

Economy

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p.9 MARKETS IN BRIEF: LEBANESE EUROBOND PRICES IN FREEFALL ON EMERGING GEOPOLITICAL RISKS

In view of the unprecedented military conflict between Israelis and Palestinians and as fears grow of a wider war in the region, while Lebanon is reeling under an institutional vacuum and worsened economic and living conditions, and awaiting the launch of the Bloomberg currency exchange platform while BDL acting governor has reiterated that the decision to stop financing the government either in LP or US dollar is a final one, Lebanon's capital markets witnessed this week stability in the LP/US\$ black market rate, while equities shifted to a negative territory and bond prices nosedived. In details, the LP/US\$ parallel market rate continued to hover around LP/US\$ 89,000 over this week, while BDL remains committed to preserve remaining liquid FX reserves and maintains disclosure policy. At the level of the equity market, the BSE price index declined by 0.8%, mainly dragged by price drops in Solidere shares, while the total turnover contracted by 50% week-on-week (when excluding block trades). On the bond market, sovereign prices hit 6.375-6.500 cents per US dollar on Friday, compared to 7.875 cents per US dollar last week amid mounting regional geopolitical risks concerns.

LEBANON MARKETS: OCTOBER 9 - OCTOBER 15, 2023

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LP Exchange Market	↔	CDS Market	↔

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ECONOMY

EBRD EXPECTS 0% GROWTH IN 2023 AND 3% GROWTH IN LEBANON IN 2024

The European Bank for Reconstruction and Development (EBRD) has just issued its SEMED region report, including Lebanon.

No GDP growth is expected in Lebanon in 2023, amid political inaction and stalled reforms according to the report.

Uncertainty surrounding a potential IMF-supported programme has increased after the stalling of key prerequisite reforms, keeping Lebanon locked out of international markets and further depleting official reserves.

In 2024, the economy could return to growth, forecast at around 3%, conditional on overcoming political hurdles, progressing on reforms and successfully implementing an IMF-supported programme, which would also allow negotiations with international partners to resume.

The European Bank for Reconstruction and Development is forecasting modest economic growth in 2023 in the southern and eastern Mediterranean (SEMED) region, according to the Bank's latest Regional Economic Prospects report, published recently.

Gross domestic product (GDP) in the SEMED region is expected to grow by an average of 3.7 per cent in 2023 and 3.9 per cent in 2024, slightly below previous forecasts, reflecting delays to structural reforms and increased fiscal and external vulnerabilities.

However, the region's economies have weathered the challenging global environment relatively well, although high inflation and tighter financing conditions have increased sovereign stress. Higher energy and food prices continue to weigh on household and government finances, although most economies in the region have reverted to fiscal consolidation in 2023.

In its Transition report 2022, 2023 EBRD had said Lebanon is sinking further into financial and economic crisis. The currency's depreciation has continued, with multiple exchange rates still in place, while inflation is soaring, pushing more vulnerable population groups into poverty.

The pressure on the government's finances continues to rise. The government is still unable to access international financial markets. Improved remittances and tourism revenues are offering some relief, but rising food and energy prices have added more pressure on depleted foreign-currency reserves.

Lebanon was unable to pass the reforms outlined in the April 2022 staff-level agreement with the International Monetary Fund (IMF). This has delayed a final agreement with the Fund that would unlock access to much-needed financing, including from other sources.

Key priorities for 2023 included the following as per EBRD

- Meeting the requirements of an IMF-supported stabilisation and structural reform programme is the most immediate priority. An agreement with the IMF would help rebuild credibility on reform commitment and provide access to necessary external financing.
- A comprehensive social safety net is needed so that households can better access energy and food. Wider coverage and a more transparent ration-card system are essential to the success of targeted subsidies to combat deepening poverty levels, but significant donor support will be vital.
- Progress on energy reforms is necessary to unlock the financing needed to develop the sector's capacity. A stronger commitment to greener energy production and improved efficiency would greatly help to address severe shortages and limit import dependence.

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NUMBER OF PASSENGERS AT THE AIRPORT INCREASED BY 20% YEAR-ON-YEAR IN THE FIRST NINE MONTHS OF 2023

The latest figures released by the Rafic Hariri International Airport (BIA) revealed that the airport traffic posted an improving performance in the first nine months of 2023 against the first nine months of the year prior.

