

Economy

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Amid a clouded cabinet and reform outlook and calls to elect a new President within the constitutional deadlines, and given extended BDL's exceptional measures and the continuous inflow of hard currency, Lebanon's capital markets saw this week marginal movements in LP against the US dollar on the black FX market and two-way flows on the equity market, while Eurobond prices remained at historical lows. In details, the LP continued to hover around 30,000 per US dollar on the parallel market, reaching LP/US\$ 30,550-LP/US\$ 30,600 on Friday as compared to LP/US\$ 30,250-LP/US\$ 30,300 at the end of last week, as the increased demand for the greenback following BDL's decision to price 85% of fuel imports at "Sayrafa" rate was partly offset by a continuous supply for US dollars during the summer touristic season. In parallel, the equity market saw mixed price movements this week, which resulted into a shy retreat in the price index of 0.1%, while the BSE total turnover contracted by 24% week-on-week. On the Eurobond market, sovereign prices remained at record lows, ranging between 6.38 and 6.63 cents per US dollar on Friday, as market players continued to assess the challenges for a final program with the IMF.

LEBANON MARKETS: AUGUST 1 - AUGUST 7, 2022

Money Market	↑	BSE Equity Market	↓
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ECONOMY

MODERATE DECLINE IN DEPOSITS OVER THE FIRST HALF-YEAR COUPLED WITH CONTINUED DELEVERAGING

The first 6-month period was characterized by the following trends at the banking sector level:

Moderate decline in deposits when compared with the same period last year: Indeed, customer deposits contracted by US\$ 2.3 billion over the first six months of 2022, against a contraction of US\$ 4.9 billion over the same period in 2021. This year's decline was almost totally due to non-resident deposits that contracted by US\$ 0.7 billion while resident deposits dropped by US\$ 1.6 billion.

Declining deposit dollarization: With respect to the currency breakdown of deposits, it is worth mentioning that FX deposits contracted by US\$ 4.1 billion since the beginning of the year, while LL deposits rose by US\$ 1.8 billion. As such, deposit dollarization went down from 79.4% at end-December 2021 to 77.6% at end-June 2022.

Continued deleveraging process: Banks loans to the private sector contracted by US\$ 3.7 billion over the first six months of 2022, against a decline of US\$ 4.3 billion over the same period in 2021. This year's decline was mostly due to FX loans which contracted by US\$ 2.6 billion, while LL loans dropped by US\$ 1.1 billion. Consequently, loan dollarization continued its contraction to reach 54.0% at end-June 2022, against 56.3% at end-December 2021.

Contracting Eurobond portfolio: Banks Eurobond portfolio continued its net contraction amid provisioning efforts required by monetary authorities. The net value of Lebanese sovereign Eurobonds held by banks reached US\$ 4.0 billion at end-June 2022, contracting by US\$ 0.4 billion since the beginning of the year. As a percentage of FX deposits, net Eurobond holdings amount today to 4.0% (0.24 times equity), against 11.9% on the onset of the crisis in October 2019 (0.72 times equity).

Contracting equity amid net losses: With respect to capitalization, bank shareholders' equity contracted from US\$ 17.8 billion at end-December 2021 to US\$ 17.0 billion at end-June 2022 as a result of net bank losses over the period. Comparatively, bank shareholders' equity stood at US\$ 20.6 billion at the time of the crisis onset in October 2019. The losses incurred by Lebanese banks come as a result of noticeable FX costs (rate differential between the BDL circular 151 rate and the official exchange rate), the effects of mark-ups, the rising operating expenses tied to the surging inflation, in addition to significant provisions to face private and sovereign risks at large.

Growing balance of payments deficit amid BDL intervention on Sayrafa platform: The first six months of 2022 were characterized with a growing deficit in the balance of payments that recorded US\$ 2.6 billion, against US\$ 1.8 billion in the same period of 2021. This year's six-month deficit was totally driven by the drop in net foreign assets of the Central Bank, while banks' net foreign assets stabilized over the period. The drop in BDL's net foreign assets comes within the context of a significant intervention on the Sayrafa platform to contain the exchange rate drift, while the subsidy component has been reduced to a minimum this year.

