

CONTACTS

Treasury & Capital Markets

Bechara Serhal
(961-1) 977421
bechara.serhal@bankaudi.com.lb

Nadine Akkawi
(961-1) 977401
nadine.akkawi@bankaudi.com.lb

Private Banking

Toufic Aouad
(961-1) 954922
toufic.aouad@bankaudipb.com

Corporate Banking

Khalil Debs
(961-1) 977229
khalil.debs@bankaudi.com.lb

RESEARCH

Marwan Barakat
(961-1) 977409
marwan.barakat@bankaudi.com.lb

Jamil Naayem
(961-1) 977406
jamil.naayem@bankaudi.com.lb

Salma Saad Baba
(961-1) 977346
salma.baba@bankaudi.com.lb

Fadi Kasso
(961-1) 977470
fadi.kasso@bankaudi.com.lb

Gerard Arabian
(961-1) 964047
gerard.arabian@bankaudi.com.lb

Farah Nahlawi
(961-1) 959747
farah.nahlawi@bankaudi.com.lb

Nivine Turyaki
(961-1) 959615
nivine.turyaki@bankaudi.com.lb

The LEBANON WEEKLY MONITOR

Economy

p.2 ANNUAL CPI INFLATION AT 3.7% IN MARCH

The Consultation & Research Institute's index of consumer prices began to cool down since July 2018. This March, the year-on-year index has risen by 1.3% compared to results of March 2018. The 12-month moving average recorded an increase of 3.7%.

Also in this issue

p.3 Construction permits register a yearly decline of 24.4% in first two months of 2019

p.4 Cement deliveries down by 31.3% in first two months of 2019

p.4 Electricity production down by 1.2% in first two months of 2019

Surveys

p.5 LEBANON RANKS 5TH REGIONALLY IN GOOD COUNTRY INDEX 2018

Lebanon was the 5th best performer on a regional basis and came in 82nd globally in 2018, according to the Good Country Index.

Also in this issue

p.6 Lebanon ranks 13th out of 18 MENA states for Logistics Risk, says Fitch Solutions

Corporate News

p.7 BANK AUDI'S NET PROFITS UP BY A YEARLY 7% TO US\$ 122 MILLION IN FIRST QUARTER OF 2019

Bank Audi published its first quarter results showing consolidated net profits of Bank Audi after provisions and taxes of US\$ 122 million in the first quarter of 2019, compared to US\$ 114 million in the corresponding period of 2018, i.e. a growth of 7%.

Also in this issue

p.8 BLOM Bank's net profits up by 0.3% year-on-year to US\$ 117 million in first three months of 2019

p.8 Byblos Bank's total assets up to US\$ 25.4 billion at end-March 2019

Markets In Brief

p.9 WAIT-AND-SEE MOOD AHEAD OF NEW STATE BUDGET

Amid some bickering throughout the week around the upcoming State budget, Lebanese capital markets were subjected to a wait-and-see mood characterized by continued net conversions in favor of foreign currencies in moderate volumes on the FX market that coincided with a slight increase in the overnight rate, and by shy trading volumes on the stock market with no significant price changes, while the Eurobond market saw price retreats. In details, demand for the greenback persisted on the foreign exchange market especially during the holiday period and as banks started paying dividends, which pushed the overnight rate up to 8% after it closed the previous week at 5%. The stock market saw shy trading activity during the short three-day working week, favoring a relative standstill in prices on the overall amid thin liquidity on the Beirut bourse. The total trading value was limited to US\$ 705 thousands against US\$ 1.0 million in the previous week. At the level of the Eurobond market, prices somewhat declined this week, tracking emerging market peers, which led to a 26 bps rise in the weighted average yield to 9.47%, while five-year CDS spreads rose by 30 bps to reach 800 bps.

LEBANON MARKETS: WEEK OF APRIL 22 - APRIL 28, 2019

Money Market



Certificates of Deposits Market



LP Tbs Market



LP Exchange Market



BSE Equity Market



GDR Market



Eurobond Market



CDS Market



ECONOMY

ANNUAL CPI INFLATION AT 3.7% IN MARCH

The Consultation & Research Institute's index of consumer prices began to cool down since July 2018. This March, the year-on-year index has risen by 1.3% compared to results of March 2018. The 12-month moving average recorded an increase of 3.7%.

