

## LEBANON THIS WEEK

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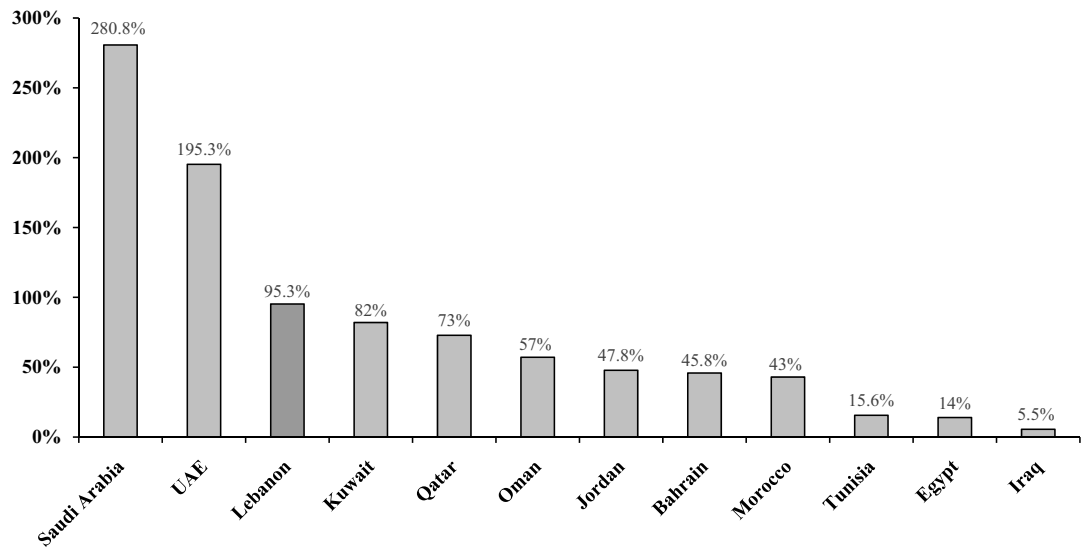
### Corporate Highlights

Stock market capitalization up 41% to \$20.5bn at end-2023

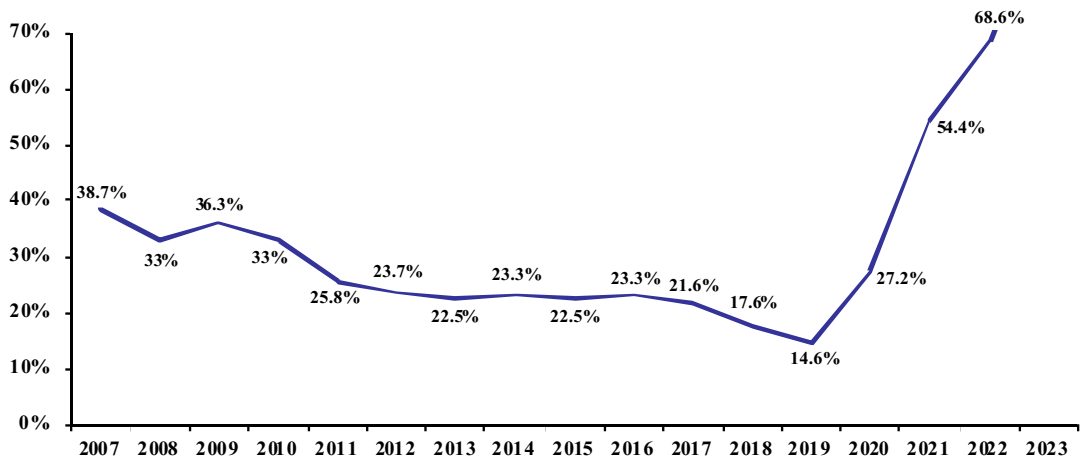
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### Charts of the Week

Stock Market Capitalization in Select Arab Markets at end-2023 (% of GDP)



Stock Market Capitalization in Lebanon (% of GDP)



Source: Arab Federation of Capital Markets, Institute of International Finance, International Monetary Fund, Byblos Bank

### Quote to Note

"Lebanon displayed an unusually high level of personnel costs for employees of the public sector, averaging roughly twice what would be expected for countries with Lebanon's tax revenues to GDP ratio."

*Harvard University's Center of international Development, on the size of the public sector in Lebanon as a factor that contributed to the crisis*

### Number of the Week

**14:** Number of months that Lebanon has been without a President

## Lebanon in the News

\$m (unless otherwise mentioned)	2022	Jan-Aug 2022	Jan-Aug 2023	% Change*	Aug-22	Dec-22	Aug-23
Exports	3,492	2,411	1,704	-29.4%	282	272	89
Imports	19,053	12,773	10,285	-19.5%	1,964	1,251	487
Trade Balance	(15,562)	(10,362)	(8,582)	-17.2%	(1,682)	(979)	(397)
Balance of Payments	(3,197)	(3,101)	1,071	-	(314)	17	145
Checks Cleared in LBP	27,146	15,167	6,820**	-55.0%	2,470	3,686	338**
Checks Cleared in FC	10,288	7,436	2,590**	-65.2%	787	577	188**
Total Checks Cleared	37,434	22,603	9,410**	-58.4%	3,257	4,263	526**
Fiscal Deficit/Surplus	-	-	-	-	-	-	-
Primary Balance	-	-	-	-	-	-	-
Airport Passengers	6,360,564	4,194,798	5,005,141	19.3%	793,287	551,632	914,262
Consumer Price Index	171.2	197.3	233.0	3,563bps	161.9	122.0	229.8

\$bn (unless otherwise mentioned)	Dec-22	Aug-22	May-23	Jun-23	Jul-23	Aug-23	% Change*
BdL FX Reserves	10.40	10.63	9.72	9.29	8.76	8.82	-17.0%
In months of Imports	-	-	-	-	-	-	-
Public Debt	101.81	103.65	-	-	-	-	-
Bank Assets	169.06	168.75	115.21	116.43	117.19	113.72	-32.6%
Bank Deposits (Private Sector)	125.72	125.02	97.31	97.40	96.35	95.59	-23.5%
Bank Loans to Private Sector	20.05	22.82	9.53	9.30	9.04	8.92	-60.9%
Money Supply M2	77.34	50.87	8.10	8.80	7.01	6.64	-87.0%
Money Supply M3	152.29	127.71	80.76	81.10	79.09	78.38	-38.6%
LBP Lending Rate (%)	4.56	4.85	3.53	4.24	3.60	3.77	(108)
LBP Deposit Rate (%)	0.60	0.60	0.84	0.67	0.81	0.41	(19)
USD Lending Rate (%)	4.16	5.51	2.30	2.02	2.61	2.40	(311)
USD Deposit Rate (%)	0.06	0.10	0.09	0.05	0.08	0.03	(7)

\*year-on-year

\*\*checks figures do not include compensated checks in fresh currencies

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"	81.10	(9.0)	44,747	42.6%	Apr 2024	6.65	5.88	5,599.67
Solidere "B"	80.10	(11.0)	10,214	27.4%	Jun 2025	6.25	5.88	340.70
HOLCIM	59.50	0.0	100	6.1%	Nov 2026	6.60	5.88	126.96
BLOM GDR	3.00	0.0	-	1.2%	Mar 2027	6.85	5.88	111.2
BLOM Listed	3.50	0.0	-	4.0%	Nov 2028	6.65	5.88	68.42
Byblos Common	0.70	0.0	-	2.1%	Feb 2030	6.65	5.88	52.02
Audi Listed	2.35	0.0	-	7.3%	Apr 2031	7.00	5.88	42.94
Audi GDR	1.11	0.0	-	0.7%	May 2033	8.20	5.88	32.71
Byblos Pref. 08	27.00	0.0	-	0.3%	Nov 2035	7.05	5.88	25.49
Byblos Pref. 09	29.99	0.0	-	0.3%	Mar 2037	7.25	5.88	22.66