MAJOR ACTIVITY INDICATORS OF BANKS

<i>In millions of US\$</i>	Dec-19	Dec-20	Dec-21	Jun-22	Var 1H-22	Var 1H-21
Total assets	216,781	188,042	174,824	170,926	-3,897	-6,964
Total shareholders' equity	20,723	19,930	17,785	16,950	-835	-3,552
Shareholders' equity/Total assets	9.6%	10.6%	10.2%	9.9%	-0.3%	-1.6%
Loans to the private sector in L.L.	15,573	14,614	12,124	11,022	-1,102	-1,367
Loans to the private sector in FX	34,196	21,554	15,591	12,948	-2,643	-2,935
Total loans to the private sector	49,769	36,168	27,715	23,970	-3,746	-4,302
Loans in FX / Total Loans	68.7%	59.6%	56.3%	54.0%	-2.2%	-1.2%
Customers' deposits in L.L.	38,089	27,318	26,647	28,487	1,839	-827
Customers' deposits in FX	120,773	111,821	102,821	98,685	-4,137	-4,078
Total Customers' deposits	158,863	139,139	129,469	127,171	-2,297	-4,904
Deposits in FX / Total Deposits	76.0%	80.4%	79.4%	77.6%	-1.8%	-0.1%
Loans in L.L./Deposits in L.L.	40.9%	53.5%	45.5%	38.7%	-6.8%	-3.5%
Loans in FX/Deposits in FX	28.3%	19.3%	15.2%	13.1%	-2.0%	-2.0%
Loans/Deposits	31.3%	26.0%	21.4%	18.8%	-2.6%	-2.3%

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DECREE 9718 TO GRANT TEMPORARY SOCIAL ASSISTANCE TO PUBLIC SECTOR'S EMPLOYEES

The President of the Republic signed Decree No. 9718 to grant a temporary social assistance to all public sector employees and retirees for a duration of one year from the date of issuance of this decree, as mentioned in a statement.

The social assistance value is determined at 100% of the basic salary, wage or pension basis without any increase or designation, provided that the value of this assistance for employees who are still in service is not less than LP 2,000,000 and not exceeding LP 6,000,000 per month. On the other hand, retirees are to receive a receipt not less than LP 1,700,000 and not exceeding LP 5,100,000 per month.

In details, the decree includes public sector workers, retirees who benefit from a retirement pension, public institutions including government hospitals, the Lebanese University, the State Employees' Cooperative and the National Social Security Fund, municipalities, municipal unions and anyone who receives a salary, wage or allowance from public funds, employees conducting services and projects originating from the Ministry of Social Affairs.

It is worth noting that this decree excludes employees of the diplomatic corps assigned to Lebanese missions abroad and all workers in public administrations who receive their salaries, wages or monthly remuneration allowances in other than the Lebanese pound, as well as any employee benefiting from compensation in foreign currency by virtue of his position.

At the back of this initiative, the President of the Lebanese Republic also signed Decree No. 9719 to grant the Ministry of Finance a treasury advance of LP 3,400 billion per month, to facilitate Decree 9718 and pay the temporary social assistance to all employees and retirees in the public sector.

OPENED L/Cs FOR IMPORT FINANCING UP BY 398% FOR THE FIRST FIVE MONTHS

Figures released by the Central Bank of Lebanon show that documentary letters of credits opened to finance imports activities increased significantly by 397.6% in the first five months of 2022 to reach US\$ 122.9 million, up from US\$ 24.7 million during the first five months of 2021.

In parallel, utilized credits for imports in the first five months of 2022 recorded a 205.9% hike year-on-year standing at US\$ 83.5 million, against US\$ 27.3 million during the first five months of 2021. Inward bills for collection, another documentary credit form of financing, declined by 23.9% over the first five months of 2022 to reach US\$ 88.1 million, versus US\$ 115.8 million in the same period of 2021.

It is worth noting that documentary letters of credits opened to finance exports activities worsened and retreated by 36.8% in the first five months of 2022 recording US\$ 35.0 million, down from US\$ 55.4 million during the same period of previous year.

