

LEBANON THIS WEEK

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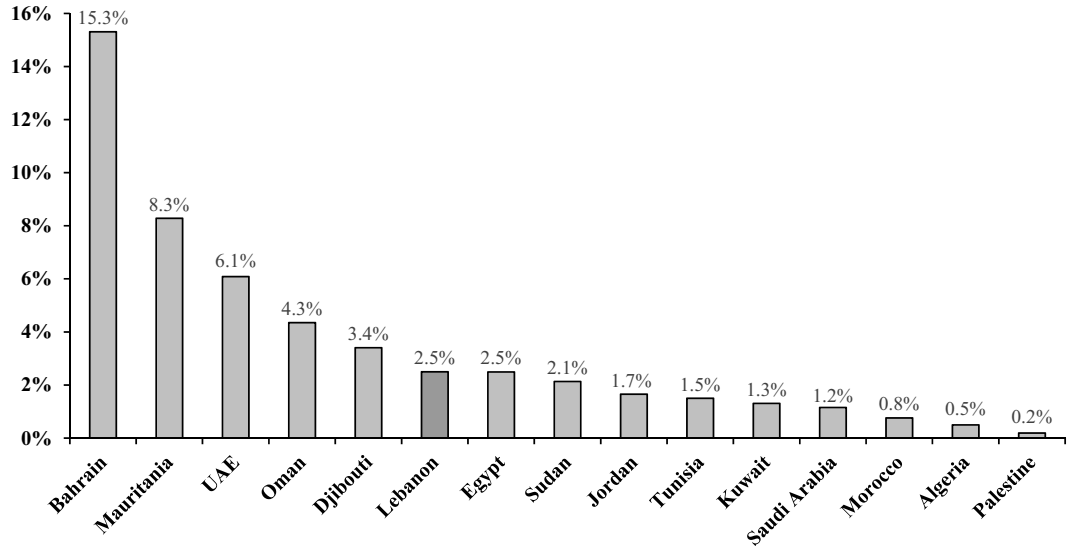
Launch of digital platform to support market access

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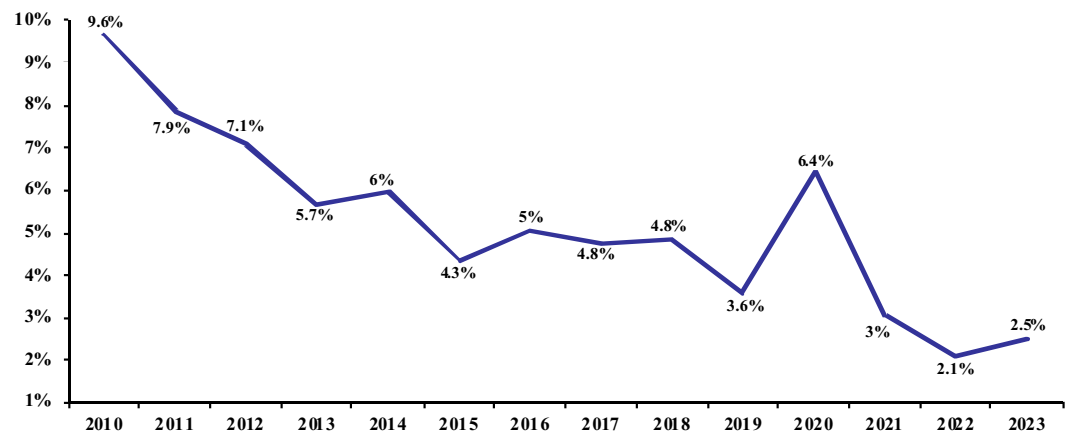
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Charts of the Week

Foreign Direct Investment Inflows to Arab Countries in 2023 (in % of GDP)



Foreign Direct Investment Inflows to Lebanon (in % of GDP)



Source: UNCTAD, Institute of International Finance, Byblos Bank

Quote to Note

"While the challenges facing Lebanon are formidable, there are solutions in case the requisite political will exists, as well as if support from international partners and regional players is forthcoming."

Ms. Jeanine Hennis-Plasschaert, the United Nations Special Coordinator for Lebanon, on the path for Lebanon to exit the prevailing crisis

Number of the Week

\$5.16bn: Aggregate deposits of the public sector at Banque du Liban as at July 15, 2024, based on the prevailing exchange rate of LBP89,500 per US dollar

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"	72.10	3.1	49,484	42.7%	Nov 2024	6.25	7.00	5,088.15
Solidere "B"	70.15	(1.2)	16,778	27.0%	Jun 2025	6.25	7.00	727.51
Audi Listed	1.55	0.6	3,370	5.4%	Nov 2026	6.60	7.00	154.32
Audi GDR	1.10	(0.9)	836	0.8%	Mar 2027	6.85	7.00	130.49
Byblos Common	0.63	0.0	-	2.1%	Nov 2028	6.65	7.00	88.22
BLOM GDR	3.04	0.0	-	1.3%	Feb 2030	6.65	7.00	53.90
BLOM Listed	2.90	0.0	-	3.7%	Apr 2031	7.00	7.00	43.70
HOLCIM	61.00	0.0	-	7.0%	May 2033	8.20	7.00	32.63
Byblos Pref. 08	27.00	0.0	-	0.3%	Nov 2035	7.05	7.00	25.08
Byblos Pref. 09	29.99	0.0	-	0.4%	Mar 2037	7.25	7.00	22.17

