

LEBANON THIS WEEK

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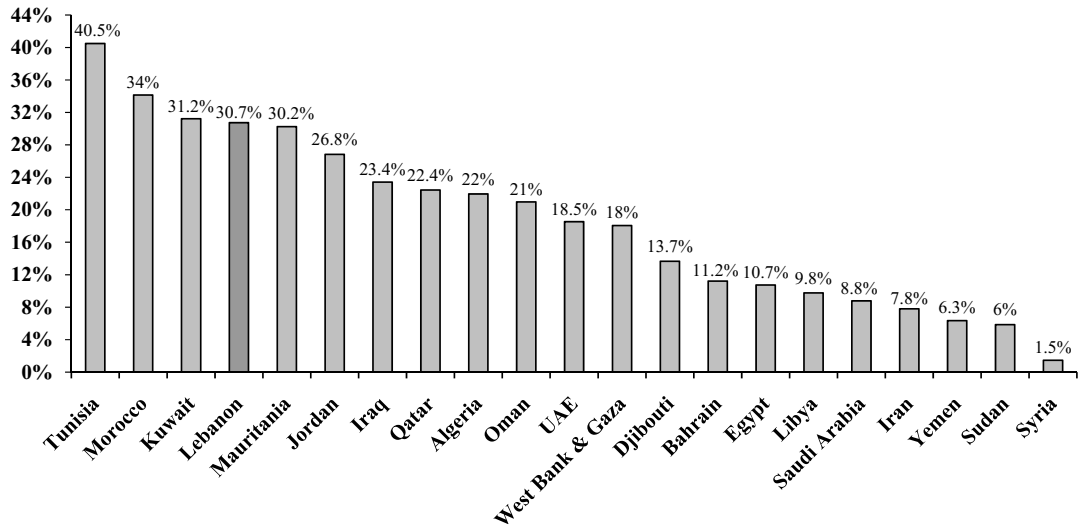
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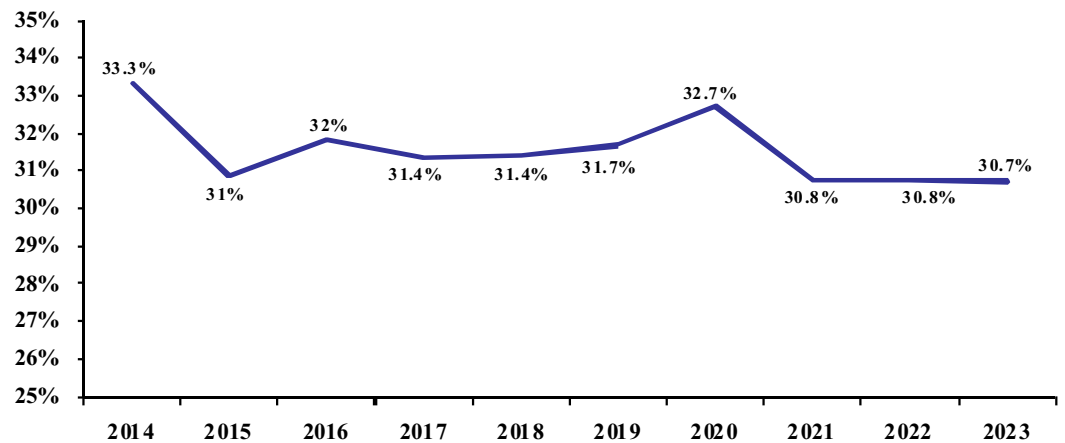
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Charts of the Week

Percentile Rankings of Middle East and North Africa Countries on the Voice & Accountability Indicator for 2023 (%)



Percentile Rankings of Lebanon on the Voice & Accountability Indicator (%)



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

Quote to Note

"The ability of the political class to elect a President at the planned parliamentary session on January 9, as well as the figure and orientations of the next President, could be a key signal regarding the path for future governance."

Bank of America, on the importance of electing a President with the proper profile for the future direction of the Lebanese economy

Number of the Week

26: Number of months since Lebanon has been without a President

Lebanon in the News

| \$m (unless otherwise mentioned) | 2021 | 2022 | 2023 | % Change* | Dec-22 | Nov-23 | Dec-23 |
|----------------------------------|-----------|-----------|-----------|-----------|---------|---------|---------|
| Exports | 3,887 | 3,492 | 2,995 | -14.2% | 272 | 290 | 240 |
| Imports | 13,641 | 19,053 | 17,524 | -8.0% | 1,251 | 1,253 | 1,303 |
| Trade Balance | (9,754) | (15,562) | (14,529) | -6.6% | (979) | (963) | (1,063) |
| Balance of Payments | (1,960) | (3,197) | 2,237 | -170.0% | 17 | 186 | 591 |
| Checks Cleared in LBP** | 18,639 | 27,146 | 4,396 | -83.8% | 3,686 | 359 | 404 |
| Checks Cleared in FC** | 17,779 | 10,288 | 3,109 | -69.8% | 577 | 106 | 183 |
| Total Checks Cleared** | 36,418 | 37,434 | 7,505 | -80.0% | 4,263 | 465 | 587 |
| Fiscal Deficit/Surplus | 2,197 | - | - | - | - | - | - |
| Primary Balance | 5,009 | - | - | - | - | - | - |
| Airport Passengers | 4,334,231 | 6,360,564 | 7,103,349 | 11.7% | 551,632 | 323,523 | 481,470 |
| Consumer Price Index | 154.8 | 171.2 | 221.3 | 5,014bps | 122.0 | 211.9 | 192.3 |

| \$bn (unless otherwise mentioned) | Dec-22 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | % Change* |
|-----------------------------------|--------|--------|--------|--------|--------|--------|-----------|
| BdL FX Reserves | 10.40 | 8.82 | 8.91 | 9.14 | 9.37 | 9.64 | -7.3% |
| In months of Imports | - | - | - | - | - | - | - |
| Public Debt | 101.81 | - | - | - | - | - | - |
| Bank Assets | 169.06 | 113.72 | 112.69 | 112.25 | 112.58 | 115.25 | -31.8% |
| Bank Deposits (Private Sector) | 125.72 | 95.59 | 95.17 | 94.64 | 94.97 | 94.75 | -24.6% |
| Bank Loans to Private Sector | 20.05 | 8.92 | 8.69 | 8.58 | 8.53 | 8.32 | -58.5% |
| Money Supply M2 | 77.34 | 6.64 | 6.77 | 6.48 | 6.78 | 6.72 | -91.3% |
| Money Supply M3 | 152.29 | 78.38 | 78.10 | 77.42 | 77.74 | 77.75 | -48.9% |
| LBP Lending Rate (%) | 4.56 | 3.77 | 4.36 | 3.34 | 3.29 | 3.97 | 20 |
| LBP Deposit Rate (%) | 0.60 | 0.41 | 0.49 | 1.02 | 1.41 | 0.55 | 14 |
| USD Lending Rate (%) | 4.16 | 2.40 | 3.15 | 3.70 | 3.08 | 1.95 | (45) |
| USD Deposit Rate (%) | 0.06 | 0.03 | 0.03 | 0.05 | 0.05 | 0.03 | 0 |

*year-on-year

**checks figures do not include compensated checks in fresh currencies

Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

| Most Traded Stocks on BSE* | Last Price (\$) | % Change* | Total Volume | Weight in Market Capitalization | Sovereign Eurobonds | Coupon % | Mid Price \$ | Mid Yield % |
|----------------------------|-----------------|-----------|--------------|---------------------------------|---------------------|----------|--------------|-------------|
| Byblos Common | 1.15 | 0.0 | 86,331 | 2.4% | Feb 2025 | 6.20 | 13.00 | 4,818.46 |
| Solidere "A" | 118.00 | 5.5 | 64,519 | 44.3% | Jun 2025 | 6.25 | 13.00 | 1,544.38 |
| Solidere "B" | 118.00 | 2.7 | 22,480 | 28.8% | Nov 2026 | 6.60 | 13.00 | 142.95 |
| Audi Listed | 2.48 | 0.0 | - | 5.5% | Mar 2027 | 6.85 | 13.00 | 117.06 |
| BLOM Listed | 6.25 | 0.0 | - | 5.0% | Nov 2028 | 6.65 | 13.00 | 61.13 |
| Audi GDR | 2.35 | 0.0 | - | 1.1% | Feb 2030 | 6.65 | 13.00 | 43.92 |
| BLOM GDR | 5.17 | 0.0 | - | 1.4% | Apr 2031 | 7.00 | 13.00 | 35.19 |
| HOLCIM | 70.10 | 0.0 | - | 5.1% | May 2033 | 8.20 | 13.00 | 25.94 |
| Byblos Pref. 09 | 29.99 | 0.0 | - | 0.2% | Nov 2035 | 7.05 | 13.00 | 19.77 |
| Byblos Pref. 08 | 25.00 | 0.0 | - | 0.2% | Mar 2037 | 7.25 | 13.00 | 17.42 |