DOCUMENTARY CREDITS FOR IMPORTS' FINANCING

<i>In millions of US\$</i>	2020	2021	5M-2021	5M-2022	5M-22/5M-21
Documentary L/Cs					
Opened credits	342.9	112.6	24.7	122.9	397.6%
Utilized credits	443.7	115.5	27.3	83.5	205.9%
Outstanding credits	2,017.9	602.3	267.2	270.8	1.3%
Bills for collection					
Inward bills	307.8	212.1	115.8	88.1	-23.9%
Outstanding bills	410.6	540.0	226.0	233.6	3.4%

Sources: BDL, Bank Audi's Group Research Department

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DOCUMENTARY CREDITS FOR EXPORTS' FINANCING

<i>In millions of US\$</i>	2020	2021	5M-2021	5M-2022	5M-22/5M-21
Documentary L/Cs					
Opened credits	188.5	108.6	55.4	35.0	-36.8%
Utilized credits	408.6	68.9	31.8	33.6	5.7%
Outstanding credits	3,403.3	1,520.3	731.9	470.0	-35.8%
Bills for collection					
Outward bills	272.2	206.1	75.0	77.8	3.7%
Outstanding bills	2,921.1	2,488.4	1,070.2	917.3	-14.3%

Sources: BDL, Bank Audi's Group Research Department

However, utilized credits for exports for the first five months of 2022 increased by 5.7% standing at US\$ 33.6 million, against US\$ 31.8 million during the first five months of 2021. Similarly, outward bills for collection, another documentary credit form of financing rose by 3.7% in the first five months of 2022 to reach US\$ 77.8 million, versus US\$ 75.0 million over the same period of 2021.

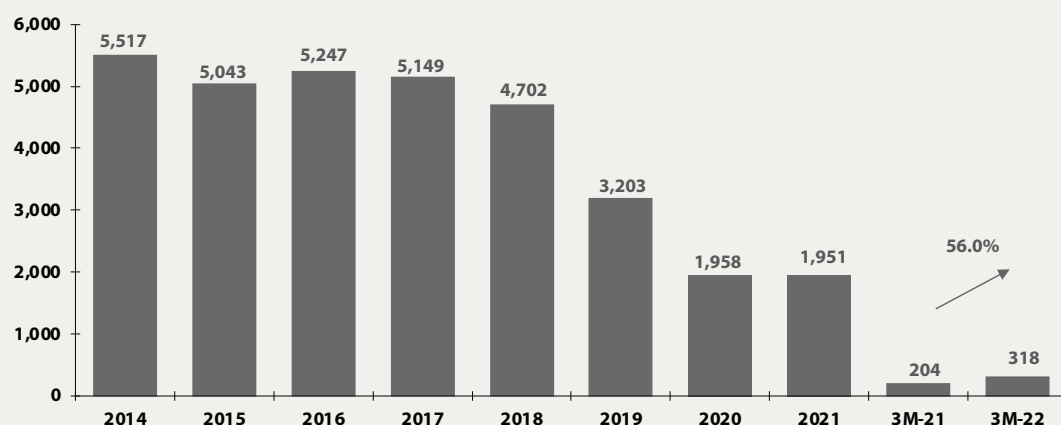
CEMENT DELIVERIES AT 56% YEAR-ON-YEAR HIKE IN THE FIRST QUARTER 2022

Cement deliveries, a coincident indicator of construction activity, rose significantly by a yearly 56.0% in the first quarter 2022 against same quarter of 2021, as recently released by the Central Bank of Lebanon.

Cement deliveries reached circa 317,460 tons in the first quarter of 2022, up from 203,514 tons in the corresponding quarter of 2021, continuing to reflect somewhat a sluggish activity, though at a slightly improving trend than the one witnessed last year.

CEMENT DELIVERIES

(000 tons)



Sources: BDL, Bank Audi's Group Research Department

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SURVEYS

BEIRUT HOTEL OCCUPANCY RATE ROSE TO 43% IN THE FIRST FIVE MONTHS OF 2022, AS PER EY

Ernst & Young's Middle East Hotel Benchmark Survey discussed the performance of four and five star hotels in the Middle East region, where they studied the variations in occupancy, average room rate, and RevPar and compared the statistics between the first five months of 2021 and the same period in 2022.

