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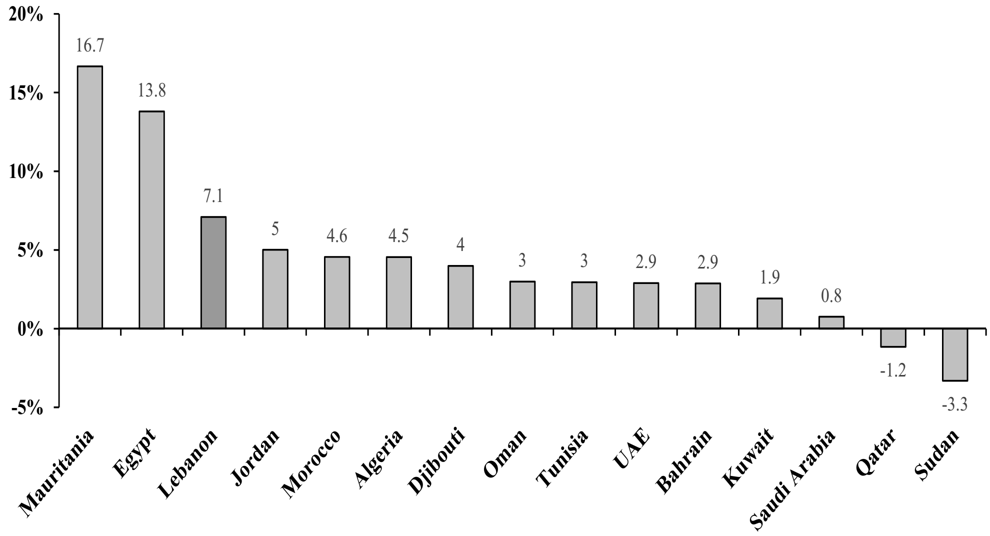
BYBLOS BANK SAL
Economic Research & Analysis Department

LEBANON THIS WEEK

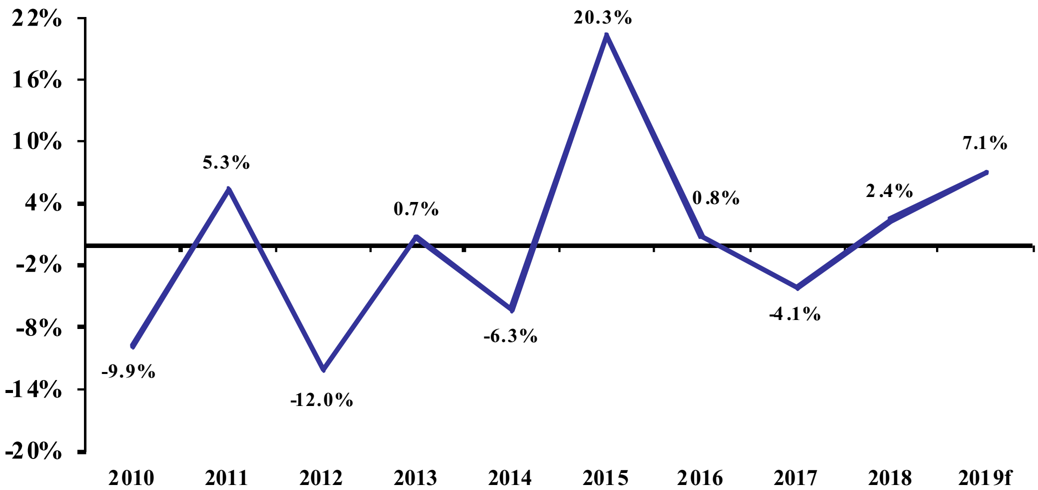
In This Issue

Charts of the Week

Projected Change in Exports of Goods & Services from Arab Countries in 2019 (%)



Change in Exports of Goods & Services from Lebanon (%)



Source: International Monetary Fund - April 2019, Byblos Bank

Quote to Note

"Lebanon's medium-term outlook will greatly depend on the ability of the new Cabinet to pass required and pressing reforms."

Barclays Capital, on what should be the priority of the new government

Number of the Week

25%: Increase in the public sector's wages, salaries, benefits and pension payments in the first nine months of 2018, according to the Ministry of Finance

Lebanon in the News

$m (unless otherwise mentioned)	2018	Jan-Feb 2018	Jan-Feb 2019	% Change*	Feb-18	Jan-19	Feb-19
Exports	2,952	531	536	0.94	248	236	300
Imports	19,980	3,140	2,769	(11.82)	1,435	1,405	1,364
Trade Balance	(17,028)	(2,609)	(2,233)	(14.41)	(1,187)	(1,169)	(1,064)
Balance of Payments	(4,823)	165	(1,930)	(1267.8)	(72)	(1,380)	(550)
Checks Cleared in LBP	22,133	3,653	3,638	(0.42)	1,686	1,856	1,782
Checks Cleared in FC	44,429	7,431	6,117	(17.68)	3,479	3,045	3,072
Total Checks Cleared	66,562	11,084	9,755	(11.98)	5,165	4,901	4,854
Fiscal Deficit/Surplus**	(5,809)	(865)		-	(486)	-	
Primary Balance**	(491)	(330)		-	(223)	-	
Airport Passengers***	8,842,442	1,102,742	1,131,577	2.61	504,974	607,014	524,563
Consumer Price Index****	6.1	5.4	3.2	(221bps)	5.2	3.2	3.1

$bn (unless otherwise mentioned)	Dec-17	Feb-18	Nov-18	Dec-18	Jan-19	Feb-19	% Change*
BdL FX Reserves	35.81	34.39	33.56	32.51	31.93	31.27	(9.06)
In months of Imports	18.57	23.96	21.84	20.72	22.73	22.93	(4.33)
Public Debt	79.53	81.53	83.66	85.14	85.32	85.25	4.55
Bank Assets	219.86	223.07	246.51	249.48	248.88	250.24	12.18
Bank Deposits (Private Sector)	168.66	170.45	173.19	174.28	172.11	171.97	0.89
Bank Loans to Private Sector	59.69	59.03	59.21	59.39	58.14	57.38	(2.78)
Money Supply M2	52.51	53.44	51.55	50.96	49.79	50.23	(6.01)
Money Supply M3	138.62	139.34	140.32	141.29	139.59	139.86	0.37
LBP Lending Rate (%)	8.09	8.67	10.15	9.97	10.41	10.55	188bps
LBP Deposit Rate (%)	6.41	6.51	7.97	8.30	8.93	9.16	265bps
USD Lending Rate (%)	7.67	7.90	8.57	8.57	8.89	8.91	101bps
USD Deposit Rate (%)	3.89	3.96	4.90	5.15	5.58	5.62	166bps

**year-on-year ** 2018 figures are for first 11 months of the year ***includes arrivals, departures, transit ****year-on-year percentage change*
Note: bps i.e. basis points
Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

Most Traded Stocks on BSE	Last Price ($)	% Change*	Total Volume	Weight in Market Capitalization
Solidere "A"	5.65	(4.40)	83,118	6.06%
Solidere "B"	5.69	(3.56)	27,993	3.96%
BLOM GDR	9.00	(6.25)	25,500	7.13%
Byblos Common	1.34	(1.47)	15,500	8.12%
Audi Listed	4.67	(6.41)	6,000	20.01%
Byblos Pref. 09	76.00	0.00	259	1.63%
HOLCIM	15.30	(1.29)	18	3.20%
BLOM Listed	9.27	0.00	-	21.36%
Audi GDR	4.99	0.00	-	6.41%
Byblos Pref. 08	76.00	0.00	-	1.63%

*Source: Beirut Stock Exchange (BSE); *week-on-week*

Sovereign Eurobonds	Coupon %	Mid Price $	Mid Yield %
May 2019	6.00	99.63	9.66
Mar 2020	6.38	97.50	9.32
Apr 2021	8.25	96.38	10.31
Oct 2022	6.10	89.63	9.69
Jun 2025	6.25	84.75	9.58
Nov 2026	6.60	83.50	9.71
Feb 2030	6.65	80.00	9.66
Apr 2031	7.00	79.75	9.92
Nov 2035	7.05	79.63	9.52
Mar 2037	7.25	80.50	9.54

