

## Economy

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Amid lingering banking conundrum, and as the IMF is warning that delaying the implementation of reforms agreed under the April SLA "only increases the costs to the country and its population", and along with revived cabinet talks, while all eyes remained focused on the upcoming Parliament budget 2022 session, the country's capital markets saw this week some currency swings on the black FX market, and price falls on the equity market, while bond prices remained at historical lows. In details, the LP/US\$ back market rate hovered around LP/US\$ 38,000 on Friday after touching the LP/US\$ 40,000 level earlier this week, amid a banking conundrum and on mounting security concerns, while all eyes remained focused on a cabinet breakthrough. In parallel, the Eurobond market attracted some dip buyers over this week, which resulted into across-the-board price rises of 0.13 pt to 0.38 pt to reach 5.88-6.38 cents per US dollar. At the level of the equity market, the BSE slipped back into a negative territory this week, mainly on some profit-taking operations on Solidere shares.

### LEBANON MARKETS: SEPTEMBER 19 - SEPTEMBER 25, 2022

Money Market	↓
LP Tbs Market	↓
LP Exchange Market	↔

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Eurobond Market	↑
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## ECONOMY

### U.N. READYING U.S.-FUNDED SALARY SUPPORT FOR LEBANESE SOLDIERS, DEFENCE MINISTRY SAYS

The United Nations is finalising a plan to provide U.S.-funded salary assistance to Lebanese soldiers hard hit by the country's financial crisis, the U.N.'s representative in Lebanon told the country's defence minister last week, the ministry said.

According to Reuters, discontent has been brewing in the security forces as Lebanon's currency has lost more than 90% of its value against the dollar, driving down most soldiers' wages to less than US\$ 100 per month.

The military has been squeezed so badly by the country's three-year-old financial meltdown that its canteens stopped offering meat to troops in 2020 and began offering sightseeing tours in its helicopters to raise cash.

U.N. Special Coordinator Joanna Wronecka told caretaker Defence Minister Maurice Slim that U.S. assistance for the salaries of soldiers is in its final organizational stages and will be paid to soldiers via a United Nations Program. Washington is the biggest foreign aid donor to Lebanon according to Reuters.

In January, the U.S. State Department informed Congress of plans to reroute US\$ 67 million of military aid for Lebanon to include "livelihood support" for Lebanese soldiers, citing economic turmoil.

Qatar in June pledged US\$ 60 million to support Lebanese soldiers, which a Lebanese Army source told Reuters would allow for payments of US\$ 100 per soldier through the end of the year.

The army command's decision to allow soldiers to take on second jobs has slowed the pace of desertions, a source said to Reuters.

Lebanon's financial crisis has gutted public sector salaries and the amount paid to soldiers is barely enough to afford a basic subscription to a generator service that could offset the daily 22-hour power cuts plaguing the country.

The Lebanese economic and financial crisis, that erupted in the last quarter of 2019, is believed to be among the most severe crisis around the globe in contemporary times. The World Bank has actually classified the Lebanese crisis as the third most severe crisis on a global scale since the mid 19th century. The crisis, which generated massive currency depreciation and acute inflation is leading to massive socio-economic pressures on Lebanese households at large.

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## CONTAINERS AT PORT OF BEIRUT UP BY 15% IN FIRST EIGHT MONTHS

The latest statistics released by the Port of Beirut revealed that the number of containers registered a yearly increase of 15.3% to attain 375,869 containers in the first eight months of 2022, against 325,932 containers in the corresponding period of previous year.

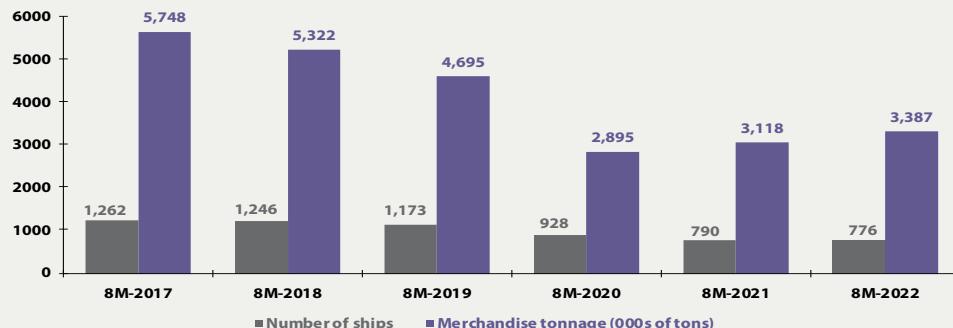
However, the number of ships witnessed negligible annual contraction of 1.8% in the first eight months of 2022 to reach 776 ships, following a drop of 14.9% in the same period of 2021.

