

LEBANON THIS WEEK

In This Issue

Economic Indicators.....1
Capital Markets.....1
Lebanon in the News.....2

Lebanon ranks 162nd globally, eighth in Arab world in terms of women's empowerment

Banque du Liban's liquid foreign reserves at \$9.6bn, gold reserves at \$18.8bn at end-February 2024

Number of internally displaced persons from South Lebanon exceeds 90,000

More than 60% of Treasury securities in Lebanese pounds have seven-year maturities or longer at end-January 2024

Purchasing Managers' Index regresses slightly in February 2024

International contributions to Lebanon Crisis Response Plan at \$1.3bn in 2023

WFP receives financial contributions from Australia and Italy to support Lebanon operations

Lebanon ranks 131st globally, second in Arab world in political freedoms

Corporate Highlights

New car sales at 6,573 in 2023

Banque du Liban prohibits financial institutions from distributing dividends

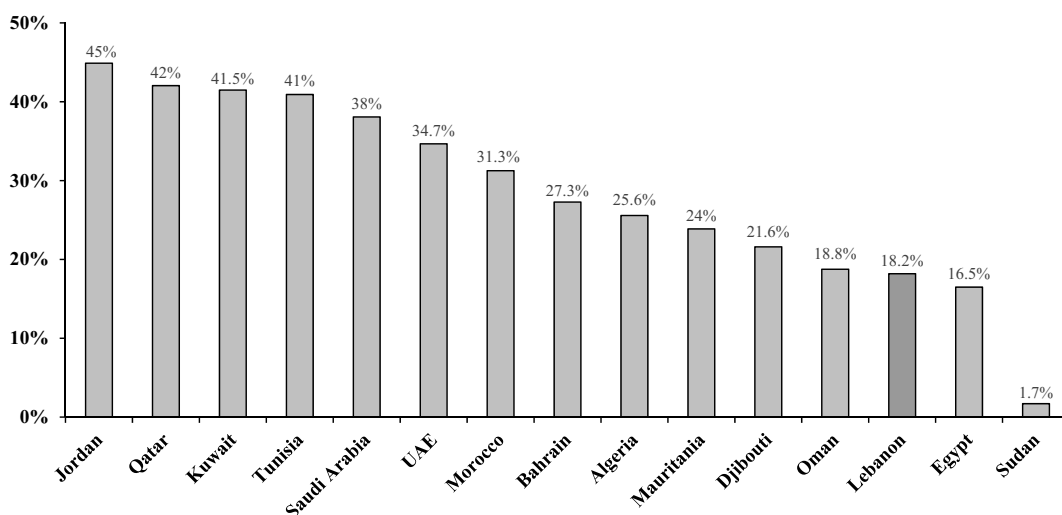
Ratio Highlights

National Accounts, Prices and Exchange Rates9

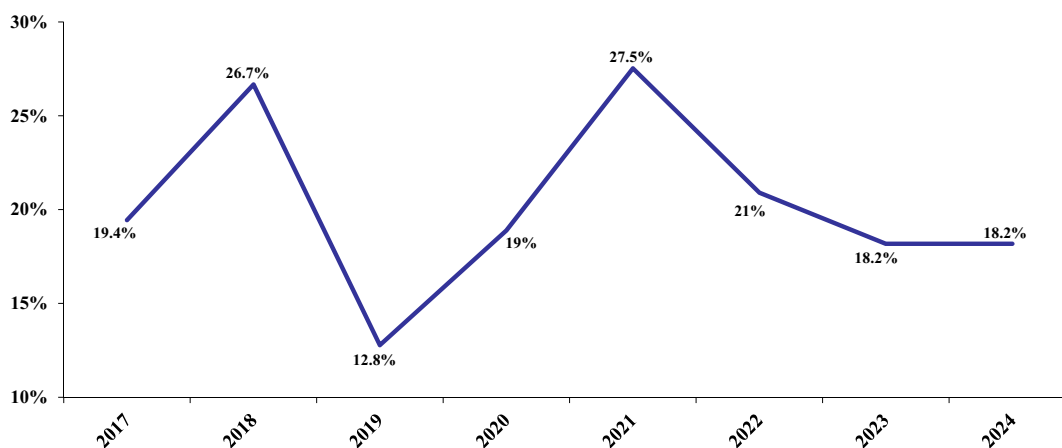
Ratings & Outlook.....9

Charts of the Week

Percentile Rankings of Arab Countries in terms of Judicial Effectiveness for 2024*



Percentile Rankings of Lebanon in terms of Judicial Effectiveness



*The Heritage Foundation defines Judicial Effectiveness as efficient and fair judicial systems that ensure that laws are fully respected, and that the authorities take appropriate legal actions against violations

Source: Heritage Foundation, Index of Economic Freedom for 2024, Byblos Bank

Quote to Note

"The implementation of reforms to kick-start its economic recovery and the emergence from default continues to stall."

