

# LEBANON THIS WEEK

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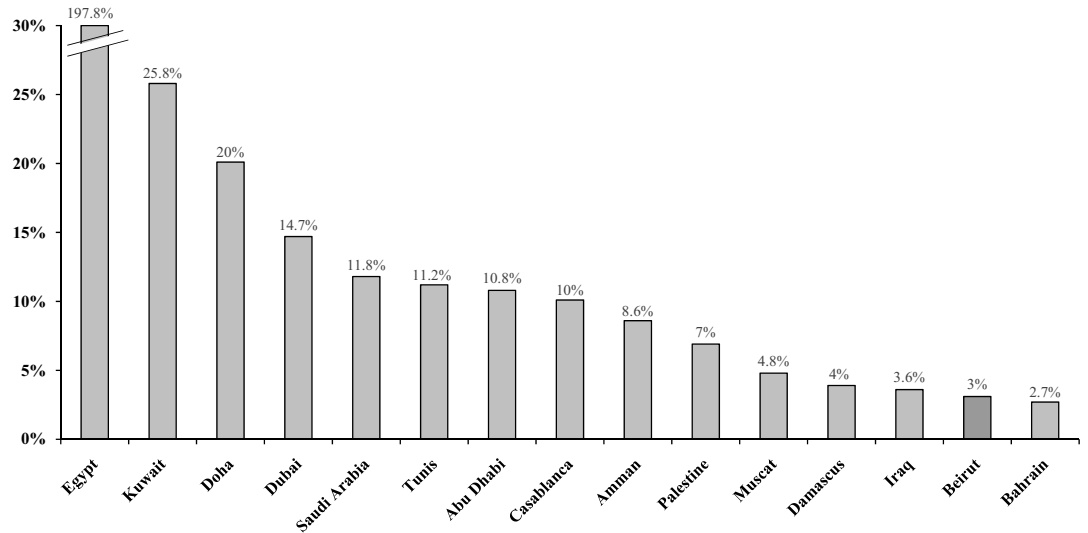
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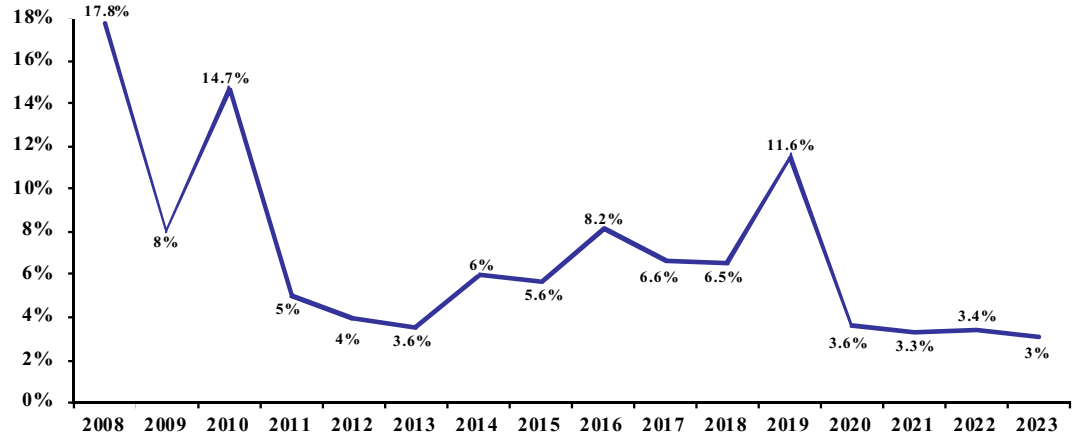
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## Charts of the Week

Turnover Ratios of Select Arab Stock Markets in 2023 (%)\*



Turnover Ratios on the Beirut Stock Exchange (%)



\*The turnover ratio is the aggregate value of traded shares during the year over the market capitalization at the end of the year

Source: Arab Federation of Capital Markets, Beirut Stock Exchange, Byblos Bank

## Quote to Note

"Remittances have proven to be resilient and have provided many Lebanese with a lifeline in terms of supporting basic needs."

*The World Bank, on the impact of expatriates' remittance inflows since the onset of the economic crisis*

## Number of the Week

**20:** Number of months that the current Council of Ministers has been operating in a caretaker capacity

## 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"	79.05	(2.5)	723,739	42.1%	Apr 2024	6.65	5.88	5,599.67
Solidere "B"	79.95	(0.2)	234,077	27.6%	Jun 2025	6.25	5.88	340.70
Byblos Common	0.69	(1.4)	10,500	2.1%	Nov 2026	6.60	5.88	126.96
HOLCIM	59.50	0.0	-	6.2%	Mar 2027	6.85	5.88	111.2
BLOM GDR	3.00	0.0	-	1.2%	Nov 2028	6.65	5.88	68.42
BLOM Listed	3.50	0.0	-	4.0%	Feb 2030	6.65	5.88	52.02
Audi Listed	2.35	0.0	-	7.4%	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 8-12	Jan 2-5	% Change	December 2023	December 2022	% Change
Total shares traded	968,316	53,361	1,714.7	1,944,115	9,581,716	(79.7)
Total value traded	\$77,880,854	\$4,629,866	1,582.1	\$141,539,181	\$89,017,136	59.0
Market capitalization	\$18.80bn	\$19.02bn	(1.2)	\$20.48bn	\$14.48bn	41.4

Source: Beirut Stock Exchange (BSE)



### **Banque du Liban asks banks to join new foreign exchange system**

Banque du Liban (BdL) called on all banks that have not joined yet the Bloomberg Foreign Exchange Interbank Matching System to contact the information provider through its regional representatives, in order to join the system and get ready to participate in the training that will allow them to conduct operations within the parameters that BdL will set in this regard.

BdL attributed its decision to its agreement with the government on adopting a new electronic trading platform, in cooperation with the global financial information provider Bloomberg, for foreign exchange trading, according to the Council of Ministers' Decision No. 13 dated September 7, 2023 and BdL's Central Council Decision No. 406 of October 23, 2023. It added that the platform will be open for participants to become market makers through buying or selling foreign currency on behalf of their clients based on the circulars that BdL will issue and that will determine the related mechanism and conditions, along with the start of pricing on the electronic platform.

Last September, the Council of Ministers approved the establishment of an electronic foreign-currency trading platform that will be under BdL's authority. The platform, which will replace BdL's existing "Sayrafa" electronic trading platform, aims to reflect the real exchange rate of the US dollar in the Lebanese market in a transparent way and without any subjective intervention from BdL. The new platform will be open to authorized banks and financial institutions, including qualified money exchange firms, which will be able to quote "bid" and "ask" orders on behalf of their clients. Bloomberg is expected to host the platform.

