

Economy

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Amid the Central Bank's continuous heavy US dollar injection via the "Sayrafa" platform for more than two months, while the country is reeling under a multifaceted crisis combining an unprecedented institutional vacuum and a poor track record in implementing much-needed reforms, Lebanon's capital markets continued to see this week a firm stability in the Lebanese pound against the US dollar on the black FX market, while equities shifted to a negative territory and Eurobond prices remained at historical lows. In details, the LP/US\$ parallel market rate hovered between LP/US\$ 93,800 and LP/US\$ 94,000 on Friday as BDL continued to intervene as a seller of the greenback via "Sayrafa" at an average daily trading volume of US\$ 147 million, while BDL's net liquid FX reserves are currently estimated at circa US\$ 9.5 billion after excluding the Bank's Eurobond holdings. At the level of the bond market, sovereign prices remained stable at a record low level of 5.750 cents per US dollar on Friday, mainly on bets about low recovery rates amid an unprecedented multilayered institutional vacuum and delays in implementing much-needed economic reforms. On the equity market, the BSE price index contracted by 1.1%, while the total turnover expanded by 40% week-on-week.

LEBANON MARKETS: MAY 29 - JUNE 4, 2023

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

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ECONOMY

EBRD FORECASTS LEBANON'S REAL GDP GROWTH AT 1% IN 2023 AND 3% IN 2024

A new report by the EBRD on regional economic prospects was issued last week, with a macro section on Lebanon.

The report says that the unyielding political deadlock continued to deepen Lebanon's economic and financial woes in 2022. The economy is estimated to have contracted by 4% in 2022, with little progress on critical reforms and challenges exacerbated by rising energy and food prices, as well as supply chain disruptions. A partial recovery in tourism offered some reprieve from the otherwise bad economic news. Uncertainty surrounding a potential IMF-supported programme has increased as key requisite reforms stalled, thus keeping Lebanon locked out of international markets, with official reserves being further depleted. The official exchange rate was devalued by 90% to LP 15,000 per US dollar on 1 February 2023. This did not eliminate multiple exchange rates as the parallel exchange rate plummeted further to LP 131,500 per US dollar in March 2023. Global inflation and repeated reductions in the few remaining subsidies have left large segments of the population in poverty, facing electricity and fuel shortages and with limited access to basic commodities. Inflation continued to be at triple-digit levels, averaging 183.8% in 2022.

The Lebanese economy could return to growth in 2023, projected at 1.0%, conditional on overcoming political hurdles and progressing towards an IMF-supported programme, which would also allow negotiations to resume with international partners. In 2024, GDP is expected to grow by 3.0% provided the reform momentum gathers pace as per EBRD.

According to the EBRD report, in the broader southern and eastern Mediterranean region, growth decelerated sharply in 2022, as adverse external conditions interacted with country-specific vulnerabilities. The war on Ukraine negatively affected all economies through higher imported inflation and increased fiscal and external vulnerabilities. Tighter global monetary conditions exerted pressure on external accounts, and global supply chain disruptions and the economic slowdown in Europe further held back growth in some economies. In some economies, implementation of much-needed reforms has been delayed, while reliance on volatile drivers of growth such as agriculture and tourism held back growth.

In 2023, a slight pick-up in average regional growth is expected as economies adapt to the impact of the war on Ukraine, agriculture rebounds and reforms progress. Downside risks reflect challenging global inflation outlook and political uncertainty. Recovery is expected to gather pace in 2024, with average growth above 4%, as reforms advance in all economies according to EBRD.

EBRD FORECASTS OF REAL GDP GROWTH

	Actual			Forecast (May 2023)		Revision since Feb 2023	
	2020	2021	2022	2023	2024	2023	2024
Southern & Eastern Mediterranean	-2.0	6.2	3.1	3.6	4.4	-0.4	0.1
Egypt	1.4	7.2	4.2	4.2	5.2	-0.4	0.2
Jordan	-1.6	2.2	2.5	2.5	2.5	-0.2	0.0
Lebanon	-25.9	-10.0	-4.0	1.0	3.0	-1.0	0.0
Morocco	-7.2	7.9	1.1	3.1	3.2	-0.2	0.0
Tunisia	-8.6	4.3	2.4	2.0	2.3	-0.5	-0.4

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VALUE OF CLEARED CHECKS IN LP UP BY 64% IN THE FIRST FOUR MONTHS OF 2023

The value of cleared checks in Lebanese Pounds hiked by 63.9% year-on-year in the first four months of 2023 mirroring an increase in spending in LP during the above mentioned period amid currency depreciation. Checks cleared in LP were recorded at LP 17,963 billion in the first four months of 2023 up from LP 10,961 billion in the same period of 2022.

