

LEBANON THIS WEEK

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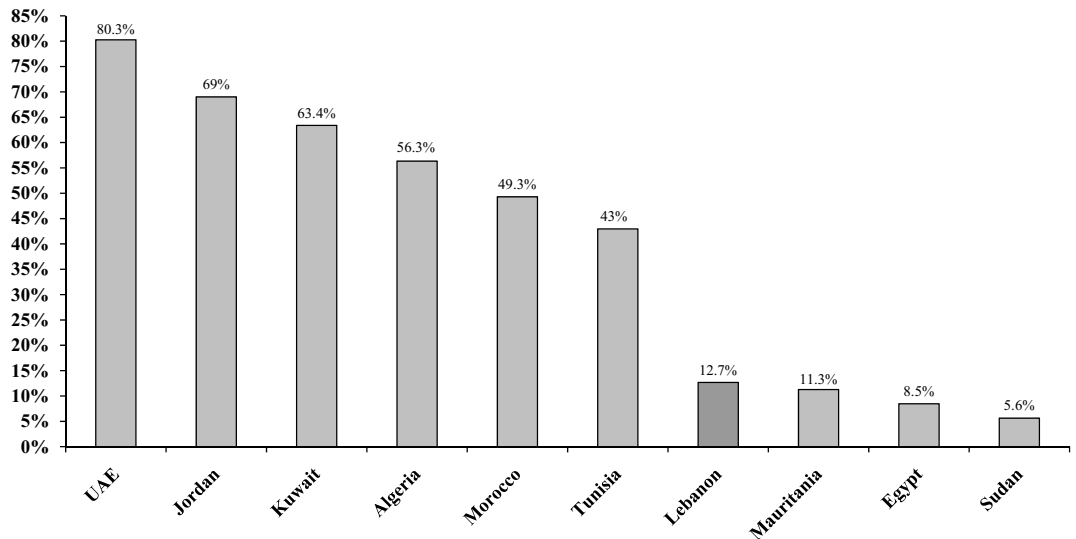
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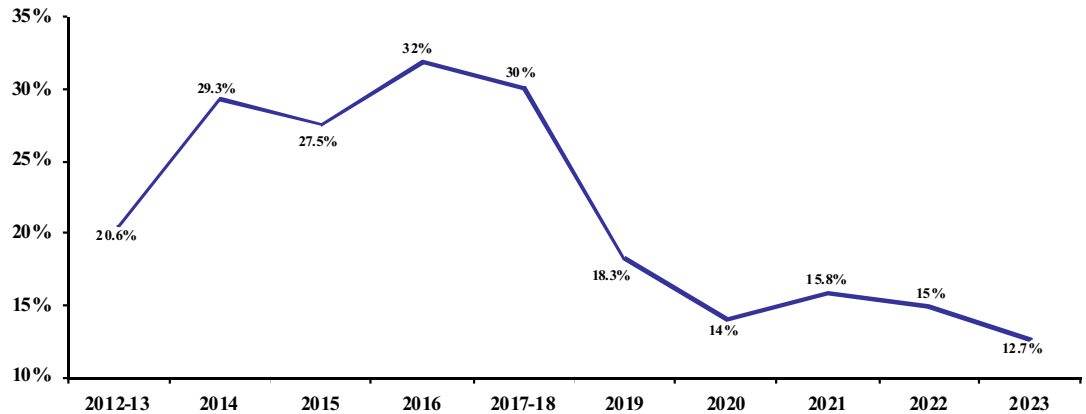
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Charts of the Week

Percentile Rank of Select Arab Countries in terms of Regulatory Enforcement for 2023



Percentile Rank of Lebanon in terms of Regulatory Enforcement



Source: World Justice Project's 2023 Rule of Law Index, Byblos Bank

Quote to Note

"The restoration of revenues will require economic recovery, policy action, and improvements in revenue administration."

The International Monetary Fund, on the steps needed to raise public revenues to their pre-crisis level

Number of the Week

61%: Lebanon's percentile rank on Oxford Insights' Government Artificial Intelligence Readiness Index for 2023

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 %
BLOM GDR	2.95	(1.7)	227,500	1.2%	Apr 2024	6.65	5.75	7,196.18
Audi GDR	1.16	4.5	59,838	0.7%	Jun 2025	6.25	5.75	368.60
Solidere "A"	80.10	5.9	37,153	43.1%	Nov 2026	6.60	5.75	131.56
Solidere "B"	78.75	0.8	2,316	27.5%	Mar 2027	6.85	5.75	114.83
Audi Listed	2.00	0.0	2,000	6.3%	Nov 2028	6.65	5.75	70.00
BLOM Listed	3.00	0.0	-	3.5%	Feb 2030	6.65	5.75	53.02
Byblos Common	0.81	0.0	-	2.5%	Apr 2031	7.00	5.75	43.69
HOLCIM	59.20	0.0	-	6.2%	May 2033	8.20	5.75	33.20
Byblos Pref. 08	27.00	0.0	-	0.3%	Nov 2035	7.05	5.75	25.83
Byblos Pref. 09	29.99	0.0	-	0.3%	Mar 2037	7.25	5.75	22.95

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

Source: Refinitiv

	Jan 22-26	Jan 15-19	% Change	December 2023	December 2022	% Change
Total shares traded	329,107	361,014	(8.8)	1,944,115	9,581,716	(79.7)
Total value traded	\$3,753,831	\$3,357,107	11.8	\$141,539,181	\$89,017,136	59.0
Market capitalization	\$18.59bn	\$18.09bn	2.8	\$20.48bn	\$14.48bn	41.4

Source: Beirut Stock Exchange (BSE)



Lebanese Parliament enacts 2024 budget within constitutional deadline

The Lebanese Parliament enacted on January 26, 2024 the draft budget for 2024. The budget includes the significant modifications that the Finance and Budget Committee made to the original draft that the Council of Ministers submitted to the legislative branch. Also, the Parliament enacted the budget within the constitutional deadline for the first time in about 20 years. The Finance and Budget Committee's version of the budget shows budgetary expenditures and revenues at LBP295,113bn each, leading to a balanced budget compared to deficits of 13.9% of spending in the original draft budget of 2024 and 24% of expenditures in the 2023 draft budget. It also includes Treasury receipts of LBP4,561bn, resulting in aggregate public revenues of LBP299,674bn for the year.

On the expenditures side, the budget estimates current expenditures at LBP269,177bn and capital investments at LBP25,936bn, or 91.2% and 8.8%, respectively, of aggregate public spending. The distribution of current expenditures shows that wages, salaries, social benefits and allocations total LBP138,119bn and account for 51.3% of current spending, followed by spending on goods & services at LBP54,449bn (20.2%), transfers at LBP30,000bn (11.1%), debt servicing at LBP14,698bn (5.5%), and emergency expenditures at LBP7,605bn (2.8%), while other spending stands at LBP24,207bn (9%). Also, the distribution of capital expenditures shows that maintenance totals LBP16,379bn and accounts for 63.2% of such spending, followed by projects under execution at LBP6,561bn (25.3%), and equipment at LBP2,794 (10.8%).

