

LEBANON THIS WEEK

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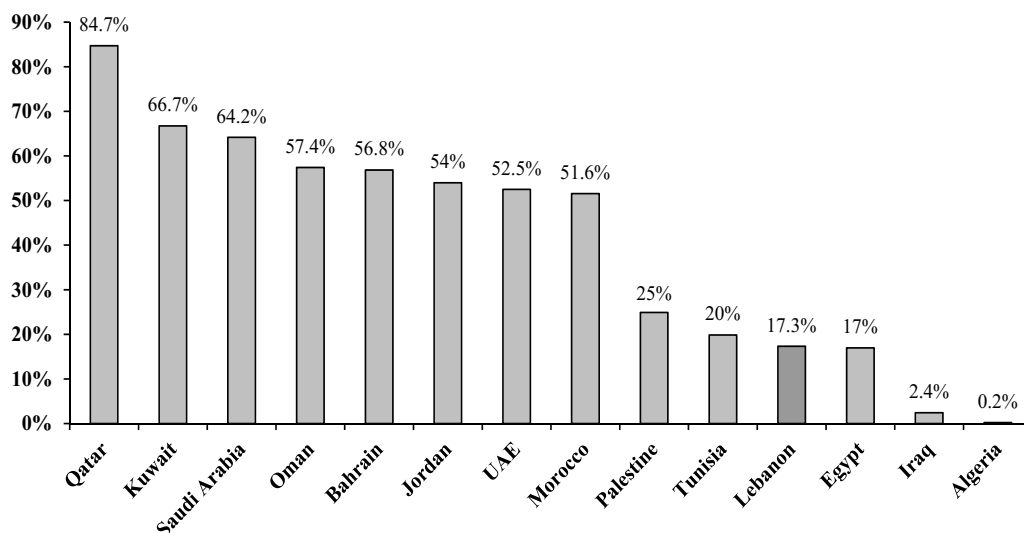
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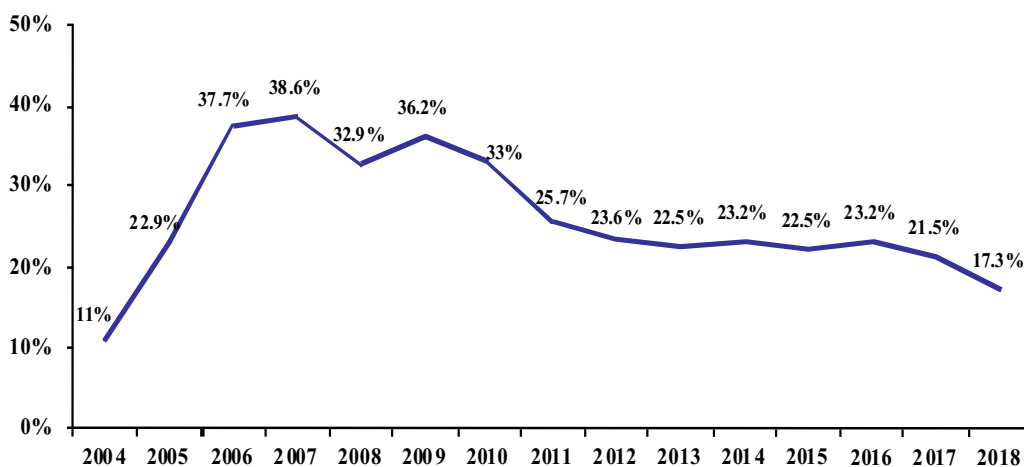
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Charts of the Week

Stock Market Capitalization in Select Arab Countries at end-2018 (% of GDP)



Stock Market Capitalization in Lebanon (% of GDP)



Source: Local Stock Exchanges, Institute of International Finance, International Monetary Fund, Byblos Bank

Quote to Note

"The fiscal and current account deficits can continue to be financed from existing foreign currency liquidity in the banking system for the coming two to three years."

Global investment bank Goldman Sachs, on the ability of the Lebanese banking system to maintain public finance stability

Number of the Week

5,000: Number of new recruits in the public sector in 2018, according to Minister of Finance Ali Hassan Khalil

Lebanon in the News

\$m (unless otherwise mentioned)	2017	Jan-Oct 2017	Jan-Oct 2018	% Change*	Oct-17	Sep-18	Oct-18
Exports	2,844	2,364	2,464	4.23	251	214	265
Imports	19,582	16,223	16,874	4.02	1,769	1,438	1,718
Trade Balance	(16,738)	(13,859)	(14,411)	3.98	(1,517)	(1,224)	(1,454)
Balance of Payments	(156)	(1,078)	(3,122)	189.68	(888)	(146)	(1,810)
Checks Cleared in LBP	21,674	17,663	18,235	3.24	1,993	1,885	2,064
Checks Cleared in FC	46,562	38,751	37,493	(3.25)	4,147	3,655	4,017
Total Checks Cleared	68,254	56,429	55,735	(1.23)	6,140	5,540	6,081
Fiscal Deficit/Surplus**	(3,756)	(2,003)	(4,508)	125	(492.4)	(1,125)	-
Primary Balance**	1,427.8	1,628.9	(590.9)	-	(52.6)	(665.1)	-
Airport Passengers***	8,235,845	7,016,089	7,536,392	7.42	616,742	849,299	684,617
Consumer Price Index****	4.4	4.3	6.3	200bps	4.6	6.5	6.3

\$bn (unless otherwise mentioned)	2017	Oct 2017	Jul 2018	Aug 2018	Sep 2018	Oct 2018	% Change*
BdL FX Reserves	35.81	36.77	34.21	33.92	34.15	34.62	(5.85)
In months of Imports	18.57	20.79	14.76	18.64	23.75	20.15	(3.07)
Public Debt	79.53	78.48	82.90	83.69	83.85	84.02	7.06
Bank Assets	219.86	215.79	236.31	238.46	241.12	242.61	12.43
Bank Deposits (Private Sector)	168.66	169.40	173.01	173.22	173.94	173.25	2.27
Bank Loans to Private Sector	59.69	58.59	59.22	59.40	59.42	59.15	0.96
Money Supply M2	52.51	54.98	53.58	53.21	52.71	52.06	(5.32)
Money Supply M3	138.62	138.82	140.85	141.04	141.35	140.24	1.02
LBP Lending Rate (%)	8.09	8.24	8.66	8.81	9.31	9.60	136bps
LBP Deposit Rate (%)	6.41	5.56	6.94	7.03	7.39	7.74	218bps
USD Lending Rate (%)	7.67	7.39	7.96	8.12	8.11	8.30	91bps
USD Deposit Rate (%)	3.89	3.72	4.14	4.20	4.36	4.63	91bps

*year-on-year **figures are for first nine months of each year ***includes arrivals, departures, transit ****year-on-year percentage change

Note: bps i.e. basis points

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

Capital Markets

Most Traded Stocks on BSE	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization
Audi Listed	4.90	0.00	9,294,412	20.34%
Solidere "A"	6.77	(3.15)	66,856	7.03%
Byblos Common	1.36	(0.73)	53,334	7.99%
BLOM Listed	9.26	0.11	19,200	20.67%
Solidere "B"	6.80	(1.31)	15,435	4.59%
BLOM GDR	9.40	0.00	5,860	7.21%
Byblos Pref. 09	70.00	0.00	208	1.45%
Audi GDR	4.87	0.00	-	6.06%
HOLCIM	15.50	0.00	-	3.14%
Byblos Pref. 08	70.00	0.00	-	1.45%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
May 2019	6.00	97.25	14.12
Mar 2020	6.38	94.75	11.34
Apr 2021	8.25	93.75	11.47
Oct 2022	6.10	84.88	11.18
Jun 2025	6.25	78.75	10.95
Nov 2026	6.60	77.38	10.96
Feb 2030	6.65	74.88	10.54
Apr 2031	7.00	73.38	11.00
Nov 2035	7.05	74.63	10.24
Mar 2037	7.25	74.88	10.34

