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The LEBANON WEEKLY MONITOR

Economy

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Lebanese banks' deposits contracted by 5.8% in the first three months of the year, or by the equivalent of US\$ 9.3 billion (and by US\$ 20.7 billion since September 2019). This was mostly attributed to local currency deposits, which accounted for 55% of the total decline in the first three months of this year, leaving the remaining 45% to foreign currency deposits.

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Along the cabinet's approval of a long-awaited economic and financial rescue plan and amid renewed social unrest fueled by worsening economic conditions, Lebanon's capital markets witnessed this week net foreign buying operations in relatively small volumes on the Eurobond market. Prices of bonds ranged between 14.63 cents per dollar and 16.0 cents per dollar following a CDS auction that has been held on April 23, 2020 and has given Lebanese debt papers a final value of 14.125%. At the level of the equity market, the BSE price index rose by 4.5% week-on-week, mainly driven by a strong price rally in Solidere shares of 16% to cross the US\$ 12 threshold for the first time since October 2016, while activity remained quite shy. At the level of the FX market, banks started putting a mechanism to implement the BDL's circular No. 151, which allows depositors in US dollars to withdraw their deposits in Lebanese pounds at the market exchange rate. Concurrently, BDL issued a new circular that has exceptionally requested FX dealers to sell US dollars at a rate not exceeding LP/US\$ 3,200, while the latter remained on strike throughout this week.

LEBANON MARKETS: WEEK OF APRIL 27 - MAY 03, 2020

Money Market	↔
LP Tbs Market	↑
LP Exchange Market	↔

BSE Equity Market	↑
Eurobond Market	↑
CDS Market	↔

ECONOMY

BANK DEPOSITS DOWN BY US\$ 9.3 BILLION OVER THE FIRST QUARTER

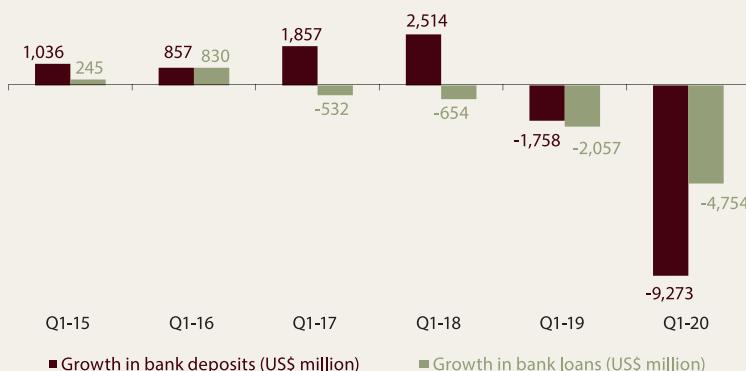
Lebanese banks' deposits contracted by 5.8% in the first three months of the year, or by the equivalent of US\$ 9.3 billion (and by US\$ 20.7 billion since September 2019). This was mostly attributed to local currency deposits, which accounted for 55% of the total decline in the first three months of this year, leaving the remaining 45% to foreign currency deposits. Accordingly, deposit dollarization reached a new 15-year high of 77.9% at end-March 2020, against 76.0% at end-December 2019 and less than 70% in the years before.

It is worth noting that the Central Bank lately issued a couple of circulars aimed at easing the burden on depositors amid the tough conditions. First, it issued a circular offering the possibility for customers with bank accounts of less than LP 5 million or US\$ 3,000 to benefit from a one-off reimbursement of their bank balance in cash in Lebanese pounds at the market rate. Second, it issued a circular asking banks to allow customers to withdraw up to US\$ 5,000 from their US dollar accounts per month cash in Lebanese pounds at the market rate.

Around 51% of the deposit contraction in the first three months was actually due to borrowers with creditor accounts reimbursing their loans. Banks continued their deleveraging practices by reducing their exposure to borrowers of the private sector (as well as to the sovereign) in light of the currently prevailing conditions by the amount of US\$ 4.8 billion in the first three months of 2020 (and by US\$ 9.5 billion since September, i.e. prior to the crisis burst). Foreign currency loans' contraction accounted for the bulk of lending contraction (92% share), which triggered a reduction in the loan dollarization ratio to a new low of 66.3% at end-March 2020.

