

LEBANON THIS WEEK

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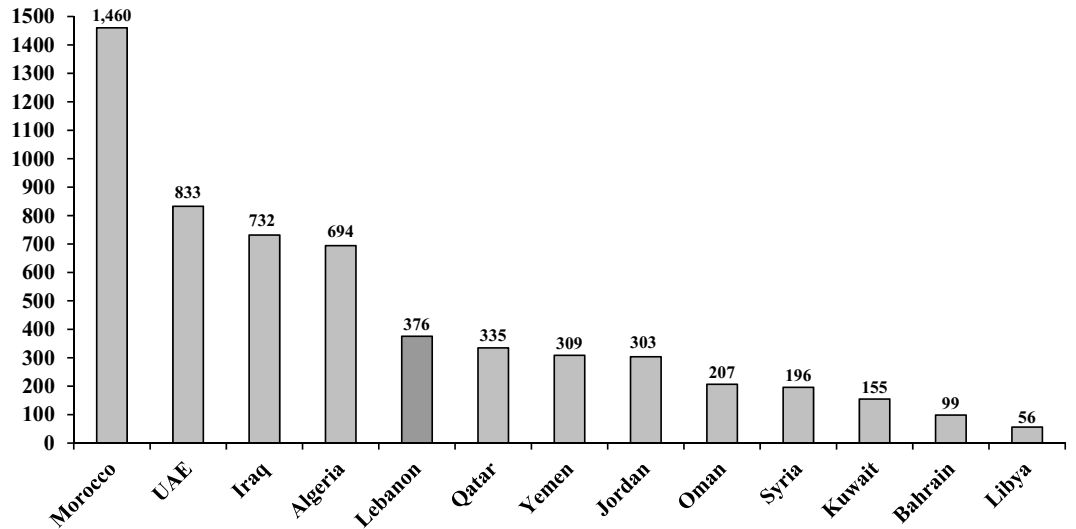
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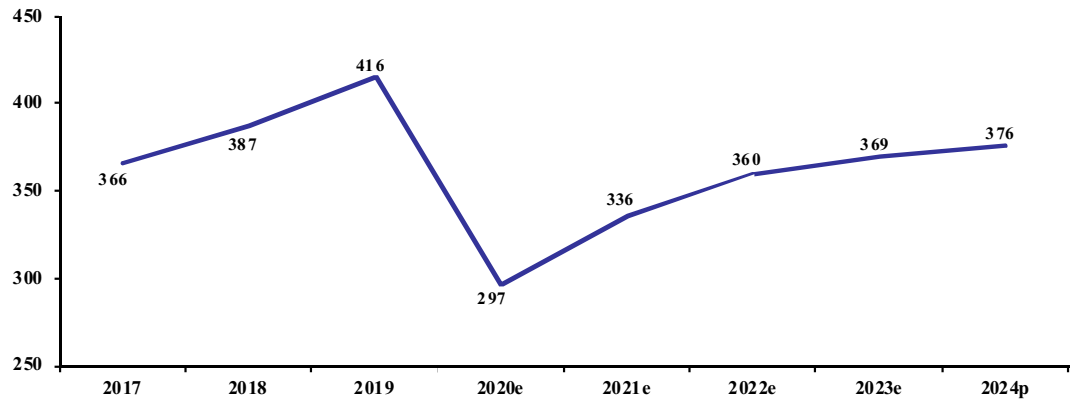
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Charts of the Week

Jobs in the Tourism and Travel Industry in Select Arab Countries in 2024
(in thousands)



Jobs in the Tourism and Travel Industry in Lebanon
(in thousands)



Source: World Travel & Tourism Council, Byblos Bank

Quote to Note

"Measures to raise transparency across the public sector are much needed, including audited financial statements of state-owned enterprises (SOEs), as well as reforms of the SOEs more broadly."

The International Monetary Fund, on the need to restructure the public sector

Number of the Week

20: Number of months that 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"	69.05	(0.6)	71,297	41.7%	Nov 2024	6.25	6.88	3,997.02
Byblos Common	0.63	(10.0)	34,400	2.2%	Jun 2025	6.25	6.88	625.26
BLOM GDR	3.25	0.0	24,041	1.5%	Nov 2026	6.60	6.88	149.13
Solidere "B"	69.00	0.0	19,255	27.1%	Mar 2027	6.85	6.88	126.87
HOLCIM	61.00	(1.6)	18,973	7.2%	Nov 2028	6.65	6.88	72.34
Audi Listed	1.50	0.0	5,640	5.3%	Feb 2030	6.65	6.88	53.47
Audi GDR	1.11	0.0	-	0.8%	Apr 2031	7.00	6.88	43.48
BLOM Listed	2.90	0.0	-	3.8%	May 2033	8.20	6.88	32.56
Byblos Pref. 08	27.00	0.0	-	0.3%	Nov 2035	7.05	6.88	25.07
Byblos Pref. 09	29.99	0.0	-	0.4%	Mar 2037	7.25	6.88	22.19

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

Source: Refinitiv

	Jun 24-28	Jun 19-21	% Change	June 2024	June 2023	% Change
Total shares traded	173,616	87,030	99.5	477,018	1,157,356	(58.8)
Total value traded	\$7,561,807	\$2,887,867	161.8	\$18,325,430	\$63,989,737	(71.4)
Market capitalization	\$16.54bn	\$16.62bn	(0.5)	\$16.54bn	\$17.68bn	(6.4)

Source: Beirut Stock Exchange (BSE)



Expatriates' remittances to Lebanon up 4% to \$6.7bn in 2023

The World Bank estimated the inflows of expatriates' remittances to Lebanon at \$6.7bn in 2023, constituting an increase of 4.1% from \$6.44bn in 2022, following a rise of 1.3% in 2022 from the preceding year. In comparison, it estimated that remittance inflows to developing countries grew by 0.7% and inflows to Arab countries declined by 14.2% in 2023.