Source: Byblos Bank Capital Markets

	Jan 8-11	Jan 2-4	% Change	December 2018	December 2017	% Change
Total shares traded	49,696,215	65,172	76,153.9	5,407,192	11,929,343	(54.7)
Total value traded	\$142,914,939	\$536,704	26,528.3	\$27,863,342	\$116,215,896	(76.0)
Market capitalization	\$9.63bn	\$9.66bn	(0.32)	\$9.68bn	\$11.47bn	(15.7)

Source: Beirut Stock Exchange (BSE)

CDS Lebanon	Jan 4, 2019	Jan 11, 2019	% Change**
CDS 1-year*	931.25	1,372.57	47.4
CDS 3-year*	875.54	978.84	11.8
CDS 5-year*	810.90	909.11	12.1

Source: ICE CMA; *mid-spread in bps **week-on-week

CDX EM 30*	Jan 4, 2019	Jan 11, 2019	% Change***
CDS 5-year**	95.76	95.79	0.03

Source: ICE CMA; * CDX Emerging Market CDS Index-Series 30

mid-spread in bps *week-on-week

Cost of living in Beirut is 196th highest in the world, second highest among Arab cities

The 2019 Cost of Living Index, produced by crowd-sourced global database Numbeo, ranked the cost of living in Beirut as the 196th highest among 433 cities around the world and the second highest among 22 Arab cities. Also, the cost of living in Beirut was the highest among 92 cities in upper middle-income countries (UMICs) included in the survey. Based on the same set of cities included in the 2018 and 2019 surveys, Beirut's rank changed from 194th place in the 2018 survey to 190th place in the 2019 survey, reflecting a relative increase in the cost of living. The Cost of Living Index is an indicator of consumer goods prices, such as groceries, restaurants, transportation and utilities. Numbeo benchmarks the Index against New York City. It also issues a Rent Index, which is an estimation 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.

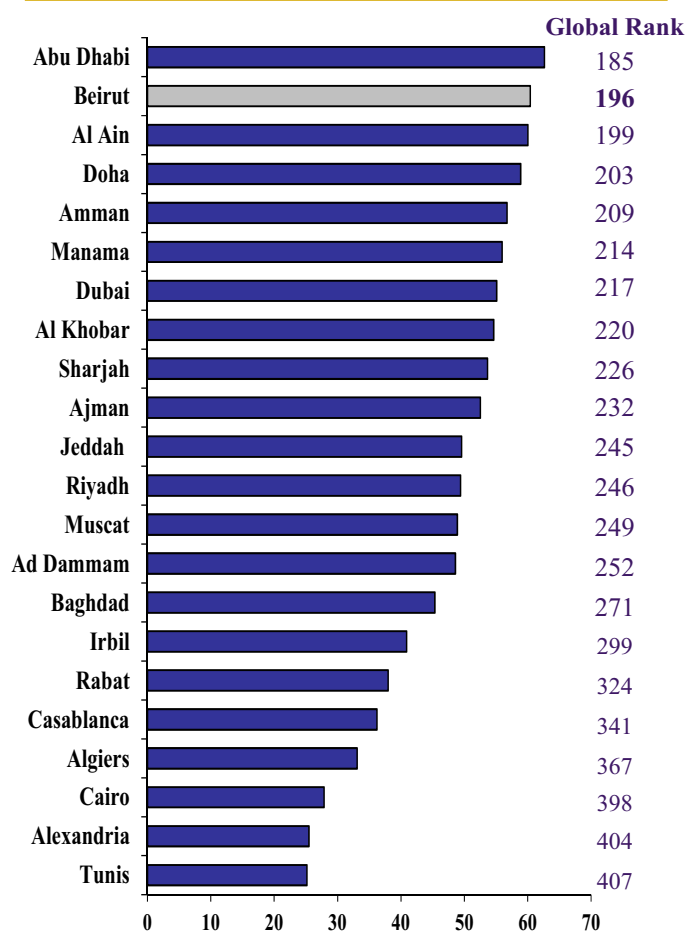
According to the Cost of Living Index, consumer goods in Beirut are more expensive than in Barcelona, Detroit and Al Ain in the UAE, while they are less costly than in Madrid, Belfast and Winnipeg in Canada. Basel in Switzerland ranked as the most expensive city in the world, while Rawalpindi in Pakistan came as the least expensive city globally. Beirut received a score of 60.41 points, which means that prices in Beirut are 39.6% lower than those in New York City.

In parallel, the Rent Index ranked Beirut in 133rd place globally, in fifth place among Arab cities, and in fourth place among cities in UMICs. Globally, renting an apartment in Beirut is more expensive than in Ottawa, Adelaide in Australia, and Manchester in the United Kingdom; while it is less expensive than in Kansas City, Calgary, and in Bakersfield, California. Further, Abu Dhabi, Doha, Dubai and Ajman in the UAE are the only Arab cities that have more expensive rents than Beirut, while Beijing, Shanghai and Suva in Fiji are the only UMICs with more expensive rents. Lebanon received a score of 29.58 points on the index, which means that rent in Lebanon is 70.4% less expensive than in New York City. San Francisco has the highest apartment rents in the world, while rent in India's Bhopal is the lowest globally.

Also, the Groceries Index, which is an estimate of grocery prices in a city compared to New York City, ranked Beirut in 224th place globally, in seventh place among Arab cities and in 10th place among cities in UMICs. Lebanon received a score of 45.3 points, which means that groceries in Beirut are 54.7% less expensive than they are in New York City. Globally, groceries in Beirut are more expensive than in Uruguay's capital city of Montevideo, Athens, and Bali in Indonesia; while they are cheaper than in Larnaca, Harare in Zimbabwe and Ljubljana in Slovenia. In addition, groceries in Beirut are less costly than only in Al Ain, Abu Dhabi, Manama, Al Khobar, Doha, and Amman among Arab cities.

Finally, the Restaurant Index, which compares the prices of meals and drinks at restaurants and pubs relative to New York City, ranked Beirut in 196th place globally, in fourth place among Arab cities and in first place among cities in UMICs. The Lebanese capital received a score of 58.2 points on the index, which means that prices at restaurants and pubs in Beirut are 41.8% less expensive than they are in New York City. Globally, meals and drinks at restaurants and pubs in Beirut are more expensive than in Coquitlam in Canada, as well as in the German cities of Drasden and Aachen, while they are cheaper than in Knoxville, Quebec City and San Antonio. Also, meals and drinks at restaurants and pubs in Beirut are less costly than in Abu Dhabi, Doha and Dubai among Arab countries.

Cost of Living Index for 2019
Scores & Rankings of Arab Countries



Source: Numbeo, Byblos Research

Cost of mobile-cellular services in Lebanon is ninth most expensive among Arab countries

The International Telecommunication Union (ITU) indicated that the mobile-cellular basket price in Lebanon was equivalent to 2.32% of the country's gross national income (GNI) per capita in 2017, or about \$16.1 per month, relative to an average of about 4% of GNI per capita in Arab countries. The mobile-cellular basket covers the cost of a standard 30 outgoing calls per month at predetermined rates, plus 100 SMS messages. The cost of mobile-cellular basket in Lebanon was the 84th highest among 181 economies globally and the ninth highest among 20 Arab countries with available figures. Lebanon's mobile-cellular basket price was also the 25th highest among 51 upper middle-income countries (UMICs) included in the survey. The UAE has the cheapest mobile-cellular service among Arab countries at 0.19% of GNI per capita per month, while Mauritania has the most expensive such service in the region at 19.11% of GNI per capita per month.

