

## Economy

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### p.2 INFLATION AT 320% IN MAY AS PER CRI

The Consultation & Research Institute's index of consumer prices has surged by 319.9% this May compared to results of May 2022.

Also in this issue

**p.3** Containers at Port of Beirut decreased by 5% in the first four months of 2023

**p.4** Value of cleared checks in LP hikes by 65% in the first five months of 2023

## Surveys

### p.5 BLOOMBERG SURVEY FORECASTS 0.5% REAL GDP GROWTH FOR LEBANON IN 2023

Bloomberg released the results of its survey for regional economic indicators, including 2023, 2024 and 2025 forecasts.

Also in this issue

**p.5** UNICEF talks of desperate measures families are taking to cope with Lebanon's socio-economic crisis

## Corporate News

### p.7 US\$ 17 MILLION IN ADDITIONAL HUMANITARIAN ASSISTANCE FROM USAID IN LEBANON

The United States of America (USA) has provided the United States Agency for International Development (USAID) in Lebanon with an additional funding of US\$ 17.4 million. This additional funding will be used for humanitarian assistance to the vulnerable population in Lebanon.

Also in this issue

**p.7** Berytech's ScaleSmart Program selects five startups

**p.8** MoE signs MoU for the implementation of the British Council's school connections program in Lebanon

## Markets In Brief

### p.9 MARKETS IN BRIEF: INFLOW OF HARD CURRENCY DURING SUMMER AND HEAVY US DOLLAR INJECTION VIA "SAYRAFA" ARE KEEPING LP/US\$ BLACK MARKET RATE STABLE

Amid high uncertainty surrounding the transition in Central Bank leadership when the current governor's term ends on July 31, 2023, and given continuous BDL's heavy US dollar injection via the "Sayrafa" platform, Lebanon's capital markets saw this week stability in the LP/US\$ exchange rate on the black FX market, while equities traced a downward trajectory and Eurobond prices remained at record lows. In details, the LP/US\$ parallel market rate continued to hover around 91,000 over this week, as the continuous inflow of hard currency during the summer tourist season and BDL's heavy intervention as a seller of the greenback via "Sayrafa" helped preserving some stability in the LP/US\$ rate. At the level of the equity market, the BSE price index slid into the red (-3.3%) driven by some profit taking operations, while the total turnover rose more than four folds week-on-week. On the Eurobond market, prices of sovereigns maturing between 2020 and 2037 remained at their lows, closing the week at 6.625 cents per US dollar, amid bets about low recovery rates given Lebanon's deep and multifaceted crisis and on the back of risks and surging costs from further delays in implementing reforms.

### LEBANON MARKETS: JULY 10 - JULY 16, 2023

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

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## ECONOMY

### INFLATION AT 320% IN MAY AS PER CRI

The Consultation & Research Institute's index of consumer prices has surged by 319.9% this May compared to results of May 2022.

All nine main indices registered increases this May. The highest increase was registered by the "Housing" category (1,449.8%), followed by the "Other Goods and Services" category (885.8%), then by the "Recreation" category (752.4%), the "Healthcare" category (473.7%) and the "Durable Consumer Goods" category (286.4%).

The May 2023 year-on-year "Food and Beverages" index has significantly increased by 255.8% since May 2022. All of the four main indices registered increases this month, as follows: the "Tobacco Products" category (416.6%), the "Nonalcoholic Beverages" category (360.8%), the "Alcoholic Beverages" category (293.5%) and the "Food" category (247.1%).

The index for "Food" increased by 247.1% compared to its level last year, as all of the twelve food group indices have witnessed increases this May. The most significant increase was registered in the "Chocolate and Candy" category (392.0% percent), followed by the "Fruits" category (303.3%), the "Eggs and Dairy Products" category (293.3%), the "Grains and Nuts" category (282.4%), and the "Fats and Oils" category (265.4%).

Apparel year-on-year prices registered 238.9% increase in May 2023. This was the result of the increase in the "Footwear" category (300.1%), and in the "Clothing and Sewing Materials" category (223.8%) this month.

The index for "Housing" has surged by 1,449.8% in May 2023 from its level last year. This was mainly due to the increase in the "Household Energy" category (1,915.0% percent), followed by the "Public Water Subscription" category (438.6%) and the "Household Maintenance" category (232.5%). The "Municipal Fees" category remained stable this month.

