

Economy

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After all efforts failed to make a breakthrough in the long-simmering Presidential gridlock, and while the Central Bank of Lebanon maintains its disclosure policy and remains committed to preserve liquid FX reserves, and awaiting the launching of the Bloomberg currency exchange platform aimed to promote transparency and governance, Lebanon's capital markets continued to register this week marginal movements in the LP/US\$ exchange rate on the black FX market, and price contractions on the Eurobond market, while the equity market posted price rebounds. In details, the LP/US\$ parallel market rate continued to fluctuate marginally around LP/US\$ 89,000, while BDL unveiled that its net liquid foreign assets reached US\$ 7.1 billion at end-September 2023, reiterating its plans not to use FX reserves except for meeting costs related to BDL circular 158. In parallel, the BSE registered price gains of 0.9% week-on-week amid increased trading volumes. Finally, Lebanese Eurobonds saw across-the-board price contractions of 0.13 pt to 0.25 pt to reach 7.875 cents per US dollar on Friday, amid darkened domestic political outlook and reform uncertainties.

LEBANON MARKETS: OCTOBER 2 - OCTOBER 8, 2023

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

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ECONOMY

IMPORTS DOWN BY 9.3% IN THE FIRST SEVEN MONTHS OF 2023, WITH THE DECLINE MAINLY DRIVEN BY OIL AND CARS

The first seven months of the year 2023 show a year-on-year decrease in imports by 9.3%, coupled with a net decline in exports by 24.0%, all leading to a contraction in trade deficit by 5.7% relative to the first seven months of 2022. As a matter of fact, imports went down from US\$ 10.8 billion to US\$ 9.8 billion between the two periods (with the decline mainly driven by oil and cars), while exports contracted from US\$ 2.1 billion to US\$ 1.6 billion. As a result, Lebanon's trade deficit dropped from US\$ 8.8 billion to US\$ 8.2 billion respectively.

In details, the breakdown of imports by product reveals that the items that have displayed most significant decreases in imports were transport vehicles with -50.3%, antiques with -40.0%, electrical equipment and products with 28.1%, plastic products with 17.8%, mineral products with 17.3%. Additionally, wood and wood products, vegetable products, cement and stone products decreased by 12.1%, 9.8% and 5.6% respectively followed by metals and metal products and paper and paper products with decreases of 4.3% and 1.2% respectively over the first seven months of 2023 relative to the same period of the year prior. On the other hand, we notice a rise in weapons and artillery by 350.0%, jewelry by 48.0%, leathers and furs by 35.3%, shoes, hats & feathers by 31.4%, textiles and textile products by 20.9%, audiovisuals by 12.4%, followed by chemical products with 9.7%, miscellaneous products with 9.3%, livestock and animal products with 6.3% and food products with 5.0%.

The breakdown of imports by country of origin over the same period shows that among the major partners, imports from South Korea decreased the most by -54.4%, followed by Romania with -53.6%, Turkey with -39.3%, Thailand with -29.3%, UAE with -27.8% and India with -27.0%. On the other hand, imports from Switzerland increased the most by 193.8%, followed by Russia with 46.1%, Brazil with 15.1% and Italy with 6.7% over the first seven months of 2023 relative to the same period of the year prior.

In parallel, the breakdown of exports by product reveals that the main items that have displayed major decreases in exports were plastic products with -81.4%, paper and paper products with -33.8%, chemical products with -31.1% and metals and metal products with -23.0% over the first seven months of 2023 relative to the same period of 2022. On the other hand, a rise in fats and oils was reported with 66.7%, followed by livestock and animal products with 42.9%, audiovisuals with 37.5%, miscellaneous products with 28.6%, and electrical equipment and products with 11.2%.

The breakdown of exports by major countries of destination suggests that exports to Syria reported the most significant decrease of -80.4% over the period, followed by South Korea with -57.3%, Greece with -54.1%, Ivory Coast with -30.4%, Algeria with -25.0% and Qatar with -21.7%. On the other hand, exports to Italy increased the most by 41.2% over the same period, followed by Turkey with 25.6%, Spain with 15.4% and Oman with 12.5% over the first seven months of 2023 relative to the same period of 2022.