Beirut's occupancy rate witnessed an increase of 9.3 percentage points in the first five months of 2022 compared to the same period in 2021, where the rate was 33.3% in the aforementioned period 2021 and increased to 42.6% in 2022.

Beirut's average room rate witnessed a decrease of 28.1% between 5M2021 and 5M2022, where it was US\$ 79 in the first five months of 2021 and decreased to US\$ 57 in the same period of 2022.

Beirut's revenue per available room (RevPar) witnessed a decrease as well, as it was seen to be US\$ 26 in the first five months of 2021 compared to US\$ 24 in the first five months of 2022, which showed a decrease of 7.9 percentage points between 5M of 2021 and the same period of 2022.

It is worth mentioning that Beirut, Abu Dhabi and Cairo all have the lowest average room rates at US\$ 57, US\$ 82, US\$ 110, whereas the highest average room costs were registered by Dubai at US\$ 378, followed by Kuwait City at US\$ 245.

ERNST & YOUNG MIDDLE EAST HOTEL BENCHMARK SURVEY

	Occupancy %		Average Room Rate (US\$)		Room Yield (US\$)	
	5M-22	5M-21	5M-22	5M-21	5M-22	5M-21
Abu Dhabi	78.2%	69.8%	82.0	69.0	64.0	48.0
Madinah	76.7%	36.3%	140.0	111.0	108.0	40.0
Dubai	76.7%	59.2%	378.0	275.0	290.0	163.0
Cairo	66.3%	35.8%	110.0	61.0	73.0	22.0
Makkah	63.3%	20.2%	191.0	210.0	121.0	42.0
Riyadh	62.9%	45.4%	176.0	136.0	111.0	62.0
Doha	59.4%	75.9%	111.0	91.0	66.0	69.0
Jeddah	50.4%	46.9%	225.0	221.0	113.0	104.0
Muscat	49.8%	25.7%	125.0	78.0	62.0	20.0
Manama	42.9%	34.9%	157.0	110.0	68.0	38.0
Beirut	42.6%	33.3%	57.0	79.0	24.0	26.0
Kuwait City	42.0%	37.3%	245.0	189.0	103.0	70.0
Amman	40.7%	17.1%	143.0	115.0	58.0	20.0

Sources: Ernst & Young, Bank Audi's Group Research Department

WFP TO MAINTAIN ITS IN-KIND FOOD OPERATION AND THE NECESSARY SUPPLY CHAIN ARRANGEMENTS TO SUPPORT LEBANON

According to a recent report by the World Food Programme (WFP), prior to the start of Lebanon's economic crisis in late 2019, the bulk of WFP's supply chain work in Lebanon consisted of the procurement of goods and delivery of services to support its operation. This includes contracting of the Financial Service Providers (FSP) to deliver cash transfers for LOUISE agencies, including for WFP assistance, and the National Poverty Targeting Programme (NPTP).

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In the wake of the Beirut port explosion, which destroyed the country's only wheat silos, WFP initiated a logistics operation through which 12,500 metric tons of wheat flour were brought into the country, as per the report.

The flour came at a critical time and was distributed to bakeries to increase the weight of the subsidized bread package for two months. In the immediate aftermath of the Beirut port explosion, WFP also distributed food parcels to 2,206 Lebanese and refugees affected by the explosion before transitioning to cash assistance. In addition, WFP provided logistics support to NGOs and other UN agencies responding to the Beirut blast, as per the same source.

According to the WFP, the economic crisis and Beirut port explosion, both of which put food security at a great risk in Lebanon, led to an increased demand for expanded supply chain capacity in Lebanon. As the economic crisis continues to deepen, affecting the livelihood and food security of both the refugee and Lebanese populations, WFP's role in assisting the Lebanese grows by the day.

To continue and scale-up the delivery of this type of assistance to Lebanese, WFP's supply chain necessitated significant augmentation, and within a very short timeframe.

WFP began its economic crisis response for vulnerable Lebanese in 2020, through which beneficiaries are assisted via food parcels. With the goal of reaching 100,000 vulnerable Lebanese families through food assistance, WFP adopted a dual sourcing strategy for food parcels. Currently, 80% of the food is procured internationally as it is more cost efficient. Meanwhile, the remaining 20% is sourced locally through two suppliers, ensuring timeliness, benefiting the local economy, and acting as a contingency in case of delays in international shipping.