Lebanon was the 31st largest recipient of remittances in the world and the 21st largest among developing economies in 2023. Lebanon received more remittances than Sri Lanka (\$6bn), Russia (\$5.8bn) and Serbia (\$5.77bn), and less remittances than Thailand (\$9.6bn), Honduras (\$9bn), and El Salvador (\$8.2bn) among developing economies in 2023. Also, Lebanon was the third largest recipient of remittances among 16 Arab countries behind Egypt (\$19.5bn) and Morocco (\$11.8bn) in 2023.

Remittance inflows to Lebanon accounted for 0.78% of the global flow of remittances in 2023 relative to 0.76% in 2022. They also represented 1% of aggregate remittances to developing economies in each of 2023 and 2022, while they accounted for 11.5% of remittance inflows to Arab countries last year compared to 9.5% in 2022.

Further, according to the World Bank, expatriates' remittances to Lebanon were equivalent to 30.7% of GDP in 2023, which constituted the third highest such ratio in the world behind Tonga (40.6% of GDP) and Tajikistan (39% of GDP). Expatriates' remittances to Lebanon were equivalent to 13.9% of GDP in 2019, 26.7% of GDP in 2020, 27.5% of GDP in 2021, and 30.66% of GDP in 2022.

In parallel, the World Bank estimated the outflow of remittances from Lebanon at \$1.78bn in 2023, representing an increase of 2.2% from \$1.74bn in 2022, following a decrease of 10% in 2022 from the previous year. As such, net remittance inflows to Lebanon totaled \$4.92bn in 2023, constituting an increase of 4.7% from \$4.7bn in 2022. In comparison, the bank estimated that remittance outflows from developing countries contracted by 4.4% and outflows from Arab countries declined by 14.7% in 2023.

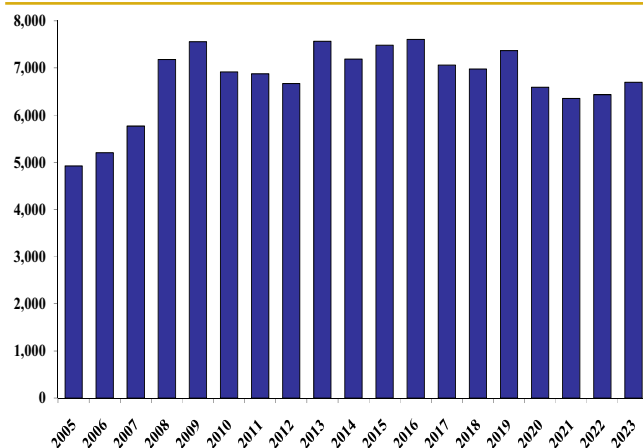
Lebanon was the 36th largest source of remittances in the world and the ninth largest among developing economies in 2023. Remittances outflows from Lebanon were higher than outflows from the Dominican Republic (\$1.06bn), Mexico (\$1.05bn) and Türkiye (\$951m), and lower than from Thailand (\$7bn), Kazakhstan (\$2.4bn), and Brazil (\$2.3bn) among developing economies in 2023. Also, Lebanon was the sixth largest source of remittances in the Arab world behind the UAE (\$38.5bn), Saudi Arabia (\$38.4bn), Kuwait (\$12.7bn), Qatar (\$11.8bn), and Bahrain (\$2.7bn) in 2023.

Remittance outflows from Lebanon accounted for 0.34% of the global outflow of remittances in 2023 relative to 0.33% in 2022. They also represented 0.58% of aggregate remittances from developing economies in 2023 and 0.63% in 2022, while they accounted for 1.7% of remittance outflows from Arab countries last year compared to 1.4% in 2022.

Further, according to the World Bank, expatriates' remittances from Lebanon were equivalent to 8.2% of GDP in 2023, which constituted the third highest such ratio in the world behind Luxembourg (21% of GDP) and Timor-Leste (17.5% of GDP).

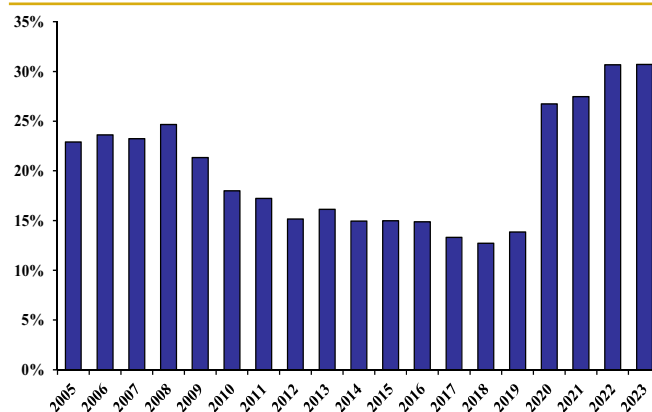
As such, net remittance inflows to Lebanon were equivalent to 22.6% of GDP in 2023, compared to 22.4% of GDP in 2022, 19.1% of GDP in 2021, 15.5% of GDP in 2020 and 5.7% of GDP in 2019.

Remittance Inflows to Lebanon (US\$m)



Source: Banque du Liban, World Bank, Byblos Research

Remittance Inflows to Lebanon (% of GDP)



*GDP for the 2021-23 period is from the World Bank

Source: National Accounts, World Bank, Byblos Research

Banque du Liban expands terms of deposit withdrawals in foreign currency

Banque du Liban (BdL) issued Intermediate Circular 697/13644 dated June 27, 2024 addressed to banks, which modified Basic Circular 158/13335 of June 21, 2021, about exceptional measures related to the gradual disbursement of deposits in foreign currency from accounts that clients opened prior to October 31, 2019.