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

Source: Refinitiv

	Jul 22-26	Jul 15-19	% Change	June 2024	June 2023	% Change
Total shares traded	362,047	70,468	413.8	477,018	1,157,356	(58.8)
Total value traded	\$19,231,879	\$4,713,494	308.0	\$18,325,430	\$63,989,737	(71.4)
Market capitalization	\$18.37bn	\$16.90bn	8.7	\$16.54bn	\$17.68bn	(6.4)

Source: Beirut Stock Exchange (BSE)



Lebanon ranks 105th globally, 10th among Arab countries in terms of preparedness for Artificial Intelligence

The International Monetary Fund ranked Lebanon in 105th place among 174 countries, in 60th place among 79 emerging markets (EMs), and in 10th place among 19 Arab countries on its Artificial Intelligence (AI) Preparedness Index for 2024. The IMF used data and surveys from the Fraser Institute, the International Labor Organization, the International Telecommunication Union, the United Nations, the UN Conference on Trade and Development, the Universal Postal Union, the World Bank, and the World Economic Forum to produce the index.

The index assesses the level of AI preparedness across 174 countries, based on a broad set of macro-structural indicators that are grouped into four dimensions that are Digital Infrastructure, Human Capital and Labor Market Policies, Innovation and Economic Integration, and Regulation and Ethics. The index's score per country is based on the sum of the simple average of the four dimensions and ranges from zero to one point, with a score of one point reflecting more favorable AI preparedness.

Globally, Lebanon is more prepared for AI than Botswana, Paraguay and Macao, and is less prepared than Ghana, Guyana and Namibia among economies with a GDP of \$10bn or more. Also, Lebanon is more prepared for AI than Botswana, Paraguay and Egypt, while it is less prepared than Bosnia and Herzegovina, Guyana and Namibia among EMs. Further, it is more prepared than Egypt, Algeria, Djibouti, Syria, Iraq, Yemen, Libya, Sudan and Mauritania among Arab countries. Lebanon received a score of 0.42 points on the 2024 index, which came lower than the global average score of 0.47 points and the EMs' average score of 0.46 points, but is higher than the Arab average score of 0.4 points. Also, Lebanon's score was lower than the Gulf Cooperation Council (GCC) countries' average score of 0.54 points, but came higher than the average score of non-GCC Arab countries that stood at 0.34 points.

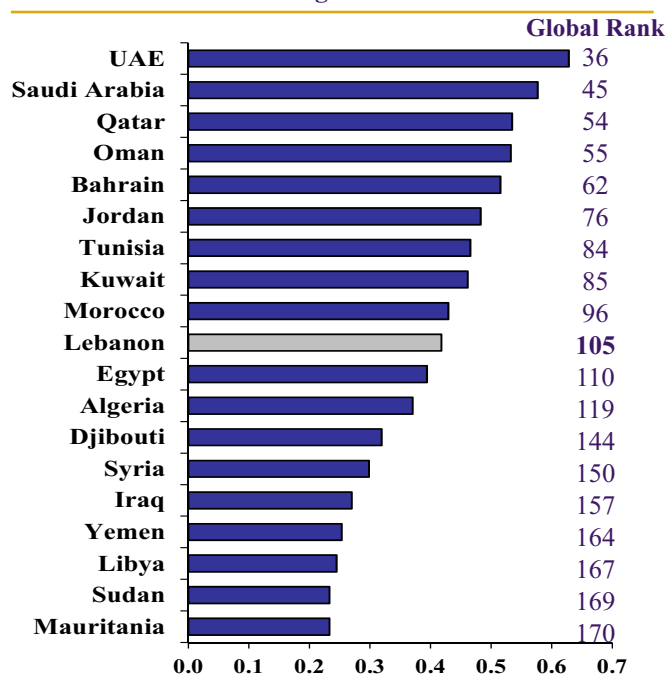
Lebanon preceded El Salvador, Rwanda and Algeria, and trailed Ghana, Bolivia and Bangladesh on the Digital Infrastructure Sub-Index. This category captures the accessibility, affordability, and security of internet access, and measures the maturity of e-commerce infrastructure in a country. Lebanon ranked ahead of El Salvador, Algeria and Botswana, and lagged behind Egypt, Jamaica and Bolivia among EMs; while it came ahead of Algeria, Iraq, Syria, Libya, Djibouti, Sudan, Mauritania, and Yemen in the Arab world.

Also, Lebanon ranked ahead of South Africa, the Republic of North Macedonia and Myanmar, and came behind the Dominican Republic, Vietnam and Morocco worldwide on the Human Capital and Labor Market Policies Sub-Index. This category measures the level of education and digital skills, as well as the labor market's flexibility and policies in a country. Lebanon preceded South Africa, North Macedonia and Argentina, and lagged behind Ecuador, the Dominican Republic and Morocco among EMs; while it preceded Egypt, Kuwait, Libya, Iraq, Djibouti, Yemen, Sudan and Mauritania among Arab economies.

