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p.9 MARKETS IN BRIEF: STATUS-QUO MOOD SWAYING OVER LEBANON'S CAPITAL MARKETS AHEAD OF ADHA HOLIDAYS, AWAITING POLITICAL BREAKTHROUGH

A status-quo mood governed Lebanon's capital markets during this week that was shortened to two working days due to Adha holidays, while the country face an unprecedented institutional crisis, and the Central Bank of Lebanon continues to inject cash US dollars via the "Sayrafa" platform. In details, the LP/US\$ black market rate recorded marginal movements during this short week, hovering around LP/US\$ 93,000. This took place amid BDL's continuous heavy US dollar injection via "Sayrafa", with the daily volume exceeding US\$ 100 million, which was coupled with a large expansion in the currency in circulation outside BDL given the spread between the LP/US\$ parallel market rate and the LP/US\$ Sayrafa rate. In parallel, the BSE reported shy weekly price gains of 0.9%, following two consecutive weeks of price contractions, while activity was quite shy. In fact, the BSE daily trading value reached US\$ 187 thousand on average during this two-day week compared to a daily average of US\$ 904 thousand in the previous five-day week. Finally, Lebanese Eurobond prices remained at their lows, closing at 6.50 cents per US dollar on Tuesday compared to 6.25 cents per US dollar at the end of last week, amid lingering political and reform uncertainties.

LEBANON MARKETS: JUNE 26 - JULY 2, 2023

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

CONTACTS

Treasury & Capital Markets

Bechara Serhal

(961-1) 977421

bechara.serhal@bankaudi.com.lb

Corporate Banking

Carol Ayat

(961-1) 959675

carol.ayat@bankaudi.com.lb

Mohamad Baydoun

(961-1) 959703

mohamad.baydoun@bankaudi.com.lb

Marketing and Communications

Marion Abou Jaoudé

(961-1) 977356

marion.abou-jaoude@bankaudi.com.lb

RESEARCH

Dr. Marwan Barakat

(961-1) 977409

marwan.barakat@bankaudi.com.lb

Salma Saad Baba

(961-1) 977346

salma.baba@bankaudi.com.lb

Michèle Khoury Sakha

(961-1) 977102

michele.sakha@bankaudi.com.lb

Stephanie Bou Sleiman

(961-1) 952397

stephanie.bousleiman@bankaudi.com.lb

Elias Missi

(961-1) 959747

elias.missi@bankaudi.com.lb

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ECONOMY

FOOD SECURITY WORSENS AS ECONOMIC CHALLENGES PERSIST SAYS FAO

A new report by FAO on food security in Lebanon has been just issued.

The report says that 2023 winter cereal crops, the largest share of which is wheat grown in Beqaa Valley, will be harvested between mid-June and mid-July. Cumulative rainfall amounts have been below the long-term average through most of the 2022/23 crop year. Although below-average rainfall amounts did not significantly affect winter cereal crops due to application of supplementary irrigation, they constrained the availability of water for irrigation for spring planted crops as well as to satisfy livestock watering needs.

As domestic cereal production is constrained by landscape and climatic conditions, it remains relatively stable year-on-year. Total 2023 cereal production is estimated at about 134 000 tonnes, about 5 percent below the five-year average and close to the 2022 and 2021 harvests that were already affected by the ongoing economic crisis.

Farmers, like the rest of the economy, continue to cope with the impacts of the protracted financial and economic crisis. Agricultural inputs, including seeds, fuel, fertilizers, plant protection materials and feed, are available on markets in adequate quantities, but their access continues to be constrained by high prices. Up to 2019, credit was mainly provided by input distributors, now it is almost non-existent.

Since the start of the financial crisis in autumn 2019, farmers have been concerned that farm gate prices were very low and not covering production costs. Although there are cases of substituting imported agricultural inputs with domestic ones, such as using smaller amounts of imported chemical fertilizers and relying more on manure from cows, goat and chicken or using domestically produced seeds, most of the agricultural inputs are still imported.

Prices of imported inputs are denominated in United State dollars, using exchange rate on the parallel market, while prices of agricultural outputs are denominated in Lebanese pounds which do not take into account the depreciation of the Lebanese pound vis-à-vis the United States dollar on the parallel market, resulting in significant discrepancies.