The quantity of goods reported an increase of 8.6%, registering 3,387 thousand tons in the first eight months of 2022, following a similar increase of 7.7% in same period of 2021.

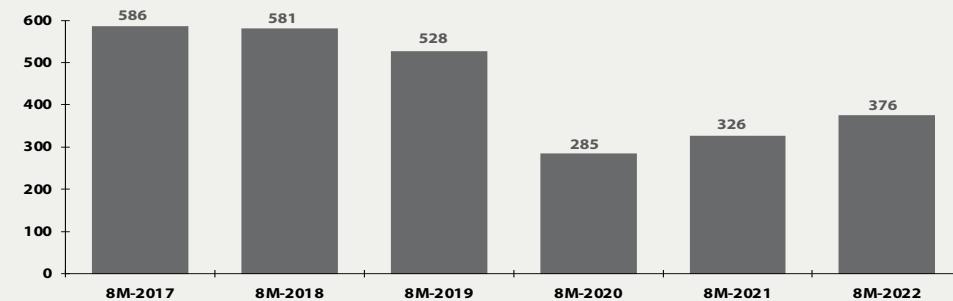
It is worth noting that transshipments declined by 7.5% over the first eight months of 2022, following a drop of 59.2% in corresponding period of year 2021.

### ACTIVITY OF THE PORT OF BEIRUT

#### Number of ships and merchandise tonnage



#### Number of containers in (000s)



Sources: Port of Beirut, Bank Audi's Group Research Department

## CONSUMER PRICE INDEX HIKE BY 146% THIS AUGUST YEAR-ON-YEAR

The Consumer Price Index surged by 145.9% this August when compared to same period of last year as reported by the Consultation & Research Institute. The index of consumer prices started witnessing rising inflationary trends since end 2019, as the deep economic, financial and monetary crisis hit the product and services prices in the market.

In details, all main categories registered huge increases this August 2022 year-on-year. The highest increase was registered by the transportation and telecommunications category (277.40%), followed by the recreation category (219.45%), followed by the housing category (157.01%), then education category (146.63%), the durable consumer goods (136.54%), food and beverages (126.28%), healthcare (107.39%) and apparel (104.63%).

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## TOTAL CONSUMER PRICE INDEX AUGUST 2022 (YOY)

Categories	Weights	Variation
Food and Beverages	35.40%	126.28%
Housing	6.49%	157.01%
Appeal	6.55%	104.63%
Recreation	2.70%	219.45%
Transportation and Telecommunication	14.39%	277.40%
Healthcare	9.82%	107.39%
Durable Consumer Goods	8.18%	136.54%
Education	12.45%	146.63%
Other Goods and Services (Personal care, jewelry, travel, financial services) Gross Profit	4.02%	133.38%
<b>Total</b>	<b>100.0%</b>	<b>145.88%</b>

Source: Consultation Research Institute, Bank Audi's Group Research Department

## TRIPOLI PORT REVENUES HIKE SIGNIFICANTLY YEAR-ON-YEAR IN JULY 2022

Freight activity via Port of Tripoli increased by nearly 113 thousand tons, representing 49.1% hike, to stand at 342,067 tons in July 2022 up from 229,398 tons in July 2021. Imported freight constituted 56.8% of total freight, while export activity represented 43.2% of the total over the month.

In addition, the number of vessels increased annually by 19.0% to stand at 69 vessels in July 2022 (yoY), while the number of imported cars via Tripoli Port declined to 495 against 640 cars in July 2021.

Within this context, Tripoli port revenues increased significantly by 1,286.6% year-on-year to reach US\$ 38.0 million in July 2022 against US\$ 2.7 million over same period of previous year.