On the other hand, the value of cleared checks in foreign currency (US\$), noticed a 41.0% drop year-on-year as many businesses are cashing fresh dollars only. Cleared checks in US\$ for the first four months of 2023 were recorded at US\$ 1,668 million down from US\$ 4,070 million in the same period of the year prior.

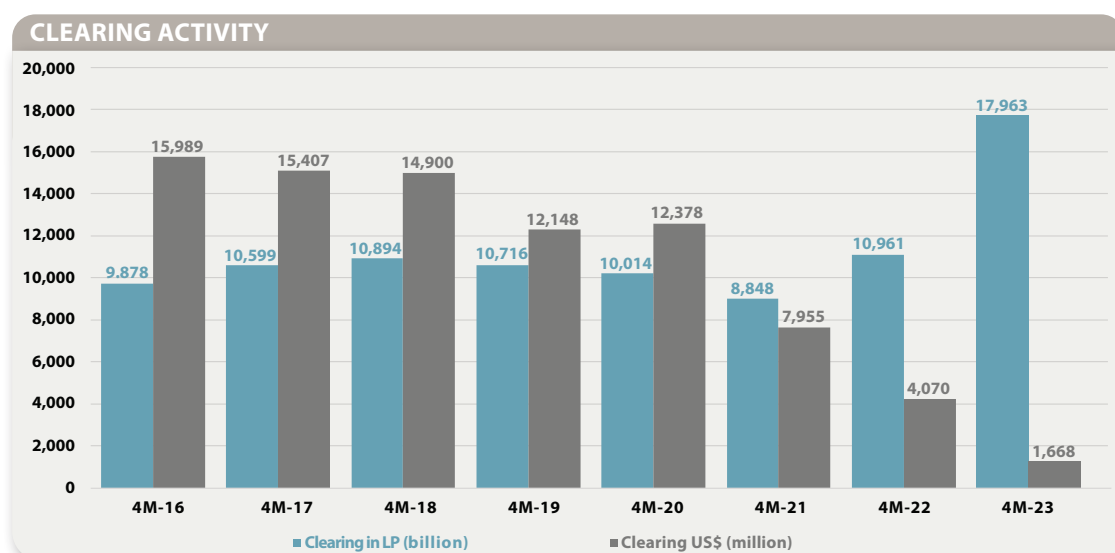
The total value of cleared checks, reached US\$ 6,957 million in the first four months of 2023 down by 38.7% from US\$ 11,341 million in the first four months of the previous year.

It is worth noting that, effective February 1st 2023, the Lebanese Pound noticed a re-peg and was set at LP 15,000/US\$ (up from LP 1,507.5/US\$ prior). In turn, this change in exchange rates has affected the total valuation of cleared checks as checks cleared in LP have to be turned into US\$ for a total valuation.

Moreover, the number of cleared checks registered 190,418 in the first four months of 2023, down by 74.0% from 732,712 checks in the same period of 2022.

The average value per check reached US\$ 36,534 in the first four months of 2023, up from US\$ 15,478 in the same period of 2022.

It is worth noting that the value of returned checks registered US\$ 187 million in the first four months of 2023 up from US\$ 96 million in the first four months of 2022. The number of returned checks stood at 1,635 in the first four months of 2023 noting a drop of 68.7% from figures in the same period of 2022.



