

## Economy

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### p.9 MARKETS IN BRIEF: LP/US\$ RATE NEARS 20,000 AMID MYRIAD OF CRISES AND ON CONTINUOUS FX RESERVES BURN

Amid deepened cabinet formation crisis and on talks about a possible withdrawal of PM-designate candidacy, and following the suspension of the new "Sayrafa" platform while subsidy cuts are looming, Lebanon's capital markets saw this week the Lebanese pound plummet to new records lows on the black FX market, while the equity market saw mixed price movements and the bond market registered price stability. In details, the LP dropped by 12% against the US dollar on the black FX market this week, amid worsening political, economic and living conditions and continuous FX reserves burn, while the Association of Banks in Lebanon warned against the use of the mandatory FC reserve requirement for the government's subsidy program. Within this context, the LP/US\$ rate crossed the LP/US\$ 19,000 level for the first time in history, reaching LP/US\$ 19,625-LP/US\$ 19,675 on Friday against LP/US\$ 17,225-LP/US\$ 17,275 at the end of last week. On the equity market, the BSE price index retreated by 0.2% amid mixed price movements, while activity was quite shy. On the bond market, sovereign prices remained at record lows, ranging between 11.75 and 12.88 cents per US dollar, with no change relative to last week.

LEBANON MARKETS: JULY 5 - JULY 11, 2021

#### Money Market

LP Tbs Market

LP Exchange Market



#### BSE Equity Market

Eurobond Market

CDS Market



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## ECONOMY

### NARROWING DEPOSIT CONTRACTION AMID STRICTER RESTRICTIONS ON WITHDRAWALS AND LESS LOAN REDEMPTION

Banking sector statistics for the first five months of 2021 suggest a continuing contraction in activity this year, though much less significant than that of the corresponding period of last year. In fact, measured by the aggregated assets of operating banks in Lebanon, banking activity contracted by US\$ 4.7 billion in the 2021 year-to-May period (the equivalent of -2.5%), against a contraction of US\$ 12.9 billion over the same period of 2020 (the equivalent of -6.0%).

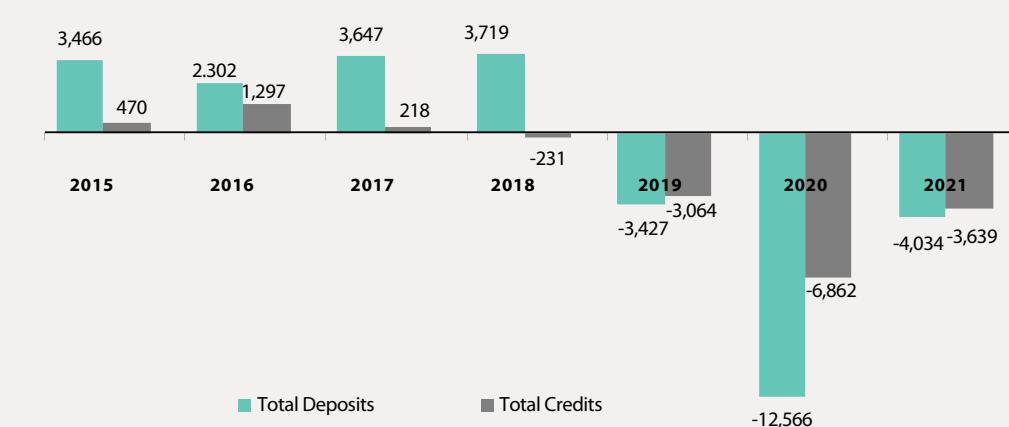
Customer deposits, the main driver of banking activity, reported a contraction of US\$ 4.0 billion over the first five months of 2021, against a contraction of US\$ 12.6 billion over the similar period of last year. The lower contraction this year is due to stricter restrictions on withdrawals, mark ups and less loan redemption. Loans contracted by US\$ 3.6 billion over the 2021 first five-month period (against a redemption of US\$ 6.9 billion over the same period last year).