In parallel, the sector's interest rates continued their contraction for the fourth month. In fact, the average LP deposit interest rate, which had reported a recent high of 9.40% in November 2019, dropped to 5.13% in March. Likewise, the average US\$ deposit interest rate dropped from 6.31% to 2.53% over the same period. In parallel, the average lending interest rates continued their contraction to reach 9.41% in Lebanese pounds and 8.55% in US dollars.

EVOLUTION OF MAIN BANKING AGGREGATES



Source: BDL

On another note, banks operating in Lebanon continued their significant Eurobond sales prior to the government default in March. Banks' Eurobond portfolio shrank by US\$ 3.0 billion in the first three months to reach US\$ 10.8 billion at the end of March. As such, the banks contracted their portfolio by more than US\$ 5 billion over the past year. As a percentage of FX deposits, the Eurobond portfolio held by banks reached 9.2% at end-March, a 22-year low. As a percentage of shareholders' equity, the banks' Eurobond portfolio reached 0.52 times at end-March, the lowest since 1998.

LEBANON LIKELY TO SEE ITS REMITTANCE INFLOWS FALL BY 17% IN 2020, AS PER THE WORLD BANK

Remittance inflows to Lebanon are estimated to have increased by 7.6% to US\$ 7.5 billion in 2019 compared with the previous year, according to the World Bank.

The World Bank said in its "Migration and Development Brief" that Lebanon is likely to see its remittance inflows plunge 17% in 2020.

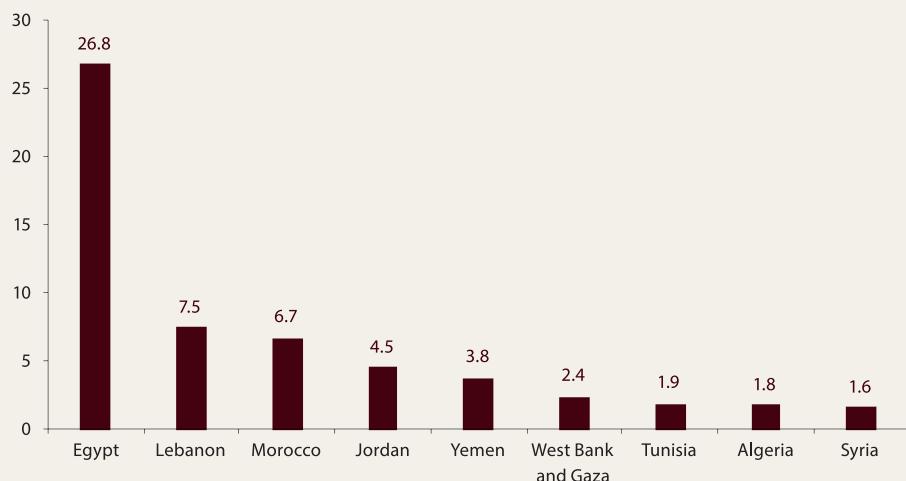
Remittance inflows represented close to 13% of GDP in 2019, the second largest percentage in the MENA region after West Bank and Gaza.

In terms of remittance costs, the cost of sending money from high-income OECD countries to Lebanon continues to be in the double digits.

The costs of sending remittances to Lebanon from Germany, Canada, United Kingdom, and Australia, remain among the highest-cost remittance corridors to the MENA region.

It is worth noting that remittances to the Middle East and North Africa region are projected to fall by 19.6% to US\$ 47 billion in 2020, following the 2.6% growth seen in 2019. The anticipated decline is attributable to the global slowdown as well as the impact of lower oil prices in GCC countries.

REMITTANCE INFLOWS TO THE ARAB MENA REGION IN 2019 (US\$ BILLION)



Sources: World Bank, Bank Audi's Group Research Department

CORONAVIRUS OUTBREAK ADDS ANOTHER LAYER OF COMPLEXITY TO THE LEBANESE SOCIO-ECONOMIC CRISIS, AS PER INSTITUT DES FINANCES BASIL FULEIHAN

According to a paper released by Institut des Finances Basil Fuleihan tackling the impact of the coronavirus outbreak discussed that the novel coronavirus outbreak has put most of the world's countries under mandatory lockdown, urging governments to put in place economic and social response plans along with stimulus packages amounting, in some cases, to trillion of US dollars.

Despite the serious efforts invested by the Lebanese government to contain its spread, the outbreak of the virus adds another layer of complexity to the socioeconomic crisis and threatens to increase the speed and the severity of the ensuing recession, as per the same source.