## TRIPOLI PORT ACTIVITY

	Jul-21	Jul-22	July-22/July-21
Freight activity (tons)	229,398	342,067	49.1%
Number of Vessels	58	69	19.0%
Number of imported cars	640	495	-22.7%
Port revenues (USD'000)	2,744	38,042	1286.6%

Sources: Al Bayan Magazine, Port of Tripoli, Bank Audi's Group Research Department

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## SURVEYS

### IMF SAYS MAJORITY OF PRIOR ACTIONS HAVE NOT BEEN IMPLEMENTED

An International Monetary Fund (IMF) mission led by Mr. Ernesto Ramirez Rigo visited Beirut, Lebanon from September 19 to 21, to discuss the recent economic developments and progress in implementation of prior actions agreed under the April 7, 2022 Staff Level Agreement (SLA) for a Four-Year Extended Fund Facility. At the end of the mission, Mr. Ramirez Rigo made the following statement:

"The Lebanese economy remains severely depressed against continued deadlock over much needed economic reforms and high uncertainty. GDP has contracted by over 40 percent since 2018, inflation remains in triple digits, FX reserves are declining, and the parallel exchange rate has reached 38,000 LBP per USD. Amidst collapsing revenues and drastically suppressed spending, public sector institutions are failing, and basic services to the population have been drastically cut. Unemployment and poverty are at historically high rates.

"Despite the urgency for action to address Lebanon's deep economic and social crisis, progress in implementing the reforms agreed under the April SLA remains very slow. In particular, the majority of prior actions have not been implemented:

- The 2022 budget is yet to be approved by parliament. The long delay in approving it means that for macroeconomic purposes the focus should now turn to preparing and approving a credible 2023 budget. This should be based on realistic macroeconomic assumptions, with the necessary revenue raising measures, including the use of a realistic exchange rate (i.e., the Sayrafa rate that should become the market rate with exchange rate unification) for all tax purposes. This should allow for a significant increase in social and investment spending and adjustment to public sector spending to re-start the basic functioning of the public administration at a time where public services are all but disappearing with noticeable impact on revenues collection.
- Existence of the multiple exchange rates causes significant distortions to economic activity, undermines the operations of the public sector, and creates opportunities for corruption and rent-seeking, leading to excessive pressures on the central bank's FX reserves. The adoption of the Capital Controls and Deposit Withdrawal Limits Law that was submitted to Parliament in March is crucial to tackle these issues and reduce pressures on the central bank's foreign currency reserves. In the present context, intervention in the exchange rate market to stabilize the exchange rate has proven to be inefficient in the absence of much needed reforms.
- While the reform of Banking Secrecy Law that was approved by parliament in July contained some positive steps, it fell short of the changes needed to bring it in line with best international practice. We welcome that Parliament is reviewing some of these key shortcomings, which are fundamental to fight corruption, eliminate impediments to effective banking sector supervision and restructuring, tax administration, as well as investigate financial crimes, and recover misappropriated assets.
- The financial sector rehabilitation strategy, which was approved by cabinet, should be implemented to allow a healthier banking system to function normally again, attract deposits and support economic activity. The large losses in the sector need to be recognized and addressed upfront, while respecting the hierarchy of claims. Small depositors must be fully protected (the SLA envisioned protection of a vast majority of deposit accounts); and recourse to public resources—assets belonging to all Lebanese citizens, with or without a bank account—should be limited.

"These and other reforms agreed in the April SLA are crucial for the recovery of the Lebanese economy to begin. Delaying their implementation only increases the costs to the country and its population. Completion of these and other prior actions is also needed for the IMF Board to consider the request for a financial program with Lebanon".

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## FOOD PRICES IN LEBANON RISE BY MORE THAN 21-FOLD SINCE OCTOBER 2019, AS PER WFP

According to a new report, the price of the food basket monitored by WFP, the Survival Minimum Expenditure Basket (SMEB), increased from LP 844,000 in June to LP 860,000 in July and is expected to keep increasing in the coming period. Since the beginning of 2022, food prices have increased by 30% and since the start of the crisis in October 2019 by more than 2,000%, or 21-fold. The continuing rise in food prices, coupled with mounting challenges to access basic services and shrinking purchasing power, is making life increasingly difficult for the 54% of Lebanese and 88% of Syrian refugees who are vulnerable and in need of assistance.