In parallel, the cost of prepaid handset-based mobile broadband service in Lebanon was equivalent to 1.44% of the GNI per capita in Lebanon, or about \$10 per month in 2017. The cost covers an entry-level mobile-broadband subscription with a validity of 30 days, with a minimum of 500 Megabytes of data volume allowance that is used through handheld devices such as a mobile phones or tablets. The cost of the service in Lebanon was the 90th highest globally, the 28th highest among 50 UMICs and the 11th highest among Arab countries. Qatar has the least expensive prepaid handset-based mobile broadband service among Arab countries at 0.32% of GNI per capita, while Mauritania has the most expensive such service in the region at 33.2% of GNI per capita per month.

In addition, the cost of postpaid computer-based mobile-broadband services in Lebanon was equivalent to 3.02% of the country's GNI per capita, or about \$20.9 per month in 2017. The cost covers an entry-level computer-based mobile-broadband subscription with a validity of 30 days, with a minimum of one Gigabyte of data volume allowance. The cost of the service in Lebanon was the 75th most expensive globally, the 16th highest among 49 UMICs and ninth most expensive among the Arab countries with available figures. Qatar has the cheapest postpaid computer-based mobile-broadband service among Arab countries at 0.49% of GNI per capita per month, while Mauritania has the most expensive such service in the region at 3.19% of GNI per capita per month.

Further, the cost of fixed broadband for a minimum of one Gigabyte in Lebanon was equivalent to 2.3% of the country's GNI per capita, or about \$15.9 per month in 2017. The cost covers a monthly subscription to an entry-level fixed-broadband plan. The cost of the service in Lebanon was the 104th highest globally, the 34th highest among UMICs and 13th highest among Arab countries. In comparison, Kuwait has the least expensive fixed broadband in the Arab world at 0.36% of GNI per capita, while Comoros has the most expensive such service in the region at 54.25% of GNI per capita per month.

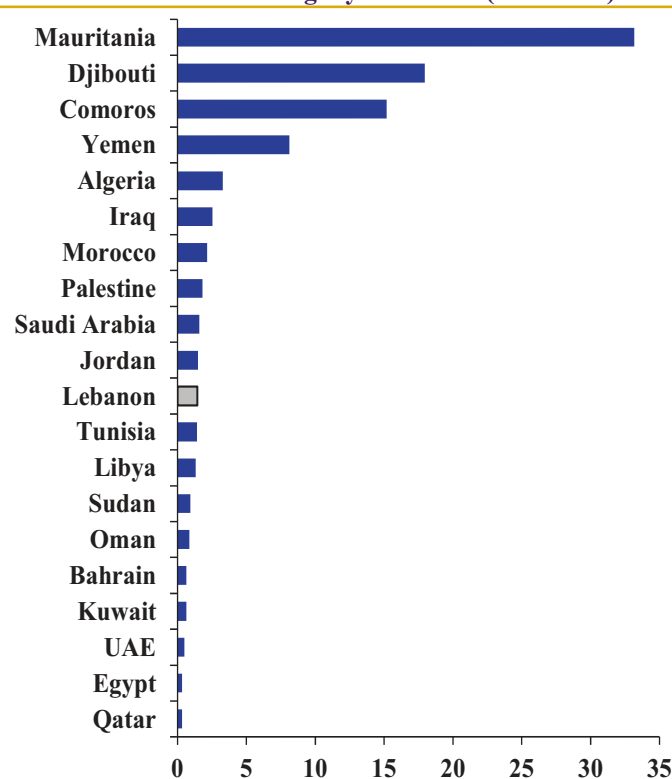
Industrial exports up 3% to \$1.9bn in first nine months of 2018

Figures released by the Ministry of Industry show that industrial exports totaled \$1.88bn in the first nine months of 2018, constituting an increase of 3.3% from \$1.82bn in the same period of 2017. Industrial exports reached \$206.2m in September 2018, down by 2.9% from \$212.4m in the preceding month, and up by 23% from \$167.6m in September 2017.

Exports of chemical products totaled \$351.6m and accounted for 18.7% of aggregate industrial exports in the first nine months of 2018, followed by machinery & mechanical appliances with \$314.2m (16.7%), foodstuffs & tobacco with \$306.8m (16.3%), base metal exports with \$304.6m (16.2%), plastics & rubber with \$134.8m (7.2%), and paper & paperboard with \$108.8m (5.8%). Arab countries were the destination of 50.5% of Lebanese industrial exports in the first nine months of 2018, followed by European economies with 18.8%, Asian countries with 11.8%, African economies with 11.2%, countries in the Americas with 6.2%, and markets in Oceania with 0.7%. On a country basis, the UAE was the main destination of Lebanese industrial exports and accounted for 9.6% of the total in the covered period, followed by Saudi Arabia with 8%, Syria with 7.3%, Iraq with 6.9%, Turkey with 5.8%, and Qatar with 4.8%. In September 2018, 11 Arab states, nine economies in Europe, seven countries in Africa, five economies in Asia, two countries in the Americas and one country in Oceania imported \$1m or more each of Lebanese industrial products.

In parallel, imports of industrial equipment and machinery reached \$210.3m in the first nine months of 2018, up by 8.3% from \$194.1m in the same period of 2017. Italy was the main source of such imports and accounted for 33.4% of the total in the first nine months of 2018, followed by Germany with 17.7% and China with 14.1%. Further, imports of industrial equipment and machinery amounted to \$13.5m in September 2018, down by 55.2% from \$30.1m in September 2017. Italy was the main source of such imports with \$4.1m and accounted for 30.4% of the total in the covered month, followed by China with \$3.1m (23.2%) and Germany with \$1.4m (10.6%).

Cost of prepaid handset-based mobile-broadband for a minimum of 500 Megabytes in 2017 (% of GNI)



Source: International Telecommunication Union, Byblos Research

Occupancy rate at Beirut hotels at 65%, room yields up 1% in first 11 months of 2018

EY's benchmark survey of the hotel sector in the Middle East indicated that the average occupancy rate at hotels in Beirut was 64.6% in the first 11 months of 2018, relative to 64.7% in the same period of 2017 and compared to an average rate of 63.1% in 14 Arab markets included in the survey. The occupancy rate at Beirut hotels was the fifth highest in the region in the covered period, while it was the seventh highest in the first 11 months of 2017. The occupancy rate at hotels in Beirut was nearly unchanged year-on-year in the covered period. In comparison, the average occupancy rate in Arab markets regressed by 1.5% year-on-year in the first 11 months of 2018. Occupancy rates at Beirut hotels were 49.1% in January, 61.3% in February, 63.5% in March, 68.5% in April, 50.9% in May, 60.9% in June, 73% in July, 73.3% in August, 72.3% in September, 69.6% in October and 68.5% in November 2018. In comparison, occupancy rates at Beirut hotels were 56.3% in January, 68.3% in February, 63.1% in March, 70.6% in April, 69.5% in May, 44.1% in June, 74% in July, 68% in August, 74.4% in September, 68.8% in October and 53.8% in November 2017.

The average rate per room at Beirut hotels was \$186 in the first 11 months of 2018, the fourth highest rate in the region relative to Jeddah (\$293), Dubai (\$255) and Kuwait (\$189). The average rate per room at Beirut hotels increased by 1.3% year-on-year in the covered period. The average rate per room in Beirut was higher than the regional average of \$168.3 that regressed by 2.6% from the first 11 months of 2017.

