

Economy

CONTACTS

Treasury & Capital Markets

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

Corporate Banking

Carol Ayat
(961-1) 959675
carol.ayat@bankaudi.com.lb

Mohamad Baydoun
(961-1) 959703
mohamad.baydoun@bankaudi.com.lb

Marketing and Communications

Marion Abou Jaoudé
(961-1) 977356
marion.abou-jaoude@bankaudi.com.lb

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Berytech organized the third edition of the Agri-Food Innovation Days (AFID) 2022, in partnership with QOOT Cluster, funded by the Embassy of the Kingdom of the Netherlands in Lebanon, with the support of the Italian Trade Agency (ITA) and ENI CBC MED where it was co-hosted with HORECA Connects at the Seaside Pavilion, Beirut.

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Markets In Brief

p.9 MARKETS IN BRIEF: TOUGH TASK OF IMPLEMENTING IMF REQUIREMENTS ON CAPITAL MARKETS' RADAR SCREEN

A cautious mood gripped Lebanon's capital markets following the IMF preliminary agreement last Thursday, as market players assessed the legislative challenges and reform laws needed to be issued before May 2022 Parliamentary elections, while BDL's exceptional measures aimed to curb currency swings are remaining in place till end-April and as talks started circulating about GCC funds to be deposited at BDL after elections. Within this context, the LP lost more ground against the US dollar on the black FX market this week, while the recent bond price rally, which was fueled by the IMF preliminary deal, lost momentum and the equity market reversed its upward trajectory. In details, the LP/US\$ exchange rate deteriorated further this week, crossing the LP/US\$ 25,000 threshold before sliding to LP/US\$ 24,600-LP/US\$ 24,650 on Thursday. On the bond market, the price rally observed last week lost steam as Lebanon is facing the tough task of implementing IMF requirements before securing the Fund's Board approval. Prices of sovereigns contracted by a shy 0.13 pt week-on-week, reaching 11.63-12.50 cents per US dollar on Thursday. On the equity market, the BSE reversed its upward trajectory, registering shy price falls of 0.7%, while the total turnover contracted by 49%.

LEBANON MARKETS: APRIL 11 - APRIL 17, 2022

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

RESEARCH

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

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

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

Zeina Labban
(961-1) 952426
zeina.labban@bankaudi.com.lb

Michele Sakha
(961-1) 977102
michele.sakha@bankaudi.com.lb

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ECONOMY

SURGING BALANCE OF PAYMENT DEFICIT AMID BDL SAYRAFA INTERVENTION

The year started with a net deterioration in the balance of payments, amid a noticeable decline in BDL FX reserves.

The balance of payment has reported a deficit of US\$ 955 million in the first two months of 2022, against a deficit of US\$ 751 million in the similar period of last year.

The 2022 two-month BoP deficit is the result of the decline in BDL net foreign assets by US\$ 1,028 million, while banks' net foreign assets rose by US\$ 73 million.

The decline in BDL's reserves comes amid a more significant intervention on the Sayrafa platform within the BDL circular 161, while subsidy intervention has been reduced to a minimum.

The new monetary mechanism is translating into a drop in FX deposits at banks, while LL deposits are holding steady.

LL Deposits rose by US\$ 0.3 billion over the first two months of 2022 to reach US\$ 26.9 billion. As to FX Deposits, they contracted by US\$ 1.1 billion to reach US\$ 101.7 billion. As such, deposit dollarization reached 79.1% in February 2022, against 79.4% in December 2021.

In parallel, banks continued their deleveraging process. The loan portfolio contracted by US\$ 1 billion over the two-month period to reach US\$ 26.7 billion at end-February.

LL loans declined by US\$ 0.3 billion, while FX loans dropped by US\$ 0.8 billion over the first two months of 2022. As such, loan dollarization reached 55.6% in February 2022, against 56.3% in December 2021.

Interest rates have reached close to nil. In LL, deposit rates contracted from 9.0% in October 2019 to 1.0% in February 2022. In US\$, deposit rates contracted from 6.6% to 0.2% over the same period.

The spread of dollar deposit rate with 3-month Libor, which was at 4.7% in October 2019, moved to nil in February 2022 and is now turning negative with the increase in international rates.

In parallel, the sector has been incurring consequent losses for circa US\$ 5 billion since the onset of the crisis, with shareholders equity moving from US\$ 21 billion to US\$ 16 billion.

Bank losses are the result of noticeable FX costs (rate differential between the BDL circular 151 rate and the official exchange rate of 1,507.5), the effects of mark-ups, and the rising operating expenses tied to the surging inflation, in addition to significant provisions to face private and sovereign risks at large.