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

DEMAND FOR CONSTRUCTION REGISTERS A MARGINAL CONTRACTION IN 2022

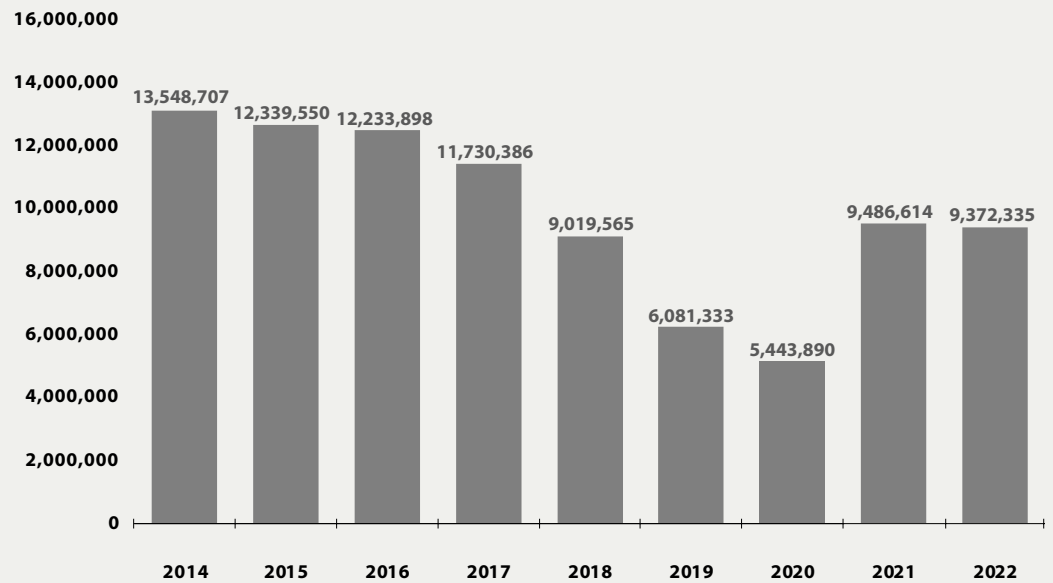
According to data published by the Banque du Liban (BDL), the demand for construction permits in square meters was registered at 9,372,335 m² in 2022. This figure denotes a marginal contraction of 1.2% down from 9,486,614 m² in 2021.

It is worth noting that building permits stand as an economic indicator for forthcoming construction activity

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in the property market. Therefore this reflects a decrease in future realty supply in 2022 as a result of the dollarization of the market. In the years prior, buyers could utilize bank checks for the purchase of realty but this had since stopped in 2022. With the dollarization of the market, the number of interested buyers therefore contracted due to the scarcity of interested fresh dollar buyers.

CONSTRUCTION PERMITS (IN SQUARE METERS)



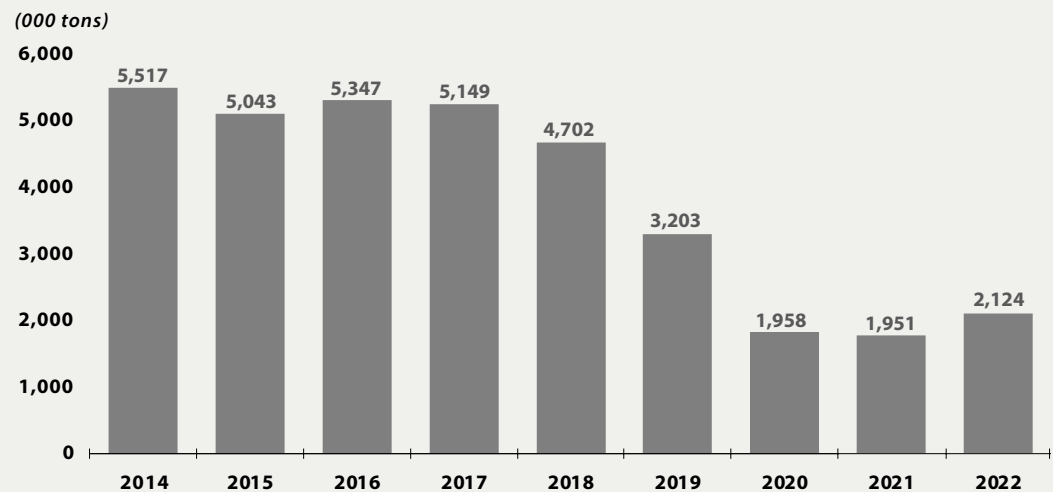
source: BDL, Bank Audi Group Research Department

CEMENT DELIVERIES INCREASED BY 9% YEAR-ON-YEAR IN 2022

Cement deliveries, a coincident indicator of construction activity, rose by a yearly 8.9% in 2022 against same period of 2021, as released by the Central Bank of Lebanon.

Cement deliveries reached circa 2,124,347 tons in 2022, up from 1,950,662 tons in the year prior, reflecting a slight improvement in activity from the previous year's figures.

CEMENT DELIVERIES



Sources: BDL, Bank Audi's Group Research Department

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SURVEYS

UN SAYS THAT A TOTAL OF 3.9 MILLION PEOPLE NEED SOME FORM OF HUMANITARIAN ASSISTANCE IN LEBANON

According to a report by UN's OCHA, the unwavering economic and financial crisis Lebanon has faced since 2019, has severely impacted all the facets of the society and pushed a large group among the population into crisis conditions. Inflation and depreciation of the LL has significantly affected the income and purchasing power of workers and employees and their capacity to meet basic needs is further eroded by increasing prices of basic goods. As of February 2023, annual inflation reached 190%.

