

## Economy

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## Markets In Brief

### p.9 MARKETS IN BRIEF: LEBANESE EUROBOND PRICES AT ALL-TIME LOWS AMID LACK OF POLITICAL WILL TO IMPLEMENT REFORMS

Amid a protracted Presidential vacuum and darkened political outlook, and given the slow progress in implementing IMF prior actions and the continuous heavy US dollar injection via the "Sayrafa" platform, Lebanon's capital markets saw this week a firm stability in the LP/US\$ black market rate, while equities registered extended price gains and bond prices remained at historical lows. In details, the parallel FX market remained stable at LP/US\$ 94,300-LP/US\$ 94,500 on Friday, and the spread between the LP/US\$ Sayrafa rate and the black FX market rate stayed quoted around LP 8,000. This came within this context of BDL's continuous heavy intervention as a seller of cash US dollars via "Sayrafa". In fact, the average daily trading volume on the "Sayrafa" platform doubled over the past two months compared to the daily average recorded earlier this year. In parallel, equities continued to follow an upward streak, as reflected by a 3.4% rise in the BSE price index, while the total turnover contracted by 45% week-on-week. Finally, bond prices remained at record lows of 5.750 cents per US dollar, on bets about low recovery rates amid lingering political and economic uncertainties.

### LEBANON MARKETS: MAY 22 - MAY 28, 2023

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LP Tbs Market	↓	Eurobond Market	↔
LP Exchange Market	↔	CDS Market	↔

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## ECONOMY

### BANK SHAREHOLDERS' EQUITY DROP BY US\$ 16 BILLION SINCE CRISIS ONSET

The cumulative banking sector analysis since the onset of Lebanon's financial crisis, i.e between October 2019 and March 2023, shows the following trends:

- A cumulative decline in total deposits by US\$ 70.7 billion amid noticeable withdrawals and loan redemption: Customer deposits contracted from US\$ 168.4 billion at end-October 2019 to US\$ 97.6 billion at end-March 2023, the equivalent of 42%. Resident deposits contracted by US\$ 56.7 billion, while non-resident deposits dropped by US\$ 14.0 billion. FX Deposits contracted by US\$ 29.5 billion over the period to reach US\$ 94.1 billion, while LL deposits dropped by LL 15.0 trillion to reach LL 52.4 trillion as at end-March 2023. As a result, deposit dollarization went up from 73.4% in October 2019 to 96.4% in March 2023.
- A cumulative decline in total loans by US\$ 44.2 billion amid bank deleveraging efforts: Lebanese banks have been deleveraging significantly since the onset of the crisis. Their loan portfolio dropped from US\$ 54.2 billion to US\$ 10.0 billion, the equivalent of 81.5%. The loan redemption represents 62% of the deposit contraction over the period. FX loans contracted by US\$ 29.1 billion, while LL loans dropped by LL 9.8 trillion over the period. As a result, loan dollarization went up from 70.4% in October 2019 to 90.5% in March 2023.
- A cumulative decline in LL deposit interest rate by 840 basis points and in US\$ deposit interest rate by 654 basis points: The average LL deposit interest rate dropped from 9.03% at end-October 2019 to 0.63% at end-March 2023, while the average US\$ deposit interest rate declined from 6.61% to 0.07% over the same period. The spread between US\$ deposit rate and 3-month Libor reached close to -5.12% in March 2023, against +4.71% in October 2019.
- A cumulative decline in banks FX liquidity abroad by US\$ 4.3 billion: Lebanese banks' claims on non-resident financial sector dropped from US\$ 8.4 billion at end-October 2019 to US\$ 4.1 billion at end-March 2023. This comes as a result of the significant foreign liquidity usage by Lebanese banks to pay in cash for customers withdrawals at the beginning of the crisis period and more recently under BDL Article 158.
- A cumulative decline of US\$ 12.0 billion in banks Eurobonds portfolio amid net domestic sales and provisioning: Lebanese banks Eurobond portfolio reached US\$ 2.8 billion at end-March 2023, against US\$ 14.8 billion at end October 2019. The portfolio contraction is tied to banks net sales of Eurobonds at loss, mainly at the early months of the crisis, in addition to high provisioning requirements imposed by monetary authorities on bond portfolios.
- A cumulative decline in shareholders' equity by US\$ 15.7 billion amid banks' net losses: Shareholders' equity contracted from US\$ 20.6 billion at end-October 2019 to US\$ 4.9 billion at end-March 2023 as a result of net bank losses over the period. The losses incurred by Lebanese banks come as a result of noticeable FX costs, the effects of mark-ups, the rising operating expenses tied to the surging inflation, in addition to significant provisions to face private and sovereign risks at large.