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

Source: Refinitiv

| | Dec 30 - Jan 3 | Dec 23-27 | % Change | December 2024 | December 2023 | % Change |
|-----------------------|----------------|--------------|----------|---------------|---------------|----------|
| Total shares traded | 173,480 | 307,775 | (43.6) | 1,636,678 | 1,944,115 | (15.8) |
| Total value traded | \$9,864,354 | \$16,797,186 | (41.3) | \$71,132,605 | \$141,539,181 | (49.7) |
| Market capitalization | \$26.63bn | \$25.82bn | 3.1 | \$26.95bn | \$20.48bn | 31.6 |

Source: Beirut Stock Exchange (BSE)



Cost of living in Beirut is 168th highest in the world, seventh highest among Arab cities

The 2025 Cost of Living Index, produced by crowd-sourced global database Numbeo, ranked the cost of living in Beirut as the 168th highest among 327 cities around the world and the seventh highest among 21 Arab cities. Also, the cost of living in Beirut was the highest among 42 cities in lower-middle income countries (LMICs) included in the survey. In comparison, the cost of living in Beirut was the 113th highest among 218 cities around the world, as well as the sixth highest among 14 Arab cities and the highest among 30 cities in LMICs included in the Mid-2024 survey. Beirut ranked in the 49th percentile worldwide on the 2025 survey, which means that the cost of living in the city is higher than in 49% of cities covered by the survey. The index is an indicator of the prices of consumer goods, such as groceries, meals and drinks at restaurants, transportation, and utilities. Numbeo benchmarks the index against New York City. It also issues a Rent Index, which is an estimate of apartment rents in a city compared to New York City rents. Numbeo relies on residents' inputs and uses data from official sources to compute the indices.

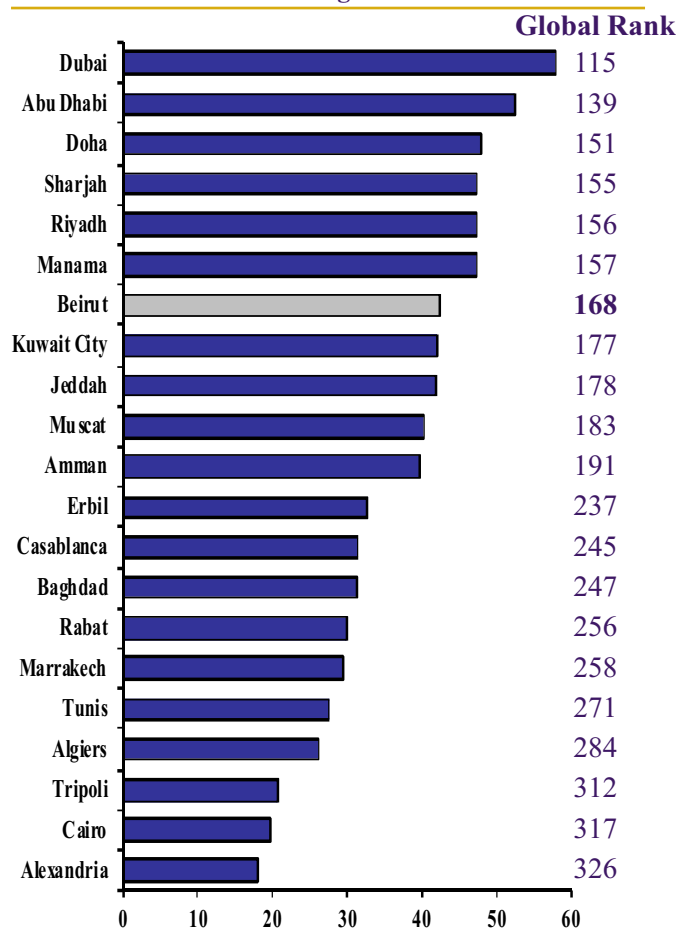
According to the Cost of Living Index, consumer goods in Beirut are costlier than they are in Caracas, Porto, and in Kosice in Slovakia; while they are less expensive than in Vilnius, Zagreb, and Warsaw. Beirut received a score of 42.4 points on this index, which means that the prices of consumer goods in Beirut are 48.6% lower than those in New York City. Further, the cost of living in Beirut is lower than in Dubai, Abu Dhabi, Doha, Manama, Riyadh, and Sharjah in the Arab world.

In parallel, the Rent Index ranked Beirut in 169th place globally, in eighth place among Arab cities, and in second place among cities in LMICs. Globally, renting an apartment in Beirut is similar to rents in Taipei and in Mumbai, is more expensive than rent in Cape Town, in Aachen in Germany, and in Shenzhen; and is less expensive than in Bremen, Dresden, and in Port of Spain in Trinidad & Tobago. Further, Dubai, Abu Dhabi, Doha, Riyadh, Kuwait City, Sharjah, and Manama are the Arab cities that have more expensive rents than Beirut; while Lagos is the only city among LMICs with more expensive rents. Beirut received a score of 18.1 points on the index, which means that rent in Beirut is 81.9% less expensive than it is in New York City.

Also, the Groceries Index, which is an estimate of grocery prices in a city compared to prices in New York City, ranked Beirut in 236th place globally, in 10th place among Arab cities, and in eighth among cities in LMICs. Globally, prices of groceries in Beirut are similar to those in Kuwait City and in Hungary's Debrecen, are more expensive than in Nairobi, in Iasi in Romania, and in Algiers; while they are cheaper than in Banja Luka in Bosnia & Herzegovina, in Romania's Timisoara, and in Sarajevo. Further, groceries in Beirut are less expensive than in Dubai, Riyadh, Manama, Abu Dhabi, Doha, Jeddah, Muscat, Amman, and Sharjah in the Arab world. In addition, grocery prices in Colombo, Phnom Penh, Manila, Amman, Accra in Ghana, Lagos, and Harare are higher than prices in Beirut among LMICs. Beirut received a score of 33.5 points on this index, which means that groceries in Beirut are 66.5% less expensive than they are in New York City.

Finally, the Restaurant Index, which compares the prices of meals and drinks at restaurants and pubs relative to prices in New York City, ranked Beirut in 179th place globally, in seventh place among Arab cities and in first place among cities in LMICs. Globally, prices of meals and drinks at restaurants and pubs in Beirut are similar to those in Belgrade, are more expensive than they are in Muscat, in Poland's Wroclaw, and in Amman; while they are cheaper than in Bratislava, Riyadh, and Porto. Further, the prices of meals and drinks in Dubai, Abu Dhabi, Manama, Kuwait City, Doha, and Riyadh are higher than prices in Beirut. The Lebanese capital received a score of 41.2 points on the index, which means that prices at restaurants and pubs in Beirut are 58.8% less expensive than they are in New York City.

Cost of Living Index for 2025
Scores & Rankings of Arab Cities



Source: Numbeo, Byblos Research

Banque du Liban's liquid foreign reserves at \$10.2bn, gold reserves at \$24.6bn at mid-December 2024

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP8,390.8 trillion (tn) on December 15, 2024, relative to LBP8,398tn at end-November 2024 and to LBP8,409.4tn at mid-November 2024. BdL indicated that it revised its balance sheet figures starting on October 15, 2024 in accordance with international standards. It said that it changed the classification of "Foreign Assets" to "Foreign Reserve Assets" in order to present non-resident and liquid foreign assets only, while it reclassified the "other resident and/or illiquid items" to its "Securities Portfolio" or to the "Loans to the Local Financial Sector" entries.

