

LEBANON THIS WEEK

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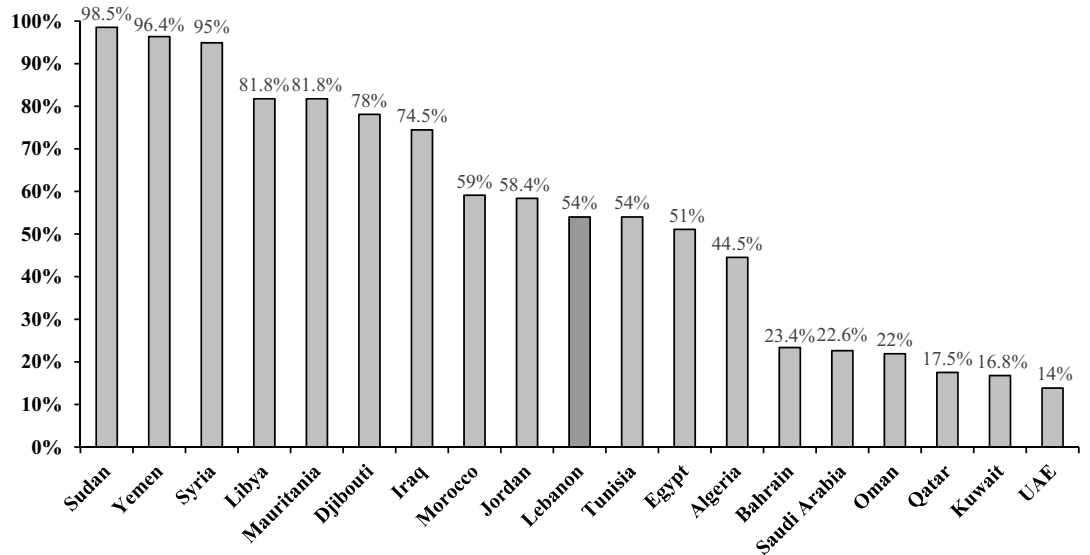
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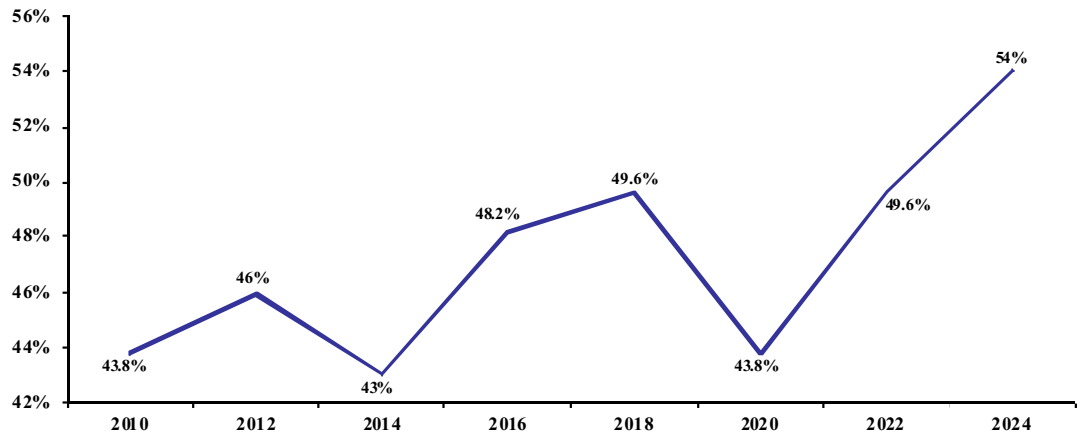
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Charts of the Week

Percentile Rankings of Arab countries on the Level of Difficulty Indicator for 2024



Percentile Rankings of Lebanon on the Level of Difficulty Indicator



*The Level of Difficulty indicator reflects the obstacles in a country to improve governance, such as structural constraints, civil society traditions, and conflict intensity

**a higher percentile reflects a higher level of difficulty

Source: Bertelsmann Stiftung's Governance Index, Byblos Bank

Quote to Note

"The Lebanese government remains in default on its foreign currency obligations, having announced in March 2020 that it would stop payments related to its foreign currency denominated Eurobonds."

S&P Global Ratings, on the reason for not upgrading Lebanon's sovereign ratings

Number of the Week

22: 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"	84.15	2.6	198,991	43.7%	Nov 2024	6.25	6.38	8,811.76
Audi Listed	1.71	0.6	54,941	5.2%	Jun 2025	6.25	6.38	988.80
Solidere "B"	85.00	3.7	20,288	28.7%	Nov 2026	6.60	6.38	170.70
Audi GDR	1.60	0.0	8,150	1.0%	Mar 2027	6.85	6.38	142.92
BLOM GDR	3.45	0.0	-	1.3%	Nov 2028	6.65	6.38	78.35
HOLCIM	63.00	0.0	-	6.4%	Feb 2030	6.65	6.38	57.13
Byblos Common	0.63	0.0	-	1.9%	Apr 2031	7.00	6.38	46.12
Byblos Pref. 08	25.00	0.0	-	0.3%	May 2033	8.20	6.38	34.26
BLOM Listed	2.90	0.0	-	3.2%	Nov 2035	7.05	6.38	26.25
Byblos Pref. 09	29.99	0.0	-	0.3%	Mar 2037	7.25	6.38	23.18

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

Source: Refinitiv

	Aug 26-30	Aug 19-23	% Change	August 2024	August 2023	% Change
Total shares traded	282,370	117,192	140.9	960,183	1,893,327	(49.3)
Total value traded	\$18,276,730	\$4,853,552	276.6	\$60,610,835	\$46,947,434	70.6
Market capitalization	\$19.24bn	\$18.82bn	2.2	\$19.24bn	\$18.72bn	1.0

Source: Beirut Stock Exchange (BSE)



Draft budget forecasts deficit equivalent to 4.11% of expenditures for 2025

The draft budget for 2025 shows budget expenditures at LBP427,695bn and revenues at LBP410,129bn, leading to a budget deficit of LBP17,566bn, which would be equivalent to 4.11% of public spending compared to 13.9% of expenditures in the 2024 draft budget. It also includes Treasury receipts of LBP19,585bn, resulting in aggregate public revenues of LBP429,714bn for the year. The ministry did not provide the macroeconomic indicators and assumptions that it used in the draft budget, such as real GDP growth, the inflation rate and nominal GDP.