S&P Global Ratings, on the continuing neglect of negotiations with the holders of Lebanese Eurobonds

Number of the Week

4: Number of years since the previous government decided to default on Lebanon's sovereign obligations in foreign currency

Lebanon in the News

\$m (unless otherwise mentioned)	2021	2022	2023	% Change*	Dec-22	Nov-23	Dec-23
Exports**	3,887	3,492	1,704	-	272	-	-
Imports**	13,641	19,053	10,285	-	1,251	-	-
Trade Balance**	(9,754)	(15,562)	(8,582)	-	(979)	-	-
Balance of Payments	(1,960)	(3,197)	2,237	-170.0%	17	186	591
Checks Cleared in LBP***	18,639	27,146	4,396	-83.8%	3,686	359	404
Checks Cleared in FC***	17,779	10,288	3,109	-69.8%	577	106	183
Total Checks Cleared***	36,418	37,434	7,505	-80.0%	4,263	465	587
Fiscal Deficit/Surplus	2,197	-	-	-	-	-	-
Primary Balance	5,009	-	-	-	-	-	-
Airport Passengers	4,334,231	6,360,564	7,103,349	11.7%	551,632	323,523	481,470
Consumer Price Index	154.8	171.2	221.3	5,014bps	122.0	211.9	192.3

\$bn (unless otherwise mentioned)	Dec-22	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	% Change*
BdL FX Reserves	10.40	8.82	8.91	9.14	9.37	9.64	-7.3%
In months of Imports	-	-	-	-	-	-	-
Public Debt	101.81	-	-	-	-	-	-
Bank Assets	169.06	113.72	112.69	112.25	112.58	115.25	-31.8%
Bank Deposits (Private Sector)	125.72	95.59	95.17	94.64	94.97	94.75	-24.6%
Bank Loans to Private Sector	20.05	8.92	8.69	8.58	8.53	8.32	-58.5%
Money Supply M2	77.34	6.64	6.77	6.48	6.78	6.72	-91.3%
Money Supply M3	152.29	78.38	78.10	77.42	77.74	77.75	-48.9%
LBP Lending Rate (%)	4.56	3.77	4.36	3.34	3.29	3.97	20
LBP Deposit Rate (%)	0.60	0.41	0.49	1.02	1.41	0.55	14
USD Lending Rate (%)	4.16	2.40	3.15	3.70	3.08	1.95	(45)
USD Deposit Rate (%)	0.06	0.03	0.03	0.05	0.05	0.03	0

*year-on-year

**trade figures for 2023 are for the first eight months of 2023

***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 %
Byblos Common	0.65	(7.1)	70,000	2.1%	Apr 2024	6.65	6.63	12,684.91
Solidere "A"	75.40	0.7	24,481	42.5%	Jun 2025	6.25	6.63	392.32
HOLCIM	59.50	(0.2)	5,135	6.5%	Nov 2026	6.60	6.63	130.11
Solidere "B"	75.00	1.4	4,078	27.5%	Mar 2027	6.85	6.63	112.98
BLOM GDR	3.00	0.0	1,500	1.2%	Nov 2028	6.65	6.63	80.26
BLOM Listed	2.81	0.4	1	3.4%	Feb 2030	6.65	6.63	51.19
Audi Listed	2.00	0.0	-	6.6%	Apr 2031	7.00	6.63	42.06
Audi GDR	1.16	0.0	-	0.8%	May 2033	8.20	6.63	31.86
Byblos Pref. 08	27.00	0.0	-	0.3%	Nov 2035	7.05	6.63	24.74
Byblos Pref. 09	29.99	0.0	-	0.3%	Mar 2037	7.25	6.63	21.95

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

Source: Refinitiv

	Mar 4-8	Feb 26-Mar 1	% Change	February 2024	February 2023	% Change
Total shares traded	105,195	790,110	(86.7)	1,129,048	397,775	183.8
Total value traded	\$2,535,079	\$44,419,638	(94.3)	\$65,758,842	\$16,431,863	300.2
Market capitalization	\$17.75bn	\$17.67bn	0.5	\$17.99bn	\$16.32bn	10.2

Source: Beirut Stock Exchange (BSE)



Lebanon ranks 162nd globally, eighth in Arab world in terms of women's empowerment

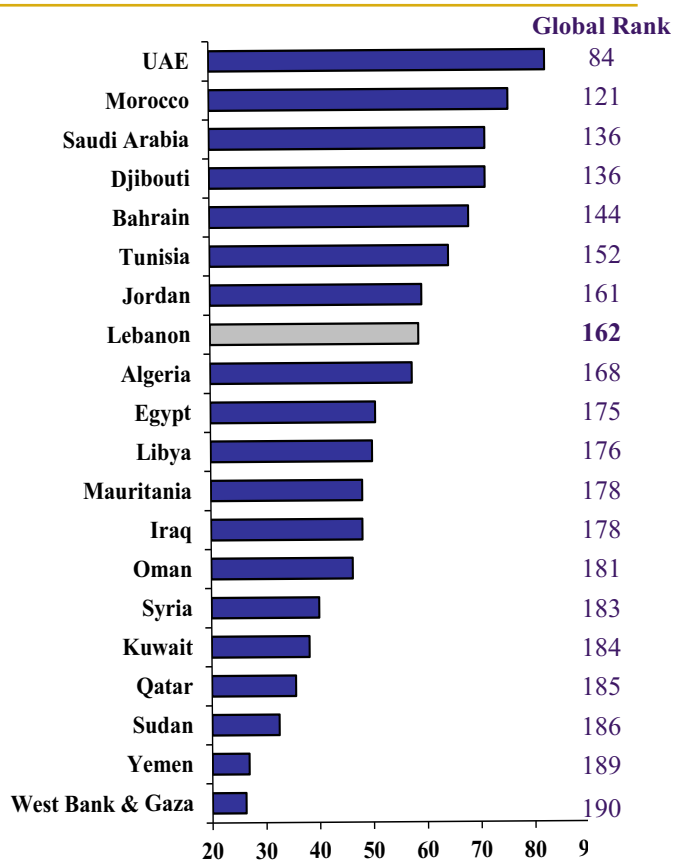
The World Bank ranked Lebanon in 162nd place among 190 countries around the world and in eighth place among 20 Arab countries on its Women, Business and the Law Index for 2024. In comparison, Lebanon came in 160th place globally and in seventh place in the Arab world in the 2023 index. Lebanon also ranked in 43rd place among 54 lower middle-income countries (LMICs) included in the survey, down from 42nd place in the preceding year. Based on the same set of countries in the 2023 and 2024 surveys, Lebanon's global rank decreased by two notches, while its regional and LMICs ranks declined by one spot each, year-on-year.

