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BYBLOS BANK SAL
Economic Research & Analysis Department

# LEBANON THIS WEEK

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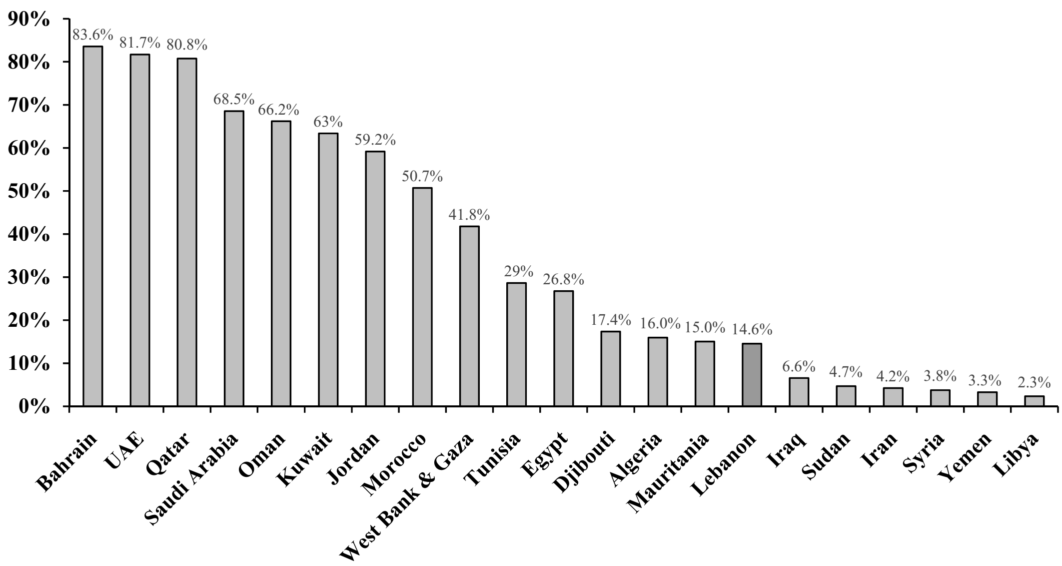
Solidere posts losses of $15m in 2023

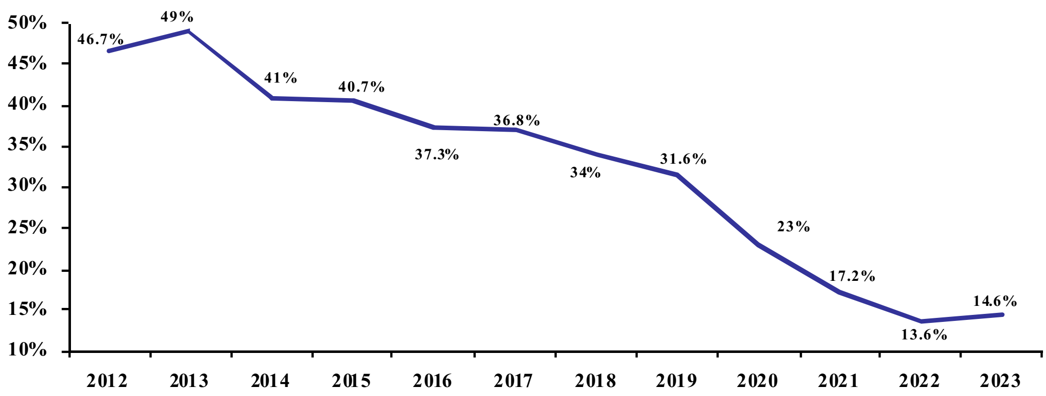


## Charts of the Week

**Percentile Rankings of Middle East and North Africa Countries on the Regulatory Quality Indicator in 2023 (%)**




**Percentile Rankings of Lebanon on the Regulatory Quality Indicator (%)**




*Source: World Bank World Governance Indicators for 2023, Byblos Bank*

## Quote to Note

"It is clear that the status quo ante of implementing only select provisions of United Nations Resolution 1701, while paying lip service to others, will not suffice."

*Ms. Jeanine Hennis-Plasschaert, the UN Special Coordinator for Lebanon, on the need for the full commitment of all parties to ensure that the ceasefire agreement that went into effect on November 27 endures*

## Number of the Week

**25:** 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 |
|---|---|---|---|---|
| Audi Listed | 1.97 | (9.6) | 132,141 | 5.3% |
| Solidere "A" | 93.35 | 3.80 | 72,314 | 42.4% |
| Audi GDR | 2.06 | 19.80 | 60,673 | 1.1% |
| Solidere "B" | 94.10 | 4.8 | 34,257 | 27.8% |
| Byblos Common | 0.98 | 4.3 | 19,000 | 2.5% |
| HOLCIM | 67.50 | (0.1) | 7,377 | 6.0% |
| BLOM GDR | 4.01 | 9.9 | 1,500 | 1.3% |
| BLOM Listed | 6.30 | (10.0) | 2 | 6.2% |
| Byblos Pref. 09 | 29.99 | 0.0 | - | 0.3% |
| Byblos Pref. 08 | 25.00 | 0.0 | - | 0.2% |

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

| Sovereign Eurobonds | Coupon % | Mid Price $ | Mid Yield % |
|---|---|---|---|
| Dec 2024 | 7.00 | 9.38 | 348,000.00 |
| Jun 2025 | 6.25 | 9.38 | 1,705.92 |
| Nov 2026 | 6.60 | 9.38 | 163.24 |
| Mar 2027 | 6.85 | 9.38 | 134.18 |
| Nov 2028 | 6.65 | 9.38 | 70.56 |
| Feb 2030 | 6.65 | 9.38 | 50.78 |
| Apr 2031 | 7.00 | 9.38 | 40.72 |
| May 2033 | 8.20 | 9.38 | 30.05 |
| Nov 2035 | 7.05 | 9.38 | 22.91 |
| Mar 2037 | 7.25 | 9.38 | 20.19 |

*Source: Refinitiv*

| | Nov 25-29 | Nov 18-21 | % Change | November 2024 | November 2023 | % Change |
|---|---|---|---|---|---|---|
| **Total shares traded** | 1,717,278 | 758,579 | 126.4 | 1,717,278 | 466,274 | 96.1 |
| **Total value traded** | $45,983,388 | $5,232,909 | 778.7 | $45,983,388 | $11,062,142 | 121.1 |
| **Market capitalization** | $22.02bn | $21.58bn | 2.1 | $22.02bn | $16.72bn | 31.8 |

*Source: Beirut Stock Exchange (BSE)*

### Recovery values on restructured Eurobonds to average 24.6 cents per dollar in base-case scenario

Global investment Bank Goldman Sachs considered that the agreement on a ceasefire between Lebanon and Israel on November 27, 2024 and the subsequent news about a planned parliamentary session on January 9, 2025 to elect a new president have added to the recent pick-up in investor interest in Lebanon's defaulted Eurobonds, which have gained over 50% in value since mid-September 2024.

