

Economy

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p.2 BDL COINCIDENT INDICATOR DOWN BY AN AVERAGE OF 22% IN 2021

BDL's coincident indicator, a cyclical indicator for Lebanon's economic activity and which represents a number of real sector indicators, has reported 125.3 in December 2021 (dropping by 27.9% relative to December 2020). As such, the coincident indicator reported an average of 140.2 in the year 2021, contracting by 22.2% relative to the year 2020.

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With the new fragmented Parliament casting doubts on a possible agreement on political, legislative and economic reform issues and the conclusion of an IMF deal, and despite BDL's decision to extend ceiling-free US dollars purchases from the Central Bank till end-July 2022, Lebanon's capital markets saw this week a significant deterioration in LP against the US dollar on the black market and a decline in the cost of LP cash on the money market, while the Eurobond market remained in free fall. In details, the LP/US\$ rate crossed the LP/US\$ 31,000 this week after closing at LP/US\$ 27,600 last week, mainly on concerns about the new Parliament's ability to reach a consensus on major political milestones and legislations. Concurrently, the cost of LP cash fell below 30% this week. This came within the context of a LP 4 trillion expansion in the money in circulation between end-March 2022 and mid-May 2022, which can be mainly explained by the restricted activity on the Sayrafa platform, the parallelism between the LP/US\$ black market rate and the Sayrafa rate and as a new 5000 banknote was put in circulation recently. Finally, bond prices fell to a single-digit level on Friday, mainly on rising reform uncertainties.

LEBANON MARKETS: MAY 16 - MAY 22, 2022

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

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ECONOMY

BDL COINCIDENT INDICATOR DOWN BY AN AVERAGE OF 22% IN 2021

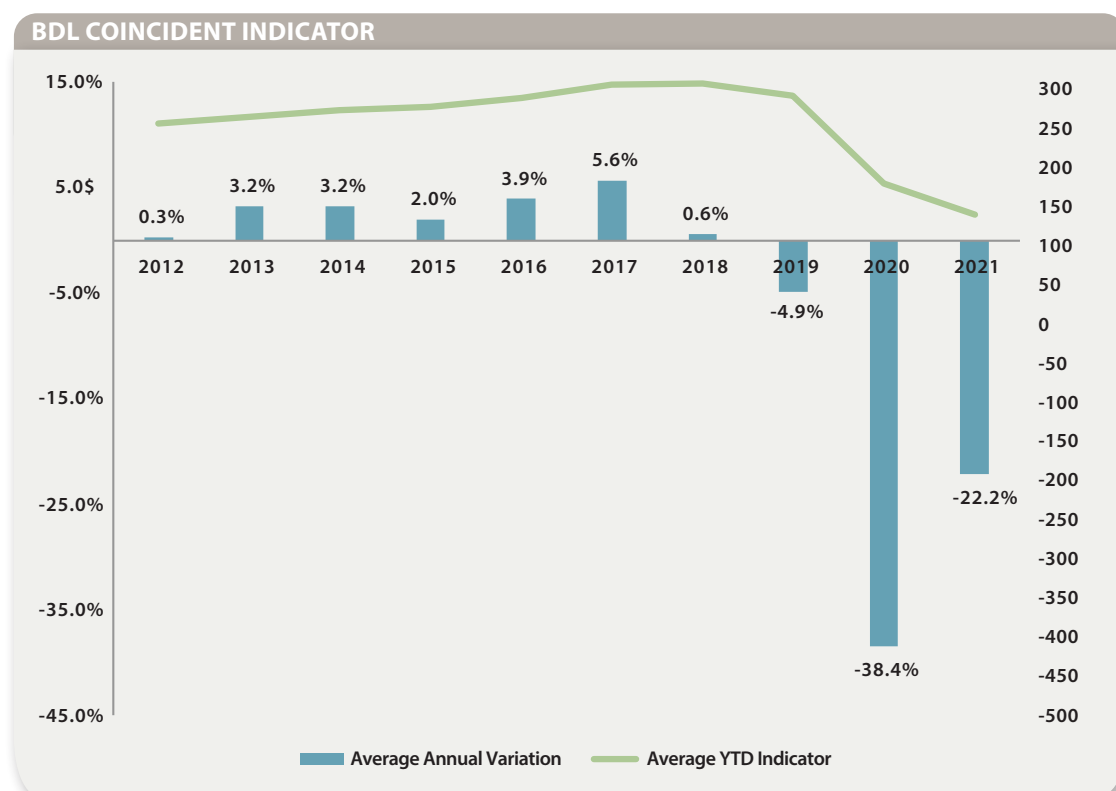
BDL's coincident indicator, a cyclical indicator for Lebanon's economic activity and which represents a number of real sector indicators, has reported 125.3 in December 2021 (dropping by 27.9% relative to December 2020). As such, the coincident indicator reported an average of 140.2 in the year 2021, contracting by 22.2% relative to the year 2020.