In details, total number of passengers increased by 19.8% in the first nine months of 2023 when compared to the same period of 2022, reaching 5,773,324 passengers in the former period, up from 4,820,663 in the latter. In addition, the number of aircraft increased by 15.6% year-on-year. In parallel, the total freight handled by the airport decreased by 2.1% year-on-year during the aforementioned period.

The number of incoming passengers increased by 20.9% year-on-year reaching 2,855,689 in the first nine months of 2023, up from 2,362,111 in the first nine months of 2022. Passengers departing from BIA during the first nine months of 2023 reached 2,917,635 recording an increase of 18.7%, up from 2,458,552 departing passengers in the same period of the year prior.

In parallel, landings and take-offs increased by 16.0% and 15.9% year-on-year respectively in the first nine months of 2023 with 22,956 planes landing and 22,940 planes taking-off during the period. In turn, the number of aircraft coming in and out of BIA during the first nine months of 2023 reached 45,896 planes registering a 15.9% year-on-year increase up from 39,588 in the same period of 2022

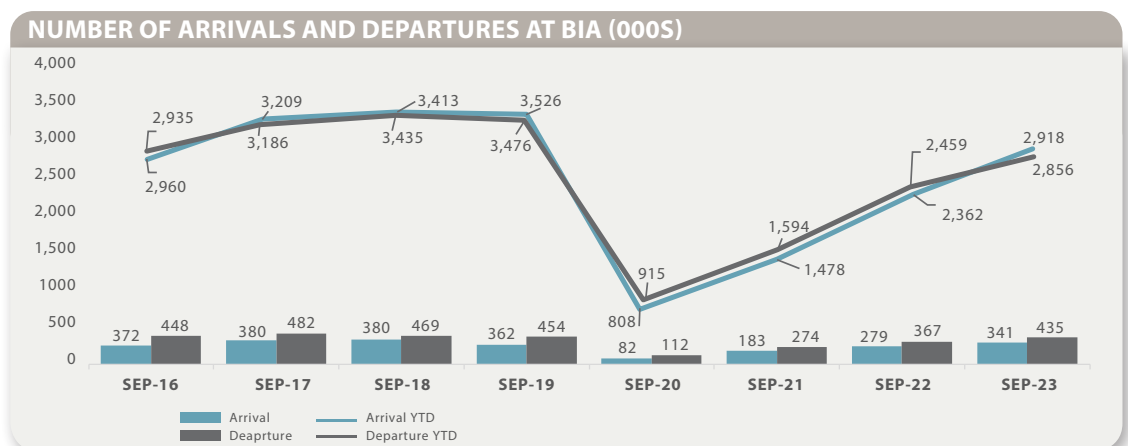
Regarding the freight movement within the airport, a total of 24,255 tons were imported and unloaded during the first nine months of 2023, while 18,549 tons were exported and loaded. The first mentioned activity posted an increase of 13.0% while the latter posted a 16.8% decrease on a yearly basis in the first nine months of 2023 against the same period of 2022.

Looking at the recovery rate in arriving passenger activity at BIA between the first nine months of 2023 and the same period of 2019, an indicator of recovery in incoming passengers' activity against pre-crisis and pre-COVID levels, we note a recovery rate of 82.2%. This shows a 14.2 percentage point improvement in recovery rate up from 68.0% in 2022.

It is worth noting that incoming passengers at BIA in the first nine months of 2019 were recorded at 3,476,176 individuals.