The "Durable Consumer Goods" index has increased by 286.3% since May 2022. Seven out of eight indices have witnessed increases this May, most significantly those of the "Housekeeping Services" category (782.9%), followed by the "Glassware" category (430.0%), the "Cleaning Products and Services" category (366.5%) and the "Miscellaneous Household Products" category (307.1%). The "Linens" category witnessed a slight decrease (-1.7%) this May.

The healthcare index has increased by 473.7% since May 2022. This is due to the increases registered in the "Health Insurance" category (6,067.7%), followed by the "Inpatient Services" category (824.7%), then by the "Outpatient Services" category (331.0%) and the "Medications and Medical Accessories" category (177.4%) in May 2023.

The CPI component for "Transportation and Telecommunications" has increased by 228.5% (year-on-year) in May 2023, due to the surge in the "Telephone Services" category (1,327.4%) and the "Transportation" category (222.2%).

The index for education has increased by 219.9% from the previous year, due to the significant increase in the "Tuition Fees" category (302.5%), followed by the "School Transportation" category (162.2%) and the "Educational Books and Supplies" category (117.2%).

The index for recreation has significantly increased by 752.4% compared to its results in May 2022, due to the surge in the "Reading Materials and Photography" category (2,266.8%) and the "Movies and Restaurants" category (577.2%).

The index of "Other Goods and Services" has highly increased by 885.8% since May 2022. This was basically due to the increases registered in all of its four main indices, as follows: the "Jewelry" category (6,604.8%), the "Personal Care" category (363.3%), the "Financial Services" category (296.9%) and the "Travel" category (233.3%).

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## CONTAINERS AT PORT OF BEIRUT DECREASED BY 5% IN THE FIRST FOUR MONTHS OF 2023

The latest statistics released by the Port of Beirut revealed that the number of containers registered a yearly decreased of 5.2% to reach 168,742 containers in the first four months of 2023, against 178,037 containers in the same period of the previous year.

On the other hand, the number of ships witnessed an increase over this period reaching 403 ships in the first four months 2023 against 389 ships in the same period of 2022, showing an increase of 3.6% year-on-year.

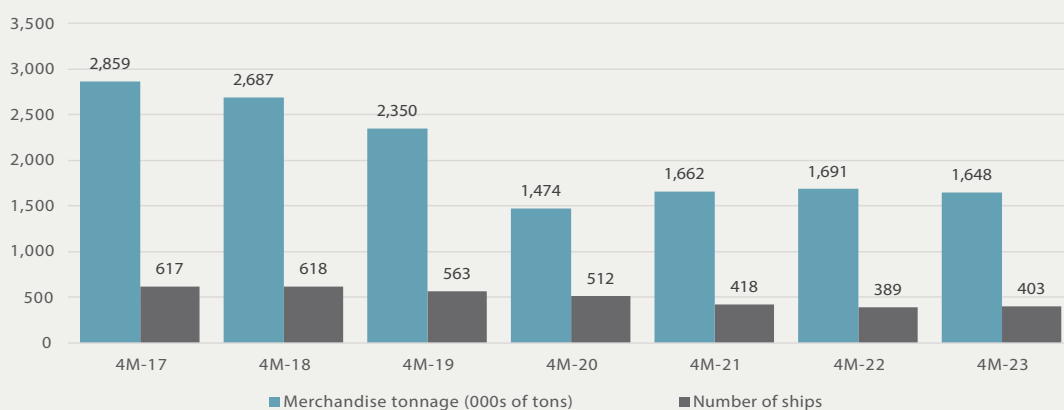
The quantity of goods reported a slight decrease of 2.5% year-on-year, registering 1,648 thousand tons in the first four months of 2023, down from 1,691 thousand tons in the same period of 2022.

It is worth noting that transshipments increased drastically by 72.4% year-on-year in the first four months of 2023, following a decrease of 9.7% between the first four months of 2022 and the first four months of 2021.