According to the paper, the Lebanese government's financial margin of maneuver is extremely limited, or quasi-inexistent, with a debt to GDP ratio surpassing 170%, and economic indicators pointing to a prolonged and sizable real GDP contraction of more than 12%.

Moreover, unemployment and poverty are rising to unprecedented levels whereby 45% of the population is estimated to be living below the poverty line and to be facing the risks of the accelerating inflation (27%) that is coupled with an informal depreciation of more than 40% of the Lebanese pound on the parallel market.

Furthermore, SMEs, which constitute more than 90% of the Lebanese market, were severely hit by the strict informal capital control imposed by Lebanese banks since October 2019 and are now forced into lockdown, thereby being deprived of their only remaining source of income: the market, as per the same source.

Under such circumstances, the Lebanese government is faced with the unprecedented challenge of countering the heavy socioeconomic impact of the COVID-19 outbreak without further deteriorating its fiscal and monetary position.

The paper aims at assessing and costing the healthcare response in relation to various outbreak scenarios. Healthcare responses require, among other interventions, the treatment of infected people over a long period of time.

The paper mentions that reaching out to vulnerable populations, including families living under the poverty line and daily wage earners severely hit by the lockdown, and ensuring their livelihood during the lockdown period, is essential to appease their hardship and contain popular discontent.

In conclusion, the Lebanese Government faces a new set of critical challenges with the Covid-19 outbreak: countering the spread of the virus and responding to the ensuing socioeconomic challenges. Amidst a deepening economic and financial crisis, treatment costs would inevitably increase the financing gap. The healthcare response, including the treatment of confirmed cases and factoring in costs of a large-scale intervention, will be central in preventing the escalation of the crisis, yet will inevitably add to the fiscal burden of the Ministry of Public Health (MoPH).

SURVEYS

S&P REVISES A NUMBER OF LEBANON ISSUE RATINGS TO "D" FROM "SD"

Standard & Poor's (S&P) affirmed its foreign currency long-term and short-term sovereign credit ratings on Lebanon at "SD/SD". The rating agency affirmed the local currency long-term and short-term ratings at "CC/C". The outlook remains "negative".

It also revised the issue ratings to "D" from "SD" on the March 2027, 2032 and 2037, and April 2021, 2024 and 2031 bonds with coupons payments due in March and April, respectively.

The rating agency also revised to "CC" its ratings on the remaining 14 bond issues that were changed to "SD" in error on March 11.

The Lebanese government announced in March that it would stop paying all its commercial foreign currency debt obligations of about US\$ 31 billion, including a US\$ 1.2 billion Eurobond that matured on March 9, 2020. Lebanon also missed a Eurobond principal repayment due on April 14, along with interest due on several bonds in March and April.

Since March, the Lebanese government, with the support of external advisors, has made only limited progress in engaging creditors on debt-restructuring negotiations. The government unveiled a broad recovery plan to investors on March 27 covering general principles of structural economic, fiscal, banking sector, and exchange rate framework reforms.

In the absence of a comprehensive restructuring plan backed by all key political institutions and parties, and external support, Standard & Poor's continues to expect the negotiation process would be drawn out beyond 2020. The challenges are compounded by the COVID-19 pandemic, which is dealing a further blow to already weakened economic activity and severe external, fiscal, and financial pressures.

S&P would likely raise the foreign currency issuer ratings from "SD" once a debt exchange or restructuring agreement between Lebanon and its creditors took effect. The rating agency could also upgrade Lebanon if it does not expect further resolution to occur and it believes a different rating better reflects S&P's forward-looking opinion on Lebanon's creditworthiness.

LEBANON SELECTED INDICATORS

	2017	2018	2019	2020	2021	2022	2023
Nominal GDP (bil. \$)	53	55	53	46	45	46	48
Real GDP growth (%)	0.9	-1.9	-6.9	-15.0	-5.0	0.5	1.5
Current account balance (% of GDP)	-27.2	-27.9	-22.6	-5.1	-13.3	-13.3	-13.1
Trade balance (% of GDP)	-31.5	-31.0	-29.5	-23.5	-27.2	-27.6	-27.6
Fiscal Balance (% of GDP)	-7.1	-11.4	-11.3	-10.2	-10.0	-9.6	-9.0
Debt (% of GDP)	138.5	142.9	161.9	195.4	210.1	213.6	214.4
CPI growth (%)	4.4	6.1	2.9	25.0	6.0	6.0	6.0

Sources: Standard & Poor's, Bank Audi's Group Research Department

The rating agency understands the government has currently not announced any restructuring of its local currency debt obligations, which represent about 110% of GDP (63% of total debt). S&P's "CC/C" ratings on Lebanon's local currency debt reflects our expectation that domestic debt restructuring is inevitable if Lebanon seeks to set its public debt on a sustainable footing. The Lazard report suggests that the damaging impact on banks' balance sheets could be addressed, to some extent, by bail-ins from bank shareholders and a portion of depositors, as well as by mergers and liquidations. However, these issues will be politically and socially contentious.