Similarly to agricultural products imported via official channels, farmers also bring up the issue of goods imported informally from neighbouring countries, competing with domestic production and depressing farm gate prices.

In the FAO/Data in Emergency Monitoring (DIEM) survey of agricultural households carried out in October and November 2022, the high cost of agricultural inputs and lack of labour were reported as the main crop and livestock production difficulties. The most cited sale challenges by both crop and livestock producers were high transport costs, low sale prices and low demand.

Since March 2023, the year-on-year general inflation rate exceeded 260 percent, with the April 2023 reading at a new record level of 269 percent. After a brief respite in 2022 when inflation declined from its previous peak of 240 percent recorded in January 2022 to 120 percent in December 2022 and January 2023, annual inflation surged again on the back of exchange rate fluctuations and nearly complete depletion of foreign exchange reserves.

Having declined from the record level of 483 percent in January 2022 to 138 percent in January 2023, the food price inflation reached over 350 percent in March and April 2023, further eroding purchasing power across all segments of the population, with a particularly detrimental impact on most vulnerable households.

The Integrated Food Security Phase Classification (IPC), between January and April 2023 projected 2.3 million people (42 percent of the population analysed), including 1.5 million Lebanese residents and 800 000 Syrian refugees, to face IPC Phase 3 (Crisis) or worse conditions, including 354 000 in IPC Phase 4 (Emergency). The situation is mainly due to the multifaceted crisis that the country is facing. This represents a significant deterioration compared to the September–December 2022 period, when the first IPC analysis was carried out in the country and it indicated that the population in IPC Phase 3 (Crisis) or worse was estimated at about 2 million (37 percent of the population analysed) according to the report.

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UNHCR RELEASES ITS Q1 2023 FSA SECTOR DASHBOARD

The United Nations High Commissioners for Refugees (UNHCR) has released its Food Security and Agriculture (FSA) sector dashboard for the first quarter (Q1) of 2023. The dashboard shows the progress of sector partners in the Lebanese Crisis Response Plan (LCRP) as well as stresses on the various factors that affects vulnerable people in Lebanon.

It is worth noting that according to the report, the Lebanese FSA sector is working towards achieving three outcomes of which: ensuring the receipt of food assistance to the most vulnerable communities, improve agricultural production and productivity of vulnerable farmers and enhance national capacities, coordination & information sharing in matters of FSA.

In details, looking at the key achievements of the sector, circa 1.7 million individuals in Lebanon have received food assistance at least once through the support of sector partners since the start of 2023. The majority of assistance (79%) was given through cash-based interventions with the majority of beneficiaries (51%) being women.

Furthermore, one-off or short-term food assistance was provided to 72% of Syrian refugees in need (958,452 individuals, 52% of which are women), 51% of Lebanese citizens in need (697,437 individuals), 5% of Palestinian refugees from Lebanon (8,000 individuals of which 53% are women), 8,000 refugees from various nationalities (51% of which are women) as well as almost all Palestinian refugees from Syria. Additionally, the majority of beneficiaries from the overall total (53%) were women and girls, according to the UNHCR FSA sector dashboard for Q1 2023.

Since the beginning of 2023 and due to the multiple crises noticed in Lebanon which led the needs of many citizens to grow, FSA sector partners have worked to reach a growing number of vulnerable Lebanese individuals. This was done through the National Poverty Targeting Program (NPTP) which led to an additional 365,751 Lebanese citizens (51% of which are women) to receive food assistance.

The total valuation of cash transfers, including the NPTP, reached US\$ 51.7 million with the total disbursed amount in local currency reaching LP 78.0 billion relating to cash-based and food voucher assistance models. At the level of agriculture, the sector saw the enhancement of technical and operational capabilities for a total of 5,154 small-scale farmers (22% of which are women). This move was done in a bid to alleviate the myriad of crises that the agricultural community is experiencing. The aforementioned enhancements came in the form of technical trainings and the distribution of agricultural inputs with the aim of improving the practices of crop and livestock farming. In parallel, short-term support given through a cash or voucher model was also given for the purchase of agricultural inputs in order to promote sustainable practices, investment and aid in preserving their livelihood and farming activities, as per the UNHCR FSA sector dashboard for Q1 2023.

