

# LEBANON THIS WEEK

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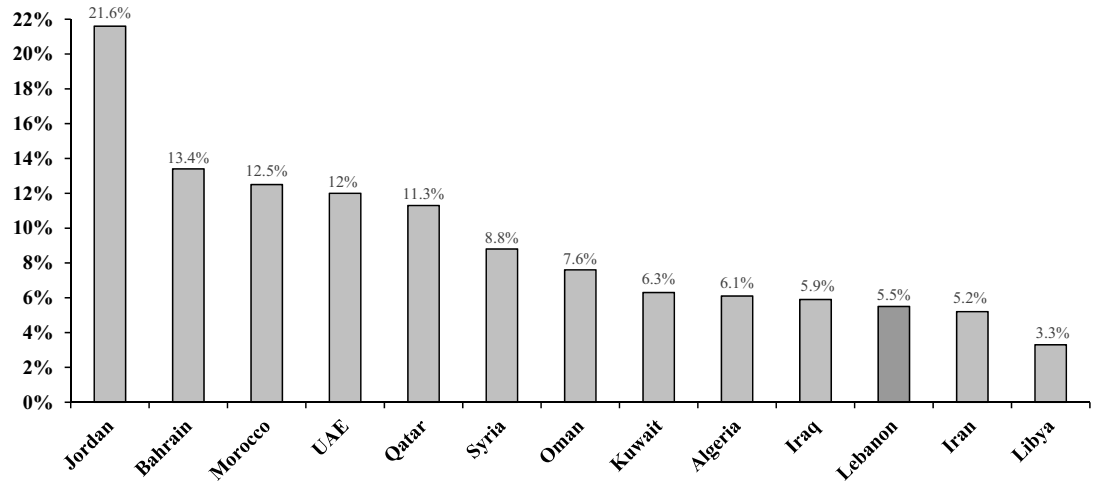
Stock market capitalization down 10% to \$17.1bn at end-May 2024

## Ratio Highlights

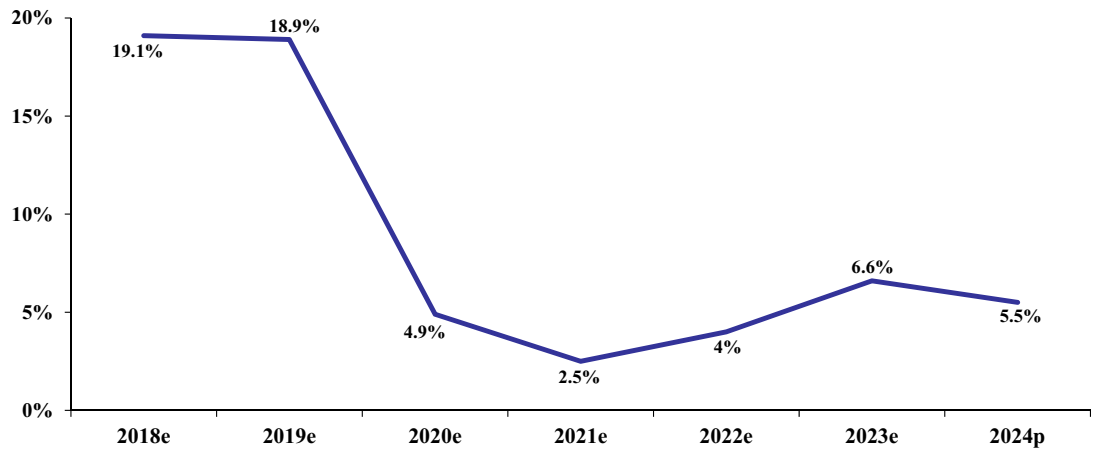
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## Charts of the Week

**Projected Contribution of Travel & Tourism Sector to GDP in Select Countries in the Middle East and North Africa Region in 2024 (in % of GDP)**



**Contribution of Travel & Tourism Sector to GDP in Lebanon (in % of GDP)**



Source: World Travel & Tourism Council, Byblos Bank

## Quote to Note

"The absence of a credible and financially viable strategy for the banking system continues to hamper economic growth and deposit recovery."

*The International Monetary Fund, on the need for a credible plan for the continuity of the banking sector*

## Number of the Week

**19:** Number of months since Lebanon has been without a President

## Lebanon in the News

\$m (unless otherwise mentioned)	2021	2022	2023	% Change*	Dec-22	Nov-23	Dec-23
Exports	3,887	3,492	2,995	-14.2%	272	290	240
Imports	13,641	19,053	17,524	-8.0%	1,251	1,253	1,303
Trade Balance	(9,754)	(15,562)	(14,529)	-6.6%	(979)	(963)	(1,063)
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

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

Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

## Capital Markets

Most Traded Stocks on BSE*	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Solidere "A"	70.05	0.1	76,391	40.9%	Nov 2024	6.25	7.00	3,188.57
Byblos Common	0.67	11.7	72,089	2.2%	Jun 2025	6.25	7.00	534.39
HOLCIM	65.85	4.5	16,291	7.5%	Nov 2026	6.60	7.00	141.84
Solidere "B"	69.70	(0.4)	8,298	26.5%	Mar 2027	6.85	7.00	121.41
Audi GDR	1.12	0.0	-	0.8%	Nov 2028	6.65	7.00	70.31
Audi Listed	1.56	0.0	-	5.4%	Feb 2030	6.65	7.00	52.26
BLOM Listed	4.37	0.0	-	5.5%	Apr 2031	7.00	7.00	42.62
BLOM GDR	3.16	0.0	-	1.4%	May 2033	8.20	7.00	32.02
Byblos Pref. 08	27.00	0.0	-	0.3%	Nov 2035	7.05	7.00	24.72
Byblos Pref. 09	29.99	0.0	-	0.4%	Mar 2037	7.25	7.00	21.89