In addition, Lebanon ranked ahead of Taiwan, Qatar and Mauritius, and trailed Mexico, Jordan and the Dominican Republic globally on the Innovation and Economic Integration Sub-Index. This category assesses the level of AI research and development activity, tariff rates and non-tariff barriers in an economy. Lebanon ranked ahead of Qatar, Mauritius and Türkiye, and came behind Mexico, Jordan and the Dominican Republic among EMs; while it trailed only the UAE, Bahrain and Jordan in the Arab world.

Finally, Lebanon preceded Cambodia, Honduras and Cameroon, and trailed Papua New Guinea, Nepal and Egypt worldwide on the Regulation and Ethics Sub-Index. This category evaluates the strong legal frameworks and enforcement mechanisms in a country. Lebanon ranked ahead of Bolivia, Belarus and Algeria, and came behind Guatemala, Bosnia and Herzegovina, and Egypt among EMs. Also, Lebanon preceded Algeria, Iraq, Djibouti, Mauritania, Sudan, Libya, Syria and Yemen among Arab countries.

AI Preparedness Index for 2024
Scores & Rankings of Arab Countries



Source: International Monetary Fund, Byblos Research

Components of the 2024 AI Preparedness Index for Lebanon

	Global Rank	EMs Rank	Arab Rank	Lebanon Score	Global Average Score	EMs Average Score	Arab Average Score
Digital Infrastructure	108	62	11	0.09	0.11	0.11	0.09
Innovation & Economic Integration	55	16	4	0.13	0.11	0.11	0.10
Human Capital & Labor Market Policies	97	54	11	0.12	0.12	0.13	0.12
Regulation & Ethics	133	68	11	0.08	0.12	0.12	0.09

Source: International Monetary Fund, Byblos Research



Fitch affirms sovereign ratings at Restricted Default and withdraws ratings

Fitch Ratings affirmed Lebanon's long-term foreign- and local currency Issuer Default Ratings (IDRs) at 'Restricted Default' (RD), as well as Lebanon's short-term foreign- and local currency IDRs at 'C' and 'RD', respectively. Further, it affirmed the Country Ceiling at 'CCC+'. Also, it announced that it withdrew Lebanon's IDRs and Country Ceiling due to the unavailability of certain key data to maintain the ratings, and that it will no longer provide ratings or analytical coverage for Lebanon.

The agency indicated that Lebanon remains in 'Restricted Default' on its foreign currency-denominated debt, following the previous government's decision to suspend payments of the principal and interest on the Eurobond that matured in March 2020 and to stop payments on its outstanding stock of Eurobonds pending a restructuring of the public debt. It added that the affirmation of the local-currency IDRs reflects the government's servicing of its local-currency debt to private creditors, and said that the government has not resumed interest payments on Banque du Liban's holdings of local-currency debt. It noted that the authorities have not requested a local-currency debt restructuring.

Also, it pointed out that the Country Ceiling for Lebanon of 'CCC+' takes into account the materialization of transfer and convertibility risks. It said that there are capital and/or exchange controls that are preventing the private sector from converting local currency into foreign currency and transferring the proceeds to non-resident creditors to service debt. As a result, it noted that these controls are affecting the vast majority of economic sectors and asset classes in the country.

In addition, it attributed the withdrawal of Lebanon's ratings to the lack of updated key economic and fiscal data, as the most recent national accounts cover the year 2021 only and the Ministry Finance has not published fiscal performance figures since 2021 or public debt figures since January 2023.

In parallel, the agency indicated that it considers that environmental, social and governance factors are highly relevant to the ratings and constitute a key rating driver with a high weight in its sovereign ratings model. It noted that, in terms of governance, Lebanon's rank is low on the World Bank's governance Indicators, which reflects the absence of a recent track record of peaceful political transitions, relatively weak rights for participation in the political process, weak institutional capacity, uneven application of the rule of law, and a high level of corruption.

More than 70% of Syrian refugee households live in residential accommodations

The Vulnerability Assessment for Syrian Refugees (VASyR) in Lebanon for 2023 indicated that 42% of Syrian refugee households in Lebanon were suffering from "food insecurity", or were unable to have access to sufficient, safe and nutritious food in 2023, compared to 56% of households who faced similar conditions in 2022. It noted that the Survival Minimum Expenditures Basket (SMEB) stood at a monthly LBP28,452,272, or the equivalent of \$304, per household of five individuals in June 2023, and consisted of basic items that households need per month for their physical survival. In comparison, it said that the SMEB was LBP8,153,280 (\$285) per month per household of five individuals in June 2022. It attributed the increase in the SMEB to elevated inflation rates in the country and to the depreciation of the exchange rate of the Lebanese pound. It estimated that 63% of Syrian refugee households lived below the SMEB in 2023, or below the poverty line, down from 67% in 2022.