Internationally procured food parcels are brought in by sea through Beirut and Tripoli's ports and are complemented by parcels procured locally prior to their dispatching. The parcels are then transported to three WFP warehouses strategically located in Beirut, Koura, and Zahle, close to where WFP beneficiaries are most present. To ensure greater coverage, 10 warehouses run by WFP's partners are also used to store food. The location of the warehouses enables swift and efficient transportation to distribution sites, where beneficiaries pick up their food parcels.

According to the report, in coordination with the Ministry of Agriculture, WFP supported the Food Safety Laboratory and Quarantine Centre rehabilitation project at the port of Beirut. The project included rehabilitation of the destroyed laboratory center, procurement and installation of damaged equipment, and replacement of the lost and destroyed lab tools and supplies to return functionality of these facilities. WFP, through its supply chain unit, procured and delivered the needed material for the implementation of this project. The project will help prevent the spread of harmful exotic plants and plant/animal product pests inside Lebanese territories, as well as enhance import – export operations.

Between September 2021 and March 2022, WFP led the operation to supply Lebanon's health and water facilities with fuel to ensure their continuity amid a severe electricity crisis. WFP contracted and procured fuel through two of the largest fuel companies in the country and arranged all necessary logistics supply chain and monitoring of the operation from the fuel terminal to the final delivery points in urban and remote areas.

At the end of the project, WFP successfully delivered more than 10 million liters of fuel to 600+ health and water facilities in all 26 districts in Lebanon.

As the ongoing economic crisis continues to affect people's livelihoods and food security, WFP will maintain its in-kind food operation and the necessary supply chain arrangements to support it. In parallel, WFP is working to provide harmonized customs clearances for UN agencies in Lebanon, ensuring better services and competitive prices.

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CORPORATE NEWS

US-AID FOR AROUND US\$ 5 MILLION TO REHABILITATE RASHMIYAH WATER PLANT

The US-aid organization is to fund the rehabilitation of the Rashmiya water plant under the Inara project, to provide 13.5 megawatts, for a value of around US\$ 4.5 million, as mentioned in a statement.

Inara project will be implemented over two phases. The first phase will be complete within six months and provides 10 megawatts. The second phase will be successful after a year and a half, where the plant's capacity will be increased to produce 13.5 megawatts.

The subject project targets production plant that works on water as it saves the public treasury from buying fuel with fresh dollars, where their economic returns are fast when compared to production plants that run on fuel. In addition, water plants are able to provide more electricity hours compared to other renewable energies, such as solar energy, taking into consideration the environmental conditions as water is the cleanest energies.

It is worth noting that Inara project targeted Rashmiya factory because it feeds about 17 villages in the Chouf and Aley districts, 23 thousand citizens with 8 hours of electricity and rents out the surplus production for the benefit of the public network to benefit more than 100,000 Lebanese citizens.

Moreover, it helps the residents of these villages to survive and stay in their towns, supports small industries and provides water for local agriculture.

It is worth highlighting that the Reshmiya plant's production capacity is 13.4 megawatts with a production cost for 3.7 cents per kilowatt, while the production cost of each kilowatt of product from the fuel plants is more than 45 cents.

Thus, the annual production cost at the Rashmiya plant is US\$ 2 million, while the similar annual production cost at the fuel plants is around US\$ 25.2 million. Accordingly, Rashmiya plant alone can contribute to saving the sum of US\$ 23.2 million.

UNICEF LEBANON PROMOTING EDUCATION FOR 98,000 STUDENTS DURING SUMMER

UNICEF Lebanon announced that 580 public schools will open their doors this summer for 98,000 students to earn education and preparation for the new academic year.

The subject educational program is funded by the European Union and Germany through the German Development Bank (KfW), as mentioned in a statement.

It is worth highlighting that UNICEF Lebanon raised this initiative in 2021 to compensate for the missed school days.

It illustrates that around 53,000 children had to continue their learning and education in 330 public schools throughout the summer season.