Five of the nine main indices registered increases this March. The highest increase was registered by the "Transportation and Telecommunications" category (3.0%), followed by the "Education" category (2.6%) and the "Apparel" category (1.9%). On the other hand, three main indices decreased, namely those of the "Durable Consumer Goods" category (-2.8%), followed by the "Housing" category (-1.4%) and the "Healthcare" category (-0.7%). The category of "Other Goods and Services" kept stable this March.

The March 2019 year-on-year "Food and Beverages" index has increased by 1.6% since March 2018. Two of the four main indices registered increases this month, namely those of the "Alcoholic Beverages" category (7.5%) and the "Food" category (1.8%). On the other hand, the remaining main indices of the "Tobacco Products" category (-1.5%) and the "Nonalcoholic Beverages" category (-0.1%) witnessed decreases in March.

Apparel year-on-year prices registered a 1.9% increase in March 2019. This was the result of the significant increase in the "Footwear" category (12.9%), against a decrease in the "Clothing and Sewing Materials" category (-1.1%).

The index for "Housing" has decreased by 1.4% in March 2019 from its level last year. This was due to the decrease in the "Household Energy" category (-3.8%). On the other hand, a sole category witnessed an increase, namely that of the "Household Maintenance" category (6.2%).

The "Durable Consumer Goods" index has decreased by 2.8% since March 2018. Five categories have witnessed decreases this March, most significantly that of the "Appliances" category (-10.0%), followed by the "Household Furnishings" category (-3.0%) and the "Cleaning Products and Services" category (-1.5%). A sole category recorded an increase, namely that of the "Kitchenware" category (3.1%).

The healthcare index has decreased by 0.7% since March 2018. This is due to the decreases registered in the "Medications and Medical Accessories" category (-2.8%) and in the "Inpatient Services" (-1.1%).

CONSUMER PRICE INDEX

	Weights	Variation
CPI (12-month moving average)		+3.7%
CPI (Mar-19/Mar-18)		+1.3%
Food and beverages	35.4%	+1.6%
Apparel	6.6%	+2.0%
Housing	6.5%	-1.4%
Durable consumer goods	8.2%	-2.8%
Healthcare	9.8%	-0.7%
Transportation and telecommunications	14.4%	+3.0%
Education	12.5%	+2.6%
Recreation	2.7%	+0.8%
Other goods and services	4.0%	-0.02%

Source: Consultation and Research Institute

The CPI component for "Transportation and Telecommunications" has increased by 3.0% (year-on-year) in March 2019, due to the increase in the "Transportation" category (3.2%), while the "Telephone Services" category remained unchanged this month.

The index for education has increased by 2.6% from the previous year, due to the increase in the "Tuition Fees" category (3.9%). On the other hand, the "Educational Books and Supplies" category (-13.7%) witnessed a decrease, whereas the "School Transportation" category kept stable this March.

The index for recreation has slightly increased by 0.8% compared to its results in March 2018, due to the increase in the "Reading Materials and Photography" category (4.9%). The other main index of the "Movies and Restaurants" category remained unchanged in March 2019.

The index of "Other Goods and Services" has kept stable this month compared to March 2018. A sole increase was registered in the "Personal Care" category (4.7%). Another category recorded a decrease, namely that of "Jewelry" category (-6.7%). The "Travel" and the "Financial Services" categories remained unchanged this March.

CONSTRUCTION PERMITS REGISTER A YEARLY DECLINE OF 24.4% IN FIRST TWO MONTHS OF 2019

According to the figures provided by the Order of Engineers of Beirut and Tripoli, construction permits, an indicator of forthcoming construction activity, posted a 24.4% year-on-year decrease during the first two months of 2019, amidst the continued slowdown in the sector whereby some developers are slowing down or sometimes halting their construction works.

In fact, construction permits covered an area of 1,346,125 square meters in the first two months of 2019, against an area of 1,779,484 square meters in the first two months of 2018.

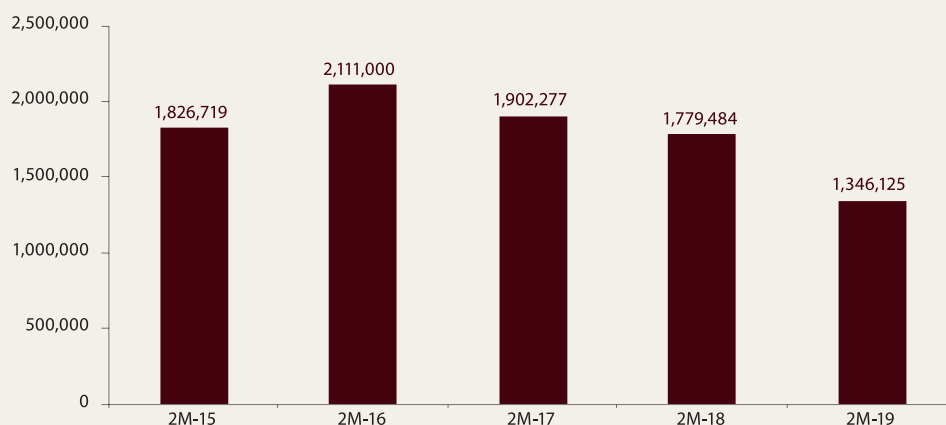
This followed a yearly contraction of 6.5% registered in the first two months of 2018.