In addition, the survey indicated that 20% of Syrian refugee households lived in non-permanent shelters in 2023 compared to 21% in 2022, and that 9% of households resided in non-residential accommodations last year relative to 10% in 2022; while 71% of Syrian refugee households lived in residential accommodations in 2023 compared to 69% in 2022. It also noted that the average monthly rent of surveyed Syrian refugee households in Lebanon surged from LBP863,155 in 2022 to LBP5.6m in 2023, and that 3% of households were living under the threat of eviction. It said that rent ranged from LBP1.35m per month for non-permanent structures, such as tents at informal settlements, to an average of LBP4.1m and LBP6.7m per month for non-residential and residential accommodations, respectively, in 2023.

Also, the survey said that the labor force participation rate among Syrian refugees in Lebanon was 39% in 2023 relative to 33% in 2022, with a share of 75% among males and 19% among females. It added that the unemployment rate was 7% in 2023 among the Syrian labor force in Lebanon compared to 13% in 2022, with a higher percentage among males (10%) than among females (4%).

In addition, the survey noted that Syrian refugee households consisted of five individuals on average in 2023, similar to the past few years. It said that the legal residency rates of Syrians in Lebanon increased from 17.3% in 2022 to 19.7% in 2023 compared to 16.4% in 2021. Also, it stated that the rate of legal residency of males increased from 20% in 2022 to 25% in 2023, while that of females remained unchanged at 15%.

Further, the survey indicated that the cost of medical consultation was the main barrier for Syrian refugees to access primary and secondary healthcare or hospital care in 2023. It noted that 89% of refugees that required primary healthcare were unable to access this service and 86% of displaced Syrian could not access secondary healthcare, relative to 68% who could not afford the cost of consultations in 2022.

The United Nations High Commissioner for Refugees (UNHCR), the World Food Program (WFP) and the United Nations Children's Fund (UNICEF) commissioned the VASyR survey. They conducted the survey by collecting the data from 5,000 Syrian refugee households in all districts across Lebanon between May and June 2023 for quantitative analysis, and held discussion groups to gather qualitative information.

Number of internally displaced persons from South Lebanon exceeds 98,000

Figures compiled by the United Nations' Office for the Coordination of Humanitarian Affairs (OCHA) show that 98,002 persons have been displaced from South Lebanon as at July 9, 2024 due to the ongoing hostilities that erupted along Lebanon's border with Israel on October 8, 2023, constituting increases of 1,173 individuals, or 1.2% from 96,829 as at June 27, 2024, of 3% from 95,228 as at June 11, of 4% from 94,126 as at May 28, of 29% from 76,018 as at January 2, of 31.6% from 74,471 as at December 26, 2023, and of 111.6% from 46,325 displaced persons as at November 14, 2023.

It indicated that about 82% of displaced individuals are currently living with host families, 15% are renting houses, 2% have relocated to secondary residences, and around 1% are housed in 16 collective shelters. It added that the shelters are providing accommodation for 1,440 Internally Displaced Persons (IDPs), with six shelters located in Hasbaya, five in Tyre, four in Nabatieh, and one in Saida. It stated that 97% of IDPs originate from the Bint Jbeil, Marjayoun, and Tyre districts. Further, it said 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 13 water facilities have been partially or fully destroyed, which has impacted more than 200,000 residents, and that 1,700 hectares of agricultural land have been damaged. Also, the latest figures issued by the Ministry of Public Health show that a total of 490 persons have been killed and 1,526 wounded as at July 23, 2024 as a result of the hostilities along Lebanon's southern border with Israel. OCHA noted that the fatalities of civilians include 31 females, 12 children, 21 healthcare workers and three journalists.

According to OCHA, the food assistance distributed since the eruption of hostilities consisted of 588,000 meals and 55,500 food parcels, as well as micronutrient supplements to 9,165 children. It added that core relief included the distribution of 239,677 items in the Bekaa, the South and Nabatieh governorates. 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 net databases, as well as to 16,500 Syrian refugees' households and 290 farmers in border areas. Further, hygiene support included 440,000 liters of bottled water, as well as 46,000 hygiene kits, which included 36,912 family hygiene kits, 4,155 dignity kits, 2,053 menstrual hygiene kits, and 1,748 baby kits. It added that 28 PHCCs satellite units provided 82,329 health services, including 18,396 reproductive healthcare services. Further, it indicated that 3,275 women and girls participated in targeted gender equality and empowerment activities, while 1,191 received awareness sessions on protection from sexual exploitation and abuse, and 1,322 females at risk of gender-based violence received individual case management and psychosocial support. Also, it pointed out that about 15,000 students are receiving daily nutritious in-school snacks schools, around 8,125 children received financial support to reduce barriers to education, and about 5,622 displaced children who are not registered in schools obtained non-formal education opportunities in learning centers.

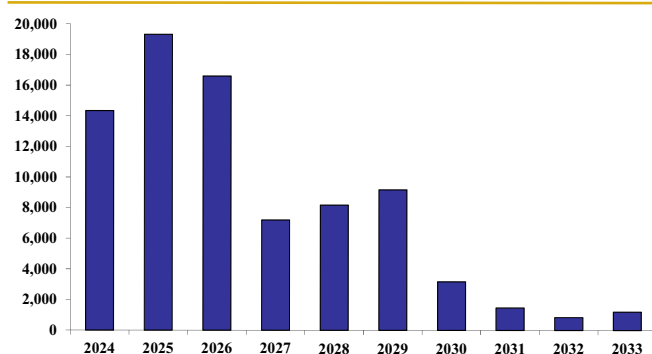
More than 64% of Treasury securities in Lebanese pounds have seven-year maturities or longer at end-June 2024

Figures released by the Association of Banks in Lebanon show that the face value of outstanding Treasury securities denominated in Lebanese pounds stood at LBP81,507bn at the end of June 2024 compared to LBP83,197bn at end-May 2024 and to LBP87,848bn at end-June 2023. The securities were equivalent to \$910.7m at the end of June 2024 based on the exchange rate of LBP89,500 per US dollar, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024. The weighted interest rate on Lebanese Treasury securities was 6.37% in June 2024 compared to 6.31% in June 2023.