It is worth noting that new forms of support were also provided to small-scale farmers such as vaccinations for COVID-19, training and technical support to improve market access as well as linkages to actors in the market. In turn, the total value of investment into agriculture and assets in Q1 2023 was US\$ 244,706. Additionally, support (in-kind, financial or technical) was given to 163 agricultural cooperatives and agricultural associations (of which 73 that received a total of US\$ 454,789 in grants). 517 individuals (33% of which are women and with a 66% to 34% distribution between Lebanese and Syrian individuals respectively) have received training and have been temporary employed in casual labor within the sector.

On the other hand, the dashboard also highlighted key challenges that the FSA sector faces. The main challenge is the funding gap, during Q1 2023 the sector received US\$ 33.0 million. With the addition of carry-over from 2022, the total funding is valued at US\$ 130 million which only covers around 10.8% of the sector's total funding needs for the year (US\$ 1.2 billion).

In parallel, in February 2023, the cost of the Survival Minimum Expenditure Basket (SMEB) was set at LP 18.4 million for a family of five. This showcases a monthly increase of 36% and a yearly increase of 255%. In details, the food related SMEB in local currency registered a month-on-month increase of 48% and a year-on-year inflation

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of 237%. Additionally, the non-food SMEB in local currency noticed an inflation of 25.4% against the month prior and of 270.8% against the same month of the year prior. This constitutes a major concern for households receiving assistance in LP as the US\$ SMEB equivalent has remained relatively stable in comparison, as per the World Food Program March Market Monitor.

NEW DEVELOPMENTS ARISE SURROUNDING THE BLOCK 9 EXPLORATION PROCESS

In preparation for the exploration activities of Lebanon's offshore Block 9, multiple developments surrounding the subject have come to light.

First, TotalEnergies' drilling process for the block could be expedited. This means that the process, which was expected to start between late September and October, has the possibility of starting between late August and September. This comes as the rig which will be brought to Lebanon (Transocean Barents), has shown no commercial discoveries in the North Sea and will head back to Norway sooner than expected for maintenance. Following the maintenance process, the rig will set off on a five-week journey to reach Lebanon's Block 9.

It is worth noting that in order for TotalEnergies to obtain quick results, the rig could possibly be equipped with available technologies that give early information during the drilling process.

In parallel, TotalEnergies and Transocean are expected to sign contract with various companies to provide them with 12 services. These services tackle practical, technical, administrative and logistical aspects of the drilling process with contracts expected to be made before the end of June.

Of the 12 services, four will be provided by Lebanese companies and the rest by foreign ones. The four services that Lebanese companies will compete for are: securing three ships responsible for the transport of equipment and supplies from the Port of Beirut (PoB) to the rig, managing the logistics base in PoB, providing two personnel transport helicopters to get workers from Beirut International Airport to the drilling site and providing ships for the transport of the rig's diesel.

Foreign companies will compete regarding the remaining services which include those related to the drilling process, the provision of a robot to the drill to ensure safety, taking measurements of the well and the pouring of concrete into the well. However, the aforementioned contracts require the prior approval of the Ministry of Environment to the environmental impact report prepared by TotalEnergies.

Concurrently, the Finance and Budget Committee of the Lebanese parliament has legislated the need to create a Sovereign Wealth Fund (SWF) which will be fed by the potential offshore oil revenues.

In details, the bill that was passed legislated that 80% of the SWF's revenues would be placed in savings and investment portfolios following standards determined by an independent board of director which employs these funds abroad. The remaining 20% would go towards domestic projects for sustainable development and investment. The bill awaits the convening of parliament of its enactment, according to the Head of the Parliament's Finance and Budget Committee.

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SURVEYS

THE US GOVERNMENT ANNOUNCES APPROXIMATELY US\$ 146.4 MILLION IN ADDITIONAL HUMANITARIAN ASSISTANCE FOR LEBANON

In June, the U.S. Government (USG) announced approximately US\$ 146.4 million in humanitarian assistance for Lebanon, including nearly US\$ 129 million in State/PRM funding for Syrian refugees and host communities across the country and more than \$17.4 million in additional USAID/BHA funding, primarily for Lebanese nationals. The USG remains the largest donor of humanitarian assistance for Lebanon, providing more than US\$ 220.3 million in humanitarian assistance for Lebanon to date in Fiscal Year (FY) 2023.