It is worth mentioning that exports through the Port of Beirut represent the bulk of exports with US\$ 811 million over the first seven months of 2023, dropping by 11.2% relative to the same period of last year, followed by exports through the Airport with US\$ 503 million, declining by 12.5% when compared to the same period of the previous year. Then comes exports through Port of Tripoli with US\$ 130 million registering a drop of 38.7% over the first seven months of 2023 relative to the same period of 2022. Finally comes the land exports through Syria which reached US\$ 121 million in 7M 2023, dropping by 68.7% year-on-year.

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CONSTRUCTION PERMITS FROM OEAB DROP BY 48% IN THE FIRST EIGHT MONTHS

According to data from the Order of Engineers and Architects of Beirut (OEAB), construction permits in the first eight months of 2023 dropped by 47.9% against figures from the same period of the year prior.

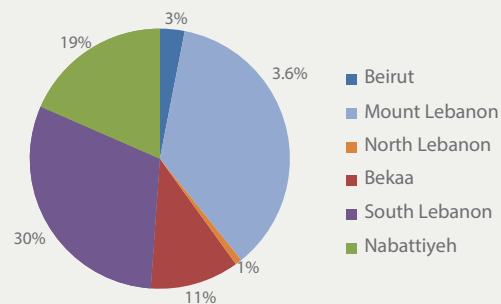
Construction permits for the first eight months of 2023 decrease to 2,807,707 m2, down from 5,391,247 m2 in the first eight months of 2022. This shows a significant stunting of construction activity and follows an upwards trend from 2020 to 2022 with growth during the period totaling 160.5%.

It is worth noting that in the first eight months of 2022, the area of construction permits was the highest recorded in four years.

In details, looking at the regional distribution of construction permits in the first eight months of 2023, Mount Lebanon took the lion's share with 36.2% of total reaching 1,015,094 m2 in the first eight months of 2023 while recording a 57.4% drop against the same period of the year prior. South Lebanon and Nabattiyeh followed Mount Lebanon with 30.4% of total, reaching 854,555 m2 and 18.4% of total, reaching 517,773 m2 in the first eight months of 2023. These figures denote a decrease of 35.2% year-on-year in square meters registered within South Lebanon in addition to a 28.2% year-on-year decrease in square meters registered within Nabattiyeh during the first eight months of 2023. The Bekaa region came in fourth with 11.1% (311,009 m2) of total construction permits. The Bekaa region registered a year-on-year decrease in square meters registered of 57.4%. The region of Beirut had a contribution of 3.1% (86,372 m2) of total followed by North Lebanon with a marginal contribution of 0.8% (22,904 m2) of total. The aforementioned regions recorded a year-on-year decrease in square meters registered of 56.9% and 40.1% respectively in the first eight months of 2023 against the same period of the year prior, as per data from the OEAB.

It is worth noting that building permits stand as an economic indicator for forthcoming construction activity in the real estate market. Therefore this reflects a decrease in future realty supply in 2023 as a result of the rising dollarization of the market. In the years prior, buyers could utilize bank checks in the banks' FX rate for the purchase of realty but this had since stopped in 2022. With the dollarization of the market, the number of interested buyers therefore contracted due to the scarcity of interested fresh dollar buyers.

DISTRIBUTION OF CONSTRUCTION PERMITS BY REGION FOR 8M-23



Source: Bank Audi Group Research Department, Order of Engineers and Architects Beirut

CONSTRUCTION PERMITS (IN SQM)



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EDL ISSUES FINAL WARNING TO PUBLIC ADMINISTRATIONS TO SETTLE THEIR ELECTRICITY BILLS

The Électricité du Liban (EDL) has issued a final warning to public administrations urging them to pay their electricity consumption bills in Lebanese Pounds with violators at risk of a power cut off. The payment of accrued and new bills are to be made in Lebanese Pounds and not through zero-interest transfers towards EDL's account at the central bank. The deadline for the payments was set at one month after the issuance of the warning.

This warning is not the first in which EDL threatens to cut off electricity supply to public administrations that do not pay their dues. However, this warning unlike the others, came following a recommendation from the Ministerial Committee for Electricity and the approval of EDL's Central Council.

