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The LEBANON WEEKLY MONITOR

Economy

p.2 A 50% DROP IN FOREIGN TRADE DEFICIT AMID A 42% DECLINE IN IMPORTS THIS YEAR

Lebanon's external sector witnessed a considerable drop in trade deficit by 50.0% over the first four months of 2020 when compared to the first four months of 2019, moving from US$ 5.2 billion to US$ 2.6 billion between the two periods, according to trade statistics released by Lebanon's Customs Authority.

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According to a recent report by Mercer Institute titled "2020 Cost of Living Survey", Beirut came in fourth position in the MENA region, and ranked 45th globally in the cost of living for expatriates.

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During the first quarter of 2020, in the context of a slowdown in world trade and a decline in carried volumes, CMA CGM Group revenues amounted to US$ 7.2 billion, slightly down compared to the same period last year.

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Markets In Brief

p.9 CURRENCY IN CIRCULATION EXPANDS BY 81% SINCE THE BEGINNING OF 2020

Amid continuous IMF negotiations and while the Fund is urging Lebanon to reach a common understanding about the source and size of financial losses, the Central Bank of Lebanon started this week injecting millions of US dollars into the licensed exchange market in a bid to bring the price of the US dollar progressively lower, yet this didn't help curbing FX moves in the black market, with the LP/US$ rate hitting LP/US$ 5,000-LP/US$ 5,150 on Friday amid scarcity in cash dollars and an 81% expansion in currency in circulation since the beginning of 2020. Concurrently, BDL's foreign assets remained on the decline to reach US$ 33.1 billion mid-June 2020, accumulating year-to-date contractions of US$ 4.2 billion. On the equity market, the BSE price index surged by 5.0% week-on-week. The total turnover more than tripled, with Solidere shares capturing the lion's share of activity. At the level of the bond market, activity was restricted to locals who offered their medium-term to long-term papers. This resulted into weekly bond price contractions.

LEBANON MARKETS: WEEK OF JUNE 15 - JUNE 21, 2020

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

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ECONOMY

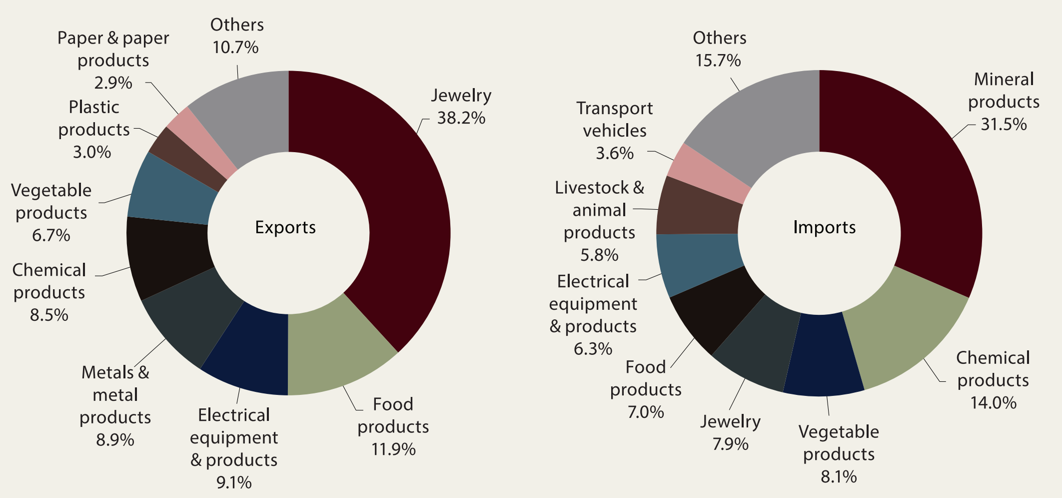
A 50% DROP IN FOREIGN TRADE DEFICIT AMID A 42% DECLINE IN IMPORTS THIS YEAR

Lebanon's external sector witnessed a considerable drop in trade deficit by 50.0% over the first four months of 2020 when compared to the first four months of 2019, moving from US$ 5.2 billion to US$ 2.6 billion between the two periods, according to trade statistics released by Lebanon's Customs Authority. This tangible contraction in trade deficit was triggered by a decline in imports by 41.7% (a trend that is continuing since late November, mainly tied to the tough economic conditions) and a decrease in exports by 3.3% (its first drop since a year mainly in the aftermath of the state of emergency declaration in March) over the same period. Accordingly, the sum of exports and imports went down by 35.9% to reach US$ 4.8 billion over the first four months of 2020, while the exports to imports ratio went up considerably from 17.8% to 29.5% between the two periods.