EVOLUTION OF MAIN BANKING AGGREGATES

In millions of US\$	Oct-19	Feb-22	Var Oct-19 Feb-22	% Contraction
Total assets	262,804	173,728	-89,076	-33.9%
Loans to the private sector in L.L.	16,029	11,857	-4,172	-26.0%
Loans to the private sector in L.L.	16,029	11,857	-4,172	-26.0%
Loans to the private sector in FX	38,136	14,834	-23,302	-61.1%
Total loans to the private sector	54,166	26,690	-27,476	-50.7%
Customers' deposits in L.L.	44,727	26,943	-17,784	-39.8%
Customers' deposits in FX	123,637	101,671	-21,966	-17.8%
Total Customers' deposits	168,364	128,614	-39,750	-23.6%

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PAYMENT CARDS AT 2.6 MILLION IN FEBRUARY 2022

As per the latest figures released by the Central Bank of Lebanon, the number of bank payment cards issued reached 2,611,923 cards at end-February 2022, down from 2,609,012 cards at end-2021, witnessing a negligible drop of 2,911 cards or 0.1% over the first two months of the current year.

In details, the number of resident debit cards revealed a continuous drop by 22,107 cards over the same period, with a decline in the number of resident credit cards by 12,730 cards, in addition to a decrease in resident charge cards by 1,940 cards. Non-resident debit cards also witnessed further drop by 1,415 cards, along with non-resident credit cards which decreased by 394, while non-resident charge cards dropped by 161 cards and non-resident prepaid cards picked up by 197 cards. It is worth noting that resident prepaid cards witnessed a significant increase of 41,461 cards, within the context of the ongoing deleveraging by Lebanese banks, which are operating under very challenging conditions.

In parallel, the total number of ATMs reached 1,692 at end-February 2022, the equivalent of a drop of 32 ATMs over the first two months of the year. Mount Lebanon actually captures the highest share in the number of ATMs with a share of 37.4% of total, followed by Beirut & the suburbs with 34.2%, North Lebanon with a share of 10.7%, Bekaa with 8.5% and South Lebanon with a share of 7.4% of the total.

Finally, the number of points-of-sales machines regressed by 1.2% the equivalent of 436 POS machine over the first two months of 2022, to reach 35,613 machine in February 2022.

NUMBER OF OUTSTANDING BANK PAYMENT CARDS



Sources: BDL, Bank Audi's Group Research Department

IMPORTS OF PETROLEUM DERIVATIVES DECLINE BY A YEARLY 19% IN THE FIRST ELEVEN MONTHS OF 2021

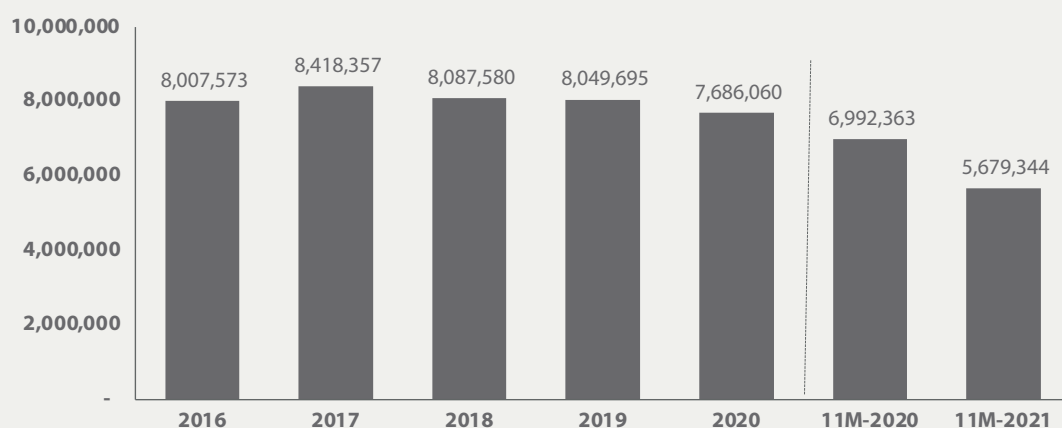
Imports of petroleum derivatives registered a year-on-year drop of 18.8% over the first eleven months of 2021. The latter retreated from 6,992,363 metric tons to 5,679,344 metric tons between both periods, as released by the Central Bank of Lebanon.

It is expected that the decline accentuated further in the remaining months of 2021, especially that the subsidy lifting generated domestic inflationary effects that curbed the domestic demand.