Within this environment, the World Bank had estimated Lebanon growth at a 10.5% real contraction in the year 2021. The result was the economy has contracted by 60% over a two-year period (from a GDP of US\$ 53 billion to a GDP of US\$ 22 billion), resulting in one of the sharpest contraction in GDP per capita worldwide in decades.

It is a pity that when the World in general and all our MENA region in particular is recovering from the Pandemic contraction to witness healthy positive growth rates in 2021, Lebanon has witnessed another year of contraction within the quasi absence of investment (Investment aggregate is at record lows unseen since the civil war-nobody is investing) and a weak real consumption aggregate (amid the drastic drop in real incomes of households), while government spending cannot compensate because of the intense fiscal consolidation requirement and corollary austerity needs.

The observed evolution of real sector indicators in 2021 is actually a mirror image of a sluggish economy, though at a slower pace than the year before. Among indicators with negative growth in 2021, we mention number of ships at the port with a retreat of 15.2%, new car sales with a decline of 23.6%, cement deliveries with a decline of 0.4%, the value of cleared checks with a drop of 14.7% and electricity production with a drop of 36.3%. The indicators with positive growth were the merchandise at the Port with a contraction of 1.9%, construction permits with a surge of 74.4%, the value of property sales with an increase of 8.1%, the number of passengers at the Airport with a rise of 75.3%, exports with a rise of 9.7% and imports with an increase of 20.6% year-on-year.

For 2022, the year started with a number of noticeable developments in the country, namely the realization of a Staff-level agreement with the IMF, the end of the diplomatic crisis with GCC countries and the countdown for critical parliamentary and presidential elections. Still, the real economy's outlook for 2022 is highly uncertain and is contingent upon the upcoming political milestones, the realization of a final agreement with the IMF, the launch of structural reforms and the securing of international assistance from abroad. Real growth can deviate between a contraction of -6.5% as projected by the World Bank to an expansion of +2.5% as projected by the IIF.



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VALUE OF CLEARED CHECKS DOWN BY 18% IN THE FIRST FOUR MONTHS OF 2022

Total value of cleared checks, an indicator of consumption and investment spending in the Lebanese economy, contracted by 18.0% year-on-year in the first four months of 2022 mirroring improvement in spending during the above mentioned period.

The value of cleared checks reached US\$ 11,341 million in the first four months of 2022 down from US\$ 13,824 million in same months of the previous year.

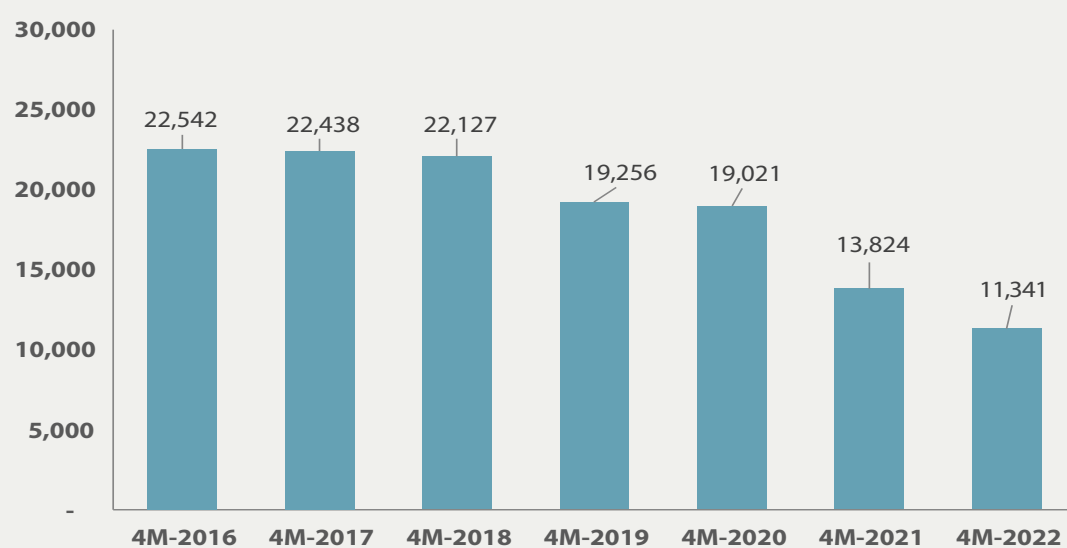
A breakdown by currency shows that the banks' clearings in Lebanese Pounds amounted to LP 10,961 billion, a 23.9% increase, in the first four months of 2022 while those in US\$ amounted to US\$ 4,070 million, retreating by 48.8% as many businesses are cashing fresh dollars only.