On the revenues side, the budget projects tax revenues at LBP229,767bn and non-tax receipts at LBP65,346bn, or 77.9% and 21.1%, respectively, of total public revenues. In comparison, the original 2024 draft budget forecast tax revenues at LBP208,065bn and non-tax receipts at LBP50,720bn. The modified draft estimates that revenues from the excise tax on goods & services would generate LBP131,096bn, or 57.1% of total tax receipts; followed by income from property taxes with LBP36,062bn (15.7%); the tax on income, profits & capital gains with LBP21,459bn (9.3%); receipts from custom duties with LBP29,896bn (13%); while other taxes would generate the remaining LBP11,253bn, or 5% of aggregate tax receipts. Further, the distribution of projected non-tax revenues shows receipts from government properties and public institutions at LBP49,792bn, or 76.2% of the total; followed by administrative fees with LBP12,506bn (19%); while penalties, expropriations and other non-tax receipts would generate the balance of LBP3,048bn, or 4.7% of total non-tax revenues.

The distribution of revenues from the excise tax on goods & services indicates that receipts from the value-added tax (VAT) would account for 72.5% of the total, followed by the excise tax on goods (12%), departure fees from the Lebanese territory (11%), and fees on cars (4.3%). Further, the distribution of revenues from the tax on income, profits & capital gains shows that receipts from the tax on profits would account for 78.3% of the total, followed by the tax on interest income (14%), the capital gains tax (5%), and the tax on wages & salaries (2%). In addition, the distribution of receipts from the property tax shows that revenues from property registration fees would account for 83.2% of the total, followed by the inheritance tax (13.7%) and the built property tax (3.1%).

Also, the distribution of non-tax revenues indicates that receipts from government properties and public institutions would account for 76.2% of the total, followed by administrative fees & revenues and sales (19%) and other non-tax receipts (4.6%). Further, the breakdown of revenues from government properties and public institutions shows that receipts from the telecommunications sector would account for 48.2% of the total, followed by the Port of Beirut (27%), the Beirut Rafic Hariri International Airport (14.3%), Casino du Liban (6.4%), receipts from the Directorate of Grains & Sugar Beet (2.2%), and the national lottery (1.7%). In addition, other non-tax receipts include exceptional revenues from the settlement of seaside properties violations and would account for 5% of non-tax receipts. The budget will go into effect once it is published in the Official Gazette.

Budget Figures for 2024		
	in LBP billions	in % of GDP*
Public Expenditures	295,113.5	17.1%
Current Spending	269,177.2	15.6%
Wages, Salaries & Benefits	138,159.2	8.0%
Goods & Services	54,449.1	3.2%
Transfers	30,000.8	1.7%
Debt Servicing	14,698.1	0.9%
Reserves	7,604.5	0.4%
Capital Expenditures	25,936.3	1.5%
Public Revenues	295,113.5	17.1%
Tax Revenues	229,767.4	13.3%
Domestic Taxes on Goods & Services	131,096.4	7.6%
Property Tax	36,062.2	2.1%
Tax on International Trade	29,895.9	1.7%
Income Tax	21,459.6	1.2%
Non-tax Revenues	65,346.0	3.8%
Government properties	49,792.4	2.9%
Administrative fees	12,505.9	0.7%

*ratios are based on a nominal GDP of LBP1,723 trillions for 2023

Source: Finance & Budget Committee, Institute of International Finance, Byblos Research

Lebanon is "Compliant" or "Largely Compliant" with 34 out of 40 FATF recommendations

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 Lebanon is "Compliant" with nine technical recommendations, is "Largely Compliant" with 25 recommendations, and is "Partially Compliant" with six recommendations. The FATF assigns ratings to each of its 40 recommendation, in order to reflect the level of compliance of a country to the technical requirements of its recommendations in a country's laws, regulations and other legal instruments to combat money laundering (ML), and the financing of terrorism (FT). It classifies each recommendation in one of five compliance levels that are "Compliant", "Largely Compliant", "Partially Compliant", "Non-Compliant", and "Not Applicable".

It noted that Lebanon is "Compliant" with customer due diligence, politically-exposed persons, correspondent banking relationships, wire transfers, reliance on third parties, higher-risk countries, tipping-off and confidentiality, powers of supervisors, as well as powers of law enforcement and investigative authorities, as the Lebanese authorities met all the requirements of these recommendations.

Further, it pointed out that Lebanon is "Largely Compliant" with assessing risks and applying a risk-based approach to ML/TF in the country; national cooperation and coordination in the exchange of information to combat TF; the confiscation and provisional measures of movable and immovable assets that are related to a ML/TF crime or proceeds; TF offenses; targeted financial sanctions related to terrorism and TF; targeted financial sanctions related to proliferation; supervision of non-profit organizations (NPOs); financial institutions (FIs) secrecy laws; record-keeping; money or value transfer services; internal controls and foreign branches and subsidiaries of FIs; the reporting of suspicious transactions; Designated Non-Financial Business and Professions (DNFBPS) - customer due diligence; DNFBPS - other measures; the transparency and beneficial ownership of legal persons; the regulation and supervision of FIs; financial intelligence units (FIUs); the responsibilities of law enforcement and investigative authorities; cash couriers; statistics; guidance and feedback; sanctions; international instruments; mutual legal assistance (MLA); and other forms of international cooperation. It said that the rating "Largely Compliant" indicates that there are minor shortcomings in order to fully comply with the requirements of the recommendations.

First, under the assessment of risks and the application of a risk-based approach, it indicated that the authorities did not provide the relevant FIs and DNFBPs with detailed reports about the outcomes of the National Risk Assessment (NRA) process in a way that contains information related to their mandates, they did not oblige FIs (other than banks) to document the NRA and update it on a regular basis, and they did not require banks to provide the rest of the competent authorities (other than the supervisory authorities) with results of the ML/TF risk assessment that they carries out. Second, under targeted financial sanctions related to proliferation, it said that the FIU lacks an explicit legal mandate for the application of targeted financial sanctions related to the proliferation of weapons of mass destruction.