The "negative" outlook on the local currency rating reflects the risk to local currency commercial debt repayments in the context of ongoing political, financial, and monetary pressures. The rating agency could lower the local currency issuer rating to "SD" if the government signals that it will restructure local currency debt in addition to the Eurobonds. It could raise the rating if it perceived that the likelihood of a distressed exchange of Lebanon's local currency commercial debt had decreased. This could be the case if, for example, significant donor funding support were to materialize, allowing the government a window to implement immediate and transformative reforms, or if significant reforms led to sustained strong economic growth, as per S&P.

LEBANON OPERATIONAL RISK HIGH ON COUNTRY'S EXPOSURE TO RANGE OF WIDER REGIONAL SECURITY RISKS, SAYS FITCH SOLUTIONS

According to a recent report by Fitch Solutions, Lebanon's appeal to investors is undermined by the country's exposure to a range of wider regional security risks. Consequently, Lebanon scored a moderate 44.1 out of 100 in the overall Fitch Solutions Operational Risk Index, coming in 11th place out of 18 states in the Middle East and North Africa, and 125th out of 201 countries globally.

Fitch's Operational Risk Index quantitatively compares the challenges of operating in 201 countries worldwide. The index scores each country on a scale of 0-100, with 100 being the lowest risk. The entire index consists of 24 sub-index scores and 84 individual surveys and datasets, which all contribute to the headline score.

This has had a negative effect on trade growth, as many overland connections are inaccessible due to security risks. Domestically, Lebanon remains highly polarized along sectarian fault lines, and these deep divisions will further dampen investor confidence and impede policymaking, as well as much-needed infrastructure developments, as per the report.

Meanwhile, the influx of Syrian refugees is placing unmitigated pressure on already struggling logistics networks and social services and elevating the high unemployment rate. These risks have dampened investor sentiment, offsetting some advantages stemming from the country's open economy and well-developed financial sector, as per Fitch Solutions.

Moving on to the subdivisions of the operational risk index, Lebanon scored 29.7 out of 100 on the crime and security risk sub-component. Lebanon's appeal as an investment destination is impaired by the multitude of security risks facing business property and foreign workers.

The country also posted a score of 40.9 out of 100 in the logistics risk because of its outdated infrastructure network.

As for the trade and investment risk, Lebanon scored 51.9 out of 100 despite offering one of the most welcoming policies for international trade and foreign investment in the MENA region. This is happening because Lebanon is becoming an increasingly high-risk location for FDIs.

Last but not least, Lebanon attained a score of 54.0 out of 100 on the Labour Market Risk pillar. Lebanon is regionally uncompetitive with regard to labor market risks due to a host of issues making the process of hiring and maintaining a suitable workforce difficult for investors. Among the many key concerns are a small labor force, high employment costs, regionally low school enrolment rates, the influx of refugees, low expenditure on education and a brain drain of talented graduates, according to Fitch Solutions.

CORPORATE NEWS

BALANCE SHEET OF FINANCIAL INSTITUTIONS TOTALS US\$ 1,257 MILLION AT END-MARCH 2020

According to the latest statistics issued by the Central Bank of Lebanon, the total balance sheet of financial institutions amounted to US\$ 1,256.9 million at end-March 2020, down by 9.1% from end-2019.

In details, currency and deposits with Central Banks rose from US\$ 54.9 million at end-2019 to US\$ 55.0 million at end-March 2020.

Claims on resident customers declined by 7.0% from end-2019 to US\$ 580.3 million at end-March 2020. Claims on non-resident customers fell from US\$ 47.3 million at end-2019 to US\$ 22.9 million at end-March 2020.

Claims on resident financial sector decreased from US\$ 306.7 million at end-2019 to US\$ 287.3 million at end-March 2020. Claims on non-resident financial sector decreased by 50.4% from end-2019 to US\$ 25.4 million at end-March 2020.