First, it stated that any natural person can benefit from the circular whether he/she is minor or adult and is residing in Lebanon or abroad. Further, it said that moral entities, such as companies and organizations, are not eligible. The circular stated that the amounts that are eligible for withdrawals consist of a client's aggregate foreign currency deposit balance as at June 30, 2021 net of the amounts that the depositor converted from Lebanese pounds to foreign currencies since the end of October 2019; net of existing cash collateral and margins; net of the aggregate balance of any retail and housing loans instalments in foreign currencies that the depositor is paying in Lebanese pounds at the official exchange rate as per BdL Intermediate Circular 568/13260; and net of any withdrawals of cash banknotes or transfers abroad.

Second, it indicated that the account holder cannot benefit from the terms of Basic Circular 158/13335 from any individual account that he/she has, or from any joint or collective account that he/she co-owns at any bank, if he/she has benefited from Basic Circular 158/13335 during the yearly cycle of the circular between July 1 and June 30 of each year. It noted that, in case a depositor has a joint account and decides to benefit from Basic Circular 158/13335, the other co-owner of the account cannot use the same account to benefit from Basic Circular 166/13611, but the depositor can benefit from the latter from other accounts if he/she does not apply for Basic Circular 158/13335.

Third, the circular authorized banks to use the liquidity that they accumulated at correspondent banks as per Basic Circular 154/13262 dated August 27, 2020 to source the foreign currency needed for the withdrawals. The latter mandated banks to place at an account at foreign correspondent banks, the equivalent of 3% of the aggregate amount of the bank's deposits in foreign currency, and in case the liquidity in this account falls short of the 3% floor, banks have until the end of 2025 to meet the threshold.

In parallel, BdL issued Intermediate Circular 698/13645 dated June 27, 2024 addressed to banks, which modified Basic Circular 166/13611 of February 2, 2024 about exceptional measures related to the gradual disbursement of deposits in foreign currency from accounts that clients opened after October 31, 2019.

First, the circular stipulates that the amounts that are eligible for withdrawals consist of a resident or non-resident, adult or minor natural person's aggregate foreign currency deposit balance at all bank accounts as at June 30, 2023, and who do not benefit from the terms of Basic Circular 158/13335, with the exception of "fresh money" accounts.

Second, it said that the eligible amounts include term deposit accounts upon their maturity that clients opened after October 31, 2019; cash collateral, upon its release, that the client pledged after end-October 2019; and deposit accounts that are considered a continuation of opened accounts before June 30, 2023, such as individual accounts that became joint ones, or vice versa, accounts that were transferred to heirs or to trustees, and the term-deposit accounts that became current deposits.

Third, BdL stated that the depositors who are not eligible to benefit from the terms of the circular consist of the following. First, the depositors who did not comply with the requirement of Basic Circular 154/13262 about repatriating 15% or 30% of funds that they transferred abroad since July 2017. Second, depositors whose bank accounts' activity shows that they were selling and buying checks after end-October 2019. Third, depositors who converted after October 31, 2019 Lebanese-pound deposits to US dollars in excess of \$300,000, except for the conversion of end-of-service indemnities to US dollars. Fourth, depositors who reimbursed in Lebanese pounds, after end-October 2019, the equivalent of at least \$300,000 in foreign currency loans. Fifth, depositors who converted, after end-October 2019, at least \$300,000 in foreign currency loans to Lebanese pounds. Sixth, depositors who bought at least \$75,000 at the exchange rate of BdL's Sayrafa electronic exchange platform. Seventh, depositors who benefited or who are still benefiting from the terms of Basic Circular 158/13335, during the yearly cycle of the circular between July 1 and June 30 of each year. It noted that, in case a depositor has a joint account and decides to benefit from Basic Circular 166/13611, the other co-owner of the account cannot use the same account to benefit from Basic Circular 158/13335, but the depositor can benefit from the latter from other accounts if he/she does not apply for Basic Circular 166/13611.

Fourth, it added that, in case the client decides to benefit from Basic Circular 166/13611, he/she should ask the bank to open a new "Special Sub-Account", and stressed that the account owner can benefit from the terms of this circular for an amount that does not exceed \$4,350 from all banks combined. It added that the account holder has the right to set the amount that he/she can benefit from its withdrawal in a "Special Sub-Account" that exceeds the eligible amount to withdraw in a one-year cycle.

Further, BdL stipulated that the two intermediate circulars will go into effect on July 1, 2024 for a 12-months period, is eligible for modifications or renewal, and will remain valid until account holders transfer all the eligible funds to their "Special Sub-Account".



Cost of living in Beirut is 113th highest in the world, sixth highest among Arab cities

The Mid-2024 Cost of Living Index, produced by crowd-sourced global database Numbeo, ranked the cost of living in Beirut as the 113th highest among 218 cities around the world and the sixth highest among 14 Arab cities. Also, the cost of living in Beirut was the highest among 30 cities in lower-middle income countries (LMICs) included in the survey. 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 and the highest among 70 cities in LMICs included in the Mid-2023 survey. Beirut ranked in the 39th percentile worldwide on the Mid-2024 survey, which means that the cost of living in the city is higher than in about 39% of cities covered by the 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.

