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## The LEBANON WEEKLY MONITOR

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In line with the government's discussions with the IMF to reach an agreement on a rescue plan that would help unlocking external support, and along BDL's pledge to start taking "necessary measures" to defend the Lebanese pound as of May 27, 2020, and while the IMF is asking for immediate currency floatation as a prerequisite for any plan's approval, Lebanon's capital markets saw this week an improvement in the LP/US\$ rate in the black market, and price contractions on the equity and bond markets. In details, the LP/US\$ rate fell on Friday below the LP/US\$ 4,000 threshold for the first time in a month, hovering between LP/US\$ 3,800 and LP/US\$ 3,900, after BDL promised to intervene in the FX market to protect the LP including providing US dollars for essential food imports, while licensed FX dealers remained on strike. On the equity market, the BSE price index shed 3.4%, mainly dragged by price falls in Solidere and some banking shares, while the total turnover increased more than six folds week-on-week. Finally, the bond market registered price contractions across the yield curve. This brought bond prices to a range of 16.0 cents per US dollar to 17.63 cents per US dollar at the end of the week.

### LEBANON MARKETS: WEEK OF MAY 18 - MAY 24, 2020

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

## ECONOMY

### ABL ISSUES ITS ALTERNATIVE PLAN FOR ECONOMIC AND FINANCIAL RECOVERY

The Association of Banks in Lebanon (ABL) has just released its alternative plan for economic and financial recovery in Lebanon. According to the ABL Plan, the banking sector is prepared to contribute to the solution to the current crisis and to support Lebanon's growth. Yet the Government's plan overlooks this positive contribution of the banking sector to the Lebanese economy and only talks about the fiscal impossibility to bail out Lebanon's banks. ABL states that Lebanon's banking sector is sound and doesn't need a bailout: banks just need the Government to pay back its dues.

ABL's Contribution to the Government's Financial Recovery Plan rests on an IMF-supported two-pillar approach with a clearly phased and timely implementation: (i) An immediate balanced and effective immediate response addressing the external financing needs and putting the medium-term fiscal and debt path on a sustainable footing, while avoiding an internal debt default that would have damaging consequences on the Lebanese people and on confidence; (ii) The launch of long-overdue structural reforms in the coming months, to promote sustainable and inclusive growth as the result of economic diversification.

ABL's contribution is predicated on the need to avoid an internal default, and brings the external financing requirement to a realistic c. USD 8 bn over the same time horizon as the Government's plan. It relies on the recognition of BdL's key role in Lebanese financial sector restructuring and public debt reprofiling. Therefore, as a first step, the Government's debt to BdL needs to be settled fairly.

The ABL plan envisages a settlement mechanism that would include the following features: 1) The creation of a Government Debt Defeasance Fund ("GDDF"); 2) The contribution by the Government of public assets valued at USD40 bn to the GDDF in exchange for 100% of the GDDF's shares; 3) The issuance by the GDDF of long-dated, interest-bearing, covered securities in the amount of USD 40 bn to BdL in exchange for and final settlement of the Government's debt to BdL; 4) The delivery by BdL to GDDF of all title and interest related to its Government's holdings; 5) The delivery by GDDF to the Government of all of the above title and interest in BdL's Government's holdings, in exchange for the assets contributed by the Government to GDDF; and 6) The Government's cancellation of the debt previously owed to BdL.

The ABL approach deploys five strategic priorities allowing a prompt and sustainable economic and financial recovery in the wake of expected IMF (or 'the Fund') Balance of Payments ('BoP') support requested on May 1st by the Government:

- I. A debt restructuring process that minimizes the damaging consequences to the nearly 3 million domestic bank depositors and to the economy as a whole, while priming the economy for a faster recovery and higher medium-term potential growth.
- II. A sustainable medium-term fiscal strategy leaving a significant fiscal space to finance much-needed social measures, including an Expanded Social Safety Net to fight poverty and concrete steps against social exclusion.
- III. A monetary and exchange rate unification policy that addresses the massive external imbalances while containing considerable inflationary pressures and avoiding hyperinflation.
- IV. A financial sector restructuring based on an orderly banking sector approach on a case-by-case basis when needed, upgrading regulatory matters to international standards.
- V. A strong diversification strategy of the economy as well as much-needed structural reforms including anticorruption measures, a lower cost of Doing Business in the country as well as reforms that reduce the size of the informal sector.