BdL launched on June 26, 2020 an electronic platform that allows money exchange firms to buy and sell foreign currency through the "Sayrafa" online application. Also, it issued Basic Circular 5/13236 on June 10, 2020 that regulates the access of money exchange firms to the electronic platform. Also, it issued in March 2021 Directive 934 to commercial banks operating in Lebanon stating that BdL considers that banks have a license to operate as money exchange dealers and have to take the necessary measures to conduct currency exchange operations according to Law 347 dated August 6, 2001. Further, BdL asked banks operating in Lebanon to join its Sayrafa electronic trading platform by April 16, 2021, to register on the electronic application of the platform, and to abide by the related conditions that it will issue in this regard. BdL attributed its decision at the time to the impact of the exceptional circumstances in Lebanon on the exchange rate of foreign currency in the local market, as well as to the need to organize foreign exchange operations in order to protect the stability of the Lebanese pound's exchange rate, and in preparation to conduct exchange operations of foreign currencies against Lebanese pound bank notes.

In addition, BdL issued on May 10, 2021 Basic Circular 157/13324 for banks operating in Lebanon about exceptional measures related to foreign exchange operations. The circular allows banks to conduct foreign exchange operations as per Law 347 dated August 8, 2001, including the buying and selling of foreign currencies in exchange for other foreign currencies or Lebanese pounds, through the Sayrafa electronic platform. BdL indicated that the Sayrafa platform is part of its initiative that aims to ease the pressure on citizens amid the prevailing crisis that has been exacerbated by the absence of a functioning government that would implement the necessary reforms, reestablish Lebanon's regional and international relations, and restore domestic confidence. It considered that the platform, which is open for banks and licensed money dealers, will provide a transparent setting for the exchange rate and for the participants in the platform. It added that market dynamics will help determine the exchange rate on the platform and that BdL will intervene when needed to control fluctuations in the exchange rate.

It noted that the banks' foreign exchange operations should cover the needs of their clients, whether they are individuals or companies, based on a market-determined exchange rate, and provided that the spread between the buying and selling exchange rates, and any additional fees, do not exceed 1% of the buying exchange rate. Specifically, it allows banks to purchase Lebanese pound banknotes from their clients and settle the counter value in foreign currency either in a "fresh account" in Lebanon or in a bank account abroad. It also allows banks to purchase foreign currencies from clients either in physical form or from their "fresh accounts", in exchange for Lebanese pounds that can be disbursed either in cash or in the clients' bank accounts in Lebanon.

According to BdL, aggregate trading on the Sayrafa platform stood at \$11.8bn in 2022 and at \$12.5bn in the first seven months of 2023.

In parallel, the International Monetary Fund indicated in its Article IV Country Report on Lebanon dated June 2023 that unifying the exchange rates for permitted transactions is a critical first step towards finding a credible nominal anchor for the exchange rate, in order to restore confidence, and to contain inflation and stop the depreciation of the local currency. It noted that BdL's circulars, which created a system of multiple exchange rates, need to be eliminated and the exchange rate unification should be centered on a proper trading platform, either by building on the existing Sayrafa platform or otherwise, where price discovery and large-sized trading for permitted transactions take place. It added that the approval and implementation of temporary restrictions on the withdrawal of foreign currency and Lebanese pounds deposits is necessary to limit pressures in the foreign currency market; and that BdL's foreign currency interventions should be limited to disorderly market conditions, without distorting or eliminating the underlying trend implied by fundamentals.



## Lebanese expatriates account for 62% of visitor arrivals in first 11 months of 2023

Figures compiled by the Ministry of Tourism and the Lebanese General Security indicate that the number of incoming visitors to Lebanon totaled 4,124,178 in the first 11 months of 2023, and consisted of 2,557,810 Lebanese expatriates and 1,566,368 Arab and foreign visitors. In comparison, the number of incoming visitors to Lebanon totaled 3,505,877 in the first 11 months of 2022, who consisted of 2,168,362 Lebanese expatriates and 1,337,515 Arab and foreign visitors. As such, the number of incoming Lebanese expatriates increased by 18% and the number of Arab and foreign visitors grew by 17% in the first 11 months of 2023 from the same period of 2022. Lebanese expatriates accounted for 62% of the total number of incoming visitors in the first 11 months of 2023, while Arab and foreign visitors represented the balance of 38%. In comparison, Lebanese expatriates accounted for 61.8% of visitors to the country and Arab and foreign tourists represented 38.2% of the total in the first 11 months of 2022.

Also, the number of incoming Lebanese expatriates reached 213,056 in January, 163,169 in February, 201,992 in March, 234,908 in April, 230,294 in May, 295,380 in June, 325,493 in July, 280,865 in August, 271,935 in September, 185,016 in October, and 155,702 in November 2023. In comparison, the number of incoming Lebanese expatriates reached 126,381 in January, 126,777 in February, 163,629 in March, 170,437 in April, 185,398 in May, 206,635 in June, 289,162 in July, 251,531 in August, 236,896 in September, 213,204 in October, and 198,312 in November 2022. The figures represent surges of 68.6% in January, 28.7% in February, 23.4% in March, 37.8% in April, 24.2% in May, 43% in June, 12.6% in July, 11.7% in August, and 14.8% in September 2023 from the corresponding months of 2022, and declines of 13.2% in October and of 21.5% in November 2023 from the corresponding months of the previous year.

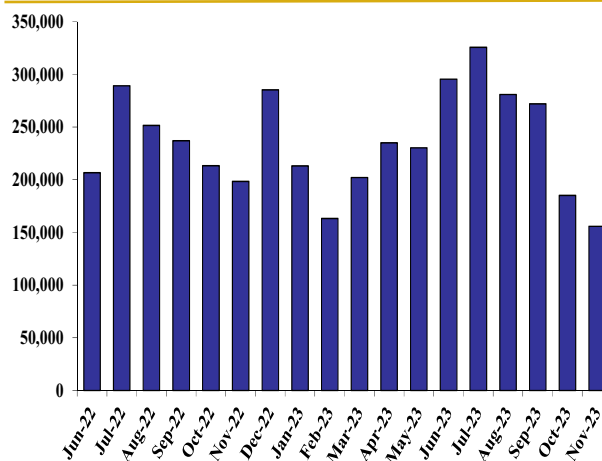
In parallel, the number of Arab and foreign visitors stood at 88,378 in January, 85,682 in February, 100,727 in March, 123,399 in April, 143,208 in May, 209,796 in June, 267,702 in July, 210,458 in August, 175,418 in September, 102,690 in October, and 58,910 in November 2023. In comparison, the number of Arab and foreign visitors reached 62,340 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. This represented 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 2022, and declines of 16.8% in October and of 36.8% in November 2023 from the corresponding months in 2022. The number of visitors to Lebanon decreased in October and November 2023 from the same months 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.