BdL noted that its decision is in accordance with the Central Council's Decision 13588 dated October 25, 2023, in order to ensure the alignment of the balance sheet entries with international standards and with the implementation of international best practices.

As such, BdL's Foreign Reserve Assets stood at \$10.18bn at mid-December 2024, compared to \$10.15bn at end-November 2024, \$10.2bn at mid-November 2024 and to \$9.45bn at mid-December 2023. Also, they increased by \$26m at mid-December 2024, while they decreased by \$113m in November 2024 and by \$402.1m in October 2024. They increased by \$1.6bn between the end of July 2023 and mid-December 2024. The dollar figures are based on the exchange rate of the Lebanese pound of LBP89,500 per US dollar starting on February 15, 2024, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024.

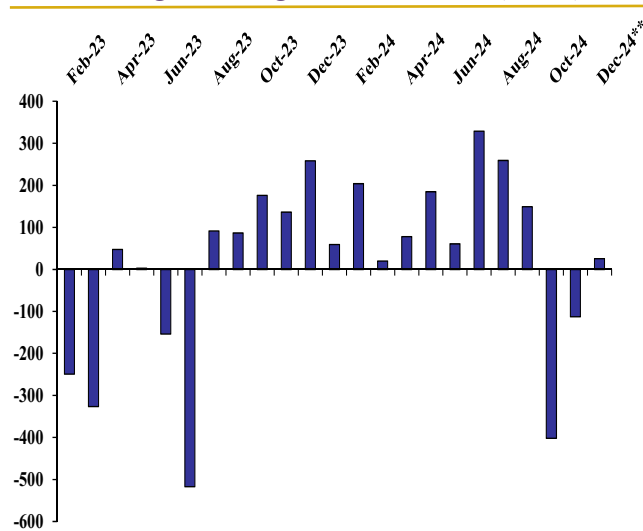
Further, the value of BdL's gold reserves stood at \$24.64bn at mid-December 2024, relative to \$24.6bn at end-November 2024 and to \$18.84bn at mid-December 2023. The value of gold reserves reached a peak of \$25.6bn at end-October 2024. Also, BdL's securities portfolio totaled LBP555,887bn at mid-December 2024 relative to LBP558,021bn at end-November 2024. It noted that the securities portfolio includes Lebanese Eurobonds that have a market value of \$657.9m as at mid-December 2024 relative to \$498.8m in end-November 2024 and to \$439.2m at mid-November 2024. Prior to the modifications, BdL included the nominal value of its Lebanese Eurobonds portfolio in the foreign assets item. In addition, loans to the local financial sector stood at LBP38,788.1bn at mid-December 2024 compared to LBP38,974.2bn at end-November 2024.

Moreover, Deferred Open-Market Operations totaled LBP177,004bn at mid-December 2024 relative to LBP175,118bn at end-November 2024 and to LBP118,971.3bn at end-2023. BdL said that, based on the Central Council's decision 23/36/45 of December 20, 2023, it has started to present all deferred interest costs originating from open-market operations under this new line item. As a result, it transferred all deferred interest costs included in the "Other Assets" and "Assets from Exchange Operations" entries to the new item. Therefore, the item "Other Assets" stood at LBP26,823.2bn at mid-December 2024 relative to LBP23,621.3bn two weeks earlier.

Also, the Revaluation Adjustments item on the asset side reached LBP2,989,110.5bn at mid-December 2024 relative to LBP3,006,244.5bn at end-November 2024. It consists of a special account called the "Exchange Rate Stabilization Fund", in which BdL recorded all the transactions related to foreign exchange interventions to stabilize the exchange rate starting in 2020 and that had a balance of LBP163.16tn at mid-December 2024 relative to LBP163.01tn at end-November 2024. It also consists of a special account in the name of the Treasury that stood at LBP2,825.9tn at mid-December 2024 compared to LBP2,843.2tn at end-November 2024. The account includes the differences between the countervalue at the official exchange rate of BdL's gold and currency holdings and the value of these holdings at the market exchange rate, as well as the profits or losses on BdL's gold and currency holdings from the modification of the official exchange rate of the Lebanese pound or of a foreign currency exchange rate. Further, the balance sheet shows that BdL's loans to the public sector totaled LBP1,486,926bn at mid-December 2024 relative to LBP1,486,914bn two weeks earlier.

On the liabilities side, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP55,810.8bn at mid-December 2024 compared to LBP49,816.4bn at end-November 2024, and represented a decrease of 5.2% from LBP58,893.2bn at mid-December 2023. Further, the deposits of the financial sector reached LBP7,652.6tn or the equivalent of \$85.5bn at mid-December 2024, relative to LBP7,675.3tn, or \$85.8bn, at end-November 2024 and to LBP1,334.5tn or \$89bn at mid-December 2023; while public sector deposits at BdL totaled LBP541,013.1bn at mid-December 2024 compared to LBP535,709.8bn at end-November 2024 and to LBP185,831.1bn at mid-December 2023.

Change in Foreign Reserve Assets* (US\$m)



*month-on-month change

**as at mid-December 2024, change from end-November 2024

Source: Banque du Liban, Byblos Research



New assessment identifies thousands of damaged buildings in Beirut's southern suburbs

An assessment by the National Council for Scientific Research (CNRS), in collaboration with the United Nations Development Program Office in Lebanon, of physical damage across key sectors from Israeli attacks between October 8, 2023 and November 27, 2024 revealed the complete destruction of 353 buildings in the Southern Suburbs of Beirut (SSB), which represents 1% of the total number of buildings in the area, or the equivalent to 124,386 square kilometers (km²). It said that the Israeli raids caused severe damage to an additional 593 buildings in the SSB, or 1.7% of the total, resulted in extensive damage to 1,972 buildings (5.5%), led to moderate damage to 2,066 buildings (5.8%), and produced minor damage to 1,379 buildings (3.9%). It estimated the total volume of rubble resulting from completely destroyed buildings in the SSB at between 1.2 million and 1.5 million cubic meters and the weight of the rubble at 2 million to 3.9 million tons.

Further, it indicated that Israel's actions damaged more than 30 water facilities across the country and targeted the main carrier of water of the Litani River, which transfers more than 260,000 cubic meters of water per day and irrigates 6,000 hectares of agricultural land along Lebanon's southern coast.

Also, it said that Israeli attacks have disrupted agricultural activity across 130,000 hectares, or 25% of Lebanon's arable land, and noted that the usage of white phosphorus has caused immediate and lasting environmental damage. Also, it pointed out that the raids heavily affected agricultural areas in the Bint Jbeil, Marjaayoun, Hasbaya, Nabatieh, Saida and Tyre districts, while the damage was less severe in the Baalbeck-Hermel, Rachaya, West Bekaa, Zahlé, and Jezzine districts. In parallel, it pointed out that the Israeli attacks since October 2023 led to the burning of about 2,192 hectares, as 12 hectares were highly burned, 248 hectares were moderately burned, and 1,932 hectares suffered low to moderate burning. It indicated that the attacks burned 873 hectares of dense forests, 530 hectares of low-density forests, 401 hectares of shrubland, 134 hectares of olive trees, 110 hectares of non-productive areas, 48 hectares of citrus trees, 44 hectares of banana trees, 37 hectares of agricultural lands, 15 hectares of fruit trees, and one hectare of greenhouses.

In addition, it pointed out that the air raids completely damaged 3,989 solar panels in the SSB, representing 3.2% of total number of solar panels installed in the area, while 2.8% of the installed panels may have suffered severe damage and 23% sustained minor to moderate damage.

It stated that Israeli shelling targeted directly five schools in the South and an additional 30 schools were indirectly affected by surrounding strikes, while it attacked five municipalities in the South with six municipal buildings and affiliates suffering damages.