It is worth noting that the imports of petroleum derivatives stood at 7,686,060 metric tons in 2020, down from 8,049,695 metric tons in 2019.

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IMPORTS OF PETROLEUM DERIVATIVES (METRIC TONS)



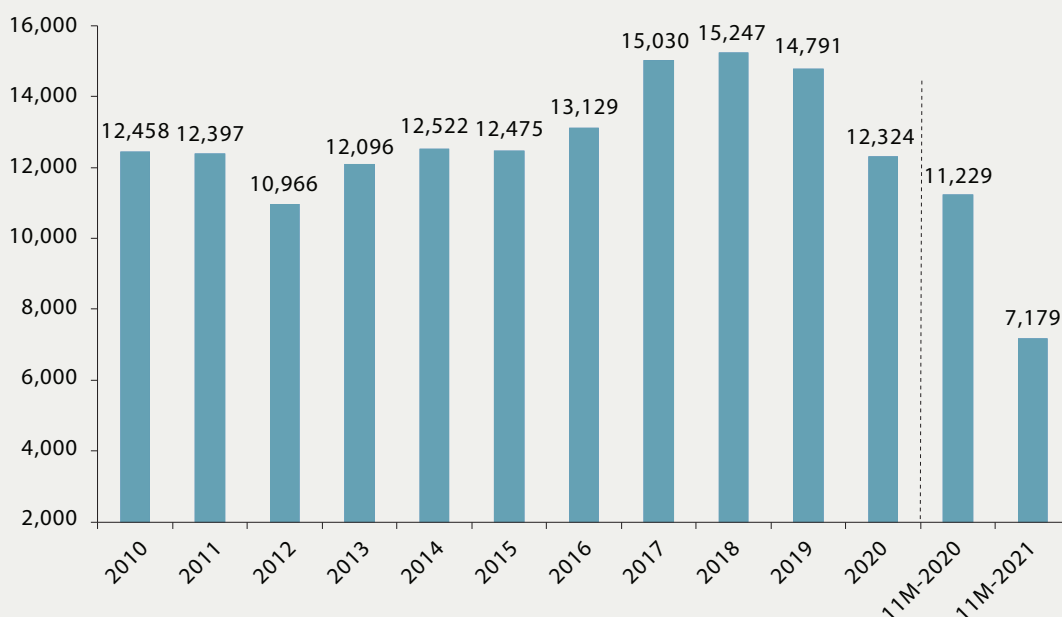
Sources: BDL, Bank Audi's Group Research Department

ELECTRICITY PRODUCTION DECLINED BY 36% YEAR-ON-YEAR IN THE FIRST ELEVEN MONTHS

Data published by the Central Bank of Lebanon shows that electricity production decreased by 36.1% year-on-year in the first eleven months of 2021. The production totaled 7,179 million Kilowatt Hours (kWh) in the first eleven months of 2021, down from 11,229 million kWh in the first eleven months of 2020.

It is worth mentioning that Lebanon's power supply has been erratic for years, but the recent economy's meltdown made it worse, as the lack of hard currency to purchase fuel oil for State power plants triggered more outages. As such, electricity reform is one of the key steps to re-equilibrate the economy, by building the required power plants, raising thereafter electricity tariffs and reducing technical and non-technical losses, which altogether should help EDL breakeven at an acceptable horizon.

ELECTRICITY PRODUCTION (MILLION KWH)



Sources: BDL, Bank Audi's Group Research Department

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SURVEYS

PRIORITIZING AND SEQUENCING THE REFORM MEASURES ARE CRUCIAL FOR LEBANON'S RECOVERY PATH, AS PER THE IIF

According to a recent report by the IIF, the staff-level agreement (SLA) with the IMF brought a ray of hope. On April 7, the IMF staff and the Lebanese authorities reached an understanding on key policies and structural reforms that could potentially be supported by a 46-month Extended Fund Arrangement (EFF) with access of about US\$ 3 billion.

This agreement is subject to approval by IMF management and Executive Board if the timely prior actions are implemented.

The main areas of agreement include the following: (i) restructuring the financial sector, (ii) implementing fiscal reforms with focus on mobilizing additional revenues, (iii) reforming state-owned enterprises, particularly EdL, strengthening governance and anti-corruption frameworks and (iv) establishing a credible and transparent monetary and exchange rate system.