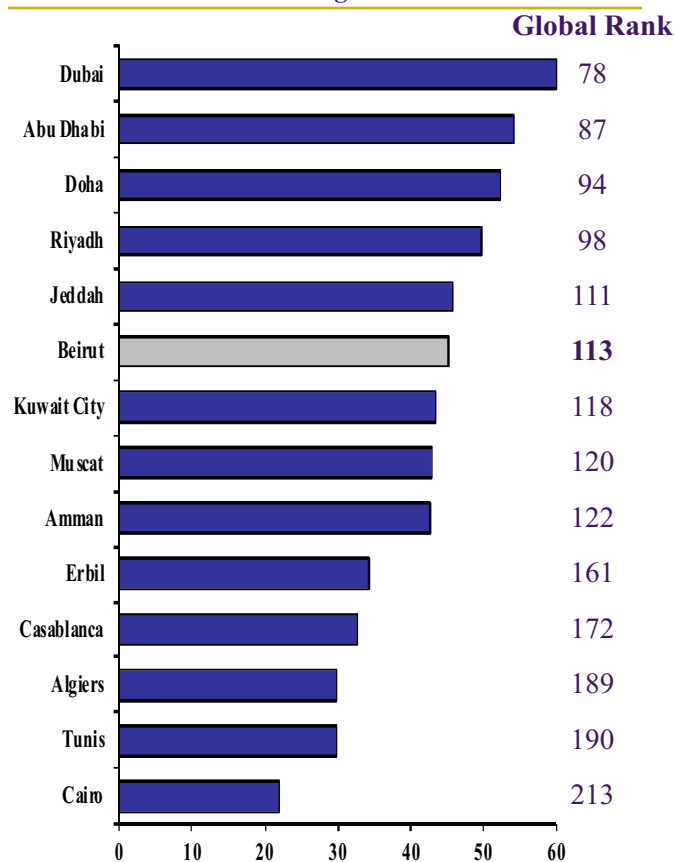
According to the Cost of Living Index, consumer goods in Beirut are costlier than they are in Tirana in Albania, and in Poland's Warsaw and Krakow; while they are less expensive than in Plzen in Czechia, in Jeddah in Saudi Arabia, and in Porto in Portugal. Beirut received a score of 45.2 points on this index, which means that the prices of consumer goods in Beirut are 54.8% lower than those in New York City. Further, the cost of living in Beirut is less expensive than in Dubai, Abu Dhabi, Doha, Riyadh, and Jeddah in the Arab world.

In parallel, the Rent Index ranked Beirut in 117th place globally, in sixth place among Arab cities, and in third place among cities in LMICs. Globally, renting an apartment in Beirut is more expensive than rent in Czechia's Brno, Split in Croatia, and Almaty in Kazakhstan; and is less expensive than in Cape Town in South Africa, Turin in Italy, and Tallinn in Estonia. Further, Dubai, Doha, Abu Dhabi, Riyadh and Kuwait City are the Arab cities that have more expensive rents than Beirut; while Lagos in Nigeria and Mumbai in India are the only cities among LMICs with more expensive rents. Beirut received a score of 16.9 points on the index, which means that rent in Beirut is 83% less expensive 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 165th place globally, in 10th place among Arab cities, and in eighth among cities in LMICs. Globally, groceries in Beirut are more expensive than in Sao Paulo in Brazil, Batumi in Georgia, and Skopje in North Macedonia; while they are cheaper than in Hanoi in Vietnam, Buenos Aires in Argentina, and Tbilisi in Georgia. Further, groceries in Beirut are less expensive than in Dubai, Doha, Riyadh, Abu Dhabi, Jeddah, Muscat, Amman, Algiers, and Kuwait City in the Arab world. In addition, grocery prices in Manila in The Philippines, Lagos in Nigeria, Amman in Jordan, Algiers in Algeria, Ho Chi Minh City in Vietnam, Accra in Ghana, and Hanoi in Vietnam are higher than prices in Beirut among LMICs. Beirut received a score of 34 points on this index, which means that groceries in Beirut are 66% less expensive 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 132nd place globally, in eighth place among Arab cities and in second place among cities in LMICs. Globally, meals and drinks at restaurants and pubs in Beirut are more expensive than they are in Tbilisi in Georgia, in Jeddah, and in Johannesburg in South Africa; while they are cheaper than in South Korea's Seoul, Poznan in Poland, and Amman in Jordan. Further, the prices of meals and drinks in Dubai, Abu Dhabi, Doha, Kuwait City, Riyadh, Muscat, and Amman are higher than prices in Beirut; while Amman is the only city among LMICs with more expensive meals and drinks than Beirut. The Lebanese capital received a score of 35.9 points on the index, which means that prices at restaurants and pubs in Beirut are 64% less expensive than they are in New York City.

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



Source: Numbeo, Byblos Research

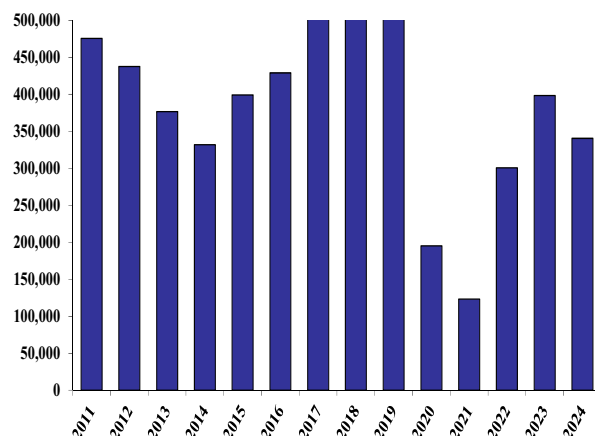
Tourist arrivals down 14.5% in first four months of 2024

Figures compiled by the Ministry of Tourism indicate that the number of incoming visitors to Lebanon totaled 340,290 tourists in the first four months of 2024, constituting a decrease of 14.5% from 398,186 tourists in the same period of 2023 and an increase of 13.2% from 300,529 visitors in the first four months of 2022.

The number of incoming visitors reached 77,712 in January, 80,150 in February, 79,762 in March, and 102,657 in April 2023. In comparison, they totaled 88,378 visitors in January, 85,682 in February, 100,727 in March, and 123,399 in April 2023. The figures constituted decreases of 12% in January, 6.5% in February, 20.8% in March, and 16.8% in April 2023 from the corresponding months of the previous year due to the eruption of the conflict in the Gaza Strip, the related Israeli attacks along Lebanon's southern border, and the resulting concerns about security and political instability. The figures exclude Syrian and Palestinian arrivals.