Further, it said that Israel launched 251 strikes on ambulances, fire trucks, and rescue cars, 231 attacks on emergency services, 94 strikes on primary healthcare centers and rescue services, and 67 attacks on hospitals including 40 direct strikes. In addition, it said that the Israeli offensive in the South, the Bekaa and the SSB destroyed, damaged or led to the closure of 880 pharmacies, which consist of 500 pharmacies in the Tyre, Bint Jbeil and Marjaayoun districts, 200 in the Beirut suburbs, and 180 pharmacies in the Bekaa and Baalbek/Hermel regions.

Port of Beirut processes 3.7 million tons of freight in first eight months of 2024

Figures released by the Port of Beirut show that the port processed 3.7 million tons of freight in the first eight months of 2024, constituting an increase of 5% from 3.5 million tons of freight in the same period of 2023. Incoming freight totaled 3.1 million tons in the covered period, up by 6.5% from 2.9 million tons in the first eight months of 2023, and accounted for 84.6% of total processed freight.

In addition, the volume of outgoing cargo reached 563,000 tons in the first eight months of 2024, representing a decrease of 1.1% from 569,000 tons in the same period of 2023, and accounted for 15.4% of aggregate freight in the covered period. A total of 1,028 vessels docked at the port in the first eight months of 2024, constituting a rise of 15% from 894 ships in the same period of the preceding year. The port handled 459,000 tons of freight in August 2024, down by 11% from 516,000 tons in July 2024. In addition, 128 vessels docked at the port in August 2024 compared to 130 ships in the preceding month.

In parallel, the Port of Tripoli processed 2.1 million tons of freight in the first eight months of 2024, representing a decline of 332,000 tons, or of 13.8%, from 2.41 million tons in the same period of 2023. Imported freight stood at 1.1 million tons in the covered period and increased by 65 tons (6.2%) from 1.05 million tons in the first eight months of 2023. Imports accounted for 53.4% of freight activity in the covered period.

Further, the volume of cargo that was exported through the port reached 969,000 tons in the first eight months of 2024, constituting a drop of 397,000 tons, or of 29%, from 1.37 million tons in the same period of 2023, and represented 46.6% of aggregate freight in the covered period. A total of 559 vessels docked at the port in the first eight months of 2024, constituting an uptick of 2.2% from 547 ships in the same period of 2023. The port handled 258,000 tons of freight in August 2024, down by 0.8% from 260,000 tons in July 2024. Also, 73 vessels docked at the port in August 2024 compared to 85 ships in July 2024.



Lebanon's external debt at \$66.3bn at end-2023, accounts for 15% of MENA region's external debt

Figures released by the World Bank show that the total outstanding nominal external debt in Lebanon reached \$66.3bn at the end of 2023, constituting declines of 1.2% from \$67.1bn at end-2022 and of 10.3% from \$73.9bn at end-2019, and a rise of 38.6% from \$47.8bn at the end of 2010. Lebanon's total external debt accounted for 0.8% of the external debt in low- and middle-income countries (LMICs) and for 15% of the external debt of the Middle East & North Africa (MENA) region.

Lebanon's external debt grew by a compound annual growth rate (CAGR) of 2.5% during the 2010-23 period and regressed at a CAGR of 8.5% between 2019 and 2023, compared to CAGRs of 6.6% in the 2010-23 period and of 3.3% in the 2019-23 period for the external debt of LMICs. The World Bank defines external debt as the sum of public and private long-term external debt, short-term external debt, and credit from the International Monetary Fund (IMF). It represents the total debt owed to non-resident creditors and that can be repaid in both foreign and domestic currencies.

The distribution of the external debt in Lebanon indicates that the stock of long-term external debt reached \$48.1bn at the end of 2023 and accounted for 72.5% of the country's total outstanding external debt, followed by short-term external debt with \$17.14bn or 26% of the total, and credit from the IMF with \$1.07bn (1.6%). Further, the breakdown of the long-term external debt shows that public and publicly-guaranteed debt represented 69.2% of the total, while private non-guaranteed debt accounted for the remaining 30.2%. The bank defines private non-guaranteed debt as the obligations of private borrowers to non-resident creditors, that are not guaranteed for repayment by the government or any other public entity.

Lebanon's stock of short-term external debt increased by a CAGR of 36.3% during the 2019-23 period, while its long-term external debt contracted by a CAGR of 8.5%. Also, the country's stock of short-term external debt increased by a CAGR of 12.8% during the 2010-23 period. Further, Lebanon's stock of short-term external debt rose by 10.5%, while its long-term external debt declined by 4.8% in 2023.

In parallel, Lebanon's ratio of total external debt-to-Gross National Income (GNI) was 384% at the end of 2023, up from 382% at end-2021. In comparison, the debt-to-GNI ratio reached 24% in LIMCs and 28% in the MENA region at end-2023.

Amount of cleared checks in Lebanese pounds up 21% in first 11 months of 2024

The amount of cleared checks in Lebanese pounds reached LBP72,329bn in the first 11 months of 2024, constituting an increase of 20.8% from LBP59,878bn in the same period last year, while the amount of cleared checks in foreign currency was \$1.22bn and dropped by 60.8% from \$3.1bn in the first 11 months of 2023. Also, there were 173,750 cleared checks in the first 11 months of 2024, down by 57.8% from 411,335 checks in the same period of 2023.

In addition, the amount of cleared checks in Lebanese pounds stood at LBP3,805bn in November 2024, constituting declines of 42% from LBP6,548bn in October 2024 and of 29.3% from LBP5,381bn in November 2023. Further, the amount of cleared checks in foreign currency was \$93m in November 2024 and increased by 98% from \$47m in the previous month, while it decreased by 12.3% from \$106m in November 2023. Also, there were 9,780 cleared checks in November 2024 relative to 12,551 checks in October 2024 and to 27,084 cleared checks in November 2023.

Further, the amount of cleared checks in "fresh" Lebanese pounds stood at LBP15,723bn, while the amount of cleared checks in "fresh" foreign currency was \$262.1m in the first 11 months of 2024. Also, there were 8,567 cleared checks in "fresh" Lebanese pounds and 19,955 cleared checks in "fresh" foreign currency in the covered period.

In parallel, the amount of returned checks in Lebanese pounds totaled LBP600bn in the first 11 months of 2024, down by 23.4% from LBP783bn in the same period last year, while the amount of returned checks in foreign currency was \$68m and dropped by 61.4% from \$176m in the first 11 months of 2023. Also, the amount of returned checks in Lebanese pounds stood at LBP6bn in November 2024, relative to LBP174bn in the previous month and to LBP56bn in November 2023. Moreover, the amount of returned checks in foreign currency was \$6m in November 2024 compared to \$22m in the preceding month and to \$1m in November 2023.

Further, there were 979 returned checks in the first 11 months of 2024, representing a drop of 69.7% from 3,232 returned checks in the same period last year. Also, the number of returned checks in foreign currency stood at 347 in the covered period and fell by 74% from 1,333 checks in the first 11 months of 2023, while the number of returned checks in Lebanese pounds totaled 632 and contracted by 66.7% from 1,899 checks in the same period last year. In addition, there were 58 returned checks in November 2024, relative to 85 returned checks in the preceding month and to 127 checks in November 2023. Further, there were 39 returned checks in Lebanese pounds in November 2024 compared to 56 in the previous month and to 86 in November 2023, while there were 19 returned checks in foreign currency in November 2024 relative to 29 checks in the preceding month and to 41 returned checks in November 2023.

In addition, the amount of returned checks in "fresh" foreign currency stood at \$1.41m, while the amount of returned checks in "fresh" Lebanese pounds was LBP38.66bn in the first 11 months of the year. Also, there were 140 returned checks in "fresh" foreign currency and 37 returned checks in "fresh" Lebanese pounds in the first 11 months of 2024.



Consumer Price Index up 15.4% year-on-year in November 2024

The Central Administration of Statistics' Consumer Price Index increased by 48.6% in the first 11 months of 2024 from the same period of 2023. In comparison, it grew by 225.4% and by 179.8% in the first 11 months of 2023 and 2022, respectively, from the corresponding periods of the previous years.