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

Source: Refinitiv

	May 27-31	May 20-24	% Change	May 2024	May 2023	% Change
Total shares traded	173,269	219,661	(21.1)	495,504	817,904	(39.4)
Total value traded	\$7,017,972	\$12,502,663	(43.9)	\$25,233,203	\$29,115,048	(13.3)
Market capitalization	\$17.12bn	\$17.04bn	0.5	\$17.12bn	\$18.93bn	(9.5)

Source: Beirut Stock Exchange (BSE)



### Tourism receipts up 2% to \$5.4bn in 2023

Figures released by Banque du Liban (BdL) show that revenues generated from tourism activity in Lebanon, defined by BdL as "Travel Services", totaled \$5.41bn in 2023, constituting an increase of 1.7% from \$5.32bn in 2022. Tourism revenues stood at \$1.16bn in the first quarter, \$1.47bn in the second quarter, \$1.79bn in the third quarter, and \$992.8m in the fourth quarter of 2023. They improved by 20.2% in the first three months of 2023, by 21.7% in the second quarter, and by 3.7% in the third quarter of 2023 from the corresponding quarters of the previous year, while they dropped by 30.2% in the fourth quarter of 2023 from the same quarter of 2022. BdL's figures are the only official data on receipts from tourism activity in Lebanon and on tourism spending abroad by Lebanese citizens.

Tourism receipts in Lebanon averaged \$6.11bn in the 2002-22 period and peaked at \$8.6bn in 2019. Tourism receipts reached their seventh lowest level in 2023 after \$2.35bn in 2020, \$3.14bn in 2021, \$4.28bn in 2002, \$5bn in 2006, \$5.22bn in 2007, and \$5.32bn in 2022. Tourism receipts were equivalent to 30.2% of GDP in 2023 relative to 25.3% of GDP in 2022.

The increase in tourism revenues in the first three quarters of 2023 reflects the marketing and promotional campaigns of the Ministry of Tourism, the increase in tourist arrivals in the first nine months of the year from the same period of 2022, as well as the massive influx of Lebanese expatriates during the summer season and other holiday periods. However, tourist receipts decreased in the fourth quarter of 2023 due to the rise in geopolitical tensions in the Middle East as a result of the war in the Gaza Strip, the Israeli strikes in Southern Lebanon, and to travel restrictions in some of the main country sources of visitors to Lebanon.

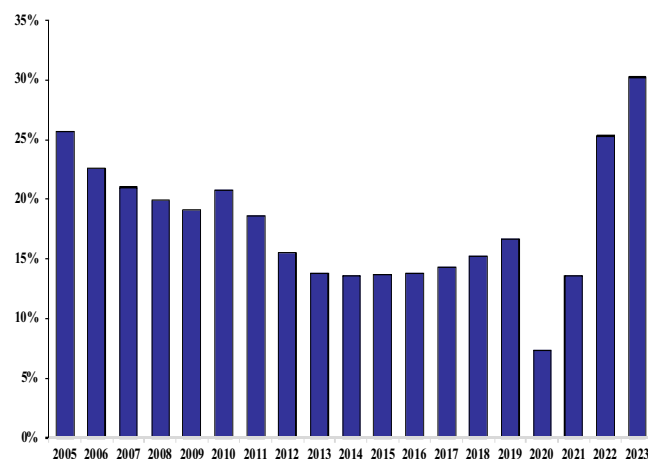
In parallel, outbound tourism spending from Lebanon reached \$3.69bn in 2023, constituting an increase of 15.5% from \$3.19bn in 2022. It totaled \$788m in the first quarter, \$919m in the second quarter, \$1.21bn in the third quarter, and \$775.7m in the fourth quarter of 2023. Also, outbound tourism expenditures rose by 32% in the first quarter, by 32.6% in the second quarter, and by 16.5% in the third quarter of 2023 from the corresponding quarters of 2022, while they declined by 10.5% in the fourth quarter of 2023 from the same quarter in 2022. The increase in outbound tourist expenditures is due to the improvement in the income and purchasing power of a portion of the Lebanese population, following the adjustment of the private sector to the impact of the crisis on the economy. However, outbound tourism spending decreased in the fourth quarter due to a rise in geopolitical tensions in the Middle East.

Outbound tourism spending averaged \$3.93bn during the 2002-23 period, and peaked at \$6.34bn in 2019. Outbound tourism expenditures reached their 11<sup>th</sup> lowest level in 2023 after \$1.67bn in 2020, \$1.82bn in 2021, \$2.68bn in 2002, \$2.91bn in 2005, \$2.94bn in 2003, \$3bn in 2006, \$3.11bn in 2007, \$3.17bn in 2004, \$3.2bn in 2022, and \$3.56bn in 2008. Outbound tourism expenditures were equivalent to 20.6% of GDP last year compared to 15.2% of GDP in 2022.

As such, net tourism receipts totaled \$1.72bn in 2023 and decreased by 19% from \$2.13bn in 2022. They stood at \$376m in the first quarter, \$546m in the second quarter, \$582.5m in the third quarter and \$216.7m in the fourth quarter of 2023. Also, net tourism receipts increased by 1.2% in the first quarter and 7% in the second quarter, while they fell by 15.5% in the third quarter and by 61% in the fourth quarter of 2023 from the corresponding quarters of 2022.