The breakdown by region shows that most of the regions reported contractions in construction permits with Nabattiyeh and Bekaa reporting the highest contractions of 44.6% and 32.1% respectively in construction permits in the first two months of 2019.

As for the breakdown of construction permits, Mount-Lebanon continued to capture the highest share in newly issued construction permits in the first two months of 2019 with a share of 41.2%.

It was followed by South-Lebanon with a share of 19.8%, North-Lebanon with 18.5%, Bekaa with 8.1%, Nabattiyeh with 6.5% and Beirut with 5.9%.

CONSTRUCTION PERMITS (AREA IN SQUARE METERS)



Sources: Orders of Engineers of Beirut and Tripoli, Bank Audi's Group Research Department

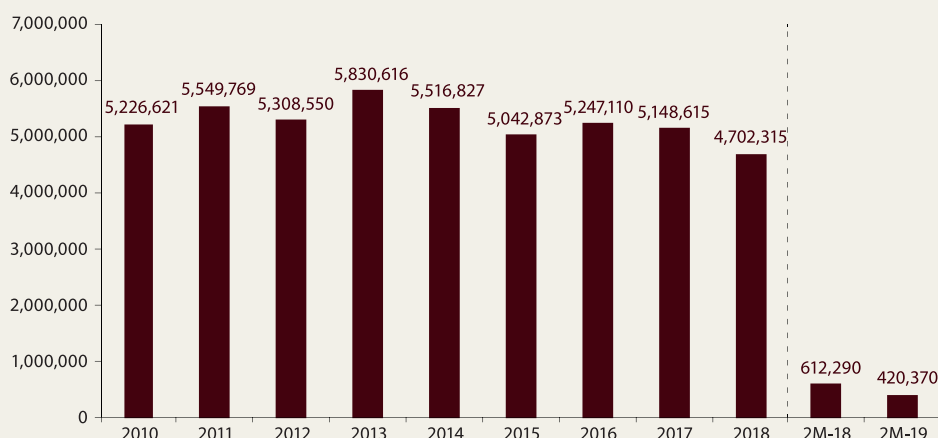
CEMENT DELIVERIES DOWN BY 31.3% IN FIRST TWO MONTHS OF 2019

Figures released by the Central Bank of Lebanon show that cement deliveries, a coincident indicator of construction activity, declined by a yearly 31.3% in the first two months of 2019.

Cement deliveries actually reached circa 420,370 tons in the first two months of 2019, down from 612,290 tons in the corresponding period of 2018, reflecting a continued slowdown in the construction activity in the country.

It is worth recalling that cement deliveries reached 4,702,315 in 2018, down from 5,148,615 tons in 2017.

CEMENT DELIVERIES (IN TONS)



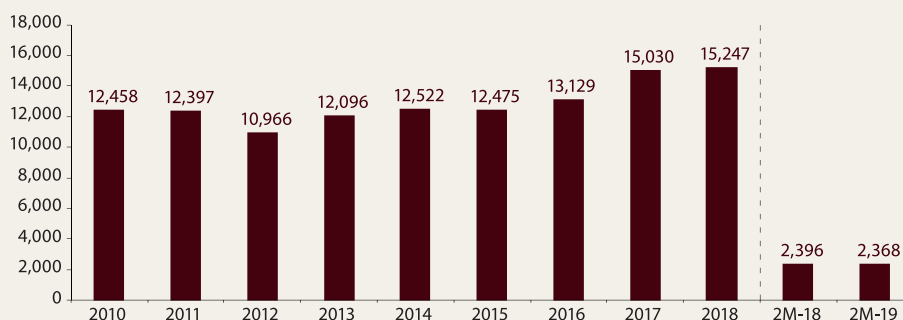
Sources: Central Bank of Lebanon, Bank Audi's Group Research Department

ELECTRICITY PRODUCTION DOWN BY 1.2% IN FIRST TWO MONTHS OF 2019

Data published by the Central Bank of Lebanon shows that electricity production fell by 1.2% year-on-year in the first two months of 2019. The production totaled 2,368 million Kilowatt Hour (kWh) in the first two months of 2019, down from 2,396 million kWh in the first two months of 2018.

