

## Economy

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## Markets In Brief

### p.9 MARKETS IN BRIEF: RISING PRESSURES ON LP/US\$ BLACK MARKET RATE SHORTLY AHEAD OF COMPLETELY FREEING "SAYRAFA" FROM GASOLINE IMPORTS FINANCING

Amid a protracted cabinet paralysis and elevated domestic political bickering, while the 2022 Presidential race is riddled with uncertainty, and along with BDL's plans to completely free "Sayrafa" platform from the burdens of financing gasoline imports, Lebanon's capital markets saw this week a further fall in LP against the US dollar on the parallel market, and further price contractions on the bond market, while the equity market reversed its three-week downward trajectory. In details, the LP/US\$ black market rate crossed again the LP/US\$ 35,000 threshold, reaching LP/US\$ 35,200-LP/US\$ 35,250 on Friday as compared to LP/US\$ 34,500-LP/US\$ 34,600 at the end of last week, amid a cloudy domestic political outlook and following BDL's decision to secure 20% of gasoline imports via "Sayrafa" platform instead of 40% as a step towards fuel subsidy removal, and given continuous FX reserves' burn. On the bond market, sovereign prices remained at historical lows, ranging between 5.88 and 6.50 cents per US dollar amid a tough reforms road and lingering political uncertainties. On the equity market, the BSE bounced back, posting price gains of 1.0%, while the total turnover contracted by 12% week-on-week.

### LEBANON MARKETS: SEPTEMBER 5 - SEPTEMBER 11, 2022

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

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## ECONOMY

### LOWER BANK DEPOSITS CONTRACTION THIS YEAR AND CONTINUED LOAN DELEVERAGING

The first seven months of the year were underlined by a lower bank deposits contraction when compared to last year's corresponding period, continuing deleveraging in private sector loans, drop in Eurobond portfolio mainly as a result of provisioning requirements and continuing net losses leading to further contraction in shareholders' equity.

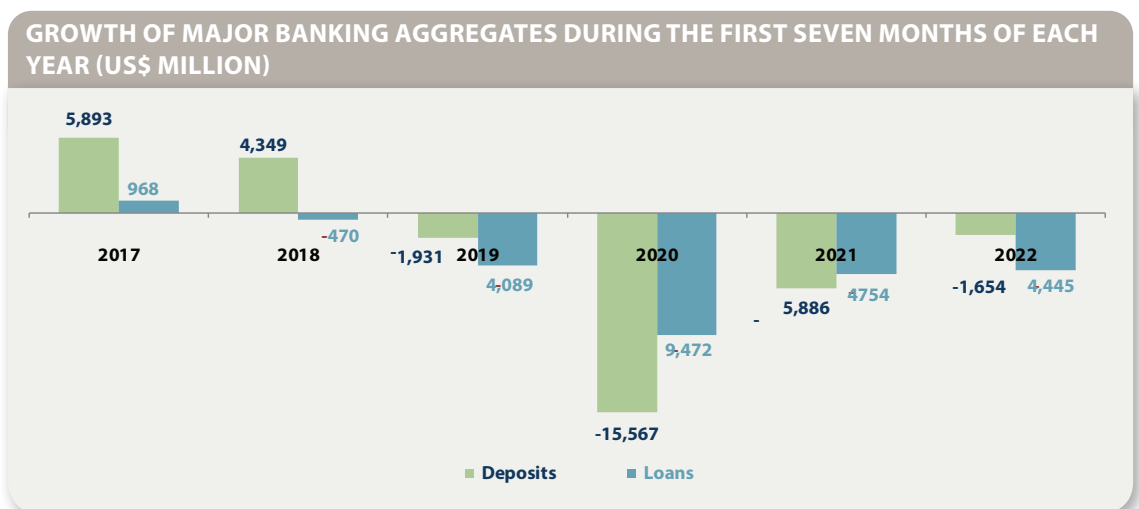
Customer deposits contracted by US\$ 1.7 billion between December and July to move from US\$ 129.5 billion to US\$ 127.8 billion. Comparatively, deposits had contracted by US\$ 5.9 billion over the same period last year. FX deposits contracted by US\$ 4.9 billion between December 2021 and July 2022 to reach US\$ 97.9 billion in July. LL deposits expanded by LL 4,958 billion between the two periods to reach LL 45,130 billion. As such, the deposit dollarization ratio moved from 79.4% in December 2021 to 76.6% in July 2022. It is worth mentioning that out of total deposits, fresh deposits are estimated at circa US\$ 2 billion.

Bank loans to the private sector contracted by US\$ 4.4 billion between December and July to move from US\$ 27.7 billion to US\$ 23.3 billion. Comparatively, loans had contracted by US\$ 4.8 billion over the same period last year. FX loans contracted by US\$ 3.2 billion between December 2021 and July 2022 to reach US\$ 12.4 billion in July. LL loans contracted by LL 1,859 billion between the two periods to reach LL 16,420 billion. As such, the loan dollarization ratio moved from 56.3% in December 2021 to 53.2% in July 2022.