Visitors from European countries totaled 134,213 tourists and accounted for 39.4% of incoming visitors in the first four months of 2024, followed by those from Arab countries with 98,719 visitors (29%), the Americas with 56,777 tourists (16.7%), Asia with 21,139 visitors (6.2%), Africa with 17,069 visitors (5%), and Oceania with 12,323 tourists (3.6%). Further, the number of visitors from Africa grew by 8% in the first four months of 2024 from the same period last year, while the number of visitors from Europe declined by 19.5%, followed by those from the Americas (-15.6%), Europe (+20.6%), the Arab countries (-11.2%), Oceania (-10.8%), and Asia (-9.2%).

Number of Tourist Arrivals to Lebanon*



*in first four months of each year

Source: Ministry of Tourism, Byblos Research

Amount of cleared checks in Lebanese pounds up 41.5% in first five months of 2024

The amount of cleared checks in Lebanese pounds reached LBP32,076bn in the first five months of 2024, constituting an increase of 41.5% from LBP22,667bn in the first five months of 2023, while the amount of cleared checks in foreign currency was \$681m and dropped by 65% from \$1.94bn in the first five months of 2023. Also, there were 92,687 cleared checks in the first five months of 2024, down by 60% from 231,909 checks in the same period of 2023. In addition, the amount of cleared checks in Lebanese pounds stood at LBP8,452bn in May 2024, constituting a decrease of 48.2% from LBP5,703bn in April 2024 and a surge of 80% from LBP4,704bn in May 2023. Further, the amount of cleared checks in foreign currency was \$100m in May 2024, and increased by 53.8% from \$65m in the previous month and by 61% from \$255m in May 2023. Also, there were 17,393 cleared checks in May 2024 relative to 16,194 checks in April 2024 and to 41,491 cleared checks in May 2023.

Further, the amount of cleared checks in "fresh" Lebanese pounds stood at LBP4,673bn, while the amount of cleared checks in "fresh" foreign currency was \$79.6m in the first five months of 2024. Also, there were 2,949 cleared checks in "fresh" Lebanese pounds and 5,840 cleared checks in "fresh" foreign currency in the covered period.

In parallel, the amount of returned checks in Lebanese pounds totaled LBP182bn in the first five months of 2024, down by 59.6% from LBP450bn in the same period last year, while the amount of returned checks in foreign currency was \$21.5m and dropped by 81% from \$112m in the first five months of 2023. Also, the amount of returned checks in Lebanese pounds stood at LBP10bn in May 2024, unchanged from the previous month and fell by 88.8% from LBP89bn in May 2023. Moreover, the amount of returned checks in foreign currency was \$1m in May 2024, unchanged from the preceding month and down by 98% from \$54m in May 2023.

Further, there were 507 returned checks in the first five months of 2024, representing a drop of 75.2% from 2,047 returned checks in the same period last year. Also, the number of returned checks in foreign currency reached 168 in the covered period and fell by 79.6% from 823 checks in the first five months of 2023, while the number of returned checks in Lebanese pounds totaled 339 and contracted by 72.3% from 1,224 checks from the same period last year. In addition, there were 81 returned checks in May 2024, relative to 97 returned checks in the preceding month and to 412 checks in May 2023. Further, there were 55 returned checks in Lebanese pounds in May 2024 compared to 75 in the previous month and to 222 in May 2023, while there were 26 returned checks in foreign currency in May 2024 relative to 22 checks in the preceding month and 190 returned checks in May 2023.

In addition, the amount of returned checks in "fresh" foreign currency stood at \$723,424 while the amount of returned checks in "fresh" Lebanese pounds was LBP12.33bn in the first five months of the year. Also, there were 82 returned checks in "fresh" foreign currency and 17 returned checks in "fresh" Lebanese pounds in the first five months of 2024.



Cost of sending remittances from several sources increases in first quarter of 2024

Figures issued by the World Bank show that the cost of sending \$500 in remittances from the United States to Lebanon was 5.81% in the first quarter of 2024, constituting a decrease from 5.86% in the fourth quarter of 2023 and an increase from 5.38% in the first quarter of 2023. The cost includes the transaction fee and exchange rate margin, and represents the average cost of transferring money through commercial banks and money transfer operators. In nominal terms, the cost of sending \$500 from the U.S. to Lebanon was \$29.03 in the first quarter of 2024, compared to \$29.28 in the preceding quarter and to \$26.88 in the first quarter of 2023. Lebanon was the eighth most expensive destination for sending \$500 from the U.S. among 42 countries with available data.

Further, the cost of sending remittances from Canada to Lebanon stood at 6.48% in the first quarter of 2024 for a transfer of CAD500, representing increases from 6.31% in the fourth quarter of 2023 and from 5.40% in the first quarter of 2023. In nominal terms, the cost of sending CAD500 from Canada to Lebanon was CAD32.38 in the first quarter of 2024 relative to CAD31.56 in the previous quarter and to CAD27.02 in the first quarter of 2023. Lebanon was the third most expensive destination for sending CAD500 from Canada among 15 countries with available data.

Also, the cost of sending remittances from Australia to Lebanon reached 7.17% in the first quarter of 2024 for a transfer of AUD500, constituting increases from 6.12% in the fourth quarter of 2023 and from 6.77% in the first quarter of 2023. The cost of sending AUD500 from Australia to Lebanon was AUD35.85 in the first quarter of 2024 compared to AUD30.61 in the preceding quarter and to AUD33.83 in the first quarter of 2023. Lebanon was the second costliest destination for sending AUD500 from Australia among 16 countries with available data.