Moreover, the number of cleared checks registered 732,712 in the first four months of 2022, down by 41.7% from 1,256,080 checks in the first four months of 2021.

The average value per check rose by 40.6% year-on-year to attain US\$ 15,478 in the first four months of 2022.

It is worth noting that the value of returned checks registered US\$ 96 million in the first four months of 2022 down by a yearly 46.6%. The number of returned checks actually stood at 5,218 in the first four months of 2022, down from 11,151 in the same period of 2021.

CLEARING ACTIVITY (IN US\$ MILION)



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

PROPERTY MARKET'S SALES OPERATIONS SKYROCKETING IN THE FIRST THREE MONTHS OF 2022

After the Lebanese realty market witnessed a positive performance in 2021 as the sector was perceived as a safe haven after the economic and financial developments in the country, this continues to be reflected in the first three months of 2022, as per the latest official figures released by the General Directorate of Land Registry and Cadastre in Lebanon revealing growth in both property transactions and sales activity.

The number of sales operations jumped by a yearly 110.4% from 13,182 sales operations in the first three months of 2021 to 27,741 operations in the first three months of 2022. Respectively, the number of transactions increased from 27,043 in the first three months of 2021 to 50,095 in the same period of this year, a yearly increase of 85.2%.

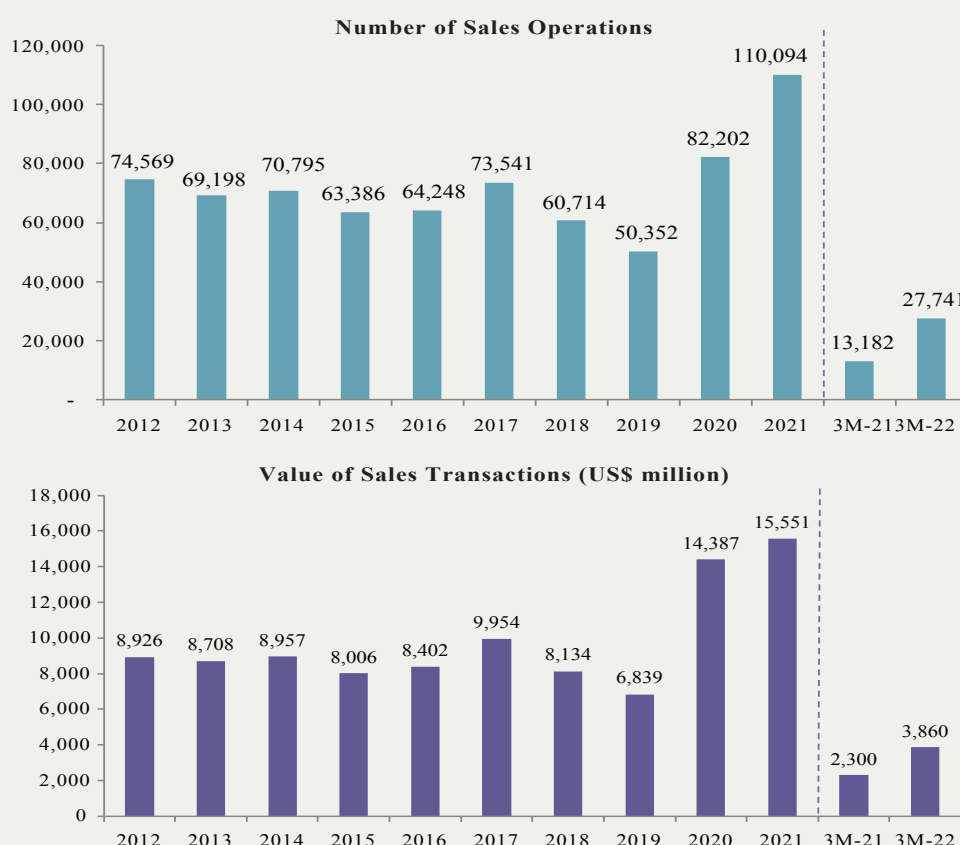
Sales to foreigners increased by 42.4% year-on-year to reach 245 operations in the first three months of 2022.