Third, under NPOs, it stated that there are no binding legal requirements for NPOs to comply with the best practices that the Ministry of Interior and Municipalities provided, and to mitigate gaps related to TF. It added that there are no legal obligation for NPOs to open an account with an approved bank in order to receive funds and conduct financial transactions. Fourth, under money value or transfer services, it said that the fines imposed on those who engage in non-licensed money transfer activity are small at the current exchange rates, and that they are not commensurate with the importance of these violations and is not dissuasive. Fifth, under regulation and supervision of FIs, it cited the absence of measures to apply periodic procedures to ensure the continuous clearance of the criminal record. Sixth, under FIU, it pointed out that the obligation of the law to reporting entities on ML/TF does not cover all categories of serious crimes that are included in the FATF glossary, such as the illicit trafficking in stolen and other goods, and causing grievous bodily injuries. Seventh, under statistics, it indicated that statistics on ML/TF investigations, prosecutions, and frozen and seized property are not strictly classified according to predicate offenses. Eighth, under sanctions, it cited the absence of legal requirements that allow for the criminal accountability of a legal person if he/she violates the law on ML/TF.

In addition, it noted that Lebanon is "Partially Compliant" with ML offenses, new technologies, transparency and beneficial ownership of legal arrangements, regulation and supervision of DNFBPs, MLA - freezing and confiscation, and extradition. It said that the rating 'Partially compliant' indicates that there are only moderate shortcomings in order to fully comply with the requirements of the recommendations. Under ML offenses, it indicated that the law on ML/TF does not cover all the requirements for criminalizing ML on the basis of the Vienna and Palermo Conventions, and does not set a condition whether the funds represent, directly or indirectly, proceeds of crime.

Under new technologies, it noted that the authorities did not take actions to mitigate the risks of new technologies on several criteria. Under transparency and beneficial ownership of legal arrangements, it said that it is not clear if there are penalties in case the competent authorities do not receive timely access to the required information. It added that trustees of foreign trust funds are subject to legal liabilities and the imposition of penalties in case they do not meet their obligations, but these penalties are not considered sufficiently proportionate nor dissuasive. Under regulation and supervision of DNFBPs, it highlighted the lack of measures to check and regularly verify the inclusion of public notaries, lawyers and certified accountants on the United Nations lists of terrorism, and to prevent the professional accreditation of accomplices of criminals.

Under MLA - freezing and confiscation, it pointed out that there are no measures to respond to the requests of foreign countries about identifying, freezing, seizing or confiscating property laundered and proceeds derived from ML. Under extradition, it noted that there is no legal basis that covers the requirements of extradition regarding TF crimes. Also, it said that the Cassation Public Prosecution does not have a system to manage cases related to extradition requests.

Cost of living in Beirut is 194th highest in the world, sixth highest among Arab cities

The 2024 Cost of Living Index, produced by crowd-sourced global database Numbeo, ranked the cost of living in Beirut as the 194th highest among 362 cities around the world and the sixth highest among 19 Arab cities. In comparison, the cost of living in Beirut was the 290th highest among 549 cities around the world, as well as the sixth highest among 31 Arab cities included in the Mid-2023 survey. Beirut ranked in the 46th percentile worldwide in the 2024 survey, which means that the cost of living in the city is higher than in about 46% of the cities covered by the survey, while it was higher than the cost of living in 47% of the cities included in the Mid-2023 survey. The index is an indicator of the prices of consumer goods, such as groceries, meals and drinks at restaurants, transportation, and utilities. Numbeo benchmarks the index against New York City. It also issues a Rent Index, which is an estimate of apartment rents in a city compared to New York City rents. Numbeo relies on residents' inputs and uses data from official sources to compute the indices.

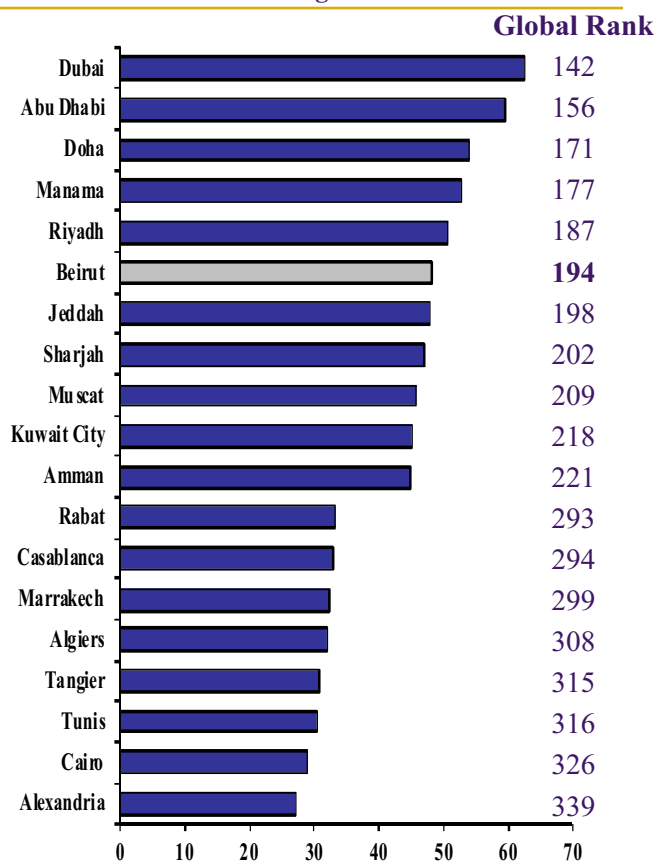
According to the Cost of Living Index, consumer goods in Beirut are costlier than they are in Rijeka in Croatia, Budapest in Hungary, and in Plzen in the Czech Republic; while they are less expensive than in Sevilla and Malaga in Spain, and in Ostrava in the Czech Republic. Beirut received a score of 48.2 points on this index, which means that the prices of consumer goods in Beirut are 51.8% lower than those in New York City.

In parallel, the Rent Index ranked Beirut in 200th place globally and in eighth place among Arab cities. Globally, renting an apartment in Beirut is similar to the rent in Parma in Italy and Bratislava in Slovakia; while it is more expensive than rent in Costa Rica's San Jose, Belgrade in Serbia, and Mumbai in India; and is less expensive than in Santo Domingo in the Dominican Republic, Wroclaw in Poland, and Shenzhen in China. Further, Dubai, Abu Dhabi, Doha, Kuwait City, Manama, Sharjah, and Riyadh are the only Arab cities that have more expensive rents than Beirut. Beirut received a score of 18.5 points on the index, which means that rent in Beirut is 81.5% lower than it is in New York City.

Also, the Groceries Index, which is an estimate of grocery prices in a city compared to prices in New York City, ranked Beirut in 274th place globally and in 11th place among Arab cities. Globally, groceries in Beirut are more expensive than they are in Sibiu in Romania, Sarajevo in Bosnia and Herzegovina, and Gdynia in Poland; while they are cheaper than in Iasi in Romania, Quito in Ecuador, and Hanoi in Vietnam. Further, groceries in Beirut are less expensive than in Dubai, Doha, Abu Dhabi, Manama, Riyadh, Jeddah, Muscat, Algiers, Amman, and Sharjah among Arab cities. Beirut received a score of 34.4 points on this index, which means that groceries in Beirut are 65.6% less costly than they are in New York City.