The breakdown of deposits and loans by customers' residence shows that most of the contraction is tied to resident activity. In fact, resident deposits contracted by US\$ 3.4 billion over the 2021 five-month period, while non-resident deposits dropped by US\$ 0.6 billion. Likewise, loans to the resident sector contracted by US\$ 3.2 billion, against a contraction of US\$ 0.5 billion for loans to non-residents.

The breakdown of deposits and loans by currency suggests rising deposit dollarization along with contracting loan dollarization. Deposit dollarization reached a 28-year high of 80.5% in May, while loan dollarization reported a 34-year low of 59.0%. The rise in deposit dollarization is tied to the more significant withdrawal pace in LL than in FX, in addition to continuing conversions from LL holdings to FX holdings. The drop in loan dollarization is due to the fact that borrowers are settling more FX loans than LL loans in view of the expected depreciation of the Lebanese Pound on the official market. Over the first five months of 2021, FX loans dropped by US\$ 2.4 billion, while LL loans declined by US\$ 1.3 billion.

The evolution of interest rates suggest that LL and US\$ deposit rates reached new historical lows in May. The LL deposit rate reached 1.85% in May 2021, i.e a contraction of 79 bps year-to-date (following a 472 bps contraction in 2020), while the US\$ deposit rate reached 0.42% in May 2021, i.e a contraction of 52 bps year-to-date (following a 368 bps contraction in 2020). As such, the spread LL and FX deposit rates reached a low of 1.43% (against 1.70% in December 2020 and 2.74% in December 2019) and the spread between US\$ deposit rate and 3-month Libor reached a low of 0.29% in May 2021 (against 0.70% in December 2020 and 2.71% in December 2019).

#### GROWTH IN MAIN BANKING AGGREGATES OVER THE FIRST 5M OF THE YEAR (US\$)



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With respect to sovereign exposure, banks' Eurobond portfolio continued to contract this year. It reached US\$ 8.2 billion at end-May 2021, against US\$ 9.4 billion at end-December 2020 and US\$ 13.8 billion at end-December 2019. As a percentage of customer FX deposits, bond portfolios dropped from 11.4% at end-2019 to 8.4% at end-2020 and to 7.6% at end-May 2021. As such, the bond portfolio held by banks stand today at 0.49 times equity against a ratio of two times equity a decade and a half ago.

Finally, banks' shareholder equity amounted to US\$ 17.0 billion at end-May 2021, against US\$ 19.9 billion at end-2020 and US\$ 20.7 billion at end-2019. The contraction in shareholders' equity is tied to the accumulation of bank losses, despite cost control efforts, amid significant provisioning requirements facing Lebanese banks covering both sovereign and private sector risks at large.

## TOTAL NUMBER OF PASSENGERS AT THE AIRPORT UP BY 19% YEAR-ON-YEAR IN FIRST HALF OF 2021

Airport traffic posted a significantly weak performance, exhibiting acceptable results, all throughout the first half of 2021, while the highest contraction registered in the second month of the year; this comes as a result of the imposed lockdowns on the countries amidst the adverse impact of the COVID-19 pandemic.

Figures released by the Rafic Hariri International Airport revealed that the total number of passengers recorded a yearly 18.7% increase in the first half of 2021. The number of aircraft picked up by 18.5% year-on-year in the aforementioned period. However, the total freight handled by the airport hiked by 42.5% year-on-year in the aforementioned period.

A detailed look at the activity shows that the number of arriving passengers increased by a yearly 29.6% and that of departing passengers by 9.0% to reach 730,794 and 684,205 respectively in the first half of 2021. The number of transiting passengers hiked from 15,044 passengers in the first half of 2020 to 27,773 passengers in the corresponding period of current year. When including the latter mentioned category, the total number of passengers using the airport attained 1,442,772, up by 19.6%.

Looking at the aircraft activity, landings and take-offs increased by a yearly 18.5% each, with the former amounting 7,532 planes and the latter reporting 7,520 in the first half of 2021.

Regarding the freight movement within the airport, 13,262 thousand tons were imported and unloaded during the first half of 2021 while 22,501 thousand tons were loaded and exported.