The cost of the food Survival Minimum Expenditure Basket (SMEB) per person in February 2023 in LL increased by 48% from January 2023. Food inflation since October 2019 has increased by 11,300% and by 4,400% the energy inflation. The overlapping crises have also severely impacted availability and affordability of basic services such as healthcare, education, safe clean drinking water and sanitation services. Public services which were already struggling prior to the economic crisis are now reaching emergency thresholds and on the brink of collapse.

While a large range of services including energy, education, water and healthcare have been traditionally provided by the private sector in Lebanon, the fallout of the economy has driven a large group of the population, notably from the middle-class, towards cheaper public options. However, due to neglect, mismanagement and years of under-investment, public services are not able to meet the full scale of needs. Options for private services have reduced and remain prohibitive for most. Health care system has been significantly affected. Increasing costs for the import of medications and medical supplies coupled with the unavailability of critical medicines, as well as maintenance of all health facilities, contributed to skyrocketing patients' costs for hospitalization and treatment. Skilled human resources also declined considerably as health personnel emigrated in search of better employment opportunities. Hospitals cut down their bed capacity by 50%, leading to an overall insufficient number of functional hospital beds³ per population. While the risk of disease outbreak such as cholera and measles increases, due to poor sanitation systems, lower immunization and rising poverty, the system is increasingly unable to cope with new shocks.

The crisis has also severely impacted the education sector, compromising the wellbeing of school aged children in Lebanon. Many among the most vulnerable are being deprived of their right to education and at higher risk of exploitation and abuse. More than 10% of the 1.2 million Lebanese children do not currently access education, mainly due to economic vulnerabilities. Teacher strikes, linked to their low salaries and the high costs of fuel and transportation, have largely contributed to the disruption of learning for a third scholastic year. Even when schools function, lack of transport and safety issues are often reported as barriers to accessing school especially for girls. An increasingly high number of individuals are facing dramatic challenges with accessing safe and sufficient quantities of water for drinking and domestic use.

The recent cholera outbreak in Lebanon has further highlighted that the water infrastructure in the country is on the verge of almost total collapse. The country is also facing a sanitation crisis. Most wastewater treatment plants are no longer functioning due to electricity cuts and unaffordability of fuel to run the back-up power generator.

In addition, economic collapse, high inflation and rising fuel prices further exacerbated by the war in Ukraine, have severely impacted the electricity supply in the country. Private generators have become the main suppliers of electricity in the country for institutions, private sector, and the general public. The increasing global fuel prices led to a sharp increase in the cost of running and maintaining generators, making them unaffordable for most residents of Lebanon while severely hampering economic activity and driving the costs of services up. Without electricity, households are unable to keep food refrigerated and safe and houses warm in winter, ultimately affecting their health and wellbeing. Children are unable to study after dark and there are safety concerns for women and girls at night. In addition, the livelihoods of many households are affected where jobs are dependent on electricity.

Moreover, the crisis is affecting the social fabric and disturbing community relationships. Political instability and eroding governance are driving crimes and dramatically worsening perceptions of physical safety and security, nationwide, also shrinking the operational space for aid actors. Communal relations are deteriorating at all levels and are increasingly leading to incidents, rhetoric escalations and violence. In January 2023, it is estimated that a total of 3.9 million people need some form of humanitarian assistance in Lebanon. This figure

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includes 2.1 million vulnerable Lebanese, 1.5 million Syrians refugees, 81,500 migrants living in Lebanon, and the 211,400 Palestine refugees in Lebanon and from Syria (PRL and PRS). While there are some variations among the population, notably in terms of protection risks, overall the severity and magnitude of humanitarian needs is primarily driven by people's inability to meet their basic needs and access basic services. This is compounded by harmful coping strategies, which result in heightened protection risks.

FITCH SOLUTIONS FORECAST REAL HOUSEHOLD SPENDING IN LEBANON TO GROW BY 1.7% IN 2023

Fitch Solutions forecast real household spending in Lebanon to grow by 1.7% y-o-y over 2023, a marginal improvement from the 1.5% growth estimated in 2022.

The Fitch Solutions report says the Lebanese economy has faced multi-year challenges including hyperinflation, currency pressures, macroeconomic fundamental deterioration and political deadlocks. The outlook is set to improve in 2023 but consumer price inflation will continue to weigh on disposable incomes.

Their forecast for growth in consumer spending in 2023 is in line with their Country Risk team's forecast that the Lebanese economy will post growth of 1.5% in 2023, which is following positive growth of 3.5% in 2022. This came after a decline of 9.1% in 2021 and a contraction of 25.9% in 2020. While this will be the second consecutive year, since 2018, that the Lebanese economy will be in positive territory, they highlight that growth will be fragile. Slow growth will be the result of triple-digit inflation as well as prolonged political impasse, which will weigh on private consumption.