Finally, the Restaurant Index, which compares the prices of meals and drinks at restaurants and pubs relative to prices in New York City, ranked Beirut in 220th place globally and in ninth place among Arab cities. Globally, meals and drinks at restaurants and pubs in Beirut are more expensive than they are in Brasov in Romania, in Portugal's Porto, and in Iasi in Romania; while they are cheaper than in Portugal's Coimbra, Santo Domingo in the Dominican Republic, and Ostrava in the Czech Republic. Further, the prices of meals and drinks in Abu Dhabi, Dubai, Doha, Manama, Kuwait City, Riyadh, Muscat, and Amman are higher than they are in Beirut. The Lebanese capital received a score of 37.2 points on the index, which means that prices at restaurants and pubs in Beirut are 62.8% less expensive than they are in New York City.

Cost of Living Index for 2024
Scores & Rankings of Arab Cities



Source: Numbeo, Byblos Research

Lebanese Parliament enacts sovereign wealth fund law

The Lebanese Parliament enacted on December 22, 2023 Law 320 that establishes the Lebanese Sovereign Wealth Fund (LSWF). The law stipulates that the fund does not fall under the rules and regulations of public institutions nor under the supervision of the Central Inspection Administration or the Civil Service Council. It said that the Council of Ministers will appoint an independent board of directors that will manage the revenues of the fund from the petroleum activities of the Lebanese State.

Article 6 stipulates that the LSWF will have a Savings and Investments Portfolio and a Development Portfolio. The first portfolio aims to increase the fund's revenues from petroleum activities through long-term financial investments in moderately risky instruments, and to increase the fund's capital for future generations. The second portfolio aims to benefit from the State's tax receipts that are generated from petroleum activities for sustainable development and could help reduce the public debt. Article 7 states that the board of directors will consist of eight members who have the proper expertise and who will be appointed by the Council of Ministers for a five-year term that is renewable for one time. It added that the Chairman of the Board will also be the General Manager of the LSWF. Article 8 stipulates that the fund will have six administrative units that consist of the Legal & Administration Unit, the Investments & Risk Management Unit, the Studies & Planning Unit, the Finance Unit, the Audit & Compliance Unit, and the Economic & Planning Unit. Article 10 indicates that the Council of Ministers will appoint an independent external auditor that is recognized internationally, in order to audit the accounts of the fund. It added that the Court of Accounts can appoint an independent external auditor to oversee the board of directors' implementation of its tasks properly and according to the laws.

Article 11 defines the revenues of the LSWF from offshore and onshore petroleum activities in Lebanon as follows. First, the returns on investment on petroleum assets. Second, the royalties that the State collects from petroleum output. Third, the State's share from profit oil. Fourth, the tax returns related to petroleum activities that the authorities collect according to the tax law. Fifth, the sums that the State receives from renouncing its share as a right owner in exploration and production agreements to qualified petroleum companies. Sixth, the zone fees collected from the petroleum right owners. Seventh, the fees from exploration licenses. Eighth, revenues from selling or licensing the rights to view the data produced from implementing the exploration licenses and the returns from multi-client contracts. Ninth, the receipts from financial transactions related to petroleum activities. Tenth, any additional revenues from any offshore or onshore petroleum activities.

Article 12 specifies that all revenues from petroleum activities, except for tax returns, will be deposited in the Savings & Investments Portfolio, while the tax revenues will be deposited in the Development Portfolio to save and invest them for development purposes. It noted that the returns on investment from the sale of assets, distributed profits, and the returns on investment on the fund's assets will be added to the portfolio's capital.

Article 13 states that it not allowed to withdraw any amount from the Savings & Investments Portfolio, except to invest it according to the conditions of the investment mandate, while the funds in the portfolio will remain frozen in order to form a reserve capital. It added that if the returns on investment exceed the public debt in foreign currency, then the surplus will be placed in the Development Portfolio. Further, it said that the foreign investments of the Savings & Investments Portfolio must account for at least 60% of the portfolio's assets and returns, and that domestic investments must represent at least 25% of the portfolio's assets and returns. In parallel, it indicated that the law prohibits the withdrawal of any amount from the Development Portfolio during a fiscal year, except when the government's budget is enacted and includes the amount to be withdrawn and disbursed, on the condition that the amount does not exceed one third of the portfolio's assets. Also, it noted that the law prohibits the withdrawal of any amount from the Development Portfolio during the first three years from the date of the first deposit of revenues in the portfolio, and that these returns will remain frozen in order to form a reserve capital. Further, it prohibits the use of the LSWF's funds to repay the government's debt, except when the government's budget posts a primary surplus.

Article 15 stipulates that the board of directors will invest the LSWF's financial assets on behalf of the Lebanese State based on an investment mandate, and that these investments have to take place in the name of the LSWF. It added that the investment mandate specifies the principles and guidance for the fund's investments, as it includes the rules to manage the funds based on certain criteria of investment risks and asset diversification. Also, the board of directors will prepare a draft law about the details of the investment mandate and will submit it to the Council of Ministers, which, in turn, will forward it to Parliament to enact it.

Article 19 prohibits investments in financial derivatives, except for investment portfolios included in the investment mandate, and for hedging purposes rather than for speculation or financial leverage. Article 20 mandates transparency in the management, investments, and accounts of the fund. It stipulates that the fund must publish on its website the annual figures about its revenues, assets, investment operations and their destinations, the amounts deposited and withdrawn, the returns on investment according to their geographical distribution and the type of assets, and the audit reports. Article 21 binds the members of the board of directors and of the fund's management to professional secrecy about all the activities of the LSWF.

Purchasing Managers' Index posts in 2023 highest annual average in 10 years

The BLOM Lebanon Purchasing Managers' Index (PMI), an indicator of operating conditions in Lebanon's private sector, stood at 48.4 in December 2023 relative to 49.5 in November and 47.3 in December 2022, and came higher than the PMI's trend monthly average of 46.6 since the index's inception in May 2013. Also, the December result was the second lowest outcome of the index in 2023. Further, the index stood at 50.3 in July, its highest monthly level in 2023, while it recorded 47.7 in January, its lowest monthly score for the year, and has remained under the 50 mark since August 2023. In addition, the PMI averaged 49.2 in 2023 compared to 48.4 in 2022, and posted its highest annual average since the launch of the index. A score that exceeds 50 signals positive business activity, while a score that is lower than 50 shows a deterioration in activity.