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

Source: Refinitiv

	Jan 2-5	Dec 26-28	% Change	December 2023	December 2022	% Change
Total shares traded	53,361	54,721	(2.5)	1,944,115	9,581,716	(79.7)
Total value traded	\$4,629,866	\$4,855,108	(4.6)	\$141,539,181	\$89,017,136	59.0
Market capitalization	\$19.02bn	\$20.48bn	(7.1)	\$20.48bn	\$14.48bn	41.4

Source: Beirut Stock Exchange (BSE)



### Cost of sending remittances from several sources decreases in third quarter of 2023

Figures issued by the World Bank show that the cost of sending \$500 in remittances from the United States to Lebanon was 5.73% in the third quarter of 2023, constituting increases from 5.33% in the second quarter of 2023 and from 5.27% in the third quarter of 2022. The cost includes the transaction fee and exchange rate margin, and represents the average cost of transferring money through commercial banks and money transfer operators. In nominal terms, the cost of sending \$500 from the U.S. to Lebanon was \$28.66 in the third quarter of 2023, relative to \$26.66 in the preceding quarter and compared to \$26.33 in the third quarter of 2022. Lebanon was the 11<sup>th</sup> most expensive destination for sending \$500 from the U.S. among 42 countries with available data.

Further, the cost of sending remittances from Canada to Lebanon stood at 5.47% in the third quarter of 2023 for a transfer of CAD500, representing decreases from 5.86% in the second quarter of 2023 and from 6.59% in the third quarter of 2022. In nominal terms, the cost of sending CAD500 from Canada to Lebanon was CAD27.33 in the third quarter of 2023 relative to CAD29.31 in the previous quarter and to CAD32.93 in the third quarter of 2022. Lebanon was the third most expensive destination for sending CAD500 from Canada among 15 countries with available data.

Also, the cost of sending remittances from Australia to Lebanon reached 7.32% in the third quarter of 2023 for a transfer of AUD500, constituting a decrease from 7.37% in the second quarter of 2023 and an increase from 5.94% in the third quarter of 2022. The cost of sending AUD500 from Australia to Lebanon was AUD36.62 in the third quarter of 2023 relative to AUD36.83 in the preceding quarter and to AUD29.71 in the third quarter of 2022. Lebanon was the second costliest destination for sending AUD500 from Australia among 16 countries with available data.

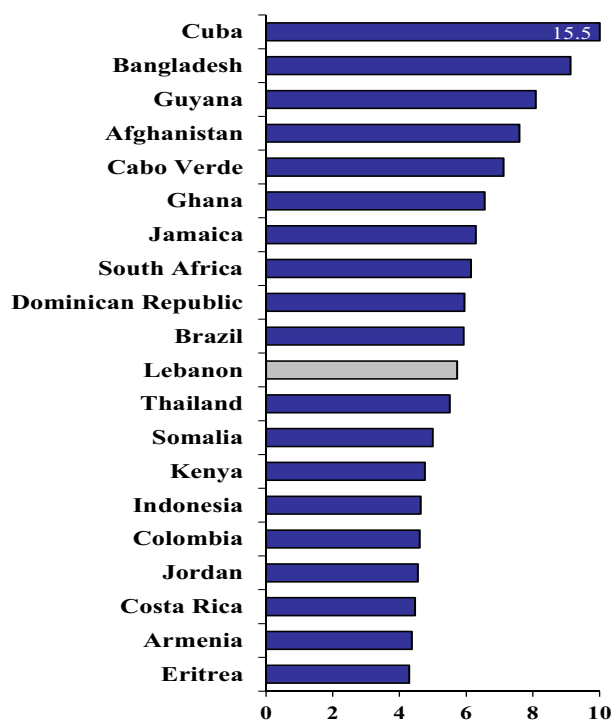
In addition, the cost of sending remittances from France to Lebanon was 8.51% in the third quarter of 2023 for a transfer of €345, representing increases from 7.13% in the second quarter of 2023 and from 5.64% in the third quarter of 2022. In nominal terms, the cost of sending €345 from France to Lebanon was €29.36 in the third quarter of 2023 relative to €24.61 in the previous quarter and to €19.47 in the third quarter of 2022. Lebanon was the second most expensive destination for sending €345 from France among 16 countries with available data.

Further, the cost of sending remittances from the United Kingdom to Lebanon stood at 5.65% in the third quarter of 2023 for a transfer of £300, constituting decreases from 5.7% in the second quarter of 2023 and from 7.88% in the third quarter of 2022. In nominal terms, the cost of sending £300 from the UK to Lebanon was £16.95 in the third quarter of 2023 relative to £17.09 in the preceding quarter and to £23.63 in the third quarter of 2022. Lebanon was the ninth most expensive destination for sending £300 from the UK, among 33 countries with available data.

Also, the cost of sending remittances from Germany to Lebanon was 5.83% in the third quarter of 2023 for a transfer of €345, representing decreases from 6.8% in the second quarter of 2023 and from 6.91% in the third quarter of 2022. In nominal terms, the cost of sending €345 from Germany to Lebanon was €20.11 in the third quarter of 2023 relative to €23.46 in the previous quarter and to €23.83 in the third quarter of 2022. Lebanon was the third most expensive destination for sending €345 from Germany among 24 countries with available data.

Finally, the cost of sending remittances from Saudi Arabia to Lebanon reached 3.35% in the third quarter of 2023 for a transfer of SAR1,870, equivalent to \$500, increasing from 3.34% in the second quarter of 2023 and decreasing from 3.38% in the third quarter of 2022. In nominal terms, the cost of sending SAR1,870 from Saudi Arabia to Lebanon was SAR62.56 in the third quarter of 2023, relative to SAR62.37 in the preceding quarter and to SAR63.14 in the third quarter of 2022. Lebanon was the ninth most expensive destination for sending SAR1,870 from Saudi Arabia among 17 countries with available data.

**Costliest Destinations for Sending Remittances from the United States\* (%)**



\*cost of sending \$500 from the U.S.

Source: World Bank, Byblos Research

### Banque du Liban's foreign assets at \$14.5bn, gold reserves at \$19.2bn at end-2023

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP1,607.6 trillion (tn), or the equivalent of \$107.2bn, on December 31, 2023, constituting a decrease of 0.4% from LBP1,614.7tn (\$107.6bn) at mid-December 2023 and an increase of 0.3% from LBP1,602.6tn (\$106.8bn) at end-November 2023. Assets in foreign currency stood at \$14.53bn at end-2023, representing a decline of \$656.4m, or of 4.3% from the end of 2022. Assets in foreign currency include \$5.03bn in Lebanese Eurobonds, unchanged from a year earlier. The dollar figures up until the end of January 2023 are based on the official exchange rate of the Lebanese pound to the US dollar of LBP1,507.5 per dollar at the time, while the dollar figures starting in February 2023 are based on the new exchange rate of LBP15,000 per dollar.

BdL's gross foreign currency reserves, which consist of its assets in foreign currency excluding Lebanese Eurobonds, stood at \$9.5bn at end-2023, constituting increases of \$48.9m (+0.5%) from \$9.45bn at mid-December 2023 and of \$248.6m (+2.7%) from \$9.25bn at end-November 2023. They increased by \$739.6m (+8.4%) in the last five months of the year and regressed by \$656.4m (-6.5%) from the end of 2022. Also, BdL's liquid foreign reserve assets stood at \$9.32bn at the end of 2023 relative to \$9.26bn as at mid-December 2023 and to \$8.57bn at end-July 2023.