Net tourism receipts averaged \$2.18bn in the 2002-23 period and peaked at \$3.43bn in 2003. They reached their fifth lowest level in 2023 after \$682.2m in 2020, \$1.32bn in 2021, \$1.53bn in 2014, and \$1.6bn in 2002. They reached a peak of \$3.43bn in 2003. They were equivalent to 11.9% of GDP in 2023, relative to 10.1% of GDP in 2022.

Tourism Receipts (in % GDP)



Source: Banque du Liban, Central Administration of Statistics, World Bank, Byblos Research

### Lebanon's population at 4.9 million at end-June 2050, life expectancy at 83.5 years

The United Nations (UN) Population Division of the Department of Economic and Social Affairs projected Lebanon's population to reach 4.94 million at the end of June 2050 compared to a population of 5.66 million at the end of June 2020. Also, it estimated that the population density would be 482.7 persons per square kilometer (km<sup>2</sup>) at end-June 2050 relative to 553.6 persons per km<sup>2</sup> at end-2020. It expected females to account for 51% of the total population and for males to represent the balance of 49%, which would result in a population sex ratio of 96.5 males per 100 females in Lebanon at the end of June 2050 compared to 94.3 males per 100 females at end-June 2020. Further, it estimated that the median age of the country's resident population would increase from 28 years in 2020 to 36.3 years in 2050.

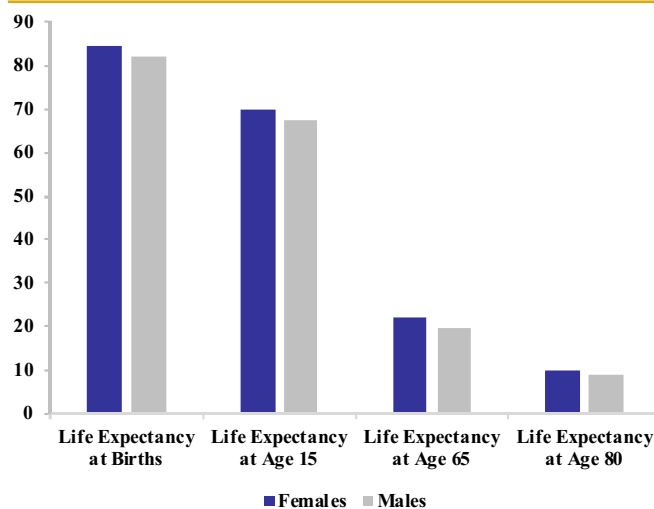
Also, it forecast a total of 61,805 births in Lebanon in 2050 relative to 87,727 births in 2020, with females between 15 and 19 years old giving birth to 2,180 babies or 3.5% of total births in 2050. Also, it expected the fertility rate in Lebanon to reach 1.82 live births per female in 2050 compared to 2.1 live births per female in 2020, and for the mean child-bearing age of women to stand at about 29.6 years in 2050, up from 29.4 years in 2020. It anticipated that the net reproduction rate would be 0.88 surviving daughter per woman giving birth in 2050 relative to a rate of 1.01 in 2020, and that the sex ratio at birth would stand at 105.4 males per 100 females in 2050 relative to 105.3 males in 2020.

Further, the UN anticipated 47,352 deaths in the country in 2050 that consist of 25,501 female and 21,851 male deaths. Also, it projected the "crude death rate" to reach 9.6 deaths per 1,000 individuals in 2050 compared to 6.3 deaths per 1,000 persons in 2020. In addition, it forecast the life expectancy at birth in Lebanon for both sexes at 83.5 years in 2050 relative to 77.8 years in 2020. Also, it projected life expectancy at the age of 15 to be 68.9 years in 2050, to reach 20.9 years at the age of 65 in 2050, and to stand at 9.6 years for 80 years old citizens in 2050. In comparison, it estimated that life expectancy was 63.5 years for 15-years old Lebanese, and stood at 16.8 years at the age of 65, and at 7.4 years for 80 years old in 2020.

In parallel, it expected that the infant mortality rate in Lebanon will be 3.2 deaths per 1,000 live births in 2050, that 61,619 live births will stay alive beyond the age of one year, and that there will be 3.7 deaths of children that are younger than five years-old per 1,000 live births. Further, it anticipated that the mortality rate in Lebanon before the age of 40, or the number of deaths of persons under the age of 40 per 1,000 live births, will regress from 19.3 deaths per 1,000 live births in 2020 to 11.5 deaths in 2050, while the mortality rate before the age of 60 would stand at 44.4 deaths per 1,000 live births in 2050, down from 82.5 deaths in 2020. It also projected the mortality rates for the 15 to 50 year-old bracket at 15.9 deaths per 1,000 live births and the rate for the 15 to 60-year old segment at 40 deaths per 1,000 live births in 2050.