Further, revenues per available room (RevPAR) were \$120 in Beirut in the first 11 months of 2018 compared to \$119 in the same period of 2017. They were the third highest in the region behind Dubai (\$192) and Jeddah (\$173). Beirut's RevPAR increased by 1.2% year-on-year and posted the fifth highest rise regionally behind Cairo (+20.9%), Jeddah (+8.1%), Amman (+2.3%) and Ras Al Khaimah (+1.4%). Beirut posted RevPARs of \$74 in January, \$88 in February, \$110 in March, \$120 in April, \$89 in May, \$134 in June, \$144 in July, \$152 in August, \$133 in September, \$123 in October and \$125 in November 2018. In comparison, RevPARs at Beirut hotels reached \$87 in January, \$99 in February, \$106 in March, \$127 in April, \$121 in May, \$92 in June, \$152 in July, \$135 in August, \$149 in September, \$124 in October and \$85 in November 2017. Abu Dhabi posted the highest occupancy rate at 77.5%, while Jeddah had the highest average rate per room in the region at \$293 and Dubai had the highest RevPAR at \$192 in the first 11 months of 2018.

Revenues through Port of Beirut at \$202m in first 10 months of 2018

Figures released by the Port of Beirut show that the port's overall revenues reached \$201.8m in the first 10 months of 2018, nearly unchanged from \$202m in the same period of 2017. The Port of Beirut handled 6.6 million tons of freight in the covered period, down by 6.7% from 7.1 million tons in the first 10 months of 2017. Imported freight amounted to 5.8 million tons in the first 10 months of 2018 and accounted for 88% of the total, while the remaining 794,000 tons, or 12%, consisted of export cargo. A total of 1,580 ships docked at the port in the year-to-October 2018, unchanged from the first 10 months of 2017.

In parallel, revenues generated through the Port of Tripoli reached \$13.1m in the first 10 months of 2018, constituting a decrease of 5.8% from \$13.9m in the same period of 2017. The Port of Tripoli handled 1,479,175 tons of freight in the covered period, constituting a decline of 6.8% from 1,587,471 tons in the first 10 months of 2017. Imported freight amounted to 1,204,979 tons and accounted for 81.5% of the total, while the remaining 274,196 tons, or 18.5%, were export cargo. A total of 551 vessels docked at the port in the first 10 months of 2018, constituting a drop of 15% from 648 ships in the same period of 2017.

Treasury transfers to Electricité du Liban up 38% to \$1.2bn in first nine months of 2018

Figures released by the Finance Ministry show that Treasury transfers to Electricité du Liban (EdL) totaled \$1.23bn in the first nine months of 2018, constituting an increase of 37.9% from \$895.5m in the same period of 2017. Reimbursements for the purchase of natural gas, fuel and gas oil totaled \$1.22bn, or 98.5% of transfers, in the covered period, and transfers to Electricity Syria reached \$12.6m, or 1% of the total, while EdL's debt servicing represented the balance of \$6m, or 0.5% of the transfers. Reimbursements for the purchase of natural gas, fuel and gas oil mostly consist of payments to the Kuwait Petroleum Corporation and to the Algerian energy conglomerate Sonatrach. Reimbursements grew by 40.1% from \$867.7m in the first nine months of 2017, while debt servicing declined by 37.2% from \$9.3m and transfers to Electricity Syria decreased by 29.2% from \$17.9m in the same period of 2017.

EdL transfers accounted for 13.3% of primary expenditures in the first nine months of 2018, compared to 13.2% in the same period of 2017. They constituted the third largest expenditures item after public sector salaries & wages and debt servicing in overall fiscal spending. EdL transfers were equivalent to 5.1% of GDP in 2012, 4.3% of GDP in each of 2013 and 2014, 2.3% of GDP in 2015, 1.8% of GDP in 2016 and 2.5% of GDP in 2017.

Hotel Sector Performance in First 11 Months of 2018

	Occupancy Rate (%)	RevPAR (US\$)	RevPAR % change
Dubai	75.2	192	(1.1)
Jeddah	58.9	173	8.1
Beirut	64.6	120	1.2
Ras Al Khaimah	72.3	117	1.4
Makkah	60.3	111	(4.9)
Kuwait City	56	106	(2.3)
Riyadh	55.2	95	(6.4)
Madina	63.3	93	(11.7)
Amman	60	85	2.3
Manama	51.2	82	(10.8)
Abu Dhabi	77.5	79	(7.1)
Muscat	56.3	78	(31.5)
Cairo City	72.4	75	20.9
Doha	60.1	74	(16.6)

Source: EY, Byblos Research

New law aims to improve Lebanon's rating on the exchange of financial information

The Lebanese government published the official text of Law 106 that amends several articles of the Tax Procedures Law (Law 44), which the Lebanese Parliament enacted during its session of November 12, 2018. Law 106 provided a definition for "beneficial owner" and required the inclusion of detailed information about beneficial owners in tax reporting. It said that the beneficial owner is a natural person who owns or effectively controls directly or indirectly the outcome of any activity conducted by another natural or moral person in Lebanon, even though the name of the beneficial owner may not appear in the legal documentation related to the activity.

The law aims to improve Lebanon's rating on the exchange of financial information in the second round review of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum), which was launched in June 2018. The Global Forum assigned to Lebanon a provisional rating of "Largely Compliant" on the good progress that Lebanese authorities made in implementing the Exchange of Information on Request (EOIR) standard. Lebanon's rating would improve if it implements all of the Global Forum's required recommendations. In this context, the Global Forum is focusing in the second round of its review on including provisions in the Lebanese tax system that are related to beneficial ownership, such as the definition of the beneficial owner, the mechanism to identify a beneficial owner, as well as the process of supervising them. The newly-imposed legal requirements allow the tax administration to monitor and regulate the activities of beneficial owners, which demonstrates Lebanon's commitment to the standards of the Global Forum, and to the fight against money laundering and combating the financing of terrorism. In addition, the country's commitment to global standards would prevent Lebanon from being blacklisted following the end of the second round review, which would deter any adverse financial and economic impact.

Electricité du Liban signs operational contract with Electricité de Zahlé

The Ministry of Energy & Water indicated that Electricité du Liban (EdL) signed an operational contract with the privately-owned Electricité de Zahlé (EdZ), which allows the latter to continue to supply electricity to residents in Zahlé. The ministry claimed that the agreement, which went into effect on January 1, 2019, aims to establish a public-private partnership between the two entities. The new contract replaced EdZ's concession agreement with the Lebanese government, which expired at the end of 2018. A concession agreement is a contract between a company and a government that allows the firm to operate a specific business within the government's jurisdiction. The ministry indicated that EdZ will retain its current employees.

In November 2018, the Lebanese Parliament approved a law that allows EdL to sign a two-year operating contract with EdZ. Based in Zahlé, Electricité de Zahlé is a privately-owned utility company that develops, operates and maintains electricity networks in Zahlé and in the surrounding areas. More specifically, it serves over 65,000 customers that are located in 16 municipalities.

Term deposits account for 89% of customer deposits at end-September 2018

Figures issued by Banque du Liban about the distribution of bank deposits at commercial banks in Lebanon show that term deposits were the preferred type of account for resident and non-resident depositors in Lebanese pounds and in foreign currency at the end of September 2018. Term deposits in all currencies reached \$165.2bn at end-September 2018, constituting an increase of 1.6% from \$162.5bn at end-2017. They accounted for 88.5% of total deposits in Lebanese pounds and in foreign currency at end-September 2018 relative to a share of 90% at end-2017.