According to the report, a detailed macroeconomic framework is yet to be elaborated based on a clear timetable for implementation of the requisite fiscal, monetary, exchange rate, and wide-ranging reforms. The current severe economic and financial crisis has its roots in a long history of inconsistent macroeconomic policies and failed attempts to address policy distortions in the economy. These failures reflected fundamental political economy factors, rampant public corruption stemming from a dysfunctional sectarian system, judicial system interference and significant institutional weaknesses. Persistently large macroeconomic imbalances were central to the crisis. The wide external current account deficit was largely the product of an overvalued currency, which encouraged higher imports and private consumption. The banks were supported by artificially high returns on their deposits at BdL and on government Treasury Bills. These interest rates generated the foreign exchange that was used to support the overvalued exchange rate and implicitly subsidized imports, further harming the domestic industrial and agricultural sectors. Concurrently, the high interest rates weighed more and more on the budget, which had to be financed by increased borrowing, generating a vicious circle of rising public debt, and widening fiscal deficits.

Approval by IMF management and the Executive Board is contingent on the authorities implementing a series of prior actions. The SLA is a first step in the right direction, covering a wide range of potential reforms. The IIF hopes that the authorities seize this opportunity and start soon implementing the urgent reforms, including the prior actions, to arrest further deterioration in the economy and reduce the risks of a complete collapse of the financial system.

According to the IIF, the Lebanese political system, with its encoded sectarian divisions, remains a significant impediment to economic reforms. Structural changes to the political system, including new, less corrupt representatives in the parliament, would make passage of comprehensive economic reforms easier.

The restructuring of the financial system will be the most difficult part of a potential IMF program. While the banking sector has been experiencing an "internal" consolidation, with the merger of branches, cost containment measures, and shrinkage of their balance sheets, all banks need to be audited to determine which are solvent and which are insolvent. Assets and liabilities of bad banks should be consolidated, small depositors fully paid, and all remaining assets auctioned off as part of safeguarding to the extent possible larger depositors. Such an operation could lead to the creation of a smaller, leaner and healthier banking system.

Furthermore, Lebanon urgently needs to reform the electricity sector (EdL), telecom, the water sector, the ports systems and other state-owned entities, with consideration to privatize and regulate such utilities.

The IIF forecast assumes that the Lebanese authorities will start implementing the urgent economic reforms in the next two months (50% chance), including the prior actions high-lighted by the IMF staff. This would pave the way for the IMF management and Executive Board approval of the EFF arrangement by June 2022. In this case, external sources of strong support will be essential to provide the needed uplift to the Lebanese economy and bring it up from its state of collapse to a state of stability and foster sustainable and equitable growth. Accordingly real GDP could grow by 2.5% in 2022 (albeit from a very low base) with a stronger recovery in the second half of this year. Growth could then accelerate to 8% in 2023 driven by public investment and net exports. The inflationary pressures could ease helped by the envisaged appreciation of the unified exchange

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rate, with average inflation declining from 156% in 2021 to 98% in 2022, and about 20% in 2023. The current account deficit will widen further from around 20% of GDP in 2021 to 23% of GDP in 2022 due to higher global food and oil prices, which will raise the import bill substantially. Nonetheless, official reserves could start to increase supported by official financial flows (IMF, World Bank and CEDRE concessional loans).

According to the report, a potential IMF program could also put Lebanon's very high public debt on a firm downward path through the implementation of fiscal measures and restructuring of the debt. Prioritizing and sequencing the reform measures will be crucial. The focus in the short run should be on achieving macroeconomic stability, including a relatively stable unified market-determined exchange rate, significantly lower inflation and narrower deficits.

BEIRUT HOTEL OCCUPANCY RATE ROSE TO 39% IN THE FIRST TWO MONTHS OF 2022, AS PER EY

Ernst & Young published its Middle East Hotel Benchmark Survey looking at the performance of four and five star hotels in the Middle East region, whereby Beirut's occupancy rate rose from 23.6% in the first two months of 2021 to 39.0% in the same period of 2022, a yearly increase of 15.4 percentage points.

Lebanon's average room rate dropped by a yearly 2.7% to US\$ 68.6 in the first two months of 2022, from US\$ 70.6 in the first two months of 2021.

The revenue per available room (RevPAR) concurrently expanded by 60.9% to US\$ 26.8 in the aforementioned period of 2022.

At the level of the region, Beirut ranked 11th in the region during the first two months of 2022.

Abu Dhabi topped the 14 regional peers in terms of occupancy. The emirate reported an average occupancy rate of 85.8% in the first two months of 2022, followed by Dubai with 76.7% and Riyadh with 73.0%.