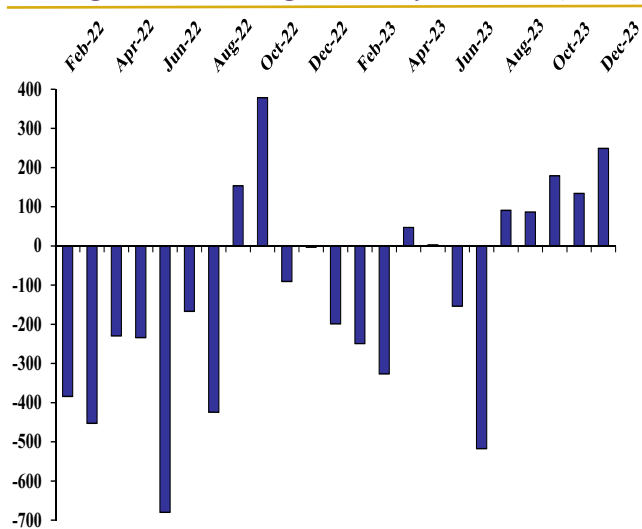
Further, the value of BdL's gold reserves reached a new peak of \$19.2bn at the end of 2023, constituting an increase of \$2.5bn (+15%) from the end of 2022. Also, the securities portfolio of BdL totaled LBP65,983.5bn, or \$4.4bn, at end-2023. In addition, loans to the local financial sector stood at LBP15,987bn, or \$1.1bn.

Moreover, BdL added a new item to its balance sheet called "Deferred Open-Market Operations" that stood at LBP118,971.3bn, or \$7.9bn, at end-2023. It said that, based on the Central Council's decision 23/36/45 of December 20, 2023, BdL has started to present all deferred interest costs emanating from open-market operations under a new line item called "Deferred Open-Market Operations". As a result, it transferred all deferred interest costs included in the "Other Assets" and "Assets from Exchange Operations" entries to the new item. Therefore, the item "Other Assets" stood at LBP4,256.3bn, or \$283.7m, at end-2023 relative to LBP114,721.5bn at mid-December 2023. Also, the Revaluation Adjustments item on the asset side reached LBP647,301.8bn at end-2023. It consists of a special account called the "Exchange Rate Stabilization Fund", in which it recorded all the transactions related to foreign-exchange interventions to stabilize the exchange rate starting in 2020 and that had a balance of LBP134.81tn at the end of 2023. It also consists of a special account in the name of the Treasury that stood at LBP512.5tn at end-2023. The account includes the differences between the countervalue, at the official exchange rate, of BdL's gold and currency holdings, and the value of these holdings at the market exchange rate, as well as the profits or losses on BdL's gold and currency holdings from the modification of the official exchange rate of the Lebanese pound or of a foreign currency exchange rate. Further, the balance sheet shows that BdL's loans to the public sector totaled LBP249,203.3bn, equivalent to \$16.61bn at the end of 2023.

On the liabilities side, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP58,095.6bn at end-2023, representing a decrease of 27.5% from LBP80,171.3bn at the end of 2022. Further, the deposits of the financial sector reached LBP1,338.7tn, or \$89.25bn, at end-2023, while public sector deposits at BdL stood at LBP185,993.2bn at the end of the year and surged by LBP166,651.7bn from a year earlier. BdL noted that, starting on March 15, 2019, it has offset loans with their corresponding deposits in Lebanese pounds and that have the same maturities, according to the criteria in International Accounting Standard 32 and as per International Financial Reporting Standard 7 on offsetting financial assets and liabilities. As such, loans that were offset against financial sector deposits stood at LBP36.8tn as at end-2023.

In parallel, BdL stated that it is currently working on changing its accounting policy in line with international practices. First, it said that, given that it intends to comply with international accounting standards, and best practices and norms, especially those issued by the Bank of International Settlements, that states that the losses and negative equity of central banks can be recorded as realized and unrealized losses for the current and future years. Second, it said that Article 113 of the Code of Money and Credit states that if BdL registers losses in a given year, the losses are covered by general reserves and, in case there is not enough reserves, the Treasury has to cover the losses. Third, it added that the prevailing conditions of public finances and of the Treasury do not allow the coverage of BdL's cumulative losses without a comprehensive reforms plan that covers bank deposits and the situation of the banks. Fourth, it noted that, in light of its commitment to publish transparent financial reports, BdL has stopped applying the Seignorage principle in order to clarify deferred costs under a new item called "Deferred Open-Market Operations", which will help the compliance of the realized and deferred losses figures with international standards and norms. Fifth, BdL announced that it has started to work with the International Monetary Fund on a Safeguards Assessment project that includes reviewing its accounting policy, and financial reports and disclosures to ensure they abide by the best principles of governance and transparency.

### Change in Gross Foreign Currency Reserves\* (US\$m)



\*month-on-month change

Source: Banque du Liban, Byblos Research

### **Surveyed economists forecast Lebanon's real GDP to contract by 0.5% in 2023 and to grow by 2.5% in 2024**

Bloomberg's quarterly survey of economists and analysts about the outlook on the Lebanese economy estimated that economic activity contracted by 0.5% in 2023 compared to an earlier forecast of a growth rate of 0.3% in the September 2023 survey. Respondents also projected Lebanon's real GDP to expand by 2.5% in 2024 compared to a growth forecast of 3% in the September survey. The individual estimates for 2023 ranged from a contraction of 2.6% to a growth rate of 0.8%, while the consensus estimate among 63.6% of participants is that the changes in real GDP ranged between -1.5% and 0% in 2023. In addition, the individual forecasts of growth rates for 2024 ranged from +1.4% to +5%, while the consensus forecast among 80% of participants is that the real GDP growth rate would range between 2% and 3.5% in 2024. The results displayed a median real GDP contraction figure of -0.5% for 2023 compared to a median real GDP expansion of 0.5% in the September survey, as well as a median real GDP growth figure of 2.3% for 2024. Bloomberg conducted the poll in December 2023, and the survey's results are based on the opinions of 11 economists and analysts based in Lebanon and abroad.

Further, participants estimated Lebanon's average inflation rate at 200% in 2023 compared to a projection of 199.3% in the September survey. They forecast the inflation rate to average 83.3% in 2024. The estimates of polled economists for the direction of consumer prices in 2023 ranged from 115.6% to 280%, while 72.7% of participants considered that the inflation rate stood at between 200% and 225% in 2023. The opinions of surveyed analysts differed on the direction of consumer prices in 2024 with expectations ranging from 25% to 150%, while 50% of participants predicted that the inflation rate would be between 85% and 100% this year. The poll's results revealed a median inflation rate of 205% for 2023 compared to 200% in the September survey, as well as a median of 87.5% for 2024.

In parallel, surveyed analysts estimated Lebanon's fiscal deficit at 2.9% of GDP in 2023, compared to a previous forecast of a deficit of 2.6% of GDP in the September survey, and projected the deficit at 2.9% of GDP in 2024. The estimates of polled economists for the fiscal deficit ranged from 0.2% of GDP to 6.5% of GDP in 2023, with a median deficit of 3% of GDP. They also expected the fiscal deficit at between 0.3% of GDP and 5.4% of GDP in 2024, with a median deficit of 2.9% of GDP.

Further, surveyed analysts estimated the current account deficit at 17.4% of GDP in 2023 compared to a previous forecast of a deficit of 16.6% of GDP in the September survey, and projected the deficit to remain at 17.4% of GDP in 2024. The survey's participants expected the current account deficit to range between 7% of GDP and 21.5% of GDP in 2024, with a median deficit of 19.4% of GDP for 2024 compared to a median deficit of 16.9% of GDP for 2023.

### **European Union announces €205.5m in support for Lebanon**

The European Union (EU) announced on December 21, 2023, that it will allocate €205.5m to address several priority areas in Lebanon. The EU said that it will offer financial and technical assistance to align the management of borders with international standards. It added that it will assist in the implementation of fiscal policy and public finance management measures in order to increase public revenues, once the program with the International Monetary Fund (IMF) is in place.

In addition, it pointed out that it will support public institutions to enhance their governance, accountability and transparency, particularly by improving the management of the water sector. Also, the EU indicated that it will encourage investments in renewable energy and energy efficiency by small- and medium-sized enterprises to respond to the ongoing electricity shortages in the country.