Resident private-sector term deposits in foreign currency totaled \$77.3bn and accounted for 41.4% of total deposits at the end of September 2018. Resident private-sector term deposits in Lebanese pounds followed with \$44.5bn (23.8%), then non-resident term deposits with \$33.2bn (17.8%), term deposits of the non-resident financial sector with \$6.4bn (3.4%), public-sector term deposits in Lebanese pounds with \$3.7bn (2%), and public-sector term deposits in foreign currency with \$154.8m (0.1%).

In parallel, resident private-sector demand deposits in foreign currency amounted to \$10.7bn and represented 5.7% of total deposits at the end of September 2018. Resident private-sector demand deposits in Lebanese pounds followed with \$4.5bn (2.4%), then non-resident demand deposits with \$3.8bn (2%), demand deposits of the non-resident financial sector with \$2.1bn (1.1%), public-sector demand deposits in Lebanese pounds with \$291.2m (0.2%), and public-sector demand deposits in foreign currency with \$124.6m (0.1%).

Beirut and its suburbs attracted 68% of private sector deposits and 47.3% of depositors at the end of June 2018, the latest available figures. Mount Lebanon followed with 14.5% of deposits and 18.8% of beneficiaries, then South Lebanon with 6.9% of deposits and 12.6% of depositors, North Lebanon with 6% of deposits and 12.4% of beneficiaries, and the Bekaa with 4.7% of deposits and 9% of depositors.

Spending by Syrian refugees up 13.4% in 2018

A survey commissioned by the United Nations High Commissioner for Refugees (UNHCR), the World Food Program (WFP) and the United Nations Children's Fund (UNICEF) indicated that Syrian refugees are exhausting their limited financial resources and are adopting more severe coping mechanisms to survive.

The survey showed that a Syrian refugee in Lebanon spent an average of \$110.9 per month in 2018, up by 13.4% from \$97.8 in 2017. It noted that refugees in the Metn area spent \$179.5 per capita on a monthly basis, followed by Syrians in the Keserwan district with \$172 per capita, in Beirut with \$160 per capita and in Jbeil with \$156.9 per capita; while refugees in Baalbek and Hermel spent \$66.3 and \$63.6 per capita, respectively. It added that per capita expenditures increased year-on-year in 22 districts in Lebanon, while they contracted in four districts. It said that the rise in spending could be attributed to more resources available to households to cover their needs.

Further, the survey indicated that household spending on food accounted for 40.4% of total monthly expenditures in 2018, followed by rent (20%) and healthcare (12.2%), while other categories, such as hygiene, telecom, water, transport and electricity, represented the remaining 27.4%. It added that rent was the most important factor in the choice of the place of residence for 60% of households. It noted that the average monthly rent among surveyed refugees across Lebanon was nearly unchanged at \$182 in 2018 relative to \$183 in 2017, and that refugees were struggling to find affordable housing. It indicated that monthly rent was the highest in Beirut and Mount Lebanon at \$358 and \$255, respectively, and was the lowest in the Bekaa and the Baalbek-Hermel areas at \$120 and \$80, respectively. It said that rent ranged from \$35 per month for non-permanent structures, such as tents at informal settlements, to an average of \$149 and \$221 per month for non-residential and residential accommodations, respectively.

Also, the survey revealed that 51% of households spent less than \$87 per month in 2018, which is below the Survival Minimum Expenditure Basket that includes basic items needed for the physical survival of a household. It estimated that 68.5% of Syrian refugee households lived below the poverty line of \$3.84 per person per day in 2018, down from 76% in 2017. In addition, the survey indicated that 18% of households reported that everyone of their members had legal residency in Lebanon relative to 19% in 2017 and 20% in 2016. Also, 61% of households stated that none of their members had legal residency, up from 55% in 2017.

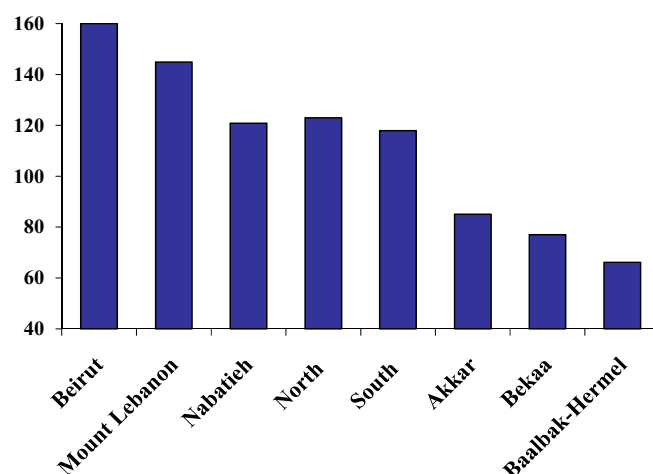
In parallel, the survey indicated that income opportunities continue to be a challenge for Syrian refugees. It noted that 53.8% of households cited informal credit from shops, friends and family as their primary source of income, down from 62% in 2017; while 33.1% of households revealed that they relied on food vouchers as their main source of income, unchanged from 2017. Also, 21.8% of households said that temporary construction work was their primary source of income compared to 23% in 2017, while 16.6% noted that the services sector was their main source of income relative to 15% in 2017. Further, 14.5% of households said that work in the agricultural sector was their primary source of income compared to 15% in 2017, while 5.1% considered that the manufacturing was their main source of income, unchanged from 2017. In parallel, 17% of households indicated that humanitarian organizations were their main source of income, while 6.4% of households reported gifts from family and friends as their main source of financial support.

As a result, the survey pointed out that 97% of households adopted some type of strategy to cope with their limited income, as 78.6% of households said that they bought food on credit and 75% noted that they reduced their spending on food. Also, 55% of households reported a decrease in spending on essential non-food items such as healthcare and education, 29.7% acknowledged that they spent from their savings and 21.6% indicated that they sold household goods.

Further, the survey showed that 88.3% of Syrian households are currently in debt, with 75.9% of households reporting debt in excess of \$200 each and 43.3% having debt in excess of \$600 each. It noted that indebted refugees have accumulated an average of \$896 in debt per household in 2018, up from \$798 in 2017. It added that households in Akkar, Batroun, Rashaya and Saida have the lowest amount of debt, while more than 50% of refugee households in the Becharré, Bint Jbeil, Hasbaya, Jezzine, Kesrwan, Koura, Metn and Zgharta regions have debt above \$600 each. It said that 82% of households reported that they borrowed money to buy food, 53% revealed that they borrowed funds to pay rent and 35% noted that they resorted to debt to cover healthcare expenses. Also, 84% of households cited friends and relatives in Lebanon as the main sources of borrowed money, followed by supermarkets and shops (47%), and landlords (12%). Further, households noted that alternative sources for borrowing money included friends or relatives outside Lebanon, local charities and money lenders.

The survey results are part of the 2018 Vulnerability Assessment for Syrian Refugees in Lebanon. The data was collected from 4,446 Syrian refugee households in 26 districts across Lebanon. The survey was conducted between April 16 and May 4, 2018 for quantitative analysis, and discussion groups were held to gather qualitative information.