Claims on the public sector stood at US\$ 4.8 million at end-March 2020, down by 6.4% from end-2019.

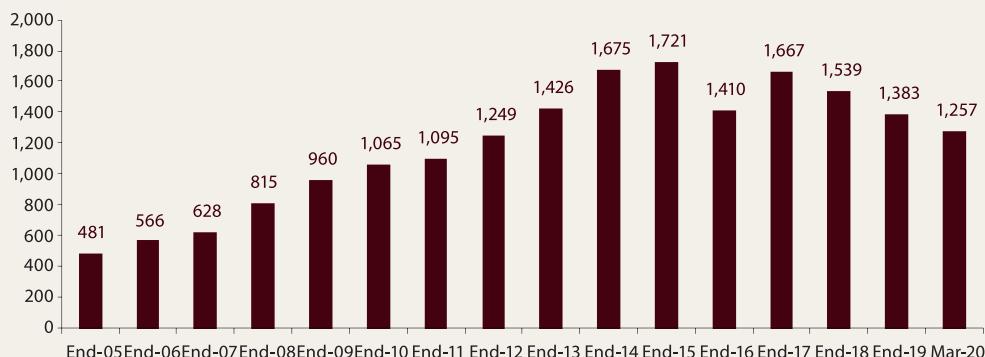
Securities portfolio registered US\$ 84.7 million at end-March 2020, down by 5.8% from its level at end-2019.

Tangible assets reported US\$ 47.9 million at end-March 2020, up by 2.4% from end-2019. Intangible assets declined from US\$ 139.1 million at end-2019 to US\$ 135.1 million at end-March 2020.

On the liabilities side, resident customer deposits registered US\$ 153.2 million at end-March 2020, down by 10.4% from end-2019.

Non-resident customer deposits fell to US\$ 12.4 million at end-March 2020, from US\$ 17.1 million at end-2019.

BALANCE SHEET OF FINANCIAL INSTITUTIONS (US\$ MILLION)



Sources: Central Bank of Lebanon, Bank Audi's Group Research Department

Resident financial sector liabilities stood at US\$ 179.3 million at end-March 2020, declining by 19.8% from end-2019. Non-resident financial liabilities decreased from US\$ 124.7 million at end-2019 to US\$ 106.3 million at end-March 2020.

Public sector deposits stood at US\$ 4.3 million at end-March 2020, up by 8.4% from end-2019.

Debt securities issued stood at US\$ 108.3 million at end-March 2020, down by 3.2% from its level at end-2019.

Capital accounts reported US\$ 469.7 million at end-March 2020, down from US\$ 486.4 million at end-2019.

LIFE INTRODUCES PHASE 2 OF LIFE'S EMERGENCY RELIEF FUND

Due to the current economic and humanitarian situation in Lebanon, LIFE is launching Phase II of its Emergency Relief Fund to support NGOs providing direct relief in food, hygiene products and medication to families who are below the poverty line.

The Phase 1 Emergency Relief Fund raised US\$ 323 thousand to finance the projects of 7 NGOs. It is worth noting that LIFE will be closely monitoring their progress.

With the help of 3QA, LIFE followed the same selection process as Phase I (registered, non-political, non-sectarian) except this time it focused on regional NGOs who have the specificity of being women-led, community-led and supporting the most vulnerable communities.

LIFE selected 8 NGOs across the 8 governorates in Lebanon, in order to support over 27,000 individuals.

For some of these NGOs, the support will last up to 3 months, creating a sense of security and reassurance, as per LIFE statement.

AM BEST DOWNGRADES THE FINANCIAL STRENGTH RATING AND THE LONG-TERM ISSUER CREDIT RATING OF LEBANON'S BANKERS ASSURANCE

AM Best downgraded the Financial Strength Rating to "B (Fair)" from "B+ (Good)" and the Long-Term Issuer Credit Rating to "bb" from "bbb-" of Lebanon's Bankers Assurance S.A.L. (Bankers).

Concurrently, AM Best has maintained the under review with negative implications status on these credit ratings.

The ratings reflect Bankers' balance sheet strength, which AM Best categorizes as adequate, as well as its strong operating performance, limited business profile and appropriate enterprise risk management. The rating downgrades reflect the deterioration in Bankers' balance sheet strength due to significant weakening of the economic and financial conditions in Lebanon and the country's recent default.