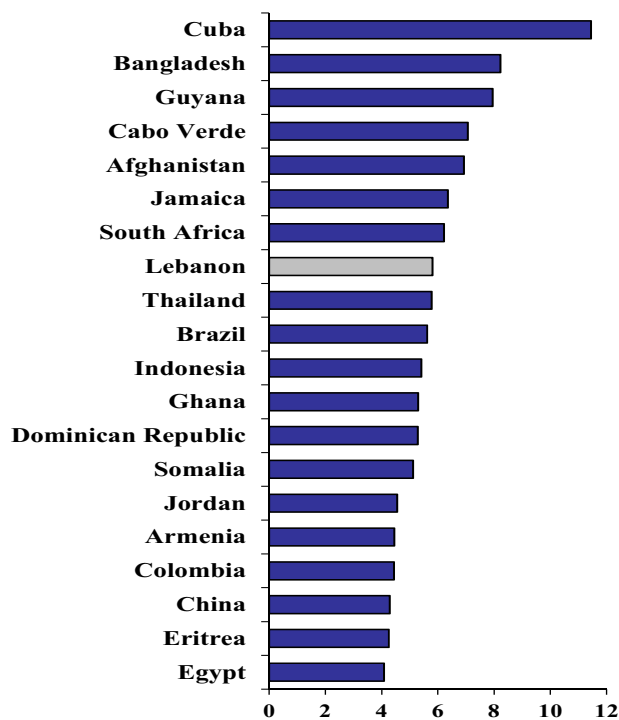
In addition, the cost of sending remittances from France to Lebanon was 8.10% in the first quarter of 2024 for a transfer of €345, representing increases from 7.98% in the fourth quarter of 2023 and from 5.96% in the first quarter of 2023. In nominal terms, the cost of sending €345 from France to Lebanon was €27.93 in the first quarter of 2024 relative to €27.53 in the previous quarter and to €20.56 in the first quarter of 2023. Lebanon was the third most expensive destination for sending €345 from France among 16 countries with available data.

Further, the cost of sending remittances from the United Kingdom to Lebanon stood at 6.48% in the first quarter of 2024 for a transfer of £300, constituting an increase from 5.43% in the fourth quarter of 2023 and a decrease from 6.52% in the first quarter of 2023. In nominal terms, the cost of sending £300 from the UK to Lebanon was £19.45 in the first quarter of 2024 relative to £16.29 in the preceding quarter and to £19.55 in the first quarter of 2023. Lebanon was the fourth most expensive destination for sending £300 from the UK, among 33 countries with available data.

Also, the cost of sending remittances from Germany to Lebanon was 6.60% in the first quarter of 2024 for a transfer of €345, representing a decrease from 6.65% in the third quarter of 2023 and an increase from 5.89% in the first quarter of 2023. In nominal terms, the cost of sending €345 from Germany to Lebanon was €22.78 in the first quarter of 2024 compared to €22.93 in the previous quarter and to €20.30 in the first quarter of 2023. Lebanon was the second most expensive destination for sending €345 from Germany among 24 countries with available data.

Finally, the cost of sending remittances from Saudi Arabia to Lebanon reached 3.24% in the first quarter of 2024 for a transfer of SAR1,870, equivalent to \$500, decreasing from 3.34% in the fourth quarter of 2023 and from 3.36% in the first quarter of 2023. In nominal terms, the cost of sending SAR1,870 from Saudi Arabia to Lebanon was SAR60.50 in the first quarter of 2024, relative to SAR62.37 in the fourth quarter of 2023 and to SAR62.83 in the first quarter of 2023. Lebanon was the 10th most expensive destination for sending SAR1,870 from Saudi Arabia among 17 countries with available data.

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



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

Source: World Bank, Byblos Research

Lebanon has 109th highest level of human development globally, 12th highest among Arab countries

The United Nations ranked Lebanon in 109th place among 193 countries worldwide and in 12th place among 20 Arab countries on its Human Development Index (HDI) for 2024. Also, Lebanon ranked in 11th place among 54 lower middle-income countries (LMICs) included in the index. In comparison, Lebanon ranked 104th globally, 12th regionally, and ninth among LMICs on the 2023 index, while it came in 85th place globally and seventh regionally in the 2014 edition. Based on the same set of countries in the 2024 and 2023 editions, Lebanon's global and LMIC ranks regressed by five and two spots, respectively, from the 2023 index, while its Arab rank was unchanged from the previous year. Also, Lebanon's global rank deteriorated by 24 spots, while its Arab rank declined by five notches from the 2014 index. The 28 notches decline in Lebanon's rank between 2014 and 2024 is the second steepest globally.

The HDI uses the latest available figures on life expectancy, education, and income dimensions to assess the level of human development in a country. The United Nations considered that Lebanon has a "high-level" of human development, unchanged from the preceding survey. Further, Lebanon was one of 49 countries worldwide that have a "high-level" of human development. Switzerland had the highest level of human development in the world in 2022, while Somalia had the lowest level.

Lebanon received a score of 0.723 points on the HDI for 2024, down from 0.725 in 2023 and compared to 0.755 in 2014. Also, Lebanon's score was lower than the average score of 0.764 of countries that have a "high-level" of human development, as well as the global average of 0.739 points, while it was higher than the Arab states' average of 0.715 points and the LMIC average of 0.629.

Globally, Lebanon had a higher development level than South Africa, Palestine and Indonesia, and a lower level than Uzbekistan, Vietnam and Saint Lucia. Also, Lebanon trailed only Iran and Ukraine among LMICs, while it preceded Palestine, Morocco, Iraq, Syria, Mauritania, Sudan, Djibouti and Yemen in the Arab world.

Further, figures on individual components of the index show that Lebanon's results on the life expectancy at birth stood at 74.4 years, and came higher than the global average of 72 years, the Arab average of 73.2 years, and the LMIC average of 67.8 years. Also, the mean years of schooling in Lebanon was 8.6 years on the 2024 index, and came higher than the LMIC average of 8.2 years, while it was lower than the global average of 8.7 years and the Arab average of 9.7 years.

