



Byblos Bank/AUB Consumer Confidence Index: Slight Improvement of Consumer Confidence in Fourth Quarter of 2017

Byblos Bank Headquarters, February 7, 2018: Byblos Bank issued today the results of the Byblos Bank/AUB Consumer Confidence Index for the fourth quarter of 2017.

The results show that the Index increased by 3.2% in October from the preceding month, grew by 10.9% in November and declined by 3.1% in December 2017. Further, the Index averaged 61.8 in the fourth quarter of 2017 and increased by 5.9% from 58.4 in the third quarter of the year. In addition, the Byblos Bank/AUB Present Situation Index averaged 60 in the fourth quarter of 2017 and improved by 6.2% from the preceding quarter, while the Byblos Bank/AUB Expectations Index averaged 63.1 and grew by 5.7% from the third quarter of 2017. However, the average monthly score of the Index in the fourth quarter of 2017 was 41.6% lower than the quarterly peak score of 105.8 registered in the fourth quarter of 2008, and remained 36% below the annual peak score 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 sudden resignation of Prime Minister Saad Hariri in early November was the main event that affected household sentiment in the fourth quarter of the year.” He noted: “the shock resignation triggered a political crisis that reverberated across Lebanon, as a massive flow of rumors about the circumstances and consequences of the resignation had a negative impact on the sentiment in the first three weeks of the month and risked a significant slide in the Index.”

Mr. Ghobril added that "the resolution of the crisis towards the end of November 2017, as well as Lebanon's renewed commitment to the "dissociation policy" from regional conflicts, eased the political crisis and economic uncertainties that prevailed during most the month." As such, the Present Situation Index increased by nearly 13% and the Expectations Index improved by 10% in November, the highest increase for both indices since last June. He noted: “given that the Byblos Bank/AUB Consumer Confidence Index's survey takes place at the end of each month, the November results captured the sentiment registered during the resolution of the crisis, rather than at the height of the rumors and uncertainties.”

Further, Mr. Ghobril indicated that "consumer confidence in Lebanon has proven historically to be very sensitive to political and security developments, whether they are positive or negative. This trend was evident in the covered quarter, as the withdrawal of Prime Minister Hariri's resignation and the resumption of the proper functioning of the government were the key factors for the improvement in household sentiment during the fourth quarter of 2017."

But despite the resolution of the political crisis, the results of the Index's survey continued to reflect the prevailing skepticism of Lebanese households, as only 11.1% of the Lebanese polled in the fourth quarter of 2017 expected their financial condition to improve in the coming six months, while 62.9% of respondents believed that their financial situation will deteriorate and 23.1% forecast their financial condition to remain the same over the covered period of time. In addition, 9% of the Lebanese surveyed in December 2017 expected business conditions in Lebanon to improve in the coming six months, while 67.3% of respondents anticipated business conditions to deteriorate, relative to 67.5% in October and 67.2% in November 2017.

The results of the Byblos Bank/AUB Consumer Confidence Index for the fourth quarter of 2017 show that male consumers had a higher level of confidence than their female counterparts, and consumers in the 40 to 49 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, students, private sector employees, housewives and the unemployed in the fourth quarter. In addition, consumers in Mount Lebanon posted the highest confidence level across administrative districts or *mohafaza*, followed by consumers in the North, Beirut, the South and the Bekaa. Further, Druze consumers had a higher level of confidence than Christian, Sunni and Shiite consumers.

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, administrative district, 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.

For further information, please contact:

Nassib Ghobril
Chief Economist
Head of Group Economic Research and Analysis Department
Byblos Bank
Beirut, Lebanon
Phone: (961) 1 338 100 ext. 0205
Fax: (961) 1 217 774
E-mail: nghobril@byblosbank.com.lb