Under its "No Restructuring" scenario where it did not expect a debt restructuring, it forecast the public debt level to increase from 257% of GDP at the end of 2024 to 273% of GDP at end-2030, 336% of GDP at end-2036, and 377% of GDP by end-2040, due mainly to the past due interest (PDI) of $2.3bn annually on Lebanon’s defaulted debt, which it assumes will continue to accrue indefinitely. It noted that, excluding the PDI, Lebanon’s public debt trajectory would be flat. Also, it forecast the Lebanese pound-denominated public debt to remain stable at LBP91,169bn, equivalent to 6% of GDP, at end-2024. It projected the external debt at $45bn, or 251% of GDP, at the end of this year, and at $73bn or 332% of GDP by end-2036. Under this scenario, it projected Lebanon's real GDP to contract by 7.4% this year, to rebound by 10% in 2025, and to average a growth rate of 1.5% in the 2026-2036 period.

Under its "Base-Case Restructuring" scenario, which implies a required haircut of 75% on the outstanding debt stock or a write-off of $35bn on Lebanon's outstanding external debt and a coupon rate of 8%, it expected the public debt level to decline from 225% of GDP at end-2024 to 84% of GDP at end-2025 and 80% of GDP by end-2036. It said that the government's $2.9bn contribution to the restructuring of the domestic banking sector will be added to the debt stock, while it assumed that the cost of the post-war reconstruction of about $15bn will be financed from external sources over a five-year period. It added that the cost of reconstruction consists of $4bn to $5bn from the International Monetary Fund and of financing from other multilateral and bilateral lenders on concessional terms. Under this scenario, it projected Lebanon's real GDP to contract by 7.4% this year, and to grow by 10% in 2025, by 19.9% in 2026, by 14.4% in 2027 and by 10.5% in 2028, before declining to a single-digit average growth rate of 4.8% in the 2029-36 period.

Further, under this scenario, it estimated that the recovery value on the restructured debt is likely to range between 15.6 cents and 32.9 cents per US dollar and to average 24.6 cents per dollar, assuming a coupon rate of 8% on the restructured debt and depending on the exit yield. It considered that a five-year bond discounted at an 8% exit yield will imply a recovery value of 31.9 cents per dollar, while it estimated that a 10-year bond discounted at a 12% exit yield will imply a recovery value of 24.6 cents per dollar. Also, it considered that a 20-year bond discounted at a 16% exit yield will imply a recovery value of 15.6 cents per dollar.

Also, it estimated that a likely time for the Eurobond’s restructuring under this scenario would be the second half of 2026 based on the following sequence of events: a permanent end to the conflict with Israel, the election of a new president and the formation of a new government, the completion of the International Monetary Fund’s (IMF) prior actions as per the Staff Level Agreement of April 2022, along with parallel discussion with bondholders starting in the first quarter of 2025, and the final approval of an IMF program.

In addition, it expected the recovery value on the restructured debt at 36.4 cents per dollar in case of greater external support, at 32.4 cents a dollar if the exchange rate of the Lebanese pound appreciates, at 29.5 cents per dollar in case of fiscal consolidation, at 26.5 cents a dollar if the cost of the banking sector’s restructuring is lower than the anticipated $2.9bn, at 24.6 cents per dollar in a base-case scenario, at 19.7 cents a dollar in case of a higher-than-anticipated cost of the banking system’s restructuring, at 17.7 cents per dollar if the currency depreciates further, at 16.7 cents a dollar in case of weaker economic growth, and at 12.3 cents per dollar if the Eurobonds restructuring is delayed to 2030.

In parallel, it said that the restructuring of the Eurobonds is subject to a high degree of uncertainties in terms of the timing of the restructuring, the fiscal costs of the banking sector’s restructuring, and the macroeconomic outlook after the Eurobonds’ restructuring. It noted that downside risks to the recovery value on the restructured debt consist of delaying the debt’s restructuring to 2030, weaker economic growth, a larger and persistent depreciation of the local currency, and a higher-than-anticipated cost of the banking system’s restructuring. In contrast, it pointed out that upside risks consist of deeper fiscal consolidation that will bring the primary surplus up to 3% of GDP within four years of the restructuring, a stronger exchange rate of the local currency, a lower cost for the banking system’s restructuring, and greater external support, as it assumed that 50% of the external funding of the reconstruction costs will be in the form of grants instead of loans.

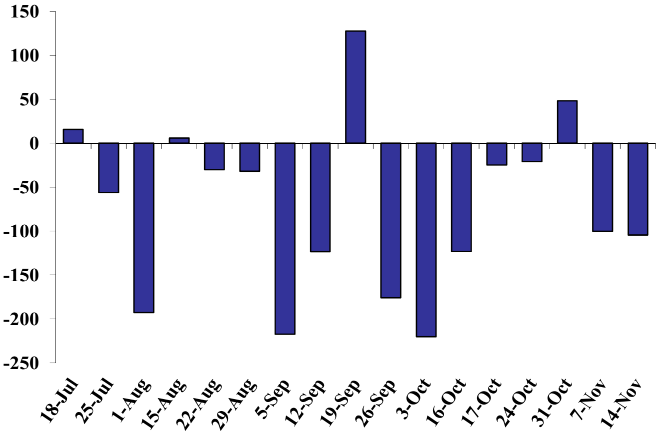
### Money supply down 2.5% in 12 months ending November 14, 2024

Figures released by Banque du Liban (BdL) show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP81,979bn on November 14, 2024, constituting decreases of 1.6% from LBP83,298bn on November 7, 2024 and of 2.4% from LBP84,022bn on November 14, 2023. M1 contracted by LBP1,319bn during the week ending November 14, 2024 due to decreases of LBP735.87bn in currency in circulation and of LBP583.06bn in demand deposits.

In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP102,636bn on November 14, 2024, representing a decrease of 0.3% from LBP102,972bn on November 7, 2024 and an increase of 3.4% from LBP99,308bn on November 14, 2023. Money supply M2 dropped by LBP335.7m in the week ending November 7, 2024, while it grew by LBP3,328.3bn year-on-year.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, reached LBP6,162.9 trillion (tn) on November 14, 2024, and regressed by LBP9,674.1bn, or by 0.2%, during the week ending November 14, 2024 compared to LBP1,163.6tn on November 14, 2023. Also, BdL indicated that deposits denominated in foreign currency declined by $104.3m in the week ending November 14, 2024.

**Weekly Change in Foreign Currency Deposits (USm)**




*Source: Banque du Liban, Byblos Research*

Also, money supply M4, which consists of M3 and Treasury bills held by the non-banking system including accrued interests, totaled LBP6,174.5tn on November 14, 2024, representing a decrease of LBP10,078bn (-0.2%) from LBP6,184.6tn a week earlier and relative to LBP1,187.2tn on November 14, 2023. BdL stated that the Treasury bills portfolio held by the non-banking sector increased by LBP404bn during the week ending November 14, 2024.