Source: Byblos Bank Capital Markets

	Apr 8-12	Apr 1-5	% Change	March 2019	March 2018	% Change
Total shares traded	158,388	111,615	41.9	10,078,398	34,632,170	(70.9)
Total value traded	$941,200	$1,645,758	(42.8)	$55,317,527	$248,827,531	(77.8)
Market capitalization	$9.33bn	$9.56bn	(2.38)	$9.63bn	$11.85bn	(18.8)

Source: Beirut Stock Exchange (BSE)

CDS Lebanon	Apr 5, 2019	Apr 12, 2019	% Change**
CDS 1-year*	707.55	735.53	4.0
CDS 3-year*	785.58	815.98	3.9
CDS 5-year*	773.82	793.89	2.6

*Source: ICE CMA; *mid-spread in bps **week-on-week*

CDX EM 30*	Apr 5, 2019	Apr 12, 2019	% Change***
CDS 5-year**	97.01	96.70	(0.3)

*Source: ICE CMA; * CDX Emerging Market CDS Index-Series 30*
***mid-spread in bps ***week-on-week*

Consumer confidence unchanged in first quarter of 2019

The results of the Byblos Bank/AUB Consumer Confidence Index for the first quarter of 2019 show that the Index regressed by 10.4% in January 2019 from December 2018, increased by 13.6% in February and decreased by 2.5% in March 2019. Further, the Index averaged 75.5 in the first quarter of 2019 and was unchanged from the fourth quarter of 2018. Further, the Byblos Bank/AUB Present Situation Index averaged 66.4 and the Byblos Bank/AUB Expectations Index averaged 81.6 in the first quarter of 2019, with the two sub-indices nearly unchanged from the fourth quarter of 2018. In addition, the average monthly score of the Index in the first quarter of 2019 was 28.7% lower than the quarterly peak score of 105.8 registered in the fourth quarter of 2008, and remained 22% below the annual peak of 96.7 reached in full year 2009.

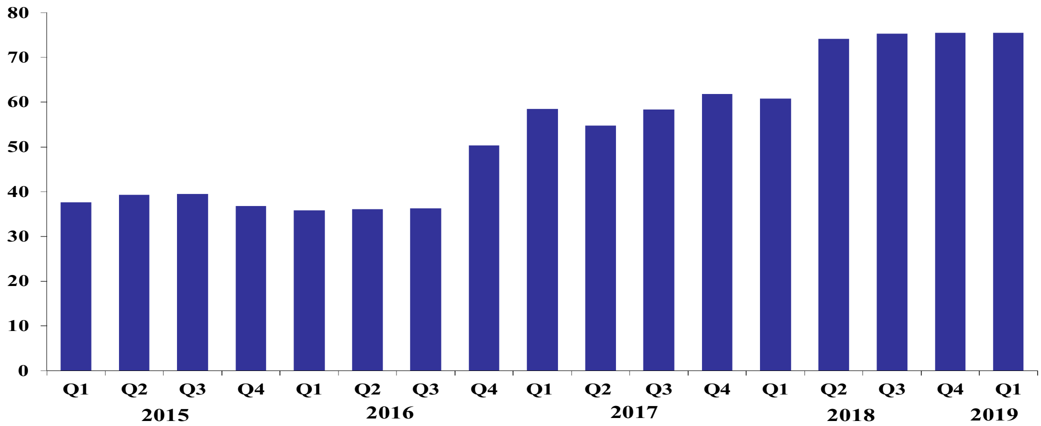
Household sentiment was directly correlated to the political developments that took place in the first three months of 2019, as the January drop reflected the repeated false alerts about an imminent announcement of the new Cabinet. But the formation of the government at the end of January, after nine month of political deadlock, led the Index to jump in February. Further, the decline in March shows that Lebanese citizens consider that the government's formation in itself is not sufficient, as citizens need to see concrete evidence and tangible solutions that would improve their economic well-being in order to raise and sustain their confidence level.

The results of the Byblos Bank/AUB Consumer Confidence Index for the first 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 the self-employed, private sector employees, housewives and the unemployed in the first quarter of the year, while students were the most optimistic segment overall.

In addition, the confidence level of residents in Mount Lebanon increased by 6.9% in the first quarter of 2019 from the fourth quarter of 2018, followed by households in the South (+1.3%) and the Bekaa region (+0.4%); while the sentiment of residents in Beirut regressed by 17.3% and the confidence level of households in the North was unchanged in the covered quarter. Also, the sentiment of residents in the Bekaa region was the highest among all geographic regions during the first quarter of 2019, followed by households in the North, the South, Mount Lebanon and Beirut. Further, the confidence level of Druze households increased by 14.6% quarter-on-quarter in the first quarter of 2019, the sentiment of Shiite households regressed by 4.2% from the fourth quarter of 2018, and the confidence level of Sunni households retreated by 0.5%, while the sentiment of Christian households was nearly unchanged. Also, Druze households registered the highest level of confidence in the first quarter of 2019, followed by Christian, Sunni and Druze 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 based on 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.

Byblos Bank/AUB Consumer Confidence Index*



** Quarterly Average Score*

Source: Byblos Bank Economic Research & Analysis Department, based on surveys conducted by Statistics Lebanon

Expatriates' remittances to Lebanon up 2% to $7.2bn in 2018, 18th highest among developing economies

The World Bank estimated the inflows of expatriates' remittances to Lebanon at $7.2bn in 2018, constituting an increase of 1.8% from $7.1bn in 2017, following a decline of 7% in 2017. In comparison, remittance inflows to developing countries grew by 9.6%, those to upper middle-income countries (UMICs) increased by 7.7% and inflows to Arab countries rose by 9.1% in 2018.

Lebanon was the 24th largest recipient of remittances in the world and the 18th largest among 123 developing economies in 2018. Lebanon received more than the Dominican Republic ($6.8bn), Colombia ($6.4bn) and El Salvador ($5.46bn), and less remittances than Sri Lanka and Thailand ($7.46bn each) and Morocco ($7.37bn) among developing economies. Also, Lebanon was the sixth largest recipient of remittances among 50 UMICs, after China ($67.4bn), Mexico ($35.7bn), Guatemala ($9.6bn), Russia ($8.6bn) and Thailand ($7.5bn), and the third largest recipient among 16 Arab countries, behind Egypt ($28.9bn) and Morocco ($7.4bn).

Top 20 Recipients of Remittance Inflows in Developing Economies in 2018

Country	US$bn	Growth Rate	% of GDP
India	78.61	14.0%	2.9%
China	67.41	5.6%	0.5%
Mexico	35.66	10.5%	3.0%
Philippines	33.83	3.1%	10.2%
Egypt	28.92	16.9%	11.6%
Nigeria	24.31	10.5%	6.1%
Pakistan	21.01	6.7%	6.8%
Vietnam	15.93	6.2%	6.6%
Bangladesh	15.50	14.8%	5.4%
Ukraine	14.38	18.5%	11.4%
Indonesia	11.24	24.7%	1.1%
Guatemala	9.57	13.3%	12.1%
Russia	8.61	4.6%	0.5%
Nepal	8.06	16.4%	28.0%
Sri Lanka	7.46	3.8%	8.1%
Thailand	7.46	11.0%	1.5%
Morocco	7.37	8.1%	6.2%
Lebanon	**7.20**	**1.8%**	**12.7%**
Dom. Republic	6.79	9.9%	8.4%
Colombia	6.41	15.9%	1.9%

Source: World Bank, Byblos Research

Remittance inflows to Lebanon accounted for 1% of the global flow of remittances in 2018, relative to 1.1% on 2017 and to 1.3% in 2016. They represented 1.4% of aggregate remittances to developing economies last year, compared to 1.5% in the previous year and to 1.7% in 2016, while they accounted for 11.6% of remittance inflows to Arab countries in 2018, down from 12.5% in 2017 and 14.9% in 2016. In addition, remittance inflows to Lebanon represented 3.7% of remittance inflows to UMICs in 2018, relative to 3.9% in 2017 and 4.5% in 2016.