The total amount demanded by EDL is circa LP 900.0 billion which government departments do not include in their budgeting. Additionally, EDL believes that electricity supply stands as a commodity and cannot be distributed free of charge.

It is worth noting that this decision comes amid EDL's new power supply strategy aiming to increase compliance with energy bills. The company has long been suffering with widespread non-compliance in the payment of bills which threatens Lebanon's already fragile power infrastructure.

The plan's initiation started in late 2022 with EDL identifying only 70 distribution points out of a total of 800 being compliant with bill payments. In turn, EDL issued a decision to increase power supply by two hours in areas where non-compliance rate was below 10% effective the first of October 2023.

The neighborhoods of Beirut that benefited from this increase include Ashrafieh, Hekmeh, Gemmayzeh, Medawar, Bachoura, Rmeil, Ras Beirut, Commodore, Manara, Karantina and Al-Naher.

This campaign remains on-going with EDL requesting additional security support in Beirut's Southern and Northern Suburbs from the Minister of Interior and Municipalities. Additional security support was also requested in the regions of Akkar and North Lebanon in a bid to aid the ongoing campaign against illegal power connections.

This new strategy has begun to show positive results with some areas showing record levels of tax collection. The area extending from Antelias to Akkar showed a tax collection rate of 94% between November and December 2022. On the other hand, areas which fall under the supply of the Litani Authority (Jezzine, West Bekaa and some parts of the Chouf region) showed a record low of tax collection rates (40%) within the same period.

The new EDL strategy adopts a punishment-reward system towards electricity bill payment compliance wherein those who comply get rewarded with higher levels of electricity supply, while those who fail to comply will face fines and additional charges based on estimated Kilowatt-hour consumption.

It is worth noting that the Board of Directors at EDL, set fines of monophasic users at 100\$ and for triphasic users at 300\$ in addition to incurred Kilowatt-hour charges based on an estimated tariff schedule set by the EDL.

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SURVEYS/REPORTS

THE COST OF THE FULL SURVIVAL MINIMUM EXPENDITURE BASKET (SMEB) MONITORED BY WFP REACHED LBP 30.47 MILLION (US\$ 332) FOR A FAMILY OF FIVE IN JULY

According to the World Food Program, Lebanon is now in its fourth year of a deep economic, political, and social crisis. In June 2023, Lebanon recorded the second-highest food price inflation in the world with an annual food price inflation rate of 280 percent (YoY), as reported by the World Bank.

The ongoing economic and political instability continues to have a detrimental impact on the food security of both Lebanese and Syrian households. The second Integrated Food Security Phase Classification (IPC) for Lebanon, conducted in May 2023, estimates that 25 percent of the analysed population (1,411,000 individuals) are experiencing acute food insecurity. Another 45 percent of the total population is struggling to maintain adequate food consumption, highlighting the urgency to take action to protect livelihoods and mitigate risks of a slide back into acute food insecurity.

Increased coverage of humanitarian food assistance, enhanced stability of the food supply chain, more employment opportunities for Lebanese nationals, and other factors led to a reduction of people experiencing acute food insecurity compared to September 2022* (a reduction approx., at 37 percent).

WFP is at the forefront of the response to Lebanon's economic and refugee crisis, supporting over 1 million refugees and 700,000 Lebanese nationals to meet their food and other basic needs. In addition, WFP implements cash transfers for an additional 400,000 Lebanese individuals through the Government's Emergency Social Safety Net. Together with the World Bank, WFP is a key partner to the Government of Lebanon to strengthen national social safety nets.

The cost of the full Survival Minimum Expenditure Basket (SMEB) monitored by WFP reached LBP 30.47 million (US\$ 332) for a family of five in July, registering an 8 percent monthly increase and a 260 percent annual increase. The cost of the food basket alone reached LBP 2.78 million (US\$ 30) per person per month, a 1 percent monthly decrease. The cost of the non-food basket increased by 16 percent for the same period mainly driven by the increase in rent cost as per WFP.

