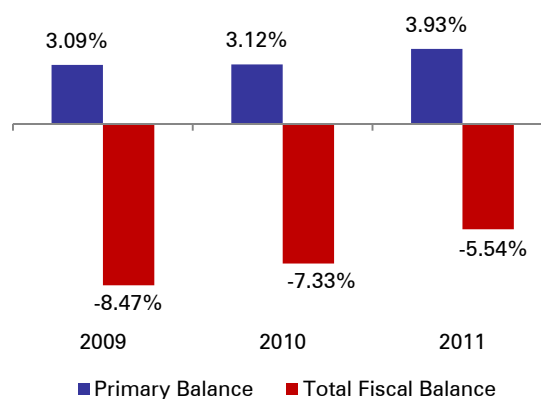
FOCUS IN BRIEF

Lebanon: Detailed Review of the Fiscal Performance in 2011

Total Government Revenues and Expenditures (in % of GDP)



Government Fiscal Performance (in % of GDP)



The ministry of finance published recently a detailed fiscal performance for 2011, whereby all expenditures and revenues were dissected and analyzed. We will try to summarize some of the findings and add on our own analysis.

The fiscal performance of Lebanon improved over the year 2011, partly due to the country functioning with a caretaker government in the first half of the year. The budget deficit for 2011 amounted to \$2.3 billion or 5.54% of GDP compared to \$2.9 billion or 7.3% of GDP in 2010. The deficit to GDP ratio of Lebanon remains high by international standards in normal times; nonetheless most of the European countries maintained a similar or higher ratio during the previous three years of financial crisis and some of them are still running a higher deficit. Lebanon had accumulated a huge public debt over the previous 15 years because of its high budget deficit and high interest rates, however the country is now realizing a positive primary balance and its deficit is mainly due to the debt service component. In fact, Lebanon realized a primary surplus of 3.9% of GDP in 2011 compared to a surplus of 3.1% of GDP in both 2010 and 2009. "These figures are the result of an 11 percent increase in revenues that offset the 3 percent increase in expenditures".

Government revenues increased in 2011 as a result of an additional transfer from the telecom surplus. Revenues recorded \$9.3 billion or 22.07% of GDP in 2011 compared to \$8.4 billion or 21.31% of GDP in 2010. Transfers from the ministry of telecom recorded \$638 million in 2010 whereas they reached \$1.5 billion in 2011. The difference of \$862 million accounts for the bulk of the revenue increase for 2011.

In details, tax revenues witnessed a mixed performance as most of the components increased except for customs revenues and excises levied on imported products. In total, tax revenues declined by a mere 0.9% in 2011 to reach \$6.55 billion in comparison with \$6.62 billion the previous year. Taxes on income, profits, and capital gains jumped by 18.2% last year with the surge of Income tax on profits by 27.8% accounting for more than half of the increase. It is important to mention that profit tax of 2011 is levied on the earnings realized by companies during 2010. By contrast, taxes on international trade dipped by 22.2% on account of a 48% decline in Gasoline excises due to "the Higher Council of Customs decision on February 26 2011 to reduce the excise on gasoline by LBP5000 per 20 liters".

Non-tax revenues surged in 2011 as they were positively affected by the increase in telecom transfers. Non-tax receipts swelled by 70% to reach \$2.3 billion in 2011 compared to \$1.36 billion in 2010. Non-tax revenues are divided into three

categories, namely income from public institutions, Administrative fees and charges and Other non-tax revenues. Most incomes from public institutions and government properties went down except for the telecom transfers and the rent of Rafic Hariri international airport that went from \$41 million in 2010 to \$55 million in 2011. Administrative fees and charges increased by 6.6% from 2010 to reach \$378 million. Most components in the latter went up except for driving licenses fees and administrative charges. Other non-tax revenues mainly constituted from retirement deductibles, jumped by 77.1% from 2010 to reach \$138 million in 2011. This could be due to the increase in employment/wages in the public sector.

Government expenditures declined by a one percentage point of GDP in 2011 to 27.61%, although in absolute terms government spending increased by 3.2% to reach \$11.67 billion. In details current primary expenditures increased by \$856 million whereas interest payments declined by 4% to reach \$2.26 billion, capital spending decreased by 3.7% to hit \$440 million, and treasury expenditures tumbled by 36.4% to reach \$440 million.

As outlined in the report published by the ministry of finance, spending components that have increased are the following:

- "\$549 million increase in transfers to the loss-making electricity company, EDL, due to increased payments for fuel and gas oil reflecting higher international oil prices and higher volumes of gas oil".
- \$308 million rise in salaries, wages, and related items, and a \$67.7 million increase in retirement payments. "The rise in these payments is due to the rise in the number of teachers and security forces as well as the integration of security forces under permanent staff contracts. It is also owing to the payment of the field service indemnity".
- \$34.5 million "increase in materials and supplies, mainly as a result of an increase in payments for medicines and for fuel oil for the army".
- \$10 million "increase in the payments for the wheat subsidy as a result of the international wheat price crisis, which began in the third quarter of 2010 and continued until the first half of 2011".
- \$27.2 million "paid as gasoline subsidy for taxi drivers. On October 5 2011, Parliament approved Law#182 to subsidize taxi drivers for a period of three months amid increasing fuel and gasoline prices. The owners of 32,957 bus and taxi number plates received each \$828 or a total of \$27.2 million by end of 2011".
- \$36.5 million or 17% jump in concessional loan payment.

On the other hand, there are several items in the government expenditures that declined during 2011 namely:

- \$20 million drop in transfers to NSSF to \$80 million as of end 2011.
- \$27.2 million drop in transfers to the Special Tribunal for Lebanon (TSL). In 2011 there were no transfers in 2011 as the Association of Banks took the initiative to pay for the TSL.
- \$40.5 million decrease in treasury advances for diesel oil subsidy as no subsidy was disbursed in 2011 due to the cabinet decision "to reinstate the diesel subsidy starting December 19, 2011 for one month. This will be reflected in 2012 fiscal figures".
- \$158.5 million decline in interest payments mainly due to a drop of 5.6% in debt service payments on domestic currency debt and to a lesser extent due to a decline of 1% in interest paid on foreign currency debt.
- \$17.2 million reduction in capital spending mainly due to a decline in the expenditures of the Displaced Fund, and to an absence of transfers to IDAL's Export Plus Program in 2011.
- \$125.4 million decrease in VAT refunds paid in 2011. "This is mainly due to a discovered fraud, which is currently being investigated by the Attorney General. The 2011 VAT refund claims were all frozen by the MOF administration. As a result, taxpayers started to carry forward the VAT credit instead of submitting a refund claim".
- \$243.4 million decline in the transfers to municipalities. In fact it is "the nonpayment of 2010 revenues accruing to municipalities as a result of a delay in the publication of the decree allocating the revenues shares".



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