Further, expatriates' remittances to Lebanon were equivalent to 12.7% of GDP in 2018, which constituted the 17th highest such ratio in the world and among developing countries, as well as the second highest ratio, behind only Palestine (17.7%), among Arab countries. Expatriates' remittances to Lebanon were equivalent to 14.8% of GDP in 2016 and 13.3% of GDP in 2017. The World Bank estimates remittance inflows to Arab countries, excluding Syria, at $60.3bn in 2018, up from $55.1bn in 2017, and equivalent to about 2.8% of the region's GDP last year.

Number of airport passengers up by 1.2% in first quarter of 2019

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 1,749,722 passengers utilized the airport (arrivals, departures and transit) in the first quarter of 2019, constituting an increase of 1.2% from 1,728,816 passengers in the same period of 2018. The number of arriving passengers regressed by 0.2% year-on-year to 838,759 in the first quarter of 2019, compared to a growth of 14% in the same period last year, while it remained unchanged in the first quarter of 2017. Also, the number of departing passengers increased by 0.9% year-on-year to 895,858 in the first quarter of 2019, relative to a rise of 13.5% in the same period last year, while it remained unchanged in the first quarter of 2017.

In parallel, the airport's aircraft activity expanded by 0.4% annually to 15,413 take-offs and landings in the first quarter of 2019, relative to a rise of 1.9% year-on-year in the same period of 2018, while it declined by 6.2% in the first quarter of 2017. In addition, the HIA processed 20,220 metric tons of freight in the covered period that consisted of 13,269 tons of import freight and 6,952 tons of export freight. Middle East Airlines had 6,114 flights in the first quarter of 2019 and accounted for 39.7% of HIA's total aircraft activity.

Association of banks amends reference rate on US dollar and Lebanese pound lending

The Association of Banks in Lebanon (ABL) recommended to its member banks to increase the Beirut Reference Rate (BRR) in US dollars from 9.52% in April 2019 to 9.58% in May 2019. The rate, considered as the reference rate for lending in foreign currency, replaced the London Interbank Offered Rate (LIBOR) in 2009, as the ABL decided that the LIBOR does not reflect the cost of funding and lending in Lebanon. In addition, the ABL recommended to its member banks to raise the BRR in Lebanese pounds from 13.06% in April 2019 to 13.38% in May 2019. The BRR in US dollars and Lebanese pounds were adopted in March and May 2009, respectively. The ABL considers that the BRR does not replace the Beirut Prime Lending Rate in each currency, but constitutes the basis to calculate the prime rate after adding the cost of liquidity and refinancing, credit risk and the profitability of banks.

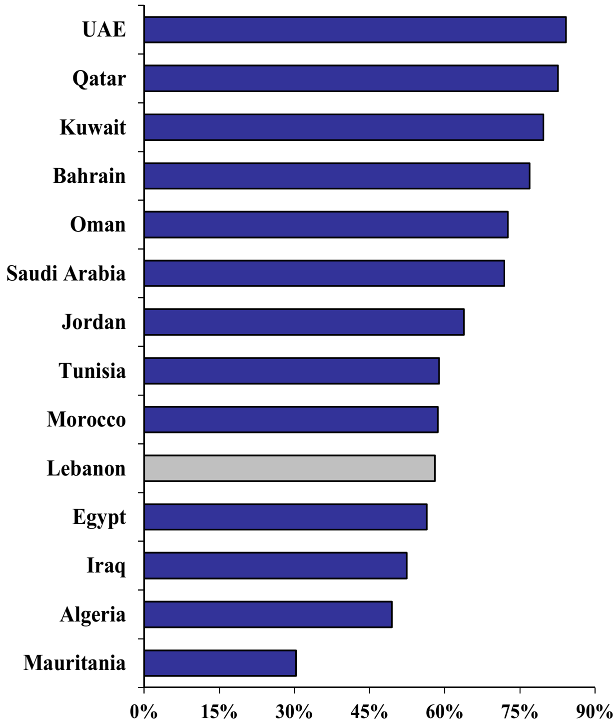
Lebanon ranks in 10th place in Arab region in terms of digitization

The Arab Advisors Group's Digital Index for 2018, which assesses the digitization levels of Arab countries, ranked Lebanon in 10th place among 14 Arab countries included in the survey. The index is a weighted average of four main pillars that are the "Smart Government" pillar with a weight of 40%, the "Digital Readiness" pillar (30%), the "Electronic & Mobile Payments" pillar (20%), and the "Economic & Education" pillar (10%). Each pillar is based on a number of indicators that measure the competitiveness level of Arab countries, and then ranks each country based on the level of digital awareness and adoption. The score of each country ranges from zero percent to 100%, with 100% reflecting the highest level of digitization.

Lebanon received a score of 58.04%, which is lower than the Arab region's average score of 64%. Also, Lebanon's score was lower than the Gulf Cooperation Council's (GCC) average score of 78%, but higher than the non-GCC Arab countries' average score of 53.5%. The digitization level in Lebanon was higher than in Egypt (56.4%), Iraq (52.4%), Algeria (49.4%) and Mauritania (30.3%). The UAE ranked first in the Arab region in terms of digitization with a score of 84.2%, while Mauritania came in last place.

Also, Lebanon ranked in seventh place among 19 Arab countries with available figures on the "Smart Government" pillar, which measures the implementation of innovative solutions that aim to simplify the lives of residents, including the latest adopted technologies in the information and telecommunications sectors. Lebanon came behind only Qatar, Kuwait, Bahrain, the UAE, Oman and Iraq on this pillar.

Digital Index in Arab Countries for 2018



Source: Arab Advisors Group, Byblos Research

Further, Lebanon came in 10th place among 15 countries in the Arab world on the "Digital Readiness" pillar, which measures the preparations and initiatives in a country towards implementing a network that connects residents with government services and applications. Lebanon preceded Algeria, Egypt, Mauritania, Iraq and Palestine on this pillar.

Lebanon also ranked in seventh place among 19 Arab countries on the "Electronic & Mobile Payments" pillar, which analyzes the availability of electronic and mobile payments per country. Lebanon trailed only the UAE, Bahrain, Kuwait, Oman, Qatar and Saudi Arabia on this pillar.

In parallel, Lebanon's mobile phone operators Alfa and Touch ranked in 14th and 20th place, respectively, among 42 cellular operators in the Arab region on the Digitization of Cellular Operations Index. The index rates and assesses the digitization level of cellular operators in Arab countries in terms of services offered to their subscribers. The index takes into account the electronic payment methods offered to subscribers, self-services offered in the form of applications, portals or kiosks, such as online shops for handsets and accessories that operators offer. Alfa received a score of 43%, while Touch posted, along with seven other operators, a score of 31% on the index. The UAE's Du and Viva Bahrain are the most digitized cellular operators in the region with a score of 74% each, while Iraq's Korek Telecom, MTN Syria, Zain Iraq and Zain Sudan are the least digitized operators in the region with a score of 10% each.

Value of cleared checks down 12%, returned checks up 2% in first quarter of 2019

The value of cleared checks reached $14.8bn in the first quarter of 2019, constituting a decline of 12% from $16.8bn in the same quarter of 2018. In comparison, the value of cleared checks decreased by 1.6% annually in the first three months of 2018 from the same quarter of 2017. The value of cleared checks in Lebanese pounds regressed by 1% year-on-year to the equivalent of $5.5bn in the first quarter of 2019, while the value of cleared checks in US dollars declined by 17.3% to $9.3bn in the covered quarter. The dollarization rate of cleared checks regressed from 67.1% in the first quarter of 2018 to 63.1% in the same quarter of 2019. There were 2.65 million cleared checks in the first three months of 2019, down by 10.8% from 3 million in the first quarter of 2018.

In parallel, the value of returned checks in domestic and foreign currencies was $372m in the first quarter of 2019 compared to $364m in the same quarter of 2018 and to $320m in the first three months of 2017. This constituted a year-on-year increase of 2.2% in the first quarter of 2019 relative to a rise of 13.9% in the first quarter of 2018 from the same period of 2017. Also, there were 68,453 returned checks in the first quarter months of 2019, up by 7.1% from 63,919 returned checks in the same quarter of 2018.