According to Fitch Solutions, Lebanon has been experiencing hyperinflation since 2020, and this has significantly eroded the consumer purchasing power and sent many households into poverty. The full liberalization of fuel prices in September 2021 and the removal of subsidies on medicine, along with high global food and oil prices, further accelerated inflation over late 2021. The sustained depreciation of the currency on the parallel market, which is the rate used to price almost all traded goods on the Lebanese market, has fed through into inflation.

In March 2023 (latest available data), consumer price inflation picked up once more to 263.8% y-o-y, compared to 208.0% y-o-y in March 2022. Fitch Country Risk team projects consumer price inflation will average around 255.0% in 2023, up from 171.2% in 2022, driven by the sharper-than-expected depreciation of the currency as well as tripling of custom tariffs. However, inflation in 2022 was mainly driven by the unprecedentedly high food inflation over the year. Latest official data suggest that food price inflation was higher in 2022 relative to 2023 to date, averaging around 316.6% y-o-y during the course of the year.

Lebanese food price inflation started January 2022 with a 483.7% hike but had lowered to 352.3% by March 2023. The persisting elevated consumer price inflation will weigh on the purchasing power of Lebanese households over 2023, preventing a more marked recovery of the consumer and retail sector during the year. In particular, we note that food, fuel and energy prices have been skyrocketing in the market, especially due to elevated global commodity prices that have driven up the food and oil import bill, and weighing on the national current account. For now, we see lowering of global commodity prices to provide some support in H223.

Fitch Solutions expect the unemployment rate in Lebanon to recover from its peak in 2022, following economic challenges and the Covid-19 pandemic, reaching an average of 30% of the labor force in 2023. While this is still not as strong as the pre-Covid levels of 6.2% and 9.3% seen over 2018 and 2019, it is down from the 45% and 50% posted over 2021 and 2022 respectively. However, should economic conditions worsen in the market, there is a risk of elevated unemployment, which will quickly feed through into a weaker consumer outlook according to Fitch Solutions.

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CORPORATE NEWS

FATF GRANTS LEBANON A ONE YEAR GRACE PERIOD TO IMPLEMENT REFORMS

Amid news that the Financial Action Task Force (FATF) would put Lebanon on the grey-list, developments have shown that the country has been granted a grace period of one year. This grace period is conditioned with the implementation of crucial financial, monetary and banking reforms in order to avoid being grey-listed. The decision to grant the grace period comes as a recognition of the country's current challenges amid efforts to address its various crises.

It is worth noting that the grey list, which was formally known as the Jurisdictions under Increased Monitoring and High-Risk Jurisdictions subject to a Call for Action, is a list used by FATF and includes countries that present deficiencies in their Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework. When a country is placed on the list, it shows that its AML/CFT measures do not meet international standards and therefore holds major repercussions on its financial system.

Therefore, according to FATF, any country that enters the International Co-operation Review Group (ICRG) review process, is offered a one year period of observation in which efforts are made with the cooperation of FATF or its FATF-Style Regional Body (FSRB) in order to address the AML/CFT deficiencies. This comes before a formal review by FATF is made and before the public identification of the jurisdiction.

Had Lebanon been included in the grey-list, the country's economy and its banking system would have been affected and further weakened. This step would entail higher cost of international transactions, limited global financial network access as well as the deterrence of foreign investment going into the country. However, after conducting an assessment of the case of Lebanon, FATF found positive developments in seven out of nine areas while two other areas required additional attention which has led to the decision of granting a grace period to the already suffering country.

LCEC AND UN-HABITAT SIGNED AN AGREEMENT OF COOPERATION FOR SOLAR ENERGY SUPPLY

The United Nations Human Settlements Program (UN-Habitat) Lebanon signed an agreement of cooperation with the Lebanese Center for Energy Conservation (LCEC). The agreement has the goal of providing holistic technical support in order to supply solar energy systems to various sub-sectors in the country. The beneficiaries include various municipalities, unions of municipalities, social and health services centers as well as water facilities throughout the country. This move is expected to enhance the operation and services delivery in these establishments.

In order to assess the feasibility and efficiency of the implementation process of the solar energy systems, LCEC will work in cooperation with UN-Habitat in more than 20 pre-selected sites.

After the completion of the feasibility study, the implementation of needs-based renewable energy interventions in the short-listed sites will follow.

Concurrently, a joint national campaign to raise awareness on best practices from selection, installation and maintenance of the systems (which includes safety measures to be taken into consideration during the installation of the systems) will be undertaken as well.