BdL issued Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currencies to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions. BdL requested banks and financial institutions, in line with the provisions of International Accounting Standard 21, to convert their foreign currency monetary assets and liabilities and non-monetary assets classified by fair value or by equity method at the exchange rate published on BdL's electronic platform at the date of the preparation of the financial statements. It added that the decision is applicable as of January 31, 2024. BdL had modified on February 1, 2023 the official exchange rate of the Lebanese pound against the US dollar from LBP1.507.5 per dollar to LBP15,000 per dollar, as part of the measures to unify the multiple exchange rates of the dollar that prevail in the Lebanese economy.

### Banque du Liban modifies requirements for external liquidity ratio

Banque du Liban (BdL) issued Intermediate Circular 716/13678 dated November 21, 2024 addressed to banks and to their external auditors that modifies Article 3 of Basic Circular 154/13262 of August 27, 2020 about Exceptional Measures to Reactivate the Work of Banks Operating in Lebanon.

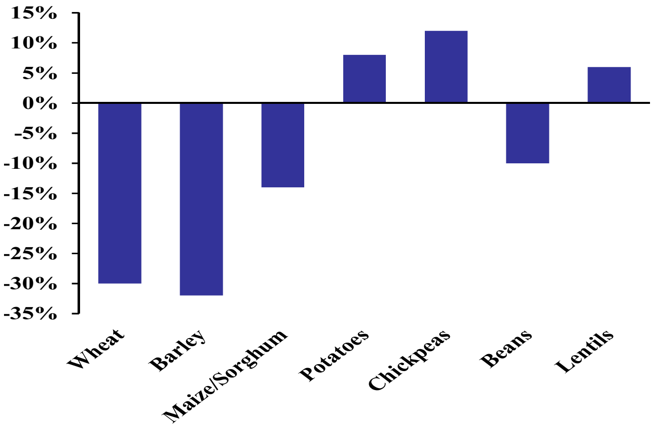
Article 3 mandated banks to place at an account at foreign correspondent banks the equivalent of 3% of the aggregate amount of the bank's deposits in foreign currency as at July 31, 2024. It said that banks that cannot constitute or do not have the required amount have until the end of 2025 to meet the required external liquidity ratio. It added that banks can include in the calculation of the ratio the market value of their portfolio of Lebanese Treasury Eurobonds that are classified at Fair Value through Profit or Loss (FVTPL) and at Fair Value through other Comprehensive Income (FVOCI). It canceled all the related special approvals that it previously granted to banks.

Intermediate Circular 716/13678 authorized banks to include in the calculation of the external liquidity ratio their portfolio of sovereign bonds issued by the Group of 10 countries and bonds rated 'BBB' and higher that are issued by parties that have the same or equivalent rating, on the condition that the bonds are classified at FVTPL and at FVOCI. BdL stated that Intermediate Circular 716/13678 goes into effect upon its publication.

## Production and yields of staple foods projected to decline in 2024 from trend average

The Food and Agriculture Organization of the United Nations (FAO) and the World Food Program's (WFP) Crop and Food Security Assessment Mission in Lebanon (CFSAM) projected the production of cereals in the country at 119,400 tons in 2024, compared to an annual average of 191,819 tons in the 2020-23 period and to an average of 152,022 tons per year in the 2015-19 timeframe. Also, it forecast the production of wheat at 93,700 tons in 2024, which would account for 78.5% of cereals output this year, followed by barley with 20,000 tons or 16.8% of the total, and maize with 5,700 tons (4.8%). In comparison, it said that the average production of wheat was 152,343 tons per year in the 2020-23 period and 121,340 tons annually in the 2015-19 timeframe, while barely output was 31,980 tons per year in the 2020-23 period and 26,025 tons per year in the 2015-19 timeframe, and maize production stood at an average of 7,496 tons per year in the 2020-23 period and at 4,456 tons per year in the 2015-19 timeframe.

**Change in Crop Yields of Staple Foods Between Average of 2020-23 period and 2024 Forecast (%)**




*Source: FAO, WFP*

Further, it forecast the production of potatoes at 610,700 tons this year compared to an average of 663,320 tons per year in the 2020-23 period and to an annual average of 620,653 tons per year during the 2015-19 timeframe; while it estimated the production of pulses at 4,900 tons in 2024 relative to an annual average of 5,232 tons per year in the 2020-23 period and to 5,117 tons per year during the 2015-19 timeframe.

In addition, it projected the planted areas of cereals in the country at 57,600 hectares in 2024, compared to an annual average of 65,702 hectares per year in the 2020-23 period and to an average of 57,996 hectares per year in the 2015-19 timeframe. As such, it forecast the planted areas of wheat at 45,400 hectares in 2024, which would account for 78.8% of the planted areas of cereals this year, followed by barley with 11,300 hectares or 19.6% of the total, and maize with 900 hectares (1.6%). In comparison, it said that the average surface area of planted wheat was 52,411 hectares per year in the 2020-23 period and 42,997 hectares annually in the 2015-19 timeframe, while the average surface area of planted barely was 12,231 hectares per year in the 2020-23 period and 13,865 hectares per year in the 2015-19 timeframe, and averaged 1,060 hectares per year for maize in the 2020-23 period and 1,134 hectares annually in the 2015-19 timeframe.

Further, it forecast the planted areas of potatoes at 22,400 hectares in 2024 compared to an average of 26,310 hectares per year in the 2020-23 period and to an annual average of 22,668 hectares during the 2015-19 timeframe; while it estimated the planted areas of pulses at 4,100 hectares in 2024 relative to an annual average of 4,583 hectares in the 2020-23 period and to an average 3,487 hectares per year during the 2015-19 timeframe.

In parallel, it projected the crop yield of wheat in the country at 2.1 tons per hectare (t/h) in 2024, compared to an annual average of 2.9 t/h per year in the 2020-23 period and to an average of 2.8 t/h annually in the 2015-19 timeframe. Also, it forecast the crop yield of barely at 1.8 t/h in 2024, compared to an annual average of 2.6 t/h per year in the 2020-23 period and to an average of 1.9 t/h annually in the 2015-19 timeframe; while it estimated the crop yield of maize and sorghum at 6.2 t/h in 2024 relative to an annual average of 7.2 t/h during the 2020-23 period and to an average of 3.9 t/h per year. It attributed the decline in cereal yields in 2024 to unfavorable weather conditions, especially high temperatures in May at the flowering and grain filling stage, as well as to below-average rainfall in the spring that has affected rainfed cereal crops, to yellow rust disease on wheat crops, and to the inadaptability of some imported wheat varieties with higher vernalization requirements.