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The value of property sales transactions registered an increase of 67.8% year-on-year to attain a total of US\$ 3.9 billion during the first three months of 2022. All regions posted jump in the value of sales transactions, with the most significant movements being in Nabatiyeh (+209.2), South (+188.0%) and Keserouan (+80.0%).

Furthermore, property taxes followed the upward trend, moving from US\$ 96.5 million in the first three months of 2021 to US\$ 281.2 million in the corresponding period of 2022.

PROPERTY MARKET STATISTICS



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

BANKING SECTOR STAFF RETREATED BY 17% IN 2021

Staff organization statistics released by the Central Bank of Lebanon reveals that the banking sector's employees by end-2021 witnessed a contraction of 16.8% when compared to end-2020 and the financial sector's employees declined by 18.5% over the same mentioned period.

The banking sector staff totaled 18,440 employees by end-2021, of which females represented 48.2% of the total number of employees, where 33 of them are in General Management.

As to the financial sector staff organization totaling 884 employees by end-2021 out of which females represented 39.4% of the total number of employees where 6 of them are in General Management.

In parallel, the banking sector in Dec-2021 constituted of 61 banks, against 63 banks Dec-2020, out of which 46 Commercial Banks and 15 Medium and Long-Term Banks.

In details, 46 commercial banks pertained 893 branches in Dec-2021 down from 992 branches in Dec-2020. Of those, 21 are branches related to foreign banks, 14 branches are related to Islamic banks and 15 are novo branches.

In parallel, the financial sector structure size was almost unchanged when comparing Dec-2020 and Dec-2021, which encompasses 40 financial institutions, 302 foreign exchange dealers, 21 specialized lending entities (comptoirs), 16 financial intermediaries and 13 electronic transfer of cash companies.

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SURVEYS

TIMELY COMPLETION OF IMF PRIOR ACTIONS HINGES ON THE LACK OF INSTITUTIONAL VACUUM OR POLITICAL WILLINGNESS TO REFORM, AS PER BofA

According to a recent report by BofA, the gains of the emerging civil opposition movement in May parliamentary elections appear set to shift domestic political dynamics. However, the parliament is likely to be polarized on political matters, and fragmented on economic reform issues.

The report sees continued risk of institutional vacuum over the second half of 2022, which could delay or derail economic reforms and conclusion of an International Monetary Fund (IMF) program.

It is worth noting that election results are key for the macro outlook as they could influence a) the timely formation of a Cabinet, b) the timely election of a president, c) indirectly the Central Bank governorship (mandate ends July 2023), d) macro reform credentials and e) the potential completion of IMF prior actions. In turn, this could determine the shape of the economic recovery and ultimately the debt relief required from Eurobond bondholders.

The report does not see a coherent and unified parliamentary majority on economic reform matters. This fragmentation may lead to paralysis and prevent the emergence of a timely consensus.

Various potential reformist alliances across traditional opposition, civil society and independents still fall short of a parliamentary majority, and it is noteworthy that there was not a single unified list running. Support for broad economic reform from the traditional ruling political class is unlikely and could depend on the measures considered.

BofA's reading of the government's update document to bondholders suggests authorities have penciled in an IMF Executive Board approval in the second half of 2022 (likely early on), subsequently followed by an active negotiation phase with bondholders. As the government debt forecast for 2022 incorporates a stock reduction, this implicitly suggests that authorities pencil in closure of an agreement with Eurobond holders by end-2022.

Timely completion of IMF prior actions hinges on the lack of Institutional vacuum or political willingness to reform, in BofA's view. The run up to parliamentary elections has likely led to delays in consideration of key reform legislation linked to an IMF program, and even the 2022 budget was not yet adopted. However, the willingness of the existing political class to reform post-elections and the ability of the new parliament to generate a broad consensus towards macro reform momentum remain in question.

The level and liquidity of Banque du Liban (BdL) Fx reserves is likely the key factor to determine whether the political class has the ability to delay reform or not, in our view. An audit of the BdL's foreign asset position is targeted for release at end-July, as per the draft Memorandum of Economic and Financial Policies (MEFP).

A safeguards assessment on BdL will need to be completed prior to the first review of the program. This is a standard measure for countries with arrangements for use of IMF resources to ensure the central bank meets the standards required for processing IMF disbursements. It covers five areas of control and governance (the ELRIC framework): a) External audit mechanism, b) Legal structure and independence, c) financial Reporting framework, d) Internal audit mechanism and e) internal Controls system.