The CPI rose by 15.4% in November 2024 from the same month of 2023 and registered its ninth double-digit increase since July 2020, following a surge of 70.4% year-on-year in March 2024, a jump of 59.7% in April 2024 from the same month of 2023, an annual rise of 51.6% in May, an increase of 41.8% year-on-year in June, an increase of 35.4% in July, an uptick of 35% in August 2024 from August 2023, an upturn of 33% rise annually in September, and a hike of 15.7% in October 2024.

The slowdown of the inflation rate from triple-digit increases is due in part to the widespread dollarization of consumer goods and services in the economy, and to the stabilization of the exchange rate of the Lebanese pound against the US dollar since July 2023. However, the cumulative surge in the inflation rate is due in part to the repeated increase in customs tariffs, to the rise of the cost of education, to the surge of fees in the public administration, and to the inability of the authorities to monitor and contain retail prices. It is also due to the impact of rising transportation costs and insurance rates on imported goods in the wake of the war in the Gaza Strip and the cross-border military escalation in Lebanon.

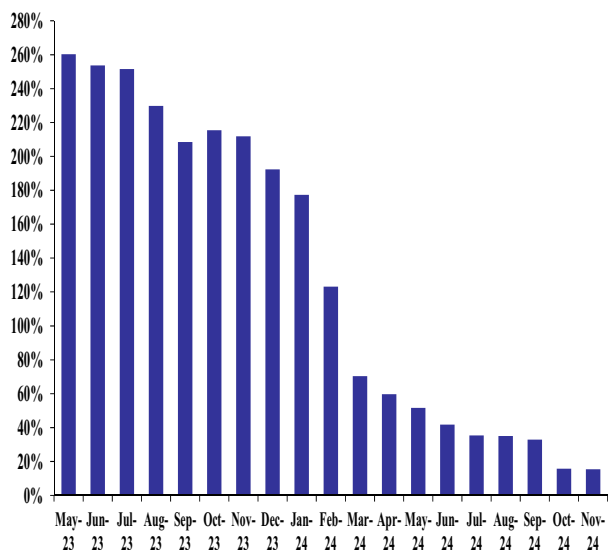
The cost of imputed rent rose by 1.3 times in November 2024 from the same month of 2023. In addition, actual rent and the prices of food and non-alcoholic beverages surged by 23.2% in November 2024 from November 2023, followed by the cost of healthcare services (+23%), the cost of alcoholic beverages & tobacco (+21%), and the prices of clothing & footwear (+20%). Also, prices at restaurants & hotels surged by 19% in the covered period, followed by the cost of recreation & entertainment (+11%), transportation costs (+5.4%), the price of water, electricity, gas & other fuels (+5.2%), and the cost of education (+1%), while the prices of miscellaneous goods & services rose by 1.4 times in November 2024 from the same month of 2023. In contrast, the prices of furnishings & household equipment regressed by 1.5% in November 2024 from the same month of the previous year, followed by the cost of communication (-0.3%). Also, the distribution of actual rent shows that new rent surged by 34.8% and old rent increased by 8.4% in November 2024 from the same month of 2023.

In parallel, the CPI increased by 2.3% in November 2024 from the previous month, relative to a rise of 2% in October, a downturn of 0.2% in September, and to upticks of 0.64% in August, of 2% in July, of 0.3% in June, and of 0.02% in May 2024.

The prices of water, electricity, gas and other fuels increased by 8.4% in November 2024 from October 2024, followed by the price of food & non-alcoholic beverages (+3%), the cost of healthcare services (+2.8%), the prices of alcoholic beverages & tobacco (+2%). Also, the prices of clothing & footwear surged by 1.8% in the covered period, followed by the prices of furnishings & household equipment (+1.6%), the cost of recreation & entertainment (+1.3%), actual rent (+1%), imputed rent (+0.9%), prices at restaurants & hotels (+0.33%), and communication tariffs (+0.13%), while the prices of miscellaneous goods & services rose by 0.71% in November 2024 from the same month of 2023. In contrast, transportation tariffs regressed by 0.3% in November 2024 from the preceding month, while the cost of education was unchanged month-on-month in November 2024. Further, the distribution of actual rent shows that new rent increased by 1.1% and old rent grew by 0.9% in November 2024 from October 2024.

Further, the CPI rose by 3.04% in Mount Lebanon in November 2024 from October 2024, followed by hikes of 2.33% in the North, of 1.4% in the South, of 1.35% in Beirut, of 0.98% in the Bekaa region, and of 0.9% in the Nabatieh area. In parallel, the Fuel Price Index increased by 0.13%, while the Education Price Index was unchanged in the covered month.

Annual Change in Consumer Price Index* (%)



*from the same month of the previous year

Source: Central Administration of Statistics, Byblos Research



Number of internally displaced persons decreases to 160,900

Figures compiled by the International Organization for Migration (IOM) show that 160,900 individuals are still internally displaced (IDPs) as at December 25, 2024 due to the hostilities that erupted along Lebanon's border with Israel on October 8, 2023, that escalated last September, and that largely ceased on November 27 of this year. The number of IDPs constituted decreases of 40,920 persons, or of 20.3% from December 4, 2024, of 735,415 individuals, or of 82% from November 20, 2024, of 714,280 persons (-81.6%) from November 6, 2024, of 618,713 persons (-79.4%) from October 23, 2024, of 648,143 individuals (-80%) from October 20, 2024, and of 672,491 persons (-80.7%) from October 16, 2024. It noted that 52% of IDPs are females and 48% of them are males. The number of IDPs reached a peak of 896,315 on November 20, 2024, but the agreement for the cessation of hostilities that went into effect on November 27 encouraged the majority of IDPs to return to their towns and villages.

In parallel, it stated that 91,600 of the remaining IDPs originated from the Nabatieh governorate and accounted for 57% of the total as at December 25, 2024, followed by 47,039 IDPs (29.2%) from the governorate of the South, 19,355 IDPs (12%) from Mount Lebanon, 2,026 IDPs (1.3%) from the Baalbek-Hermel governorate, 578 (0.4%) from Beirut, and 302 IDPs (0.2%) from the Bekaa. It added that 89% of the IDPs are from the Bint Jbeil, Tyre, Baabda, Marjaayoun, and Nabatieh districts as at December 25, 2024.

Further, it said that 51,729 IDPs, or 32% of the total, came from the Bint Jbeil district, followed by 36,828 IDPs from the Tyre district (23%); 19,143 IDPs from the Baabda district (12%); 18,666 IDPs from the Marjaayoun district (11.6%); 16,372 IDPs from the Nabatieh district (10.2%); 10,211 IDPs from the Saida district (6.3%); 4,833 IDPs from the Hasbaya district (3%); 1,656 IDPs from Baalbeck (1%); 578 IDPs from Beirut (0.4%); 370 IDPs from the Hermel district (0.23%); 302 IDPs from the West Bekaa district (0.2%); and 212 IDPs from the Aley district (0.13%).

Also, it indicated that the Mount Lebanon governorate is hosting 65,470 IDPs of 40.7% of the total as at December 25, 2024, followed by the South with 43,647 IDPs (27%), as well as the governorates of Nabatieh with 24,738 IDPs (15.4%), Beirut with 21,094 IDPs (13%), the North with 3,029 IDPs (2%), Akkar with 1,420 IDPs (1%), the Bekaa with 1,350 IDPs (0.8%), and Baalbeck-Hermel with 152 IDPs (0.1%).

It added that 122,884 IDPs, or 76.4% of the total, are mainly located in the Aley, Saida, Beirut, El Nabatieh, and Tyre districts. It said that the Aley district is the host of 24.6% of the IDPs, followed by Saida with 18%, Beirut with 13%, El Nabatieh with 11.8%; and Tyre with 9%, while other districts host the remaining 23.6% of the IDPs.

Further, it pointed out that 310,822 IDPs, or 38% of the number of the displaced population, has returned to the Nabatieh governorate as at December 25, 2024, followed by 284,483 IDPs who came back to the South (34.7%); 151,962 IDPs who returned to the Baalbek-Hermel governorate (18.5%); 50,249 IDPs who came back to Mount Lebanon (6.1%); and 22,177 IDPs who returned to the Bekaa (2.7%).