Further, it projected the crop yield of potatoes at 27.3 t/h in 2024 compared to an annual average of 25.2 t/h in the 2020-23 timeframe and to an average of 23.7 t/h per year in the 2015-19 period. It noted that the main factors that are affecting potato yields this year are the excessive use of agrochemicals and irrigation, and the practice of cutting seed potato tubers. But it added that the above-average rainfall this winter has been favorable for early season potatoes.

Regarding pules, it forecast the crop yield of chickpeas in the country at 1.6 t/h in 2024, compared to an annual average of 1.5 t/h per year in the 2020-23 period and to an average of 1 t/h annually in the 2015-19 timeframe, while it forecast the yield of beans at 1.3 t/h in 2024 relative to an annual average of 1.5 t/h during the 2020-23 period and to an average of 2.8 t/h per year, and it projected lentils' crop yield at 0.8 t/h in 2024 compared to an annual average of 0.7 t/h in the 2020-23 timeframe and to an average of 1.1 t/h per year in the 2015-19 period.

The FAO and WFP indicated that, since they collected the data and conducted the assessment in July and August 2024, their analysis does not fully address the impact of the recent escalation of the war. As such, they said that the escalation of the conflict since mid-September 2024 significantly increases the risk of damage and losses in the agriculture sector.

## Banque du Liban modifies requirements for 100% coverage of "fresh" deposits at banks

Banque du Liban (BdL) issued Intermediate Circular 715/13677 dated November 21, 2024 addressed to banks that modifies Basic Circular 150/13217 of April 9, 2020 about Exceptional Exemptions for Banks from Reserve Requirements and from Mandatory Placements at BdL.

First, the circular stipulates that banks must deposit in cash the equivalent of 100% of the funds that they transferred abroad and/or the funds that they received in foreign currency banknotes after April 9, 2020 in an account that is free from any obligations, either at the bank or at their correspondent banks abroad, or in their "fresh funds" account at BdL as stipulated in Basic Circular 165/13548 of April 19, 2023. It asked banks to constitute this amount separately from the external liquidity ratio that they must keep as stipulated in Basic Circular 154/13262 dated August 27, 2020 about Exceptional Measures to Reactivate the Work of Banks Operating in Lebanon.

Second, the circular authorizes banks to include in the calculation of the ratio their portfolio of sovereign bonds issued by the Group of 10 countries and bonds rated 'BBB' and higher that are issued by parties that have the same or equivalent rating, on the condition that the bonds are classified at fair value. It added that banks cannot include in the ratio their portfolio of Lebanese Treasury bonds in foreign currency, or Eurobonds, and prohibited banks that violate the provisions of the circular from selling the bonds. Prior to this modification, BdL asked banks through Intermediate Circular 706/13660 dated September 11, 2024 to meet the 100% coverage requirement in cash only.

Basic Circular 150/13217 exempted banks from placing mandatory reserves at BdL on transfers received from abroad or on cash deposits in Lebanese pounds and in foreign currency. It pointed out that banks can benefit from these exemptions if they meet two conditions. First, the banks must allow holders of accounts funded through foreign transfers or cash deposits to benefit from all banking services, which include the ability to transfer these funds abroad, to withdraw banknotes, and to access these funds through payment cards in Lebanon or abroad. Second, banks should implement the needed procedures, such as opening a specific account for these funds, so that banks can track the operations related to these funds. Third, the circular indicated that the exemptions and conditions will be valid even if holders of these accounts convert, in part or in full, the funds to any other currency. Also, it noted that, in case the client transfers these funds to another bank operating in Lebanon, the latter bank will benefit from the exemptions instead of the bank that initially had received the funds. In parallel, Basic Circular 154/13262 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 as at September 20, 2022, and modified the date recently to July 31, 2024. Further, Basic Circular 165/13548 authorized the electronic transfers, clearing of checks and settlement operations for "fresh funds" through its national payment system. BdL stated that Intermediate Circular 715/13677 goes into effect upon its publication.

## Banque du Liban expands terms of deposit withdrawals in foreign currency

Banque du Liban (BdL) issued Intermediate Circular 717/13680 dated November 26, 2024 addressed to banks, which modified Basic Circular 158/13335 of June 8, 2021 about exceptional measures related to the gradual disbursement of deposits in foreign currency from accounts that clients opened prior to October 31, 2019. It also issued Intermediate Circular 718/13681 dated November 26, 2024 addressed to banks that 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 prior to June 30, 2023. It attributed the modifications of the two circulars to the special circumstances that the country is going through.

BdL stipulated that, exceptionally, beneficiaries can withdraw two additional monthly payments in October 2024, one extra monthly payment in November 2024, and one additional monthly payment in December 2024 according to the following mechanism. First, the circular applies to individuals who signed the request to lift bank secrecy before September 25, 2024 regarding the two additional payments during October 2024, to those who signed the form prior to November 1, 2024 concerning the additional payment for the month of November 2024, and to customers who signed the form before November 26, 2024 in relation to the additional payment for December 2024. Second, it amended the ceiling for the beneficiaries of Basic Circular 158/1335 for the annual withdrawals from banks during the current cycle that ends on June 30, 2025 to $6,400 and $4,800, depending on the date they started to benefit from the circular, and to $2,400 for the beneficiaries of Basic Circular 166/13611. Third, it noted that an account owner who does not have enough funds in his/her "Special Sub-Account" to benefit from the additional withdrawals related to one of the two circulars can submit a request to increase the funds in the account up to the ceiling that allows his/her to benefit from this decision until it expires, whereby the beneficiary can withdraw the extra payments when the funds become available in the "Special Sub-Account". Fourth, it asked banks to report the extra withdrawals to BdL's "Central Unit for Special Sub-Accounts" in their statement for the month when the payments take place. Fifth, it said that it will source the liquidity for additional payments from the banks' reserve requirements in foreign currency at BdL, which it will free for this purpose. Sixth, it said that the circular goes into effect upon its publication.

Basic Circular 158/13335 indicated that eligible depositors can withdraw up to $400 in foreign currency banknotes per month for a 12-month period, and up to the equivalent of $400 converted to Lebanese pounds at the rate of LBP12,000 per US dollar, with half of the amount in Lebanese pounds disbursed in cash and the other half to be used through a payment card. BdL then issued Basic Circular 678/13580 dated September 15, 2023 that canceled the Lebanese-pound component of Basic Circular 158/13335. Further, Basic Circular 166/13611 stipulates that eligible depositors can withdraw from their "Special Sub-Account" $150 in banknotes per month and/or they can transfer the sum abroad or deposit it in a "fresh dollar" account, without incurring any commission or direct or indirect fees of any kind. It added 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, and that he/she can withdraw a maximum of $1,800 per year. BdL provided a list of conditions that determine the eligibility of depositors for the two circulars.