FITCH SOLUTIONS FORECAST LEBANON'S NON-LIFE INSURANCE MARKET WILL RETURN TO GROWTH IN 2024 IN US DOLLAR TERMS

Fitch Solutions forecast Lebanon's non-life insurance market will return to growth in 2024 in US dollar terms, while growth in the smaller life market will pick up. That said, risks to their medium-term forecasts are to the downside, in light of the country's ongoing economic, hyperinflation and political and security uncertainty. In the much longer term there is significant scope for growth in this small market, as rising household incomes and increase in business investment would support growth in insurance demand.

Fitch Solutions forecast that in 2023 life insurance premium growth will be a more moderate 3.6% in US dollar terms, as the market continues a slow recovery from sharp falls seen in 2020 and 2021. Gross written premiums will hit US\$ 106.3 million. Over the rest of their medium-term forecast period to 2027, they forecast strong life premium growth in US dollar terms on the back of stabilizing economy. In 2024, US dollar growth will be 48.6%, falling to 14.8% by 2027, to take total premiums to US\$ 269.1 million.

They expect non-life premiums to fall by 14.9% to US\$ 280.0 million in 2023. In 2024 non-life premiums growth will be a strong 46.7%, rebounding from the sharp declines seen in 2020 and 2021 in particular. This will take non-life premiums to US\$ 410.6 million. By 2027 gross non-life premiums will be US\$ 677.7 million.

The life insurance market is set to see faster growth than the non-life market over the medium term, and will increase its share of total premiums from a low of 23.8% in 2022 to 28.4% by 2027.

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Both the life and non-life markets will remain underdeveloped, with life accounting for 0.3% of GDP in the latter part of the forecast period, down from an estimated 0.5% in 2022, while non-life penetration will fall from 1.2% in 2023 to 0.7% by 2027.

Health is the largest segment of the market, and in recent years has seen its share of the market expand on the back of an inadequate public healthcare system as well as decline in other areas of the market. In 2021, health insurance was estimated to account for just over 60% of total non-life premiums. However, over the medium term gains in motor and property will mean that health falls to under 40% of premiums by 2027.

Motor is the second largest line in the non-life market. Sharp declines saw its share of non-life premiums fall to 16.7% in 2021, down from almost 30% a year earlier. Over their medium-term forecast period to 2027, strong, if fluctuating, US dollar growth in motor premiums will see the line reach US\$ 208.7 million, up from USD 85.0 million in 2023.

Property insurance is the third largest line in the market, accounting for a forecast 15.9% of total non-life premiums in 2023, down from 21.4% in 2020. On the back of fluctuating US dollar growth, its market share is set to also fluctuate, ending their medium-term forecast period at 15.0% in 2027, with gross written property premiums at US\$ 102.0 million.

Worsening economic and social conditions are expected to increase social tensions and significantly limit uptake of insurance. Some three-quarters of the population reportedly live in poverty according to Fitch Solutions.

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CORPORATE NEWS

BALANCE SHEET OF FINANCIAL INSTITUTIONS TOTALS US\$ 567 MILLION AT END-AUGUST 2023

According to the latest statistics issued by the Central Bank of Lebanon, the total balance sheet of financial institutions amounted to US\$ 566.7 million at end-August 2023, registering a drop of 49.6% against its figure at end-2022.

It is worth noting that effective February 1st 2023, the Lebanese Pound was re-pegged at the rate of LP 15,000/US\$ from a prior LP 1,507.5/US\$. This in turn affects the total valuation of assets and liabilities as they are initially given in local currency. In details, currency and deposits with Central Banks were registered at US\$ 32.9 million at end-August 2023 down from US\$ 95.7 million at end-2022 showing a decrease of 65.6% during the period.

Claims on resident customers dropped in August 2023 (47.1%) reaching US\$ 282.6 million, with respect to US\$ 534.8 million at end-2022. Claims on non-resident customers at end-August 2023 dropped by 31.2% with respect to end-2022, standing at US\$ 8.4 million in the former.

Claims on resident financial sector stood at US\$ 148.8 million as at end-August 2023 decreasing by 46.4% from its figure by end-2022. Claims on non-resident financial sector reached US\$ 35.7 million at end-August 2023, revealing a decrease of 17.1% when compared to its level at end-2022.

Claims on the public sector recorded US\$ 0.3 million at end-August 2023, registering a drop of 96.9% from its figure at end-2022.

Securities portfolio dropped to US\$ 13.1 million at end-August 2023, down by 63.5% from its registered figure at end-2022.