Going further into details, the breakdown of exports by product suggests that the most significant decline among the major categories was reported by plastic products with 41.1%, followed by fats and oils with 30.9%, paper and paper products with 29.5%, electrical equipments and products with 20.0%, and chemical products with 15.9% over the first four months of 2020 when compared to the first four months of 2019. On the other hand, the main items to have displayed an increase were vegetable products with 48.2% and jewelry with 19.6% over the same period.

The breakdown of exports by major countries of destination suggests that exports to Syria reported the most significant decline of 47.6% year-on-year, followed by Germany with 22.2%, Greece with 12.5%, Kuwait with 9.1%, UAE with 8.5% and Qatar with 6.1% between the two periods, while exports to Switzerland reported a significant increase of 93.7%, followed by Iraq with 5.0% over the same period. It is worth mentioning that land exports through Syria continued its negative trend to decrease by 32.5%, moving from US$ 114 million to US$ 77 million. In parallel, exports through the Port of Beirut went down by 8.3%, while those through the Hariri International Airport witnessed a relative increase by 12.6% over the same period.

BREAKDOWN OF EXPORTS AND IMPORTS BY COMMODITY (4M-20)



Source: Lebanon's Customs Authority

In parallel, the breakdown of imports by product suggests that the most significant decline was reported by transport vehicles with 67.4%, followed by metals and metal products with 67.1%, electrical equipments and products with 61.0%, textiles and textile products with 59.6%, plastic products with 59.1% and food products with 38.7% over the first four months of 2020 relative to 2019 same period. The breakdown of imports by country of origin over the same period shows that, among the major partners, imports from Kuwait dropped the most by 76.7%, followed by Russia with 67.6%, China with 62.3%, Egypt with 48.5%, France with 45.5%, Germany with 44.1%, Romania with 42.9% and Italy with 40.3% between the two periods.

Within this context, and amid this tangible drop in trade deficit and despite the contraction in financial inflows, the balance of payments recorded a smaller deficit of US$ 1.3 billion over the first four months of 2020, when compared to a large deficit of US$ 3.3 billion in the previous year's corresponding period. This year's balance of payments deficit was triggered by a decline of US$ 3.0 billion in BDL's net foreign assets, coupled with an increase in banks' net foreign assets by US$ 1.7 billion over the same period.