Spending per Syrian Refugee by Governorate (US\$)

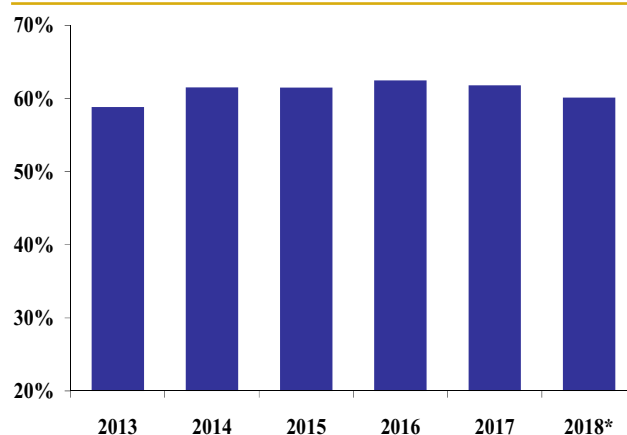


Source: UNHCR, WFP, UNICEF, Byblos Research

Gross public debt at \$83.6bn at end-November 2018

Lebanon's gross public debt reached \$83.6bn at the end of November 2018, constituting an increase of 5.2% from \$79.5bn at the end of 2017 and a rise of 5.4% from \$79.4bn at end-November 2017. In nominal terms, the gross public debt grew by \$4.1bn in the first 11 months of 2018 relative to an increase of \$4.5bn in the same period of 2017. Debt denominated in Lebanese pounds totaled \$50.3bn at end-November 2018, up by 2.3% from the end of 2017 and by 2.8% from end-November 2017; while debt denominated in foreign currency stood at \$33.4bn, constituting a growth of 9.7% from end-2017 and an increase of 9.6% from end-November 2017. In May 2018, the Finance Ministry issued \$5.5bn in Lebanese Eurobonds and exchanged them with LBP8,250bn worth of Lebanese pound-denominated Treasury bills from Banque du Liban's (BdL) portfolio in order to reduce the cost of debt servicing, which explains the growth in foreign-currency debt. Local currency debt accounted for 60.1% of the gross public debt at the end of November 2018 compared to 61.6% a year earlier, while foreign currency-denominated debt represented the balance of 39.9% relative to 38.4% at end-November 2017. The weighted interest rate on outstanding Treasury bills was 5.98% and that on Eurobonds was 6.81% in November 2018. Further, the weighted life on Eurobonds was 7.91 years, while it was 1,560 days on Treasury bills.

Share of Lebanon's Public Debt Denominated in Lebanese Pounds (%)



*at the end of November 2018

Source: Ministry of Finance

Commercial banks held 38.9% of the public debt as at end-November 2018 relative to 41.4% of the total at end-November 2017. BdL held 51.4% of the Lebanese pound-denominated public debt at the end of November 2018 relative to 46.2% a year earlier, while commercial banks held 33.5% of the local debt compared to 38.8% at end-November 2017. Also, public agencies, financial institutions and the public held 15.1% of the local debt at end-November 2018, relative to 15% at end-November 2017. Further, holders of Eurobonds and special T-bills in foreign currencies accounted for 93.8% of foreign currency-denominated debt holders at the end of November 2018, followed by multilateral institutions with 4% and foreign governments with 2.2%. In addition, the net public debt, which excludes public sector deposits at BdL and at commercial banks from overall debt figures, grew by 7.5% annually to \$75bn at end-November 2018. Further, the gross market debt accounted for about 61.2% of the total public debt. Gross market debt is the total public debt less the portfolios of the BdL, the National Social Security Fund, bilateral and multilateral loans, as well as Paris II related debt.

Construction activity regresses in second quarter of 2018

Banque du Liban's quarterly business survey of the opinions of business managers shows that general construction activity deteriorated year-on-year in the second quarter of 2018, with the balance of opinions standing at -48 compared to -33 in the second quarter of 2017. Also, general construction activity deteriorated quarter-on-quarter, as the balance of opinions was -45 in the first quarter of 2018. The business survey reflects the opinions of enterprise managers about the evolution of their businesses, in order to depict the trend of a number of key economic variables. The balance of opinions about construction activity was -53 in the covered quarter compared to -44 in the first quarter of 2018 and to -31 in the second quarter of 2017. The balance of opinions about construction activity was the highest in the North at zero, followed by Beirut & Mount Lebanon (-55), the South (-81) and the Bekaa (-91). Also, the balance of opinions about public works stood at -41 in the second quarter of 2018 compared to -45 in the preceding quarter and to -37 in the second quarter of 2017. Opinions about the level of public works were the highest in the North at zero, followed by the South (-20), Beirut & Mount Lebanon (-43) and the Bekaa (-74).

In parallel, the balance of opinions about the portfolio of projects was -55 in the second quarter of 2018 relative to -36 in the second quarter of 2017 and to -39 in the first quarter of 2018. The balance of opinions about the portfolio of projects was the highest in the North at -32 followed by Beirut & Mount Lebanon (-53), the South (-56) and the Bekaa (-79). Further, the balance of opinions about construction costs reached +16 in the covered quarter, up from zero in the second quarter of 2017 and from +1 in the first quarter of 2018. The balance of opinions is the difference between the proportion of surveyed managers who consider that there was an improvement in a particular indicator and the proportion of those who reported a decline in the same indicator.

Construction and Public Work Activity: Evolution of Opinions				
Aggregate results	Q2-15	Q2-16	Q2-17	Q2-18
General activity	-36	-42	-33	-48
Construction	-31	-40	-31	-53
Public work	-42	-37	-37	-41
Portfolio of projects	-24	-38	-36	-55
Construction costs	+8	-5	0	+16
Investments (% of yes)	40%	33%	25%	25%

Source: Banque du Liban Business Survey for Second Quarter of 2018

Number of new construction permits down 12% in first 11 months of 2018

The Orders of Engineers & Architects of Beirut and of Tripoli issued 12,752 new construction permits in the first 11 months of 2018, down by 12.1% from 14,506 permits in the same period of 2017. In comparison, new construction permits declined by 8.7% year-on-year in the first 11 months of 2017. Mount Lebanon accounted for 38% of newly-issued construction permits in the covered period, followed by the South with 20%, the Nabatieh area with 13.3%, the North with 12.6%, the Bekaa region with 9.6% and Beirut with 5%. The remaining 1.8% were permits issued by the Order of Engineers & Architects of Tripoli for regions located outside northern Lebanon.

Further, the surface area of granted construction permits reached 8,421,234 square meters (sqm) in the first 11 months of 2018, constituting a decrease of 22.2% from 10,829,127 sqm in the same period of 2017, while it regressed by 4.4% year-on-year in the first 11 months of 2017. Mount Lebanon accounted for 3,256,465 sqm, or 38.7% of the total, in the covered period. The North followed with 1,491,955 sqm (17.7%), then the South with 1,380,641 sqm (16.4%), the Bekaa region with 828,004 sqm (9.8%), the Nabatieh area with 770,229 sqm (9.1%), and Beirut with 332,974 sqm (4%). The remaining 360,966 sqm, or 4.3% of the total, represented the surface area of permits that were issued by the Order of Engineers & Architects of Tripoli for regions located outside northern Lebanon.

The surface area of new construction permits issued for Beirut dropped by 49% year-on-year in the first 11 months of 2018, followed by surface areas in Mount Lebanon (-26.4%), the Bekaa region (-19.8%), the Nabatieh area (-18.3%), the North (-16.6%) and the South (-8.2%). Also, the surface area of granted construction permits for regions located outside northern Lebanon fell by 25% year-on-year in the covered period. In parallel, cement deliveries totaled 4.1 million tons in the first 10 months of 2018, constituting a decline of 4.4% from 4.3 million tons in the same period of 2017, relative to a decrease of 3.4% in the first 10 months of 2017.

Broad money supply up 1% in first 11 months of 2018

Figures released by Banque du Liban show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP11,231.9bn at the end of November 2018, constituting an increase of 5.7% from LBP10,624bn at the end of 2017 and a rise of 10.2% from LBP10,191.5bn at end-November 2017. Currency in circulation stood at LBP4,667.7bn at the end of November 2018, down by 4.5% from LBP4,886.5bn at end-2017, but up by 4.1% from LBP4,482.4bn at end-November 2017. Also, demand deposits in local currency stood at LBP6,564.2bn at the end of November 2018, up by 14.4% from end-2017 and by 15% from end-November 2017. Money Supply (M1) increased by 1.9% in November from LBP11,022.5bn at end-October 2018, with demand deposits in local currency growing by 3.5% and currency in circulation decreasing by a marginal 0.3% month-on-month.