Tangible assets reported retreated by 65.9% at end-August 2023 with respect to end-2022, reaching US\$ 16.4 million. Similarly, intangible assets decreased drastically from US\$ 56.0 million at end-2022 to US\$ 7.5 million at end-July 2023, showing a drop of 86.7%.

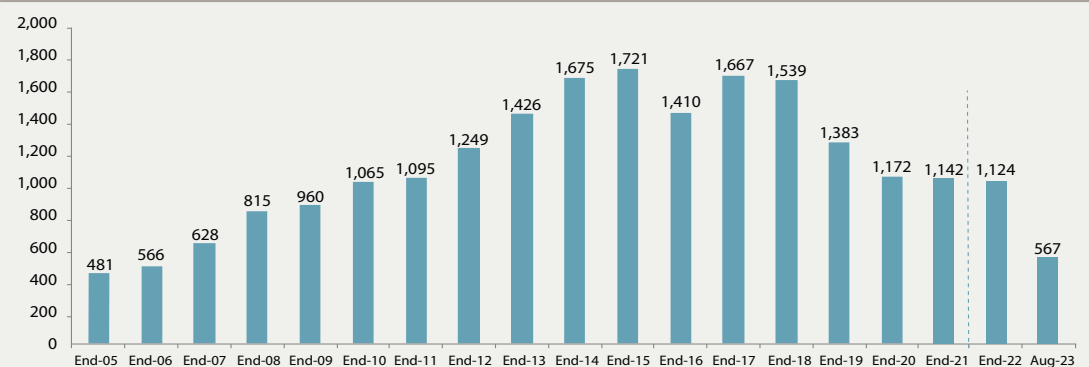
On the liabilities side, resident customer deposits contracted by 19.2% registering US\$ 154.7 million at end-August 2023, against US\$ 191.3 million at end-2022. Non-resident customer deposits contracted by 7.4% at end-August 2023 to stand at US\$ 5.5 million.

Resident financial sector liabilities stood at US\$ 78.5 million at end-August 2023, representing a considerable decrease of 25.5% from end-2022. Non-resident financial liabilities showed a marginal decrease of 0.2% registering US\$ 56.2 million at end-August 2023.

Public sector deposits rose to US\$ 5.1 million at end-August 2023, witnessing an increase of 112.2% from its figure by end-2022. Debt securities issued recorded US\$ 3.6 million at end-July 2023 against US\$ 0.6 million by end-2022.

Capital accounts reported US\$ 125.4 million at end-August 2023, dropping down from US\$ 502.5 million at end-2022, which shows a decrease of 75.0%.

BALANCE SHEET OF FINANCIAL INSTITUTIONS (US\$ MILLION)



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

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THE US EMBASSY IN BEIRUT ANNOUNCED THE 2024-2025 KENNEDY-LUGAR YES PROGRAM

The United States (US) Embassy in Beirut has announced the 2024-2025 Kennedy-Lugar Youth Exchange and Study Program (YES).

This scholarship program gives high school students aged 15 to 17 the opportunity to spend a full academic year in the US while living with a host family and attending high schools within the country. The selected students will engage in activities to learn about the host country's society and values, develop leadership skills and help educate Americans about Lebanese culture.

The Kennedy-Lugar YES Program covers round-trip travel expenses, tuition fees, health insurance, accommodation as well as a monthly allowance to cover miscellaneous expenses.

It is worth noting that since the beginning of the program in 2003, circa 665 Lebanese students spent an academic year in US homes and attended high schools across the country.

In order for students to apply they must follow the eligibility requirements which are:

- Currently enrolled in the Brevet or 1st secondary class of the Lebanese baccalaureate program or the 9th or 10th grade of the high school program.
- Have a birthday between August 15th 2007 and August 15th 2009.
- Be a resident/citizen of Lebanon or a long-term Palestinian residing in Lebanon.
- Not have US citizenship or legal permanent residence (green card).
- Demonstrate maturity, good character, scholastic aptitude, flexibility and adaptability.
- Have a minimum of "B" average (12/20) for the past three years without failing grades.
- Have strong English language ability: minimum "B" average (12/20) in English for the past three years.
- Agree to attend classes in the US as full-time students and maintain at least a "C" average (10/20) in a US high school.
- Demonstrate willingness to participate in the daily life of the host family.
- Have not previously attended school for a semester or academic year in the US.