The index assesses how a country's laws influence the equality of opportunities for women during different phases of their working lives, and how the laws affect the empowerment of females and their participation in the labor force. The index is an unweighted average of eight indicators that examine the constraints on the freedom of movement of females (Mobility) that measure laws and regulations affecting women's pay (Pay), that analyze laws affecting women's decisions to work (Workplace), and that assess the legal constraints related to marriage and divorce (Marriage). The other four indicators analyze the obstacles that women face when starting and running businesses (Entrepreneurship), examine laws affecting women's work after having children (Parenthood), consider gender differences in property and inheritance laws (Assets), and assess laws affecting the size of a woman's pension (Pension). A country's overall score ranges from zero to 100, with a score of 100 meaning that a country gives women and men equal legal rights in the eight measured areas.

Globally, Lebanese laws provide the same empowerment to females as laws in Myanmar and Pakistan, while they give more empowerment to women than laws in the Republic of Congo, Equatorial Guinea and Algeria, but empower women less than legislation in Cameroon, Papua New Guinea and Jordan among economies with a GDP of \$10bn or more. Also, Lebanon trailed only the UAE, Morocco, Djibouti, Saudi Arabia, Bahrain, Tunisia, and Jordan regionally on the index. Lebanon received a score of 58.75 points in the 2024 survey, which means that Lebanese laws provide females with nearly 60% of the legal rights that they provide to males on the eight indicators. Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Latvia, Luxembourg, the Netherlands, Portugal, Spain and Sweden are the only countries in the world where men and women have equal legal rights across all indicators.

Lebanon's score was unchanged from the two previous surveys, but it slightly improved from 52.5 points in the 2021 survey. Lebanon maintained a score of 44.4 points between 1971 and 2000, a score of 50 points between 2001 and 2015, and a score of 52.5 between 2016 and 2021. Lebanon's score in the 2024 survey is lower than the global average score of 77.9 points, but is higher than the Arab region's score of 52.7 points. Further, the World Bank indicated that Lebanon gets a perfect score when it comes to the freedom of movement and laws affecting women's decisions to work. It noted that Lebanon could consider reforms to laws affecting women's pay, constraints related to marriage, laws affecting women's work after having children, constraints on women starting and running a business, gender differences in property and inheritance, and laws affecting the size of a woman's pension. The World Bank conducted the survey in the 12-month period ending October 1, 2023.

Women, Business & the Law Index for 2024 Arab Countries' Scores & Rankings



Source: World Bank, Byblos Research

Components of the Women, Business and the Law Index for 2024

	Global Rank	Arab Rank	Lebanon Score	Global Average Score	Arab Average Score
Going Places	1	1	100	88.8	58.8
Starting a Job	1	1	100	82.1	62.5
Getting Paid	123	6	50	71.6	45.0
Getting Married	144	1	60	80.7	30.0
Having Children	149	13	20	58.1	35.0
Running a Business	94	9	75	85.7	85.0
Managing Assets	155	1	40	81.4	38.0
Getting a Pension	167	15	25	74.5	66.3

Source: World Bank, Byblos Research

Banque du Liban's liquid foreign reserves at \$9.6bn, gold reserves at \$18.8bn at end-February 2024

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP8,354.2 trillion (tn) at end-February 2024, relative to LBP8,324.5tn at mid-February 2024, to LBP1,607.6tn at end-2023 and to LBP1,528.4tn at end-February 2023. Assets in foreign currency stood at \$14.78bn at end-February 2024, compared to \$14.66bn at mid-February 2024, to \$14.53bn at end-2023 and to \$14.74bn at end-February 2023. The dollar figures are based on the exchange rate of the Lebanese pound of LBP89,500 per US dollar starting on February 15, 2024, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024.

According to BdL, assets in foreign currency include \$5.2bn in Lebanese Eurobonds as at end-February 2024, nearly unchanged from mid-February 2024. Further, BdL's liquid foreign currency reserves stood at \$9.58bn at end-February 2024 compared to \$9.46bn at mid-February 2024, to \$9.32bn at the end of 2023, and to \$8.57bn at end-July 2023. As such, liquid foreign currency reserves increased by \$1.01bn from the end of July 2023.

Further, the value of BdL's gold reserves stood at \$18.75bn at end-February 2024, relative to \$18.42bn at mid-February 2024, to \$19.17bn at end-2023, and to \$16.7bn at end-February 2023. The value of gold reserves reached a peak \$19.2bn at end-2023. Also, the securities portfolio of BdL totaled LBP129,986.7bn at end-February 2024 relative to LBP130,157.6bn at mid-February 2024, to LBP65,983.5bn at end-2023 and to LBP68,015.3bn at end-February 2023. In addition, loans to the local financial sector stood at LBP15,154.8bn at end-February 2024 compared to LBP15,338.3bn at mid-February 2024, to LBP15,987bn at end-2023 and to LBP17,131.3bn at end-February 2023.