On the expenditures side, the budget estimates current expenditures at LBP385,808bn and capital expenditures at LBP41,887bn, or 90.2% and 9.8%, respectively, of aggregate public spending. The distribution of current expenditures shows that wages, salaries, social benefits and allocations total LBP211,415bn and account for 54.8% of current spending, followed by spending on goods & services at LBP53,809bn (14%), transfers at LBP43,297bn (11.2%), emergency expenditures at LBP19,587bn (5%) and debt servicing at LBP31,435bn (8.2%), while other spending amounts to LBP26,165bn or 6.8% of current expenditures.

On the revenues side, the draft budget projects tax revenues at LBP326,416bn and non-tax receipts at LBP83,713bn, or 82% and 18%, respectively, of total public revenues. The ministry estimates that revenues from the excise tax on goods & services would generate LBP191,266bn or 58.6% of total tax receipts; followed by receipts from custom duties with LBP50,684bn (15.5%); the tax on income, profits & capital gains with LBP43,109bn (13.2%); income from property taxes with LBP29,525bn (9.1%); while other taxes would generate the remaining LBP11,830bn, or 3.6% of aggregate tax receipts. Further, the distribution of projected non-tax revenues shows receipts from government properties and public institutions at LBP54,794bn or 65.5% of the total; followed by administrative fees with LBP25,522bn (30.5%); while penalties, expropriations and other non-tax receipts would generate the balance of LBP3,397bn, or 4.1% of total non-tax revenues.

The distribution of revenues from the excise tax on goods & services indicates that receipts from the value-added tax (VAT) would account for 73.2% of the total, followed by the excise tax on goods (9.5%), revenues from the Tobacco Régie (7.4%), departure fees from the Lebanese territory (6.8%), and fees on cars (3%). Further, the distribution of revenues from the tax on income, profits & capital gains shows that receipts from the tax on profits would account for 67% of the total, followed by the tax on wages & salaries (19.7%), the capital gains tax (9%), and the tax on interest income (3.3%). In addition, the distribution of receipts from the property tax shows that revenues from property registration fees would account for 68.3% of the total, followed by the inheritance tax (22.3%) and the built property tax (9.3%).

Also, the distribution of non-tax revenues indicates that receipts from government properties and public institutions would account for 65.5% of the total, followed by administrative fees & revenues and sales (30.5%), and other non-tax receipts (4%). Further, the breakdown of revenues from government properties and public institutions shows that receipts from the telecommunications sector would account for 43% of non-tax receipts, followed by the Beirut Rafic Hariri International Airport (11.3%), the Port of Beirut (9.9%), Casino du Liban (6.1%), the national lottery (3.2%), and receipts from the Directorate of Grains & Sugar Beet (2.1%).

Port of Beirut processes 2.2 million tons of freight in first five months of 2024

Figures released by the Port of Beirut show that the port processed 2.2 million tons of freight in the first five months of 2024, constituting an increase of 4.6% from 2.11 million tons of freight in the same period of 2023. Imported freight totaled 1.87 million tons in the covered period, up by 6% from 1.77 million tons in the first five months of 2023, and accounted for 84.8% of total processed freight. In addition, the volume of exported cargo reached 334,000 tons in the first five months of 2024, representing a decrease of 2.3% from 342,000 tons in the same period of 2023, and accounted for 15.2% of aggregate freight in the covered period. A total of 632 vessels docked at the port in the first five months of 2024, constituting a rise of 23.2% from 513 ships in the same period of the preceding year.

The port handled 542,000 tons of freight in May 2024, up by 49.7% from 362,000 tons in April 2024. In addition, 117 vessels docked at the port in May 2024 compared to 132 ships in the preceding month.

In parallel, the Port of Tripoli processed 1.15 million tons of freight in the first five months of 2024, representing a decline of 440,000 tons (-27.8%) from 1.6 million tons in the same period of 2023. Imported freight stood at 626,000 tons in the covered period, and decreased by 4,000 tons (-0.6%) from 630,000 tons in the first five months of 2023. Imports accounted for 54.8% of freight activity in the covered period. In parallel, the volume of cargo that was exported through the port reached 517,000 tons in the first five months of 2024, constituting a drop of 436,000 tons (-45.8%) from 953,000 tons in the same period of 2023, and represented 45.2% of aggregate freight in the covered period. A total of 329 vessels docked at the port in the first five months of 2024, constituting an increase of 1.5% from 324 ships in the same period of 2023.

The port handled 326,000 tons of freight in May 2024, up by 34.7% from 242,000 tons in April 2024. Also, 79 vessels docked at the port in May 2024 compared to 59 ships in April 2024.



Decline in country risk level contingent on resolution of political deadlock

In its annual assessment of the country risk level in Lebanon, the insurance Rating Agency AM Best maintained Lebanon in the Country Risk Tier 5 (CRT-5) category, the lowest segment on its scale of country risk classification. It said that the Country Risk Tiers (CRTs) reflect its assessment of economic, political, and financial system risks in a country, and range from CRT-1, or a Very Low Level of Country Risk, to CRT-5 or a Very High Level of Country Risk. In comparison, it has Egypt and Tunisia in the CRT-5 category, while it placed Jordan, Morocco, and Türkiye in the CRT-4 segment.