Furthermore, internet and landline shutdowns hit several regions across Lebanon by the end of August after staff of the state-owned telecommunications company Ogero went on strike to demand higher wages. WFP is engaging with partners and service providers on their business continuity plans and potential mitigation measures to ensure continued delivery of assistance.

According to the WFP, alongside the existing network of ATMs, WFP is expanding the number of cash redemption points to include branches of local Money Transfer Operators (MTOs). The expansion aims to help reduce travel time and transportation costs for people redeeming assistance.

The pilot in August included four MTOs in the South and Bekaa for both refugees and Lebanese receiving cash assistance. Monitoring showed a smooth redemption process at MTOs for beneficiaries, who were satisfied with the reduced transportation costs, time of cash withdrawal, and dignified treatment by MTO staff. Following the successful pilot, WFP will expand the number of MTO branches and increase geographic coverage in September.

As part of the response to the ongoing economic crisis, WFP supported 139,000 vulnerable Lebanese individuals (44,900 households) with food parcels in August. Delays in releasing food parcels at the Beirut Port resulted in fewer people assisted in August compared to July, so households who did not receive a parcel in August will be prioritized for distribution in September.

Furthermore, the Ministry of Education and Higher Education launched a six-week summer "catch-up" program on 1 August to enhance students' preparedness for the upcoming academic year. WFP supported the Ministry's programme through the distribution of snacks to 27,700 refugee and Lebanese students at 136 schools. The snacks are locally produced and consist of either milk with a bag of apple chips or mixed nuts with dried fruits.

Lebanon's education sector faces multiple challenges including stagnant public sector wages, electricity crisis, and increased transportation costs. Preparations are nonetheless ongoing for the start of the 2022-2023 academic year in October. For the upcoming school year, WFP plans to expand the number of students benefitting from the programme from 72,000 to 100,000 through the distribution of daily snacks and the implementation of the School Kitchens initiative.

WFP finalized agreements with five cooperating partners to implement asset creation and capacity building projects across Lebanon for the remainder of 2022. The projects will target 2,000 Lebanese and Syrian participants (around 10,000 beneficiaries) and are aimed towards building the capacities of farmers and agri-food sectors in the food systems. The projects will also enhance natural resource management and improve farming efficiency through the rehabilitation of agricultural assets, including agricultural roads and irrigation canals.

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## CORPORATE NEWS

### SOCIETE LIBANAISE DES CIMENTS BLANCS S.A.L. REPORTS NET PROFITS OF US\$ 8 MILLION IN 2021

Societe Libanaise Des Ciments Blancs S.A.L. published its consolidated audited financial statements for year 2021, calculated at the official rate.

The company posted net profits for US\$ 7.8 million in year 2021, against net profits for US\$ 1.3 million in year 2020.

In details, the company's net sales rose significantly by 240.2% annually to US\$ 27.9 million in 2021 from US\$ 8.2 million in 2020, similarly cost of goods sold rose to US\$ 14.7 million from US\$ 6.0 million in the aforementioned period.

Hence, gross profits witnessed a hike from US\$ 2.2 million in year 2020 to US\$ 13.2 million in the same period of 2021.

Furthermore, general and administrative expenses grew from US\$ 0.5 million in 2020 to US\$ 1.7 million in 2020.

At the level of the balance sheet, the company's total assets stood at US\$ 44.6 million at end-December 2021, witnessing a rise of 80% from the end-December 2020.

Total liabilities of the company reported US\$ 16.5 million in end-December 2021 against US\$ 3.7 million at end-December 2020, whereby current liabilities reached US\$ 15.0 million and US\$ 3.7 million respectively.

Total equity reported an increase of 33.2%, from US\$ 21.1 million at end-December 2020 to US\$ 28.1 million at end-December 2021.