## TOTAL NUMBER OF PASSENGERS AT THE AIRPORT DOWN BY A YEARLY 54.5% IN FIRST FOUR MONTHS OF 2020

Figures released by the Rafic Hariri International Airport revealed that the total number of passengers recorded a yearly 54.5% decrease in the first four months of 2020. The number of aircraft fell by 47.3% year-on-year in the aforementioned period. Alongside, the total freight handled by the airport edged down by 36.4% year-on-year in the aforementioned period.

A detailed look at the activity shows that the number of incoming passengers fell by a yearly 56.4% and that of departing passengers by 52.7% to reach 540,380 and 617,700 respectively in the first four months of 2020.

The number of transiting passengers fell from 20,636 passengers in the first four months of 2019 to 13,043 passengers in the corresponding period of this year. When including the latter mentioned category, the total number of passengers using the airport attained 1,171,123, down by a yearly 54.3%.

Excluding transiting passengers, the total would be 1,158,080, i.e. 54.5% lower than the level seen in the first four months of 2019.

Looking at the aircraft activity, landings and take-offs decreased by a yearly 47.2% and 47.3% respectively with the former amounting to 5,666 planes and the latter reporting 5,660 in the first four months of 2020.

Regarding the freight movement within the airport, a total of 9,040 thousand tons were imported and unloaded during the first four months of 2020 while 8,894 thousand tons were loaded and exported. The first mentioned activity posted a decline of 49.6% and the latter posted a 13.2% fall on a yearly basis in the first four months of 2020.



Sources: Rafic Hariri International Airport, Bank Audi's Group Research Department

## MIXED RESULTS OF THE ACTIVITY OF THE PROPERTY MARKET IN FIRST FOUR MONTHS OF 2020

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

The number of sales operations decreased by a yearly 5.6% from 15,726 sales operations in the first four months of 2019 to 14,841 operations in the first four months of 2020.

In parallel, sales to foreigners contracted by 26.6% year-on-year to reach 237 operations in the first four months of 2020.

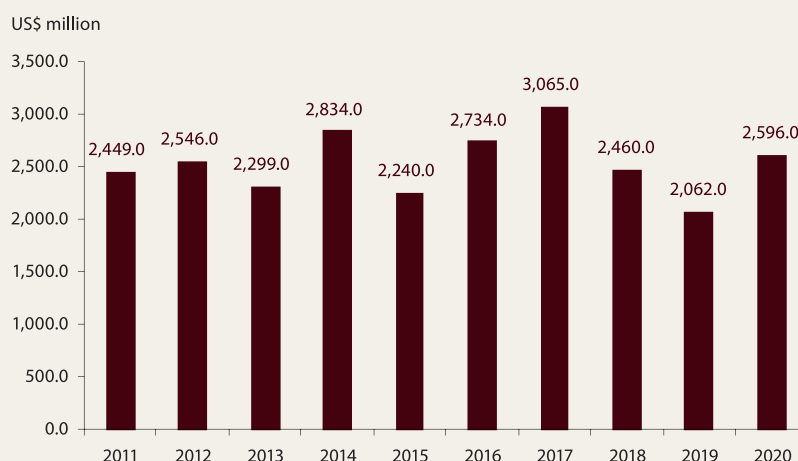
However, the value of property sales transactions was on an improving path in the first four months of 2020.

It posted a rise of 25.9% year-on-year to attain a total of US\$ 2,596.0 million during the first four months of 2020.

Accordingly, the average sales value increased from US\$ 131,094 in the first four months of 2019 to US\$ 174,923 in the first four months of 2020.