In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP77,705.9bn at the end of November 2018, constituting a decrease of 1.8% from LBP79,166.2bn at the end of 2017, and a decline of 0.9% from LBP78,447.6bn a year earlier. Term deposits in Lebanese pounds totaled LBP66,474bn at the end of November 2018, down by 3% from LBP68,542.1bn at end-2017 and by 2.6% from LBP68,256.1bn at end-November 2017. Money Supply (M2) regressed by 1% in November from LBP78,473.4bn at end-October 2018, with term deposits in local currency declining by 1.4% month-on-month.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, reached LBP211,525.1bn at the end of November 2018, constituting a growth of 1.2% from LBP208,964.7bn at the end of 2017 and an increase of 2.2% from LBP206,957.6bn at end-November 2017. Deposits in foreign currency totaled LBP133,534.8bn at the end of November 2018, up by 3.1% from end-2017 and by 4.2% from a year earlier. Also, debt securities issued by the banking sector amounted to LBP284.5bn at the end of November 2018, compared to LBP321.8bn at the end of 2017 and to LBP332.2bn at end-November 2017. Money supply (M3) was nearly unchanged from LBP211,404.3bn at the end of October 2018, with deposits in foreign currency increasing by 0.7% month-on-month, and debt securities issued by the banking sector rising by 1.2% from the preceding month. In parallel, M3 expanded by LBP2,560.4bn in the first 11 months of 2018, due to an increase of LBP6,617.8bn in net claims on the public sector and a surge of LBP6,141.9bn in other net items, which were partly offset by a drop of LBP7,392.7bn in the net foreign assets of deposit-taking institutions and a decline of LBP2,806.6bn in claims on the private sector.

Top five freight forwarders' import activity down 13% in first 10 months of 2018, export activity down 22%

Figures released by the Port of Beirut show that overall import shipping operations by the top five freight forwarders through the port reached 259,409 20-foot equivalent units (TEUs) in the first 10 months of 2018, constituting a decrease of 12.8% from 297,605 TEUs in the same period of 2017. The five freight forwarders accounted for 74.6% of imports to the Lebanese market and for 49% of the total import freight forwarding market in the first 10 months of 2018. Mediterranean Shipping Company (MSC) handled 102,188 TEUs in imports in the covered period, equivalent to a 19.3% share of the total freight forwarding import market. Merit Shipping followed with 57,403 TEUs (10.8%), then Metz Group with 37,546 TEUs (7.1%), Sealine Group with 32,351 TEUs (6.1%), and MAERSK with 29,921 TEUs (5.6%). Further, MAERSK registered a year-on-year increase of 207% in import shipping during the covered period, the highest growth rate among the top five freight forwarders, while Sealine Group posted a decline of 39%, the steepest drop in the first 10 months of 2018.

In parallel, export shipping operations by the top five freight forwarders through the Port of Beirut reached 56,081 TEUs in the first 10 months of 2018, constituting a decrease of 22.3% from 72,178 TEUs in the same period of 2017. The five freight forwarders accounted for 79.2% of exported Lebanese cargo and for 10.5% of the total export freight forwarding market in the first 10 months of 2018. Merit Shipping handled 25,868 TEUs of freight in the covered period, equivalent to 36.5% of the Lebanese cargo export market. Metz Group followed with 9,426 TEUs (13.3%), then Sealine Group with 7,939 TEUs (11.2%), MAERSK Shipping with 7,064 TEUs (10%) and MSC Shipping with 5,784 (8.2%). Further, MAERSK shipping posted a year-on-year increase of 210.5% in export shipping in the covered period, the highest rise among the top five freight forwarders, while Metz Group posted a decrease of 42.4%, the steepest decline among the top five freight forwarders.

Lebanon & Gulf Bank increases capital through issuance of common shares

Lebanon & Gulf Bank sal raised its capital from LBP212.95bn (\$141.3m) to LBP230.2bn (\$152.7m), or by LBP17.25bn (\$11.4m), through the issuance of 850,000 common shares at a par value of LBP20,300 (\$13.5) per share. The common shares will not be listed on the Beirut Stock Exchange, in line with previous issuances. The bank's Extraordinary General Assembly validated and ratified the capital increase on December 14, 2018. As such, the bank's share capital currently consists of 10,410,000 common shares, as well as 930,000 preferred shares that include 300,000 Issue 2010 Preferred Shares, 230,000 Issue 2013 Preferred Shares, 200,000 Issue 2014 Preferred Shares and 200,000 Issue 2015 Preferred Shares.

Lebanon & Gulf Bank sal, one of Lebanon's top 15 banks in terms of deposits, posted unaudited consolidated net profits of \$20.3m in the first nine months of 2018, constituting a decrease of 34.5% from net earnings of \$31m in the same period of 2017. The bank's total assets reached \$5.5bn at the end of September 2018, up by 16.9% from end-2017, while loans & advances to customers, excluding those to related parties, regressed by 3.6% from end-2017 to \$1.3bn at end-September 2018. Also, customer deposits, excluding those from related parties, totaled \$4.2bn at end-September 2018 and grew by 8.3% from the end of 2017.

Agency affirms MetLife's ratings, outlook 'stable'

Moody's Investors Service affirmed at 'A3' the senior debt credit rating of insurance group MetLife, and at 'Aa3' the Insurer Financial Strength (IFS) ratings of the company's U.S. insurance subsidiaries, including Metropolitan Life Insurance Company. It also maintained at 'A1' the IFS rating of American Life Insurance Company (ALICO). It kept a 'stable' outlook on the ratings of MetLife and its subsidiaries. MetLife ALICO is the largest provider of life insurance products in Lebanon.

The agency indicated that MetLife's rating is three notches lower than the IFS of its U.S. life insurance subsidiaries, which shows that the majority of the holding company's dividends still emanate from the U.S. subsidiaries. Still, it expected dividends from non-U.S. operations to grow over time and to diversify MetLife's cash flows.

Further, it noted that ALICO's rating takes into consideration the company's leading market position worldwide, including in parts of Asia, as well as in Europe, the Middle East & Africa and Latin America. It said that the products that ALICO offers to these international markets, which are diversified between life insurance, retirement and savings, accident and health, are low-risk. Moody's also considered ALICO's earnings, which have been growing steadily, as well as its regulatory capital level, which is above minimum levels, to be other key strengths. In contrast, the agency pointed out that ALICO's strengths are offset by weaknesses in the Japanese insurance market, a generally weak global operating environment and low interest rates in a number of countries.

MetLife Alico announced audited net profits of \$41.3m in 2017 for its branch in Lebanon, constituting an increase of 64% from net earnings of \$25.2m in 2016. Its audited balance sheet shows total assets of \$593.2m at the end of 2017, up by 7.9% from \$549.7m at end-2016. Al-Bayan magazine's annual survey of the insurance sector in Lebanon ranked MetLife Alico in first and 11th places in 2017 in terms of life and non-life premiums, respectively. The firm's life premiums in Lebanon reached \$88.1m and its non-life premiums amounted to \$34.6m in 2017, up by 1% and down by 2.1%, respectively, from 2016. It had a 16.9% share of the life market and a 3.1% share of the local non-life market in 2017. Overall, MetLife Alico had a 7.5% market share of the Lebanese insurance market in 2017, ranking it in second place in terms of life and non-life premiums.