#### BALANCE SHEET AND PROFIT ITEMS FOR SOCIETE LIBANAISE DES CIMENTS BLANCS

Balance sheet items (US\$)	Dec-20	Dec-21
Accounts & Notes Receivables	0.7	0.1
Inventory	3.4	12.7
Net Fixed Assets	6.5	-
<b>Total Assets</b>	<b>24.8</b>	<b>44.6</b>
Accounts & Notes payables	1.3	12.5
<b>Total Liabilities</b>	<b>3.7</b>	<b>16.5</b>
<b>Shareholders' equity</b>	<b>21.1</b>	<b>28.1</b>
Profit and loss items	Dec-20	Dec-21
Net sales	8.2	27.9
Cost of Goods Sold	6	14.7
Gross Profit	2.2	13.2
Administrative Expenses	0.5	1.7
<b>Net Profit</b>	<b>1.3</b>	<b>7.8</b>

Source: Ste Libanaise Des Ciments Blancs sal, Bank Audi's Group Research

### UN-HABITAT AND EMBASSY OF JAPAN COMPLETE REHABILITATION OF 11 RESIDENTIAL HERITAGE BUILDINGS DAMAGED BY THE BEIRUT PORT EXPLOSION

The subject project entitled supporting the reconstruction and rehabilitation of most vulnerable urban areas in Rmeil area impacted by the Beirut port explosion. It was implemented by UN-Habitat and funded by the Government of Japan for a total value of US\$ 2.2 million.

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The ceremony took place inside the cluster, attended by Japanese Ambassador to Lebanon, Minister of Information, Governor of Beirut, Mayor of Beirut Eng., Head of UN-Habitat Country Program, residents of the cluster, implementing partners and members of the press.

UN-Habitat Lebanon in partnership with Live Love Lebanon, completed the rehabilitation works in the Rmeil cluster. Nine buildings that were seriously damaged during the explosion were fully rehabilitated, while two other buildings were propped. Moreover, the public facilities within the cluster were also restored allowing for more green spaces and landscaping within the city.

It is worth highlighting that the project encompassed multiple interventions, including the regeneration of three alleyways in Maracha Bourj Hammoud, improved livelihood through cash-for-work activities with the support of the Committee for the Children of Palestine, Japan (CCP).

Moreover, it provided support for municipal services, provided to the Beirut Fire Brigade Centre in Karantina, upgrading of Laziza and William Hawi parks with the support of Rashed Kheir and finally the COVID-19 raising awareness and installation of handwashing stations with the support of PARC Interpeoples' Cooperation (PARCIC).

## THE AMERICAN UNIVERSITY OF BEIRUT TO START THE CONSTRUCTION OF ITS NEW CAMPUS IN PAPHOS, CYPRUS

The American University of Beirut – Mediterraneo will be built on a site, located 1.4 kilometers away from the city center and 1 kilometer away from the Mediterranean, as mentioned in a statement.

The subject project officially obtained the approval from the Municipality of Paphos back in April 2022 in the presence of the Cypriot President, the United States Under-Secretary of State for Educational and Cultural Affairs, Chairman of the AUB International Advisory Board and the Mayor of Paphos Municipality.

The AUB Paphos campus is to base its educational philosophy, standards and practices on the American model of higher education in the liberal arts. It will offer five undergraduate programs in fall 2023: Politics, Philosophy and Economics (BA); Psychology (BS); Computer Science (BS); Industrial Engineering (BS) and Business Administration-Management (BBA). Moreover, the Paphos campus will also offer two graduate programs in Engineering Management (MS) and Business Analytics (MS), as mentioned in a statement.

The construction of the subject project is to initiate soon where JV MAN Enterprise and Atlas Pantou, were selected bidders to develop the campus of the American University of Beirut – Mediterraneo, according to AUB press release.

The subject campus is designed by Dar Group, to be expanded over 9,500 kilometers, the architecture of the campus would entail both Lebanese and Cypriot cultures.

It will encompass classrooms, laboratories, student spaces, a cafeteria, buildings for mixed-use (including an auditorium), leisure facilities and administrative offices clustered around a central open green space, in addition to a tower housing a clock and a main gate, according to the statement.

## SAYRAFA TRANSACTED A DAILY AVERAGE OF US\$ 39 MILLION LAST WEEK

The daily average volume of transactions on Sayrafa foreign exchange platform during the 69<sup>th</sup> week was US\$ 39.4 million, compared to previous week's daily average transacted volume of US\$ 32.8 million (against a cumulative daily average volume since the launch of Sayrafa of US\$ 30.7 million).

The daily average conversion rate for week 69 is LP 29,800 when compared to daily average conversion rate of previous week of LP 28,940 and the cumulative daily average conversion rate since the launch of Sayrafa of LP 21,360.

The Central Bank (BDL) announced that the conversion rate at end of week 69 was LP 29,800, while the conversion rate reported by end of week 68 was LP 29,600.

