



## **Byblos Bank/AUB Consumer Confidence Index: Consumer Confidence slips in Second Quarter of 2019**

- Tax hikes and household skepticism weigh on confidence
- Concrete measures that raise citizens' standard of living and economic well-being would drive household sentiment

**Byblos Bank Headquarters, July 25, 2019:** Byblos Bank issued today the results of the Byblos Bank/AUB Consumer Confidence Index for the second quarter of 2019.

The results show that the Index regressed by 11% in April 2019 from the preceding month, while it increased by 2.8% in May and by 3.2% in June 2019. Further, the Index averaged 70.9 in the second quarter of 2019, constituting a decrease of 6.1% from 75.5 in the first quarter of 2019 and a decline of 4.3% from 74.2 in the second quarter of 2018. In addition, the Byblos Bank/AUB Present Situation Index averaged 61.9 in the second quarter of 2019 and decreased by 6.9% from the preceding quarter, while the Byblos Bank/AUB Expectations Index averaged 77 and regressed by 5.6% from the first quarter of 2019. Further, the average monthly score of the Index in the second quarter of 2019 was 33% lower than the quarterly peak score of 105.8 registered in the fourth quarter of 2008, and remained 26.6% below the annual peak of 96.7 reached in full year 2009.

Commenting on the results, Mr. Nassib Ghobril, Chief Economist and Head of the Economic Research and Analysis Department at Byblos Bank Group stated: "household sentiment regressed in the second quarter of 2019, as citizens realized that the so-called reform measures in the 2019 budget consist of another wave of tax and fee increases that will end up reducing their disposable income and purchasing power." He added: "Lebanese citizens have come to expect that the authorities' concept of reforms usually translates into repeated and arbitrary increases in taxes and fees, given the massive tax increases that went into effect at the start of 2018 and the upcoming tax hikes, instead of the authorities taking genuine reform measures that improve the standard of living of citizens."

Mr. Ghobril indicated: "households remain skeptical about the seriousness of the government and the political class to deliver the reforms that would improve their quality of living and economic well-being." He added: "Lebanese citizens need to see concrete evidence and tangible solutions that improve their standard of living in order to sustain their confidence level, as they have repeatedly seen many politicians put personal or partisan agendas ahead of the national interest."

The second-quarter results reflect the still-low expectations of Lebanese households, as 9.4% of the Lebanese polled in the second quarter of 2019 expected their financial conditions to improve in the coming six months compared to 10.6% in the first quarter of the year. In parallel, 62.6% of respondents in the covered quarter believed that their financial

situation would deteriorate relative to 60% in the previous quarter, while 26% anticipated that their financial condition will remain the same in the next six months. In addition, 8.9% of the Lebanese surveyed in the second quarter of 2019 expected business conditions in Lebanon to improve in the coming six months, down from 9.4% in the previous quarter; while 68.8% of respondents anticipated business conditions to deteriorate in the covered period relative to 67% in the first quarter of 2019.

The results of the Byblos Bank/AUB Consumer Confidence Index for the second quarter of 2019 show that female consumers had a higher level of confidence than their male counterparts, and consumers in the 21 to 29 year-old bracket posted the highest confidence level relative to citizens in other age brackets during the covered quarter. Also, households with an income of USD 2,500 or more per month continued to be more confident than those earning less. Moreover, public sector employees were more optimistic than private sector employees, the self-employed, housewives and the unemployed during the second quarter of the year, while students were the most optimistic segment overall.

In addition, the confidence level of residents in the Bekaa region regressed by 11.5% in the second quarter of 2019 from the preceding quarter, followed by households in the South (-9.4%), the North (-6.3%) and Mount Lebanon (-4.1%); while the sentiment of residents in Beirut increased by 2.6% in the covered quarter. Overall, the sentiment of residents in the Bekaa region was the highest among all geographic regions during the second quarter of 2019, followed by households in the North, Mount Lebanon, the South and Beirut. Further, the confidence level of Druze households dropped by 14.7% quarter-on-quarter in the second quarter of 2019, followed by the sentiment of Sunni households (-5.8%), Christian households (-5.2%) and Shiite households (-4.5%). Overall, Shiite households registered the highest level of confidence in the second quarter of 2019, followed by Druze, Christian and Sunni households.

The Byblos Bank/AUB Consumer Confidence Index is a measure of the sentiment and expectations of Lebanese consumers toward the economy and their own financial situation. The Index is compiled, implemented and analyzed in line with international best practices and according to criteria from leading consumer confidence indices worldwide. It is composed of two sub-indices, the Byblos Bank/AUB Present Situation Index and the Byblos Bank/AUB Expectations Index. The first sub-index covers the current economic and financial conditions of Lebanese consumers, and the second one addresses their outlook over the coming six months. In addition, the data segregates the Index by age, gender, income, profession, geographical region, and religious affiliation. The Byblos Bank Economic Research and Analysis Department has been calculating the Index on a monthly basis since July 2007, with January 2009 as its base month. The Index is based on a face-to-face monthly survey of a nationally representative sample of 1,200 males and females living throughout Lebanon. The monthly field survey is conducted by Statistics Lebanon Ltd, a market research and opinion-polling firm.

**For further information, please contact:**

Nassib Ghobril  
Chief Economist  
Head of Group Economic Research and Analysis Department  
Byblos Bank  
Beirut, Lebanon  
Phone: (961) 1 338 100 ext. 0205  
Fax: (961) 1 217 774  
E-mail: [nghobril@byblosbank.com.lb](mailto:nghobril@byblosbank.com.lb)