It is worth noting that this program is supportive of applicants having disabilities as long as they meet the aforementioned requirements.

Interested candidates can apply online through the embassy website or through AMIDEAST with the deadline for applications being November 17th 2023.

ALWALEED BIN TALAL FOUNDATION LAUNCHES A SOLAR ENERGY INITIATIVE FOR FIVE SCHOOLS IN WEST BEKAA

The Vice President of the AlWaleed Bin Talal Humanitarian Foundation officially announced the launch of a new solar energy initiative.

This initiative benefits five schools within the Lebanese region of West Bekaa. The aforementioned schools offer their services to circa 1,300 students and are located in Berelias Al-Louis, Kamed Al-Louz, Al-Suwairi and Al-Qadiriya.

The inauguration of the initiative took place at the Kamed Al-Louz School and was attended by the Mufti of Zahle and the Bekaa, former ministers, the president of the AlWaleed Bin Talal Humanitarian Foundation, the mayors of Western Bekaa and Rashaya and Representatives from the judicial, religious, educational and social sectors among others.

This solar energy initiative was fully funded by the AlWaleed Bin Talal Humanitarian Foundation.

According to the Vice President of the AlWaleed Bin Talal Humanitarian Foundation, the myriad of challenges that Lebanon faces, including the electricity sector crisis, had a major impact on the education sector as well as many others which prompted the creation of the initiative.

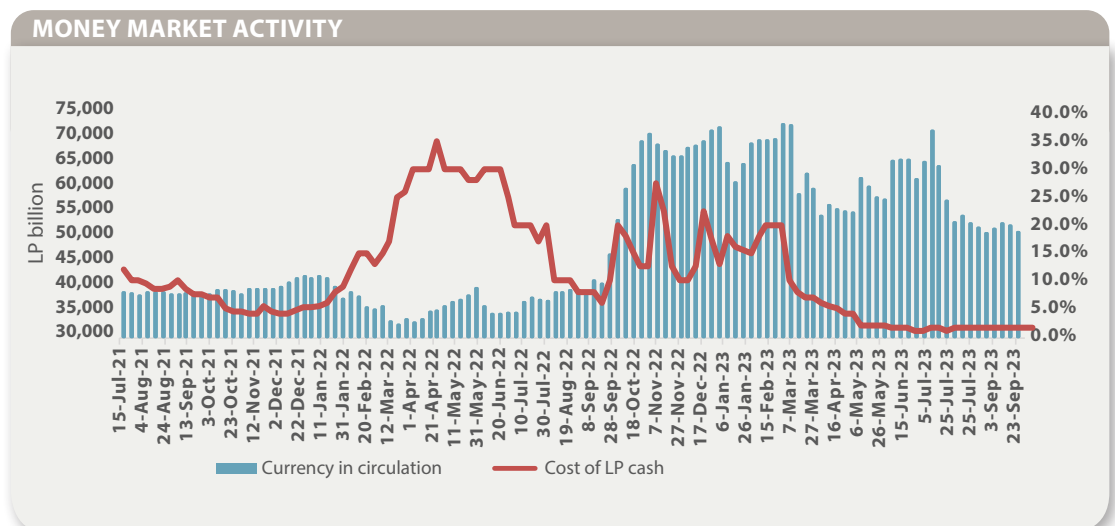
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CAPITAL MARKETS

MONEY MARKET: FURTHER WEEKLY EXPANSION IN TOTAL RESIDENT DEPOSITS, ON LP DEMAND DEPOSIT GROWTH

The overnight rate, which is a non-cash rate on the money market, fell from 40%-50% at the end of the previous week to 20% this week, while 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 21st of September 2023 showed that total resident banking deposits expanded further for the second consecutive by LP 234 billion. This is mainly attributed to a LP 907 billion rise in total LP resident deposits amid a LP 965 billion increase in LP demand deposits and a LP 57 billion retreat in LP saving deposits, while foreign currency resident deposits declined by LP 674 billion (the equivalent of US\$ 45 million as per the official rate of LP 15,000). However, the money supply in its broadest sense (M4) contracted by LP 1,391 billion over the covered week amid a LP 1,365 billion fall in the currency in circulation and a LP 260 billion decrease in the non-banking sector Treasury bills portfolio.