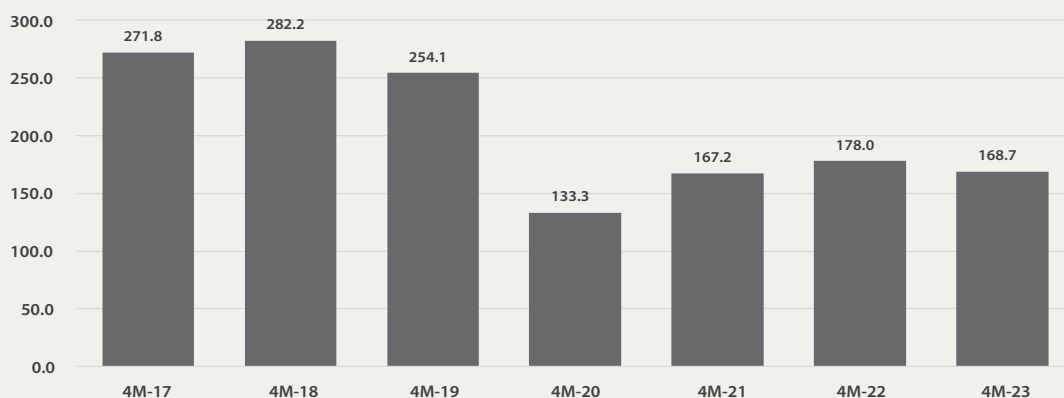
These figures mark a continuation of a downward trend noticed in the port's activity where the majority of elements studied are registering contractions in performance since the start of 2023. The main drivers standing behind this trend are the increase in customs tax dollar, lower demand for foreign goods in the local market and the contraction in international economic prospects.

### ACTIVITY OF THE PORT OF BEIRUT

#### Number of ships and merchandise tonnage



#### Number of containers (000s)



Sources: Port of Beirut, Bank Audi's Group Research Department

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Looking at figures from PoB during April 2023, the number of containers registered a yearly decreased of 12.2% to reach 41,619 containers in April 2023, against 47,425 containers in the same month of the previous year.

In parallel, the number of ships witnessed a decrease of 8.5% year-on-year over this period reaching 97 ships in April 2023 against 106 ships in April 2022.

The quantity of goods reported a decrease of 2.5% year-on-year, registering 1,648 thousand tons in the first four months of 2023, down from 1,691 thousand tons in the same period of 2022.

It is worth noting that transshipments increased drastically by 72.4% year-on-year in the first four months of 2023, following a decrease of 9.7% between the first four months of 2022 and the first four months of 2021.

## VALUE OF CLEARED CHECKS IN LP HIKES BY 65% IN THE FIRST FIVE MONTHS OF 2023

The value of cleared checks in Lebanese Pounds hiked by 64.7% year-on-year in the first five months of 2023 mirroring an increase in spending in LP during the above mentioned period. Checks cleared in LP were recorded at LP 22,667 billion in the first five months of 2023 up from LP 13,765 billion in the same period of 2022.

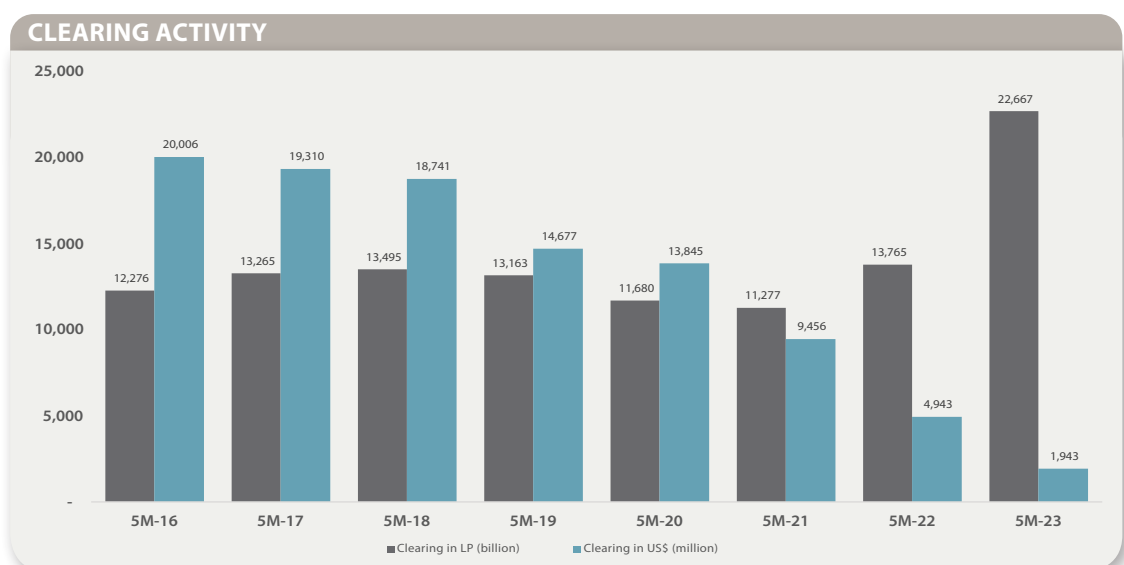
On the other hand, total value of cleared checks in foreign currency (US\$), reported a 60.7% drop year-on-year, this comes as many businesses are cashing fresh dollars only. Cleared checks in US\$ for the first five months of 2023 were recorded at US\$ 1,943 million down from US\$ 4,943 million in the same period of the year prior.