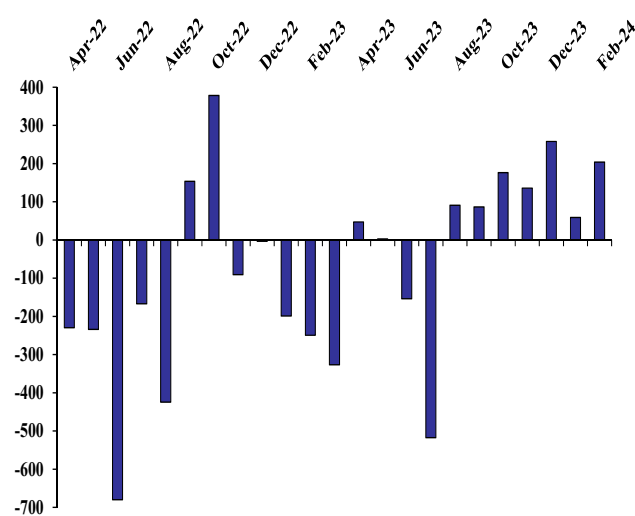
Moreover, Deferred Open-Market Operations stood at LBP122,933bn at end-February 2024 relative to LBP117,882.6bn at mid-February 2024 and to LBP118,971.3bn at end-2023. BdL said that, based on the Central Council's decision 23/36/45 of December 20, 2023, it has started to present all deferred interest costs originating from open-market operations under this new line item. As a result, it transferred all deferred interest costs included in the "Other Assets" and "Assets from Exchange Operations" entries to the new item. Therefore, the item "Other Assets" stood at LBP8,554.6bn at end-February 2024 relative to LBP8,346bn at mid-February 2024. Also, the Revaluation Adjustments item on the asset side reached LBP3,589.1tn at end-February 2024 relative to LBP3,604.7tn at mid-February 2024. It consists of a special account called the "Exchange Rate Stabilization Fund", where it recorded all the transactions related to foreign-exchange interventions to stabilize the exchange rate starting in 2020 and that had a balance of LBP157.53tn on February 29, 2024. It also consists of a special account in the name of the Treasury that stood at LBP3,431.6tn at end-February 2024. The account includes the differences between the countervalue, at the official exchange rate, of BdL's gold and currency holdings, and the value of these holdings at the market exchange rate, as well as the profits or losses on BdL's gold and currency holdings from the modification of the official exchange rate of the Lebanese pound or of a foreign currency exchange rate.

Further, the balance sheet shows that BdL's loans to the public sector totaled LBP1,486,968.7bn at end-February 2024 relative to LBP1,486,955.7bn at mid-February 2024.

On the liabilities side, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP56,820.8bn at end-February 2024 compared to LBP55,689bn at mid-February 2024, and representing a decrease of 31.8% from LBP83,289.4bn at end-February 2023. Further, the deposits of the financial sector reached LBP7,789.2tn or the equivalent of \$87.03bn at end-February 2024, relative to LBP7,774.7tn or \$86.87bn at mid-February 2024, and to LBP1,345.7tn or \$89.7bn at end-February 2023; while public sector deposits at BdL stood at LBP397,538.4bn at end-February 2024 compared to LBP386,418.6bn at mid-February 2024 and to LBP73,971.7bn at end-February 2023. BdL noted that, starting on March 15, 2019, it has offset loans with their corresponding deposits in Lebanese pounds that have the same maturities, according to the criteria in International Accounting Standard 32 and as per International Financial Reporting Standard 7 on offsetting financial assets and liabilities. As such, loans that were offset against financial sector deposits stood at LBP36.42tn as at February 29, 2024.

In parallel, BdL announced earlier that it has started to work with the International Monetary Fund on a Safeguards Assessment project that includes reviewing its accounting policy, financial reports, and disclosures in order to ensure that they abide with the best principles of governance and transparency. It added that it has stopped applying the Seignorage principle in order to classify deferred costs under the new "Deferred Open-Market Operations" item, which will help the compliance of the realized and deferred losses figures with international standards and norms.

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



*month-on-month change

Source: Banque du Liban, Byblos Research

Number of internally displaced persons from South Lebanon exceeds 90,000

Figures compiled by the United Nations' Office for the Coordination of Humanitarian Affairs (OCHA) show that 90,859 persons have been displaced from South Lebanon as at March 5, 2024 due to the ongoing hostilities that erupted along the Blue Line along Lebanon's border with Israel on October 8, 2023, constituting increases of 1.2% from 89,817 as at February 20, 2024, of 10.8% from 82,012 as at January 9, 2024, of 19.5% from 76,018 as at January 2, 2024, of 22% from 74,471 as at December 26, 2023, of 25.4% from 72,437 as at December 19, 2023, and of 96.1% from 46,325 displaced persons as at November 14, 2023.

It indicated that about 79% of the Internally Displaced Persons (IDPs) are currently living with host families, 15% are renting houses, 4% have relocated to secondary residences, and around 2% are housed in 18 collective shelters. It added that the shelters are providing accommodation for 1,501 IDPs, with seven shelters located in Hasbaya, five in Tyre, four in Nabatieh, one in Saida, and one in the Bekaa region. Further, it stated that 72 schools in South Lebanon remain partially or fully closed, while six Primary Health Care Centers (PHCCs) in the Bint Jbeil and Marjeyoun districts are currently closed. Moreover, it indicated that 462 hectares of agricultural land have been burned, that 300,000 farm animals were destroyed and that 9 water facilities were damaged. Also, the latest figures issued by the Ministry of Public Health show that a total of 306 persons have been killed and 1,120 wounded as at March 5, 2024 as a result of the hostilities along Lebanon's southern border with Israel.