The banks eurobond portfolio contracted from US\$ 4.4 billion in December 2021 to US\$ 3.9 billion in July 2022, a contraction of US\$ 0.5 billion year-to-date. The contraction in this year's Eurobond portfolio is mainly the result of the provisioning requirements imposed by the Central Bank of Lebanon.

Shareholders' equity contracted from US\$ 17.8 billion in December 2021 to US\$ 16.9 billion in July 2022. They had reached a record of US\$ 21 billion prior to the outburst of the crisis in October 2019. The contraction in equity is related to net bank losses tied to FX costs, higher operating expenses amid elevated inflation and provisioning requirements to face private and public sector risks at large.

Finally, the balance of payments recorded a deficit of US\$ 2.8 billion over the first seven months of this year, against US\$ 1.8 billion over last year's same period. The deficit in the balance of payments this year is the result of a US\$ 3 billion contraction of BDL net foreign assets, while banks net foreign assets grew by US\$ 0.2 billion. The year-to-date decline in BDL's net foreign assets is mainly the result of BDL intervention on the Sayrafa platform within the context of BDL Circular 161 initiated at 2021 year-end.



Sources: BDL, Bank Audi's Research Department

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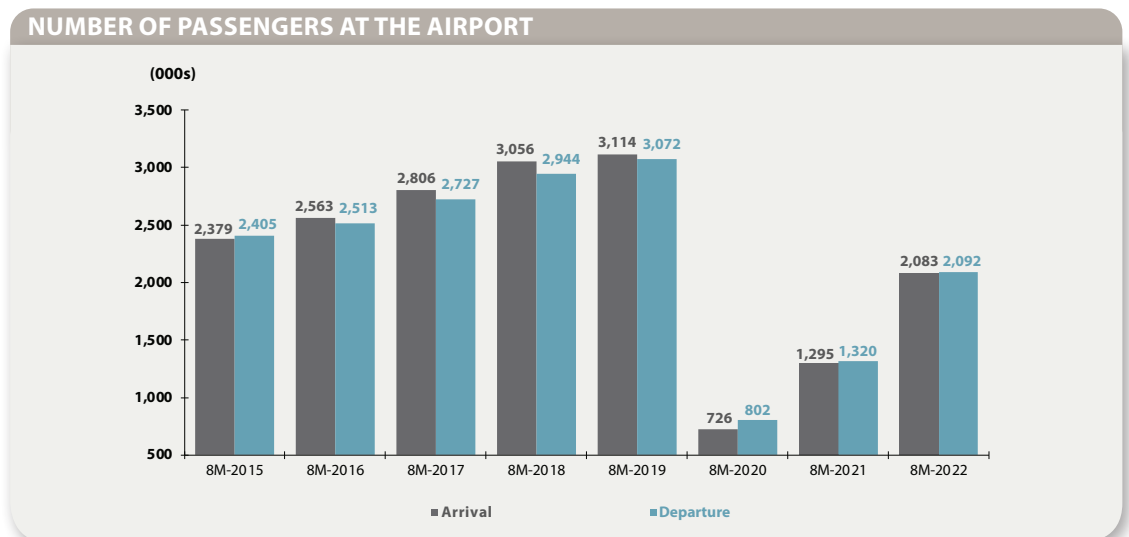
## NUMBER OF PASSENGERS AT THE AIRPORT HIKED BY A YEARLY 60% IN THE FIRST EIGHT MONTHS

The latest figures released by the Rafic Hariri International Airport revealed that the airport traffic posted a significant performance over the first eight months of 2022 where total number of passengers hiked by 59.7% when compared to same period of 2021 with the opening up of the global travel after lockdown restrictions worldwide. In addition, the number of aircraft increased by 39.6% yearly. However, the total freight handled by the airport dropped by 16.0% yearly over the same period.

A detailed look at the activity shows that the number of incoming passengers jumped by a yearly 60.9% and that of departing passengers by 58.5%, to reach 2,083,168 and 2,091,741 respectively in the first eight months of the current year.

In parallel, the landings and take-offs each rose by 39.6% year-on-year in the aforementioned period, with 17,257 planes and 17,253 planes respectively in the first eight months of 2022.

Regarding the freight movement within the airport, a total of 19,034 thousand tons were imported and unloaded during the first eight months of the year, while 19,667 thousand tons were exported and loaded. The first mentioned activity posted a negligible increase of 9.4% while the latter posted a 31.4% decrease on a yearly basis in the first eight months of 2022.



Sources: BIA, Bank Audi's Group Research Department

## PROPERTY MARKET'S SALES OPERATIONS DOWN BY 15% YEAR-ON-YEAR IN THE FIRST SEVEN MONTHS OF 2022

After the Lebanese realty market witnessed a positive performance in 2021, with a sector perceived as a safe haven after the economic and financial developments in the country, it started to witness a yearly contraction during the first seven months of 2022, as per the latest official figures released by the General Directorate of Land Registry and Cadastre in Lebanon revealing decline in both property transactions and sales activity.