SUPER COMPUTER ARRIVES IN LEBANON FOR THE FIRST TIME

European Organization for Nuclear Research (CERN) in Switzerland accompanied with donors and supporters granted Lebanon Super Computer, which arrived Beirut recently, as mentioned in a statement.

Super computer is a high-performance computing facility HPC4L where researchers, engineers and university students in Lebanon will start benefiting from.

Ogero, the executive arm of the Ministry of Communications in Lebanon, hosted the data center for the project, at its headquarters in Beirut, as mentioned in a statement.

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Super Computer project is one of the largest facilities for high-performance computing in the Middle East.

It aims to enhance research and development and provide the means for Lebanese universities and institutes to take full advantage of the 3,452 computing cores that are now at their disposal, university professors said in a statement.

Moreover, the subject project facilitates the preparation of doctoral programs in Lebanon and will enhance opportunities for scientific and technological breakthroughs. In addition, it will bridge the gap between Lebanon and other developed countries in research fields.

IRAQ TO PROVIDE LEBANON WITH FUEL AND WHEAT

Iraq approved to extend the agreement of supplying Lebanon with fuel that was signed in July 2021, said the Lebanese General Director of the General Security in a statement.

The Lebanese General Director of the General Security visited Iraq to discuss the possibility of extending the said agreement before it expires by end-July 2022 or else Lebanon will plunge in complete darkness.

Moreover, Iraqi government gave its consent to increase the supply to two million tons of fuel.

It is worth mentioning that Lebanon requested flour from the Iraqi government, however, it promised to provide Lebanon with wheat instead.

TURKEY TO SECURE MEDICAL AID TO LEBANON

Caretaker Minister of Public Health announced that Lebanon would be receiving medical aid from Turkey.

The subject medical aid is set to arrive soon that comprises 11 containers of medical supplies, as mentioned in a statement.

The donation will be delivered to the Ministry of Health's medical warehouse at the Lebanese University (LU) in Hadath, in the presence of the Turkish ambassador to Lebanon and the Secretary-General of the Higher Relief Commission.

This Turkish donation is not the first to Lebanon, Lebanon received 524 tons of food aid in May 2022.

SAYRAFA TRANSACTED A DAILY AVERAGE OF US\$ 54 MILLION LAST WEEK

The daily average volume of transactions on Sayrafa foreign exchange platform during the 62nd week was US\$ 54.3 million, compared to previous week's daily average transacted volume of US\$ 38.0 million (against a cumulative daily average volume since the launch of Sayrafa of US\$ 30.0 million).

The daily average conversion rate for week 62 is LP 25,750 when compared to daily average conversion rate of previous week of LP 25,620 and the cumulative daily average conversion rate since the launch of Sayrafa of LP 26,630.

The Central Bank (BDL) announced that the conversion rate at end of week 62 was LP 25,800, while the conversion rate reported by end of week 61 was LP 25,700.

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CAPITAL MARKETS

MONEY MARKET: FURTHER WEEKLY CONTRACTION IN TOTAL RESIDENT DEPOSITS

The cost of LP cash declined from 16%-17% last week to 10% this week, in a sign of increased local currency liquidity on the money market amid relatively restricted activity on the "Sayrafa" platform.

Concurrently, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 21st of July 2022 showed that total resident banking deposits contracted further by LP 179 billion. This is mainly attributed to a LP 153 billion fall in foreign currency resident deposits (the equivalent of US\$ 102 million as per the official rate of LP 1,507.5), while total LP resident deposits declined by LP 26 billion amid a LP 116 billion drop in LP saving deposits and a LP 90 billion increase in LP demand deposits. Within this context, the money supply in its broadest sense (M4) contracted by LP 700 billion over the covered week, amid a LP 385 billion fall in the money in circulation and a LP 136 billion decrease in the non-banking sector Treasury bills portfolio.