According to the OCHA, the food assistance distributed since the eruption of hostilities consisted of 439,644 meals, 24,519 food parcels, and micronutrition supplements to 6,683 children. It added that core relief included the distribution of 154,051 items in the South and Nabatieh governorates and of 8,519 gas heaters, kitchen sets, and solar lamps. It noted that the one-time cash assistance included disbursement of one-time cash assistance to 18,640 Lebanese households registered with the Ministry of social Affairs' social safety nets systems and to 16,500 refugees' households. It added that it provided cash assistance to 150 farmers in border areas, to 2,000 children enrolled in the newly established schools to promote attendance, and to 3,864 children and youth with disabilities benefiting from cash grants under the National Disability Allowance program. Further, hygiene support included 265,116 liters of bottled water and 599,000 fuel liters of trucking water, as well as 22,954 water, sanitation, and hygiene (WaSH) kits that include dignity kits. It added that IDPs received 7,502 reproductive health services, that 24 PHCCs satellite units provided 3,608 healthcare consultations, while shelter support consisted of the distribution of 150 plastic sheets. Further, it indicated that 15,610 beneficiaries received sessions about awareness on gender-based violence and on protection from sexual exploitation and abuse, as well as sessions on psychological support. Also, it pointed out that 10,000 students receive daily nutritious in-school snacks schools, that 43,000 children in conflict-affected areas are receiving online learning, and that 4,700 students received learning materials. Moreover, it noted that sector partners help nearly 700 children and provide training in digital teaching methodologies to around 2,800 teachers in order to guarantee the delivery of high-quality online education due to the closure of public schools.

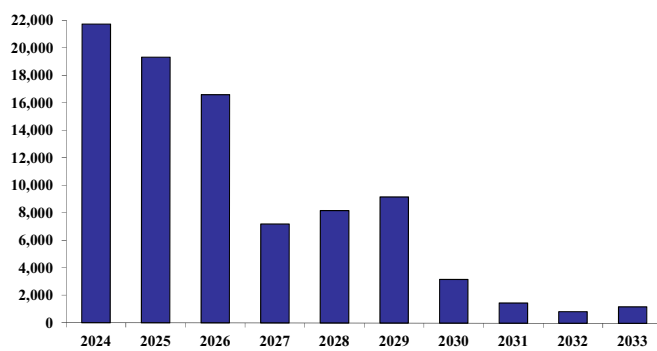
More than 60% of Treasury securities in Lebanese pounds have seven-year maturities or longer at end-January 2024

Figures released by the Association of Banks in Lebanon show that the face value of outstanding Treasury securities denominated in Lebanese pounds stood at LBP88,894bn at the end of January 2024 compared to LBP90,230bn at end-January 2023. The outstanding Treasury securities were equivalent to \$5.93bn at the end of January 2024 based on the official exchange rate of LBP15,000 per US dollar, but they become equivalent to \$1bn based on the prevailing parallel market exchange rate of LBP89,700 per dollar at the end of January. The weighted interest rate on Lebanese Treasury securities was 6.31% in January 2024 compared to 6.39% in January 2023.

Also, the distribution of outstanding Treasury securities shows that 10-year Treasury bonds totaled LBP32,951bn and accounted for 37% of aggregate securities denominated in Lebanese pounds at the end of January 2024, followed by seven-year Treasury securities with LBP16,618bn (18.7%), five-year Treasury bonds with LBP12,356bn (14%), one-year T-bills with LBP8,385bn (9.4%), three-year Treasury securities with LBP7,320bn (8.2%), two-year Treasury bonds with LBP5,711bn (6.4%), 12-year Treasury securities with LBP3,076bn (3.5%), 15-year Treasury securities with LBP1,417bn (1.6%), six-month T-bills with LBP958bn (1.1%), and three-month Treasury bills with LBP102bn (0.1%). As such, 60.8% of outstanding Treasury securities have seven-year maturities or longer and 74.7% have five-year maturities or more.

In parallel, LBP895bn in outstanding Treasury securities denominated in Lebanese pounds matured in January 2024. The distribution of maturing securities shows that 22.3% consisted of three-year Treasury bonds, 20.1% consisted of six-month Treasury bills, 15.6% consisted of five-year Treasury securities, 15.1% consisted of three-month Treasury bills, 13.5% consisted of seven-year Treasury bonds, 11.6% consisted of one-year Treasury securities, and 1.7% two-year consisted of Treasury bonds. According to ABL, LBP1,516bn in outstanding Treasury bonds in Lebanese pounds will mature in February 2024.

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



*as at end-January 2024

Source: Association of Banks in Lebanon, Byblos Research

Purchasing Managers' Index regresses slightly in February 2024

The BLOM Lebanon Purchasing Managers' Index (PMI), an indicator of operating conditions in Lebanon's private sector, stood at 49.1 in February 2024 relative to 49.4 in January 2024 and 48.8 in February 2023, and came higher than the PMI's trend average of 46.7 since the index's inception in May 2013. Further, the PMI averaged 49.25 in the first two months of 2024 compared to 48.25 in the same period last year. The index has remained below the 50 mark since August 2023. A score that exceeds 50 signals positive business activity, while a score that is lower than 50 shows a deterioration in activity.