In parallel, Lebanon ranked in 86th place among 166 countries globally, and in ninth place among 18 Arab countries on the Gender Inequality Index (GII), which measures gender-based disadvantages in reproductive health, empowerment and the labor market. Lebanon also ranked in ninth place among 47 LMICs included in the index. The GII's scores range from zero to one, with smaller scores indicating lower levels of inequalities. Lebanon received a score of 0.365 points on the GII relative to 0.385 points in 2023. Its score came higher than the global and Arab averages of 0.462 points and 0.775 points, respectively, but lower than the average score of 0.339 points in countries that have a "high-level" of human development.

Human Development Index 2024

	Global Rank	Arab Rank	Category*
UAE	17	1	Very High
Bahrain	34	2	Very High
Qatar	40	3	Very High
Saudi Arabia	40	4	Very High
Kuwait	49	5	Very High
Oman	59	6	Very High
Libya	92	7	High
Algeria	93	8	High
Jordan	99	9	High
Tunisia	101	10	High
Egypt	105	11	High
Lebanon	109	12	High
Palestine	111	13	High
Morocco	120	14	Medium
Iraq	128	15	Medium
Syria	157	16	Medium
Mauritania	164	16	Low
Sudan	170	170	Low
Djibouti	171	171	Low
Yemen	186	186	Low

*Level of human development

Source: UN, Byblos Research

Components of the 2024 Human Development Index

	Life expectancy at birth (years)	Mean years of schooling (years)	Expected years of schooling (years)	GNI per capita* (US\$)
Lebanon	74.4	8.6	12.1	12,313
Arab States	73.2	9.7	13.8	22,722
World	72.0	8.7	13.0	17,254

*At 2017 Purchasing Power Parity

Source: UNDP, Byblos Research



Outward greenfield foreign direct investments up 29% to \$307m in 2023

Figures released by the United Nations Conference on Trade and Development (UNCTAD) and compiled by fDi Markets show that outward greenfield foreign direct investments (FDI) from Lebanon totaled \$306.9m in 2023, constituting an increase of 28.8% from \$237.5m in 2022. Lebanon was the source of 47 greenfield FDI projects in 2023, representing a rise of 14.6% from 41 projects in 2022.

In comparison, outward Lebanese greenfield FDI stood at \$495.2m in 2021 and covered 52 projects, while they totaled \$100.8m in 2020 (24 projects), \$199.5m in 2019 (35 projects), \$84.6m in 2018 (18 projects), \$626.3m in 2017 (13 projects), \$374.3m in 2016 (10 projects), \$415.5m in 2015 (17 projects), \$95m in 2014 (17 projects), and \$164m in 2013 (seven projects).

The FDI figures cover cross-border greenfield projects that lead to the direct creation of jobs and capital investment. They include joint ventures when these transactions lead to a new physical greenfield operation. The figures exclude mergers and acquisitions and other equity investments. fDi Markets is a database that tracks cross-border greenfield investments across the world, and is owned by the Financial Times Group.

Globally, the amount of greenfield FDI that originated from Lebanon was the 71st highest in nominal terms among 126 economies with a GDP of \$10bn or more, as well as the eighth largest among 18 Arab countries. Lebanon was among 78 countries that registered an increase in the amount of outward greenfield FDI in 2023.

In parallel, the number of greenfield FDI projects from Lebanon was the 41st highest globally in 2023 and the fourth highest regionally behind the UAE (407 projects), Saudi Arabia (79 projects), and Egypt (59 projects). Also, Lebanon was among 64 countries worldwide that registered a rise in the number of outward greenfield FDI projects last year.

In addition, the amount of greenfield FDI that originated from Lebanon accounted for 0.27% of total greenfield FDI from Arab countries last year relative to 0.19% in 2022. It also represented 0.25% of total flows from West Asian countries in 2023 compared to 0.19% in 2022, as well as 0.07% of such flows from developing economies, unchanged from 2022.

Further, Lebanon attracted greenfield FDI inflows of \$16.2m in 2023. As such, greenfield FDI flows registered net outflows of \$289.7m in 2023. In comparison, they registered net inflows of \$87.3m in 2019, and net outflows of \$73.7m in 2020, of \$495m in 2021, and of \$226m in 2022.

Outward Greenfield FDI in Arab Countries (US\$m)

	2023	2022	Change (%)
UAE	70,101.95	89,991.74	-22.1%
Saudi Arabia	25,483.75	29,176.72	-12.7%
Qatar	11,714.19	1,164.66	905.8%
Kuwait	3,293.20	531.85	519.2%
Jordan	1,139.55	54.20	2,002.5%
Oman	894.75	822.27	8.8%
Egypt	665.41	266.34	149.8%
Lebanon	305.85	237.45	28.8%
Algeria	253.30	28.30	795.1%
Bahrain	239.40	187.80	27.5%
Tunisia	127.90	107.35	19.1%
Morocco	80.90	149.60	-45.9%
Sudan	23.40	-	-
Iraq	20.60	2.20	836.4%
Palestine	19.20	3.50	448.6%
Libya	3.60	5.20	-30.8%
Yemen	1.30	-	-
Djibouti	-	239.00	-
Total	114,368.25	122,968.18	-7.0%

Source: fDi Markets, UNCTAD, Byblos Research

Stock market capitalization down 6% to \$16.5bn at end-June 2024

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 5.64 million shares in the first half of 2024, constituting a drop of 80.5% from 28.9 million shares traded in the same period of 2023; while aggregate turnover amounted to \$244.1m and increased by 3% from a turnover of \$237.3m in the first half of 2023.