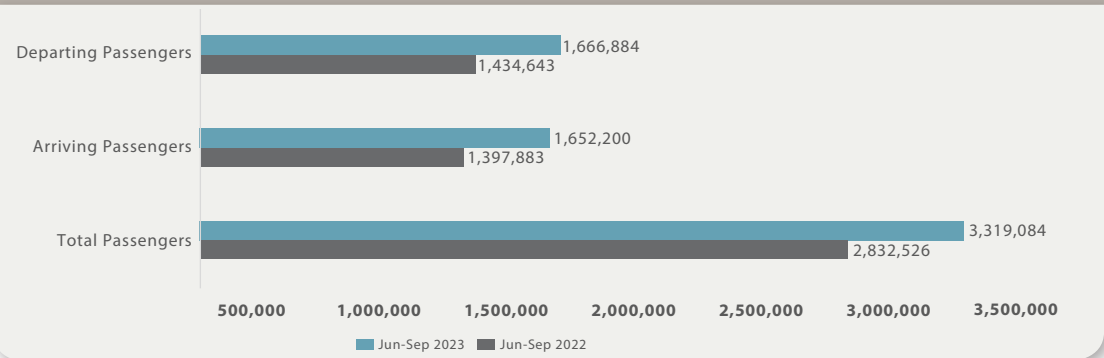
When looking at the performance of the summer season during the current year, total passengers at BIA in between June and September 2023 reached 3,319,084 showing an increase of 17.2% up from 2,832,526 total passengers in the same period of 2022. Number of incoming passengers at BIA increased by 18.2% year-on-year in the aforementioned period while the number of departing passengers increased by 16.2% during the same period. Additionally, looking at the recovery rate of incoming passengers in BIA for the summer season of 2023 against that of 2019, we note an 85.7% recovery rate. This recovery rate outperforms the recovery rate of incoming passengers noticed so far in 2023 which shows the success of the summer season.

It is worth mentioning that Lebanon's summer season for tourism extends from June to September with its peak usually in July and August. This season historically shows an increase in tourism levels for the country.



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PERFORMANCE OF BIA FROM JUNE TO SEPTEMBER IN 2023 AND 2022



Source: BIA, Bank Audi Group Research Department

UN-HABITAT, ESCWA AND UNICEF DISCUSS THE REGIONAL CONTEXT OF WATER-RELATED CLIMATE ADAPTION METHODS IN LEBANON AND JORDAN

Within the context of discussing the “Resilient Water Solutions Against Climate Change in Lebanon and Jordan” project which is led by the United Nations Human Settlements Program (UN-Habitat) in cooperation with the United Nations Economic and Social Commission for Western Asia (ESCWA) and the United Nations Children’s Fund (UNICEF) along with national executing entities, the second Regional Steering Committee meeting was held in Jordan followed by visits to project’s sites.

The committee meeting was co-chaired between the Jordanian Minister of Environment and the Lebanese Caretaker Minister of Environment. The meeting gathered the project’s national coordinators, project partners, local authorities as well as other relevant stakeholders. During the meeting, the committee discussed project progress, milestones, challenges and solutions. Additionally, the committee operationalized a concrete platform for critical regional learning in both Lebanon and Jordan towards climate change adaptation solutions.

During the meeting, the participants provided crucial insight into the areas where regional exchange is most important. The insight focused on the needs of Lebanon and Jordan with the meeting concluding with measures in order to enhance further the transfer of knowledge and experiences gained through project implementation. Additionally, the conclusion of the meeting provided concrete entry points that aim to promote the upscaling, replication and sustainability of the project additionally serving as a practical learning experience between the countries’ officials while visiting two wastewater treatment and reuse projects, a permaculture site and the Urban Observatory of Greater Amman Municipality.

In a statement, the Lebanese Caretaker Minister of Environment noted the crucial nature of regional cooperation in a bid to adapt to climate change as well as the importance of international funding. A need presents itself also to promote and adopt innovative measures in different sectors such as water, agriculture and the management of forests & natural reserves.

In parallel, according to the Lebanese Caretaker Minister of Environment, there is an unfulfilled commitment of industrial countries to fund adaptation projects in underdeveloped countries wherein different pledges committed during a number of climate summits have not reached 6% of the total commitments.

The “Resilient Water Solutions Against Climate Change in Lebanon and Jordan” project provides the Arab region with replicable and innovative measures to promote climate change resilience and adaptation. These measures set a focus on climate change and gender mainstreamed urban planning in areas facing extreme weather events.

The project is financed by the Adaptation Fund and works on enabling local communities to adapt to increasing temperatures and declining precipitation levels mostly leading to droughts as well as varying patterns of rainfall which affects agriculture negatively. The project also focuses on the sustainable management and use of water resources through promoting water-efficient irrigation methods, permaculture and using non-conventional water sources (i.e. treated wastewater and harvested rainfall).