The agency indicated that the releases of economic data in Lebanon have been delayed due to the challenging operating environment. It stated that the country's economy has been in a recession in the past few years, but it expected it to grow in 2025. It added that Lebanon has had one of the highest inflation rates in the world, as the average inflation rate was 220% in 2023.

It considered that the country has a "Very High" Political Risk level, given that the government is structured as a complex power sharing agreement, the top posts in the country are distributed according to sectarian considerations, and that the election or appointment of government officials requires negotiations along sectarian lines. It noted that politics in Lebanon is characterized by policy paralysis, unpredictability, and gridlock. It indicated that the government faces significant challenges that include the restructuring of the public and financial sectors, increasing its foreign currency reserves, and reforming state-owned enterprises, mainly in the energy sector, as frequent power outages weigh on economic prospects. It pointed out that the International Monetary Fund (IMF) recommended anti-corruption and governance reforms to strengthen accountability and transparency in the public sector.

Further, it assessed the level of Economic Risk as "Very High". It noted that the country has been in default on its foreign currency debt since March 2020 when the previous government decided to stop payments on its Eurobonds obligations of \$31bn. It considered that the country's financial crisis, the impact of the COVID-19 pandemic, the explosion at the Port of Beirut, and geopolitical tensions have led to elevated political and economic uncertainties, which will continue to weigh on Lebanon's economic growth. In addition, it said that the potential spillover impact of the war in the Gaza Strip will likely weigh on foreign direct investments and tourism inflows due to heightened concerns about the security environment. Moreover, it stated that real GDP per capita has declined by 40% from its peak in 2010, and that the real GDP per capita on a US dollar-adjusted basis dropped by 80%.

Also, AM Best considered that Lebanon has a "Very High" level of Financial System Risk. It said that the authorities have repeatedly devalued the Lebanese pound since 2023, as the exchange rate was devalued from 1,507.5 per US dollar to LBP15,000 per dollar in early 2023, and was further devalued to LBP89,500 per dollar in 2024. It cautioned that a decline in foreign currency inflows could cause the Lebanese pound to resume its depreciation, which will lead to higher inflation rates. In addition, it pointed out that the IMF noted that the absence of a credible plan to restructure the banking system continues to weigh on economic activity and on the recovery of deposits. It added that the size of the informal sector and of the cash-based economy has expanded, while the economy has become increasingly dollarized.

UN disburses \$59.7m in livelihoods assistance in first half of 2024

The United Nations (UN) indicated that international contributions to the livelihoods component of the Lebanon Response Plan (LRP) reached \$33.7m in the first half of 2024 compared to \$16.4m in the same period of 2023. They represented 18% of the \$188m that the LRP appealed for to assist affected Lebanese and non-Lebanese individuals in the country in 2024. It also noted that \$26m were carried over from funding received in 2023, which is equivalent to 13.8% of the total appealed funds, and resulted in aggregate funding of \$59.7m in the first half of 2024. As such, it said that total funding covered 31.8% of the funds appealed in the first half of 2024, resulting in a funding gap of \$128.3m, or 68.2%, in the covered period.

The LRP 2024-2025 is a joint initiative between the Lebanese government and international and national partners that aims to address humanitarian needs, as well as to apply a humanitarian, development and peace approach. The LRP also aims to promote progress against development objectives in the longer-term. The plan comes after the expiration of the LCRP for the 2015-2016, the 2017-2021, and the 2022-2023 periods.

The UN indicated that it provided livelihoods assistance to 26,792 individuals across Lebanon in the first half of 2024 who consisted of 23,681 Lebanese citizens in need, or 88.4% of the total, followed by 3,045 displaced Syrians (11.4%), 64 Palestinian refugees in Lebanon (0.2%) and two Palestinian refugees from Syria (0.01%). It noted that it aims to provide livelihoods assistance to 74,970 poor individuals across Lebanon in the first half of 2024, who consisted of 47,500 vulnerable Lebanese citizens, or 63.4% of the total, followed by 24,250 displaced Syrians (32.3%); 2,275 Palestinian refugees in Lebanon (3%); and 945 Palestinian refugees from Syria (1.3%).

It pointed that the LRP assistance supported 17,619 businesses through different programming modalities, such as access to financial resources, capacity building, incubation services and cash/in-kind grants. It added that the LRP provided career counselling and entrepreneurship services to 819 beneficiaries in the first half of 2024.

Further, it noted that 917 employers and employees participated in workshops by the end of June 2024 in order to gain more understanding about decent labor standards, as well as to enhance working conditions and prevent child labor. It added that 8,456 individuals benefited from market-based skills training, work-based learning, and cash-for-work activities in the covered period. Cash-for-work is a short-term project that aims to provide employment on labor-intensive projects to unskilled or semi-skilled people living in camps or other areas affected by armed conflicts and wars.

Ministry of Energy & Water signs agreement to join International Solar Alliance

The Ministry of Energy & Water signed an agreement on August 27, 2024 for Lebanon to join the International Solar Alliance (ISA). It indicated that the deal aims to strengthen Lebanon's position on the global renewable energy map, develop the renewable energy sector, and promote sustainability in the energy field. India and France jointly launched the ISA at the United Nations Climate Change Conference (COP-21) in Paris in 2015. Lebanon became the 120th country to sign the ISA Framework Agreement, joining Argentina, Australia, Brazil, Denmark, France, Germany, Greece, Italy, Japan, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the United States, as well as Algeria, Egypt, Morocco, Oman, the UAE, and Saudi Arabia, among others.