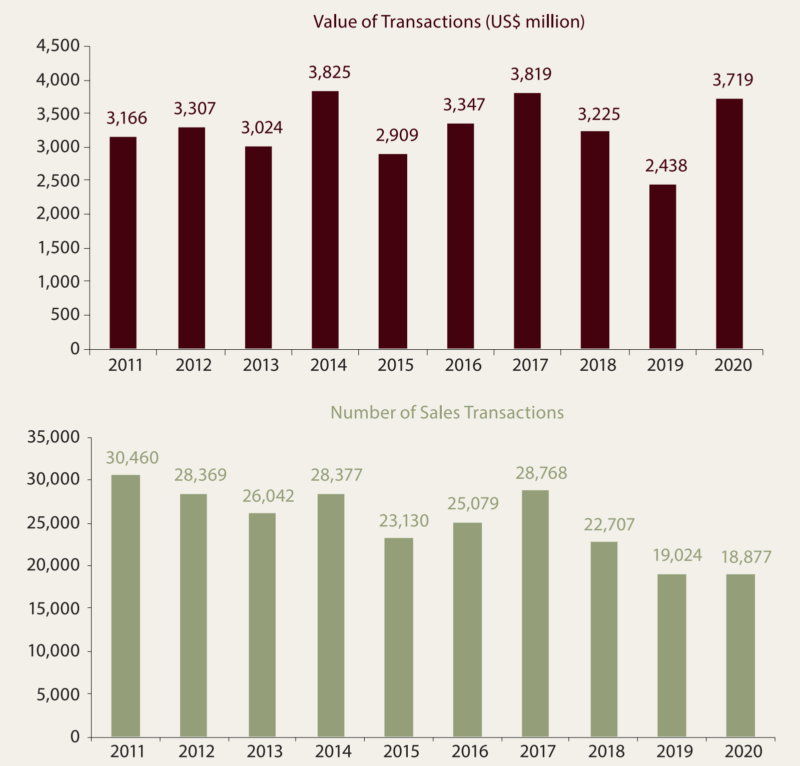
NOTICEABLE INCREASE IN THE VALUE OF PROPERTY SALES IN FIRST FIVE MONTHS OF 2020

The statistics published by the General Directorate of Land Registry and Cadastre covering the first five months of 2020 showed that realty markets have undergone a decrease in the number of property transactions and sales activity but and increase in their value.

The number of sales operations decreased by slightly from 19,024 sales operations in the first five months of 2019 to 18,877 operations in the first five months of 2020.

In parallel, sales to foreigners contracted by 26.8% year-on-year to reach 295 operations in the first five months of 2020.

PROPERTY MARKET (FIRST FIVE MONTHS OF THE YEAR)



Sources: Directorate of Land Registry and Cadastre, Bank Audi's Group Research Department

However, the value of property sales transactions was on an improving path in the first five months of 2020.

It posted a rise of 52.5% year-on-year to attain a total of US$ 3,718.7 million during the first five months of 2020.

Accordingly, the average sales value increased from US$ 128,145 in the first five months of 2019 to US$ 196,994 in the first five months of 2020.

Most of the regions recorded an increase in the value of sales transactions, with the most significant movements coming as follows: Beirut (+84.3%), Kesrouan (+62.7%) and the South (+61.0%).

VALUE OF CLEARED CHECKS DOWN BY A YEARLY 7.8% IN FIRST FIVE MONTHS OF 2020

The total value of cleared checks, an indicator of consumption and investment spending in the Lebanese economy, decreased by 7.8% year-on-year in the first five months of 2020.

The value of cleared checks reached US$ 21,593 million in the first five months of 2020, against US$ 23,409 million in the same period of 2019.

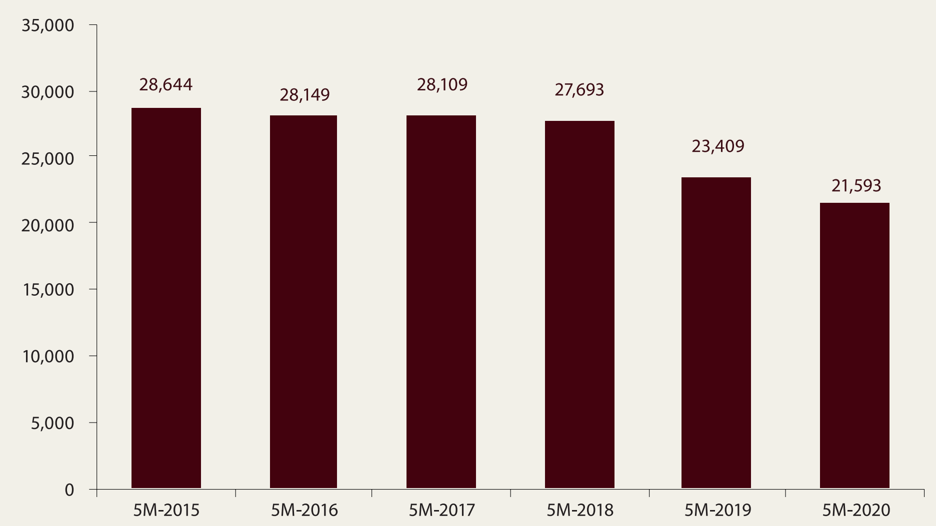
A breakdown by currency shows that the banks' clearings in Lebanese pounds amounted to LP 11,680 billion (-11.3%) in the first five months of 2020 while those in FC amounted to US$ 13,845 million (-5.7%).

Furthermore, the number of cleared checks registered 2,496,338 in the first five months of 2020, down by 41.5% from 4,264,172 in the same period of 2019.

The average value per check rose by 57.6% year-on-year to stand at US$ 8,650 in the previously mentioned period of 2020.

The value of returned checks reached US$ 477 million in the first five months of 2020, against US$ 606 million in the same period of 2019.

