



Byblos Bank/AUB Consumer Confidence Index: Parliamentary Elections Lift Consumer Confidence in Second Quarter of 2018

Byblos Bank Headquarters, July 24, 2018: Byblos Bank issued today the results of the Byblos Bank/AUB Consumer Confidence Index for the second quarter of 2018.

The results show that the Index increased by 5% in April from the preceding month, surged by 34% in May and declined by 2% in June 2018. Further, the Index averaged 74.2 in the second quarter of 2018, constituting an increase of 22% from 60.8 in the first quarter of 2018 and a rise of 35.4% from 54.8 in the second quarter of 2017. In addition, the Byblos Bank/AUB Present Situation Index averaged 67.5 in the second quarter of 2018 and increased by 13.8% from the preceding quarter, while the Byblos Bank/AUB Expectations Index averaged 78.6 and surged by 27.1% from the first quarter of 2018. Still, the average monthly score of the Index in the second quarter of 2018 was 30% lower than the quarterly peak score of 105.8 registered in the fourth quarter of 2008, and remained 23.3% below the annual peak of 96.7 reached in full year 2009.

Commenting on the results, Mr. Nassib Ghobril, Chief Economist and Head of the Economic Research and Analysis Department at Byblos Bank Group stated: "the main factor that affected household sentiment in the second quarter of the year was the successful holding of Lebanon's long-delayed parliamentary elections in May 2018, as well as the outcome of the elections."

He indicated that "the anticipation by Lebanese citizens that the elections would take place as scheduled, rather than being postponed once again, led the Byblos Bank/AUB Present Situation Index to improve by 7% and the Byblos Bank/AUB Expectations Index to increase by nearly 4% in April 2018." He added: "the elections represented the first opportunity in nine years for Lebanese citizens to exercise their constitutional right to choose their representatives in Parliament, which gave them a sense of empowerment as well as expectations for better governance at the national level." As such, he considered that "the outcome of the elections led the Present Situation Index to grow by 12.5% and the Expectations Index to jump by 48% in May." He said: "the general voters' satisfaction with the election results improved the Present Situation Index by an additional 10% in June, while the subsiding post-elections euphoria contributed to dragging down the Expectations Index by 8% in June."

Mr. Ghobril noted, "the second quarter results show that, regardless of their political affiliation, the majority of voters seem to be generally satisfied with the outcome of the parliamentary elections." As a result, household confidence in May reached its highest level since July 2010, while the second-quarter results were 36% higher than the monthly trend average score of 54.6 since the inception of the Index in July 2007.

Mr. Ghobril added that "the election results raised the expectations of Lebanese households that the new Parliament and, by extension, the ensuing new government, will take measures that will improve their quality of living and economic well-being. As such, the Expectations Index posted in May its highest level since July 2010."

He pointed out that: "despite the improvement of the Byblos Bank/AUB Consumer Confidence Index in the second quarter of the year, Lebanese citizens still need to see concrete evidence and tangible solutions that improve their economic well-being in order to sustain their confidence level, as they have repeatedly seen many politicians put personal or partisan agendas ahead of the national interest." He noted that "the ongoing delay in the formation of a new government may dent the expectations of households."

The Index revealed that the second-quarter results reflected a modest improvement in the level of optimism among Lebanese households, as 11.9% of the Lebanese polled expected their financial conditions to improve in the coming six months compared to 10.4% in the preceding quarter, while 58% of respondents believed that their financial situation will deteriorate, compared to 63% in the first quarter of 2018. In addition, 11.2% of the Lebanese surveyed in June 2018 expected business conditions in Lebanon to improve in the coming six months compared to 7.4% in March 2018, while 67.8% of respondents surveyed in June 2018 anticipated business conditions to deteriorate, relative to 68.3% in March 2018.

The results of the Byblos Bank/AUB Consumer Confidence Index for the second quarter of 2018 show that male consumers had a higher level of confidence than their female counterparts, and consumers in the 21 to 29 year-old bracket posted the highest confidence level relative to citizens in other age brackets during the covered quarter. Also, households with an income of USD 2,500 or more per month continued to be more confident than those earning less. Moreover, public sector employees were more optimistic than the self-employed, housewives, private sector employees and the unemployed in the second quarter of the year.

In addition, the confidence level of residents in the Bekaa region increased by 111% in the second quarter of 2018 from the preceding quarter, followed by households in the South (+41%), the North (+35.5%) and Beirut (+12.8%); while the sentiment of residents in Mount Lebanon regressed by 8% in the covered quarter. Further, the confidence level of Shiite households surged by 60.2% quarter-on-quarter in the second quarter of 2018, followed by Sunni consumers (+27%) and Christian households (+14.2%); while the sentiment of Druze households retreated by 12% from the first quarter of 2018. However, Druze households registered the highest level of confidence in the second quarter of 2018, followed by Christian, Shiite and Sunni households.

The Byblos Bank/AUB Consumer Confidence Index is a measure of the sentiment and expectations of Lebanese consumers toward the economy and their own financial situation. The Index is compiled, implemented and analyzed in line with international best practices

and according to criteria from leading consumer confidence indices worldwide. It is composed of two sub-indices, the Byblos Bank/AUB Present Situation Index and the Byblos Bank/AUB Expectations Index. The first sub-index covers the current economic and financial conditions of Lebanese consumers, and the second one addresses their outlook over the coming six months. In addition, the data segregates the Index based on age, gender, income, profession, geographical region, and religious affiliation. The Byblos Bank Economic Research and Analysis Department has been calculating the Index on a monthly basis since July 2007, with January 2009 as its base month. The Index is based on a face-to-face monthly survey of a nationally representative sample of 1,200 males and females living throughout Lebanon. The monthly field survey is conducted by Statistics Lebanon Ltd, a market research and opinion-polling firm.

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