The total value of cleared checks, reached US\$ 7,525 million in the first five months of 2023 down by 46.5% from US\$ 14,074 million in the first five months of the previous year.

It is worth noting that, effective February 1st 2023, the Lebanese Pound noticed a re-peg and was set at LP 15,000/US\$ (up from LP 1,507.5/US\$ prior). In turn, this change in exchange rates has affected the total valuation of cleared checks as checks cleared in LP have to be turned into US\$ for a total valuation.

Moreover, the number of cleared checks registered 231,909 in the first five months of 2023, down by 73.6% from 878,074 checks in the same period of 2022.

The average value per check reached US\$ 32,449 in the first five months of 2023, up from US\$ 16,028 in the same period of 2022.



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

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## SURVEYS

### BLOOMBERG SURVEY FORECASTS 0.5% REAL GDP GROWTH FOR LEBANON IN 2023

Bloomberg released the results of its survey for regional economic indicators, including 2023, 2024 and 2025 forecasts.

The survey covered four regional countries, namely Morocco, Tunisia, Lebanon and Jordan.

For Lebanon, the Bloomberg survey estimates real GDP growth at 0.5% for 2023. Real GDP growth forecasts are set to improve to 3.0% for 2024 and 4.3% for 2025.

Regarding Lebanon's inflation, Bloomberg's survey estimates it at 170% for 2023. For 2024, inflation is forecasted at 58.6% to go down to 21.4% in 2025.

As to current account deficit, the survey forecasts a deterioration in the deficit to 15.00% in 2023 and then to deteriorate again to 20.0% in 2024.

With respect to budget deficit, the survey is forecasting a stabilization of the deficit at -1.5% in 2023 and -1.9% in 2024.

The survey result, just issued by Bloomberg, shows the median of 9 economists' forecasts for country economic indicators as surveyed by Bloomberg from June 9 to June 16.

#### LEBANON ECONOMIC FORECAST

	2023	2024	2025
GDP YoY%	0.5%	3.0%	4.3%
CPI	170.0%	58.6%	21.4%
Current Account	-15.0%	-20.0%	n/a
Budget Deficit	-1.5%	-1.9%	n/a

Sources: Bloomberg, Bank Audi's Group Research Department

### UNICEF TALKS OF DESPERATE MEASURES FAMILIES ARE TAKING TO COPE WITH LEBANON'S SOCIO-ECONOMIC CRISIS

A new report on Lebanon's destructive socio-economic crisis has been released by UNICEF.

As Lebanon's crisis keeps escalating for the fourth consecutive year, families are barely able to meet their most basic needs, are cutting down ever more on essential expenses and, in too many cases, are even sending their children out to work to help make ends meet.

UNICEF's latest rapid assessment of children's lives paints a dramatic picture of the desperate measures families are taking to cope with Lebanon's destructive socio-economic crisis.

Almost 9 in 10 households (86%) said they now do not have enough money to buy essentials, compared to 76% a year ago. Thousands of caregivers have resorted to desperate measures to cope with the dire situation. The survey shows that:

A staggering two in five households (38%) across the country are forced to sell family possessions in order to survive, up from one in five (28%) last year.

More than 1 in 10 families are now forced to send children out to work as a way of coping. More than one in four Syrian refugee families (28%) sent children out to work as a way of coping, up from one in five (21%) last year.

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Three quarters (75%) of households reduced spending on health treatment, as compared to 60% in June 2022. 15% of households stopped their children's education, up from 10% a year ago, and 52% reduced spending on education, compared to 38% a year ago. Three in 10 Syrian households (30%) said at least one of their children does not attend school, mostly because of transportation costs (23%), cost of educational materials (13%) or because the school would not allow them to attend (11%).

Despite the desperate coping measures, many families cannot afford the quantity and variety of food they need. One third (30%) of households said at least one of their children went to bed hungry, compared to 23% a year ago.