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BOTH THE LIFE AND NON-LIFE INSURANCE MARKETS WILL RECORD DISTORTED LEVELS OF GROWTH DURING 2022, AS PER FITCH SOLUTIONS

Fitch Solutions continues to hold a cautious view of Lebanon's life and non-life insurance market during 2022.

According to a recent report, purchasing power in Lebanon will remain severely constrained by hyperinflation, which is projected to continue rising over 2022 in light of the sustained depreciation of the currency on the parallel market and the removal of subsidies on essential products. As a result, both the life and non-life insurance markets will record distorted levels of growth during 2022.

The life insurance segment in Lebanon is relatively well established when compared with other markets in the region, though it operates on a small scale in absolute terms. Life insurance accounts for around a third of total premiums written (according to 2022 forecasts) and the market is home to both strong domestic and regional providers and some local offshoots of major multinationals, which helps to bring both depth and stability to the competitive landscape.

Among those households that can afford cover, there is solid understanding and awareness of the benefits of life cover and providers are competing through product ranges and the extension of distribution channels.

Despite these positive factors, the market is nonetheless small by regional and global standards. Penetration sits at just 0.3% of GDP, while density is measured at just US\$ 14.8 per capita due to the country's currency crisis. As such, for many households, savings and investment products will remain unaffordable.

Most Lebanese households are not in a position to take up life insurance. Around a quarter of the population lives below the poverty line (according to World Bank data) and this figure is rising due to the large influx of refugees from Syria. The country is also experiencing mounting fiscal and external pressures, as well as disruptions to activity related to the COVID-19 outbreak and the 2020 Beirut port explosion.

As a result of an ongoing currency crisis and hyperinflation, the growth outlook for the life insurance segment has been distorted. Growth in 2022 will be 186.4% in local currency terms but a record slower growth of 38.2% in US\$ terms. This follows growth of 52.2% in local currency terms during 2021 (and a contraction of 58.5% in US\$ terms).

Fitch Solutions expects annual average growth in local currency of 59.2% over the medium term (24.7% in US\$ terms), taking life premiums written to a total of LP 7.0 trillion (US\$ 209.7 million) by the end of the forecast period in 2026.

In terms of demographic trends, there are some factors supporting the growth of the life market. Although Lebanon's population is small, the country has a relatively healthy life expectancy rate and the number of people aged 75 and above should rise from about 194,700 in 2022 to 218,900 in 2026. This will result in an uptick in demand for retirement products.

At the same time, the fact that the largest share of the population remains in the working-age brackets means that, as long as jobs are made available, more of the population will be able to work and therefore invest in retirement plans or purchase life cover.

There are additional potential risks to the agency's forecasts for Lebanon's life insurance segment. As previously noted, the country has taken in a large volume of refugees and this is placing pressure on public spending capacity. This will restrict investment in other sectors and dampen economic growth potential. The influx of a large volume of low-cost labor is also eroding formal employment, which will lessen the demand for group life products and other formal savings channels.

One indicator that life insurance is well established in Lebanon is the rapid rise in the gross loss ratio - from 45.6% in 2014 to 99.0% in 2020. This rise raises questions about claims control. An already large - and increasing - number of policyholders have reached the stage where they can collect benefits from their insurers. Claims have been growing annually at rates that are well into double digits. Life insurers have been susceptible to risk in the past, with the global financial crisis hitting investment returns of the insurers - and the benefits payable to holders of index-linked products.

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CORPORATE NEWS

LEBANON ISSUES 11 LICENSES FOR SMALL-SCALE SOLAR POWER PROJECTS

The Lebanese government issued licenses to 11 companies to start constructing solar power plants with a production capacity of 15 megawatts (MW) each, the Lebanese Minister of Energy and Water said in a statement.

The stations would contribute partially to Lebanon's energy demands, which exceed 3,000 MW.

It is worth noting that the solar production would cost between 3.6 and 5.7 cents per kilowatt-hour, compared to the 10 to 15 cent cost of production via fuel, as per the Lebanese Minister of Energy and Water.

The companies subject to this license can be local or international firms that will benefit from one-year grace period to secure funding, as mentioned in a statement.

The sector has widened the country's public debt by tens of billions of US dollars. This initiative would be considered as a good sign since the international community is requesting Lebanon to reform its energy sector.

BERYTECH LAUNCHES BASATINE TO SUPPORT VULNERABLE FARMERS

Berytech launches BASATINE (Bolstering Agriculture Systems' Ability to Invest, Nourish and Employ), to support vulnerable farmers in cereals, legumes and vegetables in Bekaa and Akkar regions.