Most of the regions recorded an increase in the value of sales transactions, with the most significant movements coming as follows: South (+46.5%), Kesrouan (+38.3%) and Beirut (+36.6%).

### PROPERTY MARKET (FIRST FOUR MONTHS OF EACH YEAR)



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

## SURVEYS

### LEBANON RANKS 81ST GLOBALLY AND 7TH REGIONALLY IN TERMS OF ENERGY SUSTAINABILITY, SAYS WORLD ENERGY COUNCIL

According to the World Energy Council, Lebanon ranked 81st globally and 7th regionally in terms of energy sustainability, achieving a "DACd" score.

The World Energy Council issued the "World Energy Trilemma Index 2019" report, which sheds light on energy sustainability across countries. In details, the report rates the energy performance of 128 countries based on three factors including energy security, energy equity and environmental sustainability with a fourth factor being country context also included in the calculations. It is worth noting that countries are assigned a score ranging between A (best score) and D (worst score) on each of the aforementioned dimensions and are ranked accordingly.

Within the context of energy security, the report assesses a nation's ability to meet current and future energy demand in a reliable manner and its ability to sustain and recover from system shocks. As for energy equity, it highlights the country's capacity to provide nationwide access to an affordable and fairly priced energy for domestic and commercial use.

Moving on to environmental sustainability, it depicts the transition of the country's energy sector towards circumventing any potential environmental harm. Lastly, for the country context, it represents the elements that enable a country to develop and implement energy policy and accomplish its energy goals.

Lebanon ranked 10th globally and top regionally in terms of improvement in its score over the 2000-2019 period. Regionally, Lebanon was preceded by Bahrain which ranked 80th, and it was followed by Iraq which came in 93rd position.

The United Arab Emirates ranked top in the MENA region and 52nd globally with a (BADa) score, followed by Qatar and Kuwait. As per the report, the world is transitioning from a reliance on fossil fuels for energy production to an adoption of renewable energies for this purpose, with the twin objective of combatting climate change and generating economic prosperity.

Globally, Switzerland topped rankings followed by Sweden and Denmark, all achieving a "AAA" combined score on the three main dimensions and an "a" score on the country context dimension. For countries which showed the most improvement, Cambodia ranked first with a 45% improvement in its score, followed by Myanmar and the Dominican Republic.

The World Energy Council also showed that ten countries achieved a "AAA" ranking in the 2019 report, realizing an A score on each of the Energy Security, Energy Equity and Environmental Sustainability criteria.

Last but not least, 119 countries have reported an overall improvement in their scores while 9 countries have suffered a decline in their scores over the aforementioned two-decade period when assessing the performance of countries over the 20-year period starting the year 2000-2019.

### LEBANESE ECONOMY ENTERING SEVERE STAGFLATION IN 2019 WITH REAL OUTPUT CONTRACTING BY 6.5%, SAYS CI

Capital Intelligence (CI) affirmed Lebanon's long-term Foreign Currency Rating (LT FCR) and short-term Foreign Currency Rating (ST FCR) at "SD" (selective default). At the same time, CI affirmed the sovereign's long-term Local Currency Rating (LT LCR) at "C-" and short-term Local Currency Rating (ST LCR) at "C". The outlook for the LT LCR remains "negative".

The affirmation of the sovereign's FCRs reflects the ongoing suspension of coupon and principal payments on the government's eurobonds, as well as the limited progress made in resolving the sovereign default.

The affirmation of the sovereign's LCRs reflects the rating agency's understanding that, at present, the authorities are servicing local currency denominated debt and have not yet missed any principal or coupon payments, as per CI.

The ratings take into consideration the government's intention to restructure its entire portfolio of local currency and foreign currency denominated debt as part of its proposed financial recovery plan.