Further, it noted that it will assist Lebanon in strengthening electoral processes by enhancing the capacities of public institutions to conduct credible and transparent elections within the constitutional deadlines.

In parallel, the EU announced an additional €40m to support the education sector in Lebanon. It said the project, which will be implemented by the United Nations International Children's Emergency Fund (UNICEF), will help the most marginalized boys and girls in the three-year to 18-year old bracket to access education. It added that the new funding aims to help the government in its plans to reform and modernize the education sector, and will contribute in particular to the Ministry of Education's General Education 2021-2025 plan and its Transition Resilience Education Fund.

Further, the EU noted that, since 2011, the European Commission has allocated more than €3bn in financial aid and technical assistance to Lebanon. The aid consists of €1.5bn channeled through the EU Regional Trust Fund in Response to the Syrian crisis to help Lebanon cope with the impact of the crisis, to strengthen the resilience of Syrian refugees and help them become self-reliant, and to support Lebanese host communities; €860m in humanitarian assistance in response to the most urgent needs of refugees from Syria and vulnerable Lebanese citizens; €670.3m in bilateral assistance; €61m under the Instrument contributing to Stability and Peace; and €2.7 million under the European Instrument for Democracy and Human Rights.



### Tourist arrivals up 17% to 1.6 million in first 11 months of 2023

Figures compiled by the Ministry of Tourism indicate that the number of incoming visitors to Lebanon totaled 1,566,368 tourists in the first 11 months of 2023, constituting an increase of 17.1% from 1,337,515 tourists in the same period of 2022 and a surge of 97.3% from 793,860 visitors in the first 11 months of 2021.

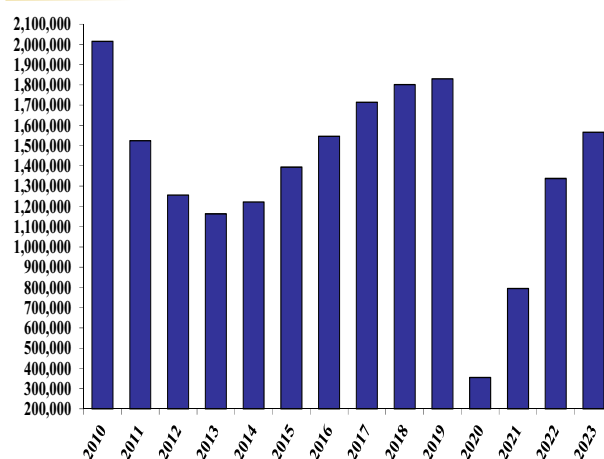
The number of incoming visitors reached 88,378 in January, 85,682 in February, 100,727 in March, 123,399 in April, 143,208 in May, 209,796 in June, 267,702 in July, 210,458 in August, 175,418 in September, 102,690 in October, and 58,910 in November 2023. In comparison, they totaled 62,340 visitors in January, 67,800 in February, 82,810 in March, 87,579 in April, 115,469 in May, 154,740 in June, 238,506 in July, 172,962 in August, 138,721 in September, 123,402 in October, and 93,186 in November 2022. The figures constituted increases of 41.8% in January, 26.4% in February, 21.6% in March, 41% in April, 24% in May, 35.6% in June, 12.2% in July, 21.7% in August, and 26.5% in September 2023 from the corresponding months of the previous year. In contrast, the number of visitors decreased by 16.8% in October 2023 from October 2022 and by 36.8% in November 2023 from the same month of the previous year due to the eruption of the conflict in the Gaza Strip, the related Israeli attacks along Lebanon's southern border, and the resulting concerns about security and political instability. The figures exclude Syrian and Palestinian arrivals.

Visitors from European countries totaled 642,562 tourists and accounted for 41% of incoming visitors in the first 11 months of 2023, followed by those from Arab countries with 399,773 visitors (25.5%), the Americas with 320,937 tourists (20.5%), Asia with 76,165 visitors (4.9%), Oceania with 70,634 visitors (4.5%), and Africa with 56,183 tourists (3.6%). Further, the number of visitors from Asia surged by 35% in the first 11 months of 2023 from the same period last year, followed by those from Oceania (+22.3%), Europe (+20.6%), the Americas (+14.7%), Africa (+11.8%), and the Arab countries (+11%).

On a country basis, tourists from Iraq accounted for 13% of visitors in the first 11 months of 2023, followed by visitors from the United States (11%), Germany (8.6%), France (8.3%), Canada (7%), Egypt (4.2%), Jordan and Sweden (4% each), England (3.5%), Türkiye (2.3%), Kuwait (1.6%), Italy (1.5%), Brazil (1.3%), Venezuela (0.5%), Saudi Arabia (0.3%), and the UAE (0.05%); while other countries accounted for the remaining 29%.

In parallel, the number of incoming visitors increased by 25.3% in the first nine months of 2023 from the same period of the preceding year, while the number of tourist arrivals in October and November decreased by 25.4% from the same period of 2022. The increase in the number of visitor arrivals in the first nine months of 2023 is due to the influx of a large number of Lebanese expatriates and non-Lebanese visitors to the country, as well as to promotional campaigns by the Ministry of Tourism and to the competitive advantages that Lebanon presents in terms of the combination of attractiveness and pricing; while the decrease in the number of visitor arrivals in October and November 2023 reflects the rise in geopolitical tensions in the Middle East region.

Number of Tourist Arrivals to Lebanon\*



\*in first 11 months of each year

Source: Ministry of Tourism, Byblos Research

### Consumer Price Index up 212% year-on-year in November 2023

The Central Administration of Statistics' Consumer Price Index increased by 225.4% in the first 11 months of 2023 from the same period of 2022. In comparison, it grew by 179.8% and by 145.6% in the first 11 months of 2022 and 2021, respectively.

The CPI rose by 212% in November 2023 from the same month of 2022, and registered its 41<sup>st</sup> consecutive triple-digit increase since July 2020. The cumulative surge in the inflation rate is due in part to the repeated increase in customs tariffs, to the rise of telecommunications rates and electricity tariffs, and to the inability of the authorities to monitor and contain retail prices. It is also due to the fluctuation of the Lebanese pound's exchange rate on the parallel market at the start of 2023 and to the lifting of subsidies on hydrocarbons and on a range of basic products in 2021 and 2022, which have encouraged opportunistic wholesalers and retailers to raise the prices of consumer goods disproportionately. In addition, the smuggling of subsidized imported goods has resulted in shortages of these products locally, which contributed to the rise in prices.

The cost of education surged by seven times in November 2023 from the same month in 2022, followed by imputed rent (+4.3 times), the prices of alcoholic beverages & tobacco, as well as food and non-alcoholic beverages (+3.2 times each), rates at restaurants & hotels and actual rent (+3.1 times each), healthcare costs (+2.9 times), and the prices of clothing & footwear and of communication services (+2.8 times each). In addition, the prices of furnishings & household equipment rose by 156.7% year-on-year in November 2023, followed by miscellaneous goods & services (+156%), the prices of water, electricity, gas & other fuels (+145%), transportation costs (+142.7%), and the cost of recreation & entertainment (+134.2%). Also, the distribution of actual rent shows that new rent surged by 407.5% and old rent increased by 49.5% in November from the same month of 2022.

In parallel, the CPI increased by 2.6% in November 2023 from the previous month, compared to a month-on-month rise of 17.2% in October 2023 and to a growth rate of 1.4% in September 2023. The cost of communication surged by 29% in November 2023 from October 2023, followed by the prices of clothing & footwear (+8.2%), the cost of furnishing & household equipment (+3.6%), imputed rent (+3.3%), the prices of food & non-alcoholic beverages, as well as the cost of recreation & entertainment (+2.7% each), miscellaneous goods & services (+2.2%), rates of restaurants and hotels (+2.1%), actual rent (+1.5%), and the prices of alcoholic beverages and tobacco (+0.5%). In contrast, the prices of water, electricity, gas & other fuels regressed by 1.7% month-on-month in November 2023, followed by healthcare costs (-1.1%), and transportation (-0.7%), while education costs were unchanged from the previous month. Also, the distribution of actual rent shows that new rent increased by 2.8%, while old rent regressed by 0.3% month-on-month in November 2023.