### NUMBER OF PASSENGERS AT THE AIRPORT \*



Sources: BIA, Bank Audi's Group Research Department

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## 72% OF LEBANESE FAMILIES ARE CHALLENGED TO SECURE ENOUGH FOOD AS PER CRISIS OBSERVATORY REPORT

Crisis Observatory report states that 72% of Lebanese families are challenged to secure food and necessities after severe economic downturn coupled with currency devaluation at around 91% and skyrocketing inflation reaching unprecedented levels.

Following the price tables released by the Ministry of Economy and Trade, currently a family of five spends more than three times the minimum wage for main meals for a month or around LP 2.1 million per month, while about three-quarters of families have a monthly income of less than LP 2.4 million.

Children in Lebanon are bearing the burden of one of the world's worst economic collapses globally since the mid-nineteenth century according to the World Bank. Over 30% of children went to bed hungry and skipped meals in the past month and around 60% of households having to buy food on credit.

The high inflation in food prices is directly related to the deterioration of the exchange rate of the Lebanese pound against the US dollar, as Lebanon's majority food needs, commodities or raw materials are imported from abroad.

Since the beginning of 2021, bread prices hiked eight times because of the BDL's termination of subsidies on sugar and yeast. The price per gram of large bread bundles in bakeries rose by 23%, selling at LP 3,500 for 865 grams bundle.

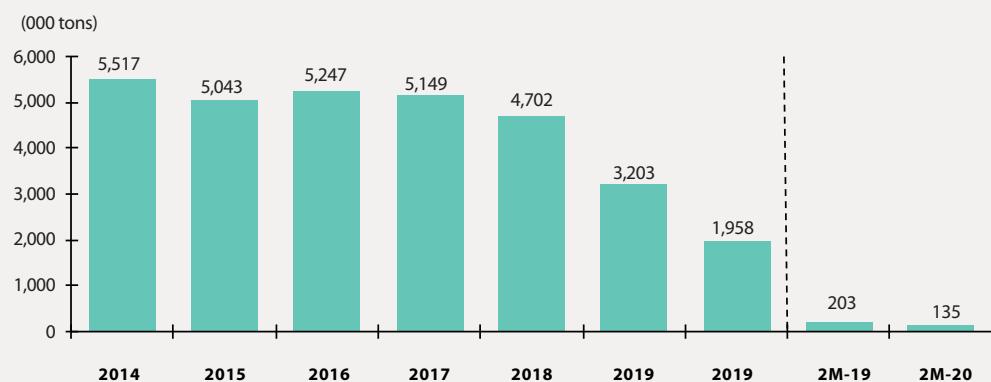
To intensify the situation, bakeries are suffering from fuel shortages that might lead to less bread production in the crisis-hit country.

## CEMENT DELIVERIES DECLINING BY 33% IN FIRST TWO MONTHS OF 2021

Cement deliveries, a coincident indicator of construction activity, dropped by a yearly 33.3% in the first two months of 2021 against same period of 2020, as recently released by the Central Bank of Lebanon.

Cement deliveries reached circa 135,326 tons in the first two months of 2021, down from 202,844 tons in the corresponding period of 2020, reflecting a weakening construction activity within the context of non-negligible stocks that need to be absorbed before it makes sense for property developers to think in terms of kick-starting again new projects.

### CEMENT DELIVERIES



Sources: BDL, Bank Audi's Group Research Department

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## SURVEYS

### LEBANON RANKS 109TH GLOBALLY IN GLOBAL CYBERSECURITY INDEX WITH A SCORE OF 30.44

The International Telecommunication Union (ITU) released its fourth version of the "Global Cybersecurity Index (GCI) 2020" report, in which Lebanon ranked 109th globally and 13th in the Arab MENA region with a score of 30.44. Lebanon came after Gambia which scored 32.12 and Suriname which scored 31.20. The country yet preceded Bosnia and Herzegovina which scored 29.44 and Samoa which scored 29.33.