### ELECTRICITY PRODUCTION DROPPED BY 64% YEAR-ON-YEAR IN 2022

Data published by the Central Bank of Lebanon shows that electricity production declined by 64.1% year-on-year in 2022. The production totaled 2,821 million Kilowatt Hours (kWh) during the year, down from 7,856 million kWh in 2021.

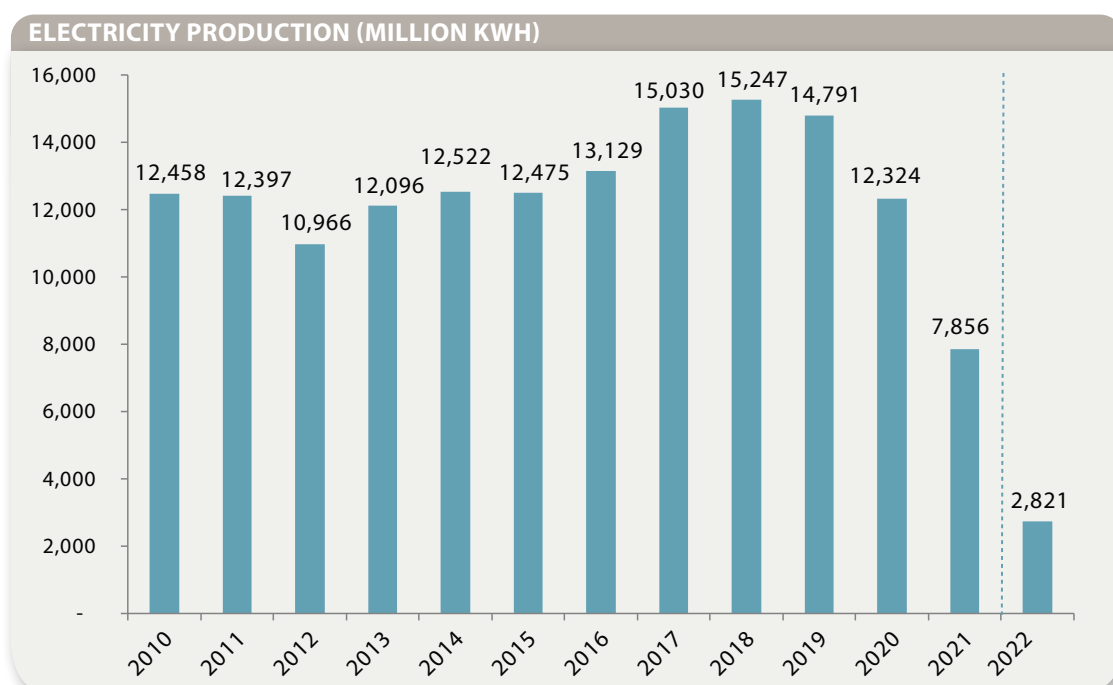
This showcases the collapse observed in the sector during 2022 which made electricity from the public sector almost nonexistent. The main drivers standing behind this fact are multiple fuel shortages stemming from the low level of foreign currency used to purchase it, payments of other shipments of fuel (notably from Iraq) remaining in arrears posing mounting pressure on the Lebanese energy sector as well as shutdowns in power plants which affected the production and supply of electricity. In turn, the Lebanese population had to rely on the more expensive alternative of privately-owned generators or relied on the setup of photovoltaic panels for individual solar energy production.

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It is worth noting that this drop is due to the scarcity of fuel to operate the power plants stemming from the low level of foreign currency used to purchase it.

This problem is still being tackled with tenders opened in late 2022 for fuel purchase that have yet to be resolved. In parallel, the payments of other shipments of fuel, notably from Iraq, are still in arrears posing mounting pressure on the Lebanese energy sector.

However, several deals saw the light in 2023 which includes the fuel supply deals with Iraq and the production of solar energy which will be added to the national gridline are expected to have positive impact on electricity production and availability of electricity in the country. The sector could be on a relative pathway to recovery but several additional steps have to be taken so that changes are sustainable and reliable.