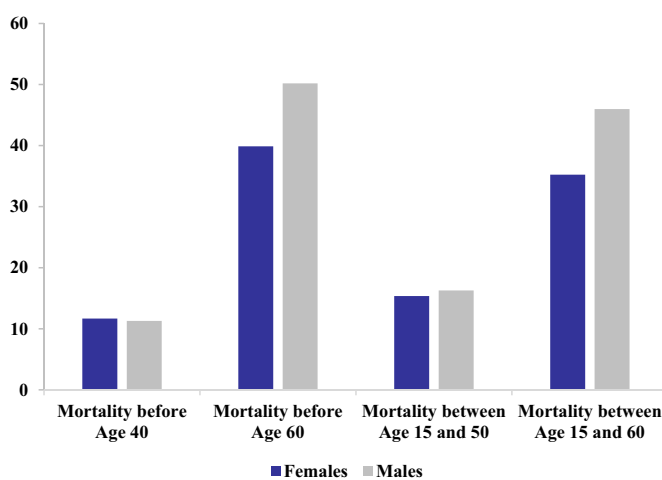
Finally, the UN forecast the net number of migrants to Lebanon, which it measures by the number of immigrants to the country minus the number of emigrants from the country, to reach -4,000 persons in 2050, and that the net migration rate would be equivalent to -0.8 per 1,000 individuals by the end of 2050. In comparison, it indicated that the net number of migrants to Lebanon stood at -115,146 persons and that the net migration rate reached -20.1 per 1,000 individuals in 2020.

**Life Expectancy in Lebanon by Gender in 2050**  
(number of years)



Source: United Nations, Byblos Research

**Mortality Rate in Lebanon in 2050**  
(deaths per 1,000 live births)



Source: United Nations, Byblos Research

### **Ogero starts campaign to dismantle illegal Internet networks**

The state-owned telecommunications services provider Ogero announced that it will proceed starting on May 31, 2024 to dismantle unlicensed Internet transport networks across Lebanon, as part of its campaign to protect the national telecommunications network and to fight against illegal internet services. As such, it said that it has warned its subscribers against disruptions to the internet network.

The Ministry of Telecommunications mandated in November 2023 the owners and operators of illegal Internet service providers (ISPs) to pay their dues that have accumulated since July 2017. Further, it asked the Directorate of Maintenance & Investment at the ministry to provide the amounts of the arrears starting from July 1, 2017 until the ISPs implement in full Decree 9458 that the Council of Ministers issued on June 24, 2022 and that aims to regularize illegal ISPs.

It said that it took the decision because illegal ISPs are not cooperating with the ministry and have not started to implement the terms of Decree 9458, including the conditions to lease E1 digital lines, on the grounds that they will lose their subscribers if they are the first ones to abide by the decree. It added that the content of the decree is clear, that the mechanism to implement it is detailed, that the ministry sent the decree to the owners and operators of ISPs, and that it was published in the Official Gazette.

The ministry launched last October a campaign to organize the illegal Internet network in Lebanon within the framework of Decree 9458. It said that it aims to regulate the illicit operations of ISPs in the country, which are causing substantial losses to the public Treasury, given that 60% of Internet users rely on illegal Internet services. It estimated that about 600,000 persons currently subscribe to illegal ISPs in Lebanon, and stressed that the ministry will not disconnect the cables of illegal ISPs and leave subscribers without Internet service. It pointed out that the plan aims to regulate and organize the network of illegal providers, which will connect the "neighborhood providers" to the official national network.

In addition, it said that, once it achieves this step, the regional monopolies will cease to exist and subscribers will be able to select the distributor that will provide them with the service of their choice at adequate rates. It added that the plan aims to identify the illegal ISPs in order to differentiate them from the legal providers, and that the ministry will then connect the networks of unlicensed companies to the national network. It noted that the plan allows those who established illegal ISPs to sign a contract with the ministry for the maintenance of the network once its ownership reverts back to the Lebanese State. It indicated that it allowed the illegal ISPs to continue to function by buying Internet for a three-year period directly from the ministry via Ogero, the State provider of Internet and telephony services. It also said that the contract with "neighborhood providers" stipulates that the network will be transferred to the State and that the providers will be in charge of the maintenance of the networks. It added that the illegal distributors will have to submit to the ministry the details of their distribution networks in order to be linked to the national network.

### **Number of internally displaced persons from South Lebanon close to 94,000**

Figures compiled by the United Nations' Office for the Coordination of Humanitarian Affairs (OCHA) show that 93,881 persons have been displaced from South Lebanon as at May 14, 2024 due to the ongoing hostilities that erupted along Lebanon's border with Israel on October 8, 2023, constituting increases of 1,260 individuals or 1.4% from 92,621 as at April 16, 2024, of 3.75% from 90,491 as at March 19, 2024, of 14.5% from 82,012 as at January 9, 2024, and of 102.7% from 46,325 displaced persons as at November 14, 2023.

It indicated that about 83% of displaced individuals are currently living with host families, 13% are renting houses, 2% have relocated to secondary residences, and around 2% are housed in 18 collective shelters. It added that the shelters are providing accommodation for 1,570 Internally Displaced Persons (IDPs), with seven shelters located in Hasbaya, five in Tyre, four in Nabatieh, one in Saida, and one in the Bekaa region. It stated that 96% of IDPs originate from the Bint Jbeil, Marjayoun, and Tyre districts. Further, it added that 72 schools in South Lebanon are partially or fully closed, which is impacting around 20,000 children, while six Primary Health Care Centers (PHCCs) in the Bint Jbeil and Marjayoun districts are currently closed. Moreover, it indicated that 10 water facilities have been partially or fully destroyed, which has impacted 100,000 residents, and that 1,240 hectares of agricultural land have been damaged. Also, the latest figures issued by the Ministry of Public Health show that a total of 375 persons have been killed and 1,159 wounded as at May 28, 2024 as a result of the hostilities along Lebanon's southern border with Israel.