Lebanon's external debt outperforms emerging markets in March 2019

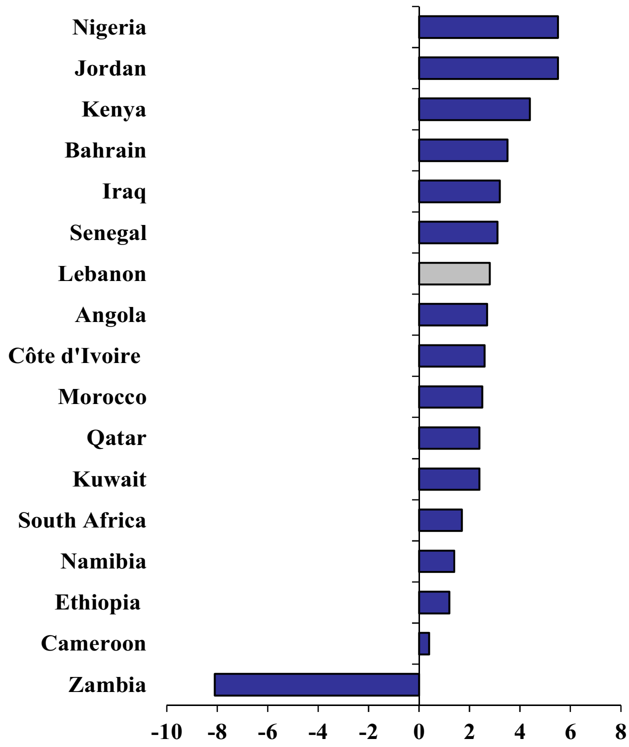
Figures issued by Citi Research indicate that Lebanon's external sovereign debt posted a return of 2.8% in March 2019, constituting the 24th highest return among 48 emerging markets included in the Citi EM Sovereign Bond Index. Also, Lebanon's sovereign debt posted the seventh highest return among 17 countries in the Middle East & Africa (ME&A) region in the covered month.

Lebanon's sovereign debt return was lower than returns in Jordan and Nigeria (+5.5% each), Kenya (+4.4%), Bahrain (+3.5%), Iraq (+3.2%), and Senegal (+3.1%) in the ME&A region in March 2019. Lebanon outperformed the emerging markets' return of 0.9%, the speculative grade sovereigns' return of -0.6% and the 'B'-rated sovereigns' return of -1.1% during the covered month.

Further, Lebanon's sovereign debt posted a return of 2.6% in the first quarter of 2019, constituting the 44th highest return in emerging markets during the covered period. It also posted the 16th highest return in the ME&A region in the first quarter of 2019. Lebanon's sovereign debt return was higher than returns in Georgia and Serbia (+2.1% each), Zambia (+1.2%), and Turkey (-2.1%) in the covered period.

Lebanon underperformed the overall emerging markets' return of 5.7%, the speculative grade sovereigns' return of 5.9% and the 'B'-rated sovereigns' return of 6.1% during the first quarter of 2019.

External Debt Performance in Middle East & Africa in March 2019 (%)



Source: Citi Research, Byblos Research

Lebanon has well-developed ecosystem for scale-ups

The MENA Scale-ups Readiness Index indicated that Lebanon has the second most developed ecosystem for scale-ups among five Arab countries that consist of Egypt, Jordan, Lebanon, Saudi Arabia and the UAE. Scale-ups, which are also known as high-growth firms or "gazelles", are a segment of small- and medium-sized enterprises (SMEs) that have an established business model, and are expanding and growing rapidly.

The index, which was developed by consulting firm Strategy& Middle East and Endeavor mentoring organization, aims to assess the state of the ecosystem for scale-ups in the five Arab economies based on quantitative and qualitative research. The index consists of four pillars, which are Business Fundamentals, Business Propellers, Demand Creators, and Country Readiness. A country's overall score ranges between zero and 3, with a score of 3 indicating a fully developed scale-ups ecosystem, while a score of less than 1 reflecting significant challenges. Lebanon received a score of 1.2 points on the index, which shows that Lebanon has a more developed scale-ups ecosystem than Jordan, Saudi Arabia, and Egypt.

Lebanon, along with Jordan, received a score of 1.3 points on the Business Fundamentals pillar, ranking the two countries in first place on this component. The pillar assesses the availability of business regulations to support SMEs, the clarity and efficiency of these regulations, as well as access to affordable technology and facilities. Also, Lebanon received a score of 1.6 points on the Business Propellers pillar, which measures SMEs' access to financing and skilled-talent, as well as networking and mentoring. Lebanon and the UAE came in first place on this component. In addition, Lebanon received a score of 1.1 points on the Country Readiness pillar, which mainly assesses a country's economic and political stability. Lebanon came behind the UAE, Jordan and Saudi Arabia on this component.

Further, Lebanon, along with Jordan, lagged the UAE and Saudi Arabia on the Demand Creators pillar, and received a score of 0.3 points on this component. The pillar evaluates the access of SMEs to different markets as a way to sell their products and services. Lebanon's score means that the country faces significant challenges in accessing customers and markets. In this context, Strategy& Middle East and Endeavor noted that the government provides few initiatives to promote SME products and services domestically or internationally. They added that local Lebanese companies are constrained by the perception of poor quality control of Lebanese exports.

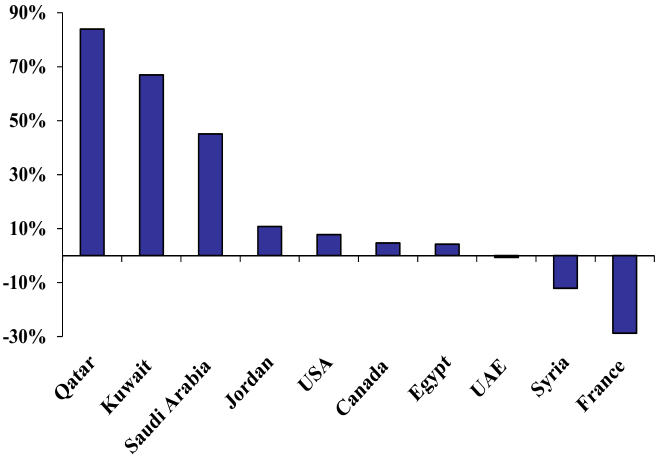
In parallel, Strategy& Middle East and Endeavor indicated that Lebanon benefits from a well-developed ecosystem for scale-ups, relatively affordable office spaces and utilities for SMEs, and a still-developing financing environment. They pointed out that earlier-stage technology startups receive more support than more developed SMEs, including through incubator and accelerator programs, such as Berytech, Speed Lebanon and the UK Lebanon Tech Hub. But they said that venture capital firms provide support and funding for more established SMEs. They added that multilateral organizations and international donors, including the European Investment Bank, the Agence Française de Développement, and the European Bank for Reconstruction and Development, continue to provide low cost long-term financing for SMEs in the country.

Tourist spending up 12% in first quarter of 2019, number of refunds up 6%

Figures issued by Global Blue, the VAT refund operator for international shoppers, show that total spending by tourists in Lebanon increased by 12.2% in the first quarter of 2019 compared to a growth of 1.6% in the first quarter of 2018. Spending by tourists in Lebanon increased by 14.6% year-on-year in January, by 16.3% in February, and by 5.5% in March 2019.

Visitors from Saudi Arabia accounted for 15% of total tourist expenditures in the first quarter of 2019, followed by visitors from the UAE with 10%, Kuwait with 9%, Qatar with 8%, Syria with 7%, Egypt with 6%, Jordan and the United States with 4% each, and Canada and France with 3% each; while visitors from other countries accounted for the remaining 31%. Spending by visitors from Qatar grew by 84% year-on-year in the covered quarter, followed by spending by tourists from Kuwait (+67%), Saudi Arabia (+45.1%), Jordan (+10.8%), the United States (+7.7%), Canada (+4.7%) and Egypt (+4.2%). In contrast, spending by visitors from France decreased by 28.7% year-on-year in the first quarter of 2019, followed by spending by tourists from Syria (-12.1%) and the UAE (-0.6%).

Total Spending by Source in First Quarter of 2019 (% change from the same quarter of 2018)



Source: Global Blue, Byblos Research

Further, Beirut attracted 83% of visitors' spending in the covered quarter, followed by the Metn area with 12%, the Baabda district and the Keserwan region with 2% each. On a city level, the Beirut Central District attracted 54% of tourist expenditures, followed by Ashrafieh (11%), Verdun (10%), Nahr El Mott, Zalka, Jal el Dib & Antelias (6%), Dbayeh (5%), Mina El Hosn (4%), Hamra and Hazmieh (2% each), and Sin el Fil, as well as Kaslik, Jounieh & Maameltein (1% each) during the first quarter of 2019.

In parallel, fashion & clothing attracted to 67% of total expenditures in the first quarter of 2019, followed by watches & jewelry with 19%, spending at department stores with 4% and outlays on home & garden products with 3%, while other categories accounted for the remaining 7%. Spending on fashion & clothing increased by 15.3% annually in the first three months of the year, and expenditures on watches & jewelry grew by 13.5%, while outlays on home & garden products declined by 3% and spending at department stores regressed by 1.4% year-on-year in the covered period.

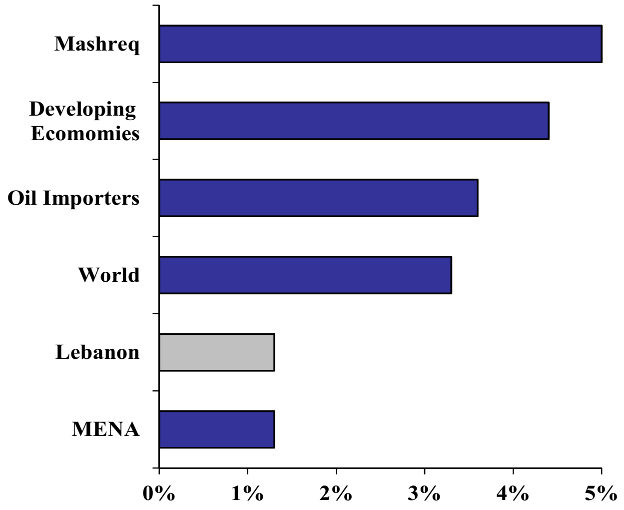
Also, the total number of refund transactions by visitors grew by 5.8% year-on-year in the first quarter of 2019 compared to an annual increase of 4.9% in the same quarter of 2018. The number of refund transactions increased by 7.5% year-on-year in January, by 4.4% in February, and by 4.2% in March 2019. Visitors from Saudi Arabia accounted for 15% of total refund transactions in the first quarter of 2019, followed by those from Egypt and the UAE (10% each), Syria (9%), Kuwait (7%), Qatar (5%), Jordan (4%), France and the United States (3% each), and Canada (2%), while other countries accounted for the remaining 32%. In parallel, the number of refund transactions by visitors from Qatar jumped by 51.7% annually in the covered quarter, followed by visitors from Kuwait (+32.6%), Saudi Arabia (+28%), and Egypt (+18.7%). In contrast, the number of refund transactions by visitors from France dropped by 20.5% annually in the first quarter of 2019, followed by those from Jordan (-13.3%), the United States (-6.5%), Syria (-6.1%), the UAE (-4.9%) and Canada (-1.4%).

In addition, fashion & clothing accounted for 73% of the number of refund transactions by visitors in the first quarter of 2019, followed by the number of refunds at department stores with 9%, home & garden products (3%) and watches & jewelry (2%). Also, the number of refunds for other categories represented the remaining 13%. Further, Beirut accounted for 72% of total refunds by visitors in the covered quarter, followed by the Metn area with 19%, the Baabda district with 6% and the Keserwan region with 2%. Also, the Beirut Central District attracted 29% of total refund transactions by visitors in the first quarter of 2019, followed by Verdun (20%), Ashrafieh (16%), Dbayeh (11%), Nahr El Mott, Zalka, Jal el Dib & Antelias (6%), Hazmieh (5%), Hamra (4%), Mina El Hosn (2%), and Sin el Fil, as well as Kaslik, Jounieh & Maameltein (1% each), while other cities attracted the remaining 5% of refund transactions in the covered quarter.

IMF projects real GDP growth in Lebanon at 1.3% in 2019

The International Monetary Fund projected Lebanon's real GDP growth rate at 1.3% in 2019 up from an October forecast of 1%, and a growth rate of 0.2% in 2018. In comparison, it forecast real GDP growth rates of 1.3% for the MENA region, of 3.6% for the region's oil-importing economies and of 5% for the Mashreq economies; as well as growth rates of 4.4% in emerging & developing economies and of 3.3% for the global economy in 2019. Lebanon's projected growth rate in 2019 would make it the second slowest-growing economy among 18 MENA countries with positive economic growth. The forecasts for Lebanon do not incorporate the impact of the implementation of reforms related to the CEDRE conference on growth and on public finances.

Projected Real GDP Growth in 2019 (%)



Source: International Monetary Fund, April 2019

In parallel, the Fund projected Lebanon's GDP per capita to increase from $9,257.3 in 2018 to $9,607.9 in 2019. It also forecast the average inflation rate in the country at 2% in 2019 relative to 10% for the MENA region, 11% for oil-importing economies and 13% for the Mashreq region. Lebanon's projected average inflation rate would be the fifth lowest among 20 countries in the MENA region this year. Lebanon's inflation rate averaged -0.8% in 2016, 4.5% in 2017 and 6.1% in 2018.

Further, the IMF projected Lebanon's fiscal deficit to widen from 11% of GDP in 2018 to 11.7% of GDP in 2019, with public revenues at 21.7% of GDP this year relative to 20.6% of GDP in 2018, and public spending at 33.5% of GDP in 2019 relative to 31.6% of GDP last year. Also, it forecast the primary budget deficit to slightly narrow from 1.3% of GDP in 2018 to 1.2% of GDP in 2019.

In addition, the Fund projected Lebanon's current account deficit at 28.2% of GDP in 2019, compared to deficits of 6.1% of GDP for oil-importing economies and of 6.8% of GDP for the Mashreq countries.

In parallel, the IMF projected Lebanon's real GDP growth rate at 2% in 2020, compared to growth rates of 3.2% for the MENA region, 4% for the region's oil-importing economies and 5.5% for the Mashreq economies next year. Lebanon's projected growth rate for 2020 would make it the fourth slowest-growing economy among 19 MENA countries with positive economic growth. The IMF forecast Lebanon's fiscal deficit to narrow to 11% of GDP, while it expected its current account deficit at 28.4% of GDP in 2020.

PMI shows stagnation in business conditions in March 2019

The BLOM Lebanon Purchasing Managers' Index (PMI), an indicator of operating conditions in Lebanon's private sector, stood at 46.3 in March 2019, down from 46.9 in February and relative to 46.5 in March 2018. The index has remained below the 50 mark since June 2013, while the March value came below the PMI's trend average of 47 since the index's inception in May 2013. Further, the PMI averaged 46.6 in the first three months of 2019 compared to 47 in the same period last year. A score that exceeds 50 signals positive business activity, while a score that falls below 50 shows a deterioration in activity.

The survey's results show that the New Orders Index declined from 44.3 in February 2019 to 43.2 in March, and reached its lowest value so far in 2019. Businesses attributed the sustained contraction in new orders to stagnant demand and strong competition among companies. In addition, the New Export Orders Index stood at 47.4 in March 2019 relative to 47.9 in February. The survey's respondents attributed the contraction to regional instability that reduced external demand.

Further, the survey indicated that the level of business activity in the private sector contracted at a faster pace month-on-month, as the Output Index was 43.5 in March 2019 compared to 44.6 in the previous month. Businesses attributed the drop in output to political uncertainties that are affecting economic conditions and are weighing on the companies' ability to make decisions. The survey pointed out that the decline in incoming new orders led businesses to scale back employment, but at a marginal rate, as reflected by the Employment Index that reached 49.5 in March 2019 relative to 49.6 in February. Also, the results show that companies continued to reduce the average prices they charge in March 2019, in line with the trend in previous months, in response to weaker demand.

The PMI is a weighted average of five individual sub-components that are New Orders with a weight of 30%, Output (25%), Employment (20%), Suppliers' Delivery Times (15%), and Stocks of Purchases (10%). The calculation of the PMI is based on data compiled from replies to questionnaires sent to purchasing executives at about 400 private sector companies in Lebanon across the manufacturing, services, construction and retail sectors. The sample selection is based on each sector's contribution to GDP. The survey is compiled monthly by information provider IHS Markit.

Lebanon in the News

Cabinet approves electricity plan

The Council of Ministers approved on April 8, 2019 a plan to reform the electricity sector in Lebanon. The 10-year plan aims to improve electricity production and distribution in the country, and eliminate the deficit of the state-owned an money-losing Electricité du Liban (EdL) by 2022. It seeks to provide 24 hours of electricity per day starting in 2020.

In the short term, the electricity plan aims to set up by 2020 temporary production units in Deir Ammar, Jiyeh, Zahrani and Zouk that would provide an aggregate 1,450 megawatts (MW) of power. These temporary units will continue to operate until 2025, or until permanent plants are in place. Also, the plan intends to raise electricity tariffs from LBP129 per kilowatt-hour (kWh) currently to LBP217 per kWh in 2020. But it specifies that the new tariffs would be linked to fuel prices, in order to avoid losses at EdL in the future in case oil prices surge. The plan also claims that the increase in electricity tariffs will have a limited impact on the overall electricity bill of Lebanese residents, as it would be offset by the reduction in spending on subscriptions to private electricity generators.

In the longer term, the plan stipulates the additional production of more than 3,000 MW of electricity through a combination of power plants and renewable energy sources, in order to raise electricity output from around 2,000 MW currently to 5,695 MW by 2030. Specifically, the plan consists of the construction of six new power plants that would come online by 2025 in Deir Ammar, Selaata and Zahrani, as well as in Hreisheh, Jiyeh and Zouk where existing plants will first be decommissioned. The Cabinet also approved the dismantling of the three existing plants in Hreisheh, Jiyeh and Zouk and the launch of new tenders to replace them.

In this context, the Ministry of Energy & Water will prepare the terms for all the tenders for the upcoming power plants, in collaboration with international technical and legal advisors. The new plants will be established according to build-operate-transfer (BOT) contract terms. The contractors will build and operate the plants, and will hand them over to the government once the contracts expire.

Further, the electricity plan stipulates an increase in the sources of renewable energy, which include wind plans, and solar photovoltaic farms with storage units. In addition, floating storage and regasification units (FSRU), which are offshore Liquefied Natural Gas (LNG) import terminals, are also expected to contribute to the reduction of electricity costs as natural gas would partially replace the more expensive heavy fuel oil and gasoil in power production starting in 2021. The tendering process for the LNG units is already underway. The plan forecast EdL's deficit to decrease from $1.4bn in 2019 to $574m in 2020 and to $307m by 2021, and for the state-owned utility company to turn a profit of $118m in 2022.

In terms of the collection of electricity bills, the plan pointed out that the Ministry of Energy & Water and the Ministry of Finance will be tasked with collecting bills from public administrations and municipalities. It added that the Ministry of Foreign Affairs and the Prime Minister will have to coordinate with the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to collect the bills from Palestinian camps, which are estimated at an aggregate of $294m, as well as for the collection of the electricity bills from Syrian refugees.

Lebanon and China sign MoUs to promote economic cooperation

Lebanon signed two Memorandums of Understandings (MoUs) with China to promote investments and bilateral economic cooperation. The first MoU was signed by the Federation of Lebanese Chambers of Commerce, Industry & Agriculture in Lebanon and the China Council for the Promotion of International Trade (CCPIT) to establish in Beirut an arbitration center between Arab countries and China. The second MoU was signed between the CCPIT and the Ministry of Industry in Lebanon to promote Chinese investments in industrial areas in Lebanon. Further, Lebanese authorities encouraged Chinese investors to partner with Lebanese firms and to invest in new projects, as Lebanon is preparing to launch several infrastructure projects related to the CEDRE conference. Also, the Lebanese government indicated that some Chinese companies are considering the initiation of projects related to Syria and Iraq from Lebanon, especially in the Bekaa and Tripoli areas.

In addition, the government aims to rebalance its trade deficit with China, given that imports from China reached $2.05bn in 2018, while Lebanese exports to China totaled $22.2m. As such, the trade deficit between Lebanon and China reached $2.03bn in 2018. Also, China was the largest source of imports to Lebanon in 2018, with imports from China accounting for 10.3% of total imports to Lebanon and equivalent to 3.7% of GDP in 2018. In comparison, exports from Lebanon to China represented 0.8% of total exports last year and were equivalent to 0.04% of GDP.

Trade deficit down 14% to $2.2bn in first two months of 2019

Total imports reached $2.8bn in the first two months of 2019, constituting a decline of 11.8% from $3.1bn in the same period of 2018; while aggregate exports grew by 0.9% year-on-year to $535.8m in the covered period. As such, the trade deficit narrowed by 14.4% to $2.23bn in the first two months of 2019 due to a drop of $371.3m in imports and an increase of $4.5m in exports in the covered period.

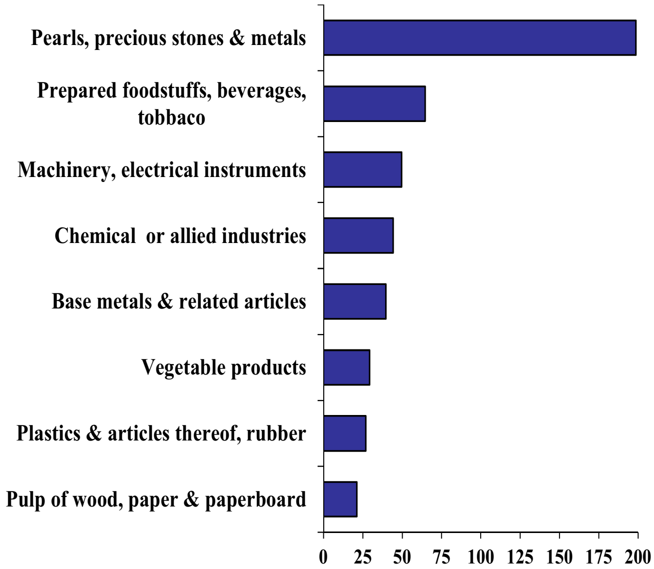
The decrease in imports during the first two months of 2019 was mainly due to a drop of $356.8m, or 13.6%, in imported non-hydrocarbon products, and to a decline of $14.5m, or 2.8%, in the imports of mineral products. Imported oil & mineral fuels reached $508.5m and accounted for 18.4% of total imports in the covered period.

Also, the growth in exports in the covered period was mainly due to a rise of $23.1m, or 13.2%, in the exports of jewelry; an expansion of $12m, or 289%, in exported mineral products; an increase of $5.7m, or 13%, in the exports of machinery & mechanical appliances; an increase of $4.1m, or 16.2%, in exported vegetable products; an expansion of $2.9m in exported wood, paper & paperboard; an increase of $2.7m, or 47.4%, in the exports of animal or vegetables fats and oils; and a growth of $2.5m in the exports of plastics & rubber. They were partly offset by a decline of $35m, or 46.8%, in exported base metals; and a decrease of $14.6m, or 24.8%, in the exports of chemical products.

Further, exported goods to Syria surged by 53.4% year-on-year in the first two months of 2019, those to the UAE jumped by 47.4%, exports to Switzerland expanded by 44.1%, those to Qatar increased by 21.2% and exports to Saudi Arabia grew by 7%. In contrast, exported goods to South Africa dropped by 43.1%, those to Iraq fell by 19.5%, and exports to Jordan decreased by 1% year-on-year in the covered period. Re-exports totaled $65.5m in the first two months of 2019 compared to $72.1m in the same period of 2018. The Hariri International Airport was the exit point for 45.6% of Lebanon's exports in the first two months of 2019, followed by the Port of Beirut (40.4%), the Masnaa crossing point (6.8%), and the Port of Tripoli (3.8%).

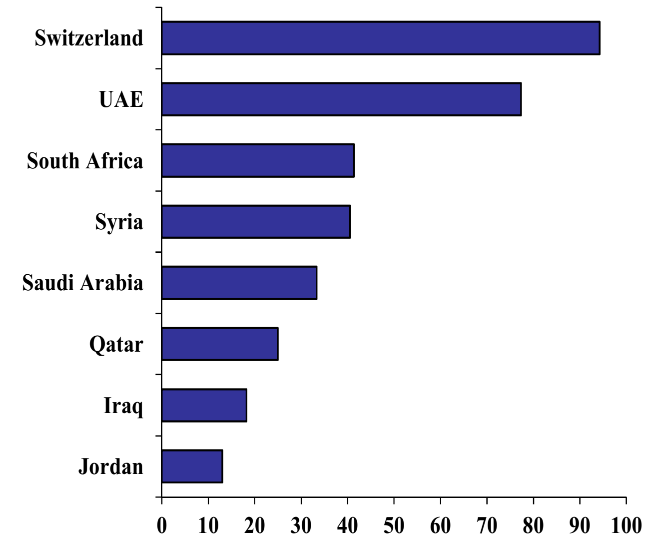
In parallel, Lebanon's main non-hydrocarbon imports were machinery & mechanical appliances that reached $336.7m in the first two months of 2019 and fell by 10% from the same period of 2018. Imported chemical products followed at $336.5m (-6.2%), then prepared foodstuff at $207.3m (-8.6%), vegetable products at $201.5m (2.9%), vehicles, aircraft & vessels at $198.3m (-19.4%), base metals at $169m (-30.2%), jewelry, mostly gold bars, at $163.3m (-32.4%), animal products at $128m (-4.8%), plastics and rubber at $112m (-3.8%), as well as textiles at $102.6m (-18.6%). The Port of Beirut was the entry point for 69% of Lebanon's merchandise imports in the first two months of 2019, followed by the Hariri International Airport (22.6%), and the Port of Tripoli (6.1%).

Main Lebanese Exports in First Two Months of 2019 (US$m)



Source: Lebanese Customs Administration, Byblos Research

Main Destinations of Lebanese Exports in First Two Months of 2019 (US$m)



Source: Lebanese Customs Administration, Byblos Research

China was the main source of imports with $313.2m, or 11.3% of the total, in the first two months of 2019, followed by Greece with $205.1m (7.4%), Italy with $201.5m (7.3%), Germany with $155.1m (5.6%), the U.S. with $143.4m (5.2%), Russia with $137.3m (5%), and Turkey with $113m (4.1%). Imported goods from Russia increased by 14.3% year-on-year in the first two months of 2019. In contrast, imported goods from Italy dropped by 26%, those from China fell by 20.1%, imports from Germany contracted by 15.2%, those from Greece declined by 13.2%, imported goods from the U.S. decreased by 5.7%, and those from Turkey regressed by 4.4%.

Illicit financial flows from trade misinvoicing at $1.73bn in 2015

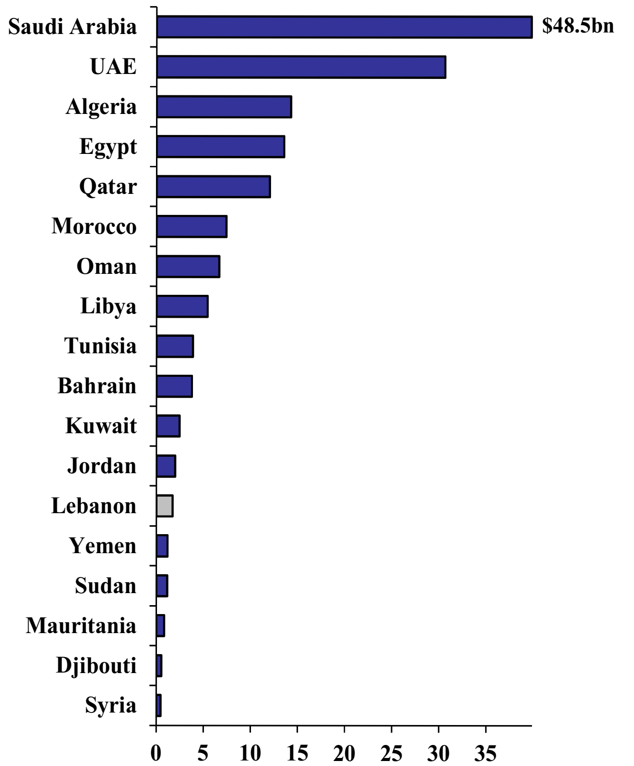
Global Financial Integrity, a Washington-based non-profit research and advocacy organization, estimated Lebanon's illicit financial flows (IFF) from trade misinvoicing with advanced economies at $1.73bn in 2015. It noted that Lebanon's IFFs were equivalent to 16.7% of its aggregate trade with developed countries in 2015.

The survey defines IFFs as illegal movements of money or capital from one country to another, or funds that are illegally earned, transferred or utilized. Specifically, it provides details of the illicit flows into and out of developing and emerging markets as a result of their merchandise trade with advanced economies, which consist of illegal flows from trade misinvoicing. It calculates a country's IFFs from trade misinvoicing by adding two components, which are total illicit inflows and total illicit outflows. The illicit inflow component is the sum of import under-invoicing and export over-invoicing, while the illicit outflow component is the addition of import over-invoicing and export under-invoicing.

Lebanon's IFFs from trade misinvoicing were the 71st highest among 140 emerging markets with available data, while they were the 20th lowest among 48 upper middle-income countries (UMICs) and the sixth lowest among 18 Arab countries. Lebanon's IFFs were higher than Bolivia ($1.6bn), Tanzania ($1.58bn) and Cameroon ($1.53bn), and lower than Namibia and Paraguay ($1.78bn each), and Macedonia ($1.76bn) among developing markets.

Further, Lebanon's IFFs accounted for 1.1% of the Arab countries' total IFFs, for 0.14% of UMICs' aggregate IFFs and for 0.1% of emerging markets' IFFs in 2015. Mexico's IFFs reached $128.1bn in 2015, the highest among developing economies.

Arab Economies' Illicit Financial Flows From Trade Misinvoicing in 2015 ($bn)



Source: Global Financial Integrity, Byblos Research

In parallel, the survey estimated Lebanon's illicit inflows from trade misinvoicing at $980m in 2015. Lebanon's illicit inflows were the 69th highest among emerging markets, the 27th highest among UMICs and the sixth lowest among Arab economies. They were higher than Namibia ($913m), Botswana ($885m) and Ghana ($837m), and lower than Papua New Guinea and Côte d'Ivoire ($1bn each), and Senegal ($990m) among developing economies. Further, Lebanon's illicit inflows accounted for 0.9% of the Arab countries' total illicit inflows, for 0.13% of UMICs' aggregate illicit inflows and for 0.09% of such outflows from emerging markets in 2015.

Further, the survey estimated Lebanon's illicit outflows from trade misinvoicing at $746m in 2015. Lebanon's illicit outflows were the 76th highest among developing markets, the 30th highest among UMICs and the fifth lowest among Arab economies. They were higher than Yemen ($720m), Cameroon ($712m) and Macedonia ($701m), and lower than Côte d'Ivoire ($786m), Pakistan ($778m) and Sri Lanka ($750m) among emerging economies. Further, Lebanon's illicit outflows accounted for 1.5% of the Arab countries' total illicit outflows, for 0.2% of such outflows from UMICs and for 0.1% of developing markets' illicit outflows during in 2015.

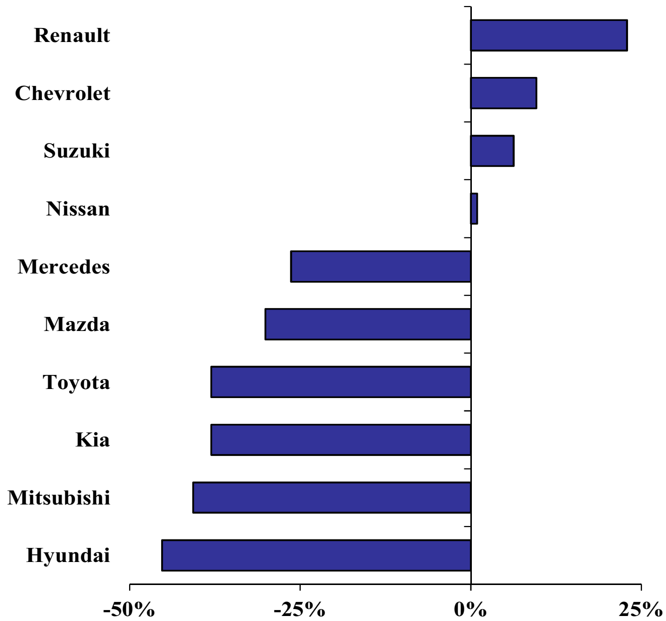
New car sales down 23% in first quarter of 2019

Figures released by the Association of Automobile Importers in Lebanon show that dealers sold 5,926 new passenger cars in the first quarter of 2019, constituting a decline of 22.5% from 7,645 cars sold in the same quarter of 2018. Individuals and institutional clients purchased 1,837 new cars in January, 1,906 new vehicles in February and 2,183 new automobiles in March 2019.

Japanese cars accounted for 40.3% of total car sales in the first quarter of 2019, followed by Korean vehicles with a 23.8% share, European automobiles (23%), American cars (8.7%) and Chinese vehicles (4.2%). The number of Chinese vehicles sold grew by 21.4% and the sales of new American cars increased by 4.9% year-on-year in the covered quarter. In contrast, demand for Korean vehicles dropped by 41.2%, the sales of Japanese automobiles decreased by 20.7% and demand for European automobiles regressed by 11.3% year-on-year in the first quarter of 2019.

Kia is the leading brand in the Lebanese market with 853 passenger vehicles sold in the first quarter of 2019, followed by Nissan with 753 new cars sold, Toyota (621), Hyundai (555) and Suzuki (373). In parallel, car dealers sold 385 new commercial vehicles in the first quarter of 2019, down by 21.6% from 491 commercial vehicles purchased in the same quarter of 2018. Overall, car dealers sold 6,311 new passenger cars and commercial vehicles in the covered quarter, down by 22.4% from 8,136 cars sold in the first quarter of 2018.

Sales of Top 10 Car Brands in First Quarter of 2019 (% change*)



**from the same quarter of 2018*
Source: AIA, Byblos Research

Further, Lebanon's top five car distributors sold 3,696 vehicles in the first quarter of 2019 and accounted for 58.6% of new auto sales. In comparison, they sold 5,093 cars in the first quarter of 2018 that represented 62.6% of total car sales. Rasamny Younis Motor Co. sal sold 1,004 vehicles in the first quarter of 2019, equivalent to 16% of the total, followed by NATCO sal with 854 automobiles (13.5%), Boustany United Machineries sal with 698 cars (11%), Bassoul Heneiné sal with 579 vehicles (9.2%) and Century Motor Co. sal with 561 cars (9%).

Lebanon & Gulf Bank's net earnings at $27m in 2018

Lebanon & Gulf Bank (LGB) sal, one of Lebanon's top 16 banks in terms of deposits, announced unaudited consolidated net profits of $26.7m in 2018, constituting a decrease of 33.2% from net earnings of $40m in 2017. Net operating income declined by 25% year-on-year to $67m in 2018, with net interest income rising by 9.8% to $53m and net fees & commissions receipts regressing by 1.7% to $9m. Non-interest income accounted for 20.6% of total income in 2018, down from 50% in 2017; with net fees & commissions representing 65.42% of non-interest earnings relative to 18.96% in 2017. Further, the bank's interest margin was 1.06% in 2018 relative to 1.12% in 2017, while its spread reached 1.03% in 2018 compared to 1.09% in 2017. Total operating expenditures increased by 1.5% to $37m in 2018, with staff expenses declining by 1.5% to $22m and administrative & other operating expenditures rising by 5.8% to $12.3m. Also, the bank's return on average assets was 0.52% in 2018 relative to 0.91% in 2017, while its return on average equity reached 6.57% compared to 10.9% in 2017. The bank's cost-to-income ratio increased from 37.86% in 2017 to 55.54% in 2018.

In parallel, the bank's assets reached $5.6bn at the end of 2018, up by 19% from end-2017, while loans & advances to customers, excluding those to related parties, decreased by 3% from end-2017 to $1.3bn. Also, customer deposits, excluding those from related parties, totaled $4.3bn at end-2018 and grew by 9.4% from the end of 2017. The loans-to-deposits ratio stood at 30.86% at the end of 2018, compared to 34.82% at end-2017. Further, the bank's shareholders' equity reached $430.4m at end-2018, up by 12.2% from end-2017.

Ratio Highlights

(in % unless specified)	2016	2017	2018	Change*
Nominal GDP ($bn)	51.2	53.4	56.1	
Public Debt in Foreign Currency / GDP	54.9	56.9	59.7	2.82
Public Debt in Local Currency / GDP	91.3	92.0	92.1	0.10
Gross Public Debt / GDP	146.2	149.0	151.9	2.92
Total Gross External Debt / GDP**	182.6	182.4	183.3	0.90
Trade Balance / GDP	(31.5)	(31.3)	(30.4)	1.11
Exports / Imports	15.6	14.5	14.8	0.25
Fiscal Revenues / GDP	19.4	21.8	21.2	(0.57)
Fiscal Expenditures / GDP	29.0	28.8	32.1	3.29
Fiscal Balance / GDP	(9.6)	(7.0)	(11.0)	(3.97)
Primary Balance / GDP	0.04	2.7	(0.5)	-
Gross Foreign Currency Reserves / M2	62.2	68.2	63.8	(4.39)
M3 / GDP	259.2	259.6	252.1	(7.55)
Commercial Banks Assets / GDP	398.7	411.8	445.1	33.32
Private Sector Deposits / GDP	317.1	315.9	310.9	(4.97)
Private Sector Loans / GDP***	111.6	111.8	105.9	(5.84)
Private Sector Deposits Dollarization Rate	65.8	68.7	70.6	1.90
Private Sector Lending Dollarization Rate	72.6	68.6	69.2	0.57

**change in percentage points 18/17*
***includes portion of public debt owed to non-residents, liabilities to non-resident banks, non-resident deposits (estimated by the IMF), Bank for International Settlements' claims on Lebanese non-banks *** in January 2018, Lebanese banks started reporting their financials based on international accounting standard IFRS 9, and revised the 2017 figures accordingly*
Source: Association of Banks in Lebanon, Institute of International Finance, International Monetary Fund, World Bank, Byblos Research Estimates & Calculations
Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

Risk Metrics

Lebanon	Apr 2017	Mar 2018	Apr 2018	Change**	Risk Level
Political Risk Rating	56.0	55.5	55.0	▲	High
Financial Risk Rating	33.0	33.0	33.0	↔	Moderate
Economic Risk Rating	27.5	28.5	28.5	▼	High
Composite Risk Rating	58.25	58.5	58.25	↔	High

MENA Average*	Apr 2017	Mar 2018	Apr 2018	Change**	Risk Level
Political Risk Rating	57.9	58.0	58.1	▼	High
Financial Risk Rating	38.2	38.1	38.2	↔	Low
Economic Risk Rating	29.7	31.4	31.9	▼	Moderate
Composite Risk Rating	62.9	63.7	64.1	▼	Moderate

**excluding Lebanon*
***year-on-year change in risk*
Source: The PRS Group, Byblos Research
Note: Political & Composite Risk Ratings range from 0 to 100 (where 100 indicates the lowest risk)
Financial & Economic Risk ratings range from 0 to 50 (where 50 indicates the lowest risk)

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Investors Service	Caa1	NP	Stable	Caa1		Stable
Fitch Ratings	B-	B	Negative	B-		Negative
S&P Global Ratings	B-	B	Negative	B-	B	Negative
Capital Intelligence Ratings	B	B	Negative	B	B	Negative

Source: Rating agencies

Banking Ratings	Outlook
Moody's	Stable

Source: Moody's Investors Service

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