In a backward look, electricity production rose by a yearly 1.4% last year from 15,030 million kWh in 2017 to 15,247 million kWh in 2018.

ELECTRICITY PRODUCTION (MILLION KWH)



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

SURVEYS

LEBANON RANKS 5TH REGIONALLY IN GOOD COUNTRY INDEX 2018

Lebanon was the 5th best performer on a regional basis and came in 82nd globally in 2018, according to the Good Country Index.

The Good Country team released recently the "Good Country Index 1.3 (2018)", its 4th edition of the index, which ranks 153 countries around the world for their contribution "to the common good of humanity" relative to their size. In details, the index is based on countries' performance in 35 data points, most of which are obtained from the United Nations, allocated over seven equally-weighted categories, at a ratio of 5 data points per category, namely "science & technology", "culture", "international peace & security", "world order", "planet & climate", "prosperity and equality", and "health & wellbeing".

According to the report, the Good Country Index measures what each country on earth contributes to the common good of humanity, and what it takes away, relative to its size. Using a wide range of data from the UN and other international organizations, the Good Country team gives each country a balance sheet to show at a glance whether it's a net creditor to mankind, a burden on the planet, or something in between.

The Good Country team added that it does not intend to make any moral judgments about countries. What it means mean by a Good Country is something much simpler: it's a country that contributes to the greater good of humanity. A country that serves the interests of its own people, but without harming - and preferably by advancing - the interests of people in other countries too.

Regionally, Lebanon ranked 5th in 2018 and was preceded by Morocco (77th rank worldwide) and followed by Oman (86th rank worldwide). It is worth noting that Lebanon's best performance was in the "health & wellbeing" category, while its worst performance was in the "international peace & security".

MENA GOOD COUNTRY INDEX 2018 RANKINGS

Country	Overall	Science & Technology	Culture	International Peace & Security	World Order	Planet & Climate	Prosperity & Equality	Health & Wellbeing
UAE	52	80	45	146	49	83	7	15
Tunisia	62	64	85	12	88	102	32	109
Kuwait	67	102	67	147	48	125	21	20
Morocco	77	47	82	105	129	100	37	61
Lebanon	82	60	86	143	77	103	64	44
Oman	86	122	108	16	116	111	50	87
Jordan	90	75	100	72	81	140	68	86
Egypt	92	57	119	40	118	141	120	43
Saudi Arabia	94	81	144	135	87	139	71	16
Qatar	95	135	95	127	79	88	42	78
Bahrain	126	100	73	136	130	115	107	112
Algeria	132	105	130	79	71	142	141	116
Yemen	150	77	152	152	136	149	140	88
Mauritania	151	128	133	111	146	145	110	124
Libya	152	142	153	153	86	153	144	149
Iraq	153	148	147	151	107	152	137	151

Sources: Good Country, Bank Audi's Group Research Department

The United Arab Emirates topped the Good Country Index in the MENA region, and were followed by Tunisia and Kuwait. On the other hand, Iraq emerged as the worst performer regionally.

At the global stage, Lebanon came in 82nd position. It was preceded by Argentina, and followed by Ecuador. It is worth noting that Finland ranked first on a global basis in the overall index, followed by the Netherlands, and Ireland, which occupied the 3rd place in the overall index.

LEBANON RANKS 13TH OUT OF 18 MENA STATES FOR LOGISTICS RISK, SAYS FITCH SOLUTIONS

According to Fitch Solutions, Lebanon scored 41.4 out of 100 for Logistics Risk and ranks 13th out of the 18 MENA states. Lebanon's logistics sector witnessed weak performances recently, with its utilities' and transport infrastructure having suffered a lot of structural damage.

Lebanon's regionally high tariffs and bureaucratic delays greatly complicate the ease of trading internationally, as well as increasing the cost risks. These are exacerbated by the threat of corruption among trade and customs authorities, which increase risks for couriers in terms of unforeseeable costs and delays, as per Fitch.

While these obstacles are mitigated somewhat by Lebanon's membership to several multilateral free trade agreements, as well as a plethora of bilateral trade accords, the specificity of these agreements means that many foreign firms operating in the country will not be eligible to receive their benefits.