USAID/BHA funding includes more than US\$ 11.1 million for the UN World Food Program (WFP) and nearly US\$ 6.3 million for International Medical Corps (IMC) and Relief International. With the additional funding, WFP plans to provide food parcels—containing locally sourced canned fish, grains, oil, pasta, pulses, and other food staples—to 75,000 households for two months to provide approximately 65 percent of daily caloric needs and bolster food security among vulnerable Lebanese.

WFP's food parcel program will complement the two major Government of Lebanon (GoL) social assistance programs, the National Poverty Targeting Program (NPTP) and the Emergency Social Safety Net (ESSN), by targeting Lebanese nationals who are not reached by the safety net programs. IMC and Relief International plan to support approximately 11 primary health care clinics (PHCCs) across Lebanon to provide critical health assistance to vulnerable populations over the coming year. With USG funding, Relief International- and IMC-supported PHCCs have reached approximately 70,600 individuals in FY 2023, as of March. In FY 2022, more than 72 percent of the 96,000 patients reached by the clinics were Lebanese nationals.

The newly announced State/PRM funding will support humanitarian partners providing cash, education, health, protection, and shelter assistance, as well as access to safe drinking water. In FY 2022, State/PRM provided nearly US\$ 278 million and USAID/BHA provided more than US\$ 124 million in humanitarian funding to international and non-governmental organizations (NGOs) to support host communities, refugees, and other vulnerable populations in Lebanon.

It is worth mentioning that the 2023 Lebanon ERP requests approximately US\$ 200 million to reach 1.3 million vulnerable individuals with humanitarian assistance during the year, OCHA reports.

An estimated 3.1 million Lebanese nationals, refugees, and migrants residing in Lebanon will likely require food assistance in 2023, according to the UN. In response, USAID/BHA partner WFP continues to provide assistance, reaching approximately 1.6 million people during March with multi-donor funding via several modalities.

High inflation and rising food prices are hindering the ability of households in Lebanon to meet their basic needs, according to the UN.

IFI HOSTS A WORKSHOP ON LEBANON: HOW DEEP IS THE ABYSS?

The Issam Fares Institute for Public Policy and International Affairs (IFI) at the American University of Beirut, in collaboration with Friedrich Ebert Stiftung (FES) Regional Peace and Security Project, held the first edition of the Beirut Security Debates (BSD) at IFI. The closed experts' meeting gathered local, regional, and international scholars as well as specialists and policymakers to discuss issues on regional security, geopolitics, economics, energy security, as well as so-called soft security and humanitarian issues central to current global affairs and their impact on the Middle East.

The conference's panel discussions covered six workshops and accompanying discussions, of which the one on Lebanon, namely "Lebanon, How Deep is the Abyss".

The issued report says the potential and the curse Lebanon's geography has made it prone to political hijacking by other countries. Conflicts and wars in Lebanon have continuously been fought as proxies while the Lebanese state is organized as a de facto political feudalism.

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According to World Bank reports, Lebanon is going through the worst financial and economic crises since the mid-19th century. However, the financial crisis has not weakened the neoliberal sectarian elite; rather, the parliamentary election results of 2022 have shown that they are still the main actors intervening on the social scenes to provide humanitarian aid and mobilize votes. During the 2019 uprising, the sectarian political parties did not want to change the system.

The political crisis in Lebanon is not a new phenomenon. The political and economic issues are interconnected and engaging in reforms is a difficult task due to the lack of a social contract to create a sense of citizenship. Lebanon needs to adopt comprehensive gradual reforms; further, structural reforms are also needed as the consociation democracy is not functioning for the country. State institutions need to be further created and strengthened.

Many Lebanese have understood that Lebanon is no longer a priority abroad. Consequently, this implies that they must take care of their country themselves. The vacuum in the Presidential Palace may continue for many months to come if the Lebanese elites do not come to an understanding of how to solve its crisis. In addition to domestic reforms, Lebanon also needs to shift its foreign policy priorities.

Expecting Lebanon to become a neutral country like Switzerland is not realistic. Some scholars suggest that it can use positive neutrality to be the mediator of the region such as Oman. Lebanon should try to be in the center and a bridge between other countries.