CLEARING ACTIVITY (US$ MILLION)



Sources: Association of Banks in Lebanon, Bank Audi's Group Research Department

SURVEYS

BEIRUT RANKS FOURTH REGIONALLY IN TERMS OF COST OF LIVING FOR EXPATRIATES, SAYS MERCER INSTITUTE

According to a recent report by Mercer Institute titled "2020 Cost of Living Survey", Beirut came in fourth position in the MENA region, and ranked 45th globally in the cost of living for expatriates. The Lebanese capital jumped up eight positions to attain the 45th rank globally from the 53rd place held in the past year.

The report compares the cost of living for expatriates in 209 cities across the globe. The purpose of this report is to help multinational companies and governments around the world determine compensation allowances for their expatriate employees, as per Mercer Institute.

The multinational approach to cost of living develops cost-of-living indices and differentials based on a blended international spending pattern. The methodology assumes a convergence of spending patterns among expatriates from different nationalities.

With weighting of goods and services the same for all locations, this approach compares prices of similar brands and from similar retail outlets in both the home city and host city.

The figures for Mercer's cost of living and rental accommodation cost comparisons are derived from a survey conducted in March 2020. Exchange rates from that time and Mercer's international basket of goods and services from its Cost of Living Survey have been used as base measurements.

Governments and major companies use data from this survey to protect the purchasing power of their employees when transferred abroad; rental accommodation costs data is used to assess local expatriate housing allowances. The choice of cities surveyed is based on demand for data.

Beirut was the fourth most expensive city for expatriates in the MENA region. According to the rankings, Beirut was preceded by Riyadh and Abu Dhabi, which came in second and third regionally.

On the other hand, the Lebanese capital ranked higher than Manama and Amman, which were in fifth and sixth positions respectively. It is worth noting that the regional rankings were topped by Dubai, which also ranked 23rd globally.

REGIONAL COST OF LIVING RANKINGS FOR EXPATRIATES

City	Rank	Global Rank
Dubai	1	23
Riyadh	2	31
Abu Dhabi	3	39
Beirut	**4**	**45**
Manama	5	52
Amman	6	71
Muscat	7	96
Jeddah	8	104
Doha	9	109
Kuwait City	10	113
Casablanca	11	121
Cairo	12	126
Rabat	13	159
Algiers	14	194
Tunis	15	209

Sources: Mercer Institute, Bank Audi's Group Research Department

Globally, Hong Kong tops the list of most expensive cities for expatriates, followed by Ashgabat in second position. Tokyo and Zurich remain in third and fourth positions, respectively, whereas Singapore is in fifth. New York City ranked sixth, moving up from ninth place.

In the wake of COVID-19, social and economic disruption has spurred organizations to reassess their global mobility programs with a focus on the well-being of their expatriate employees.

As they leverage new working arrangements, changing technology, and adaptive ways of thinking, they are considering alternate forms of international assignments in addition to traditional mobility programs to sustain their overseas operations and workforces.

Despite an appetite to grow and scale globally while navigating the uncharted waters of a health and economic crisis, reductions in staff and salaries as well as changes to benefit programs have challenged overseas expansion strategies.

As organizations re-examine talent portfolios, mobility programs, and remuneration packages with a keen eye that balances empathy with economics, accurate and transparent data is essential to compensate fairly for all types of mobility assignments, taking into account changes resulting from the current pandemic and subsequent market volatility, as per Mercer Institute.

LEBANON'S REAL GDP GROWTH FORECASTS DOWN FROM -3.9% PREVIOUSLY TO -10.6% IN 2020, SAYS FITCH SOLUTIONS

According to a recent report by Fitch Solutions, Lebanon's real GDP growth forecasts were revised down from -3.9% previously to -10.6% in 2020.

The revision reflects mounting fiscal and external pressures on the economy, coupled with disruptions to activity resulting from the Covid-19 outbreak and social distancing measures.

Lebanese prospects will hinge on the authorities' ability to secure foreign assistance and implement reforms to stabilize the country's fiscal and external positions. Beyond 2020, Lebanon's real GDP growth was estimated at -2.8% in 2021, from 1.3% previously, as per the report.