Lebanon's transport system is its strongest scoring pillar of Fitch's Logistics Risk Index. This is largely due to the fact that prior to the many decades of war and conflict which the country endured through the 1970's-90's and in the early 2000's, its road network was extensive and well connected to its neighbouring peers.

Additionally, Lebanese ports are still competitive and serve as a maritime time hub for Jordan, Syria, Iraq, and the Persian Gulf States, as per the report. The problem largely lies in the quality of infrastructure available which has suffered from lack of maintenance and investment. Road quality is very poor and rail services non-existent (the last trains to use the Lebanese rail system were in the late 1990's), and the country's main airport is battling to cope with the number of passenger traffic it is receiving at present.

Supply chains with the exception of maritime, can therefore expect numerous delays when hauling freight in Lebanon. There are several promising road projects being funded by the World Bank which are expected to improve some of the road network over the medium term, but the poor fiscal position of the Lebanese government is preventing projects in the rail, port and air sectors from seeing any significant traction, according to Fitch Solutions.

Lebanon is one of the few MENA countries which is not rich in some type of energy resource. Despite this, over 90% of the country's electricity supply is generated by oil. Therefore, the country is required to purchase fuel from its trading partners in order to generate electricity, as per the report.

The country is therefore reliant on refined fuel imports for vehicles, which drives up costs for supply chains. Border compliance times and costs also drive up obstacles for operating physically in and out of Lebanon. This makes accessing the country by land very hard for international supply chains due to security reasons, making sea and air access the only viable means of doing such.

CORPORATE NEWS

BANK AUDI'S NET PROFITS UP BY A YEARLY 7% TO US\$ 122 MILLION IN FIRST QUARTER OF 2019

Bank Audi published its first quarter results showing consolidated net profits of Bank Audi after provisions and taxes of US\$ 122 million in the first quarter of 2019, compared to US\$ 114 million in the corresponding period of 2018, i.e. a growth of 7%. This performance is attributed to an optimization of resources deployed and a reinforcement of the overall efficiency amid stable operating income generation.

In the first quarter of 2019, consolidated general operating expenses decreased year-on-year by US\$ 21.6 million, with those savings generated across all entities of the group. This translated in a net improvement in the bank's consolidated cost to income ratio by 6% from 50.8% in the first quarter of 2018 to 44.8% in the first quarter of 2019.

The ratio of return on average assets stood at 1.06% as at end-March 2019 while the ratio of return on average common equity reached 13.6%.

Consolidated assets reached US\$ 46.4 billion as at end-March 2019, translating in Bank Audi sustaining its leading positioning among Lebanese banking groups and among the top 20 Arab banking groups. In parallel, consolidated assets under management, encompassing assets under management, fiduciary deposits and custody accounts, rose from US\$ 12.2 billion as at end-December 2018 to US\$ 12.5 billion as at end-March 2019, raising total consolidated assets and assets under management to US\$ 58.9 billion as at end-March 2019.

The bank's consolidated customers' deposits amounted to US\$ 31.3 billion at end-March 2019, of which 32% accounted for by entities outside Lebanon. In parallel, consolidated loans to customers stood at US\$ 12.4 billion at the same date, of which 54% accounted for by entities outside Lebanon. Accordingly, those aggregates registered decreases relative to end-December 2018, due in particular to the adopted policy revolving around activity consolidation in main markets of presence, in particular in Turkey and Lebanon within challenging and deteriorating operating conditions domestically and regionally.

BANK AUDI: KEY RATIOS

	Q1 2019	Q1 2018	Yearly Variation	2018	
Spread	2.4%	2.6%	-0.2%	2.6%	
Cost/income	44.8%	50.8%	-6.0%	46.3%	
Cost of risk (bps)	1.3%	0.7%	0.6%	1.3%	
ROAA	1.1%	1.1%	0.0%	1.1%	
ROACE	13.6%	11.9%	1.7%	14.0%	

	Mar-19	Mar-18	Yearly Variation	Dec-18	Year-to-date
Loan/deposits	39.7%	48.4%	-8.6%	41.5%	-1.8%
Credit-impaired loans/Gross Loans	6.5%	4.1%	2.5%	5.5%	1.0%
Credit-impaired loans coverage	61.5%	59.2%	2.3%	63.0%	-1.5%
Allowance for ECL stage 1 & 2 loans/Net loans	2.2%	1.3%	0.9%	2.3%	-0.1%
CET1	11.5%	10.8%	0.7%	11.4%	0.1%
CAR ratio	19.1%	17.9%	1.2%	18.9%	0.2%

Source: Bank Audi

In the first quarter of 2019, the ratio of gross credit-impaired loans to gross loans moved from 5.5% as at end-December 2018 to 6.5% as at end-March 2019. Over the same period, management allocated US\$ 40 million of net provisions for credit losses on loans, whereby the coverage ratio of credit-impaired loans by specific provisions and real guarantees reached 104% (of which 62% coverage by specific provisions).