Further, the CPI increased by 5.5% in the North, 3.4% in the South, 2.2% in Beirut, 2% in Mount Lebanon, and 2% in the Bekaa region, while it decreased by 1.1% in the Nabatieh area. In parallel, the Fuel Price Index declined by 5% and the Education Price Index was unchanged in November 2023.

### Banque du Liban asks banks to revalue their real estate portfolios

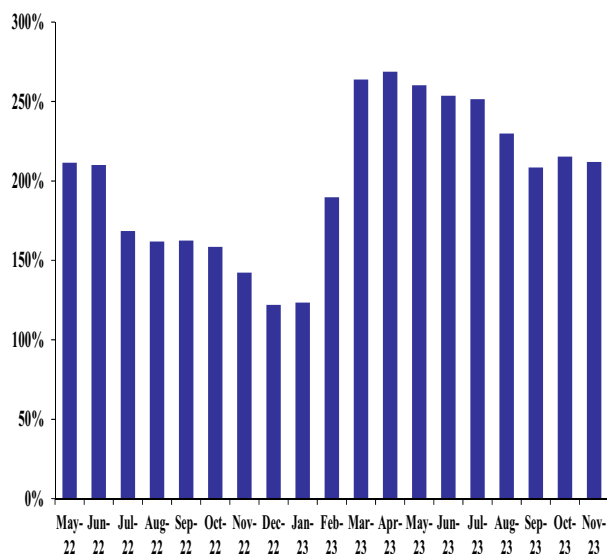
Banque du Liban (BdL) issued Intermediate Circular 685/13600 dated December 28, 2023 addressed to banks, financial institutions and auditors that modifies Basic Circular 44/6939 dated March 25, 1998 about the regulatory framework of the capital adequacy of banks operating in Lebanon.

First, it said that banks have to revalue annually, and for a five-year period, their real estate assets, such as lands and buildings, that they fully own, and the real estate assets that they own through shares in real estate firms. It added that the revaluation has to take place according to the terms of Article 153 of the Code of Money and Credit in case the latter allows it, and on the condition that BdL's Central Council verifies and approves the revaluation.

Second, the circular stipulates that banks can include in their Common Equity Tier One capital up to 75% of the profits resulting from the revaluation of their real estate assets on the conditions that BdL's Central Council verifies and approves the revaluation, which the bank has to conduct at its own expense, and that the bank conducts the revaluation by December 31, 2024 at the latest.

Third, it noted that the banks have to revalue their real estate portfolio in "fresh" US dollars and that they have to utilize the exchange rate of the US dollar against the Lebanese pound that prevailed on BdL's electronic platform on June 30, 2023 and the rate on December 31 of each year for the following years.

Annual Change in Consumer Price Index\* (%)



\*from the same month of the previous year

Source: Central Administration of Statistics, Byblos Research

### Number of airport passengers up 12% in 2023

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 7.1 million passengers utilized the airport (arrivals, departures and transit) in 2023, constituting an increase of 11.7% from 6.4 million passengers in 2022, and relative to 4.3 million passengers in 2021 and to 2.5 million passengers in 2020. The increase in the number of airport passengers in 2023 is due to the resumption of normal economic activity, the influx of a large number of Lebanese expatriates and foreigners during the first nine months of the year, and the surge in the number of tourists who visited Lebanon in the first three quarters 2023. Also, 323,523 passengers utilized the airport in November 2023, representing a decrease of 37.4% from 516,803 in October 2023, due to the war in the Gaza Strip and to the related Israeli attacks along Lebanon's southern border, as well as the decline in the number flights to and from Lebanon and to the suspension of some airlines of their flights to Lebanon. However, 481,470 passengers utilized the airport in December 2023, which represented a decrease of 12.7% from 551,632 passengers in December 2022 and a jump of 48.8% from November 2023, despite the geopolitical tensions and concerns about security and political instability.

The number of arriving passengers reached 3.48 million passengers in 2023 and increased by 11.5% from 3.12 million passengers in 2022, compared to 2.07 million travelers in 2021. The number of arriving passengers stood at 261,557 in December, representing a surge of 72.3% from 151,846 passengers in November 2023 and a decline of 13.7% from 302,979 arriving passengers in December 2022. Also, the number of departing passengers totaled 3.62 million in 2023 and grew by 12.7% from 3.21 million travelers in 2022, relative to 2.21 million passengers in 2021. Further, the number of departing passengers reached 219,449 in December, and grew by 28% from 171,561 in November 2023, while it contracted by 10.3% from 244,735 departing passengers in December 2022.

In parallel, the airport's aircraft activity totaled 57,206 take-offs and landings in 2023, representing an increase of 9% from 52,495 takeoffs and landings in 2022. In comparison, aircraft activity increased by 32% in 2022 and by 47% in 2021. Also, the airport's aircraft activity stood at 3,802 take-offs and landings in December 2023, constituting a rise of 26.4% from 3,008 take-offs and landings in November 2023 and a decrease of 17.4% from 4,605 take-offs and landings in December 2022.

In addition, the HIA processed 58,921 metric tons of freight in 2023 that consisted of 34,025 tons of import freight and 24,896 tons of export freight, compared to 59,720 metric tons of freight in 2022 that represented 29,893 tons of import and 29,826 tons of export freight. Middle East Airlines had 23,434 flights in 2023 and accounted for 41% of HIA's total aircraft activity.

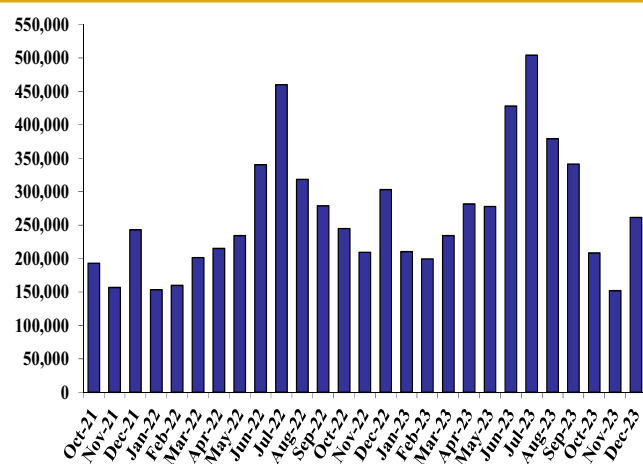
### Number of new construction permits down 38% in first 11 months of 2023

Figures issued by the Orders of Engineers & Architects of Beirut and of Tripoli show that the two orders issued 11,589 new construction permits in the first 11 months of 2023, constituting a drop of 38% from 18,707 permits in the first 11 months of 2022. Also, the orders of engineers issued 1,329 permits in November 2023, representing an increase of 18% from 1,126 permits in October 2023 and a decrease of 30% from 1,893 permits in November 2022. Mount Lebanon accounted for 30% of the number of newly-issued construction permits in the first 11 months of 2023, followed by the South with 25.3%, the Nabatieh area with 18.6%, the North with 13.6%, the Bekaa region with 8%, and Beirut with 2.4%. The remaining 2% 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 dropped by 56.4% in the first 11 months of 2023 from the same period last year, followed by permits in the North (-49.6%), in Mount Lebanon (-42.3%), in the Bekaa region (-39.7%), in the South (-32.6%), in the Nabatieh area (-23.5%), and in Beirut (-7.3%).