To achieve such a policy or initiative, a dialogue on a detailed roadmap and timeline is needed. Evidently, reforms are not possible without engaging with one of the main political actors in the country, namely Hezbollah. The Lebanese must engage in a gradual process of political de-sectarianizing. The system clientelism as it is simply cannot be maintained as it remains dysfunctional and discriminatory. If these structural reforms are not adopted, then the downward trajectory is going to continue as there is no regional settlement on the near horizon.

Regarding the gas sector, the IFI report says Cyprus has discovered its gas reserves in 2011 and the potential exporting process may begin in 2027. Lebanon's situation is questionable as it is exploring and drilling, however lacking the basic infrastructure for exporting it. Lebanon has yet to build a functioning infrastructure in this regard. Further, Lebanon also needs to engage and compete not just with Turkish and Egyptian regional markets but also with other Asian countries, which eventually requires more advanced technological approaches such as liquifying the gas; this might not be a high priority for targeted international actors.

There is a decline in the interest of international companies because of the small domestic markets and the insufficient gas infrastructure. Over the past decade, there has not been any new investment in infrastructure. The only way to join the international gas market is via Egypt and Israel, the latter built its infrastructure in the 2000s. None of these considerations taken on their own would prevent the exploration and extraction of gas. But all together they add extra layers of difficulty.

Moreover, exploration has lots of uncertainties, especially in deep waters (20% success rate). Discovery is the first step on a long road to production. Exploration takes a longer process in the Eastern Mediterranean because gas resources are found in ultra-deep water.

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CORPORATE NEWS

PROJECT LAUNCHED BY THE MOE TO BRING BACK THE OPERATION OF 11 KEY WWTPS IN LEBANON

The Lebanese Ministry of Environment (MoE) and the Lebanese Ministry of Energy and Water (MoEW) in cooperation with the European Union (EU) and the United Nations International Children's Fund (UNICEF) have announced a project for the wastewater treatment sector. The project aims to sustain the continuity of wastewater treatment services in the country through the restarting of activity in 11 key Wasterwater Treatment Plants (WWTPs). This step will be paired with an awareness raising campaign to the public on the impact of wastewater on the environment and health.

The project comes as part of the Water Sector Recovery Plan and complements an already existing water supply services support system funded by the EU and implemented by UNICEF. The improvement of WWTPs comes with the additional aim of reducing children's vulnerability to water-borne diseases which poses health and nutritional status risks.

According to Lebanon's Caretaker Prime Minister, the country suffers from a myriad of environmental crises with the absence of any actions. During the Cholera outbreak that Lebanon has recently noticed, an intervention by UNICEF was seen in order to reach all the population, especially remote villages, with clear water.

The Lebanese Caretaker Minister of Energy and Water stated that this move comes after a year and a half of cooperation with various sector stakeholders. This project is expected to enable Water Establishments to become caretakers of the sector as is mandated under the Water Law.

This project is regarded as crucial in safeguarding the environment and public health. However, according to the Lebanese Caretaker Minister of Environment, efforts must resume in order to ensure that the project is sustainable through a cost recovery system and while reducing WWTP's operational costs.

The Ambassador of the EU to Lebanon stated that the project does not only present benefits to the wastewater management sector. In addition, the project tackles problems faced in the fields of functioning sanitation facilities and proper wastewater treatment which are essential in preserving public health and boosting socioeconomic development. Achieving these goals will present mitigation efforts towards the proliferation of water-borne diseases and will aid in protecting the wellbeing of the population.

Inadequate operation and maintenance of WWTPs and the discharge of improperly treated wastewater to the environment presents major risks on public and environmental health as was seen with the Cholera outbreak in Lebanon, as per the UNICEF Deputy Representative in Lebanon.

It is worth noting that while this project will restart the operation of 11 WWTPs across the country, much more effort is needed to be able to recover the sector and to preserve public health and the environment. Additional work is needed in over 70 WWTPs spread in various parts of the country for the sector to become fully effective.

LEBANON'S NSSF RESUMES ITS WORK THROUGHOUT THE COUNTRY

The Director-General (DG) of the National Social Security Fund (NSSF) has announced the resumption of the fund's work throughout Lebanon. This action comes following communications between the DG of the NSSF, the Lebanese Caretaker Prime Minister, the Lebanese Caretaker Minister of Labor, The President of the General Labor Union, the President of the fund's Employee Union as well as members of the union. These talks led to the taking of a decision legitimizing the demands of the fund's employees and stressed the need to include them in a decree mandating the payment of four monthly salaries.