TREASURY BILLS MARKET: NOMINAL DEFICIT OF LP 2.8 TRILLION OVER FIRST 9M 2023

The latest Treasury bills auction results for value date 5th of October 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 28th of September 2023 showed subscriptions of LP 147 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 56 billion in the three-month category (offering a yield of 3.50%), LP 91 billion in the one-year category (offering a yield of 4.50%) and LP 25 billion in the five-year category (offering a coupon of 6.00%). These compare to maturities of LP 79 billion, which resulted into a nominal weekly surplus of LP 68 billion.

On a cumulative basis, total subscriptions amounted to LP 13,439 billion over the first nine months of 2023, fully allocated to the Central Bank of Lebanon. The one-year category captured 53.4% of the total, followed by the two-year category with 21.5%, the six-month category with 14.5%, the three-month category with 8.2%, the three-year category with 1.5% and the seven-year category with 0.9%, while the five-year category accounted for the remaining 0.01%. These compare to maturities of LP 16,223 billion, resulting into a nominal deficit of LP 2,784 billion over the first nine months of 2023.

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TREASURY BILLS

	06/10/2023	29/09/2023	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%	
Nom. Subs. (LP billion)		147	1	
Short-term (3&6 mths)		56	-	
Medium-term (1&2 yrs)		91	-	
Long-term (3 yrs)		-	1	
Long-term (5 yrs)		0.02	-	
Maturities		79	193	
Nom. Surplus/Deficit		68	-192	

Sources: Central Bank of Lebanon, Ministry of Finance

FOREIGN EXCHANGE MARKET: MARGINAL FLUCTUATIONS IN LP/US\$ PARALLEL MARKET RATE

While all initiatives failed to make a breakthrough in the prolonged Presidential stalemate, and awaiting the launching of the Bloomberg currency exchange platform aimed to promote transparency, unify multiple exchange rates and halt FX reserves burn, the black FX market continued to see this week marginal fluctuations in the LP/US\$ exchange rate. The latter hovered between LP/US\$ 89,000 and LP/US\$ 89,500 on Friday compared to LP/US\$ 89,300 and LP/US\$ 89,700 at the end of last week.

In parallel, the Central Bank of Lebanon maintained its disclosure policy. In fact, BDL unveiled this week that its liquid foreign assets contracted from US\$ 8,498 million at end-August 2023 to US\$ 8,414 million at end-September 2023. These compare to liquid foreign liabilities of US\$ 1,300 million, which resulted into net foreign liquid assets of US\$ 7,114 million at end-September 2023. BDL attributed the fall to a retreat in the Euro/US\$ exchange rate from Euro/US\$ 1.0873 at end-August 2023 to Euro/US\$ 1.0611 at end-September 2023, while reiterating its commitment not to use BDL FX buffers except for meeting costs related to BDL circular No.158.

EXCHANGE RATES

	06/10/2023	29/09/2023	30/12/2022	
LP/US\$	15,000.00	15,000.00	1,507.50	↔
LP/£	18,294.00	18,352.50	1,813.97	↑
LP/¥	100.73	100.62	11.27	↓
LP/SF	16,427.55	16,488.95	1,628.67	↑
LP/Can\$	10,936.13	11,151.59	1,108.21	↑
LP/Euro	15,819.00	15,916.50	1,603.83	↑

Source: Bank Audi's Group Research Department

STOCK MARKET: BSE SHIFTS TO POSITIVE TERRITORY AMID INCREASED ACTIVITY

The Beirut Stock Exchange shifted to a positive territory this week, as reflected by a 0.9% rise in the price index. Four out of eight traded stocks registered price gains, while one stock posted price falls and three stocks saw no price change week-on-week.