Insurance premiums up 1% to \$1.3bn in first nine months of 2018, claims up 21% to \$897m

Figures released by the Association of Insurance Companies in Lebanon (ACAL) indicate that insurance premiums generated in Lebanon totaled \$1.26bn in the first nine months of 2018, constituting an increase of 1.2% from \$1.25bn in the same period of 2017. Premiums reached \$480.7m in the first quarter, \$389.8m in the second quarter and \$393.2m in the third quarter of 2018.

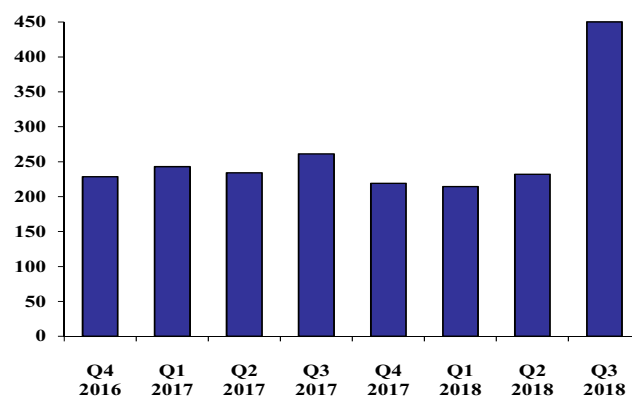
Medical insurance premiums totaled \$404m in the first nine months of 2018 and accounted for 32% of the sector's aggregate premiums. Life insurance premiums followed with \$373.2m (29.5%), then motor insurance premiums with \$286.7m (22.7%), fire insurance premiums with \$83.9m (6.6%), workmen compensation premiums with \$39.4m (3.1%), cargo insurance premiums with \$24.6m (1.9%), public liability premiums with \$15.3m (1.2%), engineering insurance premiums with \$4.7m (0.4%), while premiums from other categories amounted to \$31.9m and accounted for 2.5% of the total.

ACAL noted that medical insurance premiums covering Lebanese residents grew by 6% year-on-year to \$393.3m in the first nine months of 2018, while premiums covering Lebanese expatriates decreased by 8% annually to \$10.6m. Also, non-compulsory motor premiums increased by 1% year-on-year to \$231.2m in the first nine months of 2018, while compulsory motor premiums grew by 23% annually to \$55.5m. Further, medical insurance premiums grew by 5% in the first nine months of 2018, posting the largest increases among all categories, followed by motor and public liability premiums (+4% each). In contrast, engineering premiums decreased by 35% in the covered period, followed by workmen compensation premiums (-4%), life insurance (-3%), and cargo insurance and fire premiums (-1% each).

Further, ACAL indicated that total benefits and claims paid by insurance companies stood at \$896.7m in the first nine months of 2018, constituting an increase of 21% from \$738.4m in the same period of 2017. Benefits and claims reached \$214.4m in the first quarter, \$232.1m in the second quarter and \$450.2m in the third quarter of 2018. Benefits and claims paid for the non-life categories totaled \$491.4m in the first nine months of 2018, nearly unchanged from \$490m in the same period of 2017, while claims disbursed for the life insurance category amounted to \$405.4m and rose by 63% from \$248.5m in the same period of 2017.

Life insurance claims accounted for 45.2% of total claim payments in the first nine months of 2018, followed by medical insurance claims (30.3%), motor insurance claims (16.7%), fire insurance claims (2.8%), workmen compensation claims (2.4%), cargo insurance claims (0.7%), public liability claims (0.5%), and engineering insurance claims (0.2%). Life claims surged by 63% year-on-year in the first nine months of 2018, public liabilities claims expanded by 19%, fire claims rose by 10%, and medical claims increased by 4%. In contrast, engineering insurance claims declined by 50% annually in the covered period, cargo claims fell by 8%, workmen compensation claims decreased by 5% and claims related to other categories decreased by 43%, while motor insurance claims were unchanged year-on-year in the first nine months of 2018. In parallel, protection with savings policies accounted for 60.5% of total life insurance premiums and for 23.3% of the number of life insurance contracts in the first nine months of 2018, while life protection plans represented 39.5% of life insurance premiums and 76.7% of the number of life contracts during the covered period.

Paid Claims (US\$m)



Source: ACAL, Byblos Research

Ratio Highlights

(in % unless specified)	2015	2016	2017	Change*
Nominal GDP (\$bn)	50.0	51.2	53.4	
Public Debt in Foreign Currency / GDP	54.2	54.9	56.9	2.06
Public Debt in Local Currency / GDP	86.5	91.3	92.0	0.72
Gross Public Debt / GDP	140.7	146.2	149.0	2.78
Total Gross External Debt / GDP**	168.4	182.6	182.4	(0.20)
Trade Balance / GDP	(31.3)	(31.5)	(31.3)	0.16
Exports / Imports	15.9	15.6	14.5	(1.04)
Fiscal Revenues / GDP	19.2	19.4	21.8	2.41
Fiscal Expenditures / GDP	27.1	29.0	28.8	(0.21)
Fiscal Balance / GDP	(7.9)	(9.6)	(7.0)	2.61
Primary Balance / GDP	1.5	0.04	2.7	2.63
Gross Foreign Currency Reserves / M2	58.7	62.2	68.2	5.95
M3 / GDP	247.4	259.2	259.6	0.44
Commercial Banks Assets / GDP	372.2	398.7	411.8	13.02
Private Sector Deposits / GDP	303.3	317.1	315.9	(1.24)
Private Sector Loans / GDP***	108.5	111.6	111.8	0.19
Private Sector Deposits Dollarization Rate	64.9	65.8	68.7	2.88
Private Sector Lending Dollarization Rate	74.8	72.6	68.6	(3.97)

*change in percentage points 16/17

includes portion of public debt owed to non-residents, liabilities to non-resident banks, non-resident deposits (estimated by the IMF), Bank for International Settlements' claims on Lebanese non-banks * in January 2018, Lebanese banks started reporting their financials based on international accounting standard IFRS 9, and revised the 2017 figures accordingly

Source: Association of Banks in Lebanon, Institute of International Finance, International Monetary Fund, World Bank, Byblos Research Estimates & Calculations

Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

Risk Metrics

Lebanon	Dec 2016	Nov 2017	Dec 2017	Change**	Risk Level
Political Risk Rating	55	54.5	55	➔	High
Financial Risk Rating	36.5	33.0	33.0	▲	Moderate
Economic Risk Rating	30.5	27.5	28.5	▲	High
Composite Risk Rating	61.0	57.5	58.25	▲	High

MENA Average*	Dec 2016	Nov 2017	Dec 2017	Change**	Risk Level
Political Risk Rating	57.6	58.0	58.2	▼	High
Financial Risk Rating	38.3	38.5	38.5	▼	Low
Economic Risk Rating	29.6	31.0	30.9	▼	Moderate
Composite Risk Rating	62.8	63.8	63.9	▼	Moderate

*excluding Lebanon

**year-on-year change in risk

Source: The PRS Group, Byblos Research

Note: Political & Composite Risk Ratings range from 0 to 100 (where 100 indicates the lowest risk)

Financial & Economic Risk ratings range from 0 to 50 (where 50 indicates the lowest risk)

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Investors Service	B3	NP	Negative	B3		Negative
Fitch Ratings	B-	B	Negative	B-		Negative
S&P Global Ratings	B-	B	Stable	B-	B	Stable
Capital Intelligence Ratings	B	B	Negative	B	B	Negative

Source: Rating agencies

Banking Ratings	Outlook
Moody's	Stable

Source: Moody's Investors Service



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