In addition, many families cannot afford the expenses involved in getting health treatment, such as the cost of care or transportation to health facilities. As a result, over half the children (56%) who needed healthcare received the healthcare they required.

The multi-layered crisis is severely affecting every aspect of families' lives. Parents struggle to put food on the table amid widespread unemployment and rising prices – food price inflation, for example was at 350% in April. Many caregivers admit the desperate situation causes them to suffer persistent stress, resulting in feelings of anger towards their children.

More than half (53%) of the respondents said they were less tolerant towards their children's behavior and treated them more harshly than before. As a result, 6 in 10 (59%) felt they wanted to shout at their children and 2 in 10 (21%) felt they wanted to hit them. Almost 6 in 10 caregivers (57%) said they were unhappy and 27% said they expected their lives to be even worse in one year.

The rising tensions, coupled with the deprivations caused by an economic crisis that shows no sign of being resolved, are taking a severe toll on children's mental health.

Almost 7 in 10 caregivers (66%) said their children seemed anxious, nervous or worried, and almost half (47%) said their children were very sad or feeling depressed every week. More than 6 in 10 (62%) said their children's well-being worsened over the past year.

The sheer magnitude of the crisis continues to require swift, determined action by Lebanon's government to safeguard children and ensure they receive the services, support and protection they need so they can develop to their full potential. Failure to ensure that families have access to social assistance and affordable healthcare, nutrition, protection and education, is having dramatic, irreversible long-term impacts on children's lives, and risks reversing hard-won human capital gains made over the past 30 years. With 700,000 children out of school, education should be a priority area for government action, to ensure the most vulnerable children have access to inclusive and quality education according to the UNICEF report. This will require predictable multi-year investment from the government, coupled with reforms and national policies to improve the efficiency, equity and effectiveness of spending on education sector.

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## CORPORATE NEWS

### US\$ 17 MILLION IN ADDITIONAL HUMANITARIAN ASSISTANCE FROM USAID IN LEBANON

The United States of America (USA) has provided the United States Agency for International Development (USAID) in Lebanon with an additional funding of US\$ 17.4 million. This additional funding will be used for humanitarian assistance to the vulnerable population in Lebanon. This decision comes amid an economic and humanitarian crisis in Lebanon with a depreciation in local currency, high inflation and a loss of livelihoods. These issues have led to a deterioration of humanitarian conditions within the country leave circa 2.3 million individuals within crisis levels of food insecurity.

In details, the funding allows the continuation of USAID's humanitarian partners in providing the most vulnerable Lebanese with food and healthcare assistance. From the US\$ 17.4 million additional funding, US\$ 11.1 million will be used by the United Nations World Food Program (UN WFP) to provide households with food parcels. These parcels include basic staples such as rice, lentils, chickpeas among others and targets 75,000 beneficiaries for a period of two months. Additionally, in order to support the local economy, UN WFP purchases these commodities locally.

In parallel, the majority of the remaining amount (nearly US\$ 6.3 million) will be given to Relief International and the International Medical Corps which both stand as USAID partners. This funding will enable the aforementioned partner organizations to support circa 11 primary healthcare centers across the country. Additionally, the money will enable the support of home-based healthcare for individuals in need. In 2022, USAID-backed clinics in Lebanon have treated circa 96,000 patients in total.

It is worth noting that the USA has provided circa US\$ 92 million in humanitarian assistance to Lebanese people and various refugees in Lebanon. This comes amid the growing humanitarian needs within the country which are exacerbated by the economic situation.

### BERYTECH'S SCALESMART PROGRAM SELECTS FIVE STARTUPS

Beytech's ScaleSmart Investment Readiness and Scale-up Program launched its first batch of onboarding five startups spanning over various sectors. The event took place over two days where 12 shortlisted startups pitched their ideas in front of a rotating panel of business development experts, investment specialists and entrepreneurs. Following an internal selection round from the ScaleSmart team, five startups out of the 12 shortlisted were selected to participate in the program. The selection was made based of various criteria of which scalability, market traction, innovation and potential for investment. The selected startups will go through the ScaleSmart program which offers specialized mentorship, advisory and linkages to fundraising which in turn helps the teams scale their businesses.