The ministry indicated that the agreement aims to generate cooperation between Lebanon and member countries of the ISA, which would allow the country to benefit from international expertise and financial resources to support its solar energy projects. It added that it is committed to accelerate the adoption of renewable energy, particularly solar energy, as part of Lebanon's national strategy to increase the use of sustainable energy. Also, it expected that the agreement with the ISA to lead to the implementation of more solar energy projects in Lebanon to help meet the country's energy needs, given that Lebanon has sunshine during 330 days of the year. Further, the ministry said that Lebanon made significant steps in implementing the National Renewable Energy Action Plan, which aims to increase the share of the country's renewable energy to 30% of its total energy generation by 2030, as well as by signing the Power Purchase Agreements for major solar energy projects.

The ISA, which is a collaborative initiative between India and France, aims to strengthen efforts to combat climate change by implementing solar energy solutions. It said that its mission is to unlock \$1 trillion in investments in solar energy by 2030, and to reduce the related technology and financing costs.

In parallel, the World Bank indicated that total energy generation in Lebanon from renewables continues to expand as the lowest-cost option for electricity supply and that the country's 2030 renewable energy target, which aims to generate 30% of its power demand and 16.5% of its heat demand from renewable energy sources by 2030, is within reach, given that the installation of household solar systems increased from 100 megawatts (MW) in 2020 to about 1,100 MW by the end of 2023.

Further, the International Renewable Energy Agency indicated that the aggregate capacity of renewable energy in Lebanon reached 732 megawatts (MW) in 2022 relative to 482 MW in 2021 and to a capacity of 288 MW in 2013, which constitutes a compound annual growth rate (CAGR) of 11% during the 2013-22 period. It said that renewable energy accounted for 20.8% of total electricity capacity in Lebanon in 2022 compared to 14.1% in 2021 and 8.1% in 2013. It added that renewable energy represented 40.3% of total power capacity worldwide in 2022 relative to 38.4% in 2021 and 27.2% in 2013, while renewable energy accounted for 8.7% total power capacity in the Middle East in 2022 compared to 7.8% in 2021 and 5.7% in 2013.

Further, the distribution of renewable energy capacity in the country shows that the installed solar power capacity in Lebanon consisted of 440 MW or 60.1% of the total in 2022, followed by 282 MW from hydropower sources (38.5%), 7 MW from biogas (1%), and 3 MW from wind energy (0.4%). In comparison, it noted that the installed capacity in the country consisted of 282 MW from hydropower sources, 190 MW from solar power, 7 MW from biogas, and 3 MW from wind energy in 2021; relative to 282 MW from hydropower sources, 2 MW from solar power, 2 MW from biogas, and 2 MW from wind energy in 2013. Also, the renewable energy capacity from solar energy in Lebanon increased by a CAGR of 82.1%, the capacity from biogas grew by a CAGR of 15%, while the capacity from wind energy expanded by a CAGR of 4.6% in the 2013-22 period.

Lebanon accounted for 5.2% of the total power production capacity from solar energy in Arab countries and for 0.04% of worldwide capacity in 2022. It also accounted for 7.9% of total hydropower production capacity in the Arab world and for 0.02% of global capacity in 2022. Also, Lebanon represented 20.6% of total power production capacity from biogas among Arab countries and for 0.03% of global capacity in 2022, while it accounted for 0.4% of installed wind energy production among Arab economies and for 0.0003% of the world's capacity in 2022.

Lebanon ranks 97th globally, 11th among Arab countries in terms of ICT development in 2023

The International Telecommunication Union ranked Lebanon in 97th place among 169 countries and in 11th place among 19 Arab countries on its ICT Development Index for 2023. Also, Lebanon came in 11th place among 46 lower middle-income countries (LMICs) included in the survey.

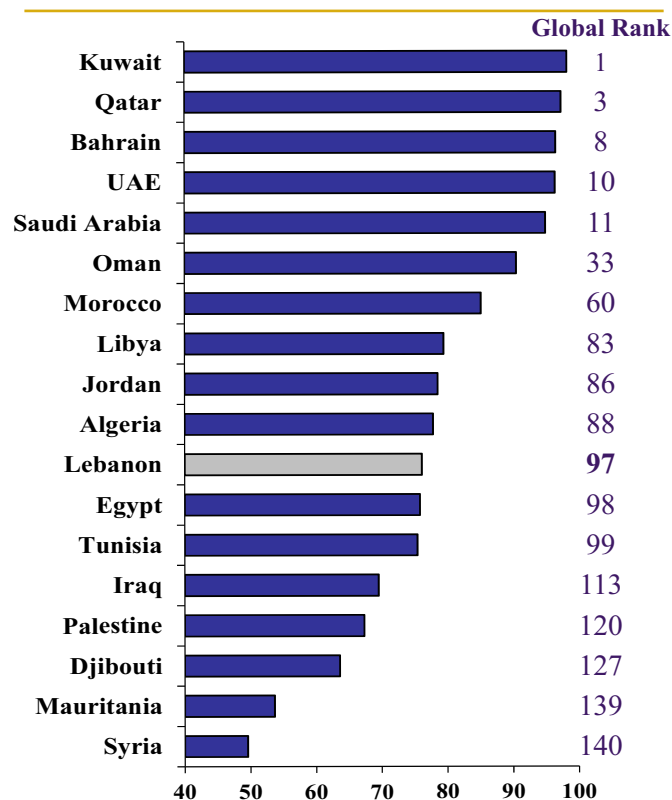
The index analyzes data on connectivity as well as on information and communication technology per country. It tracks the digital divide in countries and measures their progress towards becoming information societies on the basis of ICT access and usage. The index is based on 10 indicators that are grouped in the Universal Connectivity Pillar and the Meaningful Connectivity Pillar. A country's score on the index is the simple average score of the two pillars and ranges from zero to 100 points, with a score of 100 points reflecting the highest level of Internet access, mobile broadband coverage, mobile broadband subscriptions, and data transmission speeds in a country.

Globally, Lebanon had a higher level of ICT development than Egypt, Tunisia and the Dominican Republic, and a lower level than Jamaica, Bosnia and Herzegovina, and Trinidad and Tobago among economies with a GDP of \$10bn or more. It also ranked ahead of Egypt, Tunisia and Sri Lanka, and trailed Vietnam, Jordan, and Algeria among LMICs, while it preceded Egypt, Tunisia, Iraq, Palestine, Djibouti, Mauritania, and Syria among Arab countries. Lebanon received a score of 76.1 points on the 2023 survey, which came higher than the global average score of 72.8 points and the LMICs' average score of 61.9 points, but lower than the Arab average score of 79.2 points. Further, Lebanon's score was lower than the Gulf Cooperation Council (GCC) countries' average score of 95.6 points, but came higher than the average score of non-GCC Arab countries that stood at 71 points.

Further, Lebanon preceded Vietnam and Gabon, and trailed Botswana and Ukraine globally on the Universal Connectivity Pillar. This category measures the number of households and individuals who use the Internet and evaluates the number of mobile-broadband subscriptions per 100 inhabitants. Lebanon preceded Vietnam and Algeria, and trailed Jordan and Ukraine among LMICs; while it came ahead of Algeria, Egypt, Palestine, Tunisia, Iraq, Djibouti, Mauritania and Syria in the Arab world on this category.

Also, Lebanon tied with Iraq, ranked ahead of Guatemala and Namibia, and came behind Uzbekistan and El Salvador globally on the Meaningful Connectivity Pillar. This category assesses the quality of infrastructure, skills, and the number of affordable devices that are essential for enabling individuals in a country to go online. Lebanon preceded Cambodia and Bolivia, and trailed the Philippines and Uzbekistan among LMICs; while it preceded Iraq, Libya, Djibouti, Palestine, Syria and Mauritania among Arab countries on this category.

**ICT Development Index for 2023
Scores & Rankings of Arab Countries**



Source: International Telecommunication Union, Byblos Research

Components of the 2023 ICT Development Index for Lebanon

	Global Rank	LMICs Rank	Arab Rank	Lebanon Score	Global Avge Score	LMICs Avge Score	Arab Avge Score
Universal Connectivity Pillar	89	10	10	74.5	67.8	55.8	75.5
Meaningful Connectivity Pillar	106	15	12	77.7	77.9	67.9	82.9

Source: International Telecommunication Union, Byblos Research

Number of registered real estate transactions at 19,693 in first seven of 2024

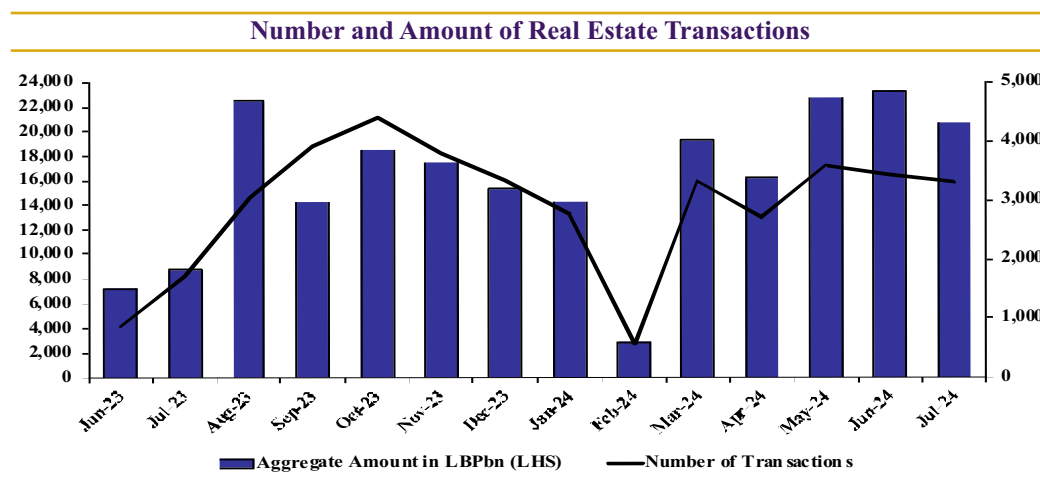
Figures released by the Ministry of Finance show that the ministry registered 19,693 real estate transactions in the first seven months of 2024 relative to 5,154 real estate transactions in the same period of 2023. In comparison, the ministry registered 40,366 real estate transactions in the first seven months of 2022 and 47,640 real estate deals in the same period of 2021. The surge in the number of registered transactions in the first seven months of 2024 is due mainly to the resumption of activity in the General Directorate of Land Registry and Cadastre, as repeated strikes by public sector employees delayed for long periods of time the registration of real estate transactions.

Further, the ministry registered 5,059 real estate transactions in the North in the first seven months of 2024, representing 25.7% of the total. The Bekaa/Baalbeck-Hermel region followed with 4,254 deals or 21.6% of the total, then the South governorate with 3,920 transactions (20%), Beirut with 2,288 deals (11.6%), the Nabatieh governorate with 2,231 transactions (11.3%), the Keserwan/Jbeil region with 1,027 deals (5.2%), the Northern Metn district with 13 transactions (0.1%), and the Baabda/Aley/Chouf area with seven deals (0.04%). In addition, the real estate transactions totaled 3,303 in July 2024, and decreased by 4% from 3,440 real estate deals in June 2024.

In parallel, the aggregate amount of registered real estate transactions stood at LBP119,342.3bn in the first seven months of 2024 relative to LBP19,374.4bn in the same period last year. In comparison, the amount of real estate deals was LBP8,776.5bn in the first seven months of 2022 and LBP10,756.7bn in the same period of 2021. Further, the value of registered real estate transactions in Beirut was LBP54,608.2bn and accounted for 45.8% of the total in the first seven months of 2024. The South governorate followed with LBP21,049bn (17.6%), then the North region with LBP14,363.2bn (12%), the Keserwan/Jbeil area with LBP11,276.6bn (9.4%), the Bekaa/Baalbeck-Hermel region with LBP9,068.5bn (7.6%), the Nabatieh governorate with LBP7,064.6bn (5.9%), the Northern Metn district with LBP9.3bn (0.01%), and the Baabda/Aley/Chouf area with LBP295.5m (0.0002%). In addition, the aggregate amount of real estate transactions reached LBP20,718.6bn in July 2024, constituting a decline of 10.8% from LBP23,235.7bn in June 2024.

In parallel, the average amount per registered real estate transaction was LBP6.1bn in the first seven months of 2024 and jumped by 61.2% from an average of LBP3.76m in the same period of 2023. Further, there were 446 real estate transactions executed by foreigners in the first seven of 2024 compared to 98 deals in the same period of 2023, 427 transactions in the first seven months of 2022, and to 724 deals in the same period of 2021. The number of real estate deals by foreigners accounted for 2.3% of the registered real estate transactions in the first seven months of 2024, up from 1.9% in the same period of 2023, and relative to 1.1% in the first seven months of 2022 and to 1.5% in the same period of 2021.

Further, 27.6% of real estate transactions executed by foreigners in the first seven of 2024 were in the North and in the South governorate each, followed by Beirut (20.4%), the Bekaa/Baalbeck-Hermel region (17.5%), the Keserwan/Jbeil area (4%), and the Nabatieh governorate (2.9%). The latest available figures show that Syrian citizens accounted for 43.6% of the amount of real estate transactions executed by foreigners in May 2024, followed by Saudi nationals (9%), U.S. citizens (6%), citizens from the Dominican Republic (4.6%), and Turkish citizens (4%), while the remaining 32.7% represented citizens from other countries.



Source: Ministry of Finance, Byblos Research

Population growth rate projected at 0.7% in 2024

In its Statistical Pocketbook for 2024, the United Nations (UN) estimated Lebanon's real GDP growth rate at zero percent in 2022, its latest available figure, compared to a contraction of 25.9% in 2020 and to a growth rate of 0.5% in 2015; and the country's GDP per capita at \$7,159.4 in 2022 relative to \$6,888.5 in 2020 and \$7,802.8 in 2015. Further, it considered that services and other activities accounted for 81.9% of Gross Value Added (GVA) in 2022, followed by industrial activity with 13.6% of GVA, and the agriculture sector with 4.5% of GVA. GVA is defined as the measure of the value of goods and services produced in an area, industry or sector of an economy. In comparison, it said that services and other activities represented 75.4% of GVA in 2020, followed by industrial activity at 16.4% of GVA, and the agriculture sector at 8.3% of GVA; while services and other activities accounted for 79.5% of GVA in 2015, followed by industrial activity at 16.9% of GVA, and the agriculture sector at 3.5% of GVA.

In addition, it projected the unemployment rate in Lebanon at 11.5% in 2024 compared to 13.3% in 2020 and 9.2% in 2015. It expected the labor force participation rate at 65.3% for males and 27.5% for females in the country in 2024, relative to 64% for males and 26.4% for females in 202, and to 68.7% for males and 26.1% for females in 2015. It estimated that the services and other related sectors accounted for 76% of total employed individuals in Lebanon in 2022, followed by the industrial sector with 20.4% and the agriculture sector with 3.5%. In comparison, it indicated that employment in the services and other related sectors represented 75.8% of total employed individuals in the country in 2020, followed by the industrial sector with 20.5% and the agriculture sector with 3.7%, while it reached 73.9% in rate in the service and other sectors in 2015, 22.1% in the industrial sector and 3.9% in the agriculture sector.

Further, it indicated that exports from Lebanon reached \$2.17bn in 2023, relative to \$3.8bn in 2020 and \$2.95bn in 2015, while it said that imports to the country were \$11.5bn in 2023 compared to \$11.36bn in 2020 and \$18.6bn in 2015. As such, it said that the trade balance posted a deficit of \$9.32bn in 2023 relative to deficits of \$7.55bn in 2020 and \$15.65bn in 2015. Also, it estimated that the current account deficit was \$5.65bn in 2023 compared to \$2.78bn in 2020 and \$8.54bn in 2015. It noted that Lebanese exports to the UAE accounted for 23.3% of total exports in 2023, followed by Syria (9.6%) and Türkiye (4.5%). It pointed out that China was the main source of imports to Lebanon and represented 13.8% of the total in 2023, followed by Türkiye (12.4%) and Greece (9.8%).

In parallel, the UN expected Lebanon's population growth rate at 0.7% in 2024 compared to an increase of 0.2% in 2020 and a contraction of 2.2% in 2015. Also, it forecast the fertility rate in Lebanon at 2.2 live births per female in 2024 relative to 2.3 and 2.4 live births per female in 2020 and 2015, respectively. It forecast life expectancy at birth in Lebanon at 79.9 years for females and at 75.9 years for males in 2024, while it estimated life expectancy at birth at 78.7 years for females and at 73.9 years for males in 2020, as well as at 80.1 years for females and 76.2 years for males in 2015.

Also, it projected the Lebanese population aged 14 years or younger to account for 26.2% of the total population in 2024 relative to 27.9% in 2020 and 25.8% in 2015; while it expected the population aged 60 years or older to account for 14.7% of the total in 2024 compared to 13.3% in 2020 and 10.6% in 2015. It anticipated that the mortality rate of children aged five years or younger in Lebanon will be 18.1 deaths per 1,000 live births in 2024, relative to 20.3 deaths and 13.1 deaths per 1,000 live births in 2020 and 2015, respectively. In addition, it projected current expenditures for healthcare at 10.1% of GDP in 2024 compared to 7.6% of GDP in 2020 and 7.4% of GDP in 2015.

Moreover, it indicated that forested area accounted for 14.1% of Lebanon's land area in 2021, the latest available figure, relative to 14% and 13.7% of the country's surface area in 2020 and 2015, respectively. It noted that CO2 emissions were 18.9 million tons or 3.4 tons per capita in 2021 compared to 23.5 million tons (4.1 tons per capita) in 2020 and 23.9 million tons (3.7 tons per capita) in 2015. Also, it added that energy supply per capita reached 48 gigajoules (Gj) in 2021 relative to 59 Gj in 2020 and 53 Gj in 2015.

In addition, it estimated that the number of individuals who are using the Internet in Lebanon stood at 90.1 per 100 inhabitants in 2022 compared to 87.9 per 100 inhabitants in 2020 and 74 per 100 inhabitants in 2015.

Industrial activity regresses in fourth quarter of 2023

Banque du Liban's quarterly survey about the opinions of business managers shows that the balance of opinions about industrial production was -4 in the fourth quarter of 2023, down from +7 in the previous quarter and up from -25 in the fourth quarter of 2022. The balance of opinions for the level of industrial production in the fourth quarter of 2023 reached its fifth highest quarterly level since the fourth quarter of 2017, behind +7 in the third quarter of 2023, zero in the second quarter of 2023, -1 in the third quarter of 2022, and -2 in the third quarter of 2017.

The business survey covers the opinions of managers of industrial enterprises about their businesses, in order to depict the evolution of a number of key economic variables. The balance of opinions is the difference between the proportion of surveyed managers who consider that there was an improvement in a particular indicator and the proportion of those who reported a decline in the same indicator. The balance of opinions about industrial production was +22 in the Bekaa, -4 in Beirut & Mount Lebanon, -5 in the North, and -64 in the South.

The balance of opinions about demand for industrial goods stood at -6 in the fourth quarter of 2023 compared to +6 in the preceding quarter and to -23 in the fourth quarter of 2022. It was +21 in the Bekaa, -5 in the North and in Beirut & Mount Lebanon, and -74 in the South.

In parallel, the balance of opinions about the volume of investments in the industrial sector stood at -13 in the fourth quarter of 2023, compared to -12 in the third quarter of 2023 and to -20 in the fourth quarter of 2022. It was +8 in the Bekaa, zero in the North, -18 in Beirut & Mount Lebanon, and -75 in the South.

In addition, the balance of opinions about the level of registered orders was -36 in the fourth quarter of 2023 relative to -27 in the previous quarter and to -44 in the fourth quarter of 2022. It was -26 in Beirut and Mount Lebanon, -30 in the North, -31 in the Bekaa, and -86 in the South.

Further, the balance of opinions about foreign demand for industrial goods was -10 during the fourth quarter of 2023 compared to -5 in the preceding quarter and to -13 in the fourth quarter of 2022. It stood at zero in Beirut & Mount Lebanon and in the North, at -18 in the Bekaa, and at -41 in the South.

Also, the balance of opinions about the number of employees in the sector was -15 in the fourth quarter of 2023 relative to -7 in the preceding quarter and to -24 in the fourth quarter of 2022. It was zero in Beirut & Mount Lebanon, -3 in the Bekaa, -33 in the North, and -65 in the South.

In parallel, the balance of opinions for the level of inventory of finished goods was -18 in the fourth quarter of 2023 compared to -17 in the previous quarter and to -30 in the fourth quarter of 2022. It stood at -1 in the North, -15 in each of the Bekaa, -18 in Beirut and Mount Lebanon, and -65 in the South.

Also, the balance of opinions for the level of inventories of raw materials was -25 in the fourth quarter of 2023 relative to -22 in the preceding quarter and to -35 in the fourth quarter of 2022. It was -16 in Beirut and Mount Lebanon, -17 in the Bekaa, -30 in the North, and -61 in the South.

Industrial Activity: Evolution of Opinions				
Aggregate results	Q4-20	Q4-21	Q4-22	Q4-23
Production	-45	-42	-25	-4
Total demand	-50	-48	-23	-6
Foreign demand	-28	-24	-13	-10
Volume of investments	-35	-32	-20	-13
Inventories of finished goods	-43	-40	-30	-18
Inventories of raw material	-50	-47	-35	-25
Registered orders	-62	-62	-44	-36

Source: Banque du Liban Business Survey for Fourth Quarter of 2023

Payment cards at 1.88 million at end-2023, ATMs total 1,244

Figures released by Banque du Liban show that the number of payment cards issued in Lebanon reached 1,875,352 cards at the end of 2023, constituting declines of 503,855 cards (-21.2%) from 2,379,207 cards at the end of 2022, of 733,660 cards (-28%) from 2,609,012 at end-2021, of 958,349 cards (-33.8%) from 2,833,701 at end-2020, and of 1,161,404 (-38.2%) from 3,036,756 at end-2019.

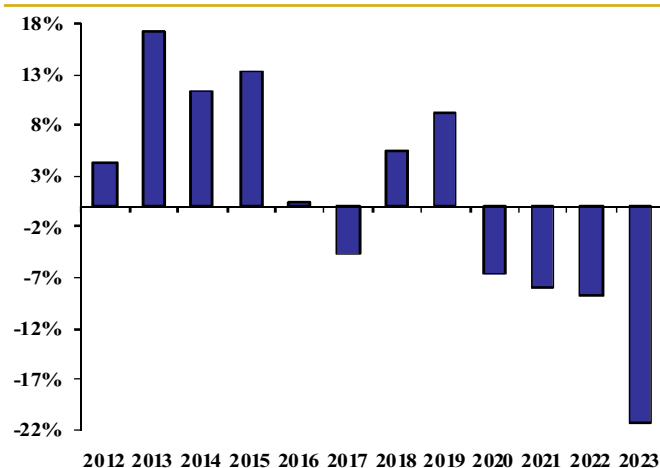
Payment cards held by residents accounted for 97.2% of total cards issued in Lebanon at the end of 2023. The distribution of payment cards by type shows that debit cards with residents reached 1,193,862 and accounted for 63.7% of the total, followed by prepaid cards with residents at 509,850 (27.2%), credit cards with residents at 61,995 (3.3%), charge cards with residents at 56,995 (3%), debit cards held by non-residents at 43,540 (2.3%), credit cards with non-residents at 3,006; charge cards held by non-residents at 3,091; and prepaid cards with non-residents at 3,013 (0.16% each).

The number of prepaid cards with non-residents increased by 977 cards (+48%) from end-2022; while the number of debit cards with residents dropped by 307,824 cards (-20.5%), the number of prepaid cards with residents declined by 104,286 cards (-17%), the number of credit cards with residents decreased by 73,778 cards (-54.3%), the number of charge cards with residents regressed by 8,272 cards (-12.7%), the number of debit cards held by non-residents contracted by 7,723 cards (-15.1%), the number of credit cards with non-residents retreated by 2,410 cards (-44.5%), and charge cards with non-residents dipped by 539 cards (-14.8%).

Further, the aggregate number of registered points-of-sales (PoS) that accept payment cards reached 36,920 at the end of 2023, constituting decreases of 4,462 (-10.8%) from 41,382 PoS at end-2022, of 7,010 (-16%) from 43,930 PoS at end-2021, of 8,803 (-19.3%) from 45,723 PoS at end-2020, and of 11,554 (-23.8%) from 48,474 PoS at end-2019. There were 3.5 registered PoS per square kilometer (km²) in Lebanon at the end of 2023 compared to 3.96 PoS per km² at the end of 2022, to 4.2 PoS per km² at the end-2021, and to 4.37 PoS per km² at the end-2020, and to 4.64 PoS per km² at the end-2019.

In parallel, there were 1,244 automated teller machines (ATMs) across Lebanon at the end of 2023, constituting declines of 271 ATMs at end-2022, of 480 ATMs at end-2021, of 630 ATMs at end-2020, and of 759 ATMs at end-2019. The Mount Lebanon area had 444 ATMs at the end of 2023, equivalent to 35.7% of the total, followed by the Greater Beirut area with 423 ATMs (34%), the North with 133 ATMs (10.7%), the Bekaa with 111 ATMs (8.9%), the South region with 108 ATMs (8.7%), and the Nabatieh area with 25 ATMs (2%). As such, there were 119 ATMs per 1,000 km² in Lebanon at the end of 2023 compared to 145 ATMs per 1,000 km² at the end of 2022, to 165 ATMs per 1,000 km² at end 2021, to 179 ATMs per 1,000 km² at end 2020, and to 192 ATMs per 1,000 km² at end 2019.

Change in Number of Payment Cards (%)*



*year-on-year change

Source: Banque du Liban, Byblos Research

Stock market capitalization up 3% to \$19.2bn at end-August 2024

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 7.52 million shares in the first eight months of 2024, constituting a drop of 76.1% from 31.5 million shares traded in the same period of 2023; while aggregate turnover amounted to \$350.7m and increased by 12.7% from a turnover of \$311.2m in the first eight months of 2023.

Further, the market capitalization of the BSE stood at \$19.2bn at the end of August 2024, representing an increase of 2.8% from \$18.7bn a year earlier, and compared to \$18.6bn at the end of July 2024 and to \$20.5bn at end-December 2023. Real estate equities accounted for 72.5% of the market's capitalization at the end of August 2024, followed by banking stocks (19.5%), and industrial shares (8%). Also, the trading volume reached 960,183 shares in August 2024, as it increased by 4.2% from 921,760 shares traded in July 2024 and decreased by 49.3% from 1.89 million shares in August 2023. Further, aggregate turnover stood at \$60.6m in August 2024, constituting increases of 31.8% from a turnover of \$456m in the preceding month and of 29.1% from \$47m in August 2023. The market liquidity ratio was 1.8% at the end of August 2024 compared to 1.7% a year earlier.

In addition, real estate equities accounted for 54.8% of the trading volume in the first eight months of 2024, followed by banking stocks (39.4%) and industrial shares (5.8%). Also, real estate equities accounted for 90.4% of the aggregate value of shares traded, followed by industrial shares (7.6%), and banking stocks (2%). The average daily traded volume for the first eight months of 2024 was 47,606 shares for an average daily amount of \$2.2m. The figures represent a drop of 76.4% in the average daily traded volume and an increase of 11.3% in the average daily value in the covered period.

In parallel, the price of Solidere 'A' shares declined by 5.6% and the price of Solidere 'B' shares decreased by 5.5% in the first eight months of 2024, while the price of Holcim shares increased by 6% 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, and then increased by 18.7% in July and by 2.7% in August 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, and then grew by 17.4% in July and by 5% in August 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, increased by 10.5% in May, declined by 7.4% in June and by 0.8% in July 2024, and grew by 4.1% in August 2024.



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

*Fitch withdrew the ratings on July 23, 2024

Source: Rating agencies

Banking Sector Ratings

Banking Sector Ratings	Outlook
Moody's Ratings	Negative

Source: Moody's Ratings



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