In March, the Lebanese government decided to withhold coupon and principal payments on its portfolio of eurobonds until a debt restructuring agreement had been reached with creditors. This default event occurred against a backdrop of depleting foreign reserves, heightened funding pressures, a systemic banking crisis, and a sharp economic downturn exacerbated by rising political risk.

The economy remains very weak and financial conditions are extremely stressed, with de facto capital controls being used to stem capital outflows, as per CI. The Banque du Liban's (BdL) gross international assets have continued to decline, reaching US\$ 35.2 billion in March 2020 compared to US\$ 37.3 billion in December 2019, as per Capital Intelligence.

However, the headline figures include holdings of Lebanese government eurobonds (currently amounting to US\$ 5.03 billion), while net foreign reserves are likely to be negative given the level of US\$ denominated CDs.

Foreign currency shortages are significant in the Lebanese exchange market amid very high dollarization, which exceeded 76% in April 2020, and growing pressures on the pegged exchange rate. The parallel FX market continues to grow due to the higher cost of converting LBP to USD. Shortages in foreign currencies are not expected to dissipate in the short- to medium-term, while restrictions on foreign currency transactions increase the likelihood of further devaluation of the exchange rate and tighter controls on foreign exchange transactions.

Should a devaluation occur – as recommended in the government's proposed recovery plan – shortages in fuel and imported items would intensify and the financial stability of the banking system would be severely undermined, prompting a large scale restructuring of banks and the materialisation of embedded losses in the BdL's balance sheet.

According to the report, the public finances also continue to weaken, with the budget in deficit standing at 11.4% of GDP and public debt reaching a very high 175.6% of GDP in 2019. At the same time, the economy has entered into severe stagflation, with real output contracting by 6.5% and inflation increasing by around 7% in December 2019.

The banking sector is displaying increased signs of structural weaknesses, including declining asset quality and substantial asset/liability maturity mismatches. The main systemic risks to the banking system arise from its large exposure to government debt, with banks expected to incur sizeable losses once the debt restructuring occurs. Risks also stem from the large volume of non-resident deposits – although withdrawal risk is currently mitigated by capital controls. A recovery in non-resident deposit flows is highly unlikely in the current situation, according to CI.

## CORPORATE NEWS

### LEBANESE START-UP REEF KINETICS DEVELOPS EMERGENCY RESPIRATORS

Start-ups are constantly using their creativity to help in the fight against the Coronavirus, as per Le Commerce du Levant.

This is the case of the Lebanese start-up Reef Kinetics. Founded in 2016, the start-up offers a solution for checking the quality of aquarium water, which it exports to more than 35 countries.

If it has succeeded in breaking into its field, in particular by attracting investors like MEVP, iSMe or IM Capital, it is in a completely different field that it stands out today with its prototype of simplified and inexpensive respirator, as per Commerce du Levant.

The project was inspired by the work carried out by a team from MIT on very simplified respirators intended for hospitals in developing countries. The design being fairly basic, Reef Kinetics' technical expertise made it possible to carry out the project, as per Director of the DNY group, of which Reef Kinetics is a member.

They then came into contact with large university hospitals, which showed an immediate interest in this "low cost" respirator. After successful testing, the prototype is medically validated and the team says they are ready to start industrial production, at a cost of US\$ 250 per machine.

In the event of a shortage of ventilators, these alternatives would then be given free of charge to hospitals. The project does not aim at profit: the concept and the prototype were financed with own funds, with in particular the support of the digital advertising agency Mirum, partner of DNY. For production, the company ran a campaign with private donors to solicit investment commitments, as per the same source.

This "low cost" ventilator consists of two parts, a BAVU (a kind of balloon used to manually ventilate patients who have stopped breathing) and a robot that automates the frequencies of breathing. The latter offers various functions such as the indication of the percentage of oxygen in the lungs, a system for measuring the pressure of the respiratory tract or even a system of air retention at the time of expiration.

This simplified device does not replace a real fan, which "is a very complex, time-consuming and expensive machines", but could be an emergency solution, as per Commerce du Levant.