At the fiscal level, Lebanon's government made limited progress on lowering in its wide budget deficit (-10.6% of GDP in 2019) and containing its exceptionally large debt burden (166.9% of GDP in 2019) over the past couple of years, according to Fitch Solutions. As a result, and also due to growing social unrest, investor confidence towards the country has deteriorated, causing large-scale foreign funding outflows and downside pressure on reserves.

Hard currency shortages have led the Lebanese pound to depreciate sharply on the black market (through which most transactions are now made), trading at LBP 4,455/USD versus an official rate of LBP1,507/USD. Import costs have risen substantially, despite lower fuel prices, sending inflation soaring. These dynamics are in turn increasingly weighing on local households' purchasing power and local businesses' ability to invest and expand, as per the same source.

Meanwhile, the Covid-19 crisis and associated restrictions are causing severe disruptions to activity, as per Fitch Solutions. Lebanon introduced a nationwide lockdown in response to the Covid-19 outbreak in March, severely constraining local activity. This will have caused already-weak household consumption and business activity to sharply reduce over Q1 and Q2 of 2020, as per the same source.

In addition, Fitch Solutions adds that the local economy is being hit by the ongoing global recession and resultant loss of external demand, which will place downside pressure on key sectors such as tourism, estimated to contribute almost 20% to Lebanon's overall GDP. It is also worth noting that unlike many other countries, local authorities do not have sufficient fiscal and monetary policy flexibility to launch large-scale stimulus packages in support of the economy.

CORPORATE NEWS

CMA CGM REPORTS NET PROFITS OF US$ 48 MILLION IN THE FIRST QUARTER OF 2020

The world economy and global trade flows have been severely impacted by the COVID-19 outbreak, through factory closures in Asia, followed by lockdown measures, particularly in Europe and North America. During the first quarter, CMA CGM saw only a limited decline in volumes of 4.6%, demonstrating the resilience of the shipping industry, as per a company statement.

The Group managed to adapt its deployed capacity to the current environment while protecting the supply chains of its customers. The Group leveraged its expertise to maintain the transportation of essential goods, particularly medical products, by building logistical bridges, as per a company statement. A new phase in CEVA Logistics' plan to return to was launched. The execution of this plan includes several actions, including revitalizing business development, reducing costs, and modernizing industrial assets and systems.

During the first quarter of 2020, in the context of a slowdown in world trade and a decline in carried volumes, CMA CGM Group revenues amounted to US$ 7.2 billion, slightly down compared to the same period last year. This contained decrease is achieved owing to the diverse range of industries in which the Group’s customers operate, a balanced global presence, and the complementary nature of the Group's shipping and logistics activities.

The Group's operating performance improved significantly. Adjusted EBITDA for the Group increased by 25% to US$ 973 million, equating to a margin of 13.5%, up 3 percentage points relative to the first quarter of 2019. Net result Group share was positive at US$ 48 million (an increase by US$ 91 million compared to the first quarter of 2019 and US$ 170 million compared to the fourth quarter of 2019). The result includes a US$ 185 million gain from the disposal of terminals, as per the statement.

In details, shipping revenue declined by 3.3% compared to Q1 2019 to US$ 5.5 billion. Volumes carried by CMA CGM decreased by 4.6% compared to the first quarter of 2019 due to the impact of COVID-19 and more specifically the shutdown of factories, particularly in Asia in February and March. Nevertheless, revenue per carried container improved slightly, due mainly to the application of fuel surcharges. Adjusted EBITDA (excluding gain from sales) increased sharply by 31.6% over the first quarter of 2019 and reached US$ 836 million. Adjusted EBITDA margin increased by 4 percentage points to 15.1%. The performance reflects the full impact of the cost reduction plan implemented throughout 2019, and still continuing during the period, as per the statement.

The revenues of CEVA Logistics, which was acquired by CMA CGM, increased by 0.6% to US$ 1.71 billion, due primarily to the consolidation of CMA CGM’s logistics activities in May 2019. The impact of the health crisis was partly offset by an increase in air charters, which ensured supply chain continuity for the Group's industrial clients as well as the supply of medical products. Adjusted EBITDA decreased by 4.9% to US$ 137 million, representing adjusted EBITDA margin of 8%.

Furthermore, the Group continues to adjust its capacity and logistical resources to meet the needs of its customers in order to preserve its profitability and protect its cash flows and its liquidity.