## Number of new construction permits down by 38% in 2023

Figures issued by the Orders of Engineers & Architects of Beirut and of Tripoli show that the two orders issued 12,593 new construction permits in 2023, constituting a decline of 38% from 20,273 permits in 2022. Also, the orders of engineers issued 1,026 permits in December 2023, representing a decrease of 22.6% from 1,325 permits in November 2023 and a decline of 34.4% from 1,563 permits in December 2022. Mount Lebanon accounted for 30.2% of the number of newly-issued construction permits in 2023, followed by the South with 25.2%, Nabatieh with 18%, the North area with 13.7%, the Bekaa region with 8.3%, and Beirut with 2.6%. 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 decreased by 55.4%, followed by permits issued for regions located in the North (-47%), in Mount Lebanon (-42.2%), in the Bekaa region (-38.1%), in the South (-33.2%), in the Nabatieh area (-27.1%), and in Beirut (-1.2%).

Further, the surface area of granted construction permits reached 5.46 million square meters (sqm) in 2023, and decreased by 46.4% from 10.18 million sqm in 2022. In comparison, the surface area of granted construction permits was nearly unchanged in 2022 compared to 10.19 million sqm in 2021. Also, the surface area of granted construction permits reached 427,594 sqm in December 2023, decreasing by 25% from 630,016 sqm in November 2023 and by 26% from 639,850 sqm in December 2022. Mount Lebanon accounted for 1.5 million sqm, or for 27.4% of the total surface area of granted construction permits in 2023. The South followed with 1.36 million sqm (24.9%), then the North with 945,668 sqm (17.3%), the Nabatieh area with 813,571 sqm (14.9%), the Bekaa region with 545,684 sqm (10%), and Beirut with 146,261 sqm (2.7%). The remaining 150,158 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. The surface area of new construction permits issued in the regions located outside northern Lebanon declined by 65.5% in 2023, followed by permits in the North (-60%), in Mount Lebanon (-52.6%), in the Bekaa region (-46.8%), in Beirut (-36.1%), in the South (-29.4%) and in the Nabatieh region (-22.3%). 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 Lebanese Expatriates Arrivals to Lebanon



Source: Ministry of Tourism, Lebanese General Security, Byblos Research



### Net foreign assets of financial sector up \$1.65bn in first 11 months of 2023

Figures issued by Banque du Liban (BdL) show that the net foreign assets of the financial sector, which are a proxy for Lebanon's balance of payments, increased by \$1.65bn in the first 11 months of 2023, compared to decreases of \$3.21bn in the same period of 2022 and of \$1.58bn in the first 11 months of 2021. The cumulative surplus in the first 11 months of 2023 was caused by an increase of \$2.59bn in the net foreign assets of banks and financial institutions, which was partly offset by a drop of \$944m in those of BdL. Further, the net foreign assets of the financial sector increased by \$185.6m in November 2023 compared to decreases of \$81.2m in October 2023 and of \$354.4m in November 2022. The rise in November was caused by increases of \$132.1m in the net foreign assets of BdL and of \$53.5m in those banks and financial institutions.

The cumulative increase in the banks' net foreign assets is mostly due to a decline in their foreign liabilities. The decrease in foreign liabilities was driven mainly by the contraction in liabilities to the non-resident financial sector and in non-resident customer deposits. In parallel, the decline in BdL's net foreign assets was due in part to the financing of the imports of medicine, medical equipment, and raw materials for agriculture and industry; as well as to the implementation of BdL circulars that allowed depositors to withdraw US dollar banknotes from their accounts or to buy dollar banknotes from BdL through commercial banks.

### Customs receipts at LBP5,825bn in first four months of 2023

Figures released by Banque du Liban indicate that customs revenues totaled LBP5,825bn in the first four months of 2023, compared to LBP655.1bn in the same period of 2022, to LBP491bn in the first four months of 2021, and to LBP400.8bn in the same period of 2020. The figures represent a jump of 789.2% in the covered period of 2023 from the first four months of 2022, a surge of 33.4% from the first four months of 2021 and a rise of 22.5% from the same period of 2020. Further, customs revenues reached LBP766.4bn in January, LBP1,069bn in February, LBP1,970.6bn in March, and LBP2,019.2bn in April 2023. In comparison, they stood at LBP148bn in January, at LBP162bn in February, at LBP190bn in March and at LBP155.2bn in April 2022. The sharp increase in customs receipts is due to the rise of the exchange rate of the Lebanese pound to the US dollar for customs purposes in the fourth quarter of 2022 from LBP1,507.5 to LBP15,000 per dollar, as well as to LBP45,000 per dollar in the first quarter of 2023.

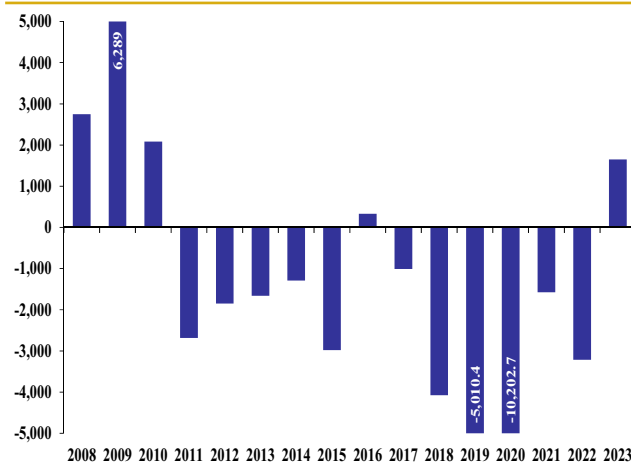
Figures issued by Lebanese Customs show that total imports reached \$5.4bn in the first four months of 2023 and regressed by 3.4% from \$5.6bn in the same period of 2022. Non-hydrocarbon imports increased by \$5.9m, or by 0.1%, to \$4bn in the first four months of 2023; while the imports of oil & mineral fuels contracted by \$194.4m, or by 12%, to \$1.44bn.