Between the reserves of BAVU currently available and the components that the company has in stock for the robot part, the start-up can ensure an immediate production of 250 machines, then a hundred per week, as per the same source.

According to the protocol that was established with the doctors, the production, which would take place on the premises of Reef Kinetics, would only start if 50% of the ventilators, of which the number is estimated between 500 and 700, were to be used, as per the same source.

### CASINO DU LIBAN'S REVENUES ESTIMATED TO HAVE DROPPED AROUND US\$ 40 MILLION DUE TO LOCKDOWN

Casino du Liban's gross revenues dropped by up to US\$ 40 million since the start of the coronavirus lockdown in the country, and the gaming center may be compelled to take some difficult measure if the crisis persisted, as per the Chairman of the Casino.

During the 65-day closure, it is estimated that the Casino's revenues have dropped between US\$ 35 million and US\$ 40 million and this means that the State has also lost US\$ 20 million in taxes because the bulk of Casino revenues goes to the Treasury, as per the same source.

With a 51% stake controlled by Intra Investment Company, it is the only officially licensed Casino in Lebanon.

The Coronavirus pandemic has hit Lebanon hard, forcing the government to enforce a rigid lockdown all over the country, as per the same source.

Apart from supermarkets, pharmacies, bakeries and some industrial plants, nearly most businesses, hotels, stores, restaurants and movie theaters closed down.

In normal days, the Casino generates around US\$ 180 million in gross revenues per year and US\$ 90 million of which goes to the government while the rest covers the salaries of the 1,250 staffers, as per the same source.

According to the contract with the government, the State collects more than 50% of the gross revenues generated by the Casino.

The Chairman of the Casino indicated the gaming center counts a lot on foreigners and Lebanese expatriates to keep the business running.

However, if the airport remained closed due to the Coronavirus then naturally the revenues will be affected, as per the same source.

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#### **ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT PROVIDES US\$ 87 MILLION LOAN FOR LITANI PROJECT**

The Lebanese Parliament approved a loan agreement with the Arab Fund for Economic and Social Development to develop a wastewater project in the northern and middle areas of the Litani Basin.

The loan, valued at KWD 27 million (around US\$ 87 million), will be repaid over a period of 24.5 years, with a grace period of six years. It will carry an annual interest rate of 2.5%.

Around 80% of the proceeds will be used for developing the wastewater networks. The remainder will be used to pay for studies and administration costs.

The northern part of the project located in northern Bekaa includes the development of wastewater networks.

It will also involve the construction of two treatment plants to serve the villages of Maarboun, Ham, Jinta and Yahfoufa.

It also includes setting up the 390 kms Temnin wastewater network with its pumping plant. This network will serve 26 villages.

The middle area of the project consists of a 94 km wastewater network that will serve 17 villages to the east of Zahle. It will include a treatment plant.

The Council of Development and Reconstruction (CDR) and the Bekaa Water Establishment will oversee the implementation of the project.



## CAPITAL MARKETS

### MONEY MARKET: WEEKLY CONTRACTION IN TOTAL RESIDENT DEPOSITS

The overnight rate didn't shift its stance over this week, standing at its low level of 3%, as the money market continued to enjoy ample local currency liquidity at hand after Lebanese banks have discounted longer-term LP deposits at the Central Bank of Lebanon, noting that the official rate remains quoted at 1.90%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 7th of May 2020 showed that total resident banking deposits contracted by LP 921 billion. This is mainly driven by a LP 677 billion drop in total LP resident deposits amid a LP 699 billion fall in LP saving deposits and a LP 22 billion rise in LP demand deposits, while foreign currency resident deposits contracted by LP 244 billion (the equivalent of US\$ 162 billion). That being said, the money supply in its largest sense (M4) contracted by LP 203 billion week-on-week amid a LP 718 billion growth in the currency in circulation.

Within this context, it is worth mentioning that the currency in circulation registered a significant year-to-date expansion of 63%, while LP resident saving deposits shrank by 25% and foreign currency resident deposits contracted by 2%.