In October 2019, demonstrations spread across Lebanon, rapidly leading to the resignation of the government. Since then, political uncertainty has increased and economic and financial conditions have deteriorated, compounded in March 2020 by the country's default on its US\$ 1.2 billion Eurobond and by the global spread of the COVID-19 pandemic, as per AM Best.

Bankers has significant exposure to Lebanon, where it sources all of its business and holds a large majority of its assets. In particular, the company's investment portfolio is significantly exposed to the domestic banking sector through holdings of corporate bonds and cash and bank deposits. The risk associated with these assets has increased considerably following the deterioration of Lebanon's economic situation, as per AM Best.

The ratings remain under review with "negative" implications as it is difficult to determine how the structural issues in Lebanon will evolve and the extent to which they will adversely impact Bankers' balance sheet strength, including its liquidity position, as well as how these issues will affect the company's ability to operate on an ongoing basis.

CAPITAL MARKETS

MONEY MARKET: OVERNIGHT RATE REMAINS STABLE AT 3% AMID ABUNDANT LP LIQUIDITY

The overnight rate didn't shift its stance over this four-day week, standing at 3.0%, amid continuous ample local currency liquidity on the money market, noting that its official rate remained quoted at 1.90%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 16th of April 2020 showed that resident banking deposits contracted by LP 725 billion week-on-week. This is mainly driven by a LP 368 billion fall in total LP resident deposits amid a LP 370 billion drop in LP saving deposits and a shy rise in LP demand deposits of LP 2 billion, while foreign currency resident deposits dropped by LP 357 billion (the equivalent of US\$ 237 billion). Within this context, the money supply in its largest sense (M4) contracted by LP 496 billion week-on-week amid a LP 195 billion growth in the currency in circulation and a LP 34 billion increase in the non-banking sector Treasury bills portfolio.

Within this context, it is worth mentioning that the currency in circulation registered a significant year-to-date expansion of 49.0%, while LP resident saving deposits shrank by 21.1% and foreign currency resident deposits contracted by 1.9%.

INTEREST RATES

	01/05/20	24/04/20	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 SURPLUS OF LP 246 BILLION

The latest Treasury bills auction results for value date 30th of April 2020 showed that the Central Bank of Lebanon has allowed banks to subscribe in full to the three-month category (offering a yield of 3.50%), the one-year category (offering a yield of 4.50%) and the five-year category (offering a coupon of 6.0%).

In parallel, the Treasury bills auction results for value date 23rd of April 2020 showed that total subscriptions amounted to LP 362 billion, distributed as follows: LP 0.3 billion in the six-month category (offering a yield of 4.0%), LP 300 billion in the three-year category (offering a coupon of 5.50%) and LP 62 billion in the seven-year category (offering a coupon of 6.50%). These compare to maturities of LP 116 billion, resulting into a nominal weekly surplus of LP 246 billion.

TREASURY BILLS

	01/05/20	24/04/20	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)	362	120		
Short -term (3&6 mths)	0.3	-		
Medium-term (1&2 yrs)	-	20		
Long-term (3 yrs)	300	-		
Long-term (5 yrs)	-	100		
Long-term (7 yrs)	62	-		
Maturities	116	61		
Nom. Surplus/Deficit	246	59		

Sources: Central Bank of Lebanon, Bloomberg

FOREIGN EXCHANGE MARKET: BDL'S LIQUID FX RESERVES AT CURRENT LEVEL OF US\$ 20.9 BILLION

The Central Bank of Lebanon issued on April 27, 2020 the intermediate circular No. 553 that has exceptionally requested foreign exchange dealers to apply a "Sell Rate" not exceeding LP/US\$ 3,200, noting that the latter remained on strike throughout this week. Concurrently, the Central Bank of Lebanon ordered money transfer services operating outside commercial banks to pay incoming transfers in local currency at LP/US\$ 3,200 on April 30, 2020.

In the banking sector, Lebanese banks set an exchange rate of LP/US\$ 3,000 for withdrawals from US dollar accounts for this week. As to foreign currency buffers, the Central Bank governor said this week that BDL's FC liquidity reached US\$ 20.9 billion on April 24, 2020.