Following this decision, the Lebanese Caretaker Minister of Labor was entrusted to address this issue as soon as possible in order to take the necessary actions to ensure the compensation of the employees in the fund.

In turn and in a bid to preserve the national economy's cycle, the employees of the NSSF decided to suspend their protests. The resumption of the fund's duties led the DG of the NSSF to call on insured individuals and

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employers to visit the fund's offices and directorates in order to attend to pending transactions especially the clearance of obligations.

According to the DG of the NSSF, there exists a great importance in preserving the continuity of the fund's operation. This is a result of the fund's role as a safety valve for Lebanon's society. In turn, a decision was taken to raise the tariff connected to kidney dialysis sessions in order for the fund to become more sustainable.

Additionally, looking at the fund's future, the DG of the NSSF reaffirmed that efforts will be continuous to implement additional corrective measures. These measure include raising the tariffs set on the medical, hospital and pharmaceutical fields within the NSSF. These decisions to increase tariffs was approved by the Medical Advisory Committee and the Drugs committee to align tariffs with available financial resources.

The decision to raise tariffs are based on the government's decree to raise the official minimum wage, the increase in wages as well as an expanded ceiling for participation in the Health and Maternity Insurance Branch. It is worth noting that this development comes amid efforts by international organizations to strengthen Lebanon's social security net. This is done in order to help Lebanon's population to meet their basic needs through the economic crisis and the inflation seen throughout the country.

SUNGROW TO SUPPLY LEBANON WITH 8 MICRO-GRID BESS

Sungrow has signed deals with Lebanese partners to supply utility scale micro-grid Battery Energy Storage Systems (BESS) in addition to solar photovoltaic (PV) systems. This deal marks the creation of the first utility-scale micro-grids built in Lebanon.

The equipment is expected to be commissioned for the fourth quarter of 2023 and will provide power to both communities and facilities in the country. This move comes as a result of the unstable power supply in Lebanon caused by an insufficient infrastructure which has stunted economic growth.

In details, the projects will have a total generation capacity of 12.4 megawatts and a capacity of 14 megawatts/24.9 megawatt per hour of BESS technology. The company aims to provide both PV inverters and BESS in line with its integrated energy storage solution. This solution includes a power conversion system and batteries. In turn, the provided equipment will enable recipients to further reduce their dependence on the national gridline, protect them from disruptions to the grid and mitigate the consequences tied with the energy supply crisis.

According to Sungrow's country manager for the Levant and Yemen, this decision came as Lebanon has potential in the field of solar energy. The country enjoys circa 300 days of sunshine yearly which, paired with the solution the company brings to the market, offer a promising opportunity within the expanding demand base in Lebanon. This increase in demand comes as more clients seek energy independence from the national gridline and the de-carbonization of their daily operations.

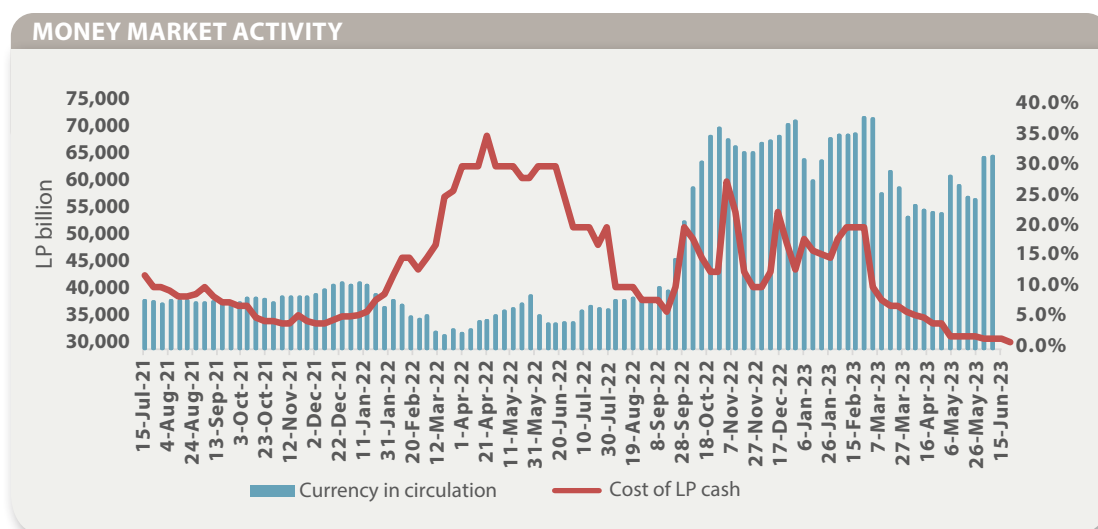
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CAPITAL MARKETS