Also, the distribution of outstanding Treasury securities shows that 10-year Treasury bonds totaled LBP32,003bn and accounted for 39.3% of aggregate securities denominated in Lebanese pounds at the end of June 2024, followed by seven-year Treasury securities with LBP16,128bn (19.8%), five-year Treasury bonds with LBP11,058bn (13.6%), one-year T-bills with LBP6,669bn (8.2%), three-year Treasury securities with LBP6,346bn (7.8%), two-year Treasury bonds with LBP4,810bn (5.9%), 12-year Treasury securities with LBP3,076bn (3.8%), and 15-year Treasury bonds with LBP1,417bn (1.7%). As such, 64.6% of outstanding Treasury securities have seven-year maturities or longer and 78% have five-year maturities or more.

In parallel, LBP1,690bn in outstanding Treasury securities denominated in Lebanese pounds matured in June 2024. The distribution of maturing securities shows that 56% consisted of 10-year Treasury bonds, 16.6% were five-year Treasury securities, 12.5% consisted of three-year Treasury bonds, 8.7% were one-year Treasury bills, 3% consisted of seven-year Treasury bonds and 3% were six-month T-bills. According to ABL, LBP14,343bn in outstanding Treasury securities in Lebanese pounds will mature in the remainder of 2024.

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



*as at end-May 2024

Source: Association of Banks in Lebanon, Byblos Research

Main U.S. exports to Lebanon consist of vehicles, machinery and chemical products

The United States Department of Commerce's 2023 Country Commercial Guide (CCG) for Lebanon indicated that the U.S. exported \$968m worth of goods to Lebanon in 2022, which accounted for 5.1% of total Lebanese imports, compared to U.S. exports of \$767m or 5.6% of Lebanese imports in 2021. It noted that the U.S. was the fifth largest source of imports to Lebanon in 2022, after China, Türkiye, Greece and Italy. It added that major U.S. exports to Lebanon in 2022 were automotive products (\$464m), machinery (\$176m), chemical industrial products (\$83m), vegetable products (\$53m), and mineral fuel & oil as well as food & prepared foodstuffs, beverages, and tobacco (\$30m each). Further, it indicated that leading Lebanese sectors for U.S. exports and investments are the automotive market, the pharmaceuticals sector, medical equipment, the apparel sector, and the agricultural sector.

Also, it indicated that U.S. automotive exports to Lebanon rose from \$307m in 2021 to \$464m in 2022. It said that the total imports of vehicles reached \$2bn in 2022 relative to \$1.12bn in 2021, and that the U.S. share of the local market stood at 23.2% during the year. It attributed the increase in automotive exports to Lebanon to expectations that the government would increase import tariffs, which the government increased repeatedly at the end of 2022 and in 2023. Further, it noted that demand for U.S. sport utility vehicles in Lebanon has been driven by their ability to withstand the country's poor road conditions and by their competitive prices, high quality, and long record of success in the market. It anticipated that demand will persist for U.S. automotive products such as brakes, clutches, engine lubricants and safety accessories because of their quality advantage over foreign competitors. It anticipated new car sales will continue to decline, as it expected Lebanese consumers to favor used cars rather than new ones, and for the sales of electric and hybrid cars to increase given increasing gas prices. As such, it projected U.S. automotive exports to Lebanon at \$178m in each of 2023 and 2024.

Further, the CCG said that U.S. pharmaceutical exports to Lebanon decreased from \$106m in 2021 to \$58m in 2022 and accounted for 10.5% of the country's total pharmaceutical imports. It added that U.S. pharmaceutical products have an advantage over their European and Asian counterparts in the biotechnology, high-tech, anti-cancer and cardiovascular fields. It added that new leading American drugs that are not yet manufactured in Europe are typically well received in Lebanon. It noted that the sector continues to face several challenges, such as the high production cost of pharmaceuticals, the presence of counterfeit products, as well as a weak regulatory framework governing pharmaceuticals. Also, it noted that local pharmaceutical companies are trying to increase domestic production of medication to substitute for imports as a result of Lebanon's economic crisis and declining foreign currency reserves at Banque du Liban. Still, it expected Lebanon to remain dependent on the import of pharmaceutical products. It projected U.S. pharmaceutical exports to Lebanon at \$52m in each of 2023 and 2024.

In addition, the CCG indicated that the exports of U.S. medical equipment to Lebanon regressed from \$29m in 2021 to \$27m in 2022 and accounted for 13% of the country's total imports of medical equipment for the year. It considered that the sustained demand for U.S. medical equipment reflects their high quality and competitive value. It forecast such exports at \$22m in each of 2023 and 2024.