In a bid to promote the regional exchange of knowledge, the project recently launched the virtual Community of Practice (CoP) “ Urban Water and Climate Resilience in the Arab Region” platform. The aforementioned platform brings experts and practitioners together to discuss solutions to water-related climate change issues.

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SURVEYS/REPORTS

LEBANON SCORED 5.15 AS PER THE 2023 ECONOMIC FREEDOM RATING, RANKING 154TH GLOBALLY

Lebanon scored 5.15 as per the 2023 Economic Freedom rating published by Fraser Institute, thus ranking 154th globally among 165 countries around the World and ranking 16th regionally among 21 countries in the Arab MENA region. On the global scale, Singapore came in Top position, while Venezuela came at the bottom. On the regional scale, Bahrain came in Top position with a rating of 7.44, while Syria came at the bottom with a rating of 3.9.

The degree of economic freedom is measured in five broad areas.

Area 1: Size of Government

As government spending, taxation, and government-controlled enterprises increase, government decision-making is substituted for individual choice and economic freedom is reduced.

Area 2: Legal System and Property Rights

Protection of persons and their rightfully acquired property is a central element of both economic freedom and civil society. Indeed, it is the most important function of government.

Area 3: Sound Money

Inflation erodes the value of rightfully earned wages and savings. Sound money is thus essential to protect property rights. When inflation is not only high but also volatile, it becomes difficult for individuals to plan for the future and thus use economic freedom effectively.

Area 4: Freedom to Trade Internationally

Freedom to exchange—in its broadest sense, buying, selling, making contracts, and so on—is essential to economic freedom, which is reduced when freedom to exchange does not include businesses and individuals in other nations.

ARAB MENA REGION 2023 ECONOMIC FREEDOM SCORE RANKINGS

Country	Ranking	Score	Size of Government	Legal System and property rights	Sound Money	Freedom to Trade Internationally	Regulation
Bahrain	45	7.44	7.08	5.18	9.39	8.19	7.38
United arab Emirates	50	7.35	5.15	7.00	9.10	8.00	7.50
Jordan	51	7.3	7.44	4.36	9.83	7.31	7.55
Saudi Arabia	83	6.64	4.81	6.70	8.86	6.64	6.21
Kuwait	85	6.63	5.92	5.12	8.20	7.38	6.54
Oman	90	6.58	5.01	5.36	8.69	7.55	6.27
Qatar	90	6.58	5.94	5.39	8.32	6.99	6.27
Morocco	97	6.42	6.56	5.25	7.21	6.58	6.51
Tunisia	121	6.02	5.18	5.10	8.00	5.70	6.50
Djibouti	135	5.79	5.51	3.59	7.26	5.76	6.83
Mauritania	136	5.78	5.42	3.27	7.96	6.16	6.09
Somalia	138	5.66	8.74	2.30	6.90	7.10	5.10
Comoros	139	5.63	6.42	3.09	6.74	5.80	6.10
Iraq	143	5.49	4.93	2.29	7.53	6.84	5.87
Egypt	144	5.47	5.30	3.41	8.42	5.50	4.73
Lebanon	154	5.15	8.47	3.43	4.97	3.53	5.32
Algeria	157	4.82	4.45	3.82	7.08	3.92	4.84
Libya	160	4.65	3.73	2.51	7.14	5.54	4.31
Yemen	161	4.18	8.45	2.70	8.20	5.40	3.60
Sudan	162	3.98	6.78	2.70	1.30	5.50	4.80
Syria	163	3.9	6.25	3.00	6.30	2.40	5.20

Sources: Fraser Institute, Bank Audi's Group Research Department

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Area 5: Regulation

Governments not only use a number of tools to limit the right to exchange internationally, they may also impose onerous regulations that limit the right to exchange, gain credit, hire or work for whom you wish, or freely operate your business.

Lebanon got a score of 8.47 on Size of Government, a score of 3.43 on Legal System and Property Rights, a score of 4.97 on Sound Money, a score of 3.53 on Freedom to Trade Internationally and a score of 5.32 on Regulation.