MONEY MARKET: WEEKLY CONTRACTION IN TOTAL RESIDENT DEPOSITS, MAINLY ON LP DEPOSIT DECLINE

The overnight rate, which is a non-cash rate on the money market, fell from 100% last week to 20%-70% this week, while the cost of LP cash remained quoted at 1%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 15th of June 2023 showed that total resident banking deposits contracted by LP 6,250 billion week-on-week. This is mainly attributed to a LP 5,109 billion fall in total LP resident deposits amid a decline in LP demand deposits of LP 4,708 billion and a retreat in LP saving deposits of LP 401 billion, while foreign currency resident deposits contracted by LP 1,141 billion (the equivalent of US\$ 76 million as per the official rate of LP 15,000). Within this context, the money supply in its broadest sense (M4) contracted by LP 6,534 billion over the covered week amid a LP 302 billion decrease in the non-banking sector Treasury bills portfolio and a slight increase in currency in circulation of LP 18 billion.



TREASURY BILLS MARKET: NOMINAL WEEKLY SURPLUS OF LP 183 BILLION

The latest Treasury bills auction results for value date 29th of June 2023 showed that the Central Bank of Lebanon allowed banks to subscribe in full to the six-month category (offering a yield of 4.00%), the two-year category (offering a coupon of 5.00%) and the ten-year category (offering a coupon of 7.00%).

The Treasury bills auction results for value date 22nd of June 2023 showed subscriptions of LP 235 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 113 billion in the three-month category (offering a yield of 3.50%), LP 122 billion in the one-year category (offering a yield of 4.50%) and LP 20 million in the five-year category (offering a coupon of 6.00%). These compare to maturities of LP 52 billion, which resulted into a nominal weekly surplus of LP 183 billion.

In parallel, the latest statistics released by the Association of Banks in Lebanon showed that the outstanding LP Treasury bills portfolio reached LP 89,100 billion at end-April 2023 compared to LP 89,724 billion at end-December 2022, with the financial system accounting for 78.89% of the total, followed by the public sector with 20.17% and individuals and individual institutions with 0.94%.

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TREASURY BILLS

	27/06/2023	23/06/2023	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%	↔
10-year	7.00%	-	7.00%	
Nom. Subs. (LP billion)		235	1	
Short-term (3&6 mths)		113	-	
Medium-term (1&2 yrs)		122	-	
Long-term (3 yrs)		-	1	
Long-term (5 yrs)		0.02	-	
Long-term (7 yrs)		-	-	
Maturities		52	193	
Nom. Surplus/Deficit		183	-192	

Sources: Central Bank of Lebanon, Ministry of Finance

FOREIGN EXCHANGE MARKET: SPREAD BETWEEN BLACK MARKET RATE AND SAYRAFA RATE STAYING STABLE AT CIRCA LP 7,000

A lull mood continued to sway over the black FX market over this week, with the LP/US\$ exchange rate hovering between LP/US\$ 93,200 and LP/US\$ 93,400 ahead of Adha holidays against LP/US\$ 93,000-LP/US\$ 93,300 at the end of last week. This came within the context of BDL's continuous heavy US dollar injection via the "Sayrafa" platform, with the daily trading volume continuing to exceed the US\$ 100 million level.

Concomitantly, the Central Bank of Lebanon kept the LP/US\$ Sayrafa rate stable at LP/US\$ 86,200 this week. Accordingly, the spread between the LP/US\$ Sayrafa rate and the black FX market rate remained quoted at circa LP 7,100 this week.