According to the LCEC General Director and President of the Board, while sustainable energy implementation and usage is flourishing throughout Lebanon's various sectors, some sub-sectors are being undermined. The cooperation agreement is therefore regarded as crucial as it targets facilities from the underprivileged sub-sectors and will offer them support to join the green energy transition that we are noticing.

In turn, this cooperation is expected to bring forward two positive outcomes: the improvement of energy performance within the aforementioned facilities and strengthen their role within the fabric of society towards a more robust, healthy and safe urban environment.

In a statement, the Head of UN-Habitat Lebanon noted that cities stand as major contributors to climate change with a total consumption of 78% of the world's energy and a production of more than 60% of greenhouse gas emissions. They then highlighted that as a result of Lebanon's energy crisis, a leap was noticed in the renewable

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energy sector. Therefore, UN-Habitat has taken on many projects in cooperation with LCEC in order to support public institutions and municipalities' embarking towards more green solutions for a better urban future.

It is worth noting that UN-Habitat supports people in cities and human settlements in over 90 countries with the goal to create an improved urban future. The program offers expertise and knowledge through its projects in coordination with governments and local partners to offer different solutions. The program's agenda includes a goal dedication to SDG 11 for sustainable cities and communities.

LCEC is a non-political not-for-profit organization with the aim of leading efforts in Lebanon towards the development of energy efficiency and renewable energy. This is done in order to increase energy security and de-carbonization levels.

USAID INITIATIVE AIMS TO INCREASE THE LABOR FORCE PARTICIPATION OF WOMEN IN LEBANON

The United States Agency for International Development (USAID) has recently marked its achievements under the Women's Global Development and Prosperity Initiative for Expanding Women's Labor Force in Lebanon (W-GDP: EWLFL). The initiative aims to improve economic opportunities for women-led enterprises in the Lebanese market and is implemented by the Lutheran World Relief (LWR).

The W-GDP: EWLFL is an initiative that aims to empower marginalized women in the rural and peri-rural areas of Lebanon through the building of capacities and advancement in business skills.

The marking of the achievements came during an event that saw the graduation of 200 women entrepreneurs from a business entrepreneurship program in the Lebanese American University (LAU).

According to LWR's management, the empowerment of women and gender inclusivity in Lebanon's labor market are crucial for the restoration of confidence and socio-economic stability to the country. Additionally, these steps would modernize the market and make it more viable. The LWR pledged its continuous support through Access to Finance (Grants and Loans) during the event. Additionally, efforts will remain to bring additional women participants as well as engage more economically active women entrepreneurs in order to maximize the impact of the organization on the country's socio-economic stability.

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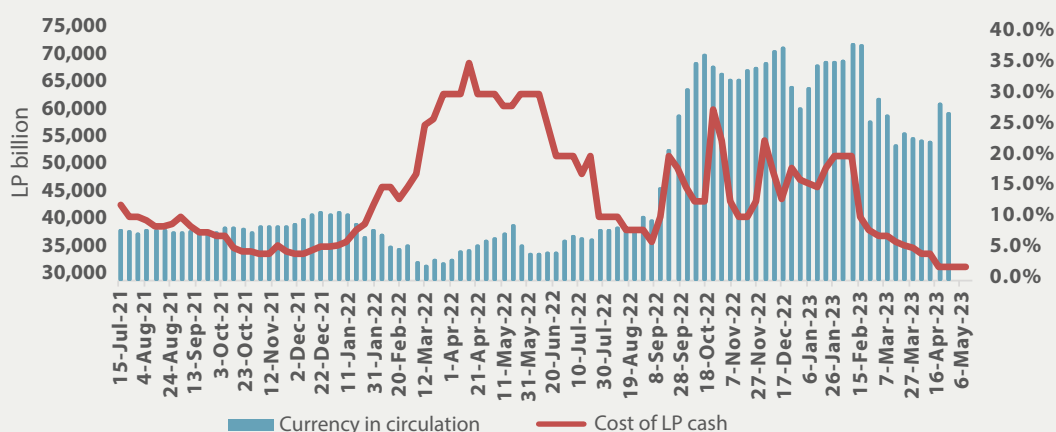
CAPITAL MARKETS

MONEY MARKET: EXTENDED WEEKLY CONTRACTION IN TOTAL RESIDENT DEPOSITS

The overnight rate, which is a non-cash rate on the money market, stood unchanged at 35% this week, while the cost of LP cash hovered between 1% and 2% against 1.5%-2.5% last week.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 18th of May 2023 showed that the currency in circulation contracted by LP 2,164 billion, and total resident banking deposits fell by LP 3,704 billion week-on-week. This is mainly explained by a contraction in total LP resident deposits of LP 1,505 billion amid a LP 1,354 billion decrease in LP demand deposits and a LP 151 billion retreat in LP saving deposits, while foreign currency resident deposits contracted by LP 2,199 billion (the equivalent of US\$ 147 million as per the official rate of LP 15,000). Within this context, the money supply in its broadest sense (M4) contracted significantly by LP 5,879 billion over the covered week.