According to OCHA, the food assistance distributed since the eruption of hostilities consisted of 503,600 meals and 37,134 food parcels, as well as micronutrient supplements to 8,309 children. It added that core relief included the distribution of 194,575 items in the South and Nabatieh governorates, and of 11,306 gas heaters, kitchen sets, and solar lamps in the impacted areas. It noted that the one-time cash assistance consisted of cash disbursements to 18,640 Lebanese households registered with the Ministry of Social Affairs' social safety nets databases, as well as to 16,500 Syrian refugees' households and 290 farmers in border areas. Further, hygiene support included 414,948 liters of bottled water and 906,000 fuel liters of trucking water, as well as 41 water, sanitation, and hygiene (WaSH) kits that include dignity kits. It added that 28 PHCCs satellite units provided 39,817 health services, including 12,424 reproductive healthcare services. Further, it indicated that 30,623 beneficiaries received sessions about awareness on gender-based violence and on protection from sexual exploitation and abuse, as well as sessions on psychological support. In addition, it said that 6,013 individuals, including women and girls, received group and individual psychosocial support, and that 86 persons received training on protection and humanitarian principles. Also, it pointed out that about 15,000 students are receiving daily nutritious in-school snacks schools, around 4,000 children received financial support to reduce barriers to education, and about 4,500 displaced children who are not registered in schools obtained non-formal education opportunities in learning centers.



### Global Blue resumes VAT refund service in Lebanon

Global Blue, the value-added tax (VAT) refund operator for international shoppers, announced the return of VAT refund operations in Lebanon for non-residents. The company started to provide its services in Lebanon in August 2010 and suspended them in 2023.

It indicated that the resumption of the service is the result of the collaboration between the Ministry of Finance, the Beirut Traders Association, and the firm's local and regional teams. It added that the involved stakeholders carried out major legal and administrative changes that aim to streamline and facilitate the entire tax-free shopping process in Lebanon. It considered that the implementation of tax refund operations in the country will help support the local retail and tourism sectors. It added that a study in 2017 by the London-based Center for Economics and Business Research found that for every US dollar that the Lebanese tax authority refunded to a non-resident, the economy received a boost of \$13.80 to \$14.50, which reflects the significant multiplier effect of tax-free shopping on the Lebanese economy. It noted that the resumption of VAT refund operations offers significant benefits to local retailers, with approximately 318 retailers and 1,196 points of sales likely to see immediate benefits.

In parallel, the most recent figures issued by Global Blue showed that spending by visitors in Lebanon declined by 19% in 2022 compared to a decrease of 14% in 2021. The figures cover purchases on which visitors claimed VAT refunds. Spending of more than €5,000 per visitor accounted for 61% of total expenditures by visitors in 2022, followed by expenditures between €1,500 and €5,000 (18%), spending in the €750-€1,500 range (8%), expenditures between €300 and €750 (7%), and outlays of less than €300 (6%).

In addition, Beirut attracted 83% of aggregate expenditures in 2022, followed by the Metn area with 16%, and the Baabda & Aley region with 1%. In parallel, fashion & clothing accounted for 69% of total spending last year, followed by disbursements on watches & jewelry with 24%, outlays at department stores with 3%, payments on sports equipment & clothing and spending on home & garden products with 1% each.

Further, the total number of refund transactions by visitors increased by 0.5% in 2022. Refund transactions for amounts of less than €300 accounted for 57% of the total number of refunds, followed by spending in the €300-€750 range (19%), outlays of between €750 and €1,500 (10%), disbursements of €1,500 to €5,000 (9%), and payments that exceed €5,000 (5%).

Established in 1980, Global Blue provides tax-free shopping, payments, and post-purchase solutions, and has partnered with more than 300,000 retail stores across 53 countries. The firm said it has generated €20bn of in-store sales and €311.5m in revenues in the fiscal year that ended in March 2023.

### Contributions to support vulnerable population at \$2.4m for 2024

The International Organization for Migration (IOM) indicated that the required funding to support and protect the most vulnerable individuals across Lebanon, including migrants, refugees, and local community members, stands at \$31.2m for 2024. It said that contributions reached \$2.4m for the year and represented 8.3% of the required \$31.2m, resulting in a funding gap of \$28.8m, or 91.7%, for 2024. It added that it aims to target 123,200 individuals and 153 entities, and use \$14.4m to save lives and protect individuals and \$19.3m to find solutions to population displacement. The IOM is part of the United Nations (UN) response frameworks that include the Lebanese Crisis Response Plan (LCRP), the Emergency Response Plan (ERP) for Syrian refugees in Lebanon, and the UN Strategic Development Cooperation Framework (UNSDCF).

It pointed out that the funding needed for community stabilization stands at \$10m in 2024, or 32% of the total, followed by outlays for livelihoods and social protection with \$5m each (16% each), strengthening of the healthcare system with \$3.75m (12%), emergency preparedness with \$2m (6.4%), direct healthcare support with \$1.8m (5.8%), basic needs with \$1.34m (4.3%), humanitarian border management and services for citizens abroad with \$1m (3.2%), displacement tracking with \$800,000 (2.6%), and adaptation and disaster risk reduction with \$500,000 (1.6%).

Established in 2006, the UN migration agency mission in Lebanon said that it delivers frontline services to crisis-affected populations, and develops models and partnerships for longer-term recovery and migration governance. It pointed out that it aims to provide lifesaving support to the vulnerable population in Lebanon, build economic and community resilience against the loss of job opportunities and growing tensions, and seek to prevent and discourage unsafe and irregular migration.