It is worth noting that Beirut's four and five star hotels charged the lowest average room rate of US\$ 68.6, while Dubai recorded the highest average room rate of US\$ 378.2, followed by with Kuwait City with US\$ 244.9 and Ras Al Khaimah with US\$ 180.0.

ERNST & YOUNG MIDDLE EAST HOTEL BENCHMARK SURVEY

	Occupancy %		Average Room Rate (US\$)		Room Yield (US\$)	
	2M-22	2M-21	2M-22	2M-21	2M-22	2M-21
Abu Dhabi	85.8	68.2	82	73	70	50
Dubai	76.7	58.0	378	262	290	152
Riyadh	73.0	49.3	169	144	123	71
Madinah	71.6	39.1	99	102	71	40
Cairo	67.9	31.1	115	73	78	23
Ras al Khaimah	64.3	42.5	180	178	116	76
Doha	58.2	74.8	99	87	58	65
Makkah	47.4	17.6	97	110	46	19
Muscat	43.7	21.8	130	83	57	18
Jeddah	42.9	44.5	170	209	73	93
Beirut	39.0	23.6	69	71	27	17
Kuwait City	35.3	40.3	245	193	87	78
Manama	33.6	22.0	147	106	49	23
Amman	30.2	16.8	139	106	42	18

Sources: Ernst & Young, Bank Audi's Group Research Department

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CORPORATE NEWS

BERYTECH ORGANIZED THE THIRD EDITION OF THE AGRI-FOOD INNOVATION DAYS 2022

Berytech organized the third edition of the Agri-Food Innovation Days (AFID) 2022, in partnership with QOOT Cluster, funded by the Embassy of the Kingdom of the Netherlands in Lebanon, with the support of the Italian Trade Agency (ITA) and ENI CBC MED where it was co-hosted with HORECA Connects at the Seaside Pavilion, Beirut.

Over 5000 guests attended this year, including entrepreneurs, buyers, investors, researchers, students, academics engineers, innovators, investors, farmers and agri-food producers. AFID 2022 permitted its guests to dive into the agri-food sector, to seek opportunities for trade, investment, collaboration, to explore untapped potential and innovative solutions.

Moreover, the event prepared a condensed schedule of more than 80 speakers across more than 25 organized activities including panel discussions, keynote speakers, B2B matchmaking sessions and workshops.

It is worth mentioning that throughout AFID, one-on-one meetings were organized with more than 100 Lebanese companies to discuss collaboration, export potential and trade agreements.

With Berytech aiming to multiply the networking impact, it organized a trade mission to Lebanon including more than 25 international buyers and distributors from five different countries mainly the USA, Brussels, Gulf, France and the Ivory Coast.

Finally demonstration sessions were organized to allow startups in the AGrytech Accelerator program and researchers innovating in the Dairy Value Chain to pitch their solutions and research findings for the first time to the public.

Food security in Lebanon and the region requires vision and governance mechanisms that enhance the agility, robustness and functioning of food systems for all, said the CEO of Berytech during his welcome note.

In innovation, quality and added value make the competitive advantage of the Lebanese future in agri-food, Ambassador of the Kingdom of the Netherlands to Lebanon said in a statement.

The agricultural sector in Lebanon contributes to 5% of GDP in Lebanon while only 25% of its enterprises produce for commercial purposes, export into foreign markets and are integrated into food processing production chains. Therefore, the sector can benefit a lot from crucial improvements in the commercialization of products, export-oriented strategies and technological innovation, said the Ambassador of Italy to Lebanon.

CEDARS TECH CALLS LEBANESE TECH STARTUPS TO APPLY NOW FOR VIVATECH 2022

Cedars Tech calls 10 innovative Lebanese tech startups to participate in VivaTech (Viva Technology) 2022 under the second Lebanese pavilion.

VivaTech edition offers a unique opportunity to promote the startups products, solutions or services. Startups shall be offered their own virtual booth, provided with a powerful platform to publish their startup's video, documents, photos and a networking module to make demos and to connect with top prospects and investors participating from all over the world.

It is worth highlighting that VivaTech can involve up to 140,000 visitors, 30,000 startups, 3,300 investors and 1300 journalists from 149 countries.

84% of the startups who participated in VivaTech edition met potential investor, 79% reported positive impact of their attendance on their professional activities and 34% moved on to the next level and secured investment for their project, according to GoudLlink Satisfaction Survey.

VivaTech is taking place from June 15th to June 18th, 2022 in Paris. The deadline to apply is April 22, 2022 midnight (Lebanon time). The Cedars Tech will review all the applications that match the eligibility requirements and then evaluate them based on objective selection criteria. The selected startups would be announced on the same week.