FITCH SOLUTIONS TALKS OF UNAFFORDABLE HEALTH SERVICES OVERBURDENED BY DEMAND

The Healthcare Report just released by Fitch Solutions suggests Lebanon's healthcare system faces multiple challenges, including ongoing political and economic crises that result in unaffordable services that are overburdened by demand. Uneven distribution of services means that rural locations have limited access to primary care services and the overall reliance on the private sector is an ongoing trend. Demand will remain high due to political tensions and growing refugee populations in Lebanon.

Lebanon has a historically high health expenditure as a share of GDP but this is diluted in local currency by widening inflation and the devaluation of the Lebanese pound. Health expenditure is weighted towards private healthcare expenditure, with the private sector accounting for around two thirds of total expenditure. Lebanon relies on international aid to carry out essential services due to its current challenges.

Private hospitals greatly outnumber public hospitals, which is indicative of Lebanon's reliance on private healthcare. Financial commitments for healthcare from previous governments have supported Lebanon's healthcare personnel numbers, while improving regional ties presents upside risks for healthcare resources. However, Lebanon's high number of refugees per capita and ongoing economic crises will continue to place significant pressures on the healthcare system.

Digital health remains in its infancy in Lebanon due to ongoing headwinds from political and economic crises. The development of infrastructure to facilitate digital health has been slowed by a lack of government funding and an already-stretched healthcare system. Digital health will be a lesser priority in Lebanon in the short term, with the private sector playing a dominant role in many aspects.

Lebanon's demographics show a population on a steady decline despite facing an ongoing influx of Syrian refugees. The country's elderly population is expanding but still remains a smaller proportion of the population with the median age being 30 years old. An expanding elderly population will increase demands for healthcare services in the long term, which is already outpacing current supply as per Fitch Solutions.

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CORPORATE NEWS

THE UAE REOPENS ITS EMBASSY IN LEBANON

Following a diplomatic issue between Lebanon and many Gulf countries leading to the closing of the United Arab Emirates' (UAE) embassy in Lebanon among other diplomatic backlash, the UAE has announced the reopening of its embassy in the country.

The Lebanese Caretaker Prime Minister and the Emirati President announced that the necessary measures to reopen the embassy in Beirut would be taken. This announcement came during a meeting at Al Shati Palace in Abu Dhabi. Additionally, ways to enhance bilateral relations and strengthen economic cooperation between the two countries was discussed between the two leaders.

It is worth noting that in October 2021, the Lebanese Minister of Information at the time set off a diplomatic crisis between Lebanon and Gulf nations following anti-coalition comments towards the war in Yemen. This led to the UAE recalling its diplomatic staff from Lebanon along with similar reactions emanating from other countries such as Saudi Arabia, Kuwait and Bahrain.

UN SAYS LEBANON FACING ONE OF THE WORLD'S WORST HUMANITARIAN CRISES

According to a statement by a United Nations (UN) official, Lebanon is facing one of the worst humanitarian crises in the world. This comes as nearly four million individuals require either food or other types of assistance with less than half getting aid due to lack of funding.

According to the UN Humanitarian Chief for Lebanon, the amount of assistance provided by the international community is much less than the minimum survival level that is normally distributed. Lebanon has been facing a compounding set of crises for four years which has led to the dramatic increase in humanitarian needs of people throughout all sectors of the population.

It is worth noting that since the start of the crisis in October 2019, the political class of the country has been reluctant in implementing much needed economic and financial reforms requested by the international community. This reluctance to implement crucial reforms was persistent even following talks with the International Monetary Fund (IMF) aiming to secure a bailout and reaching a preliminary agreement. Additionally, the country has been in a presidential vacuum for almost a year stunting the work of the majority of its institutions.

According to UN estimates, circa 3.9 million individuals within Lebanon require humanitarian help. This estimate includes circa 2.1 million Lebanese individuals (53.9% of total), 1.5 million Syrians (38.5% of total), 180,000 Palestinian refugees (4.6% of total), 81,500 migrants (2.1% of total) and 31,000 Palestinians from Syria (0.9% of total).