In parallel, the Ministry of Finance announced last April the increase of the monthly average of the exchange rate of the Lebanese pound for calculating the taxes and fees at customs on imported goods and products to LBP60,000 per dollar from May 2 until May 12, 2023, and then increased it again from LBP60,000 per US dollar to LBP86,000 per dollar starting on May 13, 2023. As such, the ministry said that the exchange rate for the currencies of Lebanon's main import sources became LBP86,000 for the US dollar, LBP93,832 for the euro, LBP106,697 for the British pound, LBP94,910 for the Swiss franc, LBP23,415 for the UAE dirham, LBP12,493 the Chinese yuan, LBP4,466 for the Turkish lira, LBP2,781 for the Egyptian pound, LBP1,049 for the Indian rupee, and LBP646.8 for the Japanese yen, among others. Further, Banque du Liban announced on December 19, 2023 that it has modified the exchange rate of the US dollar on the Syarafa platform from LBP85,500 per dollar to LBP89,500 per dollar, but it is unclear if this will trigger a change in the monthly average of the exchange rate of the Lebanese pound for calculating the taxes and fees at customs.

The International Monetary Fund estimated that taxes on international trade in Lebanon regressed from 2.4% of GDP in 2018 to about 0.6% of GDP in 2022 and projected them at 1.2% of GDP in 2023. It noted that staffing is completely inadequate across Lebanon's tax and customs administrations, organizational models are antiquated, core information technology operations are in the process of failing, and the ability to produce even basic statistics is extremely limited. But it said that there are options to help reverse the decline in revenue administration, and that there is international support for such measures.

At the customs administration level, it urged short-term action to ensure the continuity of critical functions and to provide adequate wages for staff; request international support to review the potential increase and use of customs service fees to support the modernization of tax and customs; as well as review the proposed capacity development plan for customs administration. Further, it called over the medium term to transform the existing draft strategic plan from a "wish list" to a strategy; to develop a risk management unit, framework, and procedures that mandate the use of the "Inspection Act" form for the Automated System for Customs Data (ASYCUDA); to implement ASYCUDA's Valuation Control module; as well as to transfer the administration of ASYCUDA from the Higher Customs Council to the Directorate General of Customs, as a step towards reverting to the HCC's legislated mandate and authority.

Change in Net Foreign Assets of Financial Sector\* (US\$m)



\*in first 11 months of each year

Source: Banque du Liban, Byblos Research

## Real GDP growth rate to average 2.8% in 2024-25 period

The United Nations Department of Economic and Social Affairs estimated real GDP in Lebanon to have contracted by 0.2% in 2023 compared to real GDP growth rates of 4.1% in developing economies, 1% in Arab countries, 1.7% in Western Asia, and 3% in the five net fuel importers of Western Asia. It said that the economy shrank last year despite the strong revival of the tourism sector and the inflow of remittances, which supported domestic consumption. It added that the country continues to suffer from a lack of basic services, the deterioration of infrastructure, the prevalence of multiple exchange rates, as well as from institutional weaknesses.

Further, in its base case scenario, it projected real GDP in Lebanon to grow by 1.7% in 2024 compared to real GDP growth rates of 4% in developing economies, 3.1% in Arab States, 2.9% in Western Asia, and 1.7% in the net fuel importers of Western Asia. In addition, it forecast Lebanon's real GDP growth rate at 3.8% in 2025 compared to growth rates of 4.2% in developing economies, 4% in Arab States, 3.7% in Western Asia, and 3.3% in the net fuel importers of Western Asia.

In parallel, the UN estimated the inflation rate in Lebanon at 230.4% in 2023 compared to inflation rates of 6.9% in developing economies, 19.8% in Arab countries, 19.6% in Western Asia, and 41.2% in the net fuel importers of Western Asia. It attributed the elevated inflation in Lebanon to the sharp depreciation of the exchange rate at the start of the year.

Further, in its base case scenario, it projected Lebanon's inflation rate at 78.1% in 2024 compared to rates of 4% in developing economies, 11% in Arab States, 15.2% in Western Asia, and 31.7% in the net fuel importers of Western Asia. In addition, it forecast the inflation rate in Lebanon at 30.7% in 2025 compared to inflation rates of 4.4% in developing economies, 7.8% in Arab States, 8.4% in Western Asia, and 16.5% in the net fuel importers of Western Asia.

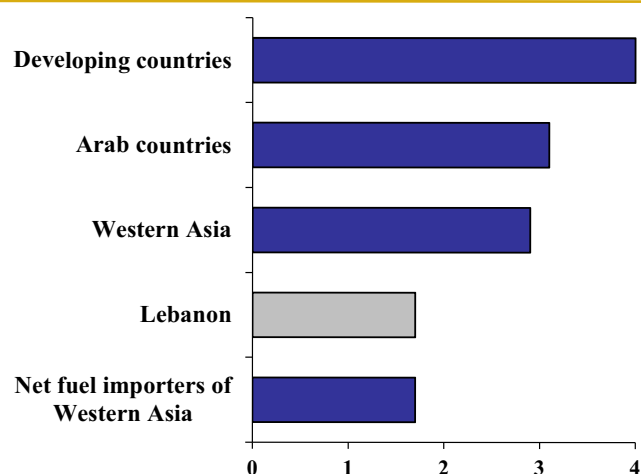
## More than 61% of Treasury securities in Lebanese pounds have seven-year maturities or longer at end-November 2023

Figures released by the Association of Banks in Lebanon show that the face value of outstanding Treasury securities denominated in Lebanese pounds reached LBP88,751bn at the end of November 2023 compared to LBP90,136bn at end-November 2022. The outstanding Treasury securities were equivalent to \$5.9bn at the end of November 2023 based on the new official exchange rate of LBP15,000 per US dollar, but they become equivalent to \$989.4m based on the prevailing parallel market exchange rate of LBP89,700 per dollar at the end of last November. The weighted interest rate on Lebanese Treasury securities was 6.31% in November 2023 compared to 6.41% in November 2022.

Also, the distribution of outstanding Treasury securities shows that 10-year Treasury bonds totaled LBP 32,951bn and accounted for 37% of aggregate securities denominated in Lebanese pounds at the end of November 2023, followed by seven-year Treasury securities with LBP16,864bn (19%), five-year Treasury bonds with LBP12,795bn (14.2%), one-year T-bills with LBP8,444bn (9.5%), three-year Treasury bills with LBP6,040bn (6.8%), two-year Treasury bonds with LBP5,777bn (6.5%), 12-year Treasury securities with LBP3,076bn (3.5%), 15-year Treasury securities with LBP1,417bn (1.6%), six-month T-bills with LBP1,286bn (1.4%), and three-month Treasury bills with LBP301bn (0.3%). As such, 61.2% of outstanding Treasury securities have seven-year maturities or longer and 75.4% have five-year maturities or more.