Sources: BDL, Bank Audi's Group Research Department

### CONTAINERS AT PORT OF BEIRUT DECREASED SLIGHTLY BY 3% IN THE FIRST QUARTER OF 2023

The latest statistics released by the Port of Beirut revealed that the number of containers registered a yearly decrease 2.7% to reach 127,123 containers in the first quarter of 2023, against 130,612 containers in the same period of the previous year.

On the other hand, the number of ships witnessed an increase over this period reaching 306 ships in Q1 2023 against 283 ships in the same period of 2022, showing an increase of 8.1% year-on-year.

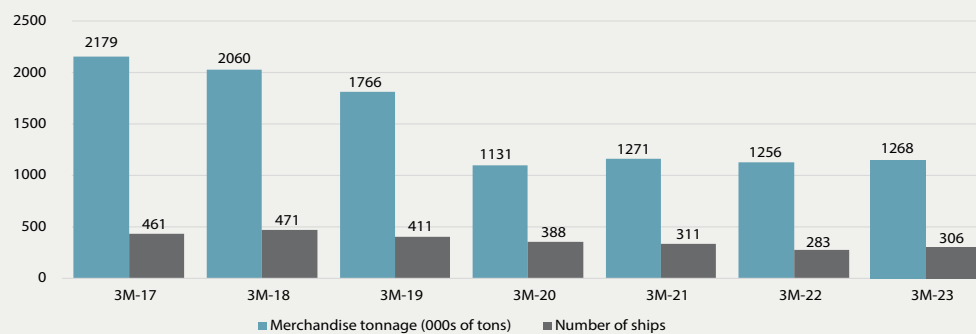
The quantity of goods reported an increase of 1.0% year-on-year, registering 1,268 thousand tons in Q1 2023, down from 1,256 thousand tons in the same period of 2022.

It is worth noting that transshipments increased drastically by 69.3% year-on-year in the first three months of 2023, following a decrease of 11.0% between the first three months of 2022 and the first three months of 2021.

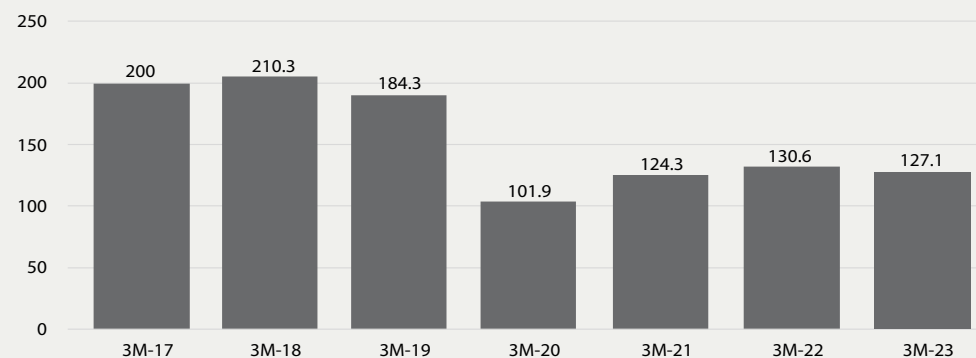
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## ACTIVITY OF THE PORT OF BEIRUT

### Number of the ships and merchandise tonnage



### Number of containers (000s)



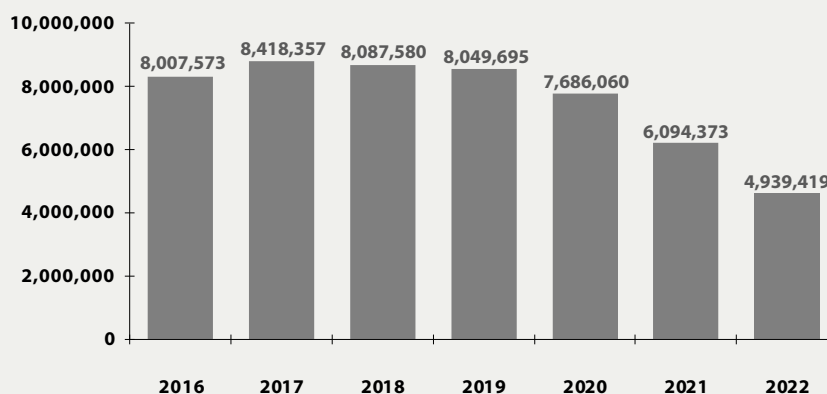
## IMPORTS OF PETROLEUM DERIVATIVES DECLINE BY A YEARLY 19% IN THE 2022

Imports of petroleum derivatives registered a year-on-year drop of 19.0% during 2022. The latter retreated from 6,094,373 metric tons in 2021 to 4,939,419 metric tons in 2022, as released by the Central Bank of Lebanon.