MONEY MARKET ACTIVITY



TREASURY BILLS MARKET: NOMINAL WEEKLY DEFICIT OF LP 375 BILLION

The latest Treasury bills auction results for value date 1st of June 2023 showed that the Central Bank of Lebanon allowed banks to subscribe in full to the six-month category (offering a yield of 4.00%), the two-year category (offering a coupon of 5.00%) and the ten-year category (offering a coupon of 7.00%).

The Treasury bills auction results for value date 25th of May 2023 showed subscriptions of LP 431 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 42 billion in the three-month category (offering a yield of 3.50%) and LP 389 billion in the one-year category (offering a yield of 4.50%). These compare to maturities of LP 806 billion, which resulted into a nominal weekly deficit of LP 375 billion.

On a cumulative basis, total subscriptions amounted to LP 4,711 billion over the first five months of 2023, fully allocated to the Central Bank of Lebanon. The one-year category captured 35.5% of the total, followed by the two-year category with 22.2%, the six-month category with 21.9%, the three-month category with 13.6%, the three-year category with 4.3% and the seven-year category with 2.5%, while the five-year category accounted for only 0.02% of the total. These compare to maturities of LP 6,009 billion, resulting into a nominal deficit of LP 1,298 billion during the first five months of 2023.

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TREASURY BILLS

	02/06/2023	26/05/2023	30/12/2022	
3-month	3.50%	3.50%	3.50%	↔
6-month	4.00%	4.00%	4.00%	↔
1-year	4.50%	4.50%	4.50%	↔
2-year	5.00%	5.00%	5.00%	↔
3-year	5.50%	5.50%	5.50%	↔
5-year	6.00%	6.00%	6.00%	↔
10-year	7.00%	-	7.00%	
Nom. Subs. (LP billion)		431	1	
Short-term (3&6 mths)		42	-	
Medium-term (1&2 yrs)		389	-	
Long-term (3 yrs)		-	1	
Long-term (5 yrs)		-	-	
Maturities		806	193	
Nom. Surplus/Deficit		-375	-192	

Sources: Central Bank of Lebanon, Ministry of Finance

FOREIGN EXCHANGE MARKET: FIRM STABILITY IN LP/US\$ BLACK MARKET RATE

The LP/US\$ black market rate remained quite stable this week, hovering between LP/US\$ 93,800 and LP/US\$ 94,000 as compared to LP/US\$ 94,300-LP/US\$ 94,500 at the end of last week. This is mainly explained by a continuous heavy BDL's intervention as a seller of cash US dollars via the "Sayrafa" platform. In fact, the average daily trading volume touched the US\$ 147 million level this week compared to a daily average of US\$ 116 million in the previous week.

Concurrently, the Central Bank of Lebanon maintained the LP/US\$ "Sayrafa" rate at LP/US\$ 86,300 this week. Accordingly, the spread between the LP/US\$ Sayrafa rate and the black FX market rate tightened slightly to reach LP 7,700 this week versus LP 8,000 last week.

On the other hand, the Central Bank of Lebanon's latest bi-monthly balance sheet ending 31st of May 2023 showed that BDL's liquid FX reserves contracted by US\$ 99 million over the second half of the month to reach circa US\$ 9.5 billion at end-May, after excluding BDL's Eurobond holdings.

EXCHANGE RATES

	02/06/2023	26/05/2023	30/12/2022	
LP/US\$	15,000.00	15,000.00	1,507.50	↔
LP/£	18,805.50	18,529.50	1,813.97	↓
LP/¥	108.05	107.34	11.27	↓
LP/SF	16,585.58	16,592.92	1,628.67	↑
LP/Can\$	11,184.85	11,005.94	1,108.21	↓
LP/Euro	16,162.50	16,096.50	1,603.83	↓

Source: Bank Audi's Group Research Department

STOCK MARKET: BSE SHIFTS TO NEGATIVE TERRITORY THIS WEEK

The Beirut Stock Exchange shifted to a negative territory after two consecutive weeks of price gains, as reflected by a 1.1% decline in the price index. Three out of eight traded stocks registered price falls, while three other stocks posted price increases and two stocks saw no price change week-on-week.