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Cedars Tech is co-founded by Association Franco-Libanaise des Professionnels de l'Informatique (AFPI), Berytech, ESA Business School and the Franco-Lebanese Chambre of Commerce, takes the mission to organize the Cedars Tech Lebanese Pavilion at VivaTech 2022 for the second year in a row and showcase 10 tech startups to promote the Lebanese innovation ecosystem.

UN-HABITAT AND ESCWA ORGANIZE THE FIRST NATIONAL URBAN FORUM OF LEBANON

UN-Habitat in partnership with ESCWA, organized the first National Urban Forum of Lebanon. The forum confirms that the future socio-economic recovery and sustainable development of the country must place Lebanese cities at the heart of these efforts.

As part of the UN-Habitat's National Urban Policy (NUP) program, the forum launched three reports on housing and transport offering critical policy recommendations for reforming the transport and housing sectors and responding to immediate needs and long-term goals.

Moreover, the forum launched an innovative report by UN-Habitat-ESCWA on the state of urbanization in Lebanon, which analyzes 10 cities across 19 themes, identifying entry points for moving towards a more sustainable urban realm. It reveals that the urban growth during the recent decades for some cities was explosive and unplanned where 10 cities grew collectively in total area equivalent to four times the size of Tripoli over the last three decades.

The Forum also featured an Urban Fair, where exhibitors displayed best practices and future interventions mainly related to housing, transport and renewable energy. The Fair promoted these practices and solutions to exchange experiences, share knowledge and demonstrate opportunities.

United Nations Human Settlements Program (UN-Habitat) covers 90 countries in supporting people in cities and human settlements for a better urban future. It works with governments and local partners, its projects combine world-class expertise and local knowledge to deliver timely and targeted solutions. The 2030 Agenda for Sustainable Development includes a dedicated Goal on cities, SDG 11 – to make cities inclusive, safe, resilient and sustainable.

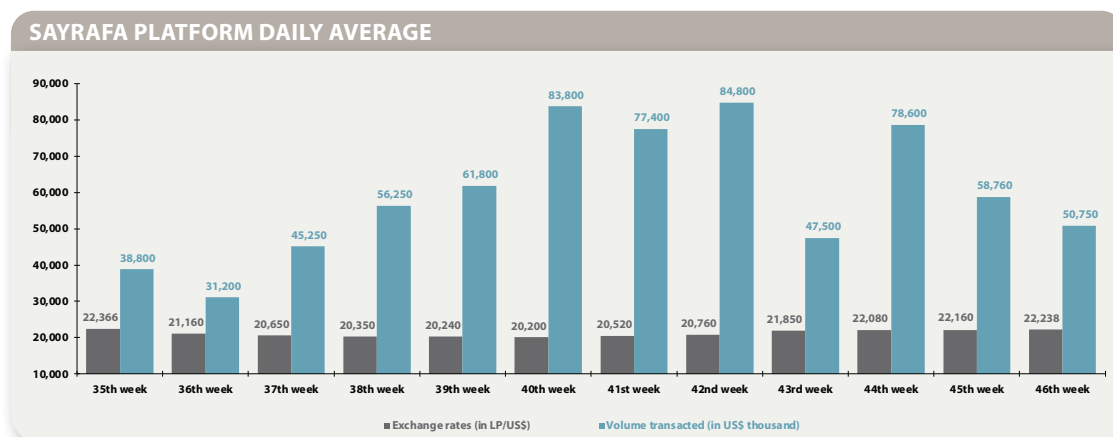
ESCWA is one of five United Nations regional commissions that supports inclusive and sustainable economic and social development in Arab States and works on enhancing regional integration.

SAYRAFA TRANSACTED A DAILY AVERAGE OF US\$ 51 MILLION LAST WEEK

The daily average volume of transactions on Sayrafa foreign exchange platform during the 46th week was US\$ 50.8 million, compared to previous week's daily average transacted volume of US\$ 58.8 million (against a cumulative daily average volume since the launch of Sayrafa of US\$ 20.3 million).

The daily average conversion rate for week 46 is LP 22,238 when compared to daily average conversion rate of previous week of LP 20,160 and the cumulative daily average conversion rate since the launch of Sayrafa of LP 19,284.

The Central Bank (BDL) announced that the conversion rate at end of week 46 was LP 22,200, while the conversion rate reported by end of week 45 was LP 22,100.