### INTEREST RATES

	22/05/20	15/05/20	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: VERY SHY NOMINAL WEEKLY SURPLUS

The latest Treasury bills auction results for value date 21st of May 2020 showed that the Central Bank of Lebanon has allowed banks to subscribe in full to the six-month category (offering a yield of 4.0%), the three-year category (offering a coupon of 5.50%) and the seven-year category (offering a coupon of 6.50%).

In parallel, the Treasury bills auction results for value date 14th of May 2020 showed that total subscriptions amounted to LP 34 billion, distributed as follows: LP 2 billion in the three-month category (offering a yield of 3.50%), LP 5 billion in the one-year category (offering a yield of 4.50%) and LP 27 billion in the five-year category (offering a coupon of 6.0%). These compare to maturities of LP 33 billion, resulting into a very shy nominal weekly surplus of LP 1 billion.

## TREASURY BILLS

	22/05/20	15/05/20	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%	
<b>Nom. Subs. (LP billion)</b>		<b>34</b>	<b>120</b>	
Short-term (3&6 mths)		2	-	
Medium-term (1&2 yrs)		5	20	
Long-term (3 yrs)		-	-	
Long-term (5 yrs)		27	100	
<b>Maturities</b>		<b>33</b>	<b>61</b>	
<b>Nom. Surplus/Deficit</b>		<b>1</b>	<b>59</b>	

Sources: Central Bank of Lebanon, Bloomberg

## FOREIGN EXCHANGE MARKET: SLIGHT IMPROVEMENT IN LP/US\$ RATE IN BLACK MARKET

While licensed foreign exchange dealers remained on strike this week, the LP/US\$ rate fell below the LP/US\$ 4,000 threshold for the first time in a month in the black market, hovering between LP/US\$ 3800 and LP/US\$ 3,900, after the Central Bank of Lebanon said that it would start taking "necessary measures" to defend the Lebanese pound as of May 27, 2020 including providing US dollars for essential food imports, while signaling that a new BDL circular is coming underway. In parallel, the IMF is calling for an immediate currency floatation as a prerequisite to approve any government's plan, while the Lebanese government is asking for a transitional period to pass through a flexible exchange rate before reaching currency floatation.

The Central Bank of Lebanon's latest bi-monthly balance sheet ending 15th of May 2020 showed that BDL's foreign assets contracted by US\$ 200 million during the first half of May to reach US\$ 34.2 billion mid-month. When excluding the Central Bank of Lebanon's Lebanese Eurobond holdings (estimated at US\$ 5.03 billion mid-May 2020), BDL's foreign assets decline to US\$ 29.2 billion.

## EXCHANGE RATES

	22/05/20	15/05/20	27/12/19	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,835.83	1,851.51	1,970.00	↑
LP/¥	14.02	14.08	13.77	↑
LP/SF	1,550.45	1,552.52	1,543.78	↑
LP/Can\$	1,074.64	1,073.64	1,150.59	↓
LP/Euro	1,642.87	1,634.13	1,679.20	↓

Source: Bank Audi's Group Research Department

## STOCK MARKET: A 3.4% CONTRACTION IN PRICES WEEK-ON-WEEK

The BSE total turnover rose more than six folds, moving from US\$ 2.7 million last week to US\$ 17.9 million this week. Banking shares captured the lion's share of activity, accounting for 75.6% of the total, followed by Solidere shares with 24.34% and the industrial shares with less than 1%.

As far as prices are concerned, the BSE price index fell by 3.4% week-on-week, mainly dragged by price declines in Solidere and some banking shares. Six out of ten traded stocks registered price falls, while three stocks posted price gains and one stock saw no price change week-on-week.