The Global Cybersecurity Index (GCI) is a trusted reference that measures the commitment of countries to cybersecurity at a global level – to raise awareness of the importance and different dimensions of the issue. As cybersecurity has a broad field of application, cutting across many industries and various sectors, each country's level of development or engagement is assessed along five pillars – (i) Legal Measures, (ii) Technical Measures, (iii) Organizational Measures, (iv) Capacity Development and (v) Cooperation – and then aggregated into an overall score. For each of the pillars, country commitment was assessed through a question-based online survey, which further allowed for the collection of supporting evidence. Through consultation with a group of experts, these questions were weighted in order to arrive at an overall GCI score. Based on a multi-stakeholder approach and initiative, the GCI leverages the capacity and expertise of different organizations, with the objectives of improving the quality of the survey, fostering international cooperation, and promoting knowledge exchange on this topic. The ITU Global Cybersecurity Agenda (GCA) provides the general foundation and framework for the initiative.

Globally, the United States of America ranked first with a score of 100.0 and the United Kingdom ranked second with a score of 99.54 equivalent to that of Saudi Arabia.

#### ARAB MENA COUNTRIES' GLOBAL CYBERSECURITY INDEX RANKINGS

Country	Score	Global Rank
Saudi Arabia	99.54	3
United Arab Emirates	98.06	5
Oman	96.04	21
Egypt	95.48	23
Qatar	94.50	27
Tunisia	86.23	45
Morocco	82.41	50
Bahrain	77.86	60
Kuwait	75.05	65
Jordan	70.96	71
Sudan	35.03	102
Algeria	33.95	104
<b>Lebanon</b>	<b>30.44</b>	<b>109</b>
Libya	28.78	113
Palestine	25.18	122
Syria	22.14	126
Iraq	20.71	129
Mauritania	18.94	133
Somalia	17.25	137
Comoros	3.72	175
Djibouti	1.73	179
Yemen	0	182

Sources: International Telecommunications Union, Bank Audi's Group Research Department

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## ECONOMIC DEPRESSION, COVID-19, THE BEIRUT PORT EXPLOSIONS AND POLITICAL INSTABILITY HAD DEVASTATING IMPACTS ON LEBANESE CHILDREN, AS PER THE UNICEF

The United Nations Children's Fund (UNICEF) recently released its report titled "Lebanon: Children's future on the line", in which it discusses that the prolonged economic depression is just one of the mutually reinforcing crises in Lebanon, which is reeling from the impact of the COVID-19 pandemic and the aftermath of the massive August 2020 Beirut Port explosions, as well as persistent political instability. In addition, Lebanon has the highest proportion of refugees per capita in the world, hosting 1.5 million Syrians and over 200,000 Palestinian refugees, as per the report.

Faced with major inflation and rising unemployment, people are finding it increasingly difficult to access basic services – as their quality continues to rapidly decline. Poverty among the Lebanese almost doubled to 55% in 2020, from 28% in 2018, while extreme poverty tripled from 8%.

According to the report by the UNICEF, children across Lebanon are the worst hit. With no end in sight to the devastating crisis, their health and safety are at risk and their very future is at stake. A growing number of parents are finding it impossible to provide for their children. Having exhausted all other options, many are taking desperate measures to support their families, including sending their children to work, marrying off their young girls, skipping meals and incurring debt they cannot afford. Children, some as young as 6, work in the streets, in agricultural fields and garages or on construction sites, where they are exposed to risks of exploitation, violence and abuse, as per the same source.

Jobs are increasingly hard to come by, particularly for youth, who, even before the crisis, were already more likely than others to be unemployed – 34% of the young people are unemployed.

According to the report, the dire economic situation, combined with pandemic-related lockdowns, has often caused tensions and anxiety within households, resulting in increased risks of violence, with women and girls in a particularly vulnerable situation.

Across Lebanon's population, every group is affected, Lebanese, Syrians and Palestinians. The compounding crises affect just about every aspect of children's lives, including education, nutrition and mental health. 80% of children in Lebanon are worse off than they were at the beginning of 2020, according to the Child-Focused Rapid Assessment (CFRA) conducted by UNICEF.