This decrease in 2022 came as a result of a foreign currency shortage that made it difficult to purchase petroleum derivatives.

It is worth recalling that the imports of petroleum derivatives stood at 6,094,373 metric tons in 2021, down from 7,686,060 metric tons in 2020.

## IMPORTS OF PETROLEUM DERIVATIVES (METRIC TONS)



Sources: BDL, Bank Audi's Group Research Department

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## SURVEYS

### LEBANON RANKS 71ST GLOBALLY IN 2022 KOF INDEX OF GLOBALIZATION

KOF Swiss Economic Institute released its 2022 KOF Index of Globalization in which Lebanon ranked 63<sup>rd</sup> globally and seventh in the region with a score of 68.31.

The index ranks 208 nations based on three main dimensions of globalization, namely economic, social and political. In details, economic globalization covers both trade flows as well as financial flows, whereas social globalization comprises interpersonal contact, flows of information and cultural proximity.

It is noteworthy that these are the rankings of year 2020. While the weights of individual variables can change over the years, the weights of the sub-indices are held fixed over the time horizon. The sub-indices themselves are aggregated to higher ranked indices using equal weights. Economic globalization is composed of trade globalization and financial globalization, of which each gets a weight of 50%. Social globalization consists of personal contact, information flows and cultural proximity where each contributes one third. Economic, social and political globalization are aggregated to the Globalization Index using again equal weights. The overall KOF Globalization Index is calculated as the average of the de facto and the de jure Globalization Index.

In details, Lebanon ranked 49th globally and scored 69.94 in economic globalization. At the level of social globalization, the country scored 67.44 and ranked 95th globally. Lebanon scored 67.47 in political globalization and ranked 101st globally.

Regionally, the United Arab Emirates topped the list ranking 38th globally with a score of 76.35, followed by Qatar which ranked 43rd with a score of 73.22. Jordan came in the third position in the region and 47th globally with a score of 71.43.

Globally, Switzerland ranked first with a score of 90.61, Netherlands came second with a score of 90.48 and Belgium came third with a score of 90.09.

#### ARAB COUNTRIES' KOF INDEX OF GLOBALISATION 2022 RANKINGS

Global Rank	Country	Overall Globalisation Index
38	United Arab Emirates	76.35
43	Qatar	73.22
47	Jordan	71.43
55	Morocco	70.11
56	Kuwait	69.58
62	Bahrain	68.32
<b>63</b>	<b>Lebanon</b>	<b>68.31</b>
69	Saudi Arabia	66.80
71	Egypt	66.09
73	Tunisia	65.49
91	Oman	61.21
105	Djibouti	56.56
109	Libya	55.25
113	Algeria	54.87
141	Mauritania	50.71
150	Yemen, Rep	49.20
160	Syrian Arab Republic	46.68
161	Sudan	46.52
177	Iraq	43.98
191	Comoros	39.18
193	West Bank and Gaza	38.45
195	Somalia	31.14

Sources: Swiss Economic Institute, Bank Audi's Group Research Department

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## FITCH SOLUTIONS UNDERTAKES SWOT ANALYSIS FOR PHARMACEUTICAL SECTOR

In a just released report, Fitch Solutions undertakes a SWOT analysis of the pharmaceutical sector in Lebanon.

### At the level of Strengths, the report mentions the following:

- Sizeable and strong private healthcare sector, which could provide a firm foundation for overall market growth in the future.
- Private healthcare subsidised by public finances.
- Relatively high drug prices, given that most generic drugs are of branded varieties. This is also due to high retail margins.
- Sizeable prescription drug sector, estimated to account for over 80% of the market.
- Promotion of generic substitution through continuous provider and patient education.
- Low administrative barriers to starting a business, as measured by the World Economic Forum's Global Competitiveness index.

### At the level of Weaknesses, the report mentions the following:

- Domestic intellectual property protection remains short of international standards.
- Lack of universal healthcare coverage, with the national insurance body heavily in debt.
- Healthcare infrastructure damaged by civil unrest and political stand-offs.
- Counterfeiting is a major problem, while some locally manufactured generic drugs are of dubious quality.
- Public sector procurement biased in favour of local companies.
- Government drug pricing regulation hampering multinational sector investment, with preferential treatment being given to local companies.
- Overdependence on imports leading to little reinvestment in sector development.
- Intensifying inflationary pressures and currency weakness will impact multinational drugmaker revenues.
- The partial end to medicine subsidies will exacerbate extreme medicine shortages and increase prices.