Further, the surface area of granted construction permits reached 4.9 million square meters (sqm) in the first 11 months of 2023, constituting a decline of 48.7% from 9.5 million sqm in the same period of 2022. Also, the surface area of granted construction permits reached 632,827 sqm in November 2023, up by 24.5% from 508,382 sqm in October 2023 and down by 25.6% from 850,801 sqm in November 2022. Mount Lebanon accounted for 1.36 million sqm, or for 28% of the total surface area of granted construction permits in the first 11 months of 2023. The South followed with 1.24 million sqm (25.4%), then the North with 785,401 sqm (16%), the Nabatieh area with 753,650 sqm (15.4%), the Bekaa region with 490,629 sqm (10%), and Beirut with 121,272 sqm (2.5%). The remaining 137,661 sqm, or 2.8% of the total, represent the surface area of permits that the Order of Engineers & Architects of Tripoli issued for regions located outside northern Lebanon.

Also, the surface area of new construction permits issued in regions located outside northern Lebanon dropped by 66.7% in the first 11 months of 2023 from the same period last year, followed by surface areas in the North (-65.8%), then Mount Lebanon (-54%), the Bekaa region (-48.5%), Beirut (-43.1%), the South (-28.8%), and the Nabatieh area (-21%). In parallel, the latest available figures show that cement deliveries totaled 590,609 tons in the first four months of 2023, constituting an increase of 15% from 513,112 tons in the same period of 2022.

### Number of Arriving Passengers



Source: Beirut-Rafic Hariri International Airport



### Opened letters of credit at LBP1,920bn for imports and LBP327.4bn for exports in first nine months of 2023

Figures released by Banque du Liban show that the amount of letters of credit (LCs) opened to finance imports to Lebanon totaled LBP1,920bn in the first nine months of 2023, or the equivalent of \$147.4m, compared to LBP311bn (\$206.3m) in the same period of 2022. Opened LCs for imports stood at LBP529.2bn (\$54.7m) in the first quarter, at LBP661.3bn (\$44.1bn) in the second quarter, and at LBP729.4bn (\$48.6m) in the third quarter of 2023. The dollar figures are based on the official exchange rate of the Lebanese pound to the US dollar of LBP1,507.5 per dollar until the end of January 2023 and of LBP15,000 per dollar starting in February 2023.

Further, utilized credits for imports reached LBP1,871.2bn (\$137.3m) in the covered period, compared to LBP287.5bn (\$190.7m) in the first nine months of 2022. They were equivalent to 97.5% of opened LCs for imports in the covered period. Also, outstanding import credits stood at LBP7,934.2bn (\$592.4m) at the end of September 2023 compared to LBP739.1bn (\$490.3m) at end-September 2022. In addition, the aggregate amount of inward bills for collection reached LBP2,151.6bn (\$162.1m) in the first nine months of 2023 relative to LBP221.8bn (\$147.1m) in the same period of 2022. The outstanding amount of inward bills for collection was LBP2,452.5bn (\$198.8m) at the end of September 2023, while it was LBP604.5bn (\$401m) at end-September 2022.

In parallel, the amount of documentary LCs opened to finance exports from Lebanon totaled LBP327.4bn (\$22.4m) in the first nine months of 2023 compared to LBP104.7bn (\$69.5m) in the same period of 2022. Opened LCs for exports stood at LBP60.8bn (\$4.7m) in the first quarter, at LBP190.8bn (\$12.7m) in the second quarter, and at LBP75.8bn (\$5.1m) in the third quarter of 2023.

Further, utilized credits for exports reached LBP325.2bn (\$29.7m) in the covered period relative to LBP104bn (\$69m) in utilized credits in the first nine months of 2022. They were equivalent to 99.3% of opened LCs for exports in the covered period. Also, outstanding export credits stood at LBP11,286.5bn (\$837.2m) at the end of September 2023 compared to LBP1,253.7bn (\$831.6m) a year earlier. In addition, the aggregate amount of outward bills for collection amounted to LBP1,033.6bn (\$75m) in the first nine months of 2023 relative to LBP186.5bn (\$123.7m) in the same period last year. The outstanding amount of outward bills for collection reached LBP16,853.4bn (\$1.3bn) at the end of September 2023, while it was LBP2,380.4bn (\$1.6bn) at end-September 2022.

### Commercial activity improves in relative terms in second quarter of 2023

Banque du Liban's quarterly business survey about the opinions of business managers shows that the balance of opinions for the volume of commercial sales was -2 in the second quarter of 2023, relative to -22 in the preceding quarter and to -31 in the second quarter of 2022. The balance of opinions for the second quarter of 2023 reflects the normalization of economic activity as a result of favorable base effects in the country, as well as the relative adjustment of the private sector to the ongoing crisis. The balance of opinions for the volume of commercial sales in the second quarter of 2023 reached its third highest quarterly level since the second quarter of 2017, after posting a balance of opinions of zero in the third quarter of 2022 due to improved tourism activity, and -1 in the third quarter of 2017.

The survey covers the opinions of enterprise managers about their business activity in order to depict the evolution of a number of key economic variables. The balance of opinions is the difference between the proportion of surveyed managers who consider that there was an improvement in an indicator and the proportion of those who reported a decline in the same indicator. The balance of opinions was the highest in the Bekaa region at +38, followed by the North (-4), Beirut and Mount Lebanon (-7), and the South (-40).

The survey shows that the balance of opinions about the sales of food items was +17 in the second quarter of 2023, relative to +6 in the previous quarter and to -15 in the second quarter of 2022. Also, the balance of opinions about the sales of non-food products was -5 in the covered quarter, relative to -35 in the previous quarter and to -37 in the second quarter of 2022; while it was -14 for inter-industrial goods, compared to -30 in the first quarter of 2023 and relative to -39 in the second quarter of 2022.

Further, the balance of opinions for inventory levels of finished goods in all commercial sub-sectors was -17 in the second quarter of 2023, compared to -27 in the previous quarter and to -34 in the second quarter of 2022. The balance of opinions about the level of inventories was the highest in the Bekaa area as it reached -1, followed by Beirut and Mount Lebanon (-12), the North (-29), and the South (-33).

Also, the balance of opinions about the number of employees in the sector was -18 in the second quarter of 2023 compared to -14 in the preceding quarter and to -22 in the second quarter of 2022. It was the highest in the Bekaa area at +2, followed by Beirut & Mount Lebanon (zero), the South (-36), and the North (-49).

Commercial Activity: Year-on-Year Evolution of Opinions				
Aggregate results	Q2-20	Q2-21	Q2-22	Q2-23
Sales volume	-74	-65	-31	-2
Number of employees	-40	-36	-22	-18
Inventories of finished goods	-47	-53	-34	-17
Q2-23 Regional results	Beirut / Mount Lebanon	North	South	Bekaa
Sales volume	-7	-4	-40	+38
Inventories of finished goods	-12	-29	-33	-1

Source: Banque du Liban business survey for second quarter of 2023

### **Banque du Liban extends terms of several circulars until enactment of 2024 budget**

Banque du Liban (BdL) issued Intermediate Circular 684/13597 dated December 28, 2023 addressed to banks, financial institutions and auditors that modifies Basic Circular 14/5258 of September 17, 1993 about the opening of deposit accounts in foreign currency at BdL, Basic Circular 36/6856 dated December 19, 1997 about bonds that banks and financial institutions can issue, Basic Circular 61/7224 of February 11, 1999 about the issuance of Certificates of Deposits and of banking certificates, Basic Circular 67/7534 dated March 2, 2000 about BdL's issuance of Certificates of Deposits in US dollars, and Basic Circular 147/13100 about the opening of bank accounts dated September 3, 2019. The new circular extended specific articles and sections in the above circulars until the enactment of the government's budget for 2024 and its publication in the Official Gazette.

First, the circular stipulates that BdL will reduce by 50% the interest rates that it pays on the commercial banks' term deposits in foreign currency placed at BdL, and that the latter will, on an exceptional basis, continue to pay half of the interest rates in US dollars and the other half in Lebanese pounds. Second, BdL said that it will reduce by 50% the interest rates that it pays on the Certificates of Deposits in US dollars that it has issued and that are held by commercial banks; and that it will, on an exceptional basis, continue to pay half of the interest rates in US dollars and the other half in Lebanese pounds. BdL first issued this decision on December 4, 2019 through Intermediate Circular 536/13157 that stipulates that BdL will, exceptionally and for a period of six months, apply new rules on the interest income it pays on term deposits that banks placed in US dollars at BdL and on the Certificates of Deposits that it issued in US dollars. It then extended the terms of the circular repeatedly for six to 12-month periods until the end of 2023.