The rapid assessment revealed that over 30% of families had at least one child who skipped a meal or went to bed hungry in March 2021, and 77% of households said they did not have enough food or enough money to buy food. For Syrian households, the figure was a staggering 99%. In addition, one in five households did not have enough drinking water, as per the UNICEF.

Because they do not have enough money for food, medicine or other essentials, and in the absence of a coherent and comprehensive social protection system, many households resort to negative coping mechanisms that often place children at risk. 9% of families sent their child to work, 15% stopped their children's education and 60% had to buy food on credit or borrow money. The situation is even worse for Syrian households, at 22%, 35 %and 100% respectively. There is also evidence that more families are marrying off their young daughters to reduce their economic burden.

The economic crisis, coupled with the COVID-19 pandemic and the Beirut Port explosions, further devastated the health system, which was already in crisis, with severe repercussions on access to health services. The survey shows that 30% of children were not receiving the primary health care they needed, while 76% of households said they were affected by the massive increase in medication prices. Despite the huge challenges, primary health care consultations – including pediatric and reproductive health consultations – are still being provided, though they dropped 15% in 2020, compared to 2019. Immunizations were also affected, falling by 20% in the same period, as per the same source. Among vulnerable families, children's health also had been severely affected by a lack of adequate nutrition, as well as the near collapse of water and wastewater services.

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## CORPORATE NEWS

### BALANCE SHEET OF FINANCIAL INSTITUTIONS TOTALS US\$ 1,102 MILLION AT END-MAY 2021

According to the latest statistics issued by the Central Bank of Lebanon, the total balance sheet of financial institutions amounted to US\$ 1,101.6 million at end-May 2021, down by 6.0% from end-2020.

In details, currency and deposits with Central Bank dropped from US\$ 64.2 million at Dec-20 to US\$ 56.8 million or -11.5% at end May 2021.

Claims on resident customers decreased by 10.1 % at end-May 2021 reaching US\$ 431.6 million with respect to US\$ 479.9 million at end-2020. Claims on non-resident customers contracted by 29.6% with respect to end-2020 standing at US\$ 9.2 million as at May-21.

Claims on resident financial sector dropped to US\$ 314.1 million as at May-21 with respect to US\$ 323.9 million at end-2020. Similarly, Claims on non-resident financial sector reached US\$ 26.3 million at May-21 with respect to US\$ 25.7 million at Dec-20.

Claims on the public sector increased to US\$ 5.0 million May-21, up by 9.2% against end-2020. Securities portfolio increased to US\$ 77.7 million at May-21, up by 5.5% from its registered figure at Dec-20.

Tangible assets reported a decrease of 1.2% at May-21 with respect to end-2020, reaching US\$ 49.6 million. Intangible assets declined from US\$ 124.1 million at end-2020 to US\$ 117.4 million at end-May 2021, shrinking by 5.3%.

On the liabilities side, resident customer deposits registered US\$ 155.6 million at May-21 with respect to US\$ 155.0 million at end-2020. Non-resident customer deposits reported US\$ 8.6 million at end-May 2021.

Resident financial sector liabilities stood at US\$ 85.4 million at end-May 2021, registering a drop of 45.7% from end-2020. Non-resident financial liabilities registered a negligible decline from US\$ 78.2 million at end-2020 to US\$ 73.8 million at end-May 2021.

Public sector deposits decreased to US\$ 4.7 million at end-May 2021, down by 10.0% from end-2020.

Debt securities issued as at May-21 declined miscellaneous by 0.2% against Dec-20, reaching US\$ 90.8 million.

Capital accounts reported US\$ 449.6 million at May-21, down from US\$ 463.7 million at end-2020.