Total shareholders' equity increased to US\$ 4 billion as at end-March 2019, of which US\$ 3.2 billion of common shareholders' equity.

In parallel, the bank's capital adequacy ratio as per Basel III further reinforced from 18.9% as at end-December 2018 to 19.1% as at end-March 2019, of which 11.5% of core equity Tier One ratio (CET1).

Primary liquidity including placements with central banks and correspondent banks abroad sustained its high level, representing 81.6% of customers' deposits as at end-March 2019.

BLOM BANK'S NET PROFITS UP BY 0.3% YEAR-ON-YEAR TO US\$ 117 MILLION IN FIRST THREE MONTHS OF 2019

BLOM Bank announced its consolidated financial results for the first quarter of 2019. BLOM Bank managed to report net profits of US\$ 117.2 million in the first three months of 2019, higher by 0.3% from the same period of 2018. The bank's declining profits in Lebanon were compensated for by the bank's higher profits from its foreign units, especially Egypt.

This net profit level also implied a rate of return on average common equity reaching 14.0% and a rate of return on average assets reaching 1.26% in the covered period.

BLOM Bank reported a capital adequacy ratio at 19.6%. Its primary liquidity ratio stood at 85.2%. The bank's coverage ratio of non-performing loans with specific and collective provisions and real guarantees stood at 150% and its cost-to-income ratio was 37.2%, as per a BLOM Bank statement.

BYBLOS BANK'S TOTAL ASSETS UP TO US\$ 25.4 BILLION AT END-MARCH 2019

Byblos Bank posted net profits of US\$ 26.9 million in the first quarter of 2019, edging down by 3.3% from US\$ 27.9 million in the same period of 2018.

Net interest income amounted to US\$ 63.5 million in the first three months of 2019, down by 8.7% from US\$ 69.5 million recorded in the same period of the previous year.

Net fee and commission income declined from US\$ 24.9 million in the first quarter of 2018 to reach US\$ 24.1 million in the same period of this year.

Net operating income decreased by 5.2% to reach US\$ 93.9 million in the first three months of 2019. Total operating expenses went down by 2.4% year-on-year to US\$ 59.2 million first three months of 2019, of which personnel charges reached US\$ 34.5 million, 2.5% lower than those reported in the first three months of 2018, and other operating expenses recorded US\$ 21.1 million in the first three quarters of 2019, 3.4% lower than those in the same period of the previous year.

The bank's total assets increased by 1.5% from US\$ 25.0 billion at end-2018 to US\$ 25.4 billion at end-March 2019. Customers' deposits remained nearly unchanged from end-2018 standing at US\$ 18.5 billion at end-March 2019. Loans and advances declined from US\$ 5.4 billion at end-2018 to US\$ 5.3 billion at end-March 2019.

CAPITAL MARKETS

MONEY MARKET: OVERNIGHT RATE STABLE THROUGHOUT THE WEEK

The overnight rate was in the 7%-8% range all throughout the week within the context of some conversions in favor of the US dollar in the forex market especially during the holiday period and as banks started paying dividends.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon showed that total resident banking deposits traced a downward trajectory for the second consecutive week during the week ending 11th of April 2019 following three consecutive weeks of growth. Total resident banking deposits contracted by LP 374 billion. This was mainly driven by a LP 187 billion contraction in total LP resident deposits amid a LP 93 billion fall in LP demand deposits and a LP 94 billion decline in LP saving deposits, in addition to a LP 187 billion weekly drop in foreign currency resident deposits (the equivalent of US\$ 124 million). Within this context, the money supply in its largest sense (M4) registered a weekly contraction of LP 386 billion over the covered week amid a LP 67 billion rise in the non-banking sector Treasury bills portfolio and a LP 78 billion decrease in the currency in circulation.

Within this context, it is worth mentioning that total resident banking deposits grew by LP 386 billion since the cabinet formation at end-January 2019, driven by a LP 617 billion expansion in total LP resident deposits.

