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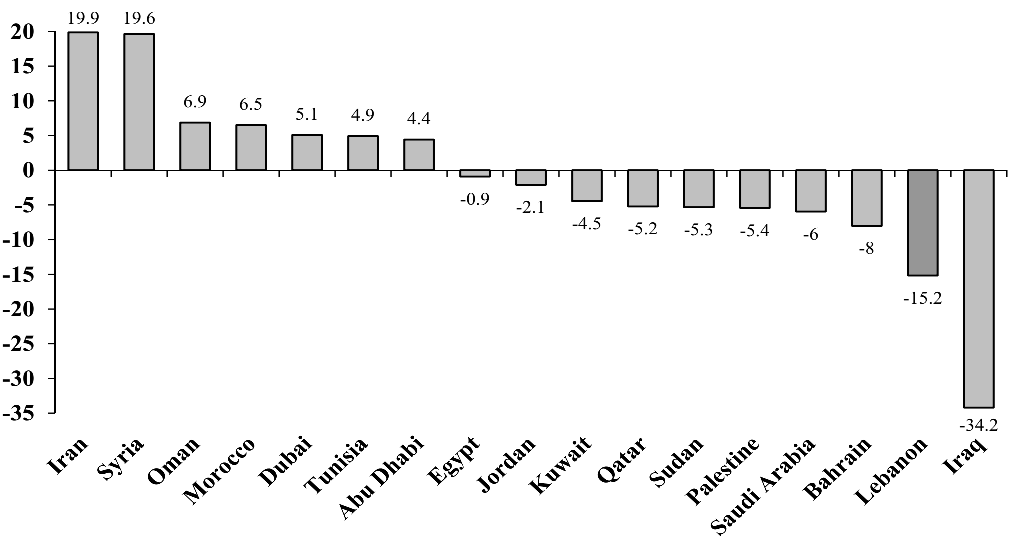
LEBANON THIS WEEK

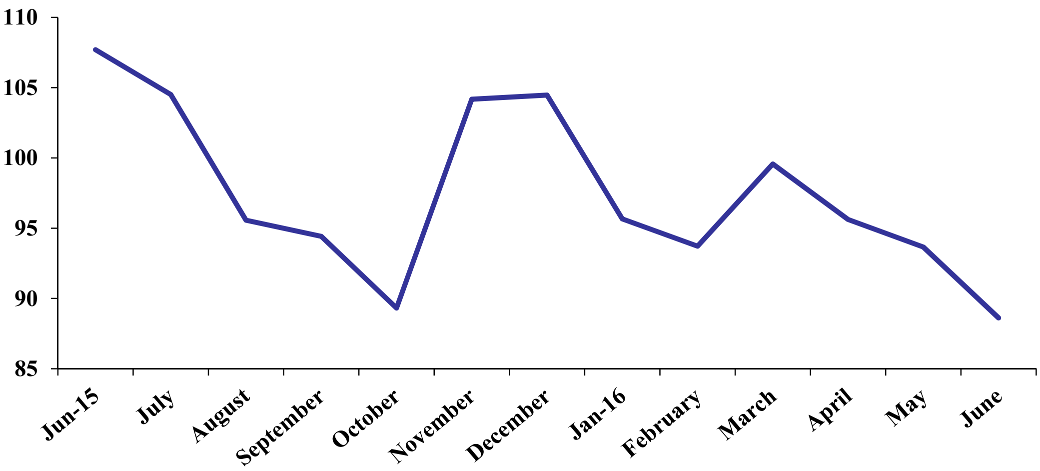
In This Issue

Charts of the Week

Performance of MENA Stock Markets in the First Half of 2016 (% change)



Performance of the Beirut Stock Exchange*



** Capital Markets Authority Value Weighted Index end of month values*
Source: Local Stock Markets, Dow Jones Indices, Capital Markets Authority, Byblos Bank

Quote to Note

"The development of industrial parks and special economic zones offers Lebanon a viable tool to support increased investment and competitiveness in the industrial sector."