Operating performance is expected to increase in the second quarter. Lockdown measures taken even more in Q2 2020 in response to the spread of COVID-19 around the world are weighing on global consumption and increase uncertainties. The Group expects volumes to decline by about 10% over the first half of the year. Operating performance for the second quarter, however, should show significant improvement thanks to the industry's discipline and the Group's cost control policy.

On a side note, the Group is strengthening its commitment in favor of more balanced and environmentally friendly global trade. The Group's target is to be carbon neutral by 2050. Alternative fuels are expected to account for 10% of the Group's fuel consumption by 2023. The year 2020 will mark a major step with delivery of the first 23,000-TEU container ships powered by Liquefied Natural Gas (LNG), allowing to reduce CO2 emissions by about 20% and eliminate nearly all Sulphur and fine particle emissions.

COSMALINE IS EXPANDING LOCALLY AND REGIONALLY

Cosmaline, a manufacturer of personal care products and one of the Malia Group of companies, is expanding locally and is in the process of entering the Saudi, Jordanian, and Egyptian markets, said the CEO of Malia Holding.

The company is expanding its operations and has invested more than US$ 100,000 so far and more investment is in the pipeline, as per the same source. Sales in the local market doubled from the beginning of 2020 in comparison with the same period last year.

The company will add new equipment to its production line.

The company introduced three months ago new products in response to market demand triggered by COVID-19 such as hand sanitizers.

Cosmaline launched an online sales portal and a home delivery program two months ago.

The expansion is also a reaction to a growing demand for locally manufactured goods due to the decline in the exchange value of the Lebanese pound which made imported products more expensive in the local currency when converted at the market exchange value.

The Malia Group includes 27 companies operating in a variety of sectors.

SE FACTORY LAUNCHES E-TUTORING SERVICE TO LEARN HOW TO CODE

Learning to code online with a coach is now offered by SE Factory, a web development training center based in Beirut Digital District, with an office in Tripoli.

The e-tutoring service is open to everyone, anywhere in the world. One-to-one lessons are given online and tailored to individual needs and schedules, as per the co-founder of SE Factory and partner at B&Y Venture Partners.

The development of paid services is part of the diversification of the center's economic model. Income-generating activities allow the company to have greater financial autonomy in order to preserve its social mission, as per the same source.

The primary goal of SE Factory is to train young IT graduates through an intensive three-month web development program. The goal is to equip these young people, often from modest social backgrounds, with skills adapted to the world of work in order to improve their employability, as per the same source. The objective is to create a pool of talent, based in Lebanon and able to work in particular for international companies.

Working from Tripoli for companies in Dubai and thus participating in local development without having to emigrate the model of subcontracting that the company is aiming for. It is all the more relevant that with the depreciation of the local currency, the Lebanese workforce, well qualified, gains in competitiveness. SE Factory has so far trained 150 young people, with a 90% employment rate in companies from seven different countries, as per the same source.

When it was launched in 2016, the training offered by SE Factory was free, but it has since developed a formula allowing it to limit its dependence on external funding. More recently, SE Factory has also started offering out staffing services to foreign companies. This allows them to hire graduates through the legal structure and thus have a local team without having to create a subsidiary.

E-tutoring services thus constitute an additional means of perpetuating activities with social impact. SE Factory targets a hundred monthly customers, leveraging the boom in online training, in an era of confinement and remote working.

CAPITAL MARKETS

MONEY MARKET: FURTHER WEEKLY CONTRACTION IN TOTAL RESIDENT DEPOSITS

Ample local currency liquidity remained the main feature characterizing the money market this week. This kept the overnight rate stable at 3%, noting that its official rate stayed quoted at 1.90%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 4th of June 2020 showed that total resident banking deposits saw further contractions of LP 334 billion. This is mainly driven by a LP 484 billion fall in total LP resident deposits amid a LP 405 billion drop in LP saving deposits and a LP 79 billion decrease in LP demand deposits, while foreign currency resident deposits expanded by LP 150 billion (the equivalent of US$ 100 million). Accordingly, the money supply in its largest sense (M4) grew by LP 294 billion week-on-week amid a LP 618 billion rise in the currency in circulation and a shy increase in the non-banking sector Treasury bills portfolio of LP 10 billion.