The five startups that were selected to participate in the first batch of Berytech's ScaleSmart Program were:

- "Ajjerni", the first peer-to-peer rental marketplace in Lebanon. The platform enables users to rent items to and from other users. This ranges from electronic equipment, musical instruments, hiking and camping gear, office equipment and venues among other things. The platform currently holds 20 different categories including a category for free items and giveaways.
- "Brighter Energy", a Software as a Service (SaaS) platform which aims to assist small companies and entrepreneurs who lack the engineering resources in the installation of solar Photovoltaic (PV) panels. The platform enables users to get leads, qualify them, prepare proposals and offer users full transparency and accountability for the installation process.
- "Little Melly", a startup with the aim of making fresh and additive-free baby food and making it accessible to parents. The meals are catered to babies through a subscription-based model as well as retail sales.

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- "Kudwa Technologies Ltd.," a SaaS startup regulated in the UAE by the Dubai International Financial Center which offers a planning and analysis tool for users. The tool enables users to automatically integrate their financial systems with the software's plug-and-play model, receive real-time dashboards and crucial metrics, forecast using the modeling tool and out-of-the-box templates as well as receive insights with scenario planning and machine learning .
- "Book-ink", a SaaS platform which facilitate tattoo artists' daily operations and booking processes through the automation and digitalization of the process. Additionally, the platform offers an interactive marketplace which connects suppliers, artists and customers globally.

The aforementioned startups will receive comprehensive support in various important areas. This is done to aid them in preparing for a successful investment journey. The program will offer close coordination between the startups and the specialists in order to establish their data rooms, value their businesses, connect them to top-level executives from around the world and help them create a strong investment pitch deck.

Concurrently, the founders of the startups will be trained to develop the necessary skills for the planning of their company's fundraising path and the successful negotiation with different investors. Additionally, the startups will be connected to investors through events and personalized matchmaking opportunities.

According to the Accelerator Manager at Berytech, the aim is to bridge the gap in matters of fundraising which stunts the survival and scaling of seed and pre-seed startups in Lebanon through the ScaleSmart Program. Effort is going towards equipping the entrepreneurs with the tools and guidance required to increase their company's traction and allow them to have increased readiness and confidence when communicating with possible investors.

It is worth noting that ScaleSmart is a program that operates under the ACT Smart Innovation Hub Initiative. The aforementioned initiative is co-funded by the Embassy of the Kingdom of the Netherlands in Lebanon. The main objectives of the program is to promote sustainability and growth of startups, the creation of job opportunities for the country's youth as well as help in the revitalization of the local economy in Lebanon.

According to a Financial Inclusion Expert Consultant, many entrepreneurs with valuable ideas often miss the technical support to commercialize their idea, become investment ready and develop their strategy. In turn, the ScaleSmart Program is crucial in the current context and challenges within Lebanon to support entrepreneurs to explore their potential as well as sustain and grow their businesses.

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### MOE SIGNS MOU FOR THE IMPLEMENTATION OF THE BRITISH COUNCIL'S SCHOOL CONNECTIONS PROGRAM IN LEBANON

A Memorandum of Understanding (MoU) was signed between the Lebanese Caretaker Minister of Education and the Director of the British Council in Lebanon for the implementation of the council's school connections program in the country. The program includes the strengthening of leadership capabilities in school directors and their equipment with the necessary skills and tools required to enhance leadership.

According to the Lebanese Caretaker Minister of Education, the United Kingdom (UK) has played a major role in providing crucial support to sustain in-person education in the country. Additionally, the UK has also helped in the implementation of fundamental reforms in the Lebanese education sector amid the current crises.