INTEREST RATES

	05/08/2022	29/07/2022	30/12/2021	
Overnight rate (official)	1.90%	1.90%	1.90%	↔
7 days rate	2.00%	2.00%	2.00%	↔
1 month rate	2.75%	2.75%	2.75%	↔
45-day CDs	2.90%	2.90%	2.90%	↔
60-day CDs	3.08%	3.08%	3.08%	↔

Source: Bloomberg

TREASURY BILLS MARKET: NOMINAL DEFICIT OF LP 497 BILLION OVER FIRST SEVEN MONTHS OF 2022

The latest Treasury bills auction results for value date 4th of August 2022 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 6.0%).

In parallel, the Treasury bills auction results for value date 28th of July 2022 showed subscriptions of LP 63 billion, fully allocated to the Central Bank of Lebanon and concentrated in the six-month category (offering a yield of 4.0%). These compare to maturities of LP 390 billion, resulting into a nominal weekly deficit of LP 327 billion.

On a cumulative basis, total subscriptions in Treasury bills amounted to LP 7,023 billion over the first seven months of the year 2022, fully allocated to the Central Bank of Lebanon. The six-month category captured 24.2% of the total, followed by the three-year category with 22.9%, the one-year category with 17.1%, the two-year category with 13.0%, the ten-year category with 12.0%, the five-year category with 5.9% and the three-month category with 4.8%. These compare to maturities of LP 7,520 billion, resulting into a nominal deficit of LP 497 billion during the first seven months of the year 2022.

FOREIGN EXCHANGE MARKET: LP/US\$ BLACK MARKET RATE STILL QUOTED ABOVE 30,000

The LP/US\$ exchange rate continued to hover around LP/US\$ 30,000 this week, as the increased demand for the greenback following BDL's decision to price 85% of fuel imports at "Sayrafa" rate (instead of 100% previously) was partly offset by the continuous inflow of hard currency during the summer touristic season. Within this context, the LP/US\$ rate reached LP/US\$ 30,550-LP/US\$ 30,600 on Friday as compared to LP/US\$ 30,250-LP/US\$ 30,300 at the end of last week. In parallel, the Central Bank of Lebanon announced that foreign currency operations on the "Sayrafa" platform were executed at an average rate of LP/US\$ 25,700 to LP/US\$ 25,800 between August 01 and August 05, 2022.

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TREASURY BILLS

	05/08/2022	29/07/2022	30/12/2021	
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%	
Nom. Subs. (LP billion)		63	246	
Short-term (3&6 mths)		63	-	
Medium-term (1&2 yrs)		-	-	
Long-term (3 yrs)		-	200	
Long-term (5 yrs)		-	-	
Long-term (7 yrs)		-	46	
Maturities		390	13	
Nom. Surplus/Deficit		-327	233	

Sources: Central Bank of Lebanon, Ministry of Finance

In parallel, the Central Bank of Lebanon's latest bi-monthly balance sheet ending 31st of July 2022 showed that BDL's foreign assets registered their first bi-monthly expansion this year, rising by a shy US\$ 57 million to reach US\$ 15.2 billion at end-July. This brought total contractions to US\$ 2.66 billion since the start of the year 2022 when BDL circular No. 161 was implemented. When excluding BDL's Eurobond holdings estimated at US\$ 5.0 billion and FC facilities provided to Lebanese banks, the Central Bank of Lebanon's liquid FX reserves fell below the US\$ 10 billion level at end-July 2022.

STOCK MARKET: MIXED PRICE MOVEMENTS ON LEBANESE EQUITY MARKET

The Beirut Stock Exchange saw mixed price movements during this four-day week, which resulted into a shy retreat in the price index of 0.1%. Two out of six traded stocks registered price declines, while three stocks posted price gains and one stock saw no price change week-on-week.

EXCHANGE RATES

	05/08/2022	29/07/2022	30/12/2021	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,830.86	1,834.02	2,022.91	↑
LP/¥	11.33	11.33	13.11	↔
LP/SF	1,577.38	1,582.51	1,639.48	↑
LP/Can\$	1,170.15	1,175.99	1,175.53	↑
LP/Euro	1,541.27	1,540.36	1,701.52	↓