#### BALANCE SHEET OF FINANCIAL INSTITUTIONS (US\$ MILLION)



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

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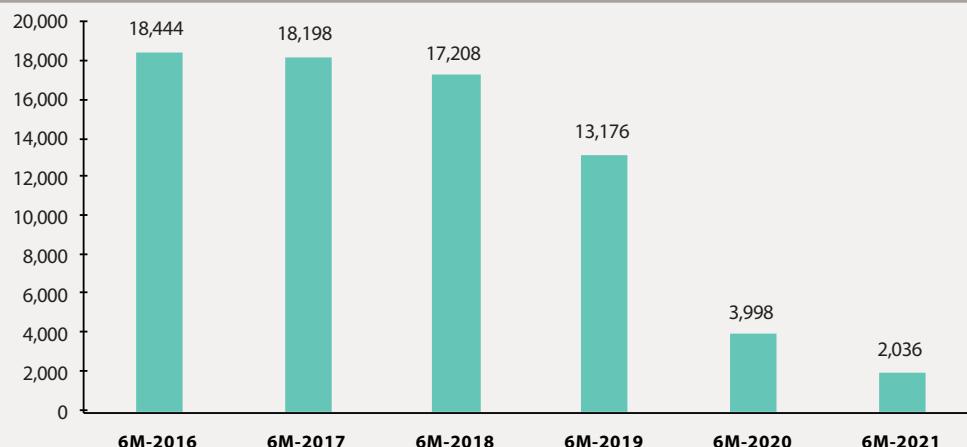
## SHARP DECLINE IN NEW CARS REGISTERED IN FIRST HALF OF 2021, DOWN BY 49% YEAR-ON-YEAR

According to data compiled by the Association of Car Importers in Lebanon, the number of newly registered passenger cars stood at 2,036 during the first six months of 2021, declining by 49.1% from 3,998 cars in YTD June 2020.

The taxes paid by car importer companies to the State Treasury registered further decline from US\$ 265 million in 2018 to US\$ 178 million in 2019 and to less than US\$ 33 million in 2020.

According to a recent statement, the catastrophic drop in registrations is due to the dangerous deterioration in the financial, economic and political situation, to the closure of companies and Registration Center (TMO) during the month of February because of the health measures taken against COVID-19 and also the sharp devaluation of the Lebanese Pound.

### NUMBER OF NEWLY REGISTERED CARS



Sources: Association of Car Importers in Lebanon, Bank Audi's Group Research Department

## CMA CGM GROUP STEPS UP AN ACQUISITION WITH CONTINENTAL RAIL

Lebanese-owned CMA CGM Group is setting up a development in inland logistics by integrating Continental Rail as its global inland logistics arm. The Share Purchase Agreement was signed in June. The transaction, which is expected to finish early Q3 2021, amounts to an equity value of €25 million.

The rail activity in Spain strengthens the Group's transport and logistics business allowing it to offer its customers a range of comprehensive, agile and customized solutions, complementary to its current deep sea and short sea services, supporting its supply chain integrated solutions.

Continental Rail was established in May 2000 in Madrid and currently is one of the major Spanish private rail operators. Continental Rail is specialized in intermodal containers traffic between main ports across Spain.

## OSTAZ AND OTHER REGIONAL START-UPS BENEFITS FROM GOMYCODE

Tunisia-based upskilling edtech Gomycode to expand across the MENA region to meet the needs of the region's edtech startups such as Saudi Arabia-based Noon Academy and Lebanon-based Ostaz and urge them to explore digital learning opportunities beyond the K-12 scope to address widespread unemployment among youth.

Gomycode start-up launched in 2017, trained more than 10,000 users across eight countries including Morocco, Egypt, Bahrain, Nigeria and Senegal, offering intensive hybrid courses through 30 learning tracks with classes in full stack development, artificial intelligence, data science and other technology fields.

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## CAPITAL MARKETS

### MONEY MARKET: FURTHER CONTRACTION IN MONEY IN CIRCULATION FOR THE SECOND CONSECUTIVE WEEK

A lull mood continued to sway over the money market this week, with the local currency liquidity remaining quite abundant. This kept the overnight rate unchanged at 3%, noting that its official rate is quoted at 1.90%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 24th of June 2021 showed that total resident banking deposits registered their first expansion in four weeks of LP 96 billion. This is mainly attributed to a LP 217 billion rise in total LP resident deposits amid a LP 317 billion increase in LP demand deposits and a LP 100 billion decline in LP saving deposits, while foreign currency resident deposits decreased by LP 121 billion (the equivalent of US\$ 80 million as per the official rate of LP 1,507.5). Yet, the money supply in its largest sense (M4) contracted by LP 233 billion over the covered week amid a LP 331 billion decline in the currency in circulation, the largest in almost four years. Within this context, it is worth mentioning that the currency in circulation contracted for the second consecutive week. This may be explained by the reduction of LP cash ceiling provided by the Central Bank of Lebanon to banks on a monthly basis, and the new "Sayrafa" activity at that time.