The World Bank, on the potential of the industrial sector in Lebanon

Number of the Week

183: Number of refugees per 1,000 inhabitants in Lebanon at the end of 2015, excluding Palestinian refugees, according to the UN's High Commissioner for Refugees

Lebanon in the News

$m *(unless otherwise mentioned)*	**2015**	**Mar 2015**	**Dec 2015**	**Jan 2016**	**Feb 2016**	**Mar 2016**	**% Change***
Exports	2.952	257	236	186	228	220	(14.40)
Imports	18,069	1,509	1,841	1,494	1,377	1,750	15.97
Trade Balance	(15,117)	(1,252)	(1,605)	(1,308)	(1,149)	(1,530)	22.20
Balance of Payments	(3,354)	(417)	(372)	(719)	363	(228)	(45.32)
Checks Cleared in LBP	18,714	1,579	1,709	1,709	1,538	1,609	1.89
Checks Cleared in FC	50,845	4,322	4,265	4,065	3,988	3,983	(7.84)
Total Checks Cleared	69,559	5,901	5,974	5,774	5,526	5,592	(5.24)
Budget Deficit/Surplus	(3,952)	(506.29)	(711.58)	(214.00)	(513.56)	(713.34)	40.90
Primary Balance	724.40	(22.84)	(338.61)	32.08	(276.67)	(156.28)	584.20
Airport Passengers***	7,241,463	478,284	616,249	546,609	442,212	534,954	11.85

$bn *(unless otherwise mentioned)*	**2015**	**Mar 2015**	**Dec 2015**	**Jan 2016**	**Feb 2016**	**Mar 2016**	**% Change***
BdL Gross FX Reserves	30.64	34.53	30.64	31.64	31.42	30.37	(12.05)
In months of Imports	*20.35*	*22.88*	*16.64*	*21.18*	*22.82*	*17.35*	(24.16)
Public Debt	70.31	69.44	70.31	70.62	71.22	71.04	2.31
Bank Assets	185.99	176.95	185.99	186.20	186.59	187.66	6.05
Bank Deposits (Private Sector)	151.59	145.46	151.59	151.50	151.42	152.44	4.80
Bank Loans to Private Sector	54.22	51.14	54.22	54.39	54.56	55.06	7.65
Money Supply M2	52.15	49.44	52.15	52.24	52.29	52.52	6.23
Money Supply M3	123.62	118.06	123.62	123.26	123.49	124.51	5.47
LBP Lending Rate (%)	7.45	6.94	7.45	8.28	8.18	8.62	168bps
LBP Deposit Rate (%)	5.56	5.57	5.56	5.52	5.57	5.59	2bps
USD Lending Rate (%)	7.06	7.16	7.06	7.34	7.31	7.36	20bps
USD Deposit Rate (%)	3.17	3.12	3.17	3.22	3.22	3.27	15bps
Consumer Price Index**	(3.75)	(3.38)	(3.40)	(3.16)	(2.94)	(3.57)	(19bps)

** Year-on-Year   ** Year-on-Year percentage change*
****includes arrivals, departures, transit*
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
Byblos Common	1.65	1.23	92,511	5.35%
Audi Listed	6.21	0.16	47,749	22.40%
Solidere "A"	9.69	3.42	29,616	8.74%
BLOM GDR	10.05	(0.30)	27,000	6.70%
Audi GDR	6.20	0.00	10,000	6.43%
Solidere "B"	9.37	(1.16)	6,033	5.50%
Byblos Pref. 08	100.30	0.10	1,250	1.81%
Byblos Pref. 09	100.20	0.10	260	1.81%
BLOM Listed	9.91	0.00	-	19.22%
HOLCIM	14.31	0.00	-	2.52%

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

Sovereign Eurobonds	Coupon %	Mid Price $	Mid Yield %
Mar 2017	9.00	103.38	4.10
Nov 2018	5.15	100.13	5.09
May 2019	6.00	100.50	5.81
Mar 2020	6.38	102.13	5.72
Apr 2021	8.25	108.50	6.16
Oct 2022	6.10	99.50	6.20
Jun 2025	6.25	97.25	6.66
Nov 2026	6.60	97.25	6.98
Feb 2030	6.65	96.75	7.02
Nov 2035	7.05	98.50	7.19