The number of sales operations went down from 47,640 operations in the first seven months of 2021 to 40,366 operations in the first seven months of 2022. The number of transactions retreated by 19.9% year-on-year to stand at 76,365 in the aforementioned period of 2022.

Furthermore, the value of property sales transactions contracted by 18.4% year-on-year to reach a total of US\$ 5,821.9 million during the same period of 2022. Most regions recorded increases in the value of sales transactions, with the most significant movements coming from Beirut, South and Keserouan.

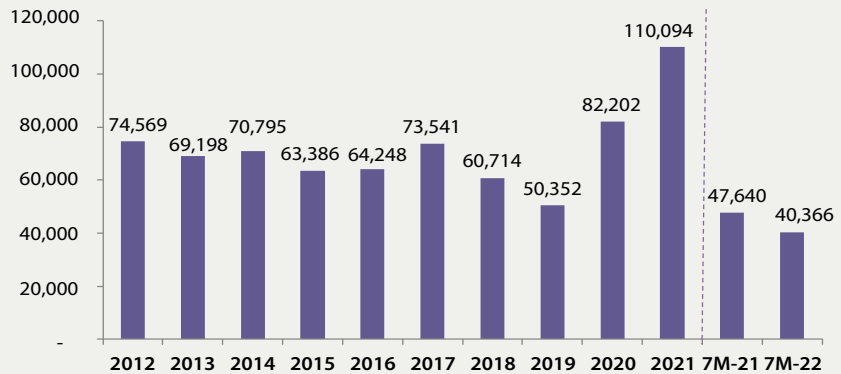
On a side note, the average property sales value contracted from US\$ 149,779 in the first seven months of 2021 to US\$ 144,227 in the corresponding period of this year.

In a look at the breakdown of the value of property sales, Beirut continued to capture the highest share over the period with 31.3%, followed by the South with 20.7%, Keserouan with a share of 12.9% and Baabda with a share of 8.7%.

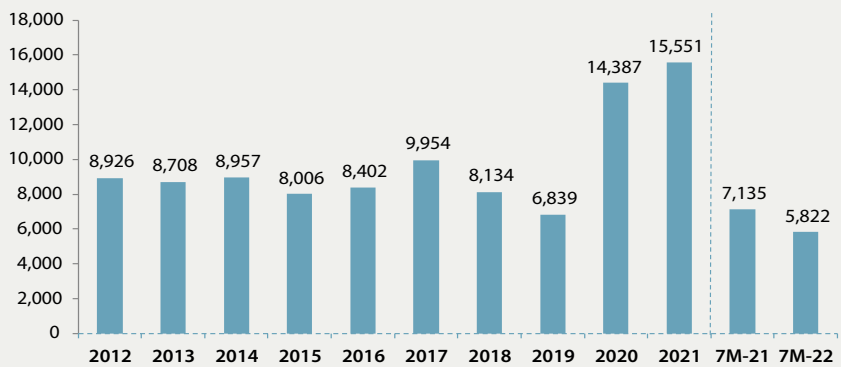
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## PROPERTY MARKET STATISTICS

### Number of Sales Operations



### Value of Sales Transactions (US\$ million)



Sources: Directorate of Land Registry and Cadastre, Bank Audi's Group Research Department

## HOUSEHOLD SPENDING GROWTH OUT OF NEGATIVE TERRITORY IN 2022, AS PER FITCH SOLUTIONS

Household spending in Lebanon will return to growth levels in 2022 for the first time since the economic crisis, as per Fitch Solutions forecast.

The real household spending is projected to expand by 1.5% over the year, a significant improvement on the contraction of 12.0% estimated for 2021 and the decline of 49.8% in 2020, bringing the total household spending to LBP 25.8 trillion, (US\$ 17.1 billion) in 2022.

Household spending is forecasted to increase by 4.0% in 2023 with the introduction of cash transfers to vulnerable households and solid remittance inflows as more Lebanese citizens' move abroad to escape the worsening economic and social conditions in the country.

Furthermore, Point-of-sale (POS) data (number of contracts signed with merchants) indicates that the retail sector has not yet started its recovery, based on latest figures released by BDL as at April 2022. In details, the number of contracts signed with merchants continued to decline at a rate of 3.0% y-o-y. Over 2021, this indicator averaged -5.7% y-o-y, the lowest on record. As the economy is projected to emerge from recession in 2022, POS data is expected to return to positive growth over 2022, as per Fitch Solutions.

Growth in consumer spending in 2022 is in line with the Country Risk team's forecast that the Lebanese economy will post growth of 3.5% in 2022, after a decline of 9.3% in 2021 and a contraction of 26.0% in 2020. The slow growth will be the result of high consumer price inflation, fragile domestic political conditions and a challenging operating environment, all of which will further discourage investment, weighing on employment opportunities.