Source: Bank Audi's Group Research Department

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AUDI INDICES FOR BSE

	05/08/2022	29/07/2022	30/12/2021	
Market Cap. Index	612.75	613.04	447.87	↓
Trading Vol. Index	122.82	129.06	80.38	↓
Price Index	128.64	128.70	94.02	↓
Change %	-0.05%	-1.29%	4.13%	↓
	05/08/2022	29/07/2022	30/12/2021	
Market Cap. \$m	14,537	14,544	10,625	↓
No. of shares traded (Exc. BT)	368,620	644,764	171,230	↓
Value Traded \$000 (Exc. BT)	10,875	14,282	5,359	↓
o.w. : Solidere	10,422	13,648	4,614	↓
Banks	452	605	732	↓
Others	0	29	13	↓

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

A closer look at individual stocks shows that Solidere "A" and "B" share prices declined by 0.3% and 1.7% respectively to close at US\$ 59.60 and US\$ 58.55 respectively, mainly as some market players sought to book profits following recent strong price rally. In contrast, Bank Audi's "listed" share price went up by 2.1% to US\$ 1.43. BLOM's "listed" share price increased by 1.8% to US\$ 2.90. BLOM's GDR price rose by 0.4% to US\$ 2.50.

As to trading volumes, the BSE total turnover more contracted by 23.9% week-on-week to reach US\$ 10.9 million, noting that Solidere shares captured the lion's share of activity (95.8%).

BOND MARKET: LEBANESE BOND PRICES AT RECORD LOWS

Lebanese Eurobond prices remained at historical lows this week amid a protracted cabinet vacuum and as Lebanon is facing the tough task of launching long-overdue reform laws and meeting IMF requirements. The real challenge currently lies in the provision of the nine required prior actions on behalf of the Lebanese authorities that would enable Lebanon to have a final agreement with the IMF, noting that two requirements were met so far, namely a bank restructuring strategy approved by the cabinet in May 2022 and a reformed bank secrecy law approved by the Parliament at the end of last month.

Within this context, Lebanese Eurobond prices ranged between 6.38 and 6.63 cents per US dollar on Friday as compared to 5.88-6.25 cents per US dollar at the end of last week. On a cumulative basis, Lebanese Eurobonds maturing between 2020 and 2037 posted price falls of 3.88 pts to 4.0 pts since the beginning of the year 2022.

EUROBONDS INDICATORS

	05/08/2022	29/07/2022	30/12/2021	
Total tradable size \$m	32,364	32,364	32,364	↔
o.w.: Sovereign bonds	31,314	31,314	31,314	↔
Bid price (cents per US dollar)	6.38-6.63	5.88-6.25	9.88-10.63	↑
Average Life	5.68	5.68	6.18	↔
Yield on US 5-year note	2.80%	2.75%	1.26%	↑

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	05-Aug-22	29-Jul-22	31-Dec-21	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	135.01	133.28	115.11	1.3%	17.3%
\$/£	1.207	1.217	1.353	-0.8%	-10.8%
\$/Euro	1.018	1.022	1.137	-0.4%	-10.4%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	32,803.47	32,845.13	36,338.30	-0.1%	-9.7%
S&P 500	4,145.19	4,130.29	4,766.18	0.4%	-13.0%
NASDAQ	12,657.55	12,390.69	15,644.97	2.2%	-19.1%
CAC 40	6,472.35	6,448.50	7,153.03	0.4%	-9.5%
Xetra Dax	13,573.93	13,484.05	15,884.86	0.7%	-14.5%
FT-SE 100	7,488.15	7,423.43	7,384.54	0.9%	1.4%
NIKKEI 225	28,175.87	27,801.64	28,791.71	1.3%	-2.1%
COMMODITIES (in US\$)					
GOLD OUNCE	1,775.50	1,765.94	1,829.20	0.5%	-2.9%
SILVER OUNCE	19.90	20.36	23.31	-2.3%	-14.6%
BRENT CRUDE (per barrel)	94.92	103.97	77.78	-8.7%	22.0%
LEADING INTEREST RATES (%)					
1-month Libor	2.37	2.36	0.10	0.01	2.27
US Prime Rate	5.50	5.50	3.25	0.00	2.25
US Discount Rate	2.50	2.50	0.25	0.00	2.25
US 10-year Bond	2.83	2.65	1.51	0.18	1.32

Sources: Bloomberg, Bank Audi's Group Research Department

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