EXCHANGE RATES

	27/06/2023	23/06/2023	30/12/2022	
LP/US\$	15,000.00	15,000.00	1,507.50	↔
LP/£	19,080.00	19,047.00	1,813.97	↓
LP/¥	104.29	104.85	11.27	↑
LP/SF	16,752.29	16,659.26	1,628.67	↓
LP/Can\$	11,406.84	11,359.33	1,108.21	↓
LP/Euro	16,395.00	16,273.50	1,603.83	↓

Source: Bank Audi's Group Research Department

STOCK MARKET: SHY EQUITY PRICE GAINS DURING THIS TWO-DAY WEEK

The Beirut Stock Exchange bounced back during this two-day week, registering shy price gains of 0.9%, following two consecutive weeks of price falls. Two out of four traded stocks posted price rises, while one stock recorded price falls and one stock saw no price change week-on-week.

A closer look at individual stocks shows that Byblos Bank's "listed" share price surged by 5.4% to US\$ 0.78, followed by Solidere "A" shares with +2.8% to US\$ 77.40. In contrast, Solidere "B" share price nudged down by 0.1% to US\$ 75.00. Bank Audi's GDR price stood unchanged at US\$ 1.38.

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AUDI INDICES FOR BSE

	27/06/2023	23/06/2023	30/12/2022	
Market Cap. Index	755.69	748.94	614.50	↑
Trading Vol. Index	8.51	41.07	96.84	↓
Price Index	158.65	157.23	129.00	↑
Change %	0.90%	-7.15%	1.30%	↑

	27/06/2023	23/06/2023	30/12/2022	
Market Cap. \$m	17,928	17,768	14,578	↑
No. of shares traded (Exc. BT)	33,540	134,827	187,711	↓
Value Traded \$000 (Exc. BT)	374	4,520	6,415	↓
o.w. : Solidere	346	4,414	6,349	↓
Banks	28	106	66	↓
Others	0	0	0	↔

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

As to trading volumes, the BSE total turnover amounted to US\$ 374 thousand during this two-day week (excluding block trades of US\$ 28.4 million on Solidere "A" and "B" shares). This followed a total turnover of US\$ 4.5 million in the previous five-day week.

BOND MARKET: LEBANESE EUROBOND PRICES REMAINING AT THEIR LOWS

Lebanese Eurobond prices remained at their lows, reaching 6.50 cents per US dollar on Tuesday ahead of Adha holidays, up from 6.25 cents per US dollar at the end of last week, which marks an across-the-board expansion of 0.25 pt. This came within the context of a cloudy domestic political outlook, a very slow progress in implementing reforms, and rising uncertainties about Lebanon's ability to reach a final agreement with the IMF and secure much-needed international financial support. On a cumulative basis, the bond market registered year-to-date price gains of up to 0.75 pt.

EUROBONDS INDICATORS

	27/06/2023	23/06/2023	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)	6.50	6.25	5.50-5.88	↑
Average Life	4.97	4.98	5.34	↓
Yield on US 5-year note	3.97%	3.99%	3.94%	↓

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	30-Jun-23	23-Jun-23	31-Dec-22	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	144.30	143.70	131.11	0.4%	10.1%
\$/£	1.270	1.271	1.208	-0.1%	5.2%
\$/Euro	1.091	1.089	1.071	0.1%	1.9%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	34,407.60	33,727.43	33,147.25	2.0%	3.8%
S&P 500	4,450.38	4,348.33	3,839.50	2.3%	15.9%
NASDAQ	13,787.92	13,492.52	10,466.48	2.2%	31.7%
CAC 40	7,400.06	7,163.42	6,473.76	3.3%	14.3%
Xetra Dax	16,147.90	15,829.94	13,923.59	2.0%	16.0%
FT-SE 100	7,531.53	7,461.87	7,451.74	0.9%	1.1%
NIKKEI 225	33,189.04	32,723.85	26,094.50	1.4%	27.2%
COMMODITIES (in US\$)					
GOLD OUNCE	1,919.35	1,921.20	1,824.02	-0.1%	5.2%
SILVER OUNCE	22.77	22.43	23.95	1.5%	-4.9%
BRENT CRUDE (per barrel)	75.41	73.85	85.91	2.1%	-12.2%
LEADING INTEREST RATES (%)					
1-month Libor	5.22	5.15	4.39	0.07	0.83
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	3.84	3.73	3.87	0.10	-0.03

Sources: Bloomberg, Bank Audi's Group Research Department

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