According to the UN Humanitarian Chief for Lebanon, as of last year the UN provided humanitarian aid to circa one million Syrians and slightly less than 950,000 Lebanese. This comes as the UN received circa 40% of its required funding in 2022 with the trend so far in 2023 going in a similar direction. However, needs are increasing and the situation is worsening. Additionally, in the case of Lebanon, the situation doesn't receive the same attention as other countries which increases the concern around the issue and the severity of it.

It is worth noting that since the start of the Syrian civil war in 2011, Lebanon hosts the highest number of displaced persons per capita and per Km² in the world. This has recently created tension in Lebanon between the local community and refugees due to negative rhetoric and disinformation in Lebanon about Syrian refugees, as per the UN Humanitarian Chief for Lebanon.

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LEBANESE WINEMAKERS AIM TO EXPAND THEIR EXPORT MARKETS TO CHINA

Winemakers in Lebanon are showing an increasing interest to export their products to China and are calling on the relevant authorities to help promote their products and broaden the way to the East Asian country's market. According to the Owner of the Lebanese winery "Chateau St. Thomas", amid a previous participation in an exhibition in China, they saw that Lebanese products are rarely known to many Chinese consumers. Additionally, as China is considered a big market, Lebanese wineries require assistance to introduce products there.

In a statement, the Export Manager at the Lebanese winery "Wardy" saw that wine companies require financial assistance in order to support the promotion of their products in China due to the current crises in Lebanon as wine producers would need to visit China and market their products there.

In parallel, finding distributors operating in China would ease the export process of Lebanese wines as they are more knowledgeable regarding the tastes and preferences of the Chinese consumer. In turn, if the knowledge of the consumer base's preferences is acquired it is believed that Lebanese products could be very popular within the market, as per the Owner of the Lebanese winery "Chateau Cana".

According to the General Director of the Lebanese Agriculture Ministry who spoke at the opening event of the Vinifest festival, the Ministry of Agriculture (MoA) is working on a plan to organize wine-related promotion events abroad in a bid to support Lebanese wineries. Additionally, the MoA has launched wine tourism nationwide in Lebanon to attract wine lovers and tourists as well as increase the popularity of Lebanon's wine. The MoA has also already signed an agreement with China to provide facilities for Lebanon's wine exports to the East Asian country which will come in effect soon.

Confidence is present among Lebanese winemakers about their success if they accessed the Chinese market due to the quality of their products.

According to the Sales and Marketing Director at the Lebanese winery "Ksara", local wineries work hard to ensure the excellent quality of their wines despite the difficulties they face in Lebanon.

It is worth noting that Lebanon which is located at an altitude of circa 1,000 meters while having the ideal Mediterranean climate makes it suitable for growing grapes which retain the perfect acidity and producing quality wines.

According to the General Manager of Events, the organizer of Vinifest, wine production is a traditional business in Lebanon with the country being among the first countries to export wine products in the world. Additionally, it was noted that participation in the festival this year reached 70 winemakers marking the expansion of the wine production industry within Lebanon.

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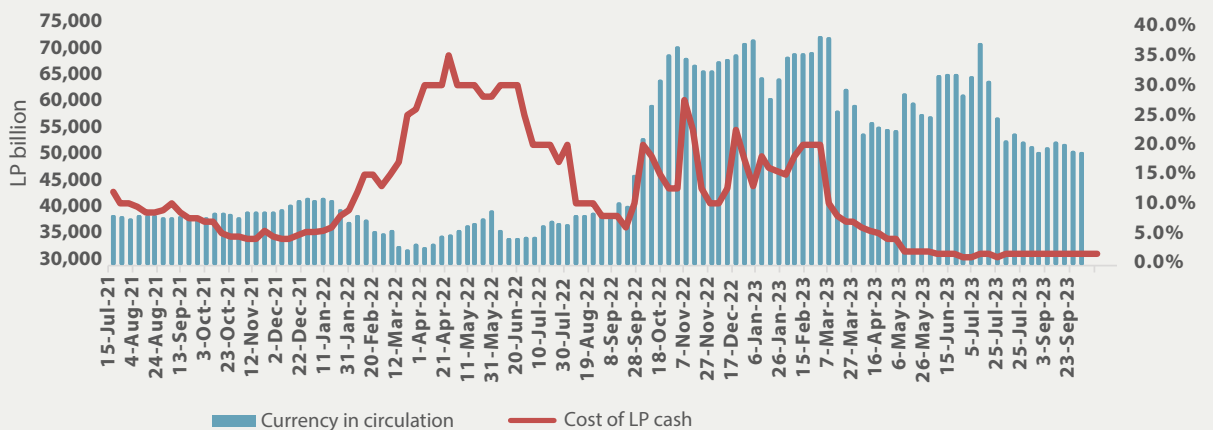
CAPITAL MARKETS