Sources: BDL, Bank Audi's Group Research Department

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CAPITAL MARKETS

MONEY MARKET: CURRENCY IN CIRCULATION CONTRACTS BY LP 6.6 TRILLION IN FIRST QUARTER 2022

The cost of LP cash continued to hover around 30% this week, amid a severe shortage in local currency liquidity on the money market triggered by BDL's exceptional measures put in place at the beginning of the year.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 31st of March 2022 showed that total resident banking deposits expanded by LP 374 billion. This is mainly attributed to a LP 282 billion rise in total LP resident deposits amid a LP 147 billion increase in LP demand deposits and a LP 135 billion expansion in LP saving deposits, while foreign currency resident deposits rose by LP 92 billion (the equivalent of US\$ 61 million as per the official rate of LP 1,507.5). However, the money supply in its broadest sense (M4) contracted by LP 382 billion over the covered week amid a LP 614 billion fall in the money in circulation. Within this context, it is worth mentioning that the money in circulation contracted significantly by a total of LP 6.6 trillion over the first quarter of 2022 amid extended circular No.161 and BDL's exceptional measures, which allowed ceiling-free US dollars purchases from the Central Bank of Lebanon.

INTEREST RATES

	15/04/2022	08/04/2022	30/12/2021	
Overnight rate (official)	1.90%	1.90%	1.90%	↔
7 days rate	2.00%	2.00%	2.00%	↔
1 month rate	2.75%	2.75%	2.75%	↔
45-day CDs	2.90%	2.90%	2.90%	↔
60-day CDs	3.08%	3.08%	3.08%	↔

Source: Bloomberg

TREASURY BILLS MARKET: NOMINAL WEEKLY SURPLUS OF LP 187 BILLION

The latest Treasury bills auction results for value date 14th of April 2022 showed subscriptions in the three-month category (offering a yield of 3.50%), the one-year category (offering a yield of 4.50%) and the five-year category (offering a coupon of 6.0%).

In parallel, the Treasury bills auction results for value date 7th of April 2022 showed that total subscriptions amounted to LP 472 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 174 billion in the six-month category (offering a yield of 4.0%), LP 200 billion in the two-year category (offering a coupon 5.0%) and LP 98 billion in the ten-year category (offering a coupon 7.0%). These compare to maturities of LP 285 billion, resulting into a nominal weekly surplus of LP 187 billion.

FOREIGN EXCHANGE MARKET: LP LOSES MORE GROUND AGAINST US DOLLAR ON BLACK FX MARKET

The Lebanese pound lost more ground against the US dollar on the black FX market over this week, as market players eyed legislative challenges and reform laws needed to be issued before getting the IMF's Board approval on a US\$ 3 billion Extended Fund Facility, while Lebanon is nearing Parliamentary elections scheduled on May 15, 2022. Within this context, the LP/US\$ exchange rate crossed the LP/US\$ 25,000 level this week after touching LP/US\$ 24,000 at the end of last week, yet slid to LP/US\$ 24,600-LP/US\$ 24,650 on Thursday as BDL's exceptional measures, which allow ceiling-free US dollars purchases from the Central Bank of Lebanon, helped curbing currency swings.

Concurrently, the Central Bank of Lebanon announced this week that FX operations on the "Sayrafa" platform were executed at an average rate of LP/US\$ 22,200 to LP/US\$ 22,300 between April 11, 2022 and April 14, 2022.

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TREASURY BILLS

	15/04/2022	08/04/2022	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%	
10-year		7.00%	7.00%	
Nom. Subs. (LP billion)		472	246	
Short-term (3&6 mths)		174	-	
Medium-term (1&2 yrs)		200	-	
Long-term (3 yrs)		-	200	
Long-term (5 yrs)		-	-	
Long-term (7 yrs)		-	46	
Long-term (10 yrs)		98	-	
Maturities		285	13	
Nom. Surplus/Deficit		187	233	

Sources: Central Bank of Lebanon, Ministry of Finance

STOCK MARKET: BSE REVERSES UPWARD TRAJECTORY

The Beirut Stock Exchange registered shy price retreats this week, as reflected by a 0.7% decline in the price index. This followed three consecutive weeks of price gains. Two out of nine traded stocks posted price drops, while three stocks registered price rises and four stocks saw no price change week-on-week.

A closer look at individual stocks shows that prices of BLC Preferred shares "D" plummeted by 36.7% to US\$ 59.50, followed by Holcim Liban's shares with -6.5% to US\$ 21.50. In contrast, Solidere "A" share price edged up by 0.4% to US\$ 33.72, followed by BLOM's "listed" shares with +0.3% to US\$ 3.01 and Solidere "B" shares with +0.1% to US\$ 34.10. Concurrently, BLC Preferred shares "E" saw no price change week-on-week, with the latter standing at US\$ 59.50. Bank Audi's "listed" share price stood unchanged at US\$ 1.81. Byblos Bank's "listed" share price remained stable at US\$ 0.80. Byblos Bank's Preferred shares "2008" saw stability in prices at US\$ 30.0.