INTEREST RATES

	25/04/19	18/04/19	28/12/18	
Overnight rate (official)	3.90%	3.90%	3.90%	↔
7 days rate	4.00%	4.00%	4.00%	↔
1 month rate	4.75%	4.75%	4.75%	↔
45-day CDs	4.90%	4.90%	4.90%	↔
60-day CDs	5.08%	5.08%	5.08%	↔

Source: Bloomberg

TREASURY BILLS MARKET: SMALL NOMINAL WEEKLY SURPLUS OF LP 14 BILLION

The latest Treasury bills auction results for value date 25th of April 2019 showed that the Central Bank of Lebanon has allowed banks to subscribe in full to the six-month category (offering a yield of 5.85%), the three-year category (offering a coupon of 7.50%) and the seven-year category (offering a coupon of 9.0%).

In parallel, the Treasury bills auction results for value date 18th of April 2019 showed that total subscriptions reached LP 101 billion. The latter was distributed as follows: LP 6 billion in the three-month category (offering a yield of 5.30%), LP 8 billion in the one-year category (offering a yield of 6.50%) and LP 87 billion in the five-year category (offering a coupon of 8.0%). These compare to maturities of LP 87 billion, resulting into a nominal weekly surplus of LP 14 billion.

TREASURY BILLS

	25/04/19	18/04/19	28/12/18	
3-month	5.30%	5.30%	4.44%	↔
6-month	5.85%	5.85%	4.99%	↔
1-year	6.50%	6.50%	5.35%	↔
2-year	7.00%	7.00%	5.84%	↔
3-year	7.50%	7.50%	6.50%	↔
5-year	8.00%	8.00%	6.74%	↔
7-year	9.00%	-	7.08%	
Nom. Subs. (LP billion)		101	98	
Short-term (3&6 mths)		6	4	
Medium-term (1&2 yrs)		8	11	
Long-term (3 yrs)		-	-	
Long-term (5 yrs)		87	83	
Maturities		87	124	
Nom. Surplus/Deficit		14	-26	

Sources: Central Bank of Lebanon, Bloomberg

FOREIGN EXCHANGE MARKET: MODERATE NET CONVERSIONS IN FAVOR OF FOREIGN CURRENCIES

The FX market saw net conversions in favor of foreign currencies in relatively moderate volumes during this short week as banks started to pay dividends. Activity on the interbank market remained absent given the lack of offer for the greenback, which suggests that the Central Bank of Lebanon may have intervened as a seller of the US dollar to meet market players' needs, especially during the holiday period and amid continued commercial demand for the hard currency.

EXCHANGE RATES

	25/04/19	18/04/19	28/12/18	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,940.60	1,960.81	1,905.78	↑
LP/¥	13.48	13.47	13.66	↓
LP/SF	1,474.33	1,490.80	1,529.68	↑
LP/Can\$	1,115.76	1,127.36	1,107.48	↑
LP/Euro	1,677.85	1,696.54	1,724.73	↑

Source: Bank Audi's Group Research Department

STOCK MARKET: LIGHT ACTIVITY AND NO SIGNIFICANT PRICE CHANGE IN A SHORT TRADING WEEK

The local stock market witnessed a light activity in this short three-day working week, with the total trading value reaching US\$ 705 thousands as compared to US\$ 1 million in the previous week (four working days). As a result, the average daily trading value retreated from US\$ 261 thousands in the previous week to US\$ 235 thousands this week. Solidere shares captured 47.4% of total trading activity, while banking stocks accounted for 41.7% and industrial shares represented the remaining 10.8%.

Lebanese equities saw no significant price change on the overall this week. Five out of seven traded stocks posted price increases, while two stocks registered price retreats week-on-week. Solidere "A" and "B" share prices rose by 4.3% and 7.2% respectively to close at US\$ 5.52 and US\$ 5.23 respectively. As to

banking stocks, Byblos Bank's "listed" share price dropped by 8.1% to US\$ 1.25. Bank Audi's "listed" share price closed 3.3% lower at US\$ 4.74, while Bank Audi's GDR price rose by 3.9% to US\$ 4.57. BLOM's GDR price slightly edged up by 0.5% to close at US\$ 7.99. As to industrial stocks, Holcim's share price closed 1.3% higher on a weekly basis to reach US\$ 15.50.

The weekly performance of the domestic stock exchange compares to a shy price rise in broader regional stock exchanges (+0.7% as per the S&P Pan-Arab Composite Index) and to declines in prices across emerging markets (-1.4% as per the S&P Emerging Frontier Super Composite Index).