EXCHANGE RATES

	01/05/20	24/04/20	27/12/19	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,883.32	1,856.79	1,970.00	↓
LP/¥	14.14	14.00	13.77	↓
LP/SF	1,552.52	1,542.04	1,543.78	↓
LP/Can\$	1,086.25	1,069.38	1,150.59	↓
LP/Euro	1,640.61	1,621.32	1,679.20	↓

Source: Bank Audi's Group Research Department

STOCK MARKET: STRONG PRICE RALLY IN SOLIDERE SHARES

The Beirut Stock Exchange saw decent price gains this week, as reflected by a 4.5% surge in the price index, mainly supported by a strong price rally in Solidere "A" and "B" shares of 16.2% and 16.7% respectively to reach US\$ 12.17 and US\$ 12.25 respectively, noting that this is the first time that they exceed the US\$ 12 threshold since October 2016. This brought price gains in Solidere "A" and "B" shares to 67% and 68%

respectively over the first four months of 2020, as investors sought to move from bank placements to real estate equities.

As to banking stocks, BLOM's "listed" share price jumped by 8.3% week-on-week to reach US\$ 3.25. Bank Audi's "listed" share price remained unchanged at US\$ 1.30. Amongst industrials, Ciments Blancs Nominal's share price increased by 2.6% to US\$ 3.18.

As to trading volumes, the BSE total turnover decreased from US\$ 3,103 thousand last week to US\$ 2,713 thousand this week, down by 12.6%, with Solidere shares capturing the lion's share of activity.

AUDI INDICES FOR BSE

22/1/96=100	01/05/20	24/04/20	27/12/19	
Market Cap. Index	279.10	266.97	316.37	↑
Trading Vol. Index	29.78	34.05	24.97	↓
Price Index	61.19	58.53	69.36	↑
Change %	4.54%	1.20%	2.37%	↑
	01/05/20	24/04/20	27/12/19	
Market Cap. \$m	6,621	6,334	7,506	↑
No. of shares traded (Exc. BT)	267,986	324,793	333,997	↓
Value Traded \$000 (Exc. BT)	2,713	3,103	2,294	↓
o.w. : Solidere	2,644	3,069	2,294	↓
Banks	52	34	0	↑
Others	17	0	0	↑

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

BOND MARKET: SHY WEEKLY BOND PRICE GAINS AMID NET FOREIGN BUYING

After a CDS auction, held on April 23, 2020, gave Lebanese Eurobonds a final value of 14.125%, international institutional investors were net buyers of Lebanese sovereigns in relatively small volumes over this week. Prices of Eurobonds maturing between 2020 and 2037 registered weekly price gains ranging between 0.13 pt and 0.50 pt to hover between 14.63 cents per US dollar and 16.0 cents per US dollar.

As far as yields are concerned, the weighted average bond yield reached 70% at the end of this week (after excluding yields on Lebanese sovereigns maturing in 2020), and compared to a weighted yield of 68% at the end of last week.

EUROBONDS INDICATORS

	01/05/20	24/04/20	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	70%	68%	29.99%	↑
Average Life	7.66	7.68	7.50	↓
Yield on US 5-year note	0.35%	0.37%	1.71%	↓

Source: Bank Audi's Group Research Department

INTERNATIONAL MARKET INDICATORS

	01-May-20	24-Apr-20	31-Dec-19	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	106.91	107.50	109.61	-0.6%	-2.5%
\$/£	1.250	1.237	1.275	1.1%	-1.9%
\$/Euro	1.100	1.082	1.147	1.5%	-4.2%
STOCK INDICES					
Dow Jones Industrial Average	23,723.69	23,775.27	28,538.44	-0.2%	-16.9%
S&P 500	2,830.71	2,836.74	3,230.78	-0.2%	-12.4%
NASDAQ	8,604.95	8,634.52	8,972.60	-0.3%	-4.1%
CAC 40	4,572.18	4,393.32	5,978.06	4.1%	-23.5%
Xetra Dax	10,861.64	10,336.09	13,249.01	5.1%	-18.0%
FT-SE 100	5,763.06	5,752.23	7,542.44	0.2%	-23.6%
NIKKEI 225	19,619.35	19,262.00	23,656.62	1.9%	-17.1%
COMMODITIES (in US\$)					
GOLD OUNCE	1,700.42	1,729.60	1,517.27	-1.7%	12.1%
SILVER OUNCE	14.98	15.25	17.85	-1.8%	-16.1%
BRENT CRUDE (per barrel)	26.44	21.44	66.00	23.3%	-59.9%
LEADING INTEREST RATES (%)					
1-month Libor	0.33	0.44	1.71	-0.11	-1.38
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	0.61	0.60	1.92	0.01	-1.31

Sources: Bloomberg, Bank Audi's Group Research Department

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