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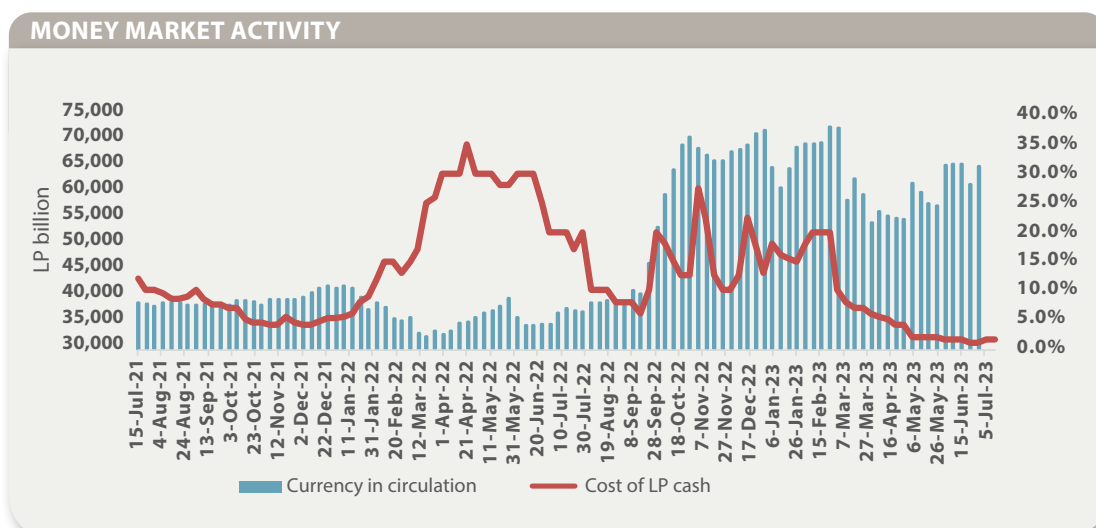
## CAPITAL MARKETS

### MONEY MARKET: OVERNIGHT RATE AT 100% DUE TO TECHNICAL REASONS

The overnight rate, which is a non-cash rate on the money market, remained at high levels, closing the week at 100% compared to 90% last week. This is mainly due to technical reasons related to LP funds deposited in fresh LP accounts at BDL. Concurrently, the cost of LP cash remained quoted at 1%-2%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 29th of June 2023 showed that total resident banking deposits contracted by LP 6,617 billion week-on-week. This is mainly attributed to a LP 4,839 billion fall in total LP resident deposits amid a decline in LP demand deposits of LP 4,120 billion and a retreat in LP saving deposits of LP 719 billion, while foreign currency resident deposits decreased by LP 1,778 billion (the equivalent of US\$ 119 million as per the official rate of LP 15,000). Within this context, the money supply in its broadest sense (M4) contracted by LP 2,873 billion over the covered week amid a LP 3,466 billion increase in currency in circulation.

On a cumulative basis, the weekly monetary statistics issued by BDL showed that the currency in circulation (excluding vault cash in BDL, commercial banks and medium and long-term banks) contracted by LP 7.1 trillion over the first half of 2023, amid continuous US dollar injection via the "Sayrafa" platform.



### TREASURY BILLS MARKET: SHY WEEKLY NOMINAL SURPLUS OF LP 10 BILLION

The latest Treasury bills auction results for value date 13th of July 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 three-year category (offering a coupon of 5.50%) and the seven-year category (offering a coupon of 6.50%).

The Treasury bills auction results for value date 6th of July 2023 showed subscriptions of LP 70 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 25 billion in the three-month category (offering a yield of 3.50%), LP 45 billion in the one-year category (offering a yield of 4.50%) and LP 106 million in the five-year category (offering a coupon of 6.00%). These compare to maturities of LP 60 billion, which resulted into a shy nominal weekly surplus of LP 10 billion.

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## TREASURY BILLS

	14/07/2023	07/07/2023	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>70</b>	<b>1</b>	
Short-term (3&6 mths)		25	-	
Medium-term (1&2 yrs)		45	-	
Long-term (3 yrs)		-	1	
Long-term (5 yrs)		0.11	-	
<b>Maturities</b>		<b>60</b>	<b>193</b>	
<b>Nom. Surplus/Deficit</b>		<b>10</b>	<b>-192</b>	

Sources: Central Bank of Lebanon, Ministry of Finance

## FOREIGN EXCHANGE MARKET: STABILITY IN LP/US\$ BLACK MARKET RATE WEEK-ON-WEEK

As high uncertainty continues to surround succession plans for the Central Bank governor as the expiration of his term is nearing, and given BDL's continuous heavy US dollar injection via the "Sayrafa" platform and the inflow of hard currency during the summer tourist season, the parallel FX market rate saw this week marginal movements in the LP/US\$ exchange rate, before closing at LP/US\$ 91,000-LP/US\$ 91,300 on Friday, with no change relative to the previous week.

Concomitantly, the Central Bank of Lebanon maintained the LP/US\$ Sayrafa rate at LP/US\$ 85,500 this week. This kept the spread between the LP/US\$ Sayrafa rate and the black FX market rate at LP 5,500.