AUDI INDICES FOR BSE

22/1/96=100	25/04/19	18/04/19	28/12/18	
Market Cap. Index	359.02	361.39	384.30	↓
Trading Vol. Index	10.05	11.17	227.09	↓
Price Index	78.35	78.87	83.87	↓
Change %	-0.66%	-2.73%	-0.70%	↓
	25/04/19	18/04/19	28/12/18	
Market Cap. \$m	8,517	8,574	9,117	↓
No. of shares traded (Exc. BT)	142,434	194,881	4,241,140	↓
Value Traded \$000 (Exc. BT)	705	1,045	21,393	↓
o.w. : Solidere	335	460	1,208	↓
Banks	294	585	20,107	↓
Others	76	0	78	↑

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

BOND MARKET: BOND PRICES DOWN, TRACKING EMERGING MARKET PEERS

Lebanese Eurobonds saw price declines this week, tracking the downward trajectory of peers in other emerging markets on the back of the Argentina crisis in particular. The latter's debt market has witnessed the worst performance since 2014 amid lingering concerns about the country's economy, which triggered fears of repercussions on emerging market performances at large. In details, the sharp upward movements in Argentina bond yields and spreads over US Treasuries along with currency woes come as the President's re-election prospects look dimmer, and government officials struggle to contain both record-breaking inflation and an increasingly volatile currency.

Under such circumstances, Lebanese Eurobonds witnessed price declines across the curve, ranging between 0.25 pt and 1.00 pt on a weekly basis. Accordingly, the weighted average yield rose from 9.21% last week to 9.47% this week, the equivalent of a 26 bps rise. As to the cost of insuring debt, Lebanon's five-year CDS spreads expanded from 760-780 bps at the end of last week to 785-815 bps at the end of this week.

EUROBONDS INDICATORS

	25/04/19	18/04/19	28/12/18	
Total tradable size \$m	31,714	32,214	32,214	↓
o.w.: Sovereign bonds	30,464	30,964	30,964	↓
Average Yield	9.47%	9.21%	9.95%	↑
Z-Spread (bid in bps)	742	713	764	↑
Average Life	7.63	7.51	7.83	↑
Yield on US 5-year note	2.32%	2.37%	2.61%	↓

Source: Bank Audi's Group Research Department

INTERNATIONAL MARKET INDICATORS

	26-Apr-19	18-Apr-19	31-Dec-18	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	111.58	111.98	109.61	-0.4%	1.8%
\$/£	1.292	1.299	1.275	-0.6%	1.3%
\$/Euro	1.115	1.123	1.147	-0.7%	-2.8%
STOCK INDICES					
Dow Jones Industrial Average	26,543.33	26,559.54	23,327.46	-0.1%	13.8%
S&P 500	2,939.88	2,905.03	2,506.85	1.2%	17.3%
NASDAQ	8,146.40	7,998.06	6,635.28	1.9%	22.8%
CAC 40	5,569.36	5,580.38	4,730.69	-0.2%	17.7%
Xetra Dax	12,315.18	12,222.39	10,558.96	0.8%	16.6%
FT-SE 100	7,428.19	7,459.88	6,728.13	-0.4%	10.4%
NIKKEI 225	22,258.73	22,090.12	20,014.77	0.8%	11.2%
COMMODITIES (in US\$)					
GOLD OUNCE	1,286.16	1,275.82	1,282.49	0.8%	0.3%
SILVER OUNCE	15.09	15.01	15.50	0.5%	-2.6%
BRENT CRUDE (per barrel)	72.15	71.97	53.80	0.3%	34.1%
LEADING INTEREST RATES (%)					
1-month Libor	2.48	2.48	2.50	0.00	-0.02
US Prime Rate	5.50	5.50	5.50	0.00	0.00
US Discount Rate	3.00	3.00	3.00	0.00	0.00
US 10-year Bond	2.50	2.56	2.68	-0.06	-0.18

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER

The content of this publication is provided as general information only and should not be taken as an advice to invest or engage in any form of financial or commercial activity. Any action that you may take as a result of information in this publication remains your sole responsibility. None of the materials herein constitute offers or solicitations to purchase or sell securities, your investment decisions should not be made based upon the information herein.

Although Bank Audi sal considers the content of this publication reliable, it shall have no liability for its content and makes no warranty, representation or guarantee as to its accuracy or completeness.