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## CAPITAL MARKETS

### MONEY MARKET: LARGE WEEKLY EXPANSION IN MONEY IN CIRCULATION

The cost of LP cash rose from 5%-7% last week to 8%-10% during this week, amid a lack of local currency liquidity on the money market in the wake of current banking conundrum.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 8th of September 2022 showed that total resident banking deposits registered large contractions of LP 1,287 billion. This is mainly attributed to a LP 814 billion fall in total LP resident deposits amid a LP 613 billion drop in LP demand deposits and a LP 201 billion decline in LP saving deposits, while foreign currency resident deposits fell by LP 474 billion (the equivalent of US\$ 314 million as per the official rate of LP 1,507.5). However, the money supply in its broadest sense (M4) expanded significantly by LP 1,177 billion over the covered week, amid a large growth in the money in circulation of LP 2,515 billion. Within this context, it is worth mentioning that the money in circulation contracted by a mere LP 405 billion since the beginning of the year 2022, as the large contractions registered over the first half of the year 2022 were swept away during the third quarter of the year amid restricted activity on the "Sayrafa" platform and as BDL embarked late-July 2022 into freeing the said platform from financing gasoline imports.

#### MONEY MARKET ACTIVITY



### TREASURY BILLS MARKET: WEEKLY NOMINAL DEFICIT OF LP 99 BILLION

The latest Treasury bills auction results for value date 22nd of September 2022 showed that the Central Bank of Lebanon allowed banks to subscribe in full to the six-month category (offering a yield of 4.0%), the two-year category (offering a coupon of 5.0%) and the ten-year category (offering a coupon of 7.0%).

The Treasury bills auction results for value date 15th of September 2022 showed subscriptions of LP 38 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 22 billion in the three-month category, LP 16 billion in the one-year category and LP 7 million in the five-year category. These compare to maturities of LP 137 billion, resulting into a nominal weekly deficit of LP 99 billion.

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## TREASURY BILLS

	23/09/2022	16/09/2022	30/12/2021	
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%	↔
7-year	-	-	6.50%	
7-year	7.00%	-	7.00%	
<b>Nom. Subs. (LP billion)</b>	<b>38</b>		<b>246</b>	
Short-term (3&6 mths)	22		-	
Medium-term (1&2 yrs)	16		-	
Long-term (3 yrs)	-		200	
Long-term (5 yrs)	0.01		-	
Long-term (7 yrs)	-		46	
<b>Maturities</b>	<b>137</b>		<b>13</b>	
<b>Nom. Surplus/Deficit</b>	<b>-99</b>		<b>233</b>	

Sources: Central Bank of Lebanon, Ministry of Finance

## FOREIGN EXCHANGE MARKET: LP AT ALL-TIME LOWS ON BLACK FX MARKET

The LP/US\$ black market rate remained at all-time lows this week amid lingering banking conundrum and mounting security concerns, while all market players' eyes remained focused on a potential cabinet breakthrough and the Parliament budget 2022 session set to be held on September 26, 2022. Within this context, LP/US\$ exchange rate reached LP/US\$ 37,900-LP/US\$ 38,000 on Friday after touching the LP/US\$ 40,000 level earlier this week. This compared to LP/US\$ 38,200- LP/US\$ 38,300 at the end of last week.

In parallel, the Central Bank of Lebanon announced that foreign currency operations on the "Sayrafa" platform were executed at an average rate of LP/US\$ 29,800 between September 19 and September 23 2022 as compared to LP/US\$ 28,400 to LP/US\$ 29,600 last week.

## STOCK MARKET: BSE SLIPS BACK INTO NEGATIVE TERRITORY THIS WEEK

The Beirut Stock Exchange slipped back into a negative territory this week, as reflected by a 2.0% fall in the price index. Only three out of 24 listed stocks were traded over the week. A closer look at individual stocks shows that Solidere "A" and "B" share prices fell by 3.2% and 2.2% respectively to reach US\$ 56.75 and US\$ 56.90 respectively, mainly on some profit-taking operations following recent price rally. On the other hand, BEMO's "listed" share price remained stable at US\$ 1.20.