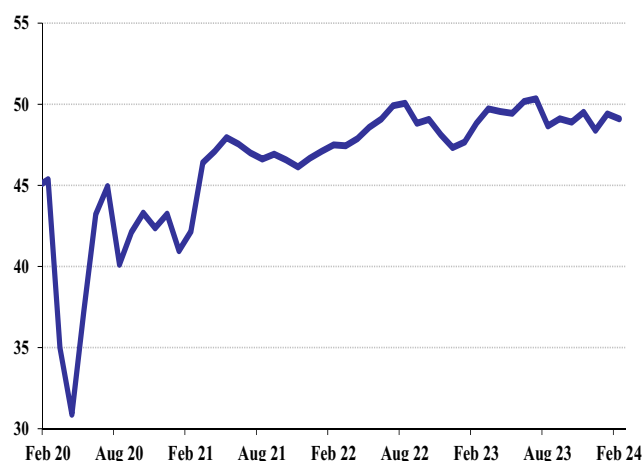
The survey's results show that the New Orders Index stood at 48.4 in February 2024 compared to 48.8 in January 2024. The survey's respondents indicated that demand for new business declined at a faster rate in February than in January 2024, but at a relatively slower pace compared to the previous months. The results show that the survey's participants cited the uncertainties about Lebanon's domestic conditions, weak economic conditions and the war in the Gaza Strip as the causes for lower sales during the month. In addition, the New Export Orders Index reached 48.8 in February of this year relative to 48.4 in the previous month, indicating a slower pace of deceleration in demand from foreign clients, as under 4% of respondents of the survey recorded a decline in new export business. The surveyed companies linked regional instability concerns to a decline in export sales, as they claimed that it deters overseas customers from placing new orders.

Further, the survey indicated that the Output Index stood at 48.1 in February 2024 compared to 48.7 in the preceding month. Businesses attributed the decline in output to security concerns arising from the war in the Gaza Strip, which they claimed is impacting various sectors of the Lebanese economy. They noted that output declined at a slower rate compared to previous months. In addition, the Employment Index reached 49.7 in February 2024 relative to 50 in the preceding month, due to lower intakes of new work leading to the decrease in staffing levels. Also, the results show that the Backlogs of Work Index stood at 49.2 in February 2024 compared to 48.8 in January 2024, indicating a slower level of depletion of outstanding work at private sector companies in Lebanon. The respondents said that February 2024 marked the fifth month of depletion in outstanding business, but the rate was the slowest since November 2023.

In parallel, the survey indicated that the Suppliers' Delivery Times Index reached 50.1 in February 2024 relative to 49.7 in the previous month, surpassing the 50 threshold for the first time since September 2023, as the survey respondents noted a slight improvement in vendor performance. Also, the Stocks of Purchases Index stood at 50.7 in the covered month compared to 50.8 in January 2024, as businesses increased their stocks of raw materials, components and other necessary items amid stable purchasing activity and supplier performance. The survey noted that this accumulation was in line with the 12-month average, which signals an increase in stocks in the private sector.

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
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
January 2024	48.7	48.8	48.4	25.3	50.0
February 2024	48.1	48.4	48.8	22.0	49.7

Source: BLOM Bank, S&P Global Market Intelligence

International contributions to Lebanon Crisis Response Plan at \$1.3bn in 2023

The United Nations indicated that international contributions to the Lebanon Crisis Response Plan (LCRP) reached \$939.4m in 2023 and represented 26% of the \$3.6bn that the LCPR appealed for to assist the affected Lebanese and non-Lebanese individuals in the country during the year. It also noted that it carried \$397.7m from funding it received in 2022, which is equivalent to 11% of the total funds it tried to raise in 2023, produced \$1.3bn in total funding last year. As such, it said that international contributions covered 37% of the funds it requested, resulting in a funding gap of \$2.3bn, or 63%, in 2023.

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.

It pointed out that financial disbursements for the food security sector reached \$313m in 2023, or 23.4% of the total, followed by outlays for the education sector with \$220.8m (16.5%), support to the healthcare sector with \$172.5m (12.9%), basic assistance with \$170.4m (12.7%), social protection with \$142.5m (10.7%), social stability with \$103m (7.7%), the water sector with \$94.1m (7%), livelihoods with \$92.2m (6.9%), shelter with \$19.3m (1.4%), nutrition with \$4.3m (0.3%), and the energy sector with \$3.2m (0.2%).

In parallel, the UN indicated that international contributions for the basic assistance track of the LCRP reached \$142m in 2023 compared to \$225.3m in 2022. They represented 28.8% of the \$494m that the LCPR appealed for to assist affected Lebanese and non-Lebanese individuals in the country in 2023. It also noted that \$27m were carried over from funding received in 2022, which is equivalent to 5.5% of the total appealed funds, and resulted in total funding of \$169m in 2023. As such, it said that international contributions covered 34.2% of the funds appealed in 2023, resulting in a funding gap of 65.8% last year.

Also, the UN indicated that it distributed the LCRP assistance to 1,327,597 individuals across Lebanon in 2023 who consisted of 911,140 displaced Syrians, or 62.5% of the total, followed by 378,760 vulnerable Lebanese citizens (26%), 144,280 Palestinian refugees in Lebanon (10%), and 23,026 Palestinian refugees from Syria (1.6%). Further, it said that the LCRP disbursed \$107.9m in regular cash transfers in 2023 to cover the basic needs of vulnerable households and children.