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## SURVEYS

### LEBANON RANKS 112TH GLOBALLY IN HUMAN DEVELOPMENT INDEX 2021

The UNDP published the Human Development Index in which Lebanon ranked 112<sup>th</sup> globally and 13<sup>th</sup> in the Arab MENA region.

In details, the report classified Lebanon among countries with “high human development” as the country registered an HDI of 0.706. The average life expectancy at birth in Lebanon stood at 75.0 years, the second highest in the region, while expected years of schooling was 11.3 years in 2021, and the mean years of schooling stood at 8.7 years. Lebanon’s gross national income per capita reached 9,526 US\$ PPP in 2021.

According to the report, the world is currently living in worry mainly owing to significant crises, such as the COVID-19 pandemic, the war in Ukraine and climate change while also noting that said crises are giving way to a host of new uncertainties at the global scale. In this vein, the report commented that the world is facing an “uncertainty complex”, whereby people are not only affected by everyday uncertainty but also by the drastic societal transformations similar to the industrial revolution and the unexpected uncertainty of polarized societies.

The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions. The health dimension is assessed by life expectancy at birth, the education dimension is measured by mean of years of schooling for adults aged 25 years and more and expected years of schooling for children of school entering age.

ARAB MENA COUNTRIES' HUMAN DEVELOPMENT INDEX 2021

Country	Human Development Index (HDI)	Life expectancy at birth (years)	Expected years of schooling (years)	Mean years of schooling (years)	Gross national income (GNI) per capita (2017 PPP US\$)	HDI rank
	2021	2021	2021	2021	2021	2021
<b>VERY HIGH HUMAN DEVELOPMENT</b>						
United Arab Emirates	0.911	78.7	15.7	12.7	62,574	26
Bahrain	0.875	78.8	16.3	11.0	39,497	35
Saudi Arabia	0.875	76.9	16.1	11.3	46,112	35
Qatar	0.855	79.3	12.6	10.0	87,134	42
Kuwait	0.831	78.7	15.3	7.3	52,920	50
Oman	0.816	72.5	14.6	11.7	27,054	54
<b>HIGH HUMAN DEVELOPMENT</b>						
Algeria	0.745	76.4	14.6	8.1	10,800	91
Egypt	0.731	70.2	13.8	9.6	11,732	97
Tunisia	0.731	73.8	15.4	7.4	10,258	97
Jordan	0.720	74.3	10.6	10.4	9,924	102
Libya	0.718	71.9	12.9	7.6	15,336	104
Palestine, State of	0.715	73.5	13.4	9.9	6,583	106
Lebanon	0.706	75.0	11.3	8.7	9,526	112
<b>MEDIUM HUMAN DEVELOPMENT</b>						
Iraq	0.686	70.4	12.1	7.9	9,977	121
Morocco	0.683	74.0	14.2	5.9	7,303	123
Syrian Arab Republic	0.577	72.1	9.2	5.1	4,192	150
Comoros	0.558	63.4	11.9	5.1	3,142	156
Mauritania	0.556	64.4	9.4	4.9	5,075	158
<b>LOW HUMAN DEVELOPMENT</b>						
Djibouti	0.509	62.3	7.4	4.1	5,025	171
Sudan	0.508	65.3	7.9	3.8	3,575	172
Yemen	0.455	63.8	9.1	3.2	1,314	183
South Sudan	0.385	55.0	5.5	5.7	768	191
<b>OTHER COUNTRIES OR TERRITORIES</b>						
Somalia	..	55.3	..	..	1,018	

Sources: UNDP, Bank Audi's Group Research Department

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The standard of living dimension is measured by gross national income per capita. The HDI uses the logarithm of income, to reflect the diminishing importance of income with increasing GNI. The scores for the three HDI dimension indices are then aggregated into a composite index using geometric mean. The HDI can be used to question national policy choices, asking how two countries with the same level of GNI per capita can end up with different human development outcomes. These contrasts can stimulate debate about government policy priorities. The HDI simplifies and captures only part of what human development entails. It does not reflect on inequalities, poverty, human security, empowerment, etc. The HDRO provides other composite indices as broader proxy on some of the key issues of human development, inequality, gender disparity and poverty.

In details, 66 countries were classified as having very high human development, 49 as high human development, 44 as medium human development and 32 countries came in the low human development group.

Globally, Switzerland came first with an HDI score of 0.962, followed by Norway with a score of 0.961 and Iceland with a score of 0.959.

At the level of the Arab MENA region, the United Arab Emirates ranked first with a global rank of 26 and an HDI score of 0.911 followed by Bahrain & Saudi Arabia underperformed both the Arab states' average HDI score of 0.708 and the world's average HDI score of 0.732.

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## IRC SUPPORTS BEIRUT'S IMMEDIATE SOCIAL RECOVERY SERVICES

The International Rescue Committee (IRC) has received funding from the World Bank to implement the project "Support for Social Recovery Needs of Vulnerable Groups in Beirut." The IRC is implementing material measures and actions so that the project is implemented per the Environmental and Social Standards (ESSs) of the World Bank. To prevent and resolve situations of gender-based violence (GBV), among others. The IRC developed, adopted, and is currently executing a GBV Action Plan, which establishes the necessary procedures and mitigation measures to deal with GBV risks.