In addition, it indicated that 88,495 IDPs, or 55% of the total, are renting houses; 62,751 IDPs (39%) are currently living with host families; 4,827 IDPs (3%) reside in 45 collective shelters; 4,827 IDPs (3%) have relocated to secondary residences; while less than 1% are living in unfinished buildings, tents, parks, in self-settled sites, or on the streets.

Also, it pointed out that 56% of the IDPs are between 19 and 57 years old, 15% of them are in the 6 to 12 years-old bracket, 12% of IDPs are between 13 and 18 years of age, 11% of them are more than 58 years old, 4% of IDPs are between three and five years old, and 2% of IDPs are less than two years old.

The IOM collected the data nationwide through a combination of face-to-face and remote data collection methods, an utilized a network of over 50 enumerators and 1,500 key informants. The latter consist of government officials, mayors, community representatives, and neighborhood focal points.

Number of registered real estate transactions up 79% to 29,556 in first 10 months of 2024

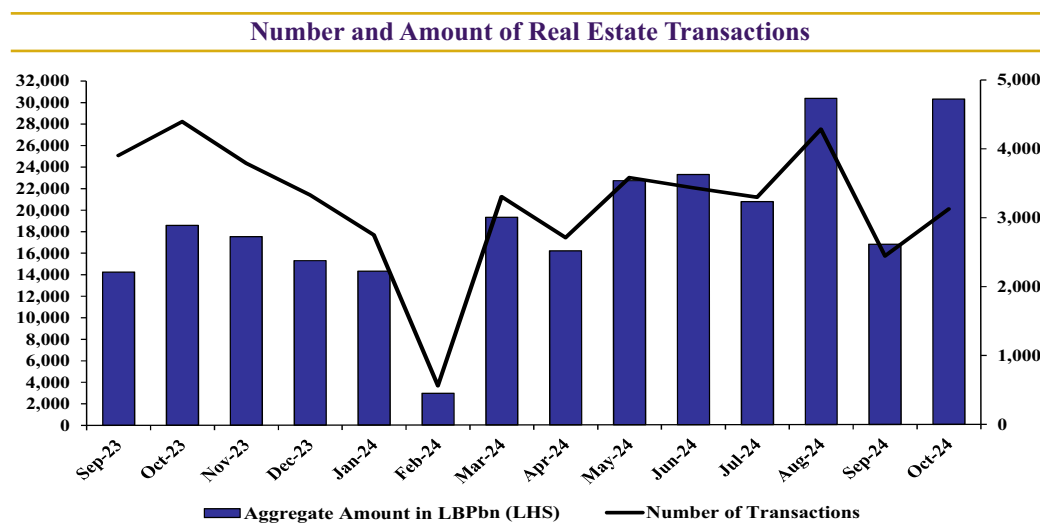
Figures released by the Ministry of Finance show that the ministry registered 29,556 real estate transactions in the first 10 months of 2024, constituting a surge of 78.8% from 16,534 real estate transactions in the same period of 2023. In comparison, the ministry registered 67,506 real estate transactions in the first 10 months of 2022 and 82,946 real estate deals in the same period of 2021. The rise in the number of registered transactions in the first 10 months of 2024 is due mainly to the resumption of activity in the General Directorate of Land Registry and Cadastre (GDLRC) in most districts across the country, as repeated strikes by public sector employees delayed for long periods of time the registration of real estate transactions.

Further, the ministry registered 7,721 real estate transactions in the North in the first 10 months of 2024, representing 26% of the total. The Bekaa/Baalbeck-Hermel region followed with 5,863 deals or 19.8% of the total, then the South governorate with 4,965 transactions (16.8%), Beirut with 3,168 deals (10.7%), the Nabatieh governorate with 2,820 transactions (9.5%), the Keserwan/Jbeil region with 2,720 deals (9.2%), the Northern Metn district with 949 transactions (3.2%), and the Baabda/Aley/Chouf area with 136 deals (0.46%). In addition, the GDLRC registered 3,126 transactions in October 2024, down by 27.7% from 2,447 real estate deals in September 2024.

In parallel, the aggregate amount of registered real estate transactions stood at LBP196,638.3bn in the first 10 months of 2024 relative to LBP74,591.4bn in the same period last year. In comparison, the amount of real estate deals was LBP17,060.5bn in the first 10 months of 2022 and LBP18,010.6bn in the same period of 2021. Further, the value of registered real estate transactions in Beirut was LBP78,619.5bn and accounted for 40% of the total in the first 10 months of 2024. The South governorate followed with LBP27,717.5bn and the Keserwan/Jbeil area with LBP27,690.3bn (14.1% each), then the North region with LBP24,136.4bn (12.3%), the Bekaa/Baalbeck-Hermel region with LBP13,431.1bn (6.8%), the Northern Metn district with LBP12.310bn (6.3%), the Nabatieh governorate with LBP8,733.6bn (4.4%), and the Baabda/Aley/Chouf area with LBP1,011.5bn (0.5%). In addition, the aggregate amount of real estate transactions reached LBP30,232.1bn in October 2024, constituting a rise of 80.6% from LBP16,740.5bn in September 2024.

In parallel, the average amount per registered real estate transaction was LBP6.7bn in the first 10 months of 2024 and jumped by 47.5% from an average of LBP4.5bn in the same period of 2023. Further, there were 649 real estate transactions executed by foreigners in the covered period compared to 282 deals in the same period of 2023, 675 transactions in the first 10 months of 2022, and to 1,158 deals in the same period of 2021. The number of real estate deals by foreigners accounted for 2.2% of the registered real estate transactions in the first 10 months of 2024, up from 1.7% in the same period of 2023, and relative to 1% in the first 10 months of 2022 and to 1.4% in the same period of 2021.

Further, 28% of real estate transactions executed by foreigners in the first 10 months of 2024 were in the North, followed by the South governorate (23.7%), Beirut (19%), the Bekaa/Baalbeck-Hermel region (15.6%), the Keserwan/Jbeil area (7.4%), the Nabatieh governorate (2.6%), the Northern Metn district (2.2%), and the Baabda/Aley/Chouf area (1.5%). The latest available figures show that Syrian citizens accounted for 43.6% of the amount of real estate transactions executed by foreigners in May 2024, followed by Saudi nationals (9%), U.S. citizens (6%), citizens from the Dominican Republic (4.6%), and Turkish citizens (4%), while the remaining 32.7% represented citizens from other countries.



Source: Ministry of Finance, Byblos Research

Banque du Liban extends terms of several circulars until end-June 2025

Banque du Liban (BdL) issued Intermediate Circular 719/13682 dated December 17, 2024 addressed to banks, financial institutions and auditors that modifies Basic Circular 14/5258 of September 17, 1993 about the opening of deposit accounts in foreign currency at BdL, Basic Circular 36/6856 dated December 19, 1997 about bonds that banks and financial institutions can issue, Basic Circular 61/7224 of February 11, 1999 about the issuance of Certificates of Deposits and of banking certificates, and Basic Circular 67/7534 dated March 2, 2000 about BdL's issuance of Certificates of Deposits in US dollars. The new circular extended specific articles and sections in the above circulars until June 30, 2025.

First, the circular stipulates that BdL will reduce by 75% the interest rates that it pays on the commercial banks' term deposits in foreign currency placed at BdL, and that the latter will pay the interest rates in US dollars, other than in cash, in each bank's current account at BdL. Second, it said that it will reduce by 75% the interest rates that it pays on the Certificates of Deposits in US dollars that it has issued and that are held by commercial banks; and that it will pay the interest rates in US dollars, other than in cash, in each bank's current account at BdL. BdL first issued this decision on December 4, 2019 through Intermediate Circular 536/13157 that stipulates that BdL will, exceptionally and for a period of six months, apply new rules on the interest income it pays on term deposits that banks placed in US dollars at BdL and on the Certificates of Deposits that it issued in US dollars. It then extended the terms of the circular repeatedly for six to 24-month periods until the end of December 2024.