## EXCHANGE RATES

	14/07/2023	07/07/2023	30/12/2022	
LP/US\$	15,000.00	15,000.00	1,507.50	↔
LP/£	19,683.00	19,102.50	1,813.97	↓
LP/¥	108.46	104.90	11.27	↓
LP/SF	17,492.71	16,744.81	1,628.67	↓
LP/Can\$	11,432.93	11,214.95	1,108.21	↓
LP/Euro	16,849.50	16,315.50	1,603.83	↓

Source: Bank Audi's Group Research Department

## STOCK MARKET: WEEKLY CONTRACTIONS IN LEBANESE EQUITY PRICES

The BSE total turnover rose more than folds this week, reaching US\$ 12.5 million compared to US\$ 2.9 million in the previous week, noting that Solidere shares continued to capture the lion's share of activity (98.6%).

As far as prices are concerned, the BSE price index contracted by 3.3% week-on-week, mainly dragged by some profit taking operations. Five out of seven traded stocks registered price falls, while two stocks posted price gains.

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In details, BLOM's GDRs led the decline on the BSE this week, registering price drops of 11.1% to reach US\$ 2.00, followed by Byblos Bank's "listed" shares with -10.3% to US\$ 0.70, Solidere "A" shares with -4.9% to US\$ 73.05, Solidere "B" shares with -4.1% to US\$ 72.10 and Bank Audi's GDRs with -0.7% to US\$ 1.39. In contrast, CimENTS Blancs Nominal's share price surged by 7.3% to US\$ 22.00, followed by Bank Audi's "listed" shares with +1.2% to US\$ 1.75.

## AUDI INDICES FOR BSE

	14/07/2023	07/07/2023	30/12/2022	
Market Cap. Index	731.95	756.94	614.50	↓
Trading Vol. Index	113.56	25.97	96.84	↑
Price Index	153.66	158.91	129.00	↓
Change %	-3.30%	0.17%	1.30%	↓
	14/07/2023	07/07/2023	30/12/2022	
Market Cap. \$m	17,365	17,958	14,578	↓
No. of shares traded (Exc. BT)	269,719	50,102	187,711	↑
Value Traded \$000 (Exc. BT)	12,489	2,856	6,415	↑
o.w. : Solidere	12,316	2,822	6,349	↑
Banks	151	20	66	↑
Others	22	14	0	↑

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

## BOND MARKET: LEBANESE EUROBOND PRICES AT THEIR LOWS ON LINGERING POLITICAL AND REFORM UNCERTAINTIES

While all eyes remained focused on the transition in Central Bank leadership when the current governor's term ends this month, and amid an unprecedented institutional vacuum, a lack of consensus for electing a new President and continuous delays in implementing reforms, Lebanon's Eurobond prices remained at record lows, closing at 6.625 cents per US dollar this week compared to 6.500 cents per US dollar at the end of last

## EUROBONDS INDICATORS

	14/07/2023	07/07/2023	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)	6.63	6.50	5.50-5.88	↑
Average Life	4.94	4.96	5.34	↓
Yield on US 5-year note	3.96%	4.38%	3.94%	↓

Source: Bank Audi's Group Research Department

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## INTERNATIONAL MARKET INDICATORS

	14-Jul-23	07-Jul-23	31-Dec-22	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	138.79	142.21	131.11	-2.4%	5.9%
\$/£	1.309	1.284	1.208	2.0%	8.4%
\$/Euro	1.123	1.097	1.071	2.4%	4.9%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	34,509.03	33,734.88	33,147.25	2.3%	4.1%
S&P 500	4,505.42	4,398.95	3,839.50	2.4%	17.3%
NASDAQ	14,113.70	13,660.72	10,466.48	3.3%	34.8%
CAC 40	7,374.54	7,111.88	6,473.76	3.7%	13.9%
Xetra Dax	16,105.07	15,603.40	13,923.59	3.2%	15.7%
FT-SE 100	7,434.57	7,256.94	7,451.74	2.4%	-0.2%
NIKKEI 225	32,391.26	32,388.42	26,094.50	0.0%	24.1%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,955.21	1,925.05	1,824.02	1.6%	7.2%
SILVER OUNCE	24.95	23.09	23.95	8.1%	4.2%
BRENT CRUDE (per barrel)	79.87	78.47	83.10	1.8%	-3.9%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	5.34	5.29	4.39	0.05	0.95
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	3.83	4.06	3.87	-0.23	-0.04

Sources: Bloomberg, Bank Audi's Group Research Department

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