BASATINE is a 4-year program that targets to sustain the Lebanese agriculture capacity to produce food for the local market, create and maintain jobs, generate social solidarity between host communities and refugees and promote gender equality.

Berytech, in collaboration with Mercy Corps, are to supply 156 selected MSMEs with business support and grants up to US\$ 25,000. Accordingly, the MSMEs will be matched with key agri-food stakeholders and members from QOOT, Lebanon's Agri-Food Innovation Cluster.

The program is supported by l'Agence Française de Développement (AFD), a consortium made of six NGOs: CARE (as lead), Mercy Corps (MC), Berytech Foundation, Georges N. Frem Foundation (GNFF), Lebanese Organization for Studies and Training (LOST) and Al Majmoua.

Berytech is an ecosystem for entrepreneurs, providing a dynamic environment for the creation and development of startups and SMEs, fostering innovation, technology and entrepreneurship in Lebanon.

SUBSIDIZED HOUSING LOANS TO BE RELAUNCHED FOR LOW- AND MIDDLE-INCOME LEBANESE

Arab Fund for Economic and Social Development (AFESD) is to provide Lebanon with KWD 50 million (US\$ 163 million) for reactivating the subsidized housing loans for low and middle-income Lebanese, as mentioned in a statement.

Eligible clients are individuals who do not own houses and households whose monthly income ranges between LP 6.75 million and LP 20 million.

In details, each loan will be up to LP 1 billion and priced at 4.99%, with a 30 years tenor where the monthly installment shouldn't exceed one third of the monthly salary. Loan shall represent 80% of the house price, while client should priorly secure 20% down payment.

It is worth mentioning that house units subject to the loan should not exceed an area of 120 square meters and cannot be located in the city.

The subsidized loan program's objective is to finance the renovation of damaged homes located in villages and installation of solar panels in partnership with the Ministry of Energy and Water. Households benefiting from subsidized loans are also eligible for the energy loan.

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The renovation loan will be up to LP 400 million, priced at 4.99% with 10 years tenor.

The solar panels loan will range between LP 75 million and LP 150 million, depending on the capacity of the photovoltaic systems installed (5 and 10 amps respectively). It will be priced at 4.99% with a five years tenor.

Like housing loans, disbursed amounts will represent 80% of the total cost, while applicant should secure 20% down payment.

It is worth highlighting that this fund is the third line of credit granted to Lebanon by AFESD, after those released in 1995 (US\$ 50 million) and in 2012 (US\$ 120 million), as mentioned in a statement.

DAWERR IDEATHON 2022 AND BERYTECH TO OFFER WINNERS INCUBATION PERIOD AND GRANTS

The DAWERR Ideathon 2022 is opening an opportunity for entrepreneurs and startups to develop innovative solid waste management solutions around the three Rs (Reduce, Reuse and Recycle) to solve challenges that municipalities face in the solid waste management sector, from generation to final disposal.

DAWERR Ideathon 2022 aims to introduce financially sustainable solutions that increase the reuse, push for recycling and monetize solid waste ultimately reducing the amount of solid waste that goes to landfills.

This three consecutive days workshop aims to enhance and support entrepreneurs, professionals and experts from different backgrounds to learn, experiment and build their green solutions.

Applicants will be encouraged to work on one of the four real-life challenges that the team has put together to allow them to create solutions with maximum impact:

- Special waste and rejects: personal hygiene products, tires, glass, furniture, Electronic and Electrical Equipment (EEE).
- Waste to Energy: Biogas and Biodiesel.
- Waste Collection Optimization.
- Incentivizing sorting at source through reward programs and awareness content (videos, games, articles, etc.)

Finally, six winners will receive a 2-month incubation period from Berytech to support them with further technical and business needs before getting the chance to be selected among the top three winners and receive up to US\$ 6,500 in grants.

SAYRAFA TRANSACTED A DAILY AVERAGE OF US\$ 46 MILLION LAST WEEK

The daily average volume of transactions on Sayrafa foreign exchange platform during the 51th week was US\$ 46.4 million, compared to previous week's daily average transacted volume of US\$ 39.8 million (against a cumulative daily average volume since the launch of Sayrafa of US\$ 23.8 million).

The daily average conversion rate for week 51 is LP 23,580 when compared to daily average conversion rate of previous week of LP 22,660 and the cumulative daily average conversion rate since the launch of Sayrafa of LP 19,642.