### At the level of Opportunities, the report mentions the following:

- Potential for patented product sector growth, as healthcare system modernisation continues, but subject to a patient purchasing power increase.
- Government's desire to boost local production as a point of entry, especially for generic-based foreign firms willing to invest in Lebanon.
- Plans to boost health insurance coverage have the potential to improve both drug market values and volumes.
- The Investment Development Authority of Lebanon has begun providing incentives for local investment.
- Rising deployment of eHealth technologies is boosting healthcare efficiency in times of rising structural problems and increasing resource scarcity.
- Increasing partnerships with UNOPS and other organisations are providing much needed support to rebuild Lebanon's overburdened healthcare sector.
- New drugs tracking system will ensure provenance of medicines and allow a more equitable distribution of drugs for serious illnesses.
- New government measures to stimulate local pharmaceutical industry will act to stabilise drug prices over the medium to long-term.

### At the level of Threats, the report mentions the following:

- Government resistance to reforming domestic patent law.
- Parallel imports undercutting locally manufactured products.
- Reliance on foreign aid, including pharmaceuticals, continues to distort market performance and its accurate evaluation.
- Price cuts on selected products to reduce drug prices in the country, thus affecting overall market values.
- Unstable political situation to continue deterring foreign company involvement.
- Regional unrest negatively affecting revenues from medical tourism.
- The country's efforts to fight the Covid-19 pandemic has exacerbated economic fallout.
- Extreme dollar shortages, soaring inflation and Covid-related lockdown measures have deeply impacted business activity and private consumption.
- Soaring medicine prices disproportionately impact the majority share of the population which are living below the poverty line.
- A combination of supply chain instability, inflation and government indebtedness is resulting in an intractable problem of medicines shortages for serious illnesses.
- Cholera outbreak reflects the impact infrastructural decay such as water disconnections are having on public health.
- Deteriorating social and political circumstances are worsening access to essential medicines and medical supplies.

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## CORPORATE NEWS

### AREEBA INTRODUCES QR CODE PAYMENT METHOD TO THE LEBANESE E-WALLET MARKET

Areeba has introduced the ability to use QR codes through e-wallets in order to pay at the company's merchants' network throughout Lebanon. This comes through multiple partnerships with major e-wallets in the Lebanese market including: WeePay Wallet, Whish and Zaky. This move will enable users to complete a transaction by scanning the QR code that the Areeba Point Of Sale (POS) machine generates which eliminates the need to handle cash.

According to the Group Chief Commercial Officer at Areeba, the QR code payment method will complement Lebanon's increasingly popular e-wallets and satisfy consumers looking for safe digital payment solutions. Due to its ease of use, its speed, security and convenience, this payment method introduces a significant transformation to the market. This move, through its collaborations, reinforces the national initiative for financial inclusion.

This payment method consists of a new acceptance infrastructure in which QR codes will be printed on existing POS receipts without the need for merchants to buy a new device or sign-up.

It is worth noting that according to the World Bank, Lebanon's cash economy has been growing ever since the onset of the crisis. The cash economy was estimated at US\$ 9.9 billion in 2022, showing a 62.7% increase against the year prior. This poses a threat on the Lebanese financial system and the country's economic integrity and leaves space for illicit activities to flourish. Projects that are supporting the return of the Lebanese to e-wallets and an economy that is less cash heavy will benefit the whole financial system in the future.

### USAID INVESTED US\$ 7.3 MILLION SINCE 2019 FOR THE DEVELOPMENT OF THE WORKFORCE

The United States Agency for International Development (USAID) has announced the closing ceremony of its four-year workforce development project in Lebanon through the Community Support Program (CSP). The agency has invested a total of US\$ 7.3 million since 2019 in order to ameliorate job opportunities and skills for 1,087 individuals coming from vulnerable Lebanese communities suffering from partial or full unemployment, as per USAID.

The USAID has worked on the training and mentoring of students and young entrepreneurs in the country. This was done through the involvement of participants in municipal community projects, the offering of educational grants or through helping individuals to realize their business ideas. The goal of the agency has been to enhance individuals' access to opportunities as well as improve their career prospects in order for them to contribute to the development of the economy, as per the USAID Lebanon Administrator.