As to trading volumes, the BSE total turnover contracted by 48.6% week-on-week, moving from US\$ 7.9 million last week to US\$ 4.0 million, noting that Solidere shares captured 93.4% of activity, followed by the banking shares with 5.6% and the industrial shares with 1.0%.

EXCHANGE RATES

	15/04/2022	08/04/2022	30/12/2021	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,980.40	1,966.08	2,022.91	↓
LP/¥	12.03	12.15	13.11	↑
LP/SF	1,612.82	1,611.78	1,639.48	↓
LP/Can\$	1,201.39	1,197.00	1,175.53	↓
LP/Euro	1,645.29	1,637.90	1,701.52	↓

Source: Bank Audi's Group Research Department

Bank Audi

AUDI INDICES FOR BSE

	15/04/2022	08/04/2022	30/12/2021	
Market Cap. Index	447.73	450.77	447.87	↓
Trading Vol. Index	45.78	71.18	80.38	↓
Price Index	93.99	94.63	94.02	↓
Change %	-0.67%	2.68%	4.13%	↓

	15/04/2022	08/04/2022	30/12/2021	
Market Cap. \$m	10,622	10,694	10,625	↓
No. of shares traded (Exc. BT)	175,530	422,405	171,230	↓
Value Traded \$000 (Exc. BT)	4,042	7,860	5,359	↓
o.w. : Solidere	3,775	7,249	4,614	↓
Banks	227	497	732	↓
Others	40	115	13	↓

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

BOND MARKET: LAST WEEK'S PRICE RALLY LOSES STEAM AS INVESTORS EYE LEGISLATIVE CHALLENGES

The bond price rally observed after the IMF preliminary deal lost steam this week, as market players assessed upcoming legislative challenges before securing IMF's final approval, especially that Lebanon is one month away from May 2022 Parliamentary elections. Within this context, Bank of America said a recent note that "the size of the program and the unprecedented transparency in the listing of a long list of prior actions for IMF Executive Board approval suggest that the IMF also sees implementation risks".

Under these conditions, Lebanese Eurobonds posted shy weekly price contractions of 0.13 pt, reaching 11.63-12.50 cents per US dollar on Thursday. On a cumulative basis, Lebanese Eurobonds maturing between 2020 and 2037 posted price gains of 1.50 pt to 2.50 pts since the beginning of the year 2022.

EUROBONDS INDICATORS

	15/04/2022	08/04/2022	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)	11.63-12.50	11.63-12-63	9.88-10.63	↓
Average Life	5.91	5.93	6.18	↓
Yield on US 5-year note	2.60%	2.75%	1.26%	↓

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	15-Apr-22	08-Apr-22	31-Dec-21	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	126.45	124.29	115.11	1.7%	9.9%
\$/£	1.306	1.303	1.353	0.3%	-3.5%
\$/Euro	1.081	1.088	1.137	-0.6%	-4.9%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	34,451.23	34,721.12	36,338.30	-0.8%	-5.2%
S&P 500	4,392.59	4,488.28	4,766.18	-2.1%	-7.8%
NASDAQ	13,351.08	13,711.00	15,644.97	-2.6%	-14.7%
CAC 40	6,589.35	6,548.22	7,153.03	0.6%	-7.9%
Xetra Dax	14,163.85	14,283.67	15,884.86	-0.8%	-10.8%
FT-SE 100	7,616.38	7,669.56	7,384.54	-0.7%	3.1%
NIKKEI 225	27,093.19	26,985.80	28,791.71	0.4%	-5.9%
COMMODITIES (in US\$)					
GOLD OUNCE	1,978.24	1,947.54	1,829.20	1.6%	8.1%
SILVER OUNCE	25.55	24.77	23.31	3.1%	9.6%
BRENT CRUDE (per barrel)	111.70	102.78	77.78	8.7%	43.6%
LEADING INTEREST RATES (%)					
1-month Libor	0.59	0.51	0.10	0.08	0.49
US Prime Rate	3.50	3.50	3.25	0.00	0.25
US Discount Rate	0.50	0.50	0.25	0.00	0.25
US 10-year Bond	2.83	2.70	1.51	0.13	1.32

Sources: Bloomberg, Bank Audi's Group Research Department

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