#### INTEREST RATES

	09/07/21	02/07/21	31/12/20	
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 125 BILLION

The latest Treasury bills auction results for value date 8th of July 2021 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 1st of July 2021 showed that total subscriptions amounted to LP 226 billion, distributed as follows: LP 12 billion in the six-month category (offering a yield of 4.0%), LP 162 billion in the two-year category (offering a coupon of 5.0%) and LP 52 billion in the ten-year category (offering a coupon of 7.0%). These compare to maturities of LP 101 billion, resulting into a nominal weekly surplus of LP 125 billion. Within this context, it is worth mentioning that total subscriptions in LP Tbs were reduced to half during the first half of the year 2021 relative to the same period of the previous year, reaching LP 7,205 billion.

### FOREIGN EXCHANGE MARKET: LP IN FREE FALL AGAINST US DOLLAR ON BLACK FX MARKET

The black FX market saw this week the Lebanese pound plummet to new record lows against the US dollar, mainly on fading hopes about a cabinet breakthrough and talks about a possible withdrawal of PM-designate candidacy, and following the suspension of the new "Sayrafa" platform, which resulted into elevated FX pressures. Within this context, it is worth mentioning that the new FX platform has failed to meet its target in increasing FX market efficiency and curbing currency swings, and has fueled a foreign

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## TREASURY BILLS

	09/07/21	02/07/21	31/12/20	
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%	
<b>Nom. Subs. (LP billion)</b>	<b>226</b>	<b>122</b>		
Short-term (3&6 mths)		12	-	
Medium-term (1&2 yrs)		162	-	
Long-term (3 yrs)		-	20	
Long-term (5 yrs)		-	-	
Long-term (7 yrs)		-	102	
Long-term (10 yrs)		52	-	
<b>Maturities</b>	<b>101</b>	<b>191</b>		
<b>Nom. Surplus/Deficit</b>	<b>125</b>	<b>-69</b>		

Sources: Central Bank of Lebanon, Ministry of Finance

currency speculation given the widening gap between its LP/US\$ 12,000 rate and the black FX market rate. Under these circumstances, the LP/US\$ exchange rate dipped to new historical lows on the parallel market, reaching LP/US\$ 19,625 LP/US\$ 19,675 on Friday as compared to LP/US\$ 17,225-LP/US\$ 17,275 at the end of last week.

## EXCHANGE RATES

	09/07/21	02/07/21	31/12/20	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	2,078.69	2,073.57	2,048.54	↓
LP/¥	13.70	13.52	14.61	↓
LP/SF	1,646.82	1,627.62	1,706.67	↓
LP/Can\$	1,204.17	1,212.30	1,178.66	↑
LP/Euro	1,784.88	1,783.37	1,851.21	↓

Source: Bank Audi's Group Research Department

## STOCK MARKET: SHY WEEKLY EQUITY PRICE RETREATS

The Beirut Stock Exchange posted shy price retreats of 0.2% week-on-week. Four out of nine traded stocks registered price falls, while three stocks recorded price gains and two stocks saw no price change week-on-week.

A closer look at individual stocks showed that Solidere "A" and "B" share prices declined by 2.1% and 1.4% respectively to close at US\$ 24.32 and US\$ 24.35 respectively. As to banking stocks, Bank Audi's "listed" share price shed 4.1% to US\$ 2.10, followed by BLOM's "listed" shares with -1.5% to US\$ 3.33. In contrast, BLOM's GDR price stood unchanged at US\$ 3.20. Byblos Bank Preferred shares 2008 saw no price change week-on-week, standing at US\$ 33.10. Amongst industrials, Holcim Liban's share price jumped by 15.9% to US\$ 19.70.