## Amount of cleared checks in Lebanese pounds up 26% in first 10 months of 2024

The amount of cleared checks in Lebanese pounds reached LBP68,524bn in the first 10 months of 2024, constituting an increase of 25.7% from LBP54,497bn in the same period last year, while the amount of cleared checks in foreign currency was $1.12bn and dropped by 62.5% from $3.03bn in the first 10 months of 2023. Also, there were 163,970 cleared checks in the first 10 months of 2024, down by 57.3% from 384,251 checks in the same period of 2023.

In addition, the amount of cleared checks in Lebanese pounds stood at LBP6,548 in October 2024, constituting declines of 10% from LBP7,268 in September 2024 and of 25.6% from LBP8,798bn in October 2023. Further, the amount of cleared checks in foreign currency was $47m in October 2024 and decreased by 63.3% from $128m in the previous month and by 69.7% from $155m in October 2023. Also, there were 12,551 cleared checks in October 2024 relative to 13,178 checks in September 2024 and to 31,068 cleared checks in October 2023.

Further, the amount of cleared checks in "fresh" Lebanese pounds stood at LBP14,113bn, while the amount of cleared checks in "fresh" foreign currency was $230m in the first 10 months of 2024. Also, there were 7,692 cleared checks in "fresh" Lebanese pounds and 17,425 cleared checks in "fresh" foreign currency in the covered period.

In parallel, the amount of returned checks in Lebanese pounds totaled LBP594bn in the first 10 months of 2024, down by 18.3% from LBP727bn in the same period last year, while the amount of returned checks in foreign currency was $46m and dropped by 73.7% from $175m in the first 10 months of 2023. Also, the amount of returned checks in Lebanese pounds stood at LBP174bn in October 2024, relative to LBP11bn in the previous month and to LBP67bn in October 2023. Moreover, the amount of returned checks in foreign currency was $22m in October 2024 compared to $0.5m in the preceding month and to $1m in October 2023.

Further, there were 921 returned checks in the first 10 months of 2024, representing a drop of 70.3% from 3,105 returned checks in the same period last year. Also, the number of returned checks in foreign currency stood at 328 in the covered period and fell by 74.6% from 1,292 checks in the first 10 months of 2023, while the number of returned checks in Lebanese pounds totaled 593 and contracted by 67.3% from 1,813 checks in the same period last year. In addition, there were 85 returned checks in October 2024, relative to 61 returned checks in the preceding month and to 189 checks in October 2023. Further, there were 56 returned checks in Lebanese pounds in October 2024 compared to 46 in the previous month and to 132 in October 2023, while there were 29 returned checks in foreign currency in October 2024 relative to 15 checks in the preceding month and to 57 returned checks in October 2023.

In addition, the amount of returned checks in "fresh" foreign currency stood at $1.4m, while the amount of returned checks in "fresh" Lebanese pounds was LBP38.6bn in the first 10 months of the year. Also, there were 136 returned checks in "fresh" foreign currency and 36 returned checks in "fresh" Lebanese pounds in the first 10 months of 2024.

## Ministry of Finance allows industrial firms to keep export proceeds at foreign bank accounts

The Ministry of Finance issued a reply dated November 12, 2024 to a request from the Lebanese Association of Certified Public Accountants (LACPA) for clarifications about the conditions for Lebanese industrial companies to benefit from a discount of 75% on the income tax that they have to pay on the profits that they generate from their industrial exports, according to Article 23 of Law 10, or the Budget Law for 2022.

Article 23 stipulates that the profits that Lebanese industrial firms generate from the export of Lebanese manufactured products can benefit from a discount of 75% on the related income tax due if the proceeds from the exports are transferred back to banks operating in Lebanon, are reinvested in Lebanon, or are used in full to finance industrial activity in the country. It noted that industrial firms that meet these conditions can benefit from the tax discount during the 2022-2026 period and that the discount will revert to 50% after this timeframe.

The ministry clarified that the two conditions that Lebanese manufacturers need to meet to qualify for the tax discount consist of transferring back to banks operating in Lebanon and/or submitting proof that the firms has used the export proceeds in local industrial activity. But it added that the manufacturers can comply with the second condition if they use their bank accounts in foreign countries to use their export proceeds in full to purchase goods, equipment or related products for their industrial activity in Lebanon within a short period of time that should not exceed one year.

Figures released by the Ministry of Industry show that industrial exports totaled $1.77bn in 2023, constituting a decline of 19% from $2.18bn in 2022. Exports of base metals amounted to $429m and accounted for 24.3% of aggregate industrial exports in 2023, followed by the export of machinery & electronic appliances with $387.3m (22%), prepared foodstuff & tobacco with $376.8m (21.3%), chemical products with $296m (16.7%), plastics & rubber with $105m (6%), miscellaneous products with $88.8m (5%), and papers & paperboards with $85.7m (4.8%).

In parallel, imports of industrial equipment and machinery reached $5.8bn in 2023, representing a decrease of 12.2% from $6.6bn in 2022. The imports of machinery & electronic appliances totaled $1.63bn and represented 28% of total industrial imports in 2023, followed by the imports of chemical products with $1.27bn (21.7%), prepared foodstuff & tobacco with $1.05bn (18%), base metals with $795.3m (13.6%), plastics & rubber with $554.1m (9.5%), papers & paperboards with $277.7m (4.8%), and other products with $256.2m (4.4%).

### Sovereign rating upgrade contingent on debt restructuring and reforms

In its regular update on Lebanon's credit profile, Moody's Ratings indicated that the strength of the sovereign's credit is that the commitment for large scale international donor support to Lebanon is conditional on the implementation of a reform program with the International Monetary Fund. In contrast, it said the credit's challenges consist of very weak institutions and governance strength that constitute an obstacle to the implementation of reforms, the severe economic, financial and social crisis that the country is facing, as well as the significant depreciation of the Lebanese pound against the US dollar on the parallel market. It considered that Lebanon's credit profile is determined by four factors.

First, the agency said that Lebanon's Institutions and Governance Strength score of 'ca' reflects the country's very weak quality of institutions and policy effectiveness across the board, including the constrains on fiscal and monetary policies, as well as the ongoing government default on its Eurobonds obligations since March 2020. Second, it noted that Lebanon's 'ca' Fiscal Strength score points to the government's highly leveraged balance sheet, the country's weak debt affordability, and the expectations of large losses for creditors following the restructuring of the public debt.

Third, it stated that the Economic Strength score of 'caa2' reflects the country's economic contraction in recent years, the sharp deterioration in households' purchasing power in light of triple digit inflation rates, and the significant decline in income levels. But it said that remittance inflows and other forms of transfers from abroad have helped sustain household consumption and provide an important source of income amid the collapse in the provision of public services. It projected the country's real GDP to shrink by 10% in 2024 and by 8% in 2025, and considered that the escalation of the military conflict between Israel and Hezbollah worsened an already bleak credit situation and hindered the government's efforts to stabilize the economy through the increased dollarization of commercial transactions.

Fourth, the agency noted that Lebanon's 'ca' Susceptibility to Event Risk score, which assesses a country's vulnerability to sudden events that would materially impact the government's creditworthiness, is driven by very weak assessments for political risk, the government's liquidity risk, external vulnerability risk, and the banking sector's risk. It said that the 'ca' Political Risk assessment reflects the sovereign's exposure to geopolitical tensions between Israel and Hezbollah, and the country's fragile sectarian balance. It added that the 'ca' Government Liquidity Risk score denotes the government's limited traditional funding sources, such as deposits at commercial banks, lack of access to international capital markets, and the authorities' sustained drawdown of Banque du Liban's usable foreign currency reserves. Also, it noted that the 'ca' External Vulnerability Risk score points to the depreciation of the exchange rate of the Lebanese pound on the parallel market amid a high reliance on imports, which keeps the current account deficit elevated despite remittance inflows and tourism receipts. As such, it forecast the current account deficit at 24.5% of GDP in 2024 and 20.3% of GDP in 2025.

In addition, it noted that the sovereign rating of 'C' which is 11 notches below investment grade, reflects its assessment that bondholders will likely incur losses in excess of 65% as a result of the previous government's decision to default on its Eurobond obligations in March 2020. Also, it considered that official external funding support remains contingent on the resolution of the political deadlock, the restructuring of the public debt, and the implementation of reforms.

It noted that the 'stable' outlook on the rating reflects its expectation that it is unlikely to upgrade the rating before the restructuring of the public debt, given the extent of the macroeconomic, financial and social challenges. It added that an upgrade of the rating would be conditional on the key drivers of the country's debt dynamics, such as economic growth, interest rates, privatization revenues, and the ability to generate and sustain large primary surpluses, to evolve in a way that would ensure the sustainability of the public debt in the future. Further, it said that a significant upgrade of the rating is contingent on a much faster pace of fiscal consolidation and structural reforms than currently expected.

## Lebanon raises $135.6m in pledges from Flash Appeal

In its periodic update on the impact of the ongoing conflict between Israel and Hezbollah on the Lebanese population, the United Nations' Office for the Coordination of Humanitarian Affairs (OCHA) stated that 396 shelters across Lebanon are providing accommodation for 22,214 internally displaced persons (IDPs) as at November 28, 2024, while 613 shelters had closed following the departure of 163,795 IDPs to their original residence, according to International Organization for Migration. Further, it stated that a total of 578,641 IDPs who have been staying in shelters and in other facilities, have begun to return to their homes since the ceasefire.

Also, it noted that 76 Primary Health Care Centers (PHCCs) and seven hospitals are currently out of service, and that seven hospitals are partially operating. Moreover, it indicated that 40 water facilities have been damaged, which has affected more than 450,000 residents in the South and the Bekaa regions It said that more than 1,900 hectares of farmland in the South and Nabatieh governorates have been damaged or remain unharvested as a result of the conflict. Further, it stated that 982 schools in Lebanon are fully closed, as 585 schools are used as shelters and 397 are closed due to insecurity and/or damage.

According to OCHA, the food assistance distributed since the escalation of hostilities on September 23, 2024 consisted of 10.1 million meals in collective shelters, 256,000 ready-to-eat kits, 258,000 food parcels inside and outside shelters, and 425,000 bread packs, while 240,000 individuals received cash for food through the National Poverty Targeting Program. It added that about 50,900 individuals, including 3,100 children and pregnant lactating women (PLW), obtained micronutrient supplements. It added that 13,100 caregivers received infant and young child feeding, nutrition, and early childhood development services, while 7,607 children and PLW were screened for acute malnutrition.

Further, it noted that core relief covered the distribution of 585,900 items that include mattresses, blankets, pillows and sleeping bags, while 254,700 persons in collective shelters received non-food-items. Further, healthcare support consisted of 100 trauma emergency surgical kits, while 998 collective shelters have been linked with PHCCs. In addition, hygiene support to the displaced population included 1.9 million liters of bottled water, 55.1 million liters of trucking water, as well as 101,400 family hygiene kits, 52,273 dignity kits, and 32,900 kits that include kits for babies and menstrual hygiene kits. Further, water establishments received 718,600 liters of fuel for water pumping.

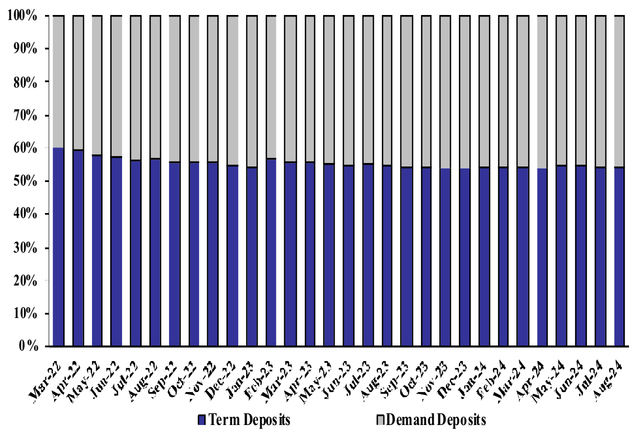
Also, it said that about 15,850 households, or 63,400 individuals, obtained emergency cash for protection since October 2023, including 10,449 families that received emergency cash for protection since the escalation of hostilities on September 23, 2024. It indicated that 2,900 children received recreational kits and about 451 persons with disabilities obtained tailored services through specialized partners. It added that 64,758 children, caregivers and women at risk obtained information and awareness on protection services. Also, it said that 58,700 individuals received community-based psychosocial support, and that 17,900 children obtained educational supplies and/or learning materials.

In parallel, it said that the Flash Appeal, which the Lebanese government and the United Nations launched on October 1 and that calls for $426m in immediate humanitarian support, is currently underfunded, with only $135.6m, or 31.8% of the appealed funds, received as at November 22, 2024, according to the Lebanon Aid Tracking system.

## Term deposits account for 54.4% of customer deposits at end-August 2024

Figures issued by Banque du Liban (BdL) about the distribution of bank deposits at commercial banks in Lebanon show that aggregate deposits, which include demand deposits and term deposits, stood at LBP8,394.4 trillion (tn) at the end of August 2024, or the equivalent of $93.8bn, compared to LBP8,420.5tn ($94.1bn) at end-July 2024. Total deposits include private sector deposits that reached LBP8,092tn, deposits of non-resident financial institutions that amounted to LBP236tn, and public sector deposits that stood at LBP66.3tn at the end of August 2024. The figures reflect BdL's Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currencies to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions starting on January 31, 2024.

**Breakdown of Deposits at Commercial Banks (%)**




*Source: Banque du Liban, Byblos Research*

Term deposits in all currencies reached LBP4,570.2tn and accounted for 54.4% of total deposits in Lebanese pounds and in foreign currency at the end of August 2024, relative to 54% at the end of 2023 and to 54.8% at end-August 2023. Further, the foreign currency-denominated term deposits of the public sector declined by 51% from end-2023, followed by a decrease of 7.4% in the term deposits of the non-resident financial sector, a contraction of 2.8% in the term deposits of non-residents, and a downturn of 2% in foreign currency-denominated term deposits of the resident private sector. This was offset by a surge of 114% in the term deposits in Lebanese pounds of the public sector, followed by an increase of 39.2% in the term deposits in Lebanese pounds of the resident private sector from the end of 2023. Aggregate term deposits declined by $115.4bn since the end of September 2019, based on the new exchange rate, due to the migration of funds from term to demand deposits and to cash withdrawals, amid the confidence crisis that started in September 2019.

In addition, the foreign currency-denominated term deposits of the resident private sector reached $36.3bn and accounted for 38.7% of aggregate deposits at the end of August 2024, relative to 37.4% at end-2023 and 38% at end-August 2023. Term deposits of non-residents followed with $12.56bn or 13.4% of the total, then the term deposits of the non-resident financial sector with $1.66bn (1.8%), term deposits in Lebanese pounds of the resident private sector with LBP20.87tn and term deposits of the public sector in foreign currency with $151.8m (0.2% each), and term deposits of the public sector in Lebanese pounds with LBP11.3tn (0.1%).

In parallel, demand deposits in all currencies at commercial banks stood at LBP3,824.2tn at the end of August 2024 compared to LBP3,824.8tn at end-July 2024. They accounted for 45.6% of aggregate deposits at end-August 2024, compared to 46% at end-2023 and to 45.2% at end-August 2023. Foreign currency-denominated demand deposits of the resident private sector decreased by $1.03bn from end-2023 followed by a contraction of $114.4m in demand deposits of the non-resident financial sector. This was partly offset by a rise of LBP4,709.5bn in demand deposits in Lebanese pounds of the public sector, an increase of LBP2,619.5bn in demand deposits in Lebanese pounds of the resident private sector, a surge of $387.3m in demand deposits of non-residents, and by a growth of $40.4m in demand deposits in foreign currency of the public sector.

Also, demand deposits in foreign currency of the resident private sector totaled $32.3bn and represented 34.4% of deposits at end-August 2024, relative to 33.7% at end-2023 and to 33% at the end of August 2023. Demand deposits of non-residents followed with $8.6bn (9.2%), then demand deposits of the non-resident financial sector with $972.14m (1%), demand deposits in Lebanese pounds of the resident private sector with LBP36.8tn and demand deposits in foreign currency of the public sector with $372.8m (0.4% each), and demand deposits in Lebanese pounds of the public sector with LBP8tn (0.1%).

Based on the latest available figures, Beirut and its suburbs accounted for 66.6% of private-sector deposits and for 54.3% of the number of depositors at the end of December 2023. Mount Lebanon followed with 14.3% of deposits and 16% of beneficiaries, then South Lebanon with 7.4% of deposits and 10.4% of depositors, North Lebanon with 6.6% of deposits and 11.4% of beneficiaries, and the Bekaa with 5.1% of deposits and 7.8% of depositors.

# Corporate Highlights

## Stock market capitalization up 32% to $22bn at end-November 2024

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 10.94 million shares in the first 11 months of 2024, constituting a drop of 68.4% from 34.57 million shares traded in the same period of 2023; while aggregate turnover amounted to $464.7m and decreased by 4.6% from a turnover of $487.2m in the first 11 months of 2023.

Further, the market capitalization of the BSE stood at $22.02bn at the end of November 2024, representing an increase of 31.8% from $16.7bn a year earlier, and compared to $22.04bn at the end of October 2024 and to $20.5bn at end-2023. Real estate equities accounted for 70.2% of the market's capitalization at the end of November 2024, followed by banking stocks (22.4%), and industrial shares (7.5%). Also, the trading volume reached 1,717,278 shares in November 2024, as it increased by 87.8% from 914,295 shares traded in October 2024 and by 268.3% from 466,274 shares in November 2023. Further, aggregate turnover stood at $45.9m in November 2024, constituting increases of 88% from a turnover of $24.5m in the preceding month and of 315.7% from $11.06m in November 2023. The market liquidity ratio was 2.1% at the end of November 2024 compared to 2.9% a year earlier.

In addition, real estate equities accounted for 48.6% of the trading volume in the first 11 months of 2024, followed by banking stocks (47.3%) and industrial shares (4.2%). Also, real estate equities accounted for 91.7% of the aggregate value of shares traded in the covered period, followed by industrial shares (6%), and banking stocks (2.4%). The average daily traded volume for in the first 11 months of 2024 was 49,484 shares for an average daily amount of $2.1m. The figures represent a drop of 68.7% in the average daily traded volume and a decrease of 5.5% in the average daily value in the covered period.

In parallel, the price of Solidere 'A' shares increased by 4.8% and the price of Solidere 'B' shares improved by 4.6% in the first 11 months of 2024, while the price of Holcim shares grew by 13.4% 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, then rose by 18.7% in July, by 2.7% in August, by 8.1% in September, by 4.7% in October, and decreased by 2% in November 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, while it grew by 17.4% in July, by 5% in August, by 11.4% in September, and by 2.5% in October, and contracted by 3% in November 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, by 0.2% in September, and by 3.4% in each of October and November 2024.

## Byblos Bank registers profits of LBP55.6bn in first half of 2024

Byblos Bank sal declared unaudited net profits of LBP55.6bn in the first half of 2024 relative to unaudited net income of LBP14.4bn in the same period last year. The Bank's net interest income reached LBP5,309.2bn in the first half of 2024 compared to LBP1,543.5bn in the same period of 2023, while its net income from fees & commissions stood at LBP2,071.8bn compared to LBP361.5bn in the first half of 2023. Also, the Bank's net operating income reached LBP12,409.1bn in the six months of 2024 compared to LBP1,561bn in the same period of the previous year. Further, the Bank's operating expenditures reached LBP4,476.2bn in the first half of 2024 relative to LBP1,104.3bn in the same period of 2023, with personnel cost accounting for 47% of the total.

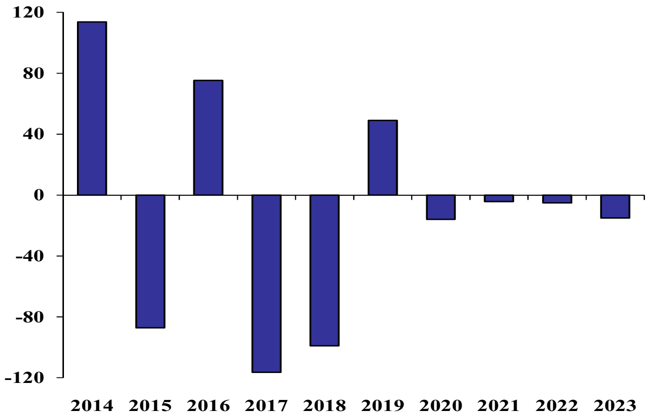
Also, Byblos Bank's aggregate assets reached LBP1,026.5 trillion (tn) at the end of June 2024 relative LBP184,452.4bn at end-2023. Net loans & advances to customers totaled LBP47,008.6bn at the end of June 2024 compared to LBP8,869.3bn at end-2023, while net loans & advances to related parties stood at LBP256.2bn relative to LBP25.1bn at end-2023. Further, customer deposits stood at LBP861,938.9bn at end-June 2024 compared to LBP150,506.4bn at end-2023; while deposits from related parties amounted to LBP4,985.9bn at the end of June 2024 compared to LBP981.3bn at end-2023. As a result, aggregate deposits totaled LBP866,924.8bn at end-June 2024 relative to LBP151,487.6bn at end-2023. In parallel, the Bank's equity was LBP70,347.5bn at the end of June 2024 compared to LBP14,259.9bn at the end of 2023.

## Solidere posts losses of $15m in 2023

Solidere, the Lebanese Company for the Development and Reconstruction of Beirut Central District sal, announced consolidated audited losses of $15.1m in 2023 compared to net losses of $5.2m in 2022. The consolidated results include Solidere's standalone financials and those of its subsidiaries (the Group), which mainly include Solidere International Limited, and other subsidiaries such as Solidere Management Services sal, BCD Cinemas sal, Beirut Waterfront Development sal, and Beirut Hospitality Company Holding sal. The Group presented its financial results in US dollars.

The Group posted consolidated revenues of $5m from land sales in 2023, constituting a decline of 83% from receipts of $29.6m in 2022. Also, its consolidated revenues from rented properties reached $26.7m in 2023 and decreased by 15% from $31.4m in 2022, while receipts from services rendered totaled $2.45m and dropped by 71% from $8.4m in the preceding year.

**Earnings of Solidere Group (US$m)**




*Source: Solidere, Byblos Research*

In parallel, the Group's cost of revenues stood at $33.2m in 2023 relative to $71.8m in 2022, while its net operating income reached $1.3m compared to net operating losses of $1.32m in the previous year. Also, the general and administrative expenses of the Solidere Group decreased was $19.5m in 2023, constituting a decrease of 53.3% from $41.8m in 2022. Moreover, net provisions for impairments totaled $14.85m in 2023, while the Group did not take net provisions for impairments in 2022.

Further, Solidere stated that its consolidated assets reached $1.94bn at the end of 2023 and decreased by 0.5% from $1.95bn at the end of 2022, with its inventory of land and projects in progress regressed by 0.2% to $854m and accounted for 44% of its total assets. Also, the company's cash and bank balances reached $26.9m at the end of 2023, down by 41.7% from $46.1m a year earlier, while its accounts and notes receivables stood at $6.4m and surged by 153% from $2.5m at the end of 2022. Also, the firm's consolidated liabilities, including accounts and dividends payable, as well as deferred revenues, totaled $262m at the end of 2023 and increased by 30.4% from $201m at end-2022. Further, the Group's consolidated shareholders' equity was $1.67bn at the end of 2023, down by 4.1% from $1.74bn a year earlier.

Solidere was Lebanon's largest listed firm on the Beirut Stock Exchange in terms of market capitalization at the end of 2023. The price of Solidere 'A' shares closed at $89.1 per share, while the price of Solidere 'B' shares closed at $89.95 per share at the end of 2023, constituting increases of 46.3% and 49%, respectively, from $60.9 per share and $60.35 per share at end-2022.

## Ratio Highlights

| (in % unless specified) | 2021 | 2022 | 2023 | Change* |
|---|---|---|---|---|
| Nominal GDP ($bn) | 19.8 | 24.5 | 24.0 | (0.5) |
| Public Debt in Foreign Currency / GDP | - | - | - | - |
| Public Debt in Local Currency / GDP | - | - | - | - |
| Gross Public Debt / GDP | 357.7 | 255.2 | 195.2 | (60.0) |
| Trade Balance / GDP | (51.9) | (63.5) | (60.5) | 3.0 |
| Exports / Imports | 24.8 | 18.3 | 17.1 | (1.2) |
| Fiscal Revenues / GDP | 8.3 | 5.7 | 12.9 | 7.2 |
| Fiscal Expenditures / GDP | 10.9 | 12.2 | 13.3 | 1.0 |
| Fiscal Balance / GDP | (2.7) | (6.6) | (0.4) | 6.2 |
| Primary Balance / GDP | (1.6) | (6.0) | 0.4 | - |
| Gross Foreign Currency Reserves / M2 | 26.0 | 13.4 | 143.5 | 130.1 |
| M3 / GDP | 81.9 | 35.0 | 55.8 | 20.7 |
| Commercial Banks Assets / GDP | 107.3 | 38.9 | 82.7 | 43.8 |
| Private Sector Deposits / GDP | 79.5 | 28.9 | 68.0 | 39.1 |
| Private Sector Loans / GDP | 17.0 | 4.6 | 6.0 | 1.4 |
| Private Sector Deposits Dollarization Rate | 79.4 | 76.1 | 96.3 | 20.2 |
| Private Sector Lending Dollarization Rate | 56.3 | 50.7 | 90.9 | 40.2 |

**change in percentage points 23/22;*
*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

| | 2021 | 2022e | 2023f |
|---|---|---|---|
| Nominal GDP (LBP trillion) | 245.6 | 655.2 | 2,090.7 |
| Nominal GDP (US$ bn) | 19.8 | 24.5 | 24.0 |
| Real GDP growth, % change | 2.0 | 1.0 | -0.7 |
| Private consumption | 123.5 | - | 1.5 |
| Public consumption | -92.2 | - | -9.8 |
| Gross fixed capital | 63.8 | - | 21.8 |
| Exports of goods and services | 3.4 | 3.5 | 3.0 |
| Imports of goods and services | 13.6 | 19.1 | 17.5 |
| Consumer prices, %, average | 154.8 | 171.2 | 221.3 |
| Official exchange rate, average, LBP/US$ | 1,507.5 | 1,507.5 | 15,000 |
| Parallel exchange rate, average, LBP/US$ | 16,821 | 30,313 | 86,362 |
| Weighted average exchange rate LBP/US$ | 12,006 | 25,604 | 76,363 |

*Source: International Monetary Fund, Lebanese customs*

## 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 | Outlook |
|---|---|
| Moody's Ratings | Negative |

*Source: Moody's Ratings*

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