Within this context, it is worth mentioning that the currency in circulation registered a significant year-to-date expansion of 81%, while LP resident saving deposits shrank by 29% and foreign currency resident deposits contracted by 2%.

INTEREST RATES

	19/06/20	12/06/20	27/12/19	
Overnight rate (official)	1.90%	1.90%	3.90%	⇔
7 days rate	2.00%	2.00%	4.00%	⇔
1 month rate	2.75%	2.75%	4.75%	⇔
45-day CDs	2.90%	2.90%	4.90%	⇔
60-day CDs	3.08%	3.08%	5.08%	⇔

Source: Bloomberg

TREASURY BILLS MARKET: NOMINAL WEEKLY DEFICIT OF LP 30 BILLION

The latest Treasury bills auction results for value date 18th of June 2020 showed that the Central Bank of Lebanon allowed banks to subscribe in full to 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 11th of June 2020 showed that total subscriptions amounted to LP 86 billion, distributed as follows: LP 6 billion in the three-month category (offering a yield of 3.50%), LP 39 billion in the one-year category (offering a yield of 4.50%) and LP 41 billion in the five-year category (offering a coupon of 6.0%). These compare to maturities of LP 116 billion, resulting into a nominal weekly deficit of LP 30 billion.

TREASURY BILLS

	19/06/20	12/06/20	27/12/19	
3-month	3.50%	3.50%	5.30%	⇔
6-month	4.00%	4.00%	5.85%	⇔
1-year	4.50%	4.50%	6.50%	⇔
2-year	5.00%	7.00%	7.00%	⇔
3-year	5.50%	5.50%	7.50%	⇔
5-year	6.00%	6.00%	8.00%	⇔
7-year	6.50%	-	9.00%	
Nom. Subs. (LP billion)		**86**	**120**	
Short -term (3&6 mths)		6	-	
Medium-term (1&2 yrs)		39	20	
Long-term (3 yrs)		-	-	
Long-term (5 yrs)		41	100	
Maturities		**116**	**61**	
Nom. Surplus/Deficit		**-30**	**59**	

Sources: Central Bank of Lebanon, Bloomberg

FOREIGN EXCHANGE MARKET: US DOLLAR SUPPLY DIDN'T CURB FX MOVES IN BLACK MARKET

The Central Bank of Lebanon started this week injecting millions of US dollars into the licensed exchange market in a bid to halt the collapse of the Lebanese pound against the US dollar. The money changers syndicate set the exchange rates at a minimum buying price of LP/US$ 3,850 and a maximum selling price of LP/US$ 3,900, while giving every citizen a fixed buying quota of US$ 200 per month. Yet, these measures failed to reduce FX pressures in the black market, with the LP/US$ rate hitting LP/US$ 5,000-LP/US$ 5,150 on Friday due to speculation on the Lebanese pound against the US dollar. Concurrently, the Central Bank of Lebanon ordered money transfer services operating outside commercial banks to pay incoming transfers in local currency at LP/US$ 3,800, down from LP/US$ 3,840 last week.

In parallel, the Central Bank of Lebanon's latest bi-monthly balance sheet ending on June 15, 2020 showed that BDL's foreign assets pursued their downward trajectory during the first half of the month, falling by US$ 414 million to reach US$ 33.1 billion mid-June 2020 (including BDL's Lebanese Eurobond holdings estimated at US$ 5.0 billion mid-June 2020 and facilities provided to Lebanese banks). This brought total year-to-date contractions in BDL's foreign assets to US$ 4.2 billion.

EXCHANGE RATES

	19/06/20	12/06/20	27/12/19	
LP/US$	1,507.50	1,507.50	1,507.50	⇔
LP/£	1,870.96	1,904.73	1,970.00	↑
LP/¥	14.10	14.05	13.77	↓
LP/SF	1,586.01	1,593.38	1,543.78	↑
LP/Can$	1,109.68	1,112.14	1,150.59	↑
LP/Euro	1,690.66	1,707.24	1,679.20	↑

Source: Bank Audi's Group Research Department

STOCK MARKET: BSE PRICE INDEX UP BY 5.0% WEEK-ON-WEEK

The Beirut Stock Exchange saw increased activity this week, with the total turnover rising more than three folds to reach US$ 8.1 million. Solidere shares captured the lion's share of activity and registered double-digit weekly price gains, as some investors continued to move from bank placements to real estate equities.