MONEY MARKET: SIGNIFICANT WEEKLY CONTRACTIONS IN TOTAL RESIDENT DEPOSITS

The overnight rate, which is a non-cash rate on the money market, remained stable at 20% this week, and the cost of LP cash stayed quoted at 1%-2%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 28th of September 2023 showed that total resident banking deposits contracted significantly by LP 2,718 billion. This is mainly attributed to a LP 2,103 billion fall in foreign currency resident deposits (the equivalent of US\$ 140 million as per the official rate of LP 15,000), while total LP resident deposits declined by LP 614 billion amid a LP 514 billion decrease in LP demand deposits and a LP 100 billion retreat in LP saving deposits. Within this context, the money supply in its broadest sense (M4) contracted by LP 2,852 billion over the covered week amid a LP 257 billion decline in the currency in circulation and a LP 123 billion increase in the non-banking sector Treasury bills portfolio.

MONEY MARKET ACTIVITY



TREASURY BILLS MARKET: NOMINAL WEEKLY SURPLUS OF LP 910 BILLION

The latest Treasury bills auction results for value date 12th of October 2023 showed that the Central Bank of Lebanon allowed banks to subscribe in full to the three-month category (offering a yield of 3.50%), the one-year category (offering a yield of 4.50%) and the five-year category (offering a coupon of 6.00%).

The Treasury bills auction results for value date 5th of October 2023 showed subscriptions of LP 1,112 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 112 billion in the six-month category (offering a yield of 4.00%), LP 1,000 billion in the three-year category (offering a coupon of 5.50%). These compare to maturities of LP 202 billion, which resulted into a nominal weekly surplus of LP 910 billion.

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TREASURY BILLS

	13/10/2023	06/10/2023	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)		1,112	1	
Short-term (3&6 mths)		112	-	
Medium-term (1&2 yrs)		-	-	
Long-term (3 yrs)		1,000	1	
Long-term (5 yrs)		-	-	
Long-term (7 yrs)		0		
Maturities		202	193	
Nom. Surplus/Deficit		910	-192	

Sources: Central Bank of Lebanon, Ministry of Finance

FOREIGN EXCHANGE MARKET: LP/US\$ PARALLEL MARKET RATE HOVERING AROUND LP/US\$ 89,000

In line with the unprecedented Israel-Hamas military conflict and as border clashes in South Lebanon sparked fears of a wider conflict in the region, while the country is reeling under a multifaceted crisis and BDL acting governor has reiterated that the decision to stop financing the government is a final one that has helped preserving monetary stability, the parallel FX market witnessed this week marginal movements in the LP/US\$ rate. In fact, the latter hovered between LP/US\$ 89,400 and LP/US\$ 89,700 against LP/US\$ 89,000-LP/US\$ 89,500 last week. This took place while market players await the launch of the Bloomberg currency exchange platform aimed to promote transparency and governance in an emerging cash economy.

EXCHANGE RATES

	13/10/2023	06/10/2023	30/12/2022	
LP/US\$	15,000.00	15,000.00	1,507.50	↔
LP/£	18,321.00	18,294.00	1,813.97	↓
LP/¥	100.20	100.73	11.27	↑
LP/SF	16,547.16	16,427.55	1,628.67	↓
LP/Can\$	10,973.74	10,936.13	1,108.21	↓
LP/Euro	15,831.00	15,819.00	1,603.83	↓