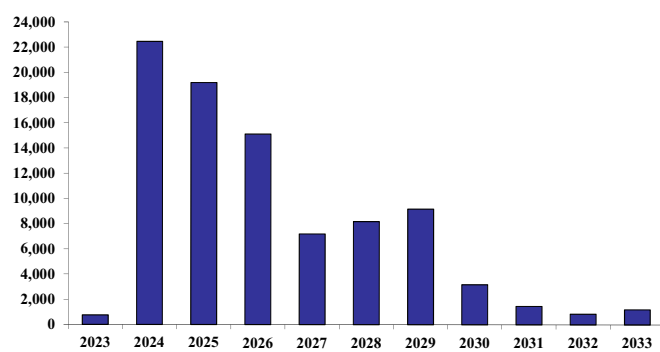
In parallel, LBP1,302bn in outstanding Treasury securities denominated in Lebanese pounds matured in November 2023. The distribution of maturing securities shows that 27.6% consisted of seven-year Treasury bonds, 17% were three-year Treasury securities, 15.4% consisted of two-year Treasury bills, 14% were five-year Treasury bonds, 11.7% consisted of six-month T-bills, 11.2% consisted of three-month T-bills, and 3% were one-year Treasury securities. According to ABL, LBP747bn in outstanding Treasury bonds in Lebanese pounds would have matured in December 2023.

Projected Real GDP Growth Rates in 2024 (%)



Source: United Nations Department of Economic and Social Affairs, Byblos Research

Projected Maturities of Treasury Securities in LBP\* (LBP billions)



\*as at end-November 2023

Source: Association of Banks in Lebanon, Byblos Research

### **Utilized credits by private sector at LBP193,000bn at end-June 2023, advances against real estate at 35% of total**

Figures issued by Banque du Liban show that utilized credits by the private sector totaled LBP193,000bn at the end of June 2023, relative to LBP39,446.6bn at end-2022 and to LBP46,436.5bn at end-June 2022. In dollar terms, utilized credits by the private sector stood at \$12.9bn at end-June 2023 compared to \$26.2bn at end-2022 and to \$30.8bn at end-June 2022. The steep decline in the dollar figures in the first half of the year is due to the change of the official exchange rate of the Lebanese pound to LBP15,000 per dollar at the start of February from LBP1,507.5 per dollar previously; while the surge in lending in Lebanese pounds during the covered period is driven by the effect of the new exchange rate.

The trend of the drop in the portfolio of loans to the private sector is mostly due to clients' decision to settle their loans prior to their maturity, to the borrowers' ability to repay their foreign currency-denominated loans at lower values than the original loan by checks on local accounts or in Lebanese pounds at the previous official exchange rate, to limited demand for new loans amid political and economic uncertainties, as well as to the lack of liquidity and to the risk aversion of lenders amid the challenging conditions in the country. The dollar figures are converted at 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 at the new official exchange rate of LBP15,000 per dollar from end-February 2023.

Utilized credits for trade & services reached LBP69,922bn and accounted for 36.2% of the total at the end of June 2023, followed by credits for construction at LBP48,572.2bn (25.2%), personal credits at LBP27,767.8bn (14.4%), industry at LBP25,340bn (13%), financial intermediaries at LBP12,294.3bn (6.4%), and agriculture at LBP3,381.7bn (1.8%), while other sectors represented the remaining LBP5,721.7bn (3%). In addition, utilized credits for personal loans included mortgages that stood at LBP9,827.7bn at end-June 2023.

The distribution of utilized credits by type of collateral shows that advances against real estate totaled LBP67,366.2bn and accounted for 35% of the collateral for utilized credits at the end of June 2023. Advances against personal guarantees followed with LBP27,013.6bn (14%), then advances against financial values with LBP6,996.2bn (3.6%), advances against cash collateral or bank guarantees with LBP5,768 (3%), and advances against other real guarantees with LBP2,530.8bn (1.3%), while overdrafts stood at LBP83,325bn or 43.2% of the total.

Also, the distribution of utilized credits in trade & services shows that wholesale trade accounted for 34.7% of loans to trade & services at the end of June 2023, followed by retail loans with 22.5%; real estate rent & employment services with 16%, transport & storage with 13.7%; hotels & restaurants with 9.6%; and educational services with 3.7%.

Also, personal loans beneficiaries represented 76.7% of total loan beneficiaries at the end of June 2023, followed by trade & services with 15.2% of beneficiaries, industry with 4.65%, construction with 2%, agriculture with 1.4%, and financial intermediaries with 1%, while other sectors accounted for the remaining 5.9% of loan beneficiaries.

Further, there were 195,594 loan beneficiaries at the end of June 2023 constituting declines of 43,285 beneficiaries, or of 18%, from the end of 2022 and of 69,035 beneficiaries (-26%) from a year earlier. Also, 56.4% of beneficiaries had loans of less than LBP5m at the end of June 2023, followed by those with loans that range from LBP100m to LBP500m (17%), beneficiaries with credits in the LBP25m to LBP100m range (12%), those with loans in the LBP5m-LBP25m bracket (9.2%), beneficiaries with loans ranging from LBP1bn to LBP5bn (2.3%), those with credits between LBP500m and LBP1bn (1.7%), beneficiaries with loans that exceed LBP10bn (0.9%), and those with credits in the LBP5bn to LBP10bn segment (0.5%).

Beirut and its suburbs accounted for 82.6% of bank credits and for 56.6% of beneficiaries as at end-June 2023. Mount Lebanon followed with 9% of credits and 15.5% of beneficiaries, then South Lebanon with 3% of credits and 8.7% of beneficiaries, North Lebanon with 2.8% of credits and 12.2% of beneficiaries, and the Bekaa region with 2.5% of credits and 7% of beneficiaries.

In parallel, the off-balance sheet liabilities of banks and financial institutions totaled LBP584,086bn (\$38.9bn) at the end of June 2023 compared to LBP78,669.4bn (\$52.2bn) at end-2022. They included endorsement & guarantees of LBP555,843bn, or 95.2% of the total, followed by letters of undertaking with LBP14,235.2bn (2.4%), commitments on notes with LBP9,313.6bn (1.6%), forward operations LBP3,935.7bn (0.7%), and financing commitments with LBP696bn (0.1%), while other commitments amounted to LBP62.8bn (0.01%).