During the ceremony, a panel discussion tackling recommendations for future workforce development programs in Lebanon took place. The discussion tackled the topics of continuing stakeholder cooperation in order to improve the institution's capacity to train and educate in the field of vocational and technical education, invest in efforts towards addressing the negative stigma surrounding these fields of education as well as the need for continuous coordination in order to develop a national action plan that will reform the vocational and technical education sector.

Additionally, the local CSP has developed and adopted five additional curricula in the aforementioned sector. These include home healthcare, maintenance and repair of industrial equipment, information and communication technology (ICT) as well as courses tackling soft skills development to improve beneficiaries' ability to compete for work which are available in 13 vocational and technical education institutes partnered with the program throughout Lebanon.

### MOE UPDATES ITS NATIONAL STRATEGY TO REDUCE THE RISK OF FOREST FIRES

The Lebanese Ministry of Environment (MoE) has updated its national strategy in order to combat the growing risk of recurrent forest fires and to reduce their severity. This strategy aims to preserve Lebanon's nature and forest and its success depends on the cooperation of the local population.

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The strategy is being implemented through awareness-raising initiatives which aim to bring people closer to their environment, the launch of an emergency fund with the cooperation of the World Bank to support firefighting efforts as well as a US\$ 4.5 million project funded by the Global Environment Facility in order to support the efforts of local communities and regional groups to improve their readiness to reduce the risks of fires and to extinguish them when they arise.

According to the Resident Representative of the United Nations Development Program in Lebanon (UNDP), forest fires affects a variety of sectors in Lebanon in parallel to their environmental toll. The program has equipped dedicated operation rooms in various parts of Lebanon with the necessary tools and supplies to ensure their proper operation in the event of a forest fire or other crises.

The UNDP, in cooperation with the United Kingdom's Ambassador to Lebanon, the Lebanese Caretaker Minister of Social Affairs and the Director General of Civil Defense have opened a civil defense facility in Jezzine recently which aims to protect its pine forests. This protection directly benefits 300 Lebanese families that own pine trees, 40 farmers and their families that invest in collecting and processing pine, 120 workers in the pine industry as well as 65 civil defense and volunteer personnel, as per the Resident Representative of the UNDP in Lebanon. As per the National Council for Scientific Research in Lebanon, circa 14,460 forest fires were recorded in the last five years which lead to the deforestation of thousands of hectares in Lebanon. The main drivers behind these fires are rapidly changing weather patterns which may make conditions favorable for forest and vegetation fires as well as acts of intentional arson.

It is worth noting that according to a survey by the army's directorate of geographical affairs, unlicensed quarry and crusher sites have been revealed to excess in terms of depth sometimes reaching 70 meters. In parallel, distortions and mountain cutting have been recorded. This left the total affected area across the country at approximately 65 million square meters.

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### BATROUN NOMINATED TO BE THE CAPITAL OF ARAB SUMMER TOURISM

The Lebanese Caretaker Minister of Tourism, during his participation in the Arab Summit in Jeddah, received a unanimous approval by the Arab Tourist Organization to nominate the city of Batroun to be the capital of Arab summer tourism.

According to the Lebanese Caretaker Minister of Tourism, it is crucial for the Batroun Festivals Committee to focus towards sustainable projects at the levels of entertainment, culture and tourism especially during the current circumstances and conditions.



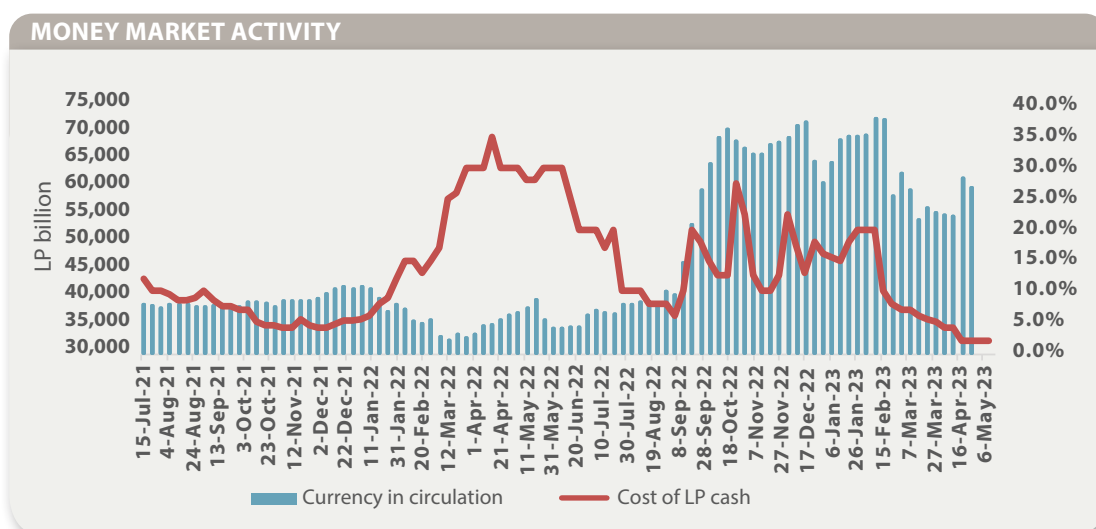
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## CAPITAL MARKETS