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A glance on individual stocks shows that Bank Audi's "listed" share price plunged by 12.8% to US\$ 1.70, followed by Solidere "B" shares with -2.5% to US\$ 84.00, and Bank Audi's GDRs with -0.7% to US\$ 1.37. In contrast, Ciments Blancs Nominal's share price jumped by 17.1% to US\$ 20.50, followed by Solidere "A" shares with +0.8% to US\$ 84.50, and BLOM's GDRs with +0.4% to US\$ 2.50. Byblos Bank's "listed" share price stood unchanged at US\$ 0.75. BEMO Bank's share price remained stable at US\$ 1.15.

As to trading volumes, the BSE total turnover expanded by 39.9% week-on-week, moving from US\$ 4.5 million last week to US\$ 6.3 million, noting that Solidere shares continued to capture the lion's share of activity (95.42%). On a cumulative basis, the BSE total trading value grew by 22.7% year-on-year during the first five months of 2023 to reach US\$ 168 million as compared to US\$ 137 million during the same period of last year. In parallel, the BSE market capitalization grew by 27.8% between end-May 2022 and end-May 2023. Accordingly, the total turnover ratio, measured by the annualized trading value to market capitalization, reached 2.1% during the first five months of 2023 and compared to 2.2% a year earlier.

AUDI INDICES FOR BSE

	02/06/2023	26/05/2023	30/12/2022	
Market Cap. Index	801.24	810.20	614.50	↓
Trading Vol. Index	56.91	50.84	96.84	↑
Price Index	168.21	170.09	129.00	↓
Change %	-1.11%	3.40%	1.30%	↓
	02/06/2023	26/05/2023	30/12/2022	
Market Cap. \$m	19,008	19,221	14,578	↓
No. of shares traded (Exc. BT)	143,520	166,761	187,711	↓
Value Traded \$000 (Exc. BT)	6,264	4,478	6,415	↑
o.w. : Solidere	5,977	4,383	6,349	↑
Banks	84	95	66	↓
Others	203	0	0	↑

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

BOND MARKET: SOVEREIGN BOND PRICES REMAINING AT RECORD LOWS

As Lebanon is reeling under the weight of a myriad of political, economic and monetary crises, and as a fragmented Parliament continues to cast doubt on Lebanon's ability to deliver long-overdue reform laws to reach an IMF deal and unlock much-needed international financial support, bond prices remained at historical lows this week. In fact, prices of sovereigns maturing between 2020 and 2037 were quoted at 5.750 cents per US dollar on Friday. This came within the context of low recovery rates not exceeding 20% in best scenarios.

EUROBONDS INDICATORS

	02/06/2023	26/05/2023	30/12/2022	
Total tradable size \$m	31,793	31,793	31,793	↔
o.w.: Sovereign bonds	31,314	31,314	31,314	↔
Bid price (cents per US dollar)	5.75	5.75	5.50-5.88	↔
Average Life	5.02	5.04	5.34	↓
Yield on US 5-year note	3.77%	3.95%	3.94%	↓

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	02-Jun-23	26-May-23	31-Dec-22	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	139.92	140.61	131.11	-0.5%	6.7%
\$/£	1.245	1.234	1.208	0.9%	3.1%
\$/Euro	1.071	1.072	1.071	-0.1%	0.0%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	33,762.76	33,093.34	33,147.25	2.0%	1.9%
S&P 500	4,282.37	4,205.45	3,839.50	1.8%	11.5%
NASDAQ	13,240.77	12,975.69	10,466.48	2.0%	26.5%
CAC 40	7,270.69	7,319.18	6,473.76	-0.7%	12.3%
Xetra Dax	16,051.23	15,983.97	13,923.59	0.4%	15.3%
FT-SE 100	7,607.28	7,627.20	7,451.74	-0.3%	2.1%
NIKKEI 225	31,524.22	30,916.31	26,094.50	2.0%	20.8%
COMMODITIES (in US\$)					
GOLD OUNCE	1,947.97	1,946.46	1,824.02	0.1%	6.8%
SILVER OUNCE	76.13	23.30	23.95	226.7%	217.9%
BRENT CRUDE (per barrel)	23.61	76.95	85.91	-69.3%	-72.5%
LEADING INTEREST RATES (%)					
1-month Libor	5.19	5.15	4.39	0.03	0.80
US Prime Rate	8.25	8.25	7.50	0.00	0.75
US Discount Rate	5.25	5.25	4.50	0.00	0.75
US 10-year Bond	3.69	3.80	3.87	-0.11	-0.18

Sources: Bloomberg, Bank Audi's Group Research Department

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