### Lebanon ranks 124<sup>th</sup> globally, 10<sup>th</sup> among Arab countries on ESG index for 2023

Global Risk Profile, a Swiss company specializing in third-party risk management-related services, ranked Lebanon in 124<sup>th</sup> place among 183 countries and territories around the world and in 10<sup>th</sup> place among 19 Arab countries on its Environment, Social, and Governance (ESG) Index for 2023. Lebanon also came in 24<sup>th</sup> place among 54 lower middle-income countries (LMICs) included in the survey. In comparison, Lebanon came in 120<sup>th</sup> place globally, in 12<sup>th</sup> place regionally, and in 22<sup>nd</sup> place among LMICs on the 2022 index. Based on the same set of countries in the 2022 and 2023 surveys, Lebanon's ESG risk level deteriorated by four and two spots globally and among LMICs, respectively, while its risk level improved by two position among Arab countries from the 2022 survey. Lebanon ranked in the 32<sup>nd</sup> percentile worldwide on the 2023 index, which means that the risk level related to environmental, social, and governance issues is higher than in 68% of economies covered by the survey.

The index assesses the risk level in a country related to climate change measures, biodiversity and the health of the ecosystem, social rights, civil and political rights, collective rights, as well as the levels of health and safety. It includes 65 variables that are grouped in three sub-indices that are the Human Rights Sub-Index, the Environment Sub-Index, and the Health & Safety Sub-Index. The first sub-index carries a weight of 50%, while the second and third sub-indices have weights of 30% and 20%, respectively. A country's overall score ranges from zero to 100, with a score of 100 reflecting the highest ESG risk level.

Lebanon received a score of 49 points on the 2023 index compared to 50.5 points in the 2022 survey, which denotes a decline in the country's ESG risk level. In comparison, the global average score was 43.2 points, the Arab region's average score stood at 49.6 points, and the LMICs' score was 50.9 points. Also, Lebanon's ESG risk level came higher than the Gulf Cooperation Council (GCC) countries that posted an average score of 41.5 points, while it was lower than non-GCC Arab countries that had an average score of 53.3 points.

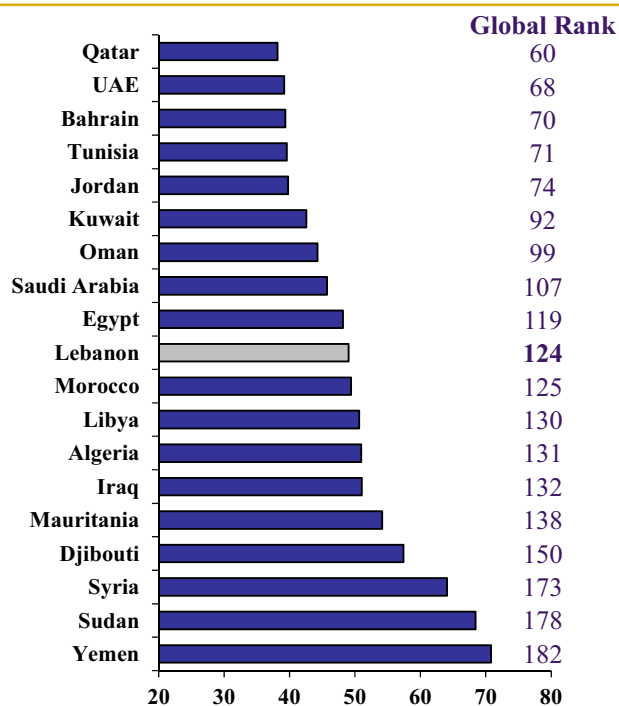
Globally, Lebanon has a higher ESG risk level than Gabon, Benin and Venezuela, and a lower risk level than Morocco, Ghana and Senegal among economies with a GDP of \$10bn or more. Further, Lebanon had lower ESG risks than Morocco, Ghana and Senegal, while it had higher risk levels than Tajikistan, Egypt and Benin among LMICs. Regionally, Lebanon had lower ESG risks than Morocco, Libya, Algeria, Iraq, Mauritania, Djibouti, Syria, Sudan, and Yemen.

In parallel, Lebanon had lower environmental risks than Cuba and Kuwait, while it had higher risks than Sudan and Macao on the Environment Sub-Index. This indicator captures the risks facing a country's air pollution levels, climate change measures, as well as its biodiversity and ecosystem. Lebanon had lower environmental risks than only Kuwait among Arab economies.

In addition, Lebanon had lower risks than Brunei and Zambia and higher risks than Saudi Arabia and Morocco on the Human Rights Sub-Index. This indicator evaluates the risks of the social, civil, political, and collective rights in a country or territory, and considers factors such as press freedom, minority rights, and measures of peace, slavery, child labor, and education. Regionally, risks to human rights in Lebanon came lower than in Libya, Egypt, Mauritania, Djibouti, Iraq, Algeria, Sudan, Syria and Yemen.

Further, Lebanon had lower health and safety risks than Azerbaijan and Tunisia, and higher risks than Brazil and Vietnam on the Health & Safety Sub-Index. This indicator assesses the risks to the health and safety levels of people in a given country or territory. It includes factors such as life expectancy, access to drinking water, safety at work, and social protection. Lebanon had lower health and safety risk levels than Tunisia, Jordan, Libya, Egypt, Algeria, Qatar, Oman, Iraq, Syria, Morocco, Mauritania, Yemen, Sudan and Djibouti in the Arab world.