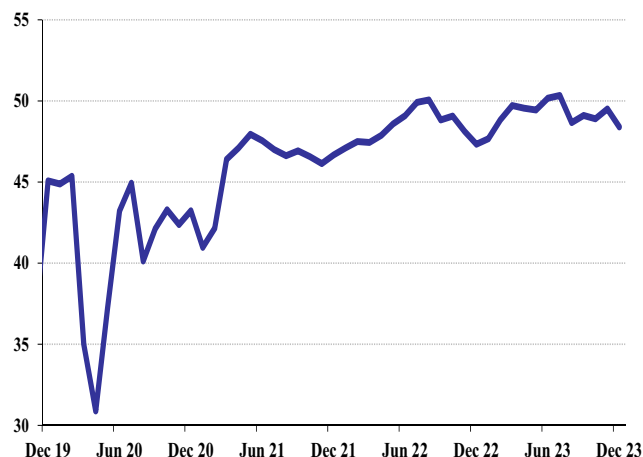
The survey's results show that the New Orders Index stood at 46.9 in December 2023 compared to 48.6 in November 2023. The survey's participants cited fragile economic conditions and the weak purchasing power of clients for the lower sales during the month. In addition, the New Export Orders Index stood at 49.1 in December relative to 50.8 in the previous month, indicating a slight decline in demand from international clients following the improvement in November when it hit the 50 mark for the first time since last June.

Further, the survey indicated that the Output Index stood at 47.0 in December 2023 compared to 49.2 in the preceding month. Some businesses attributed the drop in output to the negative impact of the war in the Gaza Strip on output volumes, while others cited domestic political instability. In addition, the Employment Index reached 49.8 in December 2023 relative to 50.1 in the preceding month, as respondents reported that the level of employment in the private sector decreased for the first time since May 2023. Also, the results show that the Backlogs of Work Index stood at 48.7 in December 2023 compared to 49.6 in November 2023, as businesses noted weak demand conditions, and said that the rate of depletion of outstanding business was mild but was slightly faster than the previous month.

In parallel, the survey indicated that the Suppliers' Delivery Times Index reached 49.6 in December 2023 relative to 49.4 in the previous month but posted a slower decrease than in the two preceding months. In addition, the Stocks of Purchases Index stood at 50.5 in the covered month compared to 50 in November 2023, as the volume of items such as raw materials and semi-finished products held in warehouses rose during December.

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

BLOM Lebanon Purchasing Managers' Index



Source: BLOM Bank, S&P Global Market Intelligence

Components of BLOM Lebanon Purchasing Managers' Index

	Output	New Orders	New Export Orders	Future Output	Employment
July 2023	50.1	50.2	50.0	15.3	50.8
August 2023	47.6	47.7	48.6	26.2	50.0
September 2023	48.4	47.9	49.0	22.9	50.1
October 2023	47.8	47.6	48.8	22.3	50.2
November 2023	49.2	48.6	50.8	24.4	50.1
December 2023	47.0	46.9	49.1	28.5	49.8

Source: BLOM Bank, S&P Global Market Intelligence

Lebanon has 21st highest level of gold reserves globally, second highest among Arab countries

Figures released by the World Gold Council in January 2024 show that Lebanon held 286.8 tons in gold reserves as at September 2023. As such, Lebanon ranked in 21st place in terms of gold holdings among 96 countries, as well as the International Monetary Fund, the Central Bank of West African States, the European Central Bank, and the Bank for International Settlements. Also, Lebanon came in eighth place among the 65 countries that are not members of the Organization for Economic Co-operation and Development (OECD) and in second place among 16 Arab countries included in the survey. The World Gold Council compiled the data from the International Monetary Fund's International Financial Statistics. The figures for gold holdings are reported for November 2023 for most countries, and for October 2023 or earlier for countries with delayed reporting.

Globally, Lebanon has more gold reserves than Spain (281.6 tons), Austria (280 tons) and Thailand (244.2 tons); while it holds fewer reserves than Saudi Arabia (323.1 tons), the United Kingdom (310.3 tons), and Kazakhstan (304.3 tons). Also, Lebanon holds more gold than Thailand and less than Saudi Arabia among non-OECD countries. The United States is the top holder of gold in the world with 8,133.5 tons, while Suriname ranks in last place with 1.5 tons in gold reserves. Lebanon's gold holdings accounted for about 19% of the Arab region's aggregate gold reserves, for nearly 3% of the holdings of non-OECD countries, and for about 0.8% of global gold reserves.

Further, the value of Lebanon's gold reserves stood at \$18.8bn at end-September 2023 and at \$20.6bn at end-November 2023 based on the price of gold per troy ounce as published by the London Bullion Market Association. The value Lebanon's gold reserves reached \$20.4bn on January 26, 2024, based on a price of \$2,016.6 per troy ounce.

In parallel, Lebanon's gold holdings were equivalent to 56.5% of the country's official assets in foreign currency plus gold reserves as of September 2023, which ranks Lebanon in 12th place among the 96 countries listed, in fifth place among non-OECD countries and in first place among Arab countries on this metric. Globally, Lebanon's share of gold reserves out of its official foreign assets is higher than that of Greece (56%), Kyrgyzstan (51.2%), and Cyprus (51.2%); while it is smaller than the share of Austria (59.4%), Kazakhstan (58.5%), and the Netherlands (57.9%). Also, Lebanon's share of gold holdings out of its official foreign assets is higher than the share of Kyrgyzstan and lower than that of Kazakhstan among non-OECD countries. The gold reserves of Bolivia are equivalent to 87.5% of its total foreign exchange reserves, the highest share in the world, while Hong Kong's gold holdings account for 0.03% of its total foreign assets, the lowest such share globally.

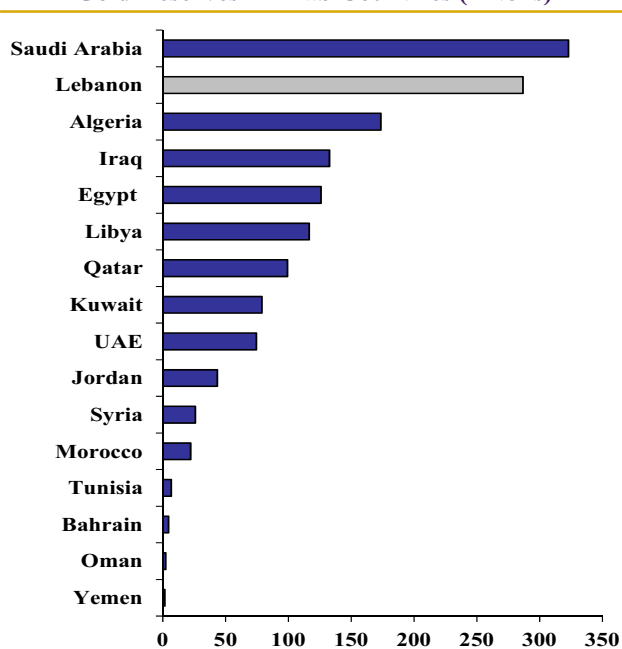
EBRD details activities in Lebanon in 2023

The European Bank for Reconstruction and Development (EBRD) indicated that its activities in Lebanon in 2023 consisted of its continued support for the import of critical commodities through the Trade Facilitation Program (TFP), as well as of providing advice to small businesses and start-ups. The TFP guarantees trade transactions to, from and within the economies where the EBRD operates. The guarantees cover a wide range of goods and services that include consumer goods and commodities. The EBRD noted that the TFP has stopped facilitating the trading of fossil fuels, including oil and gas, as part of its Green Economy Transition approach, except for Lebanon, Ukraine, and Moldova.