### MONEY MARKET: WEEKLY CONTRACTION IN TOTAL RESIDENT DEPOSITS, ON FC DEPOSIT DECLINE

The overnight rate, which is a non-cash rate on the money market, rose from 15% last week to 35% this week, mainly due to technical reasons related to VAT payments, while the cost of LP cash remained stable at 1.5%-2.5%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 11th of May 2023 showed that total resident banking deposits contracted by LP 1,679 billion week-on-week. This is mainly attributed to a LP 2,707 billion fall in foreign currency resident deposits (the equivalent of US\$ 180 million as per the official rate of LP 15,000), while total LP resident deposits expanded by LP 1,028 billion amid an increase in LP demand deposits of LP 1,137 billion and a retreat in LP saving deposits of LP 109 billion. Within this context, the money supply in its broadest sense (M4) contracted by LP 3,165 billion over the covered week, amid a LP 1,820 billion drop in the currency in circulation and a LP 333 billion increase in the non-banking sector Treasury bills portfolio.



### TREASURY BILLS MARKET: NOMINAL WEEKLY DEFICIT OF LP 316 BILLION

The latest Treasury bills auction results for value date 25th of May 2023 showed that the Central Bank of Lebanon allowed banks to subscribe in full to 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 6.00%).

The Treasury bills auction results for value date 18th of May 2023 showed subscriptions of LP 185 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 68 billion in the six-month category (offering a yield of 4.00%), LP 2 billion in the three-year category (offering a coupon of 5.50%) and LP 115 billion in the seven-year category (offering a coupon of 6.50%). These compare to maturities of LP 501 billion, which resulted into a nominal weekly deficit of LP 316 billion.

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## FOREIGN EXCHANGE MARKET: LP/US\$ BLACK MARKET RATE REMAINS STABLE ON HEAVY US DOLLAR INJECTION VIA "SAYRAFA"

The LP/US\$ black market rate remained stable at LP/US\$ 94,300-LP/US\$ 94,500 this week, amid the Central Bank of Lebanon's continuous heavy intervention as a seller of cash US dollars via the "Sayrafa" platform since March 21, 2023. The average daily trading volume was quoted at US\$ 100 million over the past couple of months, compared to an average of US\$ 53 million earlier this year.

Concurrently, the Central Bank of Lebanon maintained the LP/US\$ "Sayrafa" rate at LP/US\$ 86,300 this week. This kept the spread between the LP/US\$ Sayrafa rate and the black FX market rate at circa LP 8,000.

### TREASURY BILLS

	26/05/2023	19/05/2023	30/12/2022	
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%	
<b>Nom. Subs. (LP billion)</b>		<b>185</b>	<b>1</b>	
Short-term (3&6 mths)		68	-	
Medium-term (1&2 yrs)		-	-	
Long-term (3 yrs)		2	1	
Long-term (5 yrs)		-	-	
Long-term (7 yrs)		115	-	
<b>Maturities</b>		<b>501</b>	<b>193</b>	
<b>Nom. Surplus/Deficit</b>		<b>-316</b>	<b>-192</b>	

Sources: Central Bank of Lebanon, Ministry of Finance

### EXCHANGE RATES

	26/05/2023	19/05/2023	30/12/2022	
LP/US\$	15,000.00	15,000.00	1,507.50	↔
LP/£	18,529.50	18,615.00	1,813.97	↑
LP/¥	107.34	108.54	11.27	↑
LP/SF	16,592.92	16,611.30	1,628.67	↑
LP/Can\$	11,005.94	11,130.90	1,108.21	↑
LP/Euro	16,096.50	16,183.50	1,603.83	↑

Source: Bank Audi's Group Research Department

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## STOCK MARKET: EXTENDED WEEKLY EQUITY PRICE GAINS

The Beirut Stock Exchange pursued its upward trajectory for the second consecutive week, as reflected by a 3.4% rise in the price index. Three out of seven traded stocks registered price gains, while one stock posted price falls and three stocks saw no price change week-on-week.