## EXCHANGE RATES

	23/09/2022	16/09/2022	30/12/2021	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,716.67	1,715.38	2,022.91	⬇
LP/¥	10.55	10.52	13.11	⬇
LP/SF	1,572.47	1,563.47	1,639.48	⬇
LP/Can\$	1,131.81	1,134.82	1,175.53	⬆
LP/Euro	1,500.48	1,501.47	1,701.52	⬆

Source: Bank Audi's Group Research Department

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## AUDI INDICES FOR BSE

	23/09/2022	16/09/2022	30/12/2021	
Market Cap. Index	597.39	609.73	447.87	⬇️
Trading Vol. Index	38.26	75.58	80.38	⬇️
Price Index	125.41	128.00	94.02	⬇️
Change %	-2.02%	9.86%	4.13%	⬇️
	23/09/2022	16/09/2022	30/12/2021	
Market Cap. \$m	14,172	14,465	10,625	⬇️
No. of shares traded (Exc. BT)	77,623	196,206	171,230	⬇️
Value Traded \$000 (Exc. BT)	4,227	8,354	5,359	⬇️
o.w. : Solidere	4,221	7,364	4,614	⬇️
Banks	6	126	732	⬇️
Others	0	863	13	⬇️

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

As to trading volumes, the BSE total turnover contracted by 49.4% week-on-week, moving from US\$ 8.4 million last week to US\$ 4.2 million.

On a cumulative basis, it is worth mentioning that Lebanon's equity market registered a significant surge in prices of 33.4% since the beginning of the year 2022, mainly supported by strong price gains in Solidere shares, as market players continued to add realty stocks to their holdings on hedging activity against crises.

## BOND MARKET: LEBANESE EUROBONDS ATTRACTING DIP BUYERS

Lebanon's Eurobond market attracted some dip buyers this week, while all eyes remained focused on the upcoming Parliament budget 2022 session, noting that the budget approval is one of the prior actions requested for the IMF Board to consider the request for a financial program with Lebanon.

Within this context, prices of Lebanese sovereigns reached 5.63-6.25 cents per US dollar on Friday as compared to 5.63-6.25 cents per US dollar at the end of last week. On a cumulative basis, Lebanese Eurobonds maturing between 2020 and 2037 posted price falls of 3.75 pts to 4.13 pts since the beginning of the year 2022.

## EUROBONDS INDICATORS

	23/09/2022	16/09/2022	30/12/2021	
Total tradable size \$m	32,364	32,364	32,364	↔️
o.w.: Sovereign bonds	31,314	31,314	31,314	↔️
Bid price (cents per US dollar)	5.88-6.38	5.63-6.25	9.88-10.63	⬆️
Average Life	5.55	5.58	6.18	⬇️
Yield on US 5-year note	3.95%	3.67%	1.26%	⬆️

Source: Bank Audi's Group Research Department

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## INTERNATIONAL MARKET INDICATORS

	23-Sep-22	16-Sep-22	31-Dec-21	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	143.31	142.92	115.11	0.3%	24.5%
\$/£	1.086	1.142	1.353	-4.9%	-19.7%
\$/Euro	0.969	1.002	1.137	-3.3%	-14.8%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	29,590.41	30,822.42	36,338.30	-4.0%	-18.6%
S&P 500	3,693.23	3,873.33	4,766.18	-4.6%	-22.5%
NASDAQ	10,867.93	11,448.40	15,644.97	-5.1%	-30.5%
CAC 40	5,783.41	6,077.30	7,153.03	-4.8%	-19.1%
Xetra Dax	12,284.19	12,741.26	15,884.86	-3.6%	-22.7%
FT-SE 100	7,018.60	7,237.64	7,384.54	-3.0%	-5.0%
NIKKEI 225	27,153.83	27,567.65	28,791.71	-1.5%	-5.7%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,643.94	1,675.06	1,829.20	-1.9%	-10.1%
SILVER OUNCE	18.87	19.59	23.31	-3.7%	-19.0%
BRENT CRUDE (per barrel)	86.15	91.35	77.78	-5.7%	10.8%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	3.08	3.01	0.10	0.07	2.98
US Prime Rate	6.25	5.50	3.25	0.75	3.00
US Discount Rate	3.25	2.50	0.25	0.75	3.00
US 10-year Bond	3.68	3.45	1.51	0.24	2.17

Sources: Bloomberg, Bank Audi's Group Research Department

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