The Central Bank (BDL) announced that the conversion rate at end of week 51 was LP 23,900, while the conversion rate reported by end of week 50 was LP 22,700.

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CAPITAL MARKETS

MONEY MARKET: LARGE WEEKLY EXPANSION IN MONEY IN CIRCULATION

The cost of LP cash fell below the 30% level for the first time since end-March 2022, with the return of local currency liquidity to the money market. This can be explained by the restricted activity on the Sayrafa platform since end-March 2022, the parallelism between the LP/US\$ black market rate and the Sayrafa rate over the past few months, and as the Central Bank of Lebanon put in circulation a new 5000 banknote towards the end of April 2022.

The latest monetary aggregates released by the Central Bank of Lebanon for the week ending 5th of May 2022 showed that the currency in circulation expanded significantly by LP 965 billion, pursuing its growth since end-March 2022. Concurrently, total resident banking deposits expanded by LP 440 billion over the week. This is mainly driven by a LP 701 billion increase in LP saving deposits, while foreign currency resident deposits decreased by LP 261 billion (the equivalent of US\$ 173 million as per the official rate of LP 1,507.5). Accordingly, the money supply in its broadest sense (M4) expanded considerably by LP 1,862 billion, which marks its largest weekly expansion this year, given the large rise in the currency in circulation and a LP 456 billion increase in the non-banking sector Treasury bills portfolio.

INTEREST RATES

	20/05/2022	13/05/2022	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: SHY NOMINAL WEEKLY SURPLUS OF LP 14 BILLION

The latest Treasury bills auction results for value date 19th of May 2022 showed subscriptions in the six-month category (offering a yield of 4.0%), the three-year category (offering a coupon of 5.50%) and the seven-year category (offering a coupon of 6.50%).

In parallel, the Treasury bills auction results for value date 12th of May 2022 showed that total subscriptions amounted to LP 70 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 26 billion in the three-month category (offering a yield of 3.50%), LP 41 billion in the one-year category (offering a yield of 4.50%) and LP 3 billion in the five-year category (offering a coupon of 6.0%). These compare to maturities of LP 56 billion, resulting into a nominal weekly surplus of LP 14 billion.

FOREIGN EXCHANGE MARKET: SIGNIFICANT DETERIORATION IN LP AGAINST US DOLLAR ON BLACK FX MARKET

The black FX market saw a significant deterioration in the Lebanese pound against the US dollar this week, crossing the LP/US\$ 31,000 level to reach LP/US\$ 31,350-LP/US\$ 31,400 on Friday as compared to LP/US\$ 27,500-LP/US\$ 27,600 at the end of last week, as the new fragmented Parliament casted doubts on the possibility to reach an agreement over major political issues and legislative laws. The deterioration in the LP/US\$ rate took place this week despite BDL's decision to extend circular 161 and its exceptional measures aimed to curb currency swings until end-July 2022.

Concurrently, the Central Bank of Lebanon announced this week that foreign currency operations on the "Sayrafa" platform were executed at an average rate of LP/US\$ 23,200 to LP/US\$ 23,700 between May 16 and May 20, 2022.

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TREASURY BILLS

	20/05/2022	13/05/2022	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%	-	6.50%	
Nom. Subs. (LP billion)		70	246	
Short-term (3&6 mths)		26	-	
Medium-term (1&2 yrs)		41	-	
Long-term (3 yrs)		-	200	
Long-term (5 yrs)		3	-	
Long-term (7 yrs)		-	46	
Maturities		56	13	
Nom. Surplus/Deficit		14	233	

Sources: Central Bank of Lebanon, Ministry of Finance

In parallel, the Central Bank of Lebanon's latest bi-monthly balance sheet ending 15th of May 2022 showed that BDL's foreign assets contracted by US\$ 191 million during the first half of the month to reach US\$ 16.1 billion at mid-May 2022, bringing year-to-date contractions to US\$ 1.8 billion. When excluding BDL's Eurobond holdings estimated at US\$ 5.0 billion and facilities provided to Lebanese banks, the Central Bank of Lebanon's liquid FX reserves fell below US\$ 11 billion at mid-May 2022.