Further, it noted that it provided regular cash grants to 324,472 households for basic needs in 2023 that consist of 182,228 displaced Syrian families, or 56.2% of the total, followed by 75,752 Lebanese households (23.3%), and 66,492 Palestinian families (20.5%). It also pointed out that it provided social assistance to 20,840 individuals with specific vulnerabilities during the year. In addition, it said that it delivered in-kind assistance to 24,972 households in Lebanon who were affected by seasonal or emergency shocks in 2023.

The UN noted that it has raised under the LCPR \$1.29bn in 2015, \$1.28bn in 2016, \$1.24bn in 2017, \$1.2bn in 2018, \$1.23bn in 2019, \$1.44bn in 2020, \$1.19bn in 2021, and \$1.17bn in 2022.

WFP receives financial contributions from Australia and Italy to support Lebanon operations

The United Nations' World Food Program (WFP) announced that Australia increased its contribution to its operations in Lebanon by AUD4m, or the equivalent of \$2.63m, which will allow the WFP to provide food and cash assistance to vulnerable people in Lebanon. It added that recent figures indicate that 1.05 million people in Lebanon, the equivalent of 19% of the population, are facing acute food insecurity, and it expected this number to rise to 1.14 million by April 2024. It stated that Australia's total support to the WFP in Lebanon reached AUD22m, or the equivalent of \$14.5m, since the onset of the economic crisis in 2019. It noted that Australian contributions have helped the WFP support Lebanese families and displaced Syrians with needed food and cash assistance in the past four years.

In parallel, the WFP stated that it has received a contribution of €1.5m from the Italian Agency for Development Cooperation to support the School Meals Program (SMP) in Lebanon, which provides nutritious meals and snacks to more than 100,000 boys and girls in 185 public schools across the country. It indicated that it has launched the program, in close coordination with the Ministry of Education and Higher Education (MEHE), in 2016 to boost the students' health, learning and access to education. It added that the program first reached 10,000 school children in 22 primary public schools, that it has progressively expanded, and that it supports the local economy given that all food ingredients for school meals and snacks are produced locally. It noted that Italy has supported the WFP in Lebanon with over \$12.7m since 2016 and has steadily supported the SMP each year since its launch.

According to the most recent figures, the WFP assisted 1.84 million persons in Lebanon during the first half of 2023 who consist of 1.12 million displaced Syrians and 719,595 Lebanese, to meet their food and other basic needs. It indicated that the assistance included \$135.2m in cash transfers, 19,323 metric tons of food, and \$32.5m cash transfers under the Emergency Social Safety Net support program that the Ministry of Social Affairs is administering.



Lebanon ranks 131st globally, second in Arab world in political freedoms

In its annual survey on political freedoms in 210 countries and territories, non-profit organization Freedom House ranked Lebanon in 131st place worldwide and in second place among 21 Arab countries and territories in the 2024 survey. In comparison, Lebanon came in 129th place globally and in second place regionally in the 2023 report. Based on the same set of countries in the 2023 and 2024 surveys, Lebanon's global rank deteriorated by two notches, while its Arab rank was unchanged from the 2023 survey. The survey is composed of two sub-indices that consist of the Political Rights Sub-Index, which has a scale from zero to 40, and the Civil Liberties Sub-Index with a scale from zero to 60. The survey ranks countries based on the combined score of the two sub-indices ranging from zero to 100, with 100 points representing the highest degree of freedom and a score of zero points reflecting the lowest level. The combined average of the ratings determines a country's status as politically "Free", "Partly Free", or "Not Free".

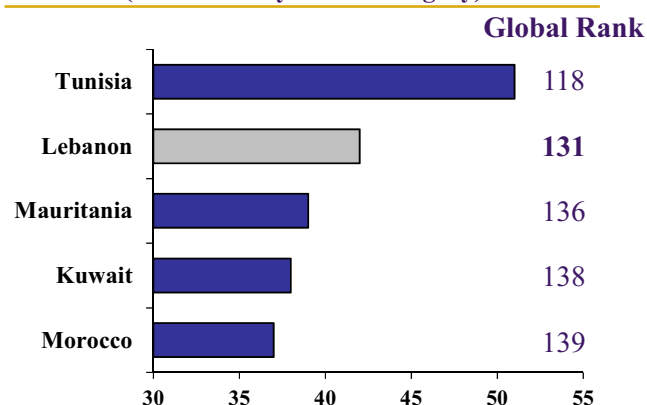
Globally, Lebanon has the same level of political freedoms as Comoros and Togo, while it has a higher level than Hong Kong, Bangladesh, and Abkhazia, and a lower level of political freedoms than Nigeria, Guinea-Bissau, and Somaliland. Also, the survey classified Lebanon in the "Partly Free" category, unchanged since 2005 when it was upgraded from the "Not Free" category. Further, Lebanon's political freedoms score stood at 42 points, below the global average of 54.9 points and the average of 53.1 points of the "Partly Free" category, but significantly higher than the Arab countries' average rating of 23.2 points.

Lebanon tied with Morocco, preceded Tanzania and Thailand, and trailed Kuwait and Pakistan on the Political Rights Sub-Index, which reflects the citizens' ability to participate freely in the political process. Lebanon came in fifth place in the Arab region on this category, and ranked behind Tunisia, Iraq, Mauritania, and Kuwait. Also, Lebanon received a rating of 13 points out of a maximum of 40 points on this indicator, compared to the global average of 21.4 points and to the Arab average of 6.8 points.