Further, the circular stipulates that banks and financial institutions operating in Lebanon have to pay the principal and coupons of the bonds that they issued, and that are held by a custodian in Lebanon, in accounts at banks operating in the country. It said that the same rules will apply to the payments of the principal and interest on Certificates of Deposits and interbank certificates issued by banks and financial institutions that are held by a local custodian. It added that the measures that the clearing house MidClear introduced on foreign transfers will apply to the payments of principal and coupons of the aforementioned bonds and certificates. The decisions, which BdL issued under Intermediate Circular 541/13187, applied for a period of six months starting on January 30, 2020, but BdL has extended them repeatedly for six-month periods, with Intermediate Circular 672 extending the measures until the end of 2023.

### **Number of internally displaced persons from South Lebanon exceeds 74,000**

Figures compiled by the United Nations' Office for the Coordination of Humanitarian Affairs (OCHA) show that 74,471 persons have been displaced from South Lebanon as at December 27, 2023 due to the ongoing hostilities that erupted along the Blue Line on October 8 of this year, constituting increases of 2.8% from 72,437 as at December 21, of 16.3% from 64,053 as at December 12, and of 60.8% from 46,325 displaced persons as at November 13 of 2023. The OCHA said that around 80% of the Internally Displaced Persons (IDPs) are currently living with host families, 17% are renting houses, 2% are housed in collective shelters, and 1% have relocated to secondary residences. It added that there are currently 14 collective shelters providing accommodation for 1,043 IDPs, with seven shelters located in Hasbaya, five in Tyre, one in Saida, and one in the Bekaa region.

Further, the OCHA stated that 50 schools in South Lebanon remain partially or fully closed, while six Primary Health Care Centers (PHCCs) in the Bint Jbeil and Marjeyoun districts are currently closed. Moreover, it indicated that private property, public infrastructure, and agricultural land have suffered damages, and that incendiary strikes using white phosphorus have burned 462 hectares of forests and orchards. Also, it pointed out that the latest figures issued by the Ministry of Public Health show that a total of 118 persons have been killed and 536 wounded as at December 27, 2023 as a result of the hostilities along Lebanon's southern border with Israel. Moreover, it said that the World Health Organization issued on November 16, 2023, an emergency appeal for readiness and response in Lebanon, as it appealed for \$6.7m in case hostilities remain limited to the South and \$11.1m in a scenario where hostilities expand to the entire country.

According to the OCHA, the food assistance distributed since the eruption of hostilities consisted of 194,304 meals, 8,174 food parcels, and one-time cash food assistance to 75,533 individuals for a total value of \$1.37m. Also, core relief items distributed in the South and Nabatieh governorates reached 50,139 items, which included 28,275 clothing items. Further, hygiene support included 177,000 liters of trucked water and 186,408 liters of bottled water, while 15,608 water, sanitation, and hygiene (WaSH) kits have been distributed, including 13,000 hygiene kits and 2,608 dignity/menstrual hygiene management (MHM) kits. Also, shelter support consisted of the distribution of 150 plastic sheets, while 1,408 children received micronutrient supplements. In addition, IDPs obtained 14,103 medical services, while 2,640 health workers received healthcare training.

### World Bank reverses growth forecast for 2023 after start of Gaza War

The World Bank estimated Lebanon's real GDP growth rate at 0.2% in 2023 prior to the eruption of the war in the Gaza Strip, driven by a strong tourism season, the stable inflow of remittances, the increasing dollarization of salaries, and the stabilization in private sector activity.

However, it anticipated that an escalation of the military operations along Lebanon's southern border will reverse these trends and weigh on consumption. It also expected that the contribution of net exports to real GDP growth to be smaller than the anticipated 1.1 percentage points, due to a drop in the exports of goods and services in case the conflict persists, and for the decline in investments to be larger-than-expected due to the uncertainties about the military flare-up along the country's southern border. As a result, it anticipated the conflict to reverse the growth forecast and result in the contraction of the economy in 2023. It estimated that a 50% decline in travel receipts and spending by Lebanese expatriates in the fourth quarter of last year would result in a 0.6% contraction in economic activity in 2023, while declines of 70% and 80% in travel receipts and spending by Lebanese expatriates would reduce real GDP by 0.7% and 0.9%, respectively, in 2023. It considered that tourism activity cannot be by itself be the anchor of the economic recovery or substitute for more sustainable and diverse drivers of growth.

In addition, it noted that inflationary pressures are fueled by an increase in the exchange rate pass-through and the dollarization of certain components in the Consumer Price Index basket. It anticipated that higher global oil prices, and/or a significant escalation of the conflict in the Gaza Strip would contribute to a broad-based increase in inflation rates. It also expected that the expiration of the Ukrainian grain export agreement between Russia and Ukraine could increase the prices of wheat and marginally fuel domestic inflationary pressures.

Further, it projected public revenues prior to the conflict to reach 8.8% of GDP in 2023, up from 6.1% of GDP in 2022, due to the authorities' implementation of revenue mobilization measures. It also anticipated that the increase in current expenditures and of transfers to Électricité du Liban, as well as the ongoing social assistance to public servants, to result in a rise in public expenditures from 9% of GDP in 2022 to 10.1% of GDP in 2023. Still, it forecast prior to the conflict that the overall and primary fiscal deficits would narrow to 1.3% of GDP and 0.3% of GDP, respectively, in 2023. It considered that the authorities will resort to Banque du Liban (BdL) for the financing of the deficit, given that the government does not have alternative sources of revenues and BdL is the majority holder of the public debt due to lack of appetite by other investors. It anticipated that the additional money creation to finance the fiscal deficit will, in turn, fuel inflationary pressures. As a result, it projected the inflation rate to average 231.3% in 2023.

Also, the World Bank expected that the decision of the new BdL leadership to stop the monetization of the deficit could lead to a further narrowing of the overall and primary fiscal deficits. As a result, and in the absence of monetary financing of the deficit, it anticipated that the authorities will have to mobilize additional public revenues through taxes to balance the budget, which could reduce the disposable income of households.

In parallel, it projected the current account deficit prior to the conflict at 12.8% of GDP in 2023, despite a favorable tourism season until the end of September, and considered that the lack of sources to finance the current account deficit would lead to the decline of imports and a decrease in private consumption, given Lebanon's significant reliance on imports. It added that import substitution will not be readily possible to meet domestic demand, given the limited production capacity and infrastructure bottlenecks facing domestic producers. It also anticipated that the lack of alternative financing sources could lead to the drawdown of BdL's foreign currency reserves.

### **Stock market capitalization up 41% to \$20.5bn at end-2023**

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 36.5 million shares in 2023, constituting an increase of 19.3% from 30.6 million shares traded in 2022; while aggregate turnover amounted to \$628.8m and increased by 26% from a turnover of \$499.3m in 2022. The trading volume stood at 26.6 million in the first quarter, 2.3 million in the second quarter, 3.75 million in the third quarter, and 3.9 million in the fourth quarter of 2023; while aggregate turnover totaled \$126.9m in the first quarter, \$110.4m in the second quarter, \$149.3m in the third quarter, and \$242.2m in the fourth quarter of 2023.

Further, the market capitalization of the BSE stood at \$20.5bn at the end of 2023, representing an increase of 41.4% from \$14.5bn a year earlier. It was \$18.9bn at the end of March, \$17.7bn at end-June and to \$18.3bn at end-September 2023. Real estate equities accounted for 72.1% of the market's capitalization at the end of 2023, followed by banking stocks (21.3%), and industrial shares (6.6%). Also, the trading volume stood at 1,944,115 shares in December 2023, and jumped by 317% from 466,274 shares in November 2023, while aggregate turnover amounted to \$141.5m in December 2023 relative to a turnover of \$11.1m in November 2023. Further, the market capitalization of the BSE was equivalent to 95.3% of GDP in 2023 compared to 68.6% of GDP in 2022. The market liquidity ratio was 3.1% at the end of 2023 compared to 3.4% a year earlier.

Also, banking stocks accounted for 78.4% of the trading volume in 2023, followed by real estate equities (21.5%) and industrial shares (0.15%). Further, real estate equities accounted for 94.9% of the aggregate value of shares traded, followed by banking stocks (4.8%), and industrial shares (0.3%). The average daily traded volume for 2023 was 154,068 shares for an average daily amount of \$2.65m. The figures represent an increase of 20.3% of the average daily traded volume and a surge of 27% of the average daily value in the covered period.

In parallel, the prices of Solidere 'A' and Solidere 'B' increased by 25% and 28.3%, respectively, in the first nine months of 2023, but they decreased by 12.4% and 14.3%, respectively, in October 2023; while the share price of Holcim increased by 109.7% in the first nine months of 2023, but contracted by 7.7% in October due to the eruption of war in the Gaza Strip and to the flare up of tensions along Lebanon's southern border with Israel that led to a decline in market sentiment. However, the prices of Solidere 'A' and Solidere 'B' shares grew by 0.6% and 1.8%, respectively, and the share price of Holcim increased by 7.1% in November 2023 from the preceding month. Also, the prices of Solidere 'A' and Solidere 'B' shares surged by 33% and 33.2%, respectively, while the share price of Holcim decreased by 2.5% in December 2023 from the previous month.

The rise in the share prices of Solidere and Holcim has been mainly driven by the increase in demand for the shares from several bank depositors, given that they consider it a way to channel their deposits out of the banking sector in light of the government's economic rescue plan that stipulates the conversion of deposits into bank shares as part of the restructuring of the banking sector.

## Ratio Highlights

(in % unless specified)	2020	2021	2022	Change*
Nominal GDP (\$bn)	24.7	20.5	21.8	1.3
Public Debt in Foreign Currency / GDP	56.8	188.1	189.8	1.7
Public Debt in Local Currency / GDP	93.8	302.1	277.7	(24.4)
Gross Public Debt / GDP	150.6	490.2	467.5	(22.7)
Trade Balance / GDP	(8.1)	(4.7)	(2.8)	1.9
Exports / Imports	31.3	28.5	18.3	(10.2)
Fiscal Revenues / GDP	16.0	9.8	6.3	(3.4)
Fiscal Expenditures / GDP	20.3	8.7	11.3	2.5
Fiscal Balance / GDP	(4.3)	1.1	(4.9)	-
Primary Balance / GDP	(1.0)	2.4	(4.3)	-
Gross Foreign Currency Reserves / M2	41.5	26.0	13.4	(12.6)
M3 / GDP	209.0	96.9	41.8	(55.2)
Commercial Banks Assets / GDP	296.2	127.1	46.4	(80.7)
Private Sector Deposits / GDP	219.2	94.1	34.5	(59.6)
Private Sector Loans / GDP	57.0	20.1	5.5	(14.6)
Private Sector Deposits Dollarization Rate	80.4	79.4	76.1	(3.3)
Private Sector Lending Dollarization Rate	59.6	56.3	50.7	(5.6)

\*change in percentage points 22/21;

Source: Banque du Liban, Ministry of Finance, Central Administration of Statistics, International Monetary Fund, 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	196	480
Nominal GDP (US\$ bn)	24.7	18.0	18.3
Real GDP growth, % change	-25.9	-8.4	-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	8.7	6.6
Imports of goods and services	-33.4	-1.1	10.6
Consumer prices, %, average	84.9	154.8	171.2
Official exchange rate, average, LBP/US\$	1,507.5	1,507.5	1,507.5
Parallel exchange rate, average, LBP/US\$	6,705	16,821	30,313
Weighted average exchange rate LBP/US\$	3,878	10,876	26,222

Source: Central Administration of Statistics, Institute of International Finance- May 2023

## Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Investors Service	C	NP	-	C		Stable
Fitch Ratings	RD	C	-	RD	RD	-
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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**Economic Research & Analysis Department**  
**Byblos Bank Group**  
**P.O. Box 11-5605**  
**Beirut – Lebanon**  
**Tel: (961) 1 338 100**  
**Fax: (961) 1 217 774**  
**E-mail: [research@byblosbank.com.lb](mailto:research@byblosbank.com.lb)**  
**[www.byblosbank.com](http://www.byblosbank.com)**

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# BYBLOS BANK GROUP

## LEBANON

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Byblos Bank S.A.L  
Achrafieh - Beirut  
Elias Sarkis Avenue - Byblos Bank Tower  
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon  
Phone: (+ 961) 1 335200  
Fax: (+ 961) 1 339436

## IRAQ

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Erbil Branch, Kurdistan, Iraq  
Street 60, Near Sports Stadium  
P.O.Box: 34 - 0383 Erbil - Iraq  
Phone: (+ 964) 66 2233457/8/9 - 2560017/9  
E-mail: [erbilbranch@byblosbank.com.lb](mailto:erbilbranch@byblosbank.com.lb)

Sulaymaniyah Branch, Kurdistan, Iraq  
Salem street, Kurdistan Mall - Sulaymaniyah  
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq  
Al Karrada - Salman Faeq Street  
Al Wahda District, No. 904/14, Facing Al Shuruk Building  
P.O.Box: 3085 Badalat Al Olwiya – Iraq  
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2  
E-mail: [baghdadbranch@byblosbank.com.lb](mailto:baghdadbranch@byblosbank.com.lb)

Basra Branch, Iraq  
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq  
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919  
E-mail: [basrabranch@byblosbank.com.lb](mailto:basrabranch@byblosbank.com.lb)

## ARMENIA

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Byblos Bank Armenia CJSC  
18/3 Amiryan Street - Area 0002  
Yerevan - Republic of Armenia  
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296  
E-mail: [infoarm@byblosbank.com](mailto:infoarm@byblosbank.com)

## NIGERIA

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Byblos Bank Nigeria Representative Office  
161C Rafu Taylor Close - Off Idejo Street  
Victoria Island, Lagos - Nigeria  
Phone: (+ 234) 706 112 5800  
(+ 234) 808 839 9122  
E-mail: [nigeriarepresentativeoffice@byblosbank.com.lb](mailto:nigeriarepresentativeoffice@byblosbank.com.lb)

## BELGIUM

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Byblos Bank Europe S.A.  
Brussels Head Office  
Boulevard Bischoffsheim 1-8  
1000 Brussels  
Phone: (+ 32) 2 551 00 20  
Fax: (+ 32) 2 513 05 26  
E-mail: [byblos.europe@byblosbankeur.com](mailto:byblos.europe@byblosbankeur.com)

## UNITED KINGDOM

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Byblos Bank Europe S.A., London Branch  
Berkeley Square House  
Berkeley Square  
GB - London W1J 6BS - United Kingdom  
Phone: (+ 44) 20 7518 8100  
Fax: (+ 44) 20 7518 8129  
E-mail: [byblos.london@byblosbankeur.com](mailto:byblos.london@byblosbankeur.com)

## FRANCE

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Byblos Bank Europe S.A., Paris Branch  
15 Rue Lord Byron  
F- 75008 Paris - France  
Phone: (+33) 1 45 63 10 01  
Fax: (+33) 1 45 61 15 77  
E-mail: [byblos.europe@byblosbankeur.com](mailto:byblos.europe@byblosbankeur.com)

## ADIR INSURANCE

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Dora Highway - Aya Commercial Center  
P.O.Box: 90-1446  
Jdeidet El Metn - 1202 2119 Lebanon  
Phone: (+ 961) 1 256290  
Fax: (+ 961) 1 256293