In parallel, it said that U.S. agricultural exports to Lebanon totaled \$87m in 2022 relative to \$86m in 2021, and accounted for 3% of Lebanon's agricultural imports. It indicated that Lebanon's weak economy has led to a major decrease in agriculture exports to Lebanon, and pointed out that there have been some local attempts at import substitution in the agricultural sector, but that Lebanon will continue to rely on imports for a large percentage of its food needs.

Also, it noted that U.S. apparel exports to Lebanon rose from \$5m in 2021 to \$9m in 2022 and accounted for 1.5% of the country's total apparel imports, as it considered that the local demand for casual wear in general, and for U.S. apparel in particular, recovered following the removal of the COVID-19 mobility restrictions and the resurgence of the number of tourists to Lebanon. It projected such exports to remain at \$8m in each of 2023 and 2024.

In parallel, the CCG indicated that Lebanon's ongoing economic crisis represents a significant challenge for the import of goods. However, it considered that there may be opportunities for international companies in the energy, water, waste, safety and security, fast food franchising, healthcare, and information and communications technology (ICT) sectors to operate in Lebanon in the long-term. It pointed out that large infrastructure projects, including renewable energy projects, may be possible once again if Lebanon implements a reforms program with the International Monetary Fund, if the government restructures its debt, and if the country returns to international capital markets.

Banque du Liban asks banks to submit quarterly details on deposit accounts

Banque du Liban (BdL) issued Intermediate Circular 703/13654 dated July 26, 2024 addressed to banks and financial institutions that modifies Basic Circular 58/7858 of June 30, 2001 about statistical data.

The circular stipulated that banks must submit to BdL's Statistics and Economic Research Department on a quarterly basis the breakdown of deposits by segment according to the classification of depositors and deposit brackets. It added that banks must send to BdL the data within 25 days of the end of each quarter within the Secure Electronic Banking and Information for Lebanon (SEBIL) system. It noted that, on an exceptional basis, banks must send the data for the second quarter of this year by the end of July 2024.

Second, the circular asked banks to provide the breakdown of deposits in US dollars based on the following brackets: accounts with less than \$3,000; those between \$3,000 and less than \$20,000; accounts between \$20,000 and less than \$50,000; those from \$50,000 up to \$75,000; accounts between \$75,000 and less than \$100,000; those between \$100,000 and up to \$125,000; accounts between \$125,000 and less than \$150,000; deposits from \$150,000 up to \$175,000; accounts from \$175,000 to less than \$200,000; those between \$200,000 and less than \$225,000; deposits from \$225,000 up to \$250,000; those from \$250,000 up to \$275,000; accounts from \$275,000 up to \$300,000; deposits from \$300,000 up to \$400,000; accounts from \$400,000 up to \$500,000; deposits from \$500,000 up to \$750,000; accounts from \$750,000 up to \$1m; those from \$1m up to less than \$2m; deposits from \$2m to less than \$3m; those from \$3m to less than \$5m; accounts from \$5m to less than \$10m; from \$10m to less than \$20m; those from \$20m to less than \$50m; accounts from \$50m to less than \$100m; and deposits that exceed \$100m.

In addition, it requested the amounts of interest accumulated since July 2015 for each segment; the deposit amounts that were converted from Lebanese pounds to US dollars starting on October 31, 2019, including the interest paid since July 2015 that were converted to US dollars; and the amounts that have been blocked for disbursement under BdL circulars 158 and 166.

In parallel, BdL requested the breakdown of the number and amounts deposits of Lebanese residents, Lebanese non-residents, and non-Lebanese depositors, in addition to employees in the private sector, workers in the public sector, liberal professions, syndicates, charitable organizations, deposits of the National Security Fund and the National Deposit Guarantee Institution, non-financial companies, firms in the hydrocarbon sector, medical equipment and pharmaceutical firms, food products companies, private sector educational institutions, private sector medial establishments, public sector institutions, non-bank financial institutions, and deposits resulting from loans.

Launch of pilot program to reduce household dependence on government assistance

The Ministry of Social Affairs, the René Moawad Foundation, and the World Bank launched the Productive Economic Inclusion (PEIL) initiative in Lebanon, a pilot program that aims to improve the livelihoods of 1,500 low-income Lebanese households who are current beneficiaries of the Emergency Social Safety Net Program (ESSNP). It pointed out that the PEIL aims to put households on a path out of poverty by reducing their dependence on government assistance. It added that the pilot program has three components that consist of designing a data-driven economic inclusion program for Lebanon, implementing the pilot program, and the monitoring and evaluation of the initiative to quantify the impact and cost-effectiveness of the pilot.

The World Bank said that the Japan Social Development Fund extended \$2.7m to fund the program, which will provide a package of services to households in order to support their income, welfare, and resilience. It added that the program complements the ESSNP. It noted that, the Lebanese government's recently launched National Social Protection Strategy (NSPS) aims to adopt a comprehensive approach to social protection, and that the PEIL is one of the core pillars of the NSPS and will complement ongoing government efforts across the other pillars of the strategy.

Also, it stated that the pilot program will support livelihood opportunities of one working-age member in each of the 1,500 current ESSNP beneficiary households. It said that the pilot will first conduct a local market assessment and detailed employment and skills profile of selected beneficiaries. Second, it noted that it will provide each beneficiary a package of support services after the completion of the assessments, which will include an asset transfer such as small agriculture equipment, cooking appliances, sewing/embroidery machines, and paint brushes, among other tools. Third, it added that the PEIL will deliver to the beneficiaries training and business development support, coaching and mentoring, financial literacy training, and is aiming to improve saving behaviors and attitudes.

Further, it indicated that the René Moawad Foundation will implement the PEIL during a 12 to 18 months under the guidance of the Ministry of Social Affairs, and that the program will be coordinated through social development centers at the local level.

The National Social Protection Strategy has five strategic objectives, including expanding coverage of social protection schemes and the scope of social protection benefits to better address various lifecycle risks. It identified five pillars to achieve these objectives that are social assistance, social insurance, social welfare, financial access to basic services, and economic inclusion and labor activation. The Japan Social Development Fund was established in 2000 by Japan and the World Bank as a multi-sector grant program that aims to reduce poverty and improve the lives of the poorest and most vulnerable populations.



CMA CGM posts net profits of \$661m in second quarter of 2024

The Lebanese-owned and France-based container-shipping firm CMA CGM declared consolidated net income of \$661m in the second quarter of 2024, constituting a drop of 50.3% from profits of \$1.3bn in the second quarter of 2023, while its revenues totaled \$13.1bn in the second quarter of 2024 and increased by 6.8% from \$12.3bn in the same quarter of 2023. It attributed the decline in profits to the company's contribution to the endowment fund that it launched with Bpifrance for the decarbonization of the French shipping industry, its contribution to the major port hub project in the West Indies, and to the funding of the KYUTAI foundation, the first independent European research laboratory dedicated to open science in artificial intelligence. Further, the company's earnings before interest, taxes, depreciation and amortization (EBITDA) stood at \$2.48bn in the second quarter of 2024, constituting a decline of 4.3% from \$2.6bn in the second quarter of the preceding year. It said that the increase in spot freight rates that began in the first quarter continued in the second quarter of the year. It added that the situation in the Red Sea and the rerouting of vessels via the Cape of Good Hope continued to weigh on available shipping capacity.

The distribution of the company's revenues show that, first, the consolidated revenues from maritime shipping operations stood at \$8.29bn in the second quarter of 2024 and regressed by 0.8% from \$8.35bn in the second quarter of 2023, while the EBITDA of shipping activity reached \$1.98bn in the covered quarter and decreased by 1% from \$2.17bn in the second quarter of 2023. Further, the average receipts per twenty-foot equivalent unit (TEU) were \$1,385, down by 7.1% from \$1,491 in the second quarter of 2023. The firm said that it transported 6 million TEUs in the second quarter of 2024, constituting an increase of 6.8% from 5.6 million TEUs in the same quarter of 2023.

Second, it pointed out that revenues from logistics operations stood at \$4.79bn in the second quarter of 2024, representing a surge of 26.8% from \$3.78bn in the second quarter of 2023; while the corresponding EBITDA reached \$450m in the covered quarter and increased 28.8% from \$350m in the second quarter of 2023. According to the firm, the results reflect its logistics activities that are supported in particular by the contribution of Bolloré Logistics since its consolidation last February, and by good momentum in contract logistics, finished vehicle logistics and road transport, mainly in Europe.

Third, it indicated that revenues from other activities, which include port terminals, CMA CGM Air Cargo and the media, reached \$601m in the second quarter of 2024, constituting a rise of 23.8% from \$486m in the second quarter of 2023. It noted that the EBITDA of other activities stood at \$48m and declined by 25.5% from \$65m in the second quarter of 2023.

CMA CGM considered that the regional volatile macroeconomic and geopolitical environment could continue to affect the fluidity of maritime shipping and logistics.

CMA CGM is one of the largest container shipping companies in the world and operates a fleet with 620 vessels, with a capacity of 5 million TEUs that serves over 420 commercial ports and utilizes more than 257 shipping lines.

Launch of digital platform to support market access

The United Nations Development Program (UNDP), in partnership with the Chamber of Commerce, Industry, and Agriculture in Tripoli (CCIAT) and the North Chamber of Commerce in Tripoli announced the launch of "Al Ghorfa Export" Digital Platform to help Lebanese micro-, small-, and medium sized enterprises (MSMEs) reach international markets.

It indicated that the initiative provides comprehensive resources and support to help businesses streamline their export processes. It noted that the platform aims to offer e-learning materials and essential business information, facilitate networking among stakeholders, support business registration, and boost marketing efforts to access additional markets. It said that MSMEs in Tripoli are facing challenges that include weak infrastructure, limited access to finance, and inadequate business support. As such, it stated that a comprehensive assessment was conducted during the 2020-21 period that identified key sectors in Tripoli with significant growth potential, including agriculture, agro-food, manufacturing, and the Information & Communication Technology sectors. The UNDP added that it provided direct support to 80 MSMEs across several sectors, and upgraded the Chamber's information technology infrastructure. Also, it pointed out that the platform aims to create a robust business ecosystem that fosters economic growth and enhances livelihoods in the region, and that it has the potential to impact MSMEs on a national scale by providing a comprehensive support system and enhancing market access.

In addition, the UNDP and the CCIAT said that they inaugurated the Tripoli Scale-Up Forum, where over 100 MSMEs participated in this program. It noted that the forum's purpose is to empower businesses and startups by providing them access to new markets and export opportunities through collaboration and innovation among MSMEs. It noted that the forum served as an opportunity for bringing together key players from the distribution, marketing, delivery, shipping, and logistics industries to foster collaboration and drive business growth.



Banque de l'Habitat launches construction, renovation and housing loans

Banque de l'Habitat sal announced that it launched a new long-term credit facility in "fresh" US dollars that allow borrowers to purchase, build or renovate a housing unit, as well as to install a solar system and a waste water treatment station as part of the same loan.

The bank said it will extend housing loans of \$40,000 or \$50,000, depending on the income of the household or the individual buyer, with a loan ceiling equivalent to 80% of the house's value. It indicated that the terms of the credit facility stipulate that the loan will carry an interest rate of 6.49% per year that can be subject to change, will have a grace period of three months, and will have a maturity of seven to 20 years. In addition, it noted that the construction loans will amount to \$40,000 or \$50,000, depending on the income of the household or the individual borrower, with a loan ceiling equivalent to 80% of the house's value. It said that the loan will have a maturity of 7 to 18 years, a grace period of up to 24 months, and will carry an annual interest rate of 6.49% that can be amended. Also, it pointed out that renovation loans will be \$40,000 or \$50,000, depending on the income of the household or the individual borrower, with a loan ceiling equivalent to 80% of the house's value. It indicated that the loan will have a maturity of 7 to 10 years, a grace period of up to 12 months, and will carry an annual interest rate of 6.59% that can be modified.

Further, it stated that the monthly loan repayments for any of the loans should not exceed 45% of the monthly net income of the household or the individual buyer and that the monthly loan installments cannot exceed 33% of the borrower or borrowers' monthly net income. It said that it will disburse the loan amount in cash in US dollars directly to the borrower when the latter provides the bank with the original property title deed and the first-degree mortgage certificate, which covers the principal balance of the loan and the accrued interest payments. It added that borrowers must repay the loan instalments in "fresh" US dollars.

Also, it pointed out that the net monthly income of households that apply for any of the loans should not exceed \$1,500 "fresh" dollars for applicants with limited income, and should not exceed \$2,000 "fresh" dollars for medium-income households.

In addition, the bank stipulated that the surface area of the purchased housing unit must not exceed 150 square meters, that it should be exclusively used for family housing, that the borrower must not own more than 1,800 shares in a built property across the Lebanese territory, that the borrower must not have previously benefited from a subsidized housing loan from any bank or other financial institution in Lebanon, that the borrower cannot use the loan to repay a previous debt or arrears, and that the borrower must have a clean credit history in the past 10 years and a clean judiciary record.

In parallel, the bank indicated that it has started accepting applications since June, and has received 23,483 applications as at July 22, 2024. It added that 2,515 applicants have completed electronically the required steps of the first phase in order to move to the second phase. It noted that 2,098 applications consisted of requests for mortgages, 231 for construction and 186 for renovations.

Banque de l'Habitat is a Lebanese joint-stock company that provides loans in Lebanese pounds to individuals, especially those with low incomes, in order to buy, build, renovate or enlarge a residence. The private sector owns 80% of Banque de l'Habitat, and the Lebanese State owns the remaining 20%. The Kuwait-based Arab Fund for Economic and Social Development (AFESD) extended a soft loan of KWD50m, or the equivalent of \$165m, to Bank de L'Habitat to finance affordable mortgages, construction and renovation loans in Lebanon. The AFESD's total contribution to development projects in Lebanon reaches KWD595m, or about \$2bn when including the loan.



Ratio Highlights

(in % unless specified)	2020	2021	2022	Change*
Nominal GDP (\$bn)	25.0	19.8	21.8	2.0
Public Debt in Foreign Currency / GDP	56.1	-	-	-
Public Debt in Local Currency / GDP	92.6	-	-	-
Gross Public Debt / GDP	148.7	349.9	283.2	(66.7)
Trade Balance / GDP	(12.1)	(6.3)	(4.3)	(2.0)
Exports / Imports	31.3	24.8	18.3	(6.5)
Fiscal Revenues / GDP	15.8	8.3	6.5	(1.7)
Fiscal Expenditures / GDP	20.0	7.4	12.7	5.3
Fiscal Balance / GDP	(4.2)	0.9	(6.1)	-
Primary Balance / GDP	(1.0)	2.0	(5.6)	-
Gross Foreign Currency Reserves / M2	41.5	26.0	13.4	(12.6)
M3 / GDP	206.4	81.9	41.8	(40.1)
Commercial Banks Assets / GDP	292.5	107.3	46.4	(60.9)
Private Sector Deposits / GDP	216.5	79.5	34.5	(45.0)
Private Sector Loans / GDP	56.3	17.0	5.5	(11.5)
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	-	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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