Source: Bank Audi's Group Research Department

STOCK MARKET: BSE SLIDES INTO RED, MAINLY DRAGGED BY SOLIDERE SHARES

The BSE price index contracted by 0.8% week-on-week, mainly dragged by price falls in the heavyweight Solidere shares. In details, Solidere "A" and "B" share prices shed 2.5% and 0.6% respectively this week, closing at US\$ 75.05 and US\$ 76.60 respectively. BLOM's GDR price nudged down by 0.4% to US\$ 2.49. Ciments Blancs Nominal's share price plunged by 5.0% to US\$ 23.00. In contrast, Bank Audi's GDR price climbed by 17.2% to hit US\$ 1.36. Byblos Bank's "listed" share price surged by 5.3% to US\$ 0.80. BLOM's "listed" share price remained stable at US\$ 3.20. Holcim Liban's share price stood unchanged at US\$ 66.00.

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As to trading volumes, the BSE total trading value contracted by 50% week-on-week, moving from US\$ 15.3 million last week to US\$ 7.6 million (when excluding block trades of US\$ 5.8 million), noting that Solidere shares captured about 97% of the total.

AUDI INDICES FOR BSE

	13/10/2023	06/10/2023	30/12/2022	
Market Cap. Index	779.32	785.94	614.50	↓
Trading Vol. Index	69.48	138.69	96.84	↓
Price Index	163.61	165.00	129.00	↓
Change %	-0.84%	0.91%	1.30%	↓
	13/10/2023	06/10/2023	30/12/2022	
Market Cap. \$m	18,489	18,646	14,578	↓
No. of shares traded (Exc. BT)	181,436	249,633	187,711	↓
Value Traded \$000 (Exc. BT)	7,649	15,271	6,415	↓
o.w. : Solidere	7,410	14,636	6,349	↓
Banks	168	629	66	↓
Others	72	6	0	↑

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

BOND MARKET: LEBANESE BOND PRICES PIERCE 7 CENTS PER US DOLLAR LEVEL DOWNWARD FOR FIRST TIME SINCE JULY 2023

The Eurobond market was subject to downward price pressures this week, as escalating military developments in the region and fears of adverse security developments on the local front fueled geopolitical risks. This came along an unprecedented domestic institutional vacuum and lingering reform uncertainties.

That being said, Lebanese Eurobond prices pierced the 7 cents per US dollar level downward for the first time since July 2023, reaching 6.375-6.500 cents per US dollar on Friday compared to 7.875 cents per US dollar last week, which marks price contractions of 1.38 pt to 1.75 pt. Accordingly, year-to-date bond price gains were restricted to 0.63 pt-0.88 pt.

EUROBONDS INDICATORS

	13/10/2023	06/10/2023	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)	6.375-6.500	7.875	5.50-5.88	↓
Average Life	4.75	4.77	5.34	↓
Yield on US 5-year note	4.60%	4.71%	3.94%	↓

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	13-Oct-23	06-Oct-23	31-Dec-22	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	149.57	149.32	131.11	0.2%	14.1%
\$/£	1.214	1.224	1.208	-0.8%	0.5%
\$/Euro	1.051	1.059	1.071	-0.7%	-1.8%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	33,670.29	33,407.58	33,147.25	0.8%	1.6%
S&P 500	4,327.78	4,308.50	3,839.50	0.4%	12.7%
NASDAQ	13,407.23	13,431.34	10,466.48	-0.2%	28.1%
CAC 40	7,003.53	7,060.15	6,473.76	-0.8%	8.2%
Xetra Dax	15,186.66	15,229.77	13,923.59	-0.3%	9.1%
FT-SE 100	7,599.60	7,494.58	7,451.74	1.4%	2.0%
NIKKEI 225	32,315.99	30,994.67	26,094.50	4.3%	23.8%
COMMODITIES (in US\$)					
GOLD OUNCE	1,932.82	1,833.01	1,824.02	5.4%	6.0%
SILVER OUNCE	22.72	21.60	23.95	5.2%	-5.1%
BRENT CRUDE (per barrel)	90.89	84.58	83.10	7.5%	9.4%
LEADING INTEREST RATES (%)					
Term SOFR 1-month	5.34	5.34	4.36	-0.01	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	4.61	4.80	3.87	-0.19	0.74

Sources: Bloomberg, Bank Audi's Group Research Department

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