Further, the EBRD said that it has provided more than 110 advisory projects to small businesses and start-ups in the country in 2023, under the Advice for Small Businesses program in Lebanon that the European Union launched in 2018, which has brought the total to more than 330 advisory projects to date. It added that it has contributed to the drafting of the Decentralized Renewable Energy law that the Lebanese parliament enacted in December 2023.

Established in 1991, the EBRD aims to support economies and promote the private sector in 40 economies across three continents, from the Southern and Eastern Mediterranean (SEMED), to Central and Eastern Europe, and to Central Asia. The banks' countries in the SEMED region consist of Egypt, Jordan, Lebanon, Morocco, Tunisia and the West Bank and Gaza. EBRD currently has 72 shareholders that include 72 countries as well as the European Union and the European Investment Bank, with more than €190bn in more than 6,800 projects. It said that it has invested more than €2bn in SEMED countries in 2023, of which 93% targeted the private sector. The bank has €852m in cumulative pledges in Lebanon that include €246m in disbursements for 10 projects as at end-November 2023.

Gold Reserves in Arab Countries (in tons)*



Source: World Gold Council, Byblos Research

Amount of cleared checks in Lebanese pounds up 61% in 2023

The amount of cleared checks in Lebanese pounds reached LBP65,938bn in 2023, constituting a surge of 61% from LBP40,923bn in 2022, while the amount of cleared checks in foreign currency was \$3.3bn last year and dropped by 68% from \$10.3bn in 2022. Also, there were 434,348 cleared checks in 2023, down by 72% from 1.56 million checks in the preceding year. In addition, the amount of cleared checks in Lebanese pounds reached LBP6,060bn in December 2023, as it increased by 12.6% from LBP5,381bn in November 2023 and by 9% from LBP5,556bn in December 2022. Further, the amount of cleared checks in foreign currency was \$183m in December 2023, constituting a surge of 72.6% from \$106m in November 2023, and a drop of 68.3% from \$577m in December 2022. Also, there were 23,013 cleared checks in December 2023 relative to 27,084 cleared checks in November 2023 and to 76,872 cleared checks in December 2022. In addition, the amount of cleared checks in "fresh" Lebanese pounds stood at LBP2,354bn, while the amount of cleared checks in "fresh" foreign currency was \$16.1m between July and December 2023. Also, there were 1,216 cleared checks in "fresh" Lebanese pounds and 1,179 cleared checks in "fresh" foreign currency in the covered six months.

In parallel, the amount of returned checks in Lebanese pounds totaled LBP857bn in 2023 compared to LBP310bn in 2022, while the amount of returned checks in foreign currency was \$182m and increased by 13.8% from \$160m in 2022. Also, the amount of returned checks in Lebanese pounds stood at LBP74bn in December 2023, increasing by 32% from LBP56bn in November 2023 and by 37% from LBP54bn in December 2022. Moreover, the amount of returned checks in foreign currency was \$6m in December 2023 compared to \$1m in November 2023 and \$20m in December 2022. In addition, the amount of returned checks in "fresh" foreign currency stood at \$419,985, while the amount of returned checks in "fresh" Lebanese pounds stood at LBP2.08bn in the second half of 2023.

Further, there were 3,363 returned checks last year, representing a drop of 69.6% from 11,069 returned checks in 2022. Also, the number of returned checks in foreign currency stood at 1,384 in 2023 and contracted by 79% from 6,562 in 2022, while the number of returned checks in Lebanese pounds totaled 1,979 and retreated by 56% from 4,507 checks in 2022. In addition, there were 131 returned checks in December 2023, relative to 127 returned checks in the preceding month and to 576 checks in December 2022. Further, there were 80 returned checks in Lebanese pounds in December 2023 compared to 86 in the previous month and to 272 in December 2022, while there were 51 returned checks in foreign currency in December relative to 41 checks in the preceding month and 304 returned checks in December 2022. Also, there were 41 returned checks in "fresh" foreign currency and seven returned checks in "fresh" Lebanese pounds between July and December 2023.

UN disburses \$84m in livelihoods assistance in first nine months of 2023

The United Nations (UN) indicated that international contributions to the livelihoods component of the Lebanon Crisis Response Plan (LCRP) reached \$40.8m in the first nine months of 2023 compared to \$59.1m in the same period of 2022. They represented 16.5% of the \$247.5m that the LCPR appealed for to assist affected Lebanese and non-Lebanese individuals in the country in 2023. It added that international contributions totaled \$16.4m in the first quarter, \$5.6m in the second quarter, and \$18.8m in the third quarter of 2023. It also noted that \$43.3m were carried over from funding received in 2022, which is equivalent to 17.5% of the total appealed funds, and resulted in aggregate funding of \$84.1m in the first nine months of 2023. As such, it said that the total funding covered 34% of the funds appealed in the first nine months of 2023, resulting in a funding gap of 66% in the covered period.

The LCRP 2022-2023 is a joint initiative between the Lebanese government and international and national partners that aims to address challenges posed by the large presence of Syrian refugees in the country. The LCRP for 2023 includes 118 partner organizations and aims to reach 3.2 million crisis-affected persons in Lebanon who consist of 1.5 million displaced Syrians, 1.5 million vulnerable Lebanese citizens, 180,000 Palestinian refugees in Lebanon, and 31,400 Palestinian refugees from Syria. The plan comes after the expiration of the LCRP for the 2015-2016 and the 2017-2021 periods.

The UN indicated that it provided livelihoods assistance to 55,686 individuals across Lebanon in the first nine months of 2023 who consisted of 24,260 Lebanese citizens in need, or 43.6% of the total, followed by 14,454 displaced Syrians (26%), 1,679 Palestinian refugees in Lebanon (3%) and 378 Palestinian refugees from Syria (0.7%).

It pointed that the LCPR assistance supported 13,269 businesses, and surpassed the initial target of 8,000. It said that 92% of the funding assistance did not exceed \$600 per business and reported that the beneficiaries considered the amount to be insufficient to boost their operations. The distribution of beneficiaries shows that businesses in Beirut and Mount Lebanon received 34% of the assistance, followed by the Bekaa and Baalbek/Hermel region with 31%, the South/Nabatiyeh region with 26%, and the North/Akkar area with 9%. In parallel, it stated that 16,108 individuals, or 40.3% of the target number, participated in temporary employment that focused on productive public infrastructure or environmental projects that have a local economic impact. It said that Lebanese participants accounted for 57% of the total, followed by displaced Syrians with 43%, and Palestinian refugees in Lebanon with 1%.