The action plan includes several activities IRC and the selected partners will implement under this project.

The IRC is committed to a survivor-centered approach in response to instances or allegations of safeguarding misconduct. A survivor-centered approach seeks to create a supportive environment in which the survivor's rights and wishes are respected and in which s/he is treated with dignity and respect. It ensures that the IRC considers power differentials, the importance of consent, and the developmental stages of children and adults as it relates to IRC's reporting process.

This approach helps to promote the survivor's healing, recovery, and ability to identify and express their needs and wishes. This will enable survivors who are the ones often with the best knowledge of their safety issues and risks to make the necessary decision for any service response. The survivor-centered approach is grounded in the following principles:

- 1) Survivors have a right to be treated with dignity and respect, and not exposed to victim-blaming attitudes or behaviors.
- 2) Survivors have a right to privacy and confidentiality.
- 3) The safety, welfare and rights of the survivor come before all other considerations.

In addition to the above, all beneficiaries especially women and girls at risk or survivors of GBV receive information sessions and reporting mechanisms during the case management sessions and at the women and girls' safe spaces. A clear referral pathway is designed, with an updated service mapping to be able to refer beneficiaries based on their needs.

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## CORPORATE NEWS

### BANK AUDI ISSUES ITS FINANCIAL STATEMENTS FOR FIRST HALF OF 2022

Bank Audi SAL released its first half 2022 financial statements where it is continuing to implement measures aiming at reinforcing the Bank's financial standing in accordance with law and regulations. It is worth highlighting that the operating surplus was fully allocated to cover one-off losses tied to the crisis.

While the Lebanese government adopted a resolution program led by IMF, it still needs to be ratified by the Lebanese Parliament, according to the statement released by the bank.

The bank's consolidated total assets decreased slightly by 4.6%, to reach US\$ 25.6 billion as at end-June 2022, from US\$ 26.9 billion as at end-2021. Customers' deposits declined by 2.5%, standing at US\$ 19.6 billion at end-June 2022 down from US\$ 20.1 billion at end-2021.

Loans and advances declined from US\$ 4.7 billion at end-2021 to US\$ 4.3 billion at end-June 2022. The continuous contraction in the loan portfolio falls within the context of the deleveraging policy the bank adopted over the past 2.5 years.

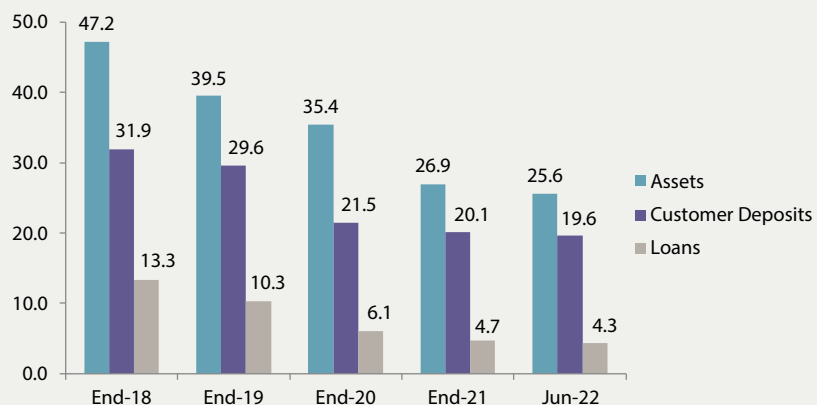
Net interest income amounted to US\$ 748 million in 6M-2022, down by 12.1% from US\$ 851 million recorded in the same period of the previous year.

Net operating income decreased to reach US\$ 68.7 million in 6M-2022 against US\$ 78.5 million during 6M-2021.

Total operating expenses inclined to reach US\$ 364.3 million in 6M-2022 against US\$ 233.4 million by 6M-2021, out of which personnel charges reached US\$ 166.4 million, up by 20.1% than those reported in same period of previous year.

The statements highlight the persisting excessive uncertainties arising from a lasting financial crisis for 2.5 years now, preventing management to estimate in a true and fair manner, and as per IFRS, the adverse impact of those matters on the Bank's financial position and equity, which it anticipates to be material.

### BANK AUDI SAL'S MAJOR BALANCE SHEET AGGREGATES (US\$ BILLION)



Sources: Bank Audi sal

### BALANCE SHEET OF FINANCIAL INSTITUTIONS TOTALS US\$ 1,125 MILLION AT END-JULY 2022

According to the latest statistics issued by the Central Bank of Lebanon, the total balance sheet of financial institutions amounted to US\$ 1,124.5 million at end-July 2022, registering a decline of 1.6% against its figure at end-2021.

In details, currency and deposits with Central Banks increased from US\$ 73.1 million at end-2021 to US\$ 81.2 million at end-July 2022.