Further, the circular states that banks and financial institutions operating in Lebanon have to pay the principal and coupons of the bonds that they issued, and that are held by a custodian in Lebanon, in accounts at banks operating in the country. It said that the same rules will apply to the payments of the principal and interest on Certificates of Deposits and interbank certificates issued by banks and financial institutions that are held by a local custodian. It added that the measures that the clearing house MidClear introduced on foreign transfers will apply to the payments of principal and coupons of the aforementioned bonds and certificates. The decisions, which BdL issued under Intermediate Circular 541/13187, applied for a period of six months starting on January 30, 2020, but BdL has extended them repeatedly for six-month periods, with Intermediate Circular 672/13561 extending the measures until the end of 2023 and Intermediate Circular 684/13597 extending the measures until the enactment of the government's budget for 2024 and its publication in the Official Gazette. BdL said that the terms of the new circular go into effect upon its publication.

Banque du Liban expands terms of deposit withdrawals in foreign currency

Banque du Liban (BdL) issued Intermediate Circular 720/13683 dated December 24, 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 721/13684 dated December 24, 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, one additional monthly payment in December 2024, and one extra monthly payment in January 2025 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 extra payment for the month of November 2024, to customers who signed the form before November 26, 2024 about the additional payment for December 2024, and to those who signed the request before December 24, 2024 regarding the extra payment for January 2025. Second, it amended the ceiling for the beneficiaries of Basic Circular 158/13335 for the annual withdrawals from banks during the current cycle that ends on June 30, 2025 to \$6,800 and \$5,100, depending on the date they started to benefit from the circular, and to \$2,550 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 stipulated 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.

In parallel, BdL indicated that commercial banks disbursed a total of \$3.24bn to 431,448 beneficiaries from the start of the implementation of the two circulars until November 30, 2024.

Money supply up 9% in 12 months ending December 19, 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 LBP93,642.6bn on December 19, 2024, constituting increases of 6.1% from LBP88,261.4bn on December 12, 2024 and of 9% from LBP85,886.5bn on December 19, 2023. M1 grew by LBP5,380.3bn during the week ending December 19, 2024 due to increases of LBP3,751.1bn in currency in circulation and of LBP1,629.2bn in demand deposits.

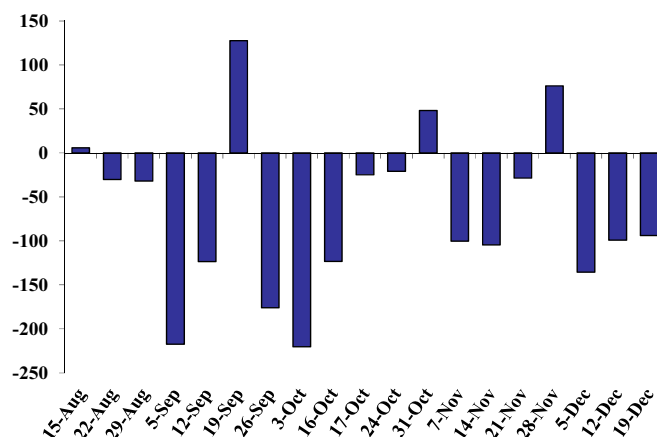
In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP117,093.4bn on December 19, 2024, representing increases of 5.7% from LBP110,755.4bn on December 12, 2024 and of 15.8% from LBP101,163.7bn a year earlier. Money supply M2 grew by LBP6,338bn in the week ending December 19, 2024, while it grew by LBP15,930.7bn year-on-year.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, reached LBP6,152.3 trillion (tn) on December 19, 2024, and regressed by LBP2,053.2bn, or by 0.03%, during the week ending December 12, 2024 compared to LBP1,166.2tn on December 19, 2023. Also, BdL indicated that deposits denominated in foreign currency declined by \$93.8m in the week ending December 19, 2024. The surge in M3 is due to the impact of the new exchange rate of the Lebanese pound against the US dollar of LBP89,500 per dollar that BdL started to use on February 8, 2024 for money supply figures.

Also, money supply M4, which includes M3 and Treasury bills held by the non-banking system, including accrued interests, totaled LBP6,162.8tn on December 19, 2024, constituting a decrease of LBP2,304.4bn (-0.04%) from LBP6,165.1tn a week earlier and relative to LBP1,191tn on December 19, 2023. BdL stated that the Treasury bills portfolio held by the non-banking sector decreased by LBP251.22bn during the week ending December 19, 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.

Weekly Change in Foreign Currency Deposits (USm)



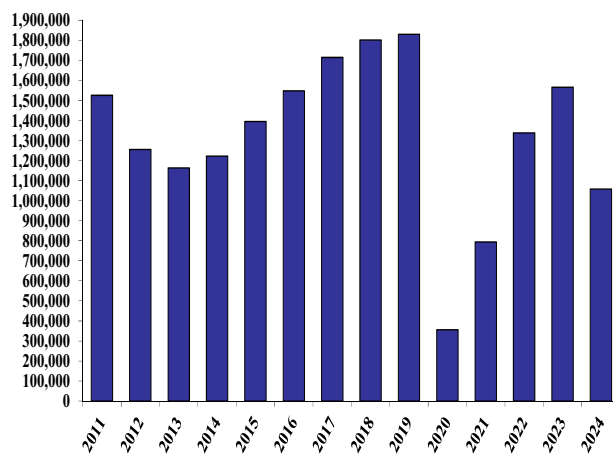
Source: Banque du Liban, Byblos Research

Tourist arrivals down 32.5% in first 11 months of 2024

Figures compiled by the Ministry of Tourism indicate that the number of incoming visitors to Lebanon totaled 1,057,396 tourists in the first 11 months of 2024, constituting decreases of 32.5% from 1,566,368 tourists in the same period of 2023 and of 21% from 1,337,515 visitors in the first 11 months of 2022. In comparison, the number of tourist arrivals increased by 17% in the first 11 months of 2023 from the same period of 2022.

Also, the number of incoming visitors stood at 77,712 in January, 80,150 in February, 79,771 in March, 102,657 in April, 116,477 in May, 173,308 in June, 195,992 in July, 107,909 in August, 88,514 in September, 13,916 in October, and 20,990 in November 2024. In comparison, they totaled 88,378 visitors in January, 85,682 in February, 100,727 in March, 123,399 in April, 143,208 in May, 209,796 in June, 267,702 in July, 210,458 in August, 175,418 in September, 102,690 in October, and 58,910 in November 2023. The figures constituted decreases of 12% in January, 6.5% in February, 20.8% in March, 16.8% in April, 18.7% in May, 17.4% in June, 26.8% in July, 48.7% in August, 49.5% in September, 86.4% in October, and 64.4% in November 2024 from the corresponding months of the previous year.

Number of Tourist Arrivals to Lebanon*



*in first 11 months of each year

Source: Ministry of Tourism, Byblos Research

The declines are due to the protracted military hostilities along Lebanon’s southern border that started on October 8, 2023 and to the escalation of Israeli air strikes on Lebanon starting in September 2024. The figures exclude Syrian and Palestinian arrivals.

Visitors from European countries totaled 432,883 tourists and accounted for 41% of incoming visitors to Lebanon in the first 11 months of 2024, followed by those from Arab countries with 256,689 visitors (24.3%), the Americas with 215,858 tourists (20.4%), Asia with 55,802 visitors (5.3%), Africa with 52,359 visitors (5%), and Oceania with 43,603 tourists (4.1%).

Further, the number of visitors from Oceania dropped by 38.3% in the first 11 months of 2024 from the same period of 2023, followed by the number of tourists from Arab countries (-35.8%), the Americas (-32.7%), Europe (-32.6%), Asia (-26.7%), and Africa (-6.8%).

Term deposits account for 54.3% of customer deposits at end-September 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 LBP8,305.7 trillion (tn) at the end of September 2024, or the equivalent of \$92.8bn, compared to LBP8,437.8tn (\$94.3bn) at end-June 2024. Total deposits include private sector deposits that reached LBP8,014.1tn, deposits of non-resident financial institutions that amounted to LBP229.5tn, and public sector deposits that stood at LBP62.2tn at the end of September 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.