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As to trading volumes, the BSE total turnover reached US\$ 5.0 million this week as compared to a much larger trading value of US\$ 51.5 million last week, mainly caused by large cross trades. Solidere shares accounted for 82.8% of activity this week, followed by the banking shares with 14.0% and the industrial shares with 3.2%.

## AUDI INDICES FOR BSE

22/1/96=100	09/07/21	02/07/21	31/12/20
Market Cap. Index	391.88	392.84	302.49 <span style="color:red">↓</span>
Trading Vol. Index	44.41	459.83	86.63 <span style="color:red">↓</span>
Price Index	82.27	82.47	63.50 <span style="color:red">↓</span>
Change %	-0.24%	0.19%	4.60% <span style="color:red">↓</span>
	09/07/21	02/07/21	31/12/20
Market Cap. \$m	9,297	9,320	7,176 <span style="color:red">↓</span>
No. of shares traded (Exc. BT)	493,914	2,321,676	650,340 <span style="color:red">↓</span>
Value Traded \$000 (Exc. BT)	4,971	51,491	5,834 <span style="color:red">↓</span>
o.w. : Solidere	4,118	51,100	5,565 <span style="color:red">↓</span>
Banks	697	391	264 <span style="color:green">↑</span>
Others	156	0	5 <span style="color:green">↑</span>

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

## BOND MARKET: BOND PRICES AT RECORD LOWS ON CABINET DEADLOCK

Amid a long-simmering cabinet gridlock and on prospects of long-delayed negotiations with bondholders, a sluggish mood reigned over the Lebanese Eurobond market this week. Prices of sovereigns remained at record lows, ranging between 11.75 cents per US dollar and 12.88 cents per US dollar on Friday, with no change relative to the previous week. Accordingly, Lebanese sovereigns accumulated year-to-date price contractions ranging between 0.50 pt and 1.88 pt.

## EUROBONDS INDICATORS

	09/07/21	02/07/21	31/12/20
Total tradable size \$m	32,364	32,364	32,364 <span style="color:grey">↔</span>
o.w.: Sovereign bonds	31,314	31,314	31,314 <span style="color:grey">↔</span>
Average Yield	77%	76%	57% <span style="color:green">↑</span>
Average Life	6.58	6.60	7.04 <span style="color:red">↓</span>
Yield on US 5-year note	0.77%	0.89%	0.37% <span style="color:red">↓</span>

Source: Bank Audi's Group Research Department

# Bank Audi

## INTERNATIONAL MARKET INDICATORS

	9-Jul-21	2-Jul-21	31-Dec-20	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	110.12	111.02	103.32	-0.8%	6.6%
\$/£	1.390	1.382	1.367	0.6%	1.7%
\$/Euro	1.188	1.187	1.222	0.1%	-2.8%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	34,870.16	34,786.35	30,606.48	0.2%	13.9%
S&P 500	4,369.55	4,352.34	3,756.07	0.4%	16.3%
NASDAQ	14,701.92	14,639.33	12,888.28	0.4%	14.1%
CAC 40	6,529.42	6,552.86	5,551.41	-0.4%	17.6%
Xetra Dax	15,687.93	15,650.09	13,718.78	0.2%	14.4%
FT-SE 100	7,121.88	7,123.27	6,460.52	0.0%	10.2%
NIKKEI 225	27,940.42	28,783.28	27,444.17	-2.9%	1.8%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,808.32	1,787.30	1,898.36	1.2%	-4.7%
SILVER OUNCE	26.10	26.47	26.40	-1.4%	-1.1%
BRENT CRUDE (per barrel)	75.55	76.17	51.80	-0.8%	45.8%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	0.10	0.10	0.14	0.00	-0.04
US Prime Rate	3.25	3.25	3.25	0.00	0.00
US Discount Rate	0.25	0.25	0.25	0.00	0.00
US 10-year Bond	1.36	1.42	0.91	-0.06	0.45

Sources: Bloomberg, Bank Audi's Group Research Department

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