Claims on resident customers inclined in July 2022 (3.9%) reaching US\$ 487.2 million, with respect to US\$ 469.0 million at end-2021. Claims on non-resident customers at end-July 2022 dropped by 9.1% with respect to end-2021, standing at US\$ 12.8 million.

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Claims on resident financial sector as at end-July 2022 stood at US\$ 321.7 million inclining by 6.6% from its figure by end-2021. Claims on non-resident financial sector reached US\$ 32.2 million at end-July 2022, maintain almost its same level at end-2021.

Claims on the public sector recorded US\$ 8.4 million, retreating by 1.3% at end-July 2022 against its level at end-2021.

Securities portfolio declined to US\$ 60.5 million at end-July 2022, down by 12.0% from its registered figure at end-2021.

Tangible assets reported a decline of 8.7% at end-July 2022 with respect to end-2021, reaching US\$ 49.1 million. Similarly, intangible assets dropped from US\$ 108.0 million at end-2021 to US\$ 62.5 million at end-July 2022, shrinking by 42.1%.

On the liabilities side, resident customer deposits contracted by 4.2% registering US\$ 189.5 million at end-July 2022, against US\$ 198.2 million at end-2021. Non-resident customer deposits shrunk by 21.1% at end-July 2022 standing at US\$ 6.7 million, down from US\$ 8.5 million at end-2021.

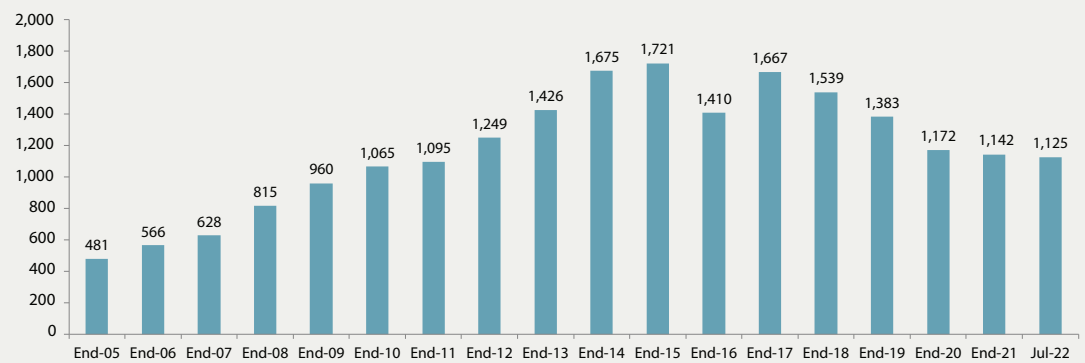
Resident financial sector liabilities stood at US\$ 111.4 million at end-July 2022, representing a decrease of 5.1% from end-2021. Non-resident financial liabilities decreased from US\$ 63.6 million at end-2021 to US\$ 56.6 million at end-July 2022.

Public sector deposits retreated to US\$ 4.9 million at end-July 2022, a decline of 14.3% from its figure by end-2021.

Debt securities issued as at end-July 2022 were less by 8.8% (US\$ 75.6 million) when compared to their value at end-2021.

Capital accounts reported US\$ 419.2 million at end-July 2022, down from US\$ 447.4 million at end-2021.

## BALANCE SHEET OF FINANCIAL INSTITUTIONS (US\$ MILLION)



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

## RIFAI TO EXPAND TO PARIS

The Lebanese multinational nut-retailing company, Rifai, is expanding its operations and opening in Paris, France, as mentioned in a statement.

Thus, Lebanese diaspora and Parisians can now enjoy the Lebanese-produced Rifai snacks, mixed nuts and confectionery directly from its new branch located at 109 avenue Victor Hugo in Paris.

Rifai products can be found across Lebanon, in some supermarkets of the diaspora, some airports' duty-frees and in its online store.

It is worth mentioning that in 2021 Rifai was acquired by one of the Saadé family's holding companies, MERIT, to support the brand's growth in Lebanon and abroad.