In addition, Lebanon tied with Guatemala and Singapore, came ahead of Indonesia, The Gambia and Ukraine, and ranked behind Kenya, Côte d'Ivoire and Mozambique on the Civil Liberties Sub-Index. This category reflects the freedoms of expression and belief, associational and organizational rights, the rule of law, and personal autonomy. Lebanon came in second place in the Arab region on this category behind Tunisia. Further, Lebanon received a rating of 29 points out of a maximum of 60 points on this sub-index, relative to the global and Arab averages of 33.6 points and 16.4 points, respectively.

In parallel, the survey classified 84 countries and territories in the "Free" category, 59 countries and territories in the "Partly Free" category and 67 countries and territories in the "Not Free" category. It also concluded that 20% of the global population lives under political systems that are "Free", 42% are in systems that are "Partly Free", and 38% live under political systems that are "Not Free".

**Freedom in the World Index 2024
Arab Countries' Scores & Rankings
(in the "Partly Free" Category)**



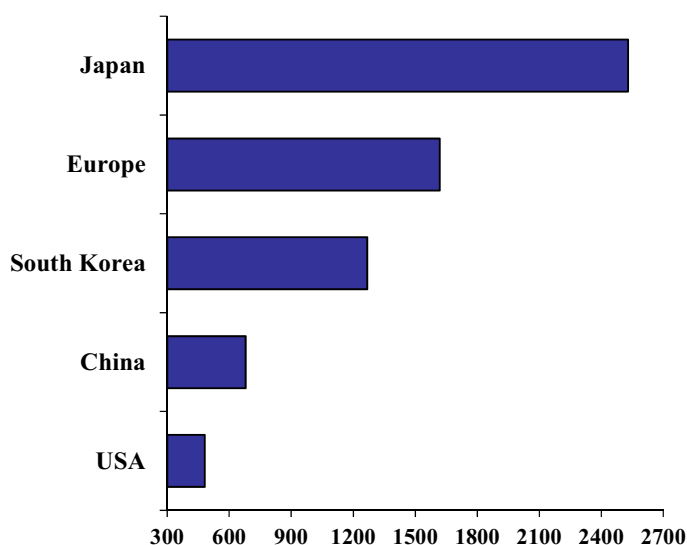
Source: Freedom House, Byblos Research

New car sales at 6,573 in 2023

Figures about car imports in Lebanon show that dealers sold 6,573 new passenger cars in 2023. In comparison, dealers sold 21,991 new automobiles in 2019 and 33,012 cars in 2018, the most recent year of normal economic activity in the country. The sales of new cars totaled 647 in the first quarter, 2,988 in the second quarter, 256 in the third quarter, and 2,687 in the fourth quarter of 2023. The market for new vehicles in the country has been facing several challenges, including the repeated increase in 2022 and 2023 of the exchange rate of the US dollars at customs that led to the jump of the cost of registering cars, and the closure for extended periods of time of the Department of Motor Vehicles due the strike of employees, which has delayed indefinitely the registration of new cars.

Further, the figures indicate that Japanese cars accounted for 38.5% of total car sales in 2023, followed by European vehicles with 24.6%, Korean automobiles with 19.3%, Chinese cars with 10.3%, and American vehicles with 7.3%. In addition, Toyota was the leading brand in the Lebanese market with 1,205 passenger vehicles sold in 2023, followed by Kia with 813 new cars sold, and Hyundai with 455 new vehicles retained. Also, 60.3% of new passengers' cars sold were sports utility vehicles (SUVs), 38.5% consisted of cars and 1.2% were multi utility vehicles (MUVs).

Car Sales by Origin in 2023



Source: RYMCO, Byblos Research

Banque du Liban prohibits financial institutions from distributing dividends

Banque du Liban (BdL) issued Intermediate Circular 693/13621 dated February 29, 2024 addressed to financial institutions, which modified Basic Circular 2/7136 of October 22, 1998 about the conditions to establish and operate financial institutions in Lebanon.

First, it asked Lebanese financial institutions to suspend during 2024 the distribution of dividends on their common shares for previous years. Second, it said that the circular goes into effect upon its publication.

In parallel, BdL had issued Intermediate Circular 676/13567 dated July 24, 2023 addressed to banks, financial institutions and auditors that prohibited banks and financial institutions from distributing dividends for common shares for the financial years 2019, 2020, 2021, 2022 and 2023, among other requirements. In addition, BdL issued Intermediate Circular 616/13416 dated March 3, 2022 that asked banks to refrain from distributing dividends for the financial years 2019, 2020 and 2021. It also issued on August 26, 2020 Intermediate Circular 567/13259 that asked banks, among other requirements, to refrain from distributing dividends for the financial years 2019 and 2020. Further, BdL issued on November 4, 2019 Intermediate Circular 532/13129 that asked banks to refrain from distributing dividends for 2019, in addition to increasing by 20% their Common Equity Tier One (CET1) as at the end of 2018.

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



Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut – Lebanon
Tel: (961) 1 338 100
Fax: (961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

Lebanon This Week is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from Lebanon This Week may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.

BYBLOS BANK GROUP

LEBANON

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

IRAQ

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

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

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

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

ARMENIA

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

NIGERIA

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

BELGIUM

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

UNITED KINGDOM

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

FRANCE

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

ADIR INSURANCE

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