Term deposits in all currencies reached LBP4,510.6tn and accounted for 54.3% of total deposits in Lebanese pounds and in foreign currency at the end of September 2024, relative to 54.7% at the end of June 2024 and to 54.6% at end-September 2023. Further, the term deposits in Lebanese pounds of the public sector dropped by 48.6% from the end of June 2024, followed by a decline of 39.5% of the foreign currency-denominated term deposits of the public sector, a decrease of 5.4% in the term deposits of the non-resident financial sector, a contraction of 2.3% in foreign currency-denominated term deposits of the resident private sector, and a downturn of 0.4% in the term deposits of non-residents. This was offset by an increase of 2.1% in the term deposits in Lebanese pounds of the resident private sector from the end of June 2024. Aggregate term deposits declined by \$116.1bn 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.

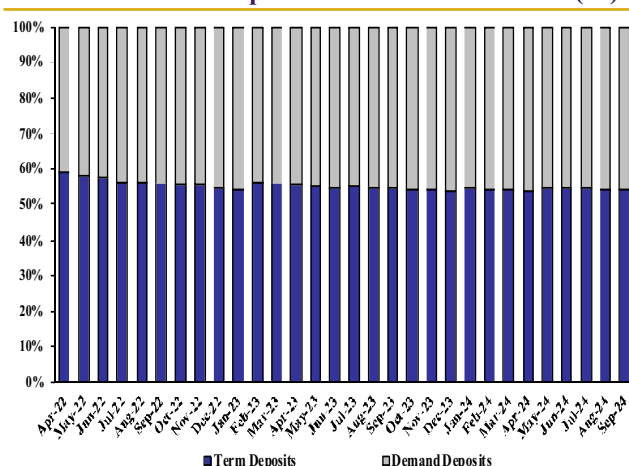
In addition, the foreign currency-denominated term deposits of the resident private sector reached \$35.9bn and accounted for 38.7% of aggregate deposits at the end of September 2024, relative to 39% at end-June 2024 and 37.9% at end-September 2023. Term deposits of non-residents followed with \$12.5bn or 13.4% of the total, then the term deposits of the non-resident financial sector with \$1.6bn (1.7%), term deposits in Lebanese pounds of the resident private sector with LBP20.8tn (0.3%), term deposits of the public sector in foreign currency with \$146.3m (0.2%), and term deposits of the public sector in Lebanese pounds with LBP6.1tn (0.1%).

In parallel, demand deposits in all currencies at commercial banks stood at LBP3,795.1tn at the end of September 2024 compared to LBP3,825.1tn at end-June 2024. They accounted for 45.7% of aggregate deposits at end-September 2024, compared to 46% at end-2023 and to 45.4% at end-September 2023. Foreign currency-denominated demand deposits of the resident private sector decreased by \$1.4bn from end-2023 followed by a contraction of \$90.3m in demand deposits of the non-resident financial sector. This was partly offset by a rise of LBP4,617.4bn in demand deposits in Lebanese pounds of the public sector, an increase of LBP2,647.6bn in demand deposits in Lebanese pounds of the resident private sector, a surge of \$384m in demand deposits of non-residents, and by a growth of \$58.6m in demand deposits in foreign currency of the public sector.

Also, demand deposits in foreign currency of the resident private sector totaled \$31.9bn and represented 34.4% of deposits at end-September 2024, relative to 34.3% at end-June 2024 and to 33% at the end of September 2023. Demand deposits of non-residents followed with \$8.6bn (9.3%), then demand deposits of the non-resident financial sector with \$996.24m (1.1%), demand deposits in Lebanese pounds of the resident private sector with LBP36.8tn and demand deposits in foreign currency of the public sector with \$391m (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 16.1% 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.

Breakdown of Deposits at Commercial Banks (%)



Source: Banque du Liban, Byblos Research

Stock market capitalization up 32% to \$27bn at end-2024

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 12.6 million shares in 2024, constituting a drop of 65.6% from 36.5 million shares traded in 2023, while aggregate turnover amounted to \$535.8m and decreased by 14.8% from a turnover of \$628.8m in 2023.

Further, the market capitalization of the BSE stood at \$26.95bn at the end of 2024, representing an increase of 31.6% from \$20.5bn a year earlier, and compared to \$22bn at the end of November 2024. Real estate equities accounted for 73.3% of the market's capitalization at the end of 2024, followed by banking stocks (20.2%), and industrial shares (6.5%). Also, the trading volume reached 1,636,678 shares in December 2024, as it decreased by 4.7% from 1,717,278 shares traded in November 2024 and by 15.8% from 1,944,115 shares in December 2023. Further, aggregate turnover stood at \$71.1m in December 2024, constituting an increase of 54.7% from a turnover of \$46m in the preceding month and a drop of 49.7% from \$141.5m in December 2023. Further, the market capitalization of the BSE was equivalent to 98% of GDP in 2024 compared to 77.9% of GDP in 2023. The market liquidity ratio was 2% at the end of 2024 compared to 3.1% a year earlier.

In addition, banking stocks accounted for 48.5% of the trading volume in 2024, followed by real estate equities (48%) and industrial shares (3.6%). Also, real estate equities accounted for 92.4% of the aggregate value of shares traded last year, followed by industrial shares (5.2%), and banking stocks (2.5%). The average daily traded volume in 2024 was 52,169 shares for an average daily amount of \$2.2m. The figures represent a drop of 66% in the average daily traded volume and a decrease of 16.2% in the average daily value in 2024.

In parallel, the price of Solidere 'A' shares increased by 34.7% and the price of Solidere 'B' shares improved by 33% in 2024, while the price of Holcim shares grew by 17.8% last year. 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, decreased by 2% in November, and surged by 28.5% in December 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, contracted by 3% in November, and rose by 27% in December 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, by 3.4% in each of October and November, and by 4% in December 2024.

Import activity of top five shipping firms and freight forwarders up 0.5% in first eight months of 2024

Figures released by the Port of Beirut show that the aggregate volume of imports by the top five shipping companies and freight forwarders through the port totaled 142,248 20-foot equivalent units (TEUs) in the first eight months of 2024, constituting an increase of 0.5% from 141,477 TEUs in the same period of 2023. The five shipping and freight forwarding firms accounted for 81.6% of imports to the Lebanese market in the covered period. Merit Shipping handled 49,764 TEUs in the first eight months of 2024, equivalent to 28.7% of the total import freight market to Lebanon. Mediterranean Shipping Company (MSC) followed with 41,091 TEUs (23.7%), then MAERSK with 18,641 TEUs (10.8%), Sealine Group with 17,174 TEUs (10%), and Gezairi Transport with 15,578 TEUs (9%). Sealine Group registered a rise of 46.4% in its imports in the first eight months of 2024 from the same period of the preceding year, the highest growth rate among the top five companies, while Maersk posted a drop of 26.6%, the steepest decline among the five firms in the covered period. Also, the import shipping operations of the top five firms through the port decreased by 18% in August 2024 from the preceding month and by 3% from August 2023.

In parallel, the aggregate volume of exports by the top five shipping and freight forwarding firms through the Port of Beirut reached 46,231 TEUs in the first eight months of 2024, representing a decline of 11% from 51,930 TEUs in the same period of the previous year. The five companies accounted for 91.5% of exported Lebanese cargo in the covered period. Merit Shipping handled 26,099 TEUs of freight in the first eight months of 2024, equivalent to 51.6% of the Lebanese cargo export market. Sealine Group followed with 5,991 TEUs (12%), then MAERSK with 5,978 TEUs (11.8%), MSC with 4,760 TEUs (9.4%), and Gezairi Transport with 3,403 TEUs (6.7%). Sealine Group posted a surge of 62.7% in exports in the first eight months of 2024 from the same period of 2023, the highest growth rate among the top five companies, while Maersk registered a decrease of 51.2%, the steepest decline among the five firms in the covered period. The export-shipping operations of the top five companies grew by 27% in August 2024 from the previous month and regressed by 6.2% from August 2023.

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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