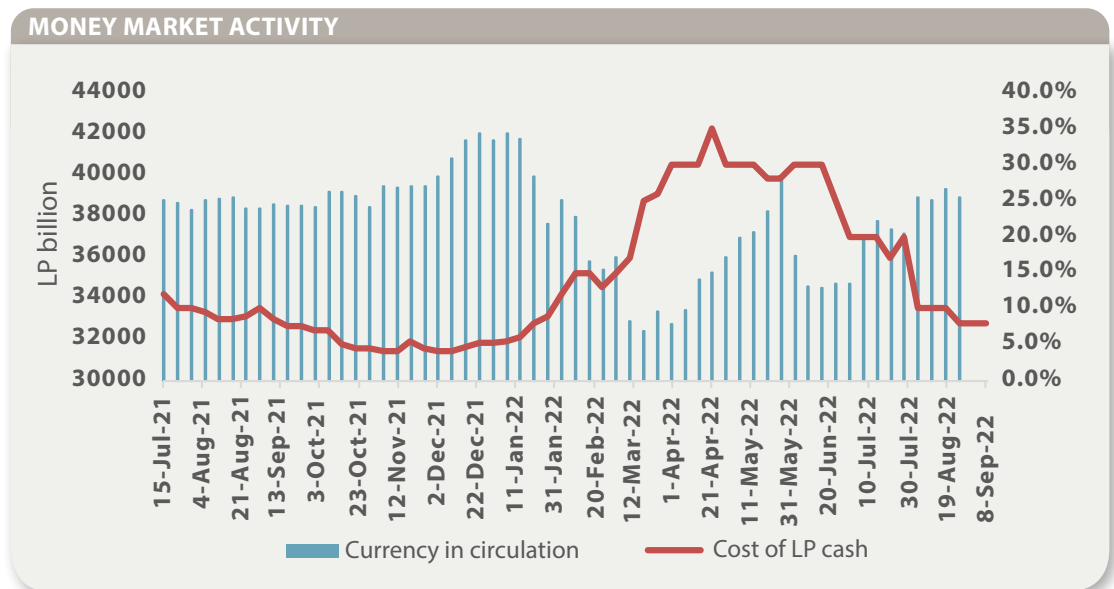


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## CAPITAL MARKETS

### MONEY MARKET: LARGE WEEKLY CONTRACTION IN TOTAL RESIDENT DEPOSITS, MAINLY ON LP DEPOSIT FALLS

The cost of LP cash remained quoted at 8% on the money market this week. In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 25th of August 2022 showed that total resident banking deposits registered a large contraction for the second consecutive week of LP 1,623 billion. This is mainly attributed to a LP 1,387 billion fall in total LP resident deposits amid a LP 1,655 billion drop in LP demand deposits and a LP 268 billion increase in LP saving deposits, while foreign currency resident deposits declined by LP 236 billion (the equivalent of US\$ 157 million as per the official rate of LP 1,507.5). Within this context, the money supply in its broadest sense (M4) contracted significantly by LP 1,157 billion over the covered week, amid a LP 394 billion decrease in the money in circulation and a LP 860 billion rise in the non-banking sector Treasury bills portfolio.



### TREASURY BILLS MARKET: NOMINAL SURPLUS EXCEEDING LP 2,000 BILLION IN FIRST 8M OF 2022

The latest Treasury bills auction results for value date 8th of September 2022 showed that the Central Bank of Lebanon allowed banks to subscribe in full to the six-month category (offering a yield of 4.0%), 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 1st of September 2022 showed subscriptions of LP 604 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 25 billion in the three-month category, LP 579 billion in the one-year category and LP 42 million in the five-year category. These compare to maturities of LP 138 billion, resulting into a nominal weekly surplus of LP 466 billion.

On a cumulative basis, total subscriptions in Treasury bills amounted to LP 10,246 billion over the first eight months of the year 2022, fully allocated to the Central Bank of Lebanon. The one-year category captured 31.9% of the total, followed by the two-year category with 18.7%, the six-month category with 17.3%, the three-year category with 15.7%, the ten-year category with 8.2%, the five-year category with 4.1% and the three-month category with 4.0%. These compare to maturities of LP 8,071 billion, resulting into a nominal surplus of LP 2,175 billion during the first eight months of the year 2022.

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## TREASURY BILLS

	09/09/2022	02/09/2022	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%	-	6.50%	
<b>Nom. Subs. (LP billion)</b>		<b>604</b>	<b>246</b>	
Short-term (3&6 mths)		25	-	
Medium-term (1&2 yrs)		579	-	
Long-term (3 yrs)		-	200	
Long-term (5 yrs)		0.04	-	
Long-term (7 yrs)		-	46	
<b>Maturities</b>		<b>138</b>	<b>13</b>	
<b>Nom. Surplus/Deficit</b>		<b>466</b>	<b>233</b>	

Sources: Central Bank of Lebanon, Ministry of Finance

## FOREIGN EXCHANGE MARKET: LP/US\$ BLACK MARKET RATE CROSSING AGAIN 35,000 THRESHOLD

The LP/US\$ black market rate crossed again the LP/US\$ 35,000 level on the black FX market, reaching LP/US\$ 35,200-LP/US\$ 35,250 on Friday as compared to LP/US\$ 34,500-LP/US\$ 34,600 at the end of last week, amid a continuous cabinet gridlock, heightened domestic political bickering and as the countdown to Presidential elections started. This was exacerbated by BDL's decision to secure 20% of gasoline imports via "Sayrafa" platform instead of 40%, amid plans to completely free "Sayrafa" from the burdens of financing gasoline imports.

Concurrently, the Central Bank of Lebanon announced that foreign currency operations on the "Sayrafa" platform were executed at an average rate of LP/US\$ 28,000 to LP/US\$ 28,200 between September 5 and September 9, 2022 as compared to LP/US\$ 27,200-LP/US\$ 27,600 in the previous week.