**ESG Index for 2023**  
**Arab Countries' Scores & Rankings**



Source: Global Risk Profile, Byblos Research

**Components of the ESG Index for 2023**

	Lebanon Score	Global Rank	LMICs Rank	Arab Rank
Human Rights Sub-Index	47.80	179	50	18
Environment Sub-Index	59.34	125	26	10
Health & Safety Sub-Index	32.67	74	6	5

Source: Global Risk Profile, Byblos Research



### **Unemployment rate at 11%, middle class accounts for 23% of resident Lebanese in 2022-23 period**

A survey conducted by the World Bank indicated that the proportion of Lebanese individuals in the 'affluent' category decreased from 23% in 2012 to 12% in 2023, those in the 'middle class' regressed from 36% of the total Lebanese population in 2012 to 23% in 2023, while the proportion of Lebanese citizens in the 'vulnerable' category grew from 31% in 2012 to 32% in 2023 and the percentage of people that the bank categorized as 'poor' grew from 11% of the Lebanese in 2012 to 33% in 2023.

It noted that the economic classification of an 'affluent' Lebanese to be a person that spends more than LBP157.7m per month, while a Lebanese in the 'middle class' spends between LBP91.6m and LBP157.7m monthly, a 'vulnerable' Lebanese spends between LBP53.4m and LBP91.6m per month, and a 'poor' Lebanese spends up to LBP53.4m monthly based on the unofficial exchange rate of the US dollar in January 2023. It estimated the poverty rate among Lebanese residents in Akkar at 62%, followed by the North (52%), the Bekaa region (26%), Mount Lebanon (14%), and Beirut (2%).

Further, the distribution of the income of the top 20% of Lebanese households shows that wages accounted for 49% of the income of these households, followed by self-employment with 40% and remittance inflows with 10%. Also, wages accounted for 60% of the income of households in the top 60% to 80% quintile, followed by self-employment (31%) and remittance inflows (7%). Further, wages accounted for 72% of the income of households in the 40% to 60% quintile, followed by self-employment (19%) and remittance inflows (7%); while, wages represented 78% of the income of households in the 20% to 40% quintile, followed by self-employment (14%) and remittance inflows (6%). In addition, wages accounted for 86% of the income of households in the bottom 20% quintile, followed by self-employment (9%), while remittances and social transfers represented the balance of 5%. It added that 6% of the income of the poorest quintile of Lebanese citizens was in US dollars, followed by 13% for the second poorest quintile, 35% for the third poorest quintile, 25% for the second richest quintile, and 51% for the richest quintile.

Further, it indicated that the unemployment rate among Lebanese citizens remained broadly stabled at 11% in 2022-23, relative to 11% in 2011-12 and 13% in 2018-19, with the unemployment rate at 9% among Lebanese males and at 16% among Lebanese females in 2022-23. It added that the rate among poor Lebanese households was 18% in the 2022-23 period, as it stood at 13% among Lebanese males and 37% among Lebanese females in this segment. It added that the labor force participation rate (LFPR) among Lebanese citizens stood at 48% in the 2022-23 period compared to 52% in the 2011-12 period, and that the LFPR among poor Lebanese males was 62% in 2022-23. In addition, it stated that the share of Lebanese people working in the informal sector increased from 23% in 2011-12 to 34% in 2022-23, with 56% of poor Lebanese citizens working in the informal sector. It noted that 20% poor Lebanese work in hospitality and transportation, 19% are in public service and education, 16% work in trade, about 8% work in agriculture, 6% are employed in industry, while 16% are employed in other services.

It added that 55% of 'poor' Lebanese households own a home, while 28% owned a vehicle in the 2022-23 period. In addition, it mentioned that 55% of poor households have access to electricity through public grids, followed by 33% of households that get electricity through generators, 10% through solar panels, and 7% that use private grids. Also, it noted that 91% of children aged who are six to 17-years old in 'poor' Lebanese households have access to education.

The World Bank collected data for the survey between December 2022 and May 2023 from 4,200 households in Lebanon, compared to an initial target of 8,000 households. It noted that it collected data from the Akkar, Bekaa, Beirut, Mount Lebanon, and North Lebanon governorates, which cover around 60% of Lebanon's population. It added that it was not allowed to conduct the survey in the Baalbek-Hermel, South and Nabattiyeh governorates, which together account for about 40% of Lebanon's population. It noted that it conducted the survey in partnership with the World Food Program and the United Nations Commissioner for Refugees.



### **Balance sheet of investment banks at LBP72.8 trillion at end-March 2024**

Figures released by Banque du Liban (BdL) show that the consolidated balance sheet of investment banks in Lebanon reached LBP72.75 trillion (tn) at the end of March 2024, or the equivalent of \$812.8m, constituting a decrease of 2.1% from LBP74.3tn (\$830.5m) at the end of February 2024. The figures reflect Banque du Liban's Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currencies to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions starting on January 31, 2024.

On the assets side, claims on resident customers stood at LBP8.15tn (\$91m) at the end of March 2024 and regressed by 23.6% from LBP10.7tn (\$119.1m) at end-February 2024. Further, claims on resident customers in Lebanese pounds totaled LBP785.8bn at end-March 2024, constituting a decrease of 2.8% from end-February 2024, while claims on resident customers in foreign currency amounted to LBP7.4tn (\$82.2m) at end-March 2024 and dropped by 25.3% from end-February 2024 and by 23.5% from a year earlier.

Also, claims on non-resident customers stood at LBP1,202.7bn (\$13.4m) at the end of March 2024, representing contractions of 7.6% from end-February 2024 and of 22% in the first quarter of the year.