### **MENAFATF issues Mutual Evaluation Report with Lebanon**

In its Mutual Evaluation Report with Lebanon dated December 21, 2023, the Middle East and North Africa Financial Action Task Force (MENAFATF) for anti-money laundering and combating the financing of terrorism (AML/CFT) considered that the level of "Risk and Policy Coordination" of AML and CFT issues in Lebanon is "moderate", and indicated that the authorities lack a comprehensive understanding of the money laundering (ML) and terrorism financing (TF) risks related to corruption among senior levels of the Lebanese government. It added that Lebanon does not adequately address illicit finance risks stemming from the large informal cash economy in the country and that the competent authorities significantly understate the role of the informal economy in ML and TF offenses.

Second, it estimated that the level of "Financial Intelligence for ML/FT" is "moderate" and noted that the authorities have direct and indirect access to a wide range of financial and other relevant information when reviewing cases of ML, TF, and of associated predicate offenses. Also, it said that there is good local cooperation and coordination on AML/CFT issues.

Third, it assessed the level of "Preventive Measures" as "moderate" and noted that banks and money transfer operators have a good level of understanding of the risks of ML and TF, as their understanding is in line with the results of the National Risk Assessment (NRA) and its update. But it pointed out that Exchange Companies have moderate understanding of such risks. Also, it said that banks and most of the components of the financial sector have satisfactorily implemented enhanced due diligence measures for politically-exposed persons, correspondent banking relationships, wire transfers, and high-risk countries. It added that the banks reported the majority of suspicious transactions reports, followed by money transfer operators and exchange companies. It noted that reporting entities apply internal controls that are proportionate to the size of their business, but exchange companies, *money comptoirs* and designated non-financial businesses and professions (DNFBPs), such as public notaries, do not apply the requirement of independent auditing for AML and CFT programs.

Fourth, it considered that the level of "TF Investigation and Prosecution" is "moderate" and noted that the competent authorities exert efforts to prosecute different types of TF activities, such as the collection, transportation and usage of cash and other assets, through proactive intelligence and parallel financial investigations, which resulted in a satisfactory number of independent TF convictions. Fifth, it estimated that the level of "TF Preventive Measures and Financial Sanctions" is "moderate" and said that Lebanon has a mechanism to identify and hold persons and entities targeted for designation in accordance with UNSCR 1267 and successor resolutions. Sixth, it considered that the level of "Targeted Financial Sanctions related to "Proliferation Financing" is "moderate". It said that Lebanon has an adequate mechanism to implement TFS related to counter proliferation financing, whereby all financial institutions and DNFBPs are required to track updates on the sanctions lists related to UNSCRs 1718 and 2231.

Seventh, it indicated that the level of "Supervision" of the financial sector's compliance with AML/CFT measures is "moderate" and said that Banque du Liban (BdL) adequately applies licensing and registration procedures and carries out proper testing for the financial sector, but there are a number of shortcomings, as the procedures for determining the beneficial owners are only based on determining ownership. It added that the security agencies apply a mechanism to monitor those who engage in currency exchange, money transfer and banking activities without a license, and cooperate with other government agencies such as the FIU, BdL and the Cassation Public Prosecution. It added that the supervisory authorities monitor specific indicators for the purpose of detecting those who provide financial services without obtaining a license, in addition to information received from security and tax authorities and from public complaints. Also, it noted that the Special Investigation Commission (SIC) has a good understanding of ML/TF risks. It added that financial and administrative penalties have been imposed on banks and financial institutions for violations related to compliance with the provisions of AML/CFT, and that these penalties are proportionate and dissuasive. However, it considered that the limited supervision that the authorities have on public notaries and lawyers affects their ability to detect violations of compliance with AML/CFT requirements.

Eighth, it estimated that the level of information on the establishment of "Legal Persons and Legal Arrangements" that is available to the public is "moderate" and said that information regarding the establishment of legal persons and arrangements, in its different types, is publicly available. Also, it noted that the competent authorities, especially the Commercial Registry, the SIC, reporting entities and BdL have a good understanding of the risks of misusing legal persons in ML and TF. Also, it said that the country has taken many measures to prevent the misuse of legal persons and arrangements for ML/TF purposes. Ninth, it considered that the level of "International Cooperation" is "moderate" and noted that Lebanon provides mutual legal assistance (MLA) and extradition in most cases, most of which are considered of good quality. It added that the Banking Control Commission of Lebanon and the Capital Markets Authority cooperate with counterparts in a number of countries on how to implement the basic principles of banking supervision, while the Ministry of Finance also cooperates in the exchange of information for tax purposes with counterparts abroad, but without extending its informal cooperation to AML/CFT and predicate offenses.

Tenth, it considered that the level of "ML Investigation and Prosecution" is "low" and said that the authorities identify mainly ML cases through investigations conducted by the Internal Security Forces and the Financial Investigation Unit (FIU) based on the reports referred to the Cassation Public Prosecution, and through tax and customs authorities. Further, it said that ML-related fines against natural and legal persons are dissuasive to some extent, but considered that ML-imposed sanctions are not effective, proportionate or dissuasive relative to the nature of the sanction. Eleventh, it estimated that the level of "Confiscation" of proceeds from ML and TF offenses is "low" and noted that the FIU launched a significant part of the precautionary measures about the freezing and seizure of assets from such offenses. It added that there is no apparent clear policy or procedures to prioritize the recovery of assets held or transferred to other jurisdictions, given the related risks.





### Industrial activity improves in second quarter of 2023

Banque du Liban's quarterly survey about the opinions of business managers shows that the balance of opinions about industrial production was zero in the second quarter of 2023, up from -25 the previous quarter and from -36 in the second quarter of 2022. The balance of opinions for the level of industrial production in the second quarter of 2023 reached its highest quarterly level since the first quarter of 2017.

The business survey covers the opinions of managers of industrial enterprises about their businesses, 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 a particular indicator and the proportion of those who reported a decline in the same indicator. The balance of opinions about industrial production was +17 in the Bekaa, +16 in the North, +2 in Beirut & Mount Lebanon, and -73 in the South.

The balance of opinions about demand for industrial goods stood at -2 in the second quarter of 2023 compared to -27 in the preceding quarter and to -34 in the second quarter of 2022. It stood at +16 in the North, +11 in the Bekaa, +3 in Beirut & Mount Lebanon, and -78 in the South.

In parallel, the balance of opinions about the volume of investments in the industrial sector stood at -16 in the second quarter of 2023, compared to -19 in the first quarter of 2023 and to -31 in the second quarter of 2022. It was +4 in the Bekaa, zero the North, -22 in Beirut & Mount Lebanon, and -73 in the South.