A closer look at individual stocks shows that Byblos Bank Preferred shares 2008 led the decline on the BSE, registering a 16.8% plunge in prices to reach US\$ 49.95, followed by Bank Audi's "listed" share price with -16.7% to US\$ 1.0, Byblos Bank's "listed" share price with -14.7% to US\$ 0.64, Byblos Bank Preferred shares 2009 with -11.9% to US\$ 52.75, Solidere "B" shares with -3.3% to US\$ 10.11 and "Solidere A" shares with -2.1% to US\$ 10.11. In contrast, BLOM's "listed" share price nudged up by 0.3% to US\$ 3.29. Holcim Liban's share price increased by 3.0% to US\$ 10.0. Ciments Blancs' share price rose by 0.6% to US\$ 3.20, while BLOM's GDR price remained stable at US\$ 3.50.

#### AUDI INDICES FOR BSE

22/1/96=100	22/05/20	15/05/20	27/12/19	
Market Cap. Index	257.27	266.42	316.37	↓
Trading Vol. Index	157.53	40.24	24.97	↑
Price Index	56.40	58.41	69.36	↓
Change %	-3.44%	-3.99%	2.37%	↓
	22/05/20	15/05/20	27/12/19	
Market Cap. \$m	6,103	6,320	7,506	↓
No. of shares traded (Exc. BT)	4,902,558	257,280	333,997	↑
Value Traded \$000 (Exc. BT)	17,933	2,747	2,294	↑
o.w. : Solidere	4,365	2,747	2,294	↑
Banks	13,561	0	0	↑
Others	7	0	0	↑

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

#### BOND MARKET: WEEKLY BOND PRICE CONTRACTIONS ALONG WITH IMF DISCUSSIONS

In line with the government's discussions with the IMF to reach an agreement on a rescue plan that would help unlocking US\$ 11 billion in CEDRE funds and establish for discussions with bondholders, Lebanese Eurobonds registered weekly price contractions across the yield curve ranging between 0.38 pt and 1.50 pt. Accordingly, prices of Lebanese sovereigns maturing between 2020 and 2037 hovered between 16.0 cents per US dollar and 17.63 cents per US dollar at the end of this week. Within this context, it is worth recalling that a CDS auction held on April 23, 2020 gave Lebanese Eurobonds a final value of 14.125%.

#### EUROBONDS INDICATORS

	22/05/20	15/05/20	27/12/19	
Total tradable size \$m	32,664	32,664	29,564	↔
o.w.: Sovereign bonds	31,314	31,314	28,314	↔
Average Yield	65%	63%	29.99%	↑
Average Life	7.60	7.63	7.50	↓
Yield on US 5-year note	0.33%	0.32%	1.71%	↑

Source: Bank Audi's Group Research Department

## INTERNATIONAL MARKET INDICATORS

	22-May-20	15-May-20	31-Dec-19	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	107.63	107.07	109.61	0.5%	-1.8%
\$/£	1.217	1.210	1.275	0.5%	-4.6%
\$/Euro	1.090	1.080	1.147	0.7%	-4.9%
<b>STOCK INDICES</b>					
Dow Jones Industrial Average	24,465.16	23,685.42	28,538.44	3.3%	-14.3%
S&P 500	2,955.45	2,863.70	3,230.78	3.2%	-8.5%
NASDAQ	9,324.59	9,014.56	8,972.60	3.4%	3.9%
CAC 40	4,444.56	4,277.63	5,978.06	3.9%	-25.7%
Xetra Dax	11,073.87	10,465.17	13,249.01	5.8%	-16.4%
FT-SE 100	5,993.28	5,799.77	7,542.44	3.3%	-20.5%
NIKKEI 225	20,388.16	20,037.47	23,656.62	1.8%	-13.8%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,734.68	1,743.67	1,517.27	-0.5%	14.3%
SILVER OUNCE	17.21	16.61	17.85	3.6%	-3.6%
BRENT CRUDE (per barrel)	35.13	32.50	66.00	8.1%	-46.8%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	0.17	0.17	1.71	0.00	-1.54
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	0.66	0.64	1.92	0.02	-1.26

Sources: Bloomberg, Bank Audi's Group Research Department

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