In details, Solidere "A" share price surged by 9.2% week-on-week to close at US$ 11.99. Solidere "B" share price jumped by 10.3% to US$ 12.0. As to banking stocks, BLOM's "listed" share price climbed by 32.4% to reach US$ 4.62. BLOM's GDR price remained unchanged at US$ 3.50. Bank Audi's "listed" share contracted by 3.0% to close at US$ 0.97. Amongst industrials, Ciments Blancs Nominal's share price surged by 18.8% to reach US$ 3.80. Holcim Liban's share price went up by 2.5% to US$ 10.46. That being said, the BSE price index surged by 5.0% week-on-week.

AUDI INDICES FOR BSE

22/1/96=100	19/06/20	12/06/20	27/12/19	
Market Cap. Index	281.95	268.62	316.37	↑
Trading Vol. Index	71.36	20.42	24.97	↑
Price Index	59.97	57.13	69.36	↑
Change %	4.96%	-0.21%	2.37%	↑
	19/06/20	12/06/20	27/12/19	
Market Cap. $m	6,689	6,373	7,506	↑
No. of shares traded (Exc. BT)	721,818	223,518	333,997	↑
Value Traded $000 (Exc. BT)	8,107	2,320	2,294	↑
o.w. : Solidere	8,044	2,257	2,294	↑
Banks	45	21	0	↑
Others	18	42	0	↓

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

BOND MARKET: ACTIVITY SKEWED TO THE DOWNSIDE

Amid continuous IMF discussions and while the Fund is urging Lebanon to reach a common understanding about the source and size of financial losses and implement comprehensive and equitable reforms in many areas, activity in Lebanon's Eurobond market was skewed to the downside this week. Local market players offered their papers maturing between 2024 and 2037, while international institutional investors remained mostly on the sidelines.

Within this context, Lebanese sovereigns registered weekly price falls across the yield curve at a range hovering between 1.0 pt and 2.25 pts. Accordingly, prices of Lebanese Eurobonds maturing between 2020 and 2037 hovered between 16.63 cents per US dollar and 20.0 cents per US dollar this week.

EUROBONDS INDICATORS

	19/06/20	12/06/20	27/12/19	
Total tradable size $m	32,664	32,664	29,564	↔
o.w.: Sovereign bonds	31,314	31,314	28,314	↔
Average Yield	65%	60%	29.99%	↑
Average Life	7.53	7.55	7.50	↓
Yield on US 5-year note	0.34%	0.32%	1.71%	↑

Source: Bank Audi's Group Research Department

INTERNATIONAL MARKET INDICATORS

	19-June-20	12-June-20	31-Dec-19	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/$	106.88	107.38	108.64	-0.5%	-1.6%
$/£	1.235	1.254	1.326	-1.5%	-6.8%
$/Euro	1.118	1.126	1.121	-0.7%	-0.3%
STOCK INDICES					
Dow Jones Industrial Average	25,871.46	25,605.54	28,538.44	1.0%	-9.3%
S&P 500	3,097.74	3,041.31	3,230.78	1.9%	-4.1%
NASDAQ	9,946.12	9,588.81	8,972.60	3.7%	10.8%
CAC 40	4,979.45	4,839.26	5,978.06	2.9%	-16.7%
Xetra Dax	12,330.76	11,949.28	13,249.01	3.2%	-6.9%
FT-SE 100	6,292.60	6,105.18	7,542.44	3.1%	-16.6%
NIKKEI 225	22,478.79	22,305.48	23,656.62	0.8%	-5.0%
COMMODITIES (in US$)					
GOLD OUNCE	1,743.87	1,730.75	1,517.27	0.8%	14.9%
SILVER OUNCE	17.62	17.49	17.85	0.8%	-1.3%
BRENT CRUDE (per barrel)	42.19	38.73	62.93	8.9%	-33.0%
LEADING INTEREST RATES (%)					
1-month Libor	0.19	0.19	1.76	0.00	-1.57
US Prime Rate	3.25	3.25	4.75	0.00	-1.50
US Discount Rate	0.25	0.25	2.25	0.00	-2.00
US 10-year Bond	0.69	0.70	1.92	-0.01	-1.23

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER