

LEBANON THIS WEEK

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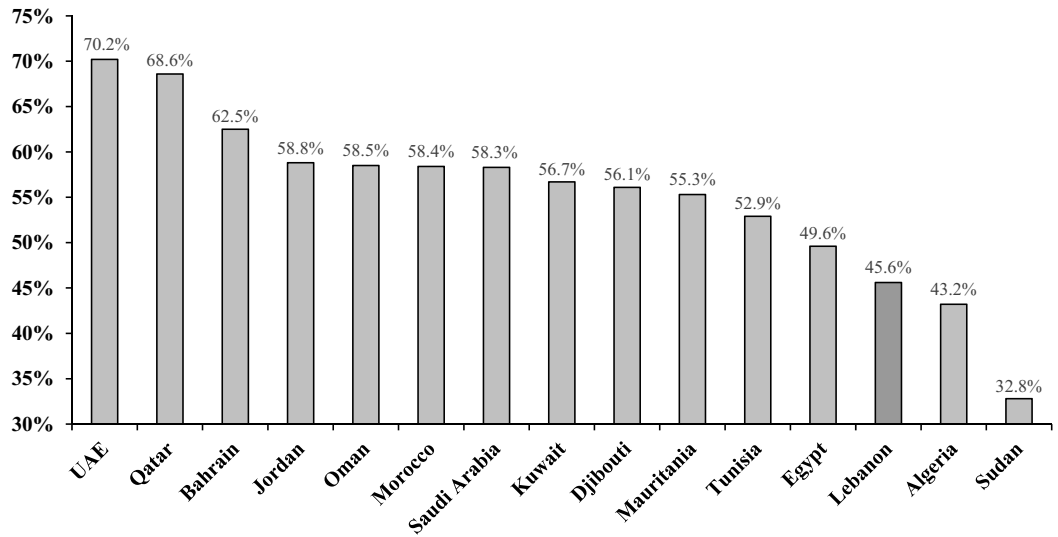
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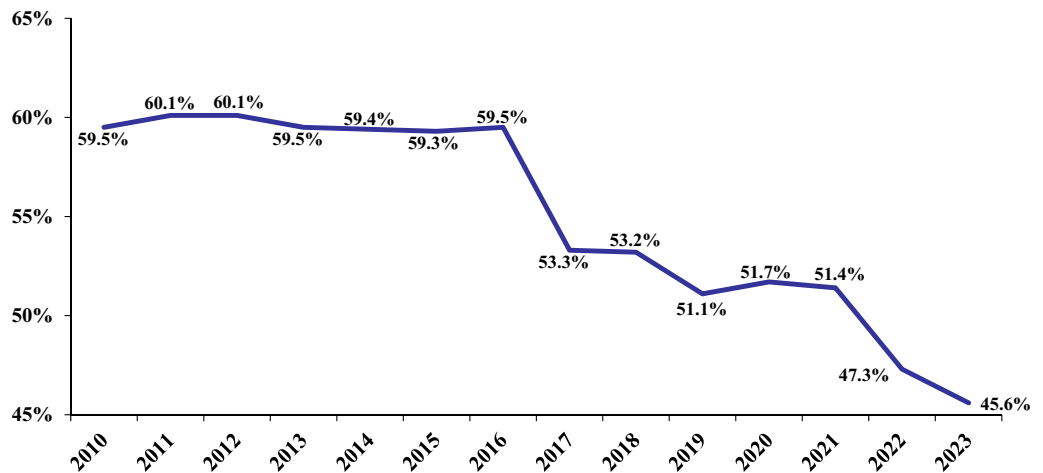
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Charts of the Week

Performance of Arab Countries on the Index of Economic Freedom for 2023



Performance of Lebanon on the Index of Economic Freedom



Source: Heritage Foundation 2023, Byblos Bank

Quote to Note

"Pushing through reforms will be difficult due to long-term constraints on Lebanon's institutional settings stemming from the fragmented political landscape."

S&P Global Ratings, on the impact of narrow political interests on the prospects for structural reforms

Number of the Week

\$39.8bn: The contraction in the banking system's portfolio of loans to the private sector between the start of 2019 and the end of January 2023, according to Banque du Liban

Lebanon in the News

\$m (unless otherwise mentioned)	2020	2021	2022	% Change*	Dec-21	Nov-22	Dec-22
Exports	3,544	3,887	3,492	-10.2%	616	274	272
Imports	11,310	13,641	19,053	39.7%	1,269	1,584	1,251
Trade Balance	(7,765)	(9,754)	(15,562)	59.5%	(653)	(1,310)	(979)
Balance of Payments	(10,551)	(1,960)	(3,197)	63.1%	(384)	(354)	17
Checks Cleared in LBP 3,686	19,937	18,639	27,14	6	45.6%	1,738	3,003
Checks Cleared in FC	33,881	17,779	10,288	-42.1%	1,079	767	577
Total Checks Cleared	53,818	36,418	37,434	2.8%	2,818	3,770	4,263
Fiscal Deficit/Surplus**	(2,709)	1,457	-	-	-	-	-
Primary Balance**	(648)	3,323	-	-	-	-	-
Airport Passengers	2,501,944	4,334,231	6,360,564	46.8%	455,087	446,450	551,632

	Dec-21						% Change*
BdL FX Reserves	13.65	10.63	10.78	10.60	10.40	10.40	(23.8)
In months of Imports	-	-	-	-	-	-	-
Public Debt	100.37	103.65	102.71	101.94	-	-	-
Bank Assets	174.82	168.75	167.01	164.64	165.05	169.06	(3.3)
Bank Deposits (Private Sector)	129.47	125.02	124.96	124.37	124.57	125.72	(2.9)
Bank Loans to Private Sector	27.72	22.82	22.28	21.93	21.29	20.05	(27.7)
Money Supply M2	52.41	50.87	62.15	72.31	71.40	77.34	47.6
Money Supply M3	133.38	127.71	138.46	148.13	147.09	152.29	14.2
LBP Lending Rate (%)	7.14	4.85	5.09	5.00	5.30	4.56	(258)
LBP Deposit Rate (%)	1.09	0.60	0.66	0.70	0.65	0.60	(49)
USD Lending Rate (%)	6.01	5.51	4.61	5.11	4.35	4.16	(185)

*year-on-year

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	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Solidere "A"	80.00	(2.7)	114,181	45.1%	May 2023	6.40	6.75	6,907.41
BLOM GDR	2.75	(5.2)	64,500	1.1%	Apr 2024	6.65	6.75	476.85
Byblos Common	0.72	(4.0)	48,667	2.3%	Jun 2025	6.25	6.75	164.61
Audi GDR	1.37	(1.4)	11,686	0.9%	Nov 2026	6.60	6.75	87.82
Solidere "B"	81.40	1.6	11,100	29.8%	Mar 2027	6.85	6.75	79.55
Audi Listed	1.56	0.0	4,850	5.2%	Feb 2030	6.65	6.75	42.80
HOLCIM	32.46	3.7	4,754	3.6%	Apr 2031	7.00	6.75	36.18
BLOM Listed	2.50	0.0	-	3.0%	May 2033	8.20	6.75	28.33
Byblos Pref. 08	27.00	0.0	-	0.3%	Nov 2035	7.05	6.75	22.52
Byblos Pref. 09	37.98	0.0	-	0.4%	Mar 2037	7.25	6.75	20.17

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

Source: Refinitiv

	Mar 6-10	Feb 27 - Mar 3	% Change	February 2023	February 2022	% Change
Total shares traded	260,138	91,690	183.7	397,775	1,217,016	(67.3)
Total value traded	\$10,528,030	\$5,304,389	98.5	\$16,431,863	\$15,255,094	7.7
Market capitalization	\$17.75bn	\$17.90bn	(0.8)	\$16.32bn	\$9.81bn	66.5

Source: Beirut Stock Exchange (BSE)



Main U.S. exports to Lebanon consist of vehicles, chemical products and machinery

The United States Department of Commerce's 2022 Country Commercial Guide (CCG) for Lebanon indicated that, despite the small size of its economy, Lebanon has offered unique market opportunities for U.S. firms, and that U.S. products and services have wide demand among Lebanese consumers. However, it noted that the recent challenging conditions that Lebanon has been facing could weigh on the country's potential as a market for U.S. goods and services. It stressed that there will be opportunities for U.S. companies in Lebanon if authorities implement overdue economic and governance reforms, attract foreign capital, stabilize the exchange rate, and recapitalize the financial sector. It noted that Lebanon has the legal underpinnings of a free-market economy, a highly educated labor force, and limited restrictions on investors, but it pointed out that the economic and financial crisis resulted in challenging market conditions. It added that the crisis disrupted the repatriation of profits by U.S. and other international firms, and that shortages of foreign currency liquidity has led some contracts to be fulfilled in the local currency rather than in US dollars.

In addition, it pointed out that other impediments to local and foreign businesses include bureaucratic over-regulation and institutionalized corruption, a lack of transparency, arbitrary licensing decisions, complex customs procedures, outdated legislation, an ineffectual judicial system, poor telecommunication services and slow Internet speed, poor electricity provision, inconsistent interpretation of laws, as well as the weak enforcement of intellectual property rights. It added that Lebanon has fragmented and opaque tendering and procurement processes, which have been a deterrent for foreign investments.

The CCG said that the U.S. exported \$767m worth of goods to Lebanon in 2021, which accounted for 5.6% of total Lebanese imports, compared to U.S. exports of \$936m or 8.2% of Lebanese imports in 2020. It noted that the U.S. was the fourth largest source of imports to Lebanon in 2021, after Turkey, Greece and China. It added that major U.S. exports to Lebanon in 2021 were vehicles (\$307m), chemical industrial products (\$132m), machinery (\$74m), vegetable products & prepared foodstuff (\$60m), mineral fuel & oil (\$59m), and beverages & tobacco (\$23m). Further, it indicated that leading Lebanese sectors for U.S. exports and investments are the automotive market, the pharmaceuticals sector, medical equipment, the apparel sector, and the agricultural sector.

Also, it indicated that U.S. automotive exports to Lebanon rose from \$102m in 2020 to \$307m in 2021. It said that the total imports of vehicles reached \$1.1bn in 2021 relative to \$472m in 2020, and that the U.S. share of the local market stood at 27% during the year. It noted that demand for U.S. sport utility vehicles in Lebanon has been driven by their ability to withstand the country's poor road conditions and by their competitive prices. It anticipated that demand will remain for U.S. automotive products such as brakes, clutches, engine lubricants and safety accessories because of their quality advantage over foreign competitors. It anticipated new car sales will continue to decline, as it expected Lebanese consumers to favor used cars rather than new ones, and for the sales of electric and hybrid cars to increase given increasing gas prices. As such, it projected U.S. automotive exports to Lebanon at \$300m in each of 2022 and 2023.

Further, the CCG said that U.S. pharmaceutical exports to Lebanon regressed from \$120m in 2020 to \$106m in 2021 and accounted for 11.7% of the country's total pharmaceutical imports. It added that U.S. pharmaceutical products have an advantage over their European and Asian counterparts in the biotechnology, high-tech, anti-cancer and cardiovascular fields. It noted that the sector continues to face several challenges, such as the high production cost of pharmaceuticals, the presence of counterfeit products, as well as a weak regulatory framework governing pharmaceuticals. Also, it noted that local pharmaceutical companies are trying to increase domestic production of medication to substitute for imports as a result of Lebanon's economic crisis and declining foreign currency reserves at Banque du Liban (BdL). Still, it expected Lebanon to remain dependent on the import of pharmaceutical products, given that the country imports approximately 80% of its pharmaceutical products for a cost of about \$1bn annually, according to the Ministry of Public Health. It pointed out that U.S. companies that are present in the Lebanese market are working on solutions, including stricter controls on medicine distribution, in order to preserve their market share. It projected U.S. pharmaceutical exports to Lebanon at \$80m in each of 2022 and 2023.

In addition, the CCG indicated that the exports of U.S. medical equipment to Lebanon decreased from \$54m in 2020 to \$29m in 2021 and accounted for 15.5% of the country's total imports of medical equipment for the year. It attributed the decrease in U.S. medical exports to Lebanon to the difficult access to foreign currency as a result of the collapse of the Lebanese economy. Still, it considered that the sustained demand for U.S. medical equipment reflects their high quality and competitive value. It forecast such exports at \$25m in each of 2022 and 2023.

In parallel, it said that U.S. agricultural exports to Lebanon totaled \$86m in 2021 relative to \$89m in 2020, and accounted for 3.6% of Lebanon's agricultural imports. It indicated that strict controls on capital outflows have led to a major decrease in agriculture exports to Lebanon, and pointed out that there have been some local attempts at import substitution in the agricultural sector, but that Lebanon will continue to rely on imports for a large percentage of its food needs. Also, it noted that U.S. apparel exports to Lebanon rose from \$2m in 2020 to \$5m in 2021 and accounted for 1.5% of the country's total apparel imports, as it considered that the local demand for casual wear in general, and for U.S. apparel in particular, recovered following the removal of the COVID-19 mobility restrictions and the influx of tourists to Lebanon. It projected such exports to remain at \$5m in each of 2022 and 2023.



Drilling in Block 9 to start at end of September 2023

TotalEnergies EP Block 9 (TotalEnergies), in its capacity as the operator of Block 9 in Lebanon's offshore territorial waters, indicated that it will start offshore drilling in Block 9 at the end of September 2023, and that it will announce the results of the drilling operations by the end of the year. Last January, it stated that it has launched preparations for the start of offshore drilling activities in the block, following the U.S.-brokered maritime agreement to delineate the maritime border between Lebanon and Israel that was sealed in October 2022. As such, it announced that it is seeking expressions of interest for potential participation in the upcoming calls for tender covering logistics services. It said that the services required to conduct petroleum activities in Block 9 consist of Logistics Base Services, Marine Gas Oil Supply, Vessel Support Services, and Helicopter Services. It added that eligible firms must be Lebanese companies that are majority-owned or controlled by Lebanese nationals, and must have the capability to perform properly the services described in the relevant call for tender. Further, it indicated that it launched a call for tender to lease a drilling rig and expected to select the rig in the first quarter this year. It added that it has placed pre-orders with suppliers for the equipment it needs to begin the exploration of oil and gas, and pointed out that it will finalize the environmental studies' phase of the project by the end of June 2023. Earlier this year, the specialized French company Créocéan conducted an Environmental Baseline Survey in Block 9 as part of the Environmental Impact Assessment ahead of the planned offshore activities. The Right Holders in Block 9 are the operator TotalEnergies EP Block 9 that holds a 35% stake, as well as the non-operators Eni Lebanon BV that has a 35% interest and QatarEnergy International Investments (2) LLC that holds a share of 30%.

In parallel, earlier this month, the Ministry of Public Works & Transport declared that it has allocated 34,000 square meters at the Port of Beirut for petroleum activities related to exploration and drilling for oil and gas in Lebanon's offshore territorial waters. It said that it selected docks 3, 4 and 5 for this operation, given their strategic location for vessels and other services.

Number of airport passengers up 30% in first two months of 2023

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 898,643 passengers utilized the airport (arrivals, departures and transit) in the first two months of 2023, constituting a surge of 30% from 691,279 passengers in the same period of 2022, and relative to 347,541 passengers in the first two months of 2021. The number of arriving passengers reached 409,845 passengers in the first two months of 2023 and rose by 31% from 313,200 passengers in the same period of 2022, compared to 134,471 passengers in the same period of 2021. Also, the number of departing passengers totaled 487,010 in the first two months 2023 and increased by 30% from 374,258 passengers in the same period last year, relative to 205,052 in the first two months of 2021.

In parallel, the airport's aircraft activity totaled 8,209 take-offs and landings in the first two months of 2023, representing a rise of 21.7% from 6,743 takeoffs and landings in the same period last year. In comparison, aircraft activity dropped by 57.8% in the first two months of 2022 and declined by 51.4% in the same period of 2021.

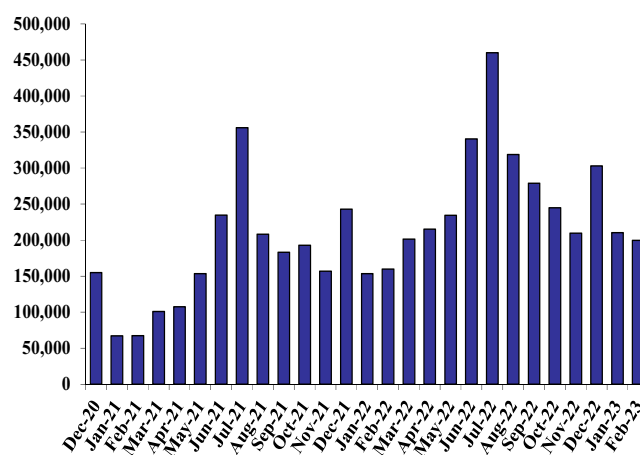
In addition, the HIA processed 7,761 metric tons of freight in the first two months of 2023 that consisted of 4,244 tons of import freight and 3,517 tons of export freight. Middle East Airlines had 3,679 flights in the covered period and accounted for 44.8% of HIA's total aircraft activity.

Port of Beirut processes 5.14 million tons of freight in 2022

Figures released by the Port of Beirut show that the port processed 5.14 million tons of freight in 2022, constituting an increase of 10.6% from 4.65 million tons of freight in 2021. Imported freight amounted to 4.18 million tons in 2022, up by 10.5% from 3.78 million tons in 2021, and accounted for 81.4% of total processed freight. In addition, the volume of exported cargo reached 959,000 tons in 2022, representing a rise of 11% from 864,000 tons in 2021 and accounting for 18.6% of aggregate freight in 2022. A total of 1,193 vessels docked at the port in 2022, nearly unchanged from 1,168 ships in 2021. The port handled 402,000 tons of freight in December 2022, down by 3.1% from 415,000 tons in November 2022. In addition, 111 vessels docked at the port in December 2022, up by 8.8% from 102 ships in the previous month.

In parallel, the Port of Tripoli processed 3.59 million tons of freight in 2022, constituting a rise of 1.25 million tons (+53.4%) from 2.34 million tons in 2021. Imported freight amounted to 2.05 million tons in 2022 and grew by 351,268 tons (+20.7%) from 1.69 million tons in 2021. It accounted for 57% of freight activity in 2022. In parallel, the volume of cargo that was exported through the port reached 1.55 million tons in 2022, up by 900,678 tons (+139%) from 648,322 tons in 2021, and represented 43% of total freight in 2022. Further, revenues generated through the Port of Tripoli stood at \$367m in 2022, and surged by 953% from \$34.8m in 2021. A total of 886 vessels docked at the port in 2022, representing an increase of 21% from 733 ship in 2021.

Number of Arriving Passengers



Source: Beirut-Rafic Hariri International Airport

Lebanon ranks 45th globally, first among Arab countries on economic diversification index

The Dubai-based Mohammed Bin Rashid School of Government's Global Economic Diversification Index for 2023 ranked Lebanon in 45th place among 103 countries worldwide and in first place among 11 Arab countries in terms of economic diversification. In comparison, Lebanon came in 40th place globally and in first place regionally on the 2022 index. Based on the same set of countries in the 2022 and 2023 surveys, Lebanon's global rank dropped by four notches, while its Arab rank was unchanged from the 2022 survey.

The survey uses quantitative data to assess the level of economic diversification in each country and ranks the countries based on their status and progress on diversification. The index is composed of 25 variables that are grouped in three categories that are the Output Diversification, the Trade Diversification, and the Government Revenue Diversification sub-indices. The rankings are based on the simple average of the scores of the three sub-indices for each country.

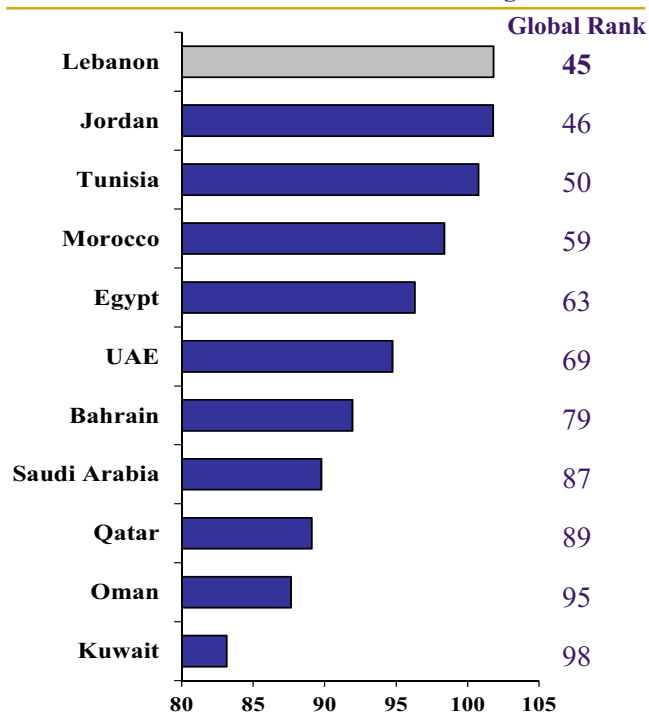
Globally, Lebanon had a more diversified economy than Jordan, New Zealand, and Serbia during the 2020-21 period, and a lower diversified economy than South Africa, Australia, and Cyprus among economies with a GDP of \$10bn or more. Lebanon received a score of 101.8 points in the 2023 survey compared to a score of 102.4 in the 2022 survey. Lebanon's score came higher than the global average score of 101.6 points, but it was lower than the Arab region's average score of 94.1 points. Further, it was lower than the Gulf Cooperation Council's (GCC) average score of 89.4 points and the non-GCC Arab countries' average score of 99.8 points.

Further, Lebanon preceded Mexico, Costa Rica and Norway, while it trailed Australia, New Zealand and Iceland worldwide on the Output Diversification sub-index, which takes into account the level of economic growth in a country and the manufacturing and services as a percentage of the country's GDP, among others. Lebanon ranked ahead of all Arab countries on this category.

In addition, Lebanon ranked ahead of Pakistan, Cambodia and Greece, while it came behind Ukraine, Latvia and Jordan on the Trade Diversification sub-index that measures the aggregate value of exports and imports in a country, as well as the growth in existing and new export products to new markets. Regionally, Lebanon trailed only Morocco, Tunisia, and Jordan on this category.

In parallel, Lebanon preceded Peru, Zambia and Kazakhstan, and trailed Botswana, El Salvador and Jordan on the Government Revenue Diversification sub-index, which measures tax revenues and trade receipts as a percentage of a country's GDP. Lebanon trailed only Morocco, Tunisia, the UAE, and Jordan among Arab countries on this category.

Index of Global Economic Diversification for 2023 Arab Countries' Scores & Rankings



Source: Mohammed Bin Rashid School of Government, Byblos Research

Components of the 2023 Global Economic Diversification Index for Lebanon

	Global Rank	Arab Rank	Lebanon Score	Global Average Score	Arab Average Score
Government Revenue Sub-Index	68	5	99.1	100.0	98.7
Output Sub-Index	33	1	107.8	101.4	92.2
Trade Sub-Index	49	4	98.6	103.3	91.5

Source: Mohammed Bin Rashid School of Government, Byblos Research

Broad money supply down 2% in January 2023, currency in circulation down 6%

Figures released by Banque du Liban show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP94,882.2bn at the end of January 2023, constituting a decrease of 4% from LBP98,780.4bn at the end of 2022 and a jump of 72.7% from LBP54,931bn at end-January 2022. Currency in circulation reached LBP69,123.6bn at the end of January 2023, as it decreased by LBP4,390.3bn or by 6% from LBP73,514bn at end-2022 and surged by 82.7% from LBP37,843.4bn at end-January 2022. Also, demand deposits in local currency stood at LBP25,758.6bn at the end of January 2023, representing an increase of 2% from the end of 2022 and a rise of 50.7% from end-January 2022.

In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP112,763.6bn at the end of January 2023, constituting a decline of 3.3% from LBP116,763.6bn at the end of 2022 and a surge of 49.3% from LBP75,513bn a year earlier. Term deposits in Lebanese pounds totaled LBP17,881.4bn at the end of January 2023, constituting a marginal increase of 0.4% from LBP17,802.2bn at end-2022 and a decrease of 13% from LBP17,881.4bn at end-January 2022.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, reached LBP229,571.6bn at the end of December 2022, constituting an increase of 14.2% from LBP201,069.8bn at end-2021. Deposits in foreign currency totaled LBP112,620.5bn at end 2022, down by 7.5% from a year earlier. Also, debt securities issued by the banking sector amounted to LBP368.6bn at the end of 2022 compared to LBP334bn at end-2021. Money supply M3 increased by 3.5% from LBP221,731.1bn at end-November 2022, with deposits in foreign currency regressing by 0.9% from LBP113,683.5bn at end-November 2022 and debt securities issued to residents by the banking sector decreasing by 11.5% month-on-month. In parallel, M3 increased by LBP28,501.8bn from end-2021 due to a surge of LBP61,809bn in 'other items', which was partly offset by a decline of LBP10,631bn in the claims on the private sector, a retreat of LBP17,922.8bn in the net claims on the public sector, and a downturn of LBP4,835.3bn in the net foreign assets of deposit-taking institutions.

Number of new construction permits down 1% in 2022

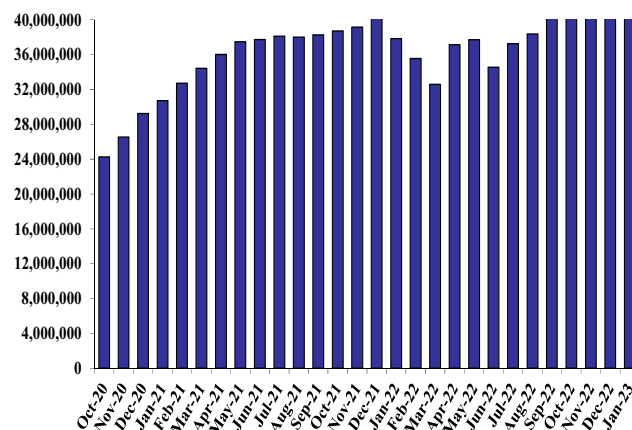
Figures issued by the Orders of Engineers & Architects of Beirut and of Tripoli show that the two orders issued 20,270 new construction permits in 2022, constituting a decline of 1% from 20,473 permits in 2021. Also, the orders of engineers issued 1,563 permits in December 2022, representing a decrease of 17.4% from 1,893 permits in November 2022 and a decline of 26% from 2,113 permits in December 2021.

Mount Lebanon accounted for 32.4% of the number of newly-issued construction permits in 2022, followed by the South with 23.5%, the North with 16%, the Nabatieh area with 15.4%, the Bekaa region with 8.3%, and Beirut with 1.6%. The remaining 2.7% were permits issued by the Order of Engineers & Architects of Tripoli for regions located outside northern Lebanon. The number of new construction permits issued for regions located outside northern Lebanon increased by 16%, followed by permits in the Bekaa region (+10.4%), and Beirut with (+8.3%). In contrast, the number of new construction permits issued for regions located in the North declined by 8.3%, followed by permits in the Nabatieh area (-3.4%), in the South (-1.3%), and in Mount Lebanon (-0.2%) last year.

Further, the surface area of granted construction permits reached 10.18 million square meters (sqm) in 2022, nearly unchanged from 10.19 sqm in 2021. In comparison, the surface area of granted construction permits surged by 76% in 2021. Also, the surface area of granted construction permits reached 639,850 sqm in December 2022, decreasing by 24.8% from 850,801 sqm in November 2022 and by 44.5% from 1.15 million sqm in December 2021. Mount Lebanon accounted for 3.16 million sqm, or for 31% of the total surface area of granted construction permits in 2022. The North followed with 2.4 million sqm (23.2%), then the South with 1.9 million sqm (18.9%), the Nabatieh area with 1.05 million sqm (10.3%), the Bekaa region with 1.03 million sqm (10%), and Beirut with 228,838 sqm (2.2%). The remaining 435,7662 sqm, or 4.3% of the total, represent the surface area of permits that the Order of Engineers & Architects of Tripoli issued for regions located outside northern Lebanon.

The surface area of new construction permits issued in Beirut surged by 67.6% in 2022, followed by surface areas in regions located outside northern Lebanon (+41.7%), then the North (+6.4%), and the Bekaa region (+5%). In contrast, the surface area of new construction permits issued in the Nabatieh area declined by 13.4%, followed by surface areas in the South (-6.3%), and Mount Lebanon (-4.1%). In parallel, the latest available figures show that cement deliveries totaled 1.55 million tons in the first nine months of 2022, constituting a rise of 24.8% from 1.24 million tons in the same period of 2021.

Currency in Circulation (LBP millions)



Source: Banque du Liban, Byblos Research

Lebanon ranks 119th globally, second among Arab countries on gender gap index

The World Economic Forum ranked Lebanon in 119th place among 146 countries and in second place among 12 Arab countries on its Global Gender Gap Index for 2022. In comparison, Lebanon ranked in 132nd place globally and in fifth place regionally on the 2021 index, while it came in 122nd place among 135 countries worldwide and in eighth place among 14 Arab countries on the 2012 index. Lebanon's global rank improved by six spots and its regional rank increased by two notches from the 2021 survey, while its global rank improved by nine spots and its regional rank increased by five notches from the 2012 index.

The index ranks countries according to their proximity to gender equality rather than on the degree of female empowerment. It aims to capture the magnitude and scope of gender-based disparities in each country and to track their progress over time. The index is based on four sub-indices that measure Economic Participation & Opportunity, Educational Attainment, Health & Survival, and Political Empowerment.

Globally, Lebanon had a narrower gender gap than Tunisia, Jordan and Nigeria, and a wider gap than Burkina Faso, Japan, and Guinea among economies with a GDP of \$10bn or more. It also came second only to the UAE among Arab countries. Lebanon received a score of 0.644 points, which means that Lebanon closed about 64% of the gender gap in 2022. Still, Lebanon's score was lower than the global average of 0.710 points, while its score was higher than the Arab average of 0.636 points. Further, Lebanon's score improved by 1% from the 2021 survey and by 6.8% from the 2012 survey.

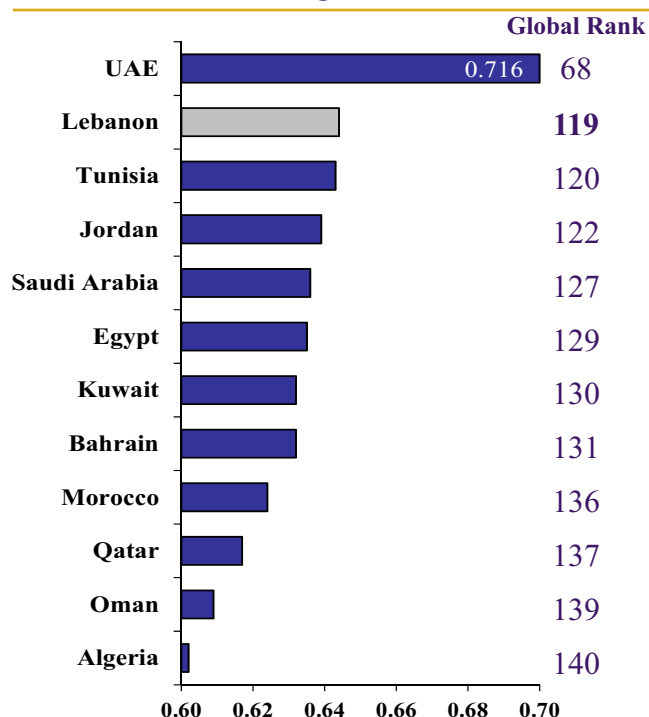
Lebanon ranked in 135th place globally and seventh among Arab countries on the Economic Participation & Opportunity Sub-Index. Lebanon preceded Senegal, Oman and Algeria, and trailed the UAE, Qatar and Türkiye globally. According to the survey, Lebanon closed 49.2% of the gap between men and women on this category, compared to the narrowing of the gender gap by 66.5% globally. Regionally, Lebanon came ahead of Oman and trailed Qatar on this category.

Also, Lebanon ranked in 90th place worldwide and in sixth place among Arab states on the Educational Attainment Sub-Index. This category captures the gap between females' and males' current access to education through the ratios of women to men in primary-, secondary- and tertiary-level education. Globally, Lebanon ranked ahead of Bolivia, Thailand and Saudi Arabia, and came behind Lithuania, Australia, and Vietnam worldwide. Lebanon closed about 98.3% of the gender gap in education, compared to the narrowing of the gender gap by 95.6% worldwide. Lebanon ranked ahead of Saudi Arabia and trailed Qatar among Arab countries on this category.

Further, Lebanon ranked in 75th place globally and in first place among Arab countries on the Health & Survival Sub-Index. This category measures the differences between the health of females and males, as reflected by the gap between women's and men's life expectancy and by the sex ratio at birth. Globally, Lebanon preceded Chile, Indonesia and Finland, while it trailed Serbia, North Macedonia, and Ethiopia. Lebanon closed about 97.1% of the gender gap on this category, which is nearly equal to the global average.

Finally, Lebanon ranked in 110th place worldwide and in fifth place in the Arab region on the Political Empowerment Sub-Index. This category captures the ratio of females to males in ministerial-level positions and in parliament, in addition to the number of years that females serve in executive office. Lebanon ranked ahead of Türkiye, Mongolia, and Laos, while it came behind Vietnam, Afghanistan, and Greece worldwide. Lebanon closed 12.9% of the gender gap on this category, while countries worldwide closed about 24.8% of the political gender gap. Regionally, Lebanon preceded Saudi Arabia and trailed Morocco on this category.

**Global Gender Gap Index for 2022
Scores & Rankings of Arab Countries**



Source: World Economic Forum, Byblos Research

Components of the 2022 Global Gender Gap Index for Lebanon

	Global Rank	Arab Rank	Lebanon Score	Global Average Score	Arab Average Score
Economic Participation & Opportunity	135	7	0.49	0.67	0.49
Educational Attainment	90	6	0.98	0.96	0.97
Health & Survival	75	1	0.97	0.97	0.96
Political Empowerment	110	5	0.13	0.25	0.12

Source: World Economic Forum, Byblos Research



Government issues procedures to deal with grants

Prime Minister Najib Mikati issued to all public agencies and administrations, to all public councils, authorities, funds, and independent institutions, as well as to all municipalities and the federations of municipalities, Directive 6/2023 about accepting grants and their utilization. The directive is based on the Public Accounting Law dated December 30, 1963 that determined the mechanism for accepting monetary and in-kind grants from natural or legal persons, as well as on the Public Budget Law dated May 3, 2020 that determined the proper way to spend foreign loans and grants. He added that the directive is based on the recommendations of the Court of Accounts, following its audit of the public accounts since 1993 and its determination that there are large amounts of grants to public agencies during those years that were marred by question marks about their proper registration and spending, among others.

First, the directive asked all agencies to abide by Article 52 of the Public Accounting Law and its modifications regarding the proper procedures to accept grants based on the related decree. Second, it mandated all public administrations to comply with existing procedures to record all of the transactions concerning the grants in the books of the Ministry of Finance. Third, it stipulated that public administrations can open accounts for grants only within the accounts of the Treasury. Fourth, it called for implementing the recommendations of the Court of Accounts that are related to registering the in-kind grants. Fifth, it mandated the drafting of reports about the completion of each phase of the programs and projects that are financed by grants. Sixth, it urged the issuance of the necessary regulatory texts to determine the mechanism to send to the Court of Accounts the accounts, documents and information related to the programs and projects that are financed by grants, in order for the Court of Accounts to properly supervise the utilization of grants.

Seventh, it called for working, in coordination with the donors and with the presidency of the Council of Ministers, to benefit from dormant grants at Banque du Liban (BdL), to examine the possibility of utilizing them to finance new projects or programs, or to consider them as income to the Treasury to the extent that the laws allow it. In addition, it called for investigating the reasons that the concerned administrations did not close the accounts at BdL related to these grants, and to determine those responsible and hold them accountable about the damages that they caused, given that the grants are public funds. Eighth, it said that it is not legal for public administrations and agencies to open accounts at commercial banks, and stressed on the need to close such accounts immediately. In parallel, it asked the supervisory bodies to oversee the proper implementation of this directive and to take the appropriate measures against those who do not abide by its content.

Import activity of top five shipping firms and freight forwarders up 18% in 2022

Figures released by the Port of Beirut show that the aggregate volume of imports by the top five shipping companies and freight forwarders through the port totaled 215,175 20-foot equivalent units (TEUs) in 2022, constituting an increase of 18.4% from 181,743 TEUs in 2021. The five shipping and freight forwarding firms accounted for 83.4% of imports to the Lebanese market in 2022. Merit Shipping handled 78,678 TEUs in 2022, equivalent to 23% of the total import freight market to Lebanon. Mediterranean Shipping Company (MSC) followed with 65,095 TEUs (19%), then MAERSK with 35,622 TEUs (10.4%), Gezairi Transport with 18,731 TEUs (5.5%), and Lotus Shipping with 17,049 TEUs (5%). Merit Shipping registered a rise of 39.6% in imports in 2022, the highest growth rate among the covered companies, while Gezairi Transport posted a decline of 11.3%, the steepest decline among the five firms in the covered period.

In parallel, the aggregate volume of exports by the top five shipping and freight forwarding firms through the Port of Beirut reached 78,476 TEUs in 2022, constituting an increase of 6.4% from 73,730 TEUs in 2021. The five companies accounted for 93% of exported Lebanese cargo in the covered period. Merit Shipping handled 47,077 TEUs of freight in 2022, equivalent to 55.8% of the Lebanese cargo export market. MAERSK followed with 17,862 TEUs (21.2%), then MSC with 5,419 TEUs (6.4%), Sealine Group with 5,346 TEUs (6.3%), and Seanaotics with 2,772 TEUs (3.3%). MAERSK posted a rise of 41.5% in exports in 2022, the highest growth rate among the covered companies, while Seanaotics registered a decrease of 19.3%, the steepest decline among the five firms in the covered period.

Term deposits account for 54.3% of customer deposits at end-January 2023

Figures issued by Banque du Liban about the distribution of bank deposits at commercial banks in Lebanon show that aggregate deposits, which include demand deposits and term deposits, stood at \$135.1bn at the end of January 2023, constituting an increase of \$391.6m, or of 0.3%, from \$134.7bn at the end of 2022 and a decrease of \$3.7bn (-2.6%) from \$138.8bn at end-January 2022.

Total deposits include private sector deposits that reached \$125.8bn, deposits of non-resident financial institutions that amounted to \$4.4bn, and public sector deposits that stood at \$5bn at the end of January 2023. The dollar figures are converted at the official exchange rate of the Lebanese pound to the US dollar at that time.

Term deposits in all currencies reached \$73.3bn at the end of January 2023 and declined by \$394.2m, or by 0.5%, from \$73.7bn at end-2022; while they accounted for 54.3% of total deposits in Lebanese pounds and in foreign currency as at end-January 2023 relative to a share of 54.7% at the end of 2022.

The decline in term deposits is due a drop of 20.5% in foreign currency-denominated term deposits of the public sector, a decrease of 1.3% in the term deposits of non-residents, and a contraction of 1% in the foreign currency-denominated term deposits of the resident private sector in January 2023. This was partly offset by an increase of 4.4% in the term deposits in Lebanese pounds of the public sector, a growth of 1.3% in the term deposits in Lebanese pounds of the resident private sector, and an uptick of 1.1% in the term deposits of the non-resident financial sector. The decline in term deposits is due to cash withdrawals and to the migration of funds from term to demand deposits, amid the confidence crisis that started in September 2019. Aggregate term deposits declined by \$93.2bn since the end of September 2019.

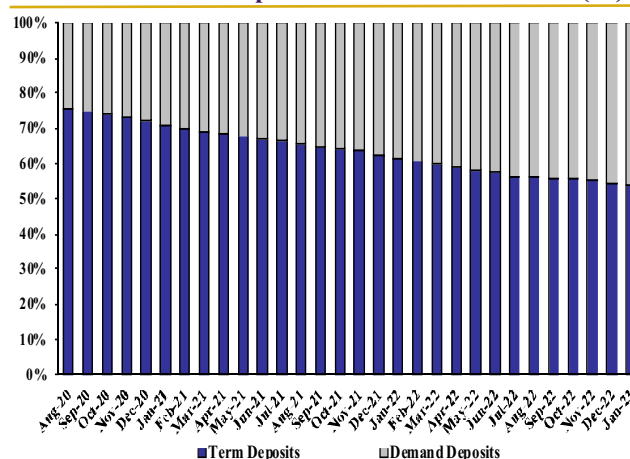
Further, foreign currency-denominated term deposits of the resident private sector reached \$40.7bn and accounted for 30.2% of aggregate deposits at the end of January 2023. Term deposits of non-residents followed with \$14.6bn (10.8%), then term deposits in Lebanese pounds of the resident private sector with \$11.6bn (8.6%), term deposits of the public sector in Lebanese pounds with \$3bn (2.2%), term deposits of the non-resident financial sector with \$2.85bn (2.1%), and term deposits of the public sector in foreign currency with \$457.1m (0.3%).

In parallel, demand deposits in all currencies at commercial banks stood at \$61.8bn at the end of January 2023, constituting increases of \$785.8m (+1.3%), from \$61bn at the end of 2022 and of \$8.4bn (+15.6%) from \$53.5bn at end-January 2022. They accounted for 45.7% of total deposits at end-January 2023 relative to a share of 45.3% at end of January 2022 and of 38.5% at end-January 2021. The increase in demand deposits was mainly due to a rise of \$231.2m in foreign currency-denominated demand deposits of the resident private sector, a rise of \$230.4m in demand deposits in Lebanese pounds of the public sector, an upturn of \$142m in demand deposits of non-residents, a growth of \$117.2m in demand deposits in Lebanese pounds of the resident private sector, an increase of \$38m in demand deposits in foreign currency of the public sector, and an uptick of \$27.1m in demand deposits of the non-resident financial sector.

Also, demand deposits in foreign currency of the resident private sector totaled \$33.3bn and represented 24.7% of deposits at end-January 2023. Demand deposits in Lebanese pounds of the resident private sector followed with \$16.7bn (12.4%), then demand deposits of non-residents with \$8.7bn (6.5%), demand deposits of the non-resident financial sector with \$1.5bn (1.1%), demand deposits in Lebanese pounds of the public sector with \$1.1bn (0.8%), and demand deposits in foreign currency of the public sector with \$377m (0.3%).

Based on the latest available figures, Beirut and its suburbs accounted for 66.2% of private-sector deposits and for 49.2% of the number of depositors at the end of September 2022. Mount Lebanon followed with 15.2% of deposits and 18.8% of beneficiaries, then South Lebanon with 7% of deposits and 11.4% of depositors, North Lebanon with 6.6% of deposits and 12% of beneficiaries, and the Bekaa with 5% of deposits and 8.5% of depositors.

Breakdown of Deposits at Commercial Banks (%)



Source: Banque du Liban

Ratio Highlights

(in % unless specified)	2019	2020	2021	Change*
Nominal GDP (\$bn)	53.2	24.7	23.4	(1.3)
Public Debt in Foreign Currency / GDP	63.4	56.8	26.2	(30.6)
Public Debt in Local Currency / GDP	108.8	93.8	42.1	(51.7)
Gross Public Debt / GDP	172.3	150.6	68.3	(82.2)
Trade Balance / GDP	(29.2)	(12.2)	(6.6)	5.6
Exports / Imports	19.4	31.3	28.5	(2.8)
Fiscal Revenues / GDP	20.8	16.0	8.5	(7.5)
Fiscal Expenditures / GDP	31.8	20.3	9.8	(10.5)
Fiscal Balance / GDP	(11.0)	(4.3)	(1.3)	2.9
Primary Balance / GDP	(0.5)	(1.0)	(0.1)	1.0
Gross Foreign Currency Reserves / M2	70.2	41.5	26.0	(15.5)
M3 / GDP	252.9	209.0	90.8	(118.2)
Commercial Banks Assets / GDP	407.5	296.2	119.1	(177.1)
Private Sector Deposits / GDP	298.6	219.2	88.2	(131.0)
Private Sector Loans / GDP	93.6	57.0	18.9	(38.1)
Private Sector Deposits Dollarization Rate	76.0	80.4	79.4	(1.0)
Private Sector Lending Dollarization Rate	68.7	59.6	56.3	(3.3)

*change in percentage points 21/20;

Source: Banque du Liban, Ministry of Finance, Central Administration of Statistics, Institute of International Finance, Byblos Research Estimates & Calculations

Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

National Accounts, Prices and Exchange Rates

	2020	2021e	2022f
Nominal GDP (LBP trillion)	95.7	212.6	426.8
Nominal GDP (US\$ bn)	24.7	22.6	26.8
Real GDP growth, % change	-25.9	-9.9	2.5
Private consumption	-70	1.2	1.5
Public consumption	-4	-45.7	-9.8
Gross fixed capital	-63	-16.2	21.8
Exports of goods and services	-34.2	9.6	8.9
Imports of goods and services	-33.4	3.9	2.0
Consumer prices, %, average	84.9	154.8	97.7
Official exchange rate, average, LBP/US\$	1,507.5	1,507.5	11,754
Parallel exchange rate, average, LBP/US\$	6,705	16,821	26,070*
Weighted average exchange rate LBP/US\$	3,878	9,452	23,679

*Average year-to-July 22, 2022

Source: Central Administration of Statistics, Institute of International Finance- June 2022

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Investors Service	C	NP	-	C		-
Fitch Ratings	RD	C	-	CC	C	-
S&P Global Ratings	SD	SD	-	CC	C	Negative

Source: Rating agencies

Banking Sector Ratings

	Outlook
Moody's Investors Service	Negative

Source: Moody's Investors Service



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