Further, claims on the resident financial sector reached LBP6.2tn (\$69.1m) at end-March 2024 and rose by 20.8% from LBP5.1tn (\$57.2m) at the end of February 2024. Claims on the resident financial sector in Lebanese pounds amounted to LBP1.12tn at the end of March 2024 and decreased by 2.4% from end-February 2024, while claims on the resident financial sector in foreign currency totaled LBP5.1tn (\$56.6m) at end-March 2024 and increased by 27.5% from end-February 2024.

In addition, claims on the non-resident financial sector reached LBP5.1tn (\$57.4m) at the end of March 2024, constituting a rise of 12% from end-February 2024 and a decline of 7.4% in the first quarter of the year. Also, claims on the public sector stood at LBP612.8m at end-March 2024, and grew by 15.6% from the previous month; while the securities portfolio, which includes Lebanese Treasury bills and Eurobonds, amounted to LBP8.2tn at the end of March 2024 and declined by 5.6% from LBP8.7tn at end-February 2024.

In parallel, currency and deposits with local and foreign central banks reached LBP26.2tn (\$292.3m) at the end of March 2024 and regressed by 1.1% from LBP26.45tn (\$295.5m) at end-February 2024.

On the liabilities side, deposits of resident customers stood at LBP27.4tn (\$306.4m) at the end of March 2024, constituting a decrease of 5% from LBP28.9tn (\$322.5m) at end-February 2024. Deposits of resident customers in Lebanese pounds amounted to LBP937.4bn at end-March 2024 and increased by 29.3% from the preceding month, while deposits of resident customers in foreign currency reached LBP26.5tn (\$296m) at the end of March 2024 and declined by 6% from end-February 2024.

Also, deposits of non-resident customers totaled LBP8.5tn (\$95.2m) at the end of March 2024, down by 0.8% from end-February 2024 and by 13.5% in the first quarter of the year.

Further, liabilities to the resident financial sector amounted to LBP4.4tn (\$48.9m) at end-March 2024 and regressed by 3.6% from LBP4.5tn (\$50.7m) at the end of February 2024. Liabilities to the resident financial sector in Lebanese pounds totaled LBP511bn at end-March 2024 and surged by 30.8% from end-February 2024, while liabilities to the resident financial sector in foreign currency reached LBP3.9tn (\$43.2m) at end-March 2024 and declined by 6.8% from LBP4.2tn (\$46.4m) at end-February 2024.

In addition, liabilities to the non-resident financial sector amounted to LBP5.6tn (\$62.8m) at end-March 2024 and contracted by 3.5% from the previous month. Also, public sector deposits totaled LBP237.6bn at the end of March 2024 relative to LBP177.5bn at end-February 2024.

Further, the aggregate capital account of financial institutions stood at LBP10.9tn (\$122.1m) at the end of March 2024 relative to LBP11.4tn (\$127.2m) at end-February 2024 and to LBP3.4tn (\$228.4m) at end-2023.



### **Stock market capitalization down 10% to \$17.1bn at end-May 2024**

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 5.16 million shares in the first five months of 2024, constituting a drop of 81.4% from 27.7 million shares traded in the same period of 2023; while aggregate turnover amounted to \$225.7m and rose by 30.3% from a turnover of \$173.3m in the first five months of 2023.

Further, the market capitalization of the BSE stood at \$17.1bn at the end of May 2024, representing a decrease of 9.5% from \$18.9bn a year earlier, and compared to \$17.2bn at the end of April 2024 and to \$20.5bn at end-December 2023. Real estate equities accounted for 67.4% of the market's capitalization at the end of May 2024, followed by banking stocks (23.5%), and industrial shares (9.2%). Also, the trading volume reached 495,504 shares in May 2024, as it contracted by 32.7% from 736,801 shares traded in April 2024 and by 39.4% from 817,904 shares in May 2023. Also, the aggregate turnover stood at \$25.2m in May 2024, constituting a rise of 38% from a turnover of \$18.3m in the preceding month and a decline of 13.3% from \$29.1m in May 2023. The market liquidity ratio was 1.32% at the end of May 2024 compared to 0.92% a year earlier.

In addition, real estate equities accounted for 52.8% of the trading volume in the first five months of 2024, followed by banking stocks (44.3%) and industrial shares (2.8%). Further, real estate equities accounted for 94.1% of the aggregate value of shares traded, followed by industrial shares (3.9%), and banking stocks (2%). The average daily traded volume for the first five months of 2024 was 52,681 shares for an average daily amount of \$2.3m. The figures represent a drop of 81.7% of the average daily traded volume and a surge of 27.6% of the average daily value in the covered period.

In parallel, the price of Solidere 'A' shares decreased by 21.4% and the price of Solidere 'B' shares dropped by 22.5% in the first five months of 2024, while the price of Holcim shares increased by 10.7% in the covered period. Further, the price of Solidere 'A' shares increased by 1.7% in January while it decreased by 14.2% in February, by 6% in March 2024, by 1% in April 2024, and by 3.2% in May 2024. Also, the price of Solidere 'B' shares improved by 1.3% in January and contracted by 18% in February, by 0.7% in March 2024, by 2.4% in April 2024, and by 3.8% in May 2024. Further, the share price of Holcim regressed by 0.5% January and grew by 0.7% in February 2024, while it remained unchanged in March and in April 2024, and expanded by 10.5% in May 2024.

The decline in the bourse's capitalization in the first five months of 2024 has been triggered by the contraction in the share prices of Solidere in the covered period due to negative market sentiment since the eruption of the war in the Gaza Strip and the start of Israeli attacks along the Blue Line of Lebanon's southern border.



## 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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