Further, the market capitalization of the BSE stood at \$16.5bn at the end of June 2024, representing a decrease of 6.4% from \$17.7bn a year earlier, and compared to \$17.1bn at the end of May 2024 and to \$20.5bn at end-December 2023. Real estate equities accounted for 69% of the market's capitalization at the end of June 2024, followed by banking stocks (22%), and industrial shares (9%). Also, the trading volume reached 477,018 shares in June 2024, as it contracted by 3.7% from 495,504 shares traded in May 2024 and by 58.8% from 1.16 million shares in June 2023. Further, the aggregate turnover stood at \$18.3m in June 2024, constituting declines of 27.4% from a turnover of \$25.2m in the preceding month and of 71.4% from \$64m in June 2023. The market liquidity ratio was 1.5% at the end of June 2024 compared to 1.3% a year earlier.

In addition, real estate equities accounted for 52.5% of the trading volume in the first half of 2024, followed by banking stocks (44.4%) and industrial shares (3.1%). Also, real estate equities accounted for 93.7% of the aggregate value of shares traded, followed by industrial shares (4.3%), and banking stocks (2%). The average daily traded volume for the first half of 2024 was 48,619 shares for an average daily amount of \$2.1m. The figures represent a drop of 80.6% of the average daily traded volume and a rise of 2% of the average daily value in the covered period.

In parallel, the price of Solidere 'A' shares decreased by 22.5% and the price of Solidere 'B' shares dropped by 23.3% in the first half of 2024, while the price of Holcim shares increased by 2.5% 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, by 3.2% in May, and by 1.4% in June 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, by 3.8% in May, and by 1% in June 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 April 2024, expanded by 10.5% in May, and declined by 7.4% in June 2024.

The decline in the bourse's capitalization in the first half 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.

Banque du Liban clarifies implementation of IFRS 9 for financial instruments

Banque du Liban (BdL) issued Intermediate Circular 696/13639 dated June 6, 2024 addressed to banks and financial institutions, which modified Basic Circular 143/12713 dated November 7, 2017 about the implementation of international financial reporting standards IFRS 9.

First, it canceled the second clause in Article 5 of Basic Circular 143/12713 that stipulated that banks and financial institutions must record the profits that they generated from the swap operations or sale and purchase operations of financial instruments that they conducted with BdL over the life of the exchanged instruments, and must not record any immediate profits afterwards.

Second, it suspended its previous directive that allowed banks and financial institutions to record immediate earnings on their current and prospective operations and financial engineering with BdL, on the conditions that these operations took place after January 1, 2019; that the funds invested in these operations are either specifically transferred from funds other than their placements at BdL or result from foreign exchange operations; and that the surplus resulting from swap operations or sale and purchase operations of financial instruments performed with BdL is recorded in the bank's income statement, then is transferred at the end of the fiscal year to the "Undistributable General Reserves" item.

Third, it said that the circular will go into effect upon its publication.



BSE adjusts pricing threshold for financial instruments

The Beirut Stock Exchange (BSE) issued Circular 511/2024 dated June 25, 2024 about opening pricing thresholds for financial instruments that reached the +/-50% threshold level without being traded for 10 days, and decided to widen the pricing threshold to +/-100% for these instruments.

Further, it amended the pricing threshold for regular trading operations and for direct block trades for all listed financial instruments, except for Solidere 'A' and Solidere 'B' shares, as follows: +/-10% for all listed shares; +/-15% in the event that there is no trading in the shares or instruments within five trading days; +/-20% in case there is no trading within 10 trading days; +/-25% if there is no trading within 15 trading days; +/-30% if trading does not take place within 25 trading days; +/-35% if there is no trading in the shares or instruments within 35 trading days; +/-40% if there is no actual trading within 45 trading days; +/-45% in case of no actual trading operations within 55 trading days; +/-50% in the event that no actual trading operations take place within 65 trading days; and +/-100% if no actual trading operations occur within 75 trading days.

Also, it amended the pricing threshold for Solidere 'A' and Solidere 'B' shares for normal trading operations and for block trades as follows: +/-15% if trading occurs during the week; +/-20% if there is no trading within five trading days; +/-25% if no actual trading operations take place within 10 trading days; +/-30% if there is no trading within 15 trading days; +/-35% in case there are no trades within 25 trading days; +/-40% if trading does not take place within 35 trading days; +/-45% if there are no trades within 45 trading days; +/-50% in case there is no trading within 55 trading days; and +/-100% if no actual trading operations occur within 65 trading days.

In addition, it noted that it defines as actual operations the trades that are equal or exceed \$20,000 for banking shares as well as for Solidere 'A' and Solidere 'B' shares during the period when the pricing threshold is between +/-50% and +/-100%. It added that it considers as actual operations the trades that are equal or that exceed \$10,000 for other listed shares when the pricing threshold is between +/-50% and +/-100%.

It considered as actual transactions of bank shares listed on the stock exchange the block trades based on the rules of the BSE; as well as normal trading operations that are equal or exceed the amount of \$10,000 when the pricing threshold is between +/-10% and +/-25%, and those that are equal or exceed \$20,000 when the pricing threshold is between +/-25% and +/-100%.

Further, it pointed out that the transactions of Solidere 'A' and Solidere 'B' shares are considered as actual transactions if they represent block trades based on the rules of the BSE; if normal trading operations are equal or exceed the amount of \$10,000 during the period where the pricing threshold is between +/-15% and +/-25%, and if those are equal or exceed the amount of \$20,000 during the period when the pricing threshold is between +/-25% and +/-100%.

Also, it considered the operation of the remaining listed shares as actual transactions if they are block trades based on the rules of the BSE; if the normal trading operations are equal or exceed the amount of \$5,000 during the period where the pricing threshold is between +/-10% and +/-25%, and if those are equal or exceed the amount of \$10,000 during the period when the pricing threshold is between +/-25% and +/-100%.

Finally, the BSE noted that the circular will go into effect starting July 1, 2024.



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 Ratings	C	NP	Stable	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 Ratings	Negative

Source: Moody's Ratings



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