In details, Bank Audi's "listed" shares led the advance on the BSE this week, posting a 14.7% surge in prices to reach US\$ 1.95, followed by Solidere "B" shares with +5.0% to US\$ 86.15 and Solidere "A" shares with +2.5% to US\$ 83.80. In contrast, BLOM's GDR price retreated by 0.4% to US\$ 2.49. Bank Audi's GDR price remained stable at US\$ 1.38. Byblos Bank's "listed" share price stood unchanged at US\$ 0.75. BEMO's "listed" share price stayed quoted at US\$ 1.15.

As to trading volumes, the BSE total turnover contracted by 45.3% week-on-week, moving from US\$ 8.2 million last week to US\$ 4.5 million, noting that Solidere shares continued to capture the lion's share of activity (97.89%).

### AUDI INDICES FOR BSE

	26/05/2023	19/05/2023	30/12/2022	
Market Cap. Index	810.20	783.55	614.50	↑
Trading Vol. Index	50.84	74.29	96.84	↓
Price Index	170.09	164.49	129.00	↑
Change %	3.40%	1.10%	1.30%	↑
	26/05/2023	19/05/2023	30/12/2022	
Market Cap. \$m	19,221	18,589	14,578	↑
No. of shares traded (Exc. BT)	166,761	136,569	187,711	↑
Value Traded \$000 (Exc. BT)	4,478	8,183	6,415	↓
o.w. : Solidere	4,383	8,131	6,349	↓
Banks	95	52	66	↑
Others	0	0	0	↔

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

## BOND MARKET: LEBANESE EUROBOND PRICES REMAIN AT HISTORICAL LOWS

Lebanese Eurobond prices remained at historical lows of 5.750 cents per US dollar on Friday, mainly pressured by bets about low recovery rates. This is mainly explained by a continuous political gridlock, a lack of consensus for electing a new President, and a fragmented Parliament that is casting doubt on Lebanon's ability to deliver reform laws needed to reach a final agreement with the IMF and unlock international financial support.

### EUROBONDS INDICATORS

	26/05/2023	19/05/2023	30/12/2022	
Total tradable size \$m	31,793	31,793	31,793	↔
o.w.: Sovereign bonds	31,314	31,314	31,314	↔
Bid price (cents per US dollar)	5.75	5.75	5.50-5.88	↔
Average Life	5.04	5.05	5.34	↓
Yield on US 5-year note	3.95%	3.74%	3.94%	↑

Source: Bank Audi's Group Research Department

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## INTERNATIONAL MARKET INDICATORS

	26-May-23	19-May-23	31-Dec-22	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	140.61	137.99	131.11	1.9%	7.2%
\$/£	1.234	1.245	1.208	-0.8%	2.2%
\$/Euro	1.072	1.081	1.071	-0.8%	0.1%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	33,093.34	33,426.63	33,147.25	-1.0%	-0.2%
S&P 500	4,205.45	4,191.98	3,839.50	0.3%	9.5%
NASDAQ	12,975.69	12,657.90	10,466.48	2.5%	24.0%
CAC 40	7,319.18	7,491.96	6,473.76	-2.3%	13.1%
Xetra Dax	15,983.97	16,275.38	13,923.59	-1.8%	14.8%
FT-SE 100	7,627.20	7,756.87	7,451.74	-1.7%	2.4%
NIKKEI 225	30,916.31	30,808.35	26,094.50	0.4%	18.5%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,946.46	1,977.81	1,824.02	-1.6%	6.7%
SILVER OUNCE	23.30	23.85	23.95	-2.3%	-2.7%
BRENT CRUDE (per barrel)	76.95	75.58	85.91	1.8%	-10.4%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	5.15	5.14	4.39	0.01	0.76
US Prime Rate	8.25	8.25	7.50	0.00	0.75
US Discount Rate	5.25	5.25	4.50	0.00	0.75
US 10-year Bond	3.80	3.67	3.87	0.13	-0.07

Sources: Bloomberg, Bank Audi's Group Research Department

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