Further, it noted that 13,099 entrepreneurs, employers, and employees received business management training, which covered topics like financial management, human resources, and other essential business skills. It added that a total of 22,686 beneficiaries received technical and soft skills training in the first nine months of the year, including 3,258 individual who received practical skills training from a professional in their field. Also, it indicated that 9,314 vulnerable men and women, or 62% of the target number, received skills training to match the needs of the job market, while 10,114, or 67.4% of the target number, received support on career guidance and employment services.



Launch of third licensing round for offshore oil and gas exploration

The Ministry of Energy & Water announced on December 26, 2023 that it has launched the process for the submission of applications for the third licensing round for offshore oil and gas exploration in Lebanon's territorial waters. It said that it took this decision based on the approval of the Council of Ministers and on the recommendation of the Lebanese Petroleum Administration (LPA) to launch the third licensing round. It indicated that interested companies must submit Licensing Round Applications (LRA) to the ministry and to the LPA, as per the procedure defined in the tender protocol, and that the deadline to submit the applications is July 2, 2024. It added that interested companies must first inform the LPA in writing, and that individual firms must join together in consortiums of at least three companies and submit an LRA to seek pre-qualification as Right Holder – Operator or Right Holder – Non-Operator, and to obtain an Exploration and Production Agreement.

The Council of Ministers approved on December 19, 2023 the launch of the third licensing round for offshore oil and gas exploration and production in Lebanon's territorial waters. Eight blocks are open for bidding for the third licensing round that consist of Block 1 and Block 2, which are located in the north of Lebanon's offshore Exclusive Economic Zone; Block 3, Block 4, Block 5, Block 6 and Block 7 in the center of the zone; as well as Block 8 and Block 10 that are in the south of Lebanon's territorial waters. The Right Holders in Block 9 are the operator TotalEnergies EP Block 9 that holds a 35% stake, as well as the non-operators Eni Lebanon BV that has a 35% interest and QatarEnergy International Investments (2) LLC that holds a share of 30%. Also, the LPA noted that blocks 8 and 10 are still under negotiation since the second licensing round, given that the consortium led by TotalEnergies submitted two application bids prior to the deadline of October 2, 2023 to participate in the second offshore licensing round for the exploration of the two blocks.

TotalEnergies, which is the operator of the consortium that won bids for the exploration of oil and gas in Block 4 and Block 9 of Lebanon's territorial waters started drilling in Block 9 last August. But it informed the ministry and the LPA in September about the technical difficulties that it has faced during the drilling operations, and has asked the ministry to update the drilling license. Further, the operator noted that it could not continue to drill in the original site due to the presence of rocks that prevent the insertion of the 36-inch wide iron device inside the seabed. It added that it faced the option of either changing the location of the well to a nearby area to avoid the rocks, or utilizing a 40-inch wide drilling head to insert the 36-inch iron shirt based on the geological report of August 31, 2023. As such, TotalEnergies indicated that, given the extended period of time that the second option will take, it chose the first option, which is to modify the well's location by 31.7 meters from the original site.

Also, TotalEnergies announced in April 2020 that the results of the drilling of Lebanon's first exploration well of oil and gas in Block 4 were "negative". It indicated that it found evidence of traces of gas in the well, which confirms the presence of a hydrocarbon system in Lebanon's territorial waters. However, it said that it did not find reservoirs in the Tamar formation, which was the main target of the exploration well that is located 30 kilometers offshore of Beirut. It pointed out that despite the "negative" results, the exploration has provided valuable information that will be incorporated in future complementary studies about the exploration potential of Lebanon's offshore Exclusive Economic Zone. Further, the LPA said that the first exploration period in Block 4 of Lebanon's territorial waters ended in accordance with the applicable laws and the Exploration and Production Agreement related to this block, and that TotalEnergies did not enter the second exploration period and relinquished its rights to the entire block.

France provides €14.7m to support educational system

The Agence Française de Développement (AFD), the development arm of the French Ministry of Foreign Affairs, announced that France will contribute €14.7m to support the Lebanese education system as part of the Transition Resilience Education Fund (TREF) program. It indicated that the donation aims to provide equitable access to quality and inclusive educational services for the most vulnerable girls and boys during two school years. Also, it said that the contribution aims to improve the governance and efficiency of the educational system and to support structural reforms. It pointed out that the AFD will distribute funds in partnership with the United Nations International Children's Emergency Fund (UNICEF).

Further, the UNICEF will provide access to inclusive and gender-sensitive education for more than 90,000 children. Also, it indicated that more than 16,000 children will benefit from financial assistance for education, and more than 33,000 adolescent girls will receive hygiene kits.

In addition, the funds will contribute to improving the learning environment by covering the rehabilitation works in 30 public schools and equipping them with photovoltaic systems in 2024. It added that it will also support the implementation of structural reforms to improve the educational system through the TREF. The latest available figures show that the AFD has committed €1.23bn in Lebanon since 1999, and has funded 87 projects since 2016 that include 40 ongoing projects.

The Ministry of Education and Higher Education launched the TREF in 2022 in partnership with the UNICEF and other donors, especially the European Union and Germany through the German Development Bank. The TREF aims to strengthen governance and transparency in the educational sector, to improve learning outcomes for children in public schools, and to improve access to inclusive and quality education for children who are out of school.



Term deposits account for 54.2% of customer deposits at end-November 2023

Figures issued by Banque du Liban about the distribution of bank deposits at commercial banks in Lebanon show that aggregate deposits, which include demand deposits and term deposits, stood at LBP1,487.9 trillion (tn) at the end of November 2023, or the equivalent of \$99.2bn based on the exchange rate of LBP15,000 per US dollar that went into effect at the start of February 2023. Total deposits include private sector deposits that reached LBP1,424.6tn, deposits of non-resident financial institutions that amounted to LBP45.4tn, and public sector deposits that stood at LBP17.9tn at the end of November 2023.

Term deposits in all currencies reached LBP806tn at the end of November 2023 and regressed by LBP1.9tn, or by 0.2%, from LBP807.8tn at end-October 2023 and by LBP32.5bn (-4%) from LBP838.5tn at end-June 2023, while they accounted for 54.2% of total deposits in Lebanese pounds and in foreign currency as at end-November 2023 relative to a share of 54.5% at end-October 2023 and of 54.8% at end-June 2023. Further, the decrease in the amount of term deposits is due to a drop of 14% in the term deposits in Lebanese pounds of the public sector from the end of June 2023, followed by a decrease of 6.7% in the term deposits of the non-resident financial sector, a contraction of 5.6% in the term deposits in Lebanese pounds of the resident private sector, a retreat of 4% in foreign currency-denominated term deposits of the resident private sector, and a downturn of 2.7% in the term deposits of non-residents. This was partly offset by an increase of 3.8% in the foreign currency-denominated term deposits of the public sector. Aggregate term deposits declined by \$112.8bn since the end of September 2019, based on the new exchange rate, due to cash withdrawals and to the migration of funds from term to demand deposits, amid the confidence crisis that started in September 2019.