## STOCK MARKET: BSE REVERSES THREE-WEEK DOWNWARD TRAJECTORY

The Beirut Stock Exchange shifted to a positive territory this week (+1.0%), following three weeks of price contractions. Four out of seven traded stocks posted price gains, while one stock registered price falls and two stocks saw no price change week-on-week.

## EXCHANGE RATES

	09/09/2022	02/09/2022	30/12/2021	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,752.62	1,741.92	2,022.91	↓
LP/¥	10.62	10.74	13.11	↑
LP/SF	1,574.91	1,538.42	1,639.48	↓
LP/Can\$	1,160.33	1,147.43	1,175.53	↓
LP/Euro	1,523.18	1,503.58	1,701.52	↓

Source: Bank Audi's Group Research Department

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## AUDI INDICES FOR BSE

	09/09/2022	02/09/2022	30/12/2021	
Market Cap. Index	554.98	549.75	447.87	↑
Trading Vol. Index	70.09	79.24	80.38	↓
Price Index	116.51	115.41	94.02	↑
Change %	0.95%	-7.95%	4.13%	↑
	09/09/2022	02/09/2022	30/12/2021	
Market Cap. \$m	13,166	13,042	10,625	↑
No. of shares traded (Exc. BT)	281,152	209,313	171,230	↑
Value Traded \$000 (Exc. BT)	7,748	8,762	5,359	↓
o.w. : Solidere	7,303	8,645	4,614	↓
Banks	430	55	732	↑
Others	15	62	13	↓

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

A closer look at individual stocks shows that Solidere "B" shares led the advance on the BSE this week, registering an 8.1% surge in prices to reach US\$ 51.35, followed by Byblos Preferred shares "2008" with +8.0% to US\$ 26.99, Bank Audi's GDRs with +5.7% to US\$ 1.49, Solidere "A" shares with +5.0% to US\$ 51.70. In contrast, Holcim Liban's share price declined by 1.6% to US\$ 30.50. Byblos Bank's "listed" share price stood unchanged at US\$ 0.64. BLOM's GDR price remained stable at US\$ 2.50.

As to trading volumes, the BSE total turnover contracted by 11.6%, moving from US\$ 8.8 million last week to US\$ 7.7 million this week, noting that Solidere shares continued to capture the lion's share of activity (94.2%). On a cumulative basis, the BSE total trading value rose by 14.3% year-on-year during the first eight months of 2022 to reach US\$ 278 million. On the other hand, the BSE market capitalization grew by 27% between end-August 2021 and end-August 2022. Accordingly, the total turnover ratio, measured by the annualized trading value to market capitalization, reached 3.0% during the first eight months of 2022 and compared to 3.4% during the first eight months of 2021.

## BOND MARKET: LEBANESE EUROBOND PRICES CONTINUE NOSEDIVE

Amid a prolonged cabinet vacuum and as Lebanon is nearing deadline to elect a new President, and given the tough challenges ahead to launch long-overdue economic reforms requested by the IMF to unlock much-needed international financial assistance, prices of Lebanese sovereigns remained in free fall over this week, reaching 5.88-6.50 cents per US dollar on Friday as compared to 6.0-6.63 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 3.63 pts to 4.13 pts since the beginning of the year 2022.

## EUROBONDS INDICATORS

	09/09/2022	02/09/2022	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)	5.88-6.50	6.0-6.63	9.88-10.63	↓
Average Life	5.59	5.60	6.18	↓
Yield on US 5-year note	3.36%	3.40%	1.26%	↓

Source: Bank Audi's Group Research Department

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## INTERNATIONAL MARKET INDICATORS

	09-Sep-22	02-Sep-22	31-Dec-21	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	142.47	140.21	115.11	1.6%	23.8%
\$/£	1.159	1.151	1.353	0.7%	-14.3%
\$/Euro	1.004	0.995	1.137	0.9%	-11.7%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	32,151.71	31,318.44	36,338.30	2.7%	-11.5%
S&P 500	4,067.36	3,924.26	4,766.18	3.6%	-14.7%
NASDAQ	12,112.31	11,630.86	15,644.97	4.1%	-22.6%
CAC 40	6,212.33	6,167.51	7,153.03	0.7%	-13.2%
Xetra Dax	13,088.21	13,050.27	15,884.86	0.3%	-17.6%
FT-SE 100	7,351.07	7,281.19	7,384.54	1.0%	-0.5%
NIKKEI 225	28,214.75	27,650.84	28,791.71	2.0%	-2.0%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,716.83	1,712.19	1,829.20	0.3%	-6.1%
SILVER OUNCE	18.86	18.04	23.31	4.5%	-19.1%
BRENT CRUDE (per barrel)	92.84	93.02	77.78	-0.2%	19.4%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	2.77	2.66	0.10	0.12	2.67
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	3.31	3.19	1.51	0.12	1.80

Sources: Bloomberg, Bank Audi's Group Research Department

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