In addition, the balance of opinions about the level of registered orders was -29 in the second quarter of 2023 relative to -46 in the previous quarter and in the second quarter of 2022. It was -8 in the Bekaa, -28 in the North, -30 in Beirut and Mount Lebanon, and -79 in the South.

Further, the balance of opinions about foreign demand for industrial goods was -6 during the second quarter of 2023 compared to -19 in the preceding quarter and to -24 in the second quarter of 2022. It stood at +17 in Beirut & Mount Lebanon, zero in the North, -17 in the Bekaa, and -70 in the South.

Also, the balance of opinions about the number of employees in the sector was -13 in the second quarter of 2023 relative to -20 in the preceding quarter and to -23 in the second quarter of 2022. It was -2 in the Bekaa and in Beirut & Mount Lebanon, -20 in the North, and -57 in the South.

In parallel, the balance of opinions for the level of inventory of finished goods was -14 in the second quarter of 2023 compared to -27 in the previous quarter and to -32 in the second quarter of 2022. It stood at -1 in the North, -4 in the Bekaa, -15 in Beirut and Mount Lebanon, and -60 in the South.

Also, the balance of opinions for the level of inventories of raw materials was -20 in the second quarter of 2023 relative to -38 in the preceding quarter and to -40 in the second quarter of 2022. It was -6 in the Bekaa, -13 in Beirut and Mount Lebanon, -28 in the North, and -60 in the South.

<b>Industrial Activity: Evolution of Opinions</b>				
<b>Aggregate results</b>	<b>Q2-20</b>	<b>Q2-21</b>	<b>Q2-22</b>	<b>Q2-23</b>
Production	-66	-44	-36	0
Total demand	-68	-44	-34	-2
Foreign demand	-37	-25	-24	-6
Volume of investments	-37	-23	-31	-16
Inventories of finished goods	-49	-50	-32	-14
Inventories of raw material	-56	-60	-40	-20
Registered orders	-72	-73	-46	-29

Source: Banque du Liban Business Survey for Second Quarter of 2023

### Occupancy rate at Beirut hotels at 46% in first 10 months of 2023

EY's benchmark survey of the hotel sector in the Middle East indicates that the average occupancy rate at four- and five-star hotels in Beirut was 46.4% in the first 10 months of 2023 relative to 51% in the same period of 2022, and compared to an average rate of 63.6% in 13 Arab markets included in the survey. The occupancy rate at Beirut hotels was the lowest in the region in the first 10 months of the year, while it was the fifth lowest in the same period of 2022. The occupancy rate at Beirut hotels was 36.8% in January, 35.6% in February, 38.2% in March, 33.4% in April, 49.2% in May, 57.4% in June, 64.6% in July, 53.6% in August, 62.2% in September, and 31.8% in October 2023. In comparison, it was 34.7% in January, 43.8% in February, 52.7% in March, 25.8% in April, 52.5% in May, 60.4% in June, 75% in July, 64% in August, 68.5% in September, and 41% in October 2022. The occupancy rate at hotels in Beirut decreased by 4.7 percentage points in the first 10 months of 2023 from the same period of 2022. In comparison, the average occupancy rate in Arab markets improved by 4.5 percentage points in the covered period.

### Hotel Sector Performance in First 10 Months of 2023

	Occupancy Rate (%)	RevPAR (US\$)	RevPAR % change
Dubai	79	231	5.5
Abu Dhabi	79	80	31.5
Madina	75	151	47.0
Makkah	72	165	52.3
Cairo	71	101	94.0
Riyadh	64	128	23.3
Jeddah	58	142	6.2
Muscat	59	74	27.5
Doha	57	62	-5.9
Manama	55	84	6.3
Kuwait City	56	93	-7.9
Amman	55	78	9.5
<b>Beirut</b>	<b>46</b>	<b>69</b>	<b>127.9</b>

Source: EY, Byblos Research

Also, the average rate per room at Beirut hotels was LBP13.3m (\$148) in the first 10 months of 2023, relative to LBP2.2m (\$59) in the same period of 2022, and constituted the sixth lowest rate in the region. EY indicated that it based its average rate per room at Beirut hotels on the exchange rate of the Lebanese pound to the US dollar that the hotels used at the time of the client's booking. The average rate per room in Beirut was lower than the regional average of \$173.3 that increased by \$18.2, or by 11.7%, from an average of \$155.2 in the same period of 2022. The average rate per room at Beirut hotels was LBP2.9m (\$50) in January, LBP4.4m (\$51) in February, LBP6.3m (\$59) in March, LBP6.7m (\$69.2) in April, LBP15.26m (\$162) in May, LBP17.1m (\$185) in June, LBP20m (\$221) in July, LBP18m (\$220) in August, LBP15.2m (\$170) in September, and LBP14.2m (\$159) in October of 2023. In comparison, it was LBP1.4m (\$69) in January, LBP1.4m (\$67) in February, LBP1.4m (\$61) in March, LBP2m (\$72.3) in April, LBP2.5m (\$79) in May, LBP2.1m (\$75) in June, LBP2.7m (\$88) in July, LBP2.8m (\$87) in August, LBP2.5m (\$69) in September, and LBP1.9m (\$51) in October 2022.

Further, revenues per available room (RevPAR) stood at LBP6.1m (\$69) at Beirut hotels in the covered period compared to LBP1.1m (\$30) in the first 10 months of 2022, and were the second lowest in the region. In comparison, the average RevPAR in Arab markets was \$112.2 in the covered period. The RevPAR at hotels in Beirut reached LBP1.06m (\$18) in January, LBP1.58m (\$18) in February, LBP2.4m (\$23) in March, LBP2.2m (\$23.1) in April, LBP7.5m (\$80) in May, LBP9.78m (\$106) in June, LBP12.8m (\$143) in July, LBP9.6m (\$107) in August, LBP9.4m (\$106) in September, and LBP4.5m (\$50) in October 2023. In comparison, it was LBP505,622 (\$24) in January, LBP602,568 (\$29) in February, LBP760,794 (\$32) in March, LBP501,535 (\$18.7) in April, LBP1.3m (\$42) in May, LBP1.27m (\$45) in June, LBP2m (\$66) in July, LBP1.8m (\$56) in August, LBP1.7m (\$47) in September, and LBP766,657 (\$21) in October 2022. Dubai had the highest hotel occupancy rate in the region at 79.2% in the first 10 months of 2023, as well as the highest average rate per room at \$292, and the highest RevPAR at \$231 in the covered period.

### Private sector deposits at \$95bn at end-November 2023 based on new exchange rate

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at LBP1,688.7 trillion (tn), or the equivalent of \$112.6bn at the end of November 2023, constituting an increase of 0.3% from LBP1,683.7tn (\$112.2bn) at end-October 2023 and a decrease of 2.1% from LBP1,725.1tn (\$115bn) at end-February 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.

Loans extended to the private sector totaled LBP127.9tn at the end of November 2023, constituting a decrease of 0.6% from LBP128.7tn at end-October 2023. Loans to the resident private sector reached LBP112.7tn at end-November 2023 and regressed by 0.1% from LBP112.8bn a month earlier, while credit to the non-resident private sector amounted to LBP15.22tn at the end of November 2023 and contracted by 4% from LBP15.85tn at end-October 2023. Loans extended to the private sector in Lebanese pounds reached LBP12.1tn at the end of November, constituting decreases of 1.5% from LBP12.3tn at end-October 2023, of 18.7% from end-2022, and of 23.4% from end-November 2022; while loans in foreign currency totaled \$7.7bn at the end of November 2023 and regressed by 0.5% from the previous month, by 24% in the first 11 months of the year, and by 28.5% from end-November 2022.

In nominal terms, credit to the private sector in Lebanese pounds regressed by LBP2.8tn in the first 11 months of 2023 compared to a decline of LBP2.5tn in the same period of 2022, while lending to the private sector in foreign currency dropped by \$2.4bn in the first 11 months of 2023 relative to a contraction of \$4.8bn in the same period of 2022. Loans extended to the private sector in Lebanese pounds shrank by LBP15.4tn (-56%) and loans denominated in foreign currency decreased by \$33.4bn (-81.2%) since the start of 2019. The dollarization rate of private sector loans changed from 50.7% at end-November 2022 to 90.5% at end-November 2023 due to the new exchange rate of LBP15,000 per dollar that went into effect in February 2023. The average lending rate in Lebanese pounds was 3.3% in November 2023 compared to 5.3% a year earlier, while the same rate in US dollars was 3.1% relative to 4.35% in November 2022.

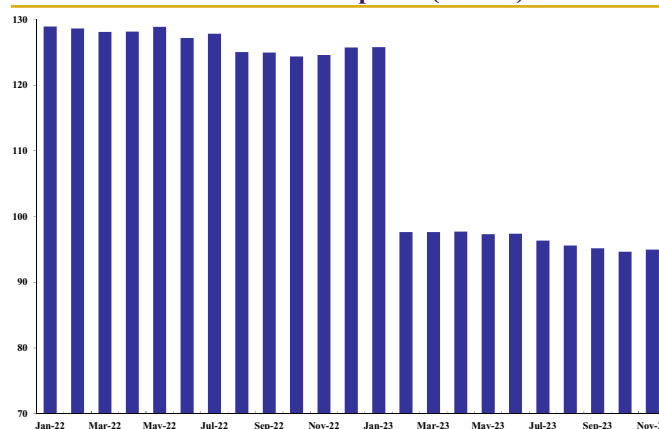
In addition, claims on non-resident financial institutions reached \$4.3bn at the end of November 2023, constituting increases of \$116.3m (+2.8%) from end-October 2023, of \$112.3m (+2.7%) from end-2022, and of \$198.4m (+4.8%) from a year earlier. Also, claims on non-resident financial institutions dropped by \$4.8bn (-52.8%) from the end of August 2019 and by \$7.7bn (-64%) since the start of 2019. Further, deposits at foreign central banks totaled \$837.1m at the end of November, constituting increases of \$14.8m (+1.8%) from end-October 2023 and of \$32.6m (+4.1%) in the first 11 months of 2023, but a decline of \$24.3m (-2.8%) from end-November 2022. In addition, the banks' claims on the public sector reached LBP48.3tn at end-November 2023, down from LBP49tn at end-October 2023. The banks' holdings of Lebanese Treasury bills stood at LBP11.6tn, while their holdings of Lebanese Eurobonds reached \$2.41bn at end-November 2023 relative to \$3.44bn a year earlier. Further, the deposits of commercial banks at Banque du Liban amounted to LBP1,256.5tn (\$83.8bn) at the end of November 2023 relative to LBP1,440.2tn (\$83.7bn) at end-October 2023.

In parallel, private sector deposits totaled LBP1,424.6tn at the end of November 2023, or \$95bn based on the new exchange rate, constituting an increase of 0.3% from LBP1,419.6tn the end of October 2023. Deposits in Lebanese pounds reached LBP55.33tn at end-November 2023, as they increased by 10.5% from the previous month, by 22% from the end of 2022 and by 30.4% from a year earlier; while deposits in foreign currency stood at \$91.3bn, nearly unchanged from end-October 2023, and decreased by 4.5% in the first 11 months of the year and by 5.3% from end-November 2022. Resident deposits accounted for 77.7% and non-resident deposits represented 22.3% of total deposits at end-November 2023.

In nominal terms, private sector deposits in Lebanese pounds increased by LBP5.3tn from end-October 2023 and by LBP9.96tn in the first 11 months of the year, while foreign currency deposits contracted by \$21.6m from end-October 2023 and by \$4.3bn from end-2022. In addition, private sector deposits dropped by \$15.4bn in 2019, by \$19.7bn in 2020, by \$9.7bn in 2021, and by \$3.75bn in 2022, including a decrease of \$13.7bn between September and December 2019. Further, aggregate private sector deposits in Lebanese pounds shrank by LBP21.9tn (-28.3%) and foreign currency deposits declined by \$31.8bn (-25.8%) since the start of 2019. The dollarization rate of private sector deposits changed from 77.4% at end-November 2022 to 96.1% at end-November 2023 due to the effects of the new exchange rate on the Lebanese pound component of the balance sheet.

In addition, the liabilities of non-resident financial institutions reached \$3.03bn at the end of November 2023 nearly unchanged from \$3.02bn at the end of October 2023, but they decreased by 30% from \$4.312bn at end-2022, and by 30% from \$4.314bn at the end of November 2022. Also, the average deposit rate in Lebanese pounds was 1.41% in November 2023 compared to 0.65% a year earlier, while the same rate in US dollars was 0.05%, relative to 0.07% in November 2022. Further, the banks' aggregate capital base stood at LBP77.9tn (\$5.2bn) at the end of November 2023, up by LBP3.5tn from LBP74.4tn at end-October 2023.

Private Sector Deposits (US\$bn)



Source: Banque du Liban, Byblos Research

## 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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