EXCHANGE RATES

	20/05/2022	13/05/2022	30/12/2021	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,882.11	1,840.36	2,022.91	↓
LP/¥	11.77	11.71	13.11	↓
LP/SF	1,549.49	1,507.20	1,639.48	↓
LP/Can\$	1,178.75	1,159.26	1,175.53	↓
LP/Euro	1,594.33	1,569.01	1,701.52	↓

Source: Bank Audi's Group Research Department

STOCK MARKET: SPECTACULAR RISE IN SOLIDERE SHARE PRICES, ON HEDGING AGAINST CURRENCY LOSSES

The Beirut Stock Exchange registered strong price gains this week, as reflected by a 14.1% surge in the BSE price index, as market players sought to add realty stocks to their portfolios mainly on hedging activity against crises and further currency losses on the black FX market.

In details, Solidere "A" and "B" share prices skyrocketed by 28.0% and 26.1% respectively to reach US\$ 49.58 and US\$ 48.48 respectively on Friday. As to banking stocks, Bank Audi's "listed" share price rose by 5.3% to US\$ 1.80. Bank Audi's GDR price remained stable at US\$ 1.80. BLOM's "listed" share price stood unchanged at US\$ 2.85. Similarly, BLOM's GDR price remained stable at US\$ 2.85.

As to trading volumes, the BSE total turnover amounted to US\$ 8.2 million this week and compared to a total value of US\$ 9.1 million last week, noting that Solidere shares captured 96% of activity.

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AUDI INDICES FOR BSE

	20/05/2022	13/05/2022	30/12/2021	
Market Cap. Index	542.91	476.03	447.87	↑
Trading Vol. Index	74.79	82.08	80.38	↓
Price Index	113.97	99.94	94.02	↑
Change %	14.05%	2.54%	4.13%	↑

	20/05/2022	13/05/2022	30/12/2021	
Market Cap. \$m	12,880	11,293	10,625	↑
No. of shares traded (Exc. BT)	283,944	467,006	171,230	↓
Value Traded \$000 (Exc. BT)	8,252	9,058	5,359	↓
o.w. : Solidere	7,901	8,592	4,614	↓
Banks	207	297	732	↓
Others	145	169	13	↓

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

BOND MARKET: LEBANESE BOND PRICES REACH NEW RECORD LOWS

Lebanese Eurobond prices reached new record lows this week, piercing downward the 10 cents per US dollar level, as the new fragmented Parliament raised doubts about Lebanon's ability to enact reform laws and reach a final agreement with the IMF.

Within this context, Lebanese sovereigns maturing between 2020 and 2037 registered price contractions ranging between 0.63 pt and 0.88 pt week-on-week. This brought bond prices to a range of 9.13-9.75 cents per US dollar on Friday as compared to 9.88-10.63 cents per US dollar at the end of last week. On a cumulative basis, Lebanese bonds registered price contractions of 0.38 pt to 0.88 pt since the beginning of the year 2022.

EUROBONDS INDICATORS

	20/05/2022	13/05/2022	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)	9.13-9.75	9.88-10.63	9.88-10.63	↓
Average Life	5.84	5.86	6.18	↓
Yield on US 5-year note	2.85%	2.87%	1.26%	↓

Source: Bank Audi's Group Research Department

Bank Audi

INTERNATIONAL MARKET INDICATORS

	20-May-22	13-May-22	31-Dec-21	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	127.88	129.23	115.11	-1.0%	11.1%
\$/£	1.248	1.226	1.353	1.8%	-7.8%
\$/Euro	1.056	1.041	1.137	1.5%	-7.1%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	31,261.90	32,196.66	36,338.30	-2.9%	-14.0%
S&P 500	3,901.36	4,023.89	4,766.18	-3.0%	-18.1%
NASDAQ	11,354.62	11,805.00	15,644.97	-3.8%	-27.4%
CAC 40	6,285.24	6,362.68	7,153.03	-1.2%	-12.1%
Xetra Dax	13,981.91	14,027.93	15,884.86	-0.3%	-12.0%
FT-SE 100	7,389.98	7,418.15	7,384.54	-0.4%	0.1%
NIKKEI 225	26,739.03	26,427.65	28,791.71	1.2%	-7.1%
COMMODITIES (in US\$)					
GOLD OUNCE	1,846.50	1,811.79	1,829.20	1.9%	0.9%
SILVER OUNCE	21.78	21.11	23.31	3.1%	-6.6%
BRENT CRUDE (per barrel)	112.55	111.55	77.78	0.9%	44.7%
LEADING INTEREST RATES (%)					
1-month Libor	0.97	0.89	0.10	0.09	0.87
US Prime Rate	4.00	4.00	3.25	0.00	0.75
US Discount Rate	1.00	1.00	0.25	0.00	0.75
US 10-year Bond	2.78	2.92	1.51	-0.14	1.27

Sources: Bloomberg, Bank Audi's Group Research Department

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