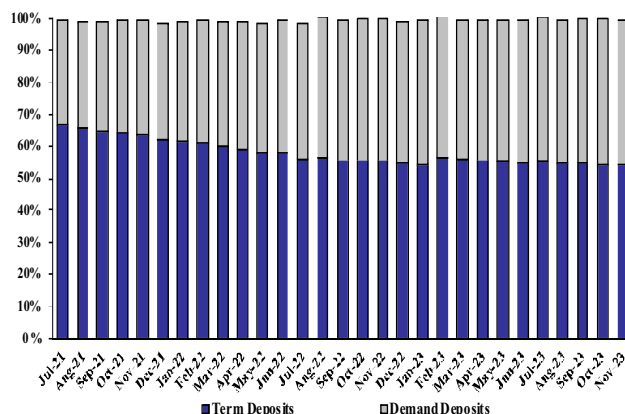
In addition, the foreign currency-denominated term deposits of the resident private sector reached \$37.2bn and accounted for 37.5% of aggregate deposits at the end of November 2023, relative to 37.8% at end-October and 38% at end-June 2023. Term deposits of non-residents followed with \$12.9bn or 13% of the total, then term deposits of the non-resident financial sector with \$1.9bn (2%), term deposits in Lebanese pounds of the resident private sector with LBP14.7tn (1%), term deposits of the public sector in Lebanese pounds with LBP5.4tn (0.4%), and term deposits of the public sector in foreign currency with \$308.9m (0.3%).

In parallel, demand deposits in all currencies at commercial banks stood at LBP682tn at the end of November 2023, constituting an increase of LBP6.32tn (+1%) from LBP675.6tn at the end of October 2023 and a decrease of LBP9.4tn (-1.4%) from end-June 2023. They accounted for 45.8% of aggregate deposits at end-November 2023 relative to a share of 45.5% at end-October 2023 and 45.2% at end-June 2023. The decrease in the amount of demand deposits from June 2023 was mainly due a drop of LBP11.1tn in demand deposits in Lebanese pounds of the resident private sector, a decrease of LBP237.1bn in demand deposits in Lebanese pounds of the public sector, a decline of \$125.2m in demand deposits of the non-resident financial sector, and a contraction of \$44.8m in demand deposits in foreign currency of the public sector. This was partly offset by an increase of \$248.6m in foreign currency-denominated demand deposits of the resident private sector and a rise of \$54.6m in demand deposits of non-residents.

Also, demand deposits in foreign currency of the resident private sector totaled \$33.1bn and represented 33.3% of deposits at end-November 2023, unchanged from 33.3% at end-October 2023 and increasing from 32.2% at the end of last June. Demand deposits of non-residents followed with \$8.26bn (8.3%), then demand deposits in Lebanese pounds of the resident private sector with LBP37.7tn (2.5%), demand deposits of the non-resident financial sector with \$1.1bn (1.1%), demand deposits in foreign currency of the public sector with \$350.5m (0.4%), and demand deposits in Lebanese pounds of the public sector with LBP2.64tn (0.2%).

Based on the latest available figures, Beirut and its suburbs accounted for 66% of private-sector deposits and for 50.6% of the number of depositors at the end of June 2023. Mount Lebanon followed with 14.7% of deposits and 17.7% of beneficiaries, then South Lebanon with 7.4% of deposits and 11% of depositors, North Lebanon with 6.6% of deposits and 12.3% of beneficiaries, and the Bekaa with 5.2% of deposits and 8.4% of depositors.

Breakdown of Deposits at Commercial Banks (%)



Source: Banque du Liban, Byblos Research

Lebanese insurance market is seventh largest in MENA region

The annual survey by *Al-Bayan* magazine of the insurance and reinsurance sector in the Middle East and North Africa (MENA) region indicates that gross written premiums generated by 42 providers of insurance services in the Lebanese market reached \$1.9bn in 2022, constituting a decline of 4.6% from \$2bn premiums in 2021. It noted that gross written premiums generated by 367 insurers in the MENA region stood at \$47.4bn in 2022, representing an increase of 13.1% from \$41.9bn premiums in 2021. As such, gross written premiums in Lebanon accounted for 3.9% of aggregate gross written premiums in the MENA region in 2022.

The aggregate premiums of Lebanese insurers ranked the Lebanese market as the seventh largest insurance market among 19 Arab economies covered in the survey. Saudi Arabia was the largest insurance market with \$13.9bn in gross written premiums or 29.2% of the total in 2022, followed by the UAE with \$9.5bn (20%), Morocco with \$5.1bn (11%), Qatar with \$4.1bn (8.6%), Kuwait with \$3.7bn (7.8%) and Egypt with \$3bn (6.3%). In addition, Algeria came in eighth place with \$1.1bn in premiums (2.4%), followed by Tunisia with \$1.02bn (2.2%), Jordan with \$1bn (2.1%), Oman with \$933.4m (2%), Bahrain with \$646.4m (1.4%), Palestine with \$455.4m (1%), Libya with \$279m (0.6%), Yemen with \$242.2m (0.5%), Iraq with \$231.7m (0.5%), Sudan with \$203.7m (0.4%), Syria with \$38m (0.1%), and Mauritania with \$15.5m (0.03%). Seven Lebanese insurance firms ranked among the top 100 insurers in the MENA region, with Arabia Insurance coming in 36th place, constituting the only Lebanese insurer among the top 50 Arab insurance companies.

Further, the survey shows that Lebanese reinsurer Arab Re ranked in ninth place among 16 reinsurance companies in the MENA region with 2.5% of the aggregate premiums of Arab reinsurance firms in the covered year.

Moreover, the gross written premium generated by nine Lebanese reinsurance brokers stood at \$2.78bn in 2022, constituting 55.4% of aggregate premiums generated by 30 reinsurance brokers in the MENA region in 2022. Six Lebanese brokers came among the top 10 reinsurer brokers in the region, as Nasco RE ranked in second place regionally with \$1.22bn in gross written premiums in 2022, and accounted for 24.3% of total premiums, followed by Chedid RE in third place with \$1.2bn (24%), Link in sixth place with \$105m (2.1%), Arc-RE in seventh place with \$94.3m (1.9%), Premium in eighth place with \$73.3m (1.5%), and Addison Bradley Group in 10th place with \$30m (0.6%).



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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