Source: Byblos Bank Capital Markets

	July 4-8	Jun 27-July 1	% Change	June 2016	June 2015	% Change
Total Shares Traded	223,719	355,655	(37.10)	2,859,053	5,436,086	(47.41)
Total Value Traded	$2,206,225	$2,891,529	(23.70)	$22,365,431	$49,874,049	(55.16)
Market Capitalization	$11.08bn	$11.03bn	0.44	$11.03bn	$11.56bn	(4.55)

Source: Beirut Stock Exchange (BSE)

Lebanon ranks 62nd globally, sixth in Arab world in insurance premiums in 2015

Swiss Re's annual survey of the global insurance market indicated that Lebanon ranked in 62nd place among the largest 88 markets in terms of premiums generated in 2015. Lebanon also came in sixth place among 12 Arab markets included in the survey. In comparison, it ranked in 65th place globally and in seventh place among Arab markets in 2014. Lebanon generated $1.52bn in total premiums in 2015, constituting a rise of 3.1% in nominal terms and an increase of 7.1% in real terms from the preceding year. Total premiums generated in Lebanon last year accounted for 0.03% of global premiums, for 0.3% of premiums generated in emerging markets excluding China, and for 2.8% of premiums generated in the Middle East & Central Asia region. Globally, insurance premiums generated in Lebanon were higher than those produced in Bangladesh ($1.47bn), Nigeria ($1.42bn) and Panama ($1.4bn), while they were lower than those generated in Romania ($2.14bn), Egypt ($2.1bn) and Kenya ($1.8bn). Also, aggregate premiums in the Lebanese insurance market were higher than those generated in Algeria ($1.26bn), Oman ($1.19bn), Kuwait ($1.05bn), Tunisia ($823m), Jordan ($778m) and Bahrain ($746m) among Arab countries.

Insurance Density in Arab Countries in 2015 (Premiums per Capita in US$)

	Life	Non-Life	Total	Rank
Qatar	32.3	1,235	1,268	29
UAE	266.0	836.2	1,102	30
Bahrain	119.7	464.9	584.7	39
Saudi Arabia	8.10	305.5	313.6	50
Kuwait	44.6	224.5	269.1	54
Lebanon	**77.8**	**182.1**	**259.9**	**55**
Oman	25.8	224.4	250.3	56
Jordan	11.2	91.2	102.4	68
Morocco	31.5	59.3	90.8	70
Tunisia	12.8	60.3	73.1	72
Algeria	2.5	29.3	31.8	82
Egypt	10.8	12.2	23.0	84

Source: Swiss Re, Byblos Research

Lebanon generated $1.07bn in non-life premiums last year, ranking it in 63rd place among the 88 markets and in seventh place among Arab countries. Lebanon's global rank in terms of non-life premiums improved by two spots from 65th place in 2014, while its regional rank was unchanged year-on-year. Non-life premiums generated in Lebanon rose by 1.6% in nominal terms and by 5.5% in real terms in 2015. Globally, non-life premiums generated in Lebanon were higher than those produced in Liechtenstein ($1.05bn), Oman ($1bn) and Nigeria ($974m), and lower than those generated in Kenya ($1.13bn), Egypt ($1.12bn) and Panama ($1.07bn). Non-life premiums generated in the Lebanese market accounted for 0.05% of global non-life premiums, for 0.5% of such premiums generated in emerging markets excluding China, and for 2.6% of non-life premiums generated in the Middle East & Central Asia region in 2015.

Further, Lebanon generated $455m in life premiums in 2015, ranking it in 61st place globally and in fourth place in the Arab world, relative to 66th place worldwide and fourth place regionally in 2014. Life premiums generated in the Lebanese market grew by 6.8% in nominal terms and by 10.9% in real terms last year. Globally, life premiums generated in Lebanon were higher than those produced in Nigeria ($446m), Uruguay ($428m) and Romania ($427m), and lower than those generated in Namibia ($634m), Slovenia ($628m) and Mauritius ($492m). