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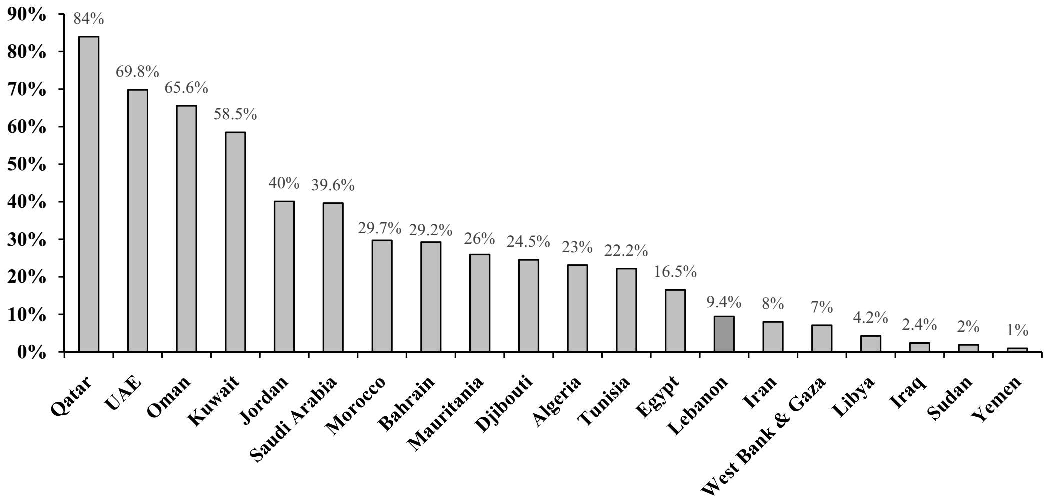
LEBANON THIS WEEK

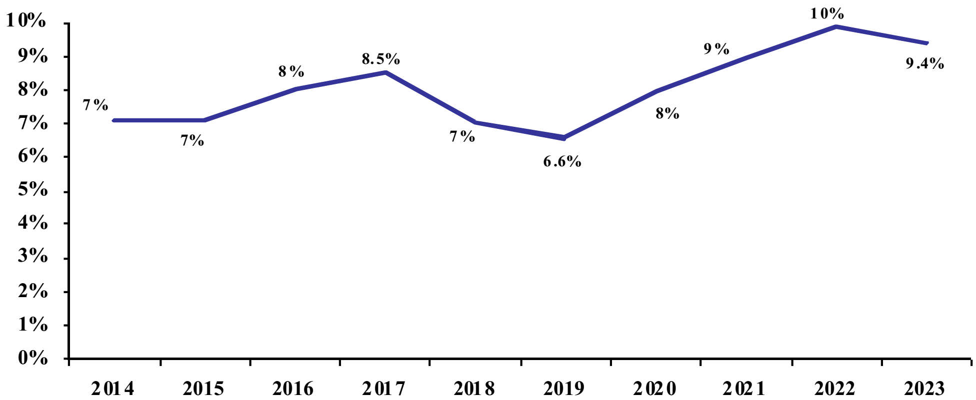
In This Issue

Charts of the Week

Percentile Rankings of Middle East and North Africa Countries on the Political Stability Indicator in 2023 (%)



Percentile Rankings of Lebanon on the Political Stability Indicator (%)



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

Quote to Note

"Given the difficult geopolitical climate and the magnitude of the political and economic challenges facing Lebanon, it is impossible to predict with any real confidence the timing and circumstances under which a restructuring of the defaulted Eurobonds will take place."

Goldman Sachs, on the uncertainties relate to the start of negotiations between the Lebanese government and Eurobond holders

Number of the Week

28.3 years: Median age of the Lebanese population as at the end of June 2023 compared to 27.9 years 10 years earlier, according to the United Nations

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
Byblos Common	1.07	0.9	226,78	2.7%
Audi Listed	2.46	2.9	104,46	6.5%
BLOM Listed	6.25	(10.7)	35,00	6.1%
Audi GDR	2.14	3.9	35,00	1.2%
Solidere "A"	92.00	2.2	18,88	41.5%
BLOM GDR	4.20	4.7	10,00	1.4%
Solidere "B"	92.00	2.2	6,65	26.9%
HOLCIM	70.10	0.0	514	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 %
Feb 2025	6.20	12.13	3,781.26
Jun 2025	6.25	12.13	1,490.90
Nov 2026	6.60	12.13	144.08
Mar 2027	6.85	12.13	118.54
Nov 2028	6.65	12.13	62.53
Feb 2030	6.65	12.13	45.06
Apr 2031	7.00	12.13	37.86
May 2033	8.20	12.13	26.71
Nov 2035	7.05	12.13	20.37
Mar 2037	7.25	12.13	17.96

Source: Refinitiv

	Dec 9-13	Dec 2-6	% Change	November 2024	November 2023	% Change
Total shares traded	437,777	445,558	(1.7)	914,295	1,495,844	96.1
Total value traded	$3,209,275	$24,552,542	(86.9)	$24,463,583	$89,583,309	121.1
Market capitalization	$22.19bn	$21.95bn	1.1	$22.04bn	$16.31bn	31.8

Source: Beirut Stock Exchange (BSE)

Outlook on Eurobonds' restructuring and recovery rates contingent on multiple factors

Bank of America (BofA) considered that the ongoing institutional vacuum in Lebanon and challenging political domestic situation complicate the resolution of the prescription clause in the Lebanese Republic's Eurobonds contracts, as the clause will gradually take effect from March 2025. It said that Eurobond holders could be gradually losing their claim to Past Due Interest (PDI) starting in March 2025, which is five years after the previous government decided to default of its Eurobonds obligations in March 2020. It noted that the bonds' notes, receipts and coupons will become void unless their holders submit them for payment within a period of five years for the interest and within 10 years for the principal after the date on which the first payment becomes due.

It indicated that the Lebanese Council of Ministers could approve an extension of the timeline of the prescription clause through a "tolling" agreement with bondholders, which would subsequently need to be endorsed by courts in the State of New York. But it questioned the government's constitutional right to carry out this decision, given that it has been operating in a caretaker capacity since May 2022, and added that the government may be reluctant to proceed with such an agreement due the potentially unpopular decision.

It suggested that bondholders could preserve their contractual rights by obtaining a judgment in their favor in New York courts, and noted that a favorable judgment is unlikely to allow bondholders to attach the Lebanese sovereign's foreign assets to their claims. But it added that this may allow bondholders to seek a better treatment from the sovereign in a potential future restructuring, relative to other bondholders without such judgment, as the latter will be bound by the Collective Action Clauses. It noted that legal costs to bondholders could be reduced in a class action lawsuit or if the Lebanese government does not seek representation. In parallel, it estimated that Banque du Liban (BdL) holds a total of $5.2bn in Eurobonds that include fully and partially-held ones, and that the Eurobonds could be written off in a potential restructuring and incorporated in the recapitalization plans for the Central Bank.

In addition, it pointed out that several factors are likely to impact the Eurobonds' recovery rate, which consist of a domestic consensus on the distribution of the financial sector's losses, the timing of reforms, the treatment of PDI, the seniority of new claims, the resolution of the government's $16.5bn overdraft from BdL's recapitalization costs, and Lebanon's ability to generate sufficient foreign currency revenues.

It said that the political class has pushed for a banking sector resolution framework that is not aligned with the International Monetary Fund's (IMF) conditions, given the lack of domestic appetite for these measures, which will require a compromise between the two sides. Second, it noted that the political class may decide to delay any challenging reforms until after the parliamentary elections that are scheduled for May 2026, which could push the conclusion of the Eurobonds' restructuring until late 2026 or early 2027, given the need for a revised Staff-Level Agreement with the IMF and the implementation of the related prior actions to get the approval of the IMF Executive Board. Third, it indicated that the treatment of PDI in light of the prescription clause may affect the Eurobonds' recovery rates. Fourth, it noted that the financing from international official lenders for post-war reconstruction and funding from the IMF will likely be in the form of loans instead of grants, which will be added to the country's public debt.

Fifth, it stated that the $16.5bn public sector's overdraft from BdL would add to the central government's debt restructuring and, if it is written off, it would add the same amount to BdL's recapitalization costs. Sixth, it said that BdL's recapitalization costs may negatively affect the public debt's sustainability dynamics. Seventh, it pointed out that Lebanon's ability to generate foreign currency revenues will likely impact the Eurobonds' recovery rates. It considered that the country's external funding sources will rely mostly on official flows until confidence in the banking sector is restored. It added that structural impediments could delay the emergence of other foreign currency-generating sectoral drivers, which suggests that the Eurobonds' restructuring could include a grace period with a stepped-up coupon to prevent the widening of external balances, and would be consistent with the IMF projections for only small external interest debt repayments over a potential program period.

In parallel, BofA considered that the current market pricing of the Eurobonds is consistent with a recovery value range of 10 cents on the US dollar to 15 cents on the dollar at an exit yield of 14%. It said that an improved fiscal performance could point towards a pricing of 15 cents on the dollar. It added that an agreement with bondholders would reflect the market's pricing, if expectations are consistent with the IMF macro framework.

It noted that an optimistic path for economic growth, a relatively rapid adoption of an IMF program with disbursements by end-2025, a full PDI capitalization, the completion of the Eurobonds' restructuring by end-2025 with coupon payments starting after six months, conventional assumptions for the financial sector's resolution, and disciplined reforms would result in recovery rates that exceed 20 cents on the dollar.

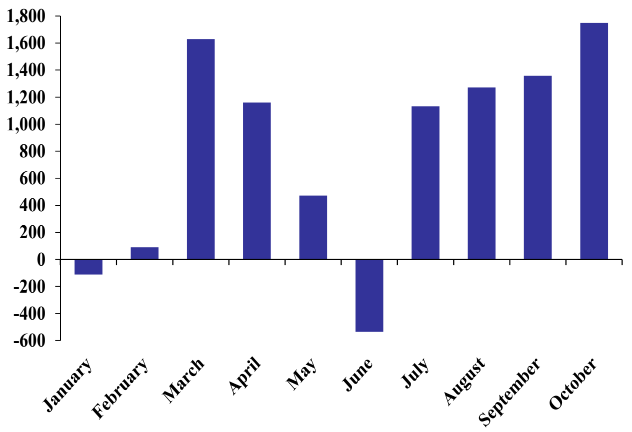
Finally, it did not expect the Lebanese authorities to carry out a buyback of Eurobonds in the near-term. It noted that the political class views a buyback as an isolated exercise and not as part of a more comprehensive economic reforms plan, and that a bonds buyback is likely to generate domestic popular opposition, which would reduce political support for such a move.

Net foreign assets of financial sector up $8.2bn in first 10 months of 2024

Figures issued by Banque du Liban (BdL) show that the net foreign assets of the financial sector, which are a proxy for Lebanon's balance of payments, increased by $8.2bn in the first 10 months of 2024. BdL indicated that it revised the series starting with the figures for January 2024 in compliance with the International Monetary Fund's recommendation to align the components of BdL's foreign assets with international norms. As such, it is no longer possible to compare BdL's net foreign assets in 2024, as well as the net foreign assets of the financial sector, with the figures from previous periods.

According to the new methodology, the cumulative surplus in the first 10 months of 2024 was caused by an increase of $7.4bn in the net foreign assets of BdL and a rise of $830.4m in those of banks and financial institutions. Further, the net foreign assets of the financial sector increased by $1.75bn in October 2024 compared to a rise of $1.36bn in September 2024 and to a surge of $1.63bn in March 2024. The September increase was caused by a rise of $725.1m in the net foreign assets of BdL and an uptick of $1.02bn of those of banks and financial institutions.

Change in Net Foreign Assets of Financial Sector (US$m)*



**in first 10 months of 2024*
Source: Banque du Liban, Byblos Research

The cumulative increase in BdL's net foreign assets is due mainly to the increase in BdL's gold and foreign currency reserves during the covered period. The increase in the banks' net foreign assets in the first 10 months of 2024 is mostly due to a decline in their foreign liabilities. The decrease in the banks' foreign liabilities was driven mainly by a decline of $360.8m in liabilities to the non-resident financial sector and a dip of $158m in non-resident customer deposits.

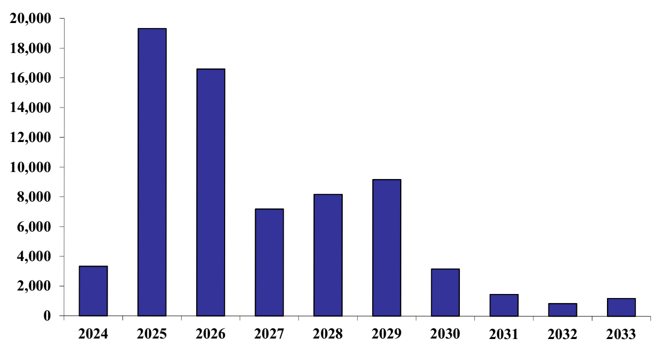
BdL said that it started to include monetary gold, the non-resident foreign securities held by BdL, and the foreign currencies & deposits with correspondent banks and international organizations as part of its foreign assets; while it excluded the Lebanese government's sovereign bonds and its loans in foreign currency to resident banks and financial institutions from the entry. It attributed the modifications to its adoption of the International Monetary Fund's methodology as stipulated in the latter's Sixth Edition of the Balance of Payments and International Investment Position Manual and in the Monetary & Financial Statistics Manual & Compilation Guide. It added that the changes are in lign with the BdL Central Council's Decision Number 37/20/24 on September 13, 2024.

Nearly 72% of Treasury securities in Lebanese pounds have seven-year maturities or longer at end-October 2024

Figures released by the Association of Banks in Lebanon show that the face value of outstanding Treasury securities denominated in Lebanese pounds stood at LBP70,498bn at the end of October 2024, compared to LBP73,458bn at end-September 2024 and to LBP88,392bn at end-October 2023. The securities were equivalent to $787.7m at the end of October 2024 based on the exchange rate of LBP89,500 per US dollar, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024. The weighted interest rate on Lebanese Treasury securities was 6.52% in October 2024 compared to 6.32% in October 2023.

Also, the distribution of outstanding Treasury securities shows that 10-year Treasury bonds totaled LBP31,045bn and accounted for 44% of aggregate securities denominated in Lebanese pounds at the end of October 2024, followed by seven-year Treasury securities with LBP15,058bn (21.4%), five-year Treasury bonds with LBP10,051bn (14.3%), three-year Treasury securities with LBP5,416bn (7.7%), two-year Treasury bonds with LBP3,809bn (5.4%), 12-year Treasury securities with LBP3,076bn (4.4%), 15-year Treasury bonds with LBP1,417bn (2%), and one-year T-bills with LBP626bn (1%). As such, 71.8% of outstanding Treasury securities have seven-year maturities or longer and 86% have five-year maturities or more.

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



**as at end-October 2024*
Source: Association of Banks in Lebanon, Byblos Research

In parallel, LBP2,960bn in outstanding Treasury securities denominated in Lebanese pounds matured in October 2024. The distribution of maturing securities shows that 32.4% consisted of ten-year Treasury bonds, 23.3% were one-year Treasury bills, 18.6% consisted of seven-year Treasury bonds, 17% consisted of three-year Treasury bonds, and 8.8% were five-year Treasury securities. According to ABL, LBP3,333bn in outstanding Treasury securities in Lebanese pounds will mature in the remainder of 2024.

Energy Ministry grants PGS Geophysical AS reconnaissance license in Block 8 and parts of Block 9

The Ministry of Energy and Water issued Decision No.25 dated December 4, 2024 that granted the Norwegian company PGS Geophysical AS a non-exclusive reconnaissance license to conduct a three-dimensional seismic survey in Block 8 and in an adjacent part of Block 9 in Lebanon's offshore Exclusive Economic Zone, with exclusive rights to market the data and sell access licenses to global energy companies. It said that it took the decision based on the recommendation of the Lebanese Petroleum Administration (LPA) and in accordance with the provisions of the Offshore Petroleum Resource Law 132/2010 and the relevant provisions of Decree 10289/2013. It noted that the LPA considered that the granting of the license is significant, given that the company has conducted most of the seismic offshore surveys for Lebanon, and that it has several years of experience with the Lebanese government through marketing data and promoting the first and second offshore licensing rounds for offshore oil and gas exploration. It added the survey will enhance Lebanon's possession of three-dimensional data in Block 8 and improve the prospects of the current and future licensing rounds.

Article 1 indicates that the data acquired from the reconnaissance operations should be considered the property of the Lebanese State pursuant to the Offshore Petroleum Resources Law 132/2010. Article 2 noted that the license is for a two-year period starting from the date of its issuance, and can be extended according to Decree 10289/2013.

Article 5 of Decision No. 25 stipulates that the reconnaissance activities must be carried out within 720 days from the date the license is issued. It added that the firm must obtain the necessary permits to conduct its activities, such as the required maritime permits for the survey vessel to enter the Lebanese territorial waters.

Article 6 indicates that the company has exclusive rights to process and market the data resulting from the seismic survey for a 10-year period from the date of the acquisition of the license. It noted that the firm should comply with all the provisions related to the management of seismic survey operations, required works, completed works, and technical and commercial details. It added that the company should adhere to the terms and conditions to market and sell licenses, including all provisions related to the revenue-sharing agreement with the Lebanese State from the sale of the licenses, as well as the marketing, training, and institutional support obligations specified in the current license.

Article 7 stipulates that PGS Geophysical AS should inform the Energy Ministry and the LPA about the total cost of the works when it completes the survey. It noted that the company must pay the Lebanese government's share of the proceeds from the sale of data licenses related to the current license, in accordance with the revenue-sharing schedule that the amount due to the Lebanese State should be transferred to its account at Banque du Liban.

Article 9 indicates that the Ministry of Energy and Water will revoke the license and cancel all granted rights if the firm fails to fulfil any of its obligations. Article 10 stipulates that the ministry will terminate all the rights granted under the current reconnaissance license if the license-holding company does not complete the seismic survey before the term of the license or its extension expires. Article 11 notes that the current reconnaissance license, its obligations, and its annexes are non-transferable and cannot be assigned to third parties. Article 12 says that all the obligations and annexes of the current license should be binding on the firm if any company acquires PGS Geophysical AS.

In parallel, the Ministry of Energy & Water announced on August 24, 2023 that it granted a reconnaissance license to a consortium that consists of GeoEx MCG and Bright Skies Environmental, in order to conduct a three-dimensional seismic survey in Block 8 in Lebanon's Exclusive Economic Zone. It said that the study aims to assess the resource potential in Block 8 and that, given the geological similarities between Block 8 and Block 9, the successful discovery of oil or gas reserves in Block 9 could be indicative of potential similar discoveries in Block 8. Also, it noted that the significance of Block 8 extends beyond its resource potential, as most of the acreage of Block 8 lies in waters that are disputed by Israel. As such, the ministry indicated that it had not been possible to launch the survey prior to the U.S.-brokered maritime agreement to delineate the maritime border between Lebanon and Israel that was sealed in October 2022. Further, the ministry said at the time that the survey in Block 8 will provide Lebanon with critical data that may determine if oil or gas deposits extend into the maritime regions of Cyprus and Israel. It added that the results of the survey would improve Lebanon's negotiating power, and would allow it to require better terms when awarding future exploration contracts in the block. Further, the ministry signed a contract with PGS Geophysical AS in 2011 to conduct a three-dimensional offshore seismic survey for the presence of petroleum in Lebanon's exclusive economic waters, as well as to market and reprocess the data, and to provide the required training for further data analysis.

Political consensus on reforms plan essential for economic recovery

Standard Chartered Bank projected Lebanon's real GDP to contract by 5% in 2024, due to the impact of the protracted war between Israel and Hezbollah on the country's economy amid $3.5bn in physical losses and $5bn in sectoral losses in the tourism, agriculture, healthcare, and education sectors. However, it expected economic activity to rebound following the ceasefire agreement in November, supported by external funding for reconstruction and the seasonal return of Lebanese expatriates amid better security prospects. It considered that a broad-based recovery is likely to remain elusive, given that the recovery of the tourism and services sectors is insufficient to return economic output to its peak of $55bn in 2018. As such, it estimated Lebanon's nominal GDP at $22bn in 2024, and projected the country's real GDP growth rates at 1.5% in 2025 and 3% in 2026. It considered that a sustainable economic, financial, and socio-political recovery would require a domestic political and policy breakthrough to resolve the five-year stalemate over the economic recovery plan.

Also, it anticipated the inflation rate to decline from an average of 60% in 2024 to an average of 25% in 2025 compared to a previous forecast of an average of 100% in 2025, which reflects broad-based dollarization of the economy. It expected disinflation to persist next year in the face of significant geopolitical uncertainties, as the authorities are containing the volatility of the exchange rate to limit the pass through to the Consumer Price Index. But it forecast the inflation rate to pick up to 75% in 2026.

Further, it projected the fiscal deficit to widen from 2% of GDP in to 3% of GDP in each of 2024 and 2025, although it expected the fiscal rebalancing to continue next year, as the draft budget for 2025 projects a primary surplus of 1.3% of GDP and a balanced budget. Also, it forecast the current account deficit to widen from 15% of GDP in 2024 to 20% of GDP annually in the 2025-26 period. In parallel, it said that the mid-price of Lebanese Eurobonds increased by 30% in the secondary market shortly after the confrontation between Hezbollah and Israel intensified. It considered that a rebalancing of the domestic political power could improve post-war reconstruction and reform prospects, mainly if Lebanon can unlock external funding for the reconstruction of the damaged areas.

Lebanon raises $136.5m in pledges from Flash Appeal

In its periodic update on the impact of the conflict between Israel and Hezbollah on the Lebanese population, the United Nations' Office for the Coordination of Humanitarian Affairs (OCHA) stated that 65 shelters across Lebanon are providing accommodation to 6,065 internally displaced persons (IDPs) as at December 12, 2024. Further, it stated that a total of 902,717 IDPs who have been staying in shelters and in other facilities, have begun to return to their homes since the cessation of hostilities went into effect on November 27.

Also, it noted that 19 Primary Health Care Centers (PHCCs) and three hospitals are currently out of service, and that six hospitals are partially operating. Moreover, it indicated that 44 water facilities have been damaged by Israeli air raids, which has affected more than 485,000 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 53 public schools in Lebanon are fully closed and are still used as shelters.

According to OCHA, the food assistance distributed since the escalation of hostilities on September 23, 2024 consisted of 10.5 million meals in collective shelters, 271,000 ready-to-eat kits, 296,000 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 52,500 individuals, including 3,300 children and pregnant lactating women (PLW), obtained micronutrient supplements. It added that 13,200 caregivers received infant and young child feeding, nutrition, and early childhood development services, while 8,342 children and PLW were screened for acute malnutrition.

Further, it noted that core relief covered the distribution of 603,100 items that include mattresses, blankets, pillows and sleeping bags, while 263,000 persons in collective shelters received non-food-items. Further, healthcare support consisted of 100 trauma emergency surgical kits, while 113 collective shelters have been linked with PHCCs. In addition, hygiene support to the displaced population included 1.9 million liters of bottled water, 63 million liters of trucking water, as well as 103,400 family hygiene kits, and 53,821 dignity kits. Also, water establishments received 718,600 liters of fuel for water pumping.

Moreover, it said that about 15,900 households, or 64,100 individuals, obtained emergency cash for protection since October 2023. It indicated that 2,900 children received recreational kits and about 451 persons with disabilities obtained tailored services through specialized partners. It added that 67,850 children, caregivers and women at risk obtained information and awareness on protection services. Also, it said that 63,500 individuals received community-based psychosocial support, and that 20,876 children obtained educational supplies and/or learning materials.

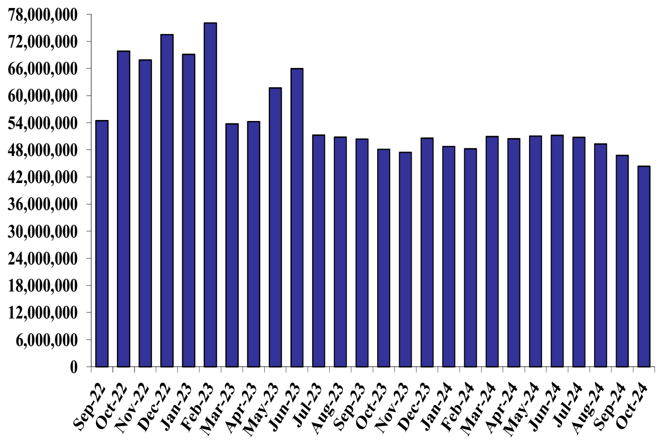
In parallel, it said that the Flash Appeal, which the Lebanese government and the United Nations launched on October 1 and that calls for $426m in immediate humanitarian support, is currently underfunded, with only $136.5m, or 32% of the appealed funds, received as at November 25, 2024, according to the Lebanon Aid Tracking system.

Currency in circulation down 8% in 12 months ending October 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 LBP86,581.2bn at the end of October 2024, constituting an increase of 1.3% from LBP85,449.6bn at the end of 2023 and a growth of 5.9% from LBP81,784.8bn at end-October 2023. Currency in circulation stood at LBP44,356.03bn at the end of October 2024, as it decreased by 12.3% from LBP50,599.7bn at end-2023 and regressed by 7.8% from LBP48,131.2bn at end-October 2023.

Also, demand deposits in the local currency stood at LBP42,225bn at the end of October 2024, and rose by 21.2% in the first 10 months of 2024 and by 25.5% from end-October 2023. Money supply M1 regressed by 1.8% in October from LBP88,177.2bn at end-September 2024, with currency in circulation decreasing by 5% and demand deposits in local currency increasing by 2% month-on-month.

Currency in Circulation (LBP millions)



Source: Banque du Liban, Byblos Research

In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP109,028.5bn at the end of October 2024, constituting increases of 8.2% from LBP100,787.3bn at end-2023 and of 12.2% from LBP97,164.6bn a year earlier. Term deposits in Lebanese pounds stood at LBP22,447.3bn at the end of October 2024 and surged by 46.4% from LBP15,337.7bn at end-2023 and by 46% from LBP15,379.8bn at end-October 2023. Money supply M2 regressed by 1 % in October from LBP110,059.3bn at end-September 2024, while term deposits in local currency increased by 2.6% month-on-month.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, stood at LBP6,232.8 trillion (tn) at the end of October 2024, with deposits in foreign currency totaling LBP6,091tn and debt securities of the banking sector amounting to LBP33,083bn at end-October 2024. In parallel, M3 increased by LBP5,066.6tn in the first 10 months of 2024 due to a jump of LBP3,724tn in claims on the public sector, a rise of LBP1,532.7tn in the net foreign assets of deposit-taking institutions, and a growth of LBP428,525.01bn in claims on the private sector, which were offset by a decline of LBP618,798.4bn in other items. The surge in M3 is due to the impact of the new exchange rate of the Lebanese pound that went into effect on January 31, 2024. BdL indicated that the change in its net foreign assets during the covered period includes the net flow of the internationally traded net Lebanese Government's sovereign bonds in foreign currencies that BdL bought during the same year only.

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.

Food Price Index up 9.6% year-on-year in October 2024

The Ministry of Economy & Trade's Market Food Price Index (MFPI) reached 133.5 in October 2024, constituting increases of 2.8% from 129.9 in September 2024 and of 9.6% from 121.8 in October 2023. The prices of vegetables & tubers surged by 14.5% in October 2024 from the same month last year, followed by a rise in the prices of fresh poultry (+14.3%), pulses (+11.5%), condiments (+11.4%), fats & oils (+10.7%), beverages (+9.6%), cereals (+9%), fruits (+7.3%), canned fish (+6.2%), sugar (+4.2%), and dairy products (+3.9%). In contrast, the price of eggs decreased by 3% annually in October 2024,

Also, the price of sugar rose by 10.5% in October 2024 from September 2024, followed by an increase in the price of eggs (+7.2%), fats & oils (+5.5%), cereals (+4.3%), vegetables & tubers (+3.8%), pulses (+3.2%), condiments (+2.9%), canned fish (+2.7%), dairy products (+2%), and beverages (+0.3%). In contrast, the prices of fresh poultry declined by 2.7% month-on-month, followed by a decrease in the prices of fruits (-0.7%). Change in prices month-on-month? Yes

In addition, the index increased by 16% in the Baalbeck-Hermel governorate in October 2024 from October 2023, by 11% in each of the North and Beirut governorates, by 10% in the Bekaa governorate, by 9% in the Akkar governorate, by 6% in Mount Lebanon, by 3% in the South governorate, and by 2% in the Nabatieh governorate.

Also, food prices in Baalbeck-Hermel rose by 7% in October 2024 from September 2024, followed by prices in the governorates of the Bekaa (+4%), Nabatieh (+3%), Akkar, Beirut, the North and Mount Lebanon (+2% each). In contrast, food prices in the South declined by 2% month-on-month in October 2024.

The ministry indicated that the impact of the ongoing conflict, isolation from main supply routes, and the displacement of the population from affected areas led to the increase in prices in the Baalbeck-Hermel and the Bekaa governorates.

The ministry and the World Food Program launched the MFPI in July 2024 to monitor the prices of food items across the country. The index is based on the prices of 73 food items from a sample of about 1,000 stores located across Lebanon's eight governorates. The index is a measure of the average change over time in prices in US dollars for 63 essential food items, and is calculated as the weighted average of price changes for each item. The base month for the index is January 2023. The food basket consists of beverages, canned fish, cereals, condiments, dairy, eggs, fats & oils, fresh poultry, fruits, pulses, sugar, and vegetables & tubers.

Number of new construction permits down 10% in first 11 months of 2024

Figures issued by the Orders of Engineers & Architects of Beirut and of Tripoli show that the two orders issued 10,411 new construction permits in the first 11 months of 2024, constituting a decrease of 10% from 11,567 permits in the same period last year. Also, the orders of engineers issued 643 permits in November 2024, representing declines of 4.3% from 672 permits in October 2024 and of 51.5% from 1,325 in November 2023.

Mount Lebanon accounted for 32.8% of the number of newly-issued construction permits in the first 11 months of 2024, followed by the North with 19.7%, the South with 18.8%, the Nabatieh area with 11.4%, the Bekaa region with 11%, and Beirut with 3.6%. The remaining 2.7% were permits issued by the Order of Engineers & Architects of Tripoli for regions located outside northern Lebanon. Also, the number of new construction permits issued in Beirut surged by 35.5% in the first 11 months of 2024 from the same period last year, followed by permits in the North (+30%), in the Bekaa region (+24.3%), and permits issued for regions located outside northern Lebanon (+23.5%). In contrast, the number of new construction permits issued in the Nabatieh area dropped by 44.8% in the covered period, followed by permits in the South (-33.3%), and in Mount Lebanon (-2%).

Further, the surface area of granted construction permits reached 5.71 million square meters (sqm) in the first 11 months of 2024, constituting an increase of 14.6% from 4.98 million sqm in the same period of 2023. Also, the surface area of granted construction permits reached 352,181 sqm in November 2024, down by 5.3% from 372,017 sqm in October 2024 and by 44% from 630,016 sqm in November 2023.

Mount Lebanon accounted for 1.76 million sqm, or for 31% of the total surface area of granted construction permits in the first 11 months of 2024. The South followed with 1.03 million sqm (18%), then the Bekaa with 769,511 sqm (13.5%), the Nabatieh area with 461,836 sqm (8%), and Beirut with 197,102 sqm (3.5%). The remaining 253,643 sqm, or 4.4% of the total, represent the surface area of permits that the Order of Engineers & Architects of Tripoli issued for regions located outside northern Lebanon.

Also, the surface area of new construction permits issued in regions located outside northern Lebanon surged by 84.3% in the first 11 months of 2024 from the same period last year, followed by surface areas in the Beirut region (+67.7%), in the Bekaa (+58%), in the North (+39%), and in Mount Lebanon (+29.4%). In contrast, the surface area of new construction permits in the Nabatieh area dropped by 38.7% in the covered period, followed by surface areas in the South (-16.5%). In parallel, the latest available figures show that cement deliveries totaled 2.35 million tons in 2023, constituting an increase of 10.8% from 2.12 million tons in 2022.

Lebanese Parliament amends income tax law to allow revaluation of assets and inventory

The Lebanese Parliament enacted on November 28, 2024 Law 330 that amended Article 45 of Income Tax Law 144, which authorized taxpayers to conduct an exceptional revaluation of fixed assets and inventory, and an exceptional adjustment of the negative or positive foreign exchange differentials from the impact of the depreciation of the Lebanese pound on their receivables, payables, and cash and bank accounts.

First, the amendment allows companies, financial services firms, and sole proprietorship companies that pay a lump sum tax on their profits to revalue, on an exceptional basis, their fixed assets every year, instead of every five years, starting from the end of 2023 until the end of 2026, on a real profits basis. Second, it stipulates that, if the revaluation of the fixed assets exceeds the acquisition cost in the currency the assets were initially purchased or exceeds the net book value after depreciation, the revaluation differential, or profits, is subject to a capital gain tax of 15%, unless the amount is kept in an independent account on both the assets and liabilities sides of the balance sheet, or if it is used to cover accumulated losses. Third, the amendment exempts taxpayers in full or in part from the capital gains tax if the firm reinvests the profits from the revaluation of fixed assets in full or in part within two years following the first year of their realization to build housing units for the company's employees and workers. It also exempts taxpayers from the tax, on a proportionate basis, depending on the share of the profits that is used to cover future losses. Fourth, it added that individuals or non-profit organizations that revalue their assets are subject exceptionally to a capital gain tax rate of 1% until the end of 2026.

Further, the amendment allows companies and taxpayers that submit and pay their taxes on a real profits basis to revalue on an exceptional basis their fixed assets, as well as their financial assets such as equity participations in subsidiaries and affiliates, every year starting from the end of 2022 until the end of 2026, in order to adjust the impact of the depreciation of the exchange rate of the Lebanese pound against the US dollar on the value of their assets, provided that the revalued amount does not exceed the fair market value of the assets. It added that the companies should submit the revaluation to the Ministry of Finance, which can approve it, amend it or decline it within one year of the submission. It noted that the firms will not be subject to taxation on the resulting differential from the exceptional revaluation, and can either use it to cover accumulated losses, increase their capital or distribute it as dividends, with the latter subject to a 10% distribution tax if it is carried out within five years of the revaluation and is exempted from the distribution tax if it is performed after the five years period.

Similarly, the amendment allows companies and taxpayers that submit and pay their taxes on a real profits basis to revalue on an exceptional basis their inventory every year starting from the end of 2022 until the end of 2026, in order to adjust the impact of the depreciation of the exchange rate of the Lebanese pound against the dollar on the value of their inventory, provided that the revalued amount does not exceed the fair market value of the assets. It said that the revaluation process should be based on the inventory's cost in the currency it was initially purchased and on the effective exchange rate at the end of the related year. It added that the differential from the revaluation in Lebanese pounds should be added to the inventory and recorded in a separate equity account. It indicated that companies should submit the revaluation to the Ministry of Finance, which can approve it, amend it or decline it within one year of the submission. It noted that the firms will not be subject to taxation on the resulting differential from the exceptional revaluation, and can either use it to cover accumulated losses, increase their capital or distribute it as dividends, with the latter subject to a 10% distribution tax if the distribution is carried out within five years of the revaluation and is exempted from this distribution tax if it is executed after the five years period. It cautioned that the taxpayers that did not file for their income tax returns for the years 2020, 2021 and 2022 are not allowed to benefit from this exceptional revaluation.

In addition, the amendment mandates companies and taxpayers to adjust the impact of the depreciation of the exchange rate of the Lebanese pound against the dollar on their accounting books starting from the end of 2022 until the end of 2026 by applying the exchange rate adopted by Banque du Liban at the end of each year on their receivables, payables and cash & bank accounts. It added that companies should exclude from their taxable income the positive or negative exchange rate differentials resulting from the adjustment, with the exception of the exchange rate differential related to salaries.

The authorities attributed the amendment to the need to address the impact of inflation and to avoid imposing on companies additional burdens resulting from the fluctuation of the exchange rate of the Lebanese pound, to preserve their capital, and to align the decision with International Accounting Standard 29. They added that it does not make sense for companies to be subjected to taxation on profits in Lebanese pounds that result from the revaluation due to the steep depreciation of the exchange rate of the national currency, and cited the need to avoid imposing on taxpayers any losses from the fluctuation of consumer prices.

Economic losses estimated at $4.2bn in 2024

The World Bank projected Lebanon's real GDP to shrink by 5.7% in 2024 due to the military confrontation between Israel and Hezbollah, relative to an expected contraction of 1% prior to the escalation of the conflict in Lebanon in September 2024. It estimated the contraction in economic activity to be equivalent to losses of $4.2bn in consumption and net exports amid the devastating impact of mass displacement, destruction, and reduced private consumption that accounted for 134% of GDP in 2023. It noted that key sectors such as tourism, which is a pillar of the Lebanese economy, have suffered major losses in service exports, and that the destruction of capital stock and the migration of skilled labor eroded the country's economic potential, posing significant risks to long-term growth.

In addition, it pointed out that GDP growth, the inflation rate, the fiscal balance, and the trade deficit are increasingly skewed towards the downside. It considered that, even though the exchange rate of the Lebanese pound to the US dollar has stabilized since August 2023, this stability remains fragile and unsustainable, given that it is not supported by a robust monetary framework. It noted that the post-war reconstruction needs and the financing requirements threaten to deplete Banque du Liban's official foreign currency reserves or increase currency in circulation, which would undermine the stability of the exchange rate and intensify inflationary pressures. But it forecast the inflation to decrease from 221.3% in 2023 to a double-digit rate of 45.7% in 2024, as more components of the Consumer Price Index basket become increasingly dollarized, and assuming that the exchange rate of the Lebanese pound remains stable in the rest of 2024.

Further, it forecast a balanced budget and a primary surplus of 0.4% of GDP in 2024 relative to its forecast prior to the escalation of the conflict of a budget surplus of 0.2% of GDP and a primary surplus of 0.6% of GDP this year. However, it expected Lebanon's fiscal position to deteriorate through the remainder of 2024 and into 2025, as ministries face urgent funding needs to help the affected population and to maintain essential services and support the recovery efforts. It anticipated public revenues, particularly value-added tax receipts, to decline due to reduced economic activity, which will necessitates the revision of the 2025 budget to better align it with the country's current realities and urgent needs. It stressed the importance to unlock access to financing, particularly through comprehensive reforms, to enable the country to address its multifaceted challenges and provide the necessary institutional support for Lebanon's recovery and long-term development.

In parallel, it projected the current account balance to post a deficit of 25.3% of GDP relative to its forecast prior to the escalation of the conflict of 20% of GDP. It expected imports of essential goods to remain elevated, and for exports and tourism receipts to decline further this year, and noted that the current account deficit continues to be financed by a heavily dollarized cash economy.

Moreover, it considered that the deepening economic contraction exacerbates unresolved macroeconomic challenges and highlights the urgent need for comprehensive reforms as the only viable path forward. It urged the authorities to achieve macroeconomic stability, improve governance in the public sector, enhance the performance of public utilities, and support human capital. Also, it called on the government to strengthen supervision and compliance in high-risk non-financial sectors, in order for the Financial Action Task Force to remove Lebanon from its list of "jurisdictions under monitoring", which has aggravated reputational risks and may lead to increased transaction costs and delays in capital inflows. It considered that the country is in critical need of investments to support sustainable reforms, facilitate the recovery of essential services, and rebuild Lebanon's damaged capital stock.

Government increases by 20 times remunerations of board members of public institutions

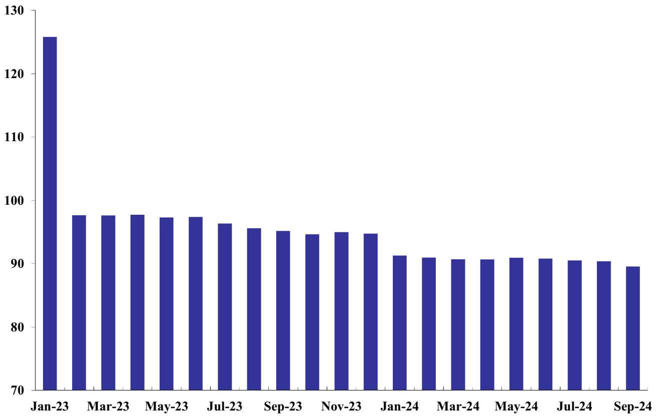
The Council of Ministers approved Decree 14352 dated December 5, 2024 that amended the compensation of members of the board of directors of public institutions. The decree stipulates the adjustment of the remunerations of the members of the board of directors of public institutions for board meeting, as well as the monthly allocations of the chairmen and members of the board of directors of all public institutions, regardless of the type or name of the institution. It said that the adjustment will apply to all remunerations, whether they are on a lump-sum basis or if they are based on the number of board meetings. It added that the remunerations and allocations will increase by 20 times relative to the amounts that existed prior to January 1, 2019, excluding any adjustment or increase that was approved after this date. It noted that the remunerations will range from a minimum of LBP2m to a maximum of LBP4m per board member per board meeting. The draft budget for 2025 shows that that wages, salaries, social benefits and allocations of public sector employees and workers total LBP214,343bn and account for 54.4% of current expenditures. The compensation of public sector personnel, including social benefits and allocations, would account for 8.6% of GDP in 2025 compared to 6.1% of GDP in 2024.

Corporate Highlights

Private sector deposits at $89.2bn at end-October 2024

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at LBP9,253.9 trillion (tn), or the equivalent of $103.4bn, at the end of October 2024 compared to LBP9,297.3tn ($103.9bn) at end-September 2024. Loans extended to the private sector totaled LBP543.5tn at the end of October 2024, with loans to the resident private sector reaching LBP462.7tn and credit to the non-resident private sector amounting to LBP80.9tn at the end of the month. Loans extended to the private sector in Lebanese pounds reached LBP12tn, as they increased by 5.5% from LBP11.4tn at the end of 2023 and regressed by 2.3% from LBP12.3tn at end-October 2023; while loans in foreign currency totaled $5.94bn at the end of October 2024, and contracted by 21.5% from $7.56bn at the end of 2023 and by 23.5% from $7.76bn at end-October 2023. The figures reflect Banque du Liban's (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.

Private Sector Deposits (US$bn)



Source: Banque du Liban, Byblos Research

In nominal terms, credit to the private sector in Lebanese pounds increased by LBP626.1bn in the first 10 months of 2024 and declined by LBP283bn from a year earlier, while lending to the private sector in foreign currency dipped by $1.62bn in the first 10 months of 2024 and by $1.82bn from end-October 2023. Further, loans extended to the private sector in Lebanese pounds contracted by LBP15.5tn (-56.4%) and loans denominated in foreign currency dropped by $35.16bn (-85.6%) since the start of 2019. The dollarization rate of private sector loans increased from 90.4% at the end of October 2023 to 97.8% at end-October 2024 due to the exchange rate of LBP89,500 per dollar that went into effect on January 31, 2024. The average lending rate in Lebanese pounds was 6.78% in October 2024 compared to 3.34% a year earlier, while the same rate in US dollars was 1.97% relative to 3.7% in October 2023.

In addition, claims on non-resident financial institutions stood at $4.15bn at the end of October 2024, constituting a decrease of $307.8m (-7%) from the end of 2023 and an increase of $228m (5.4%) from a year earlier. Also, claims on non-resident financial institutions dropped by $5bn (-54.5%) from the end of August 2019 and by $7.84bn (-65.4%) since the start of 2019. Further, deposits at foreign central banks totaled $923.7m, constituting increases of $186.6m (+25.3%) in the first 10 months of 2024 and of $101.4m (+12.3%) from a year earlier. Also, cash in vault totaled LBP6,093.2bn, or $68.1m, compared to LBP8,827bn ($98.6m) at end-March 2024. In addition, the banks' claims on the public sector amounted to LBP217.8tn at end-October 2024, representing an increase of 3.6% from LBP210.2tn end-September 2024. Also, the banks' holdings of Lebanese Treasury bills stood at LBP9.3tn, while their holdings of Lebanese Eurobonds reached $2.3bn net of provisions at end-October 2024, relative to $2.48bn a year earlier. Further, the deposits of commercial banks at BdL reached LBP7,211.5tn at the end of October 2024, or $80.6bn based on the exchange rate of LBP89,500 per dollar.

In parallel, private sector deposits totaled LBP7,984.4tn at the end of October 2024, or $89.2bn based on the exchange rate of LBP89,500 per US dollar. Deposits in Lebanese pounds reached LBP61.6tn at end-October 2024, as they increased by 18.3% from the end of 2023 and by 23.1% from a year earlier; while deposits in foreign currency stood at $88.5bn, and regressed by 3% in the first 10 months of the year and by 3% from the end of October 2023. Resident deposits accounted for 76.5% and non-resident deposits represented 23.5% of total deposits at end-October 2024.

In addition, private sector deposits in Lebanese pounds increased by LBP9,539.2bn and foreign currency deposits declined by $2.8bn in the first 10 months of 2024, while private sector deposits in Lebanese pounds rose by LBP1,152.1bn (2%) and foreign currency deposits regressed by $344.5m (-0.4%) in October from a month earlier. Also, aggregate private sector deposits in Lebanese pounds decreased by LBP11.2tn (-15.4%) and foreign currency deposits declined by $35.7bn (-28.8%) from end-August 2019, while total private sector deposits in Lebanese pounds shrank by LBP15.6tn (-20.2%) and foreign currency deposits dropped by $34.5bn (-28%) since the start of 2019. The dollarization rate of private sector deposits changed from 96.5% at the end of October 2023 to 99.2% at the end of October 2024 due to the effect of the exchange rate on the Lebanese pound component of the balance sheet.

Further, the liabilities of non-resident financial institutions reached $2.52bn at the end of October 2024 and decreased by 12.5% from $2.9bn at end-2023. Also, the average deposit rate in Lebanese pounds was 2.34% in October 2024 compared to 1.02% a year earlier, while the same rate in US dollars was 0.03% relative to 0.05% in October 2023. In addition, the banks' aggregate capital base stood at LBP412.8tn at the end of October 2024, compared to LBP76.4tn at the end of 2023 and to LBP74.4tn at end-October 2023. In dollar terms, the banks' capital was $4.6bn at the end of October 2024 relative to $5.1bn at end-2023 and to $4.96bn at the end of October 2023.

Corporate Highlights

Banque de L'Habitat's net profits at LBP84bn in 2023

Banque de L'Habitat sal posted audited net profits of LBP83.9bn in 2023 compared to net income LBP12bn in 2022. The bank's net interest income reached LBP314.5bn in 2023 relative to LBP47.9bn in 2022, while its net income from fees & commissions stood at LBP76.7bn compared to LBP54.1bn in 2022. Also, its net operating income totaled LBP596.8bn in 2023 compared to LBP75bn in the previous year. Further, the bank's operating expenditures reached LBP422bn in 2023 relative to LBP60.5bn in 2022, with personnel cost accounting for 23.2% and general & administrative expenses representing 20.4% of the total last year.

In parallel, the bank's aggregate assets reached LBP2,209.5bn at the end of 2023, constituting an increase of 33.4% from LBL1,656.6bn at end-2022, while loans totaled LBP710.7bn at end-2023 and dropped by 15.3% from LBP838.8bn at end-2022. The bank's deposits at commercial banks and financial institutions amounted to LBP780,216bn at end-2023 relative to LBP92.6bn at end-2022. In addition, the bank's investments in financial instruments at fair value through profit and loss reached LBP368.4bn at end-2023, while it did not have such investments at end-2022. Also, provisions for non-performing loans stood at LBP20.6bn at end-2023 compared to LBP22.3bn at end-2022, while its provisions for expected credit losses on other assets totaled LBP1,071bn at end-2023 compared to LBP92.2bn at end-2022.

Further, customer deposits, excluding deposits from related parties, totaled LBP405bn at end-2023 and grew by 41.6% from LBP285.9bn a year earlier. In addition, the bank's provisions for risks and charges amounted to LBP272.1bn at end-2023 relative to LBP14bn at end-2022. The bank's shareholders' equity stood at LBP525.4bn at the end of 2023, representing an increase of 19% from LBP441.5bn a year earlier. Banque de L'Habitat's return on average assets reached 3.8% in 2023; while its return on average equity was 16% last year compared to 2.7% in 2022.

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

Ratio Highlights

(in % unless specified)	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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