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A closer look at individual stocks shows that Byblos Bank's "listed" shares led the advance on the BSE this week, posting price increases of 7.0% to reach US\$ 0.76, followed by BLOM's "listed" shares with +6.7% to US\$ 3.20, Holcim Liban's shares with +1.5% to US\$ 66.00 and Solidere "A" shares with +1.2% to US\$ 77.00. In contrast, Solidere B's share price retreated by 0.5% to US\$ 77.05. Byblos Bank Preferred shares 2008 and 2009 saw no price change week-on-week, with the latter standing at US\$ 27.00 and US\$ 29.99 respectively. BLOM's GDR price remained stable at US\$ 2.50.

As to trading volumes, the BSE total trading value surged from US\$ 1.8 million over the past four-day week to US\$ 15.3 million during this five-day week, noting that Solidere shares captured 95.8% of the total. On a cumulative basis, the BSE total trading value expanded by 10.7% year-on-year during the first nine months of 2023 to reach US\$ 345 million. In parallel, the BSE market capitalization grew by 39.5% between end-September 2022 and end-September 2023. Accordingly, the total turnover ratio, measured by the annualized trading value to market capitalization, reached 2.5% during the first nine months of 2023 and compared to 3.1% a year earlier.

AUDI INDICES FOR BSE

	06/10/2023	29/09/2023	30/12/2022	
Market Cap. Index	785.94	778.82	614.50	↑
Trading Vol. Index	138.69	20.78	96.84	↑
Price Index	165.00	163.50	129.00	↑
Change %	0.91%	-0.97%	1.30%	↑

	06/10/2023	29/09/2023	30/12/2022	
Market Cap. \$m	18,646	18,477	14,578	↑
No. of shares traded (Exc. BT)	249,633	26,030	187,711	↑
Value Traded \$000 (Exc. BT)	15,271	1,830	6,415	↑
o.w. : Solidere	14,636	1,743	6,349	↑
Banks	629	1	66	↑
Others	6	86	0	↓

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

BOND MARKET: WEEKLY BOND PRICE CONTRACTIONS AMID DARKENED POLITICAL OUTLOOK

Amid darkened domestic political outlook after Qatari and French initiatives failed to resolve the Presidential crisis, and amid international warnings that a lack of domestic political will to launch urgently needed reforms would weigh on the Lebanese economy for years to come, Lebanese Eurobonds registered this week across-the-board price contractions of 0.13 pt to 0.25 pt to reach 7.875 cents per US dollar. Accordingly, Lebanese sovereigns accumulated year-to-date price gains of 2.13 pts to 2.25 pts.

EUROBONDS INDICATORS

	06/10/2023	29/09/2023	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)	7.875	8.00	5.50-5.88	↓
Average Life	4.77	4.79	5.34	↓
Yield on US 5-year note	4.71%	4.59%	3.94%	↑

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	06-Oct-23	29-Sep-23	31-Dec-22	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	149.32	149.37	131.11	0.0%	13.9%
\$/£	1.224	1.220	1.208	0.3%	1.3%
\$/Euro	1.059	1.057	1.071	0.1%	-1.1%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	33,407.58	33,507.50	33,147.25	-0.3%	0.8%
S&P 500	4,308.50	4,288.05	3,839.50	0.5%	12.2%
NASDAQ	13,431.34	13,219.32	10,466.48	1.6%	28.3%
CAC 40	7,060.15	7,135.06	6,473.76	-1.0%	9.1%
Xetra Dax	15,229.77	15,386.58	13,923.59	-1.0%	9.4%
FT-SE 100	7,494.58	7,608.08	7,451.74	-1.5%	0.6%
NIKKEI 225	30,994.67	31,857.62	26,094.50	-2.7%	18.8%
COMMODITIES (in US\$)					
GOLD OUNCE	1,833.01	1,848.63	1,824.02	-0.8%	0.5%
SILVER OUNCE	21.60	22.18	23.95	-2.6%	-9.8%
BRENT CRUDE (per barrel)	84.58	92.20	83.10	-8.3%	1.8%
LEADING INTEREST RATES (%)					
Term SOFR 1-month	5.34	5.32	4.36	0.02	0.98
US Prime Rate	8.50	8.50	7.50	0.00	1.00
US Discount Rate	5.50	5.50	4.50	0.00	1.00
US 10-year Bond	4.80	4.57	3.87	0.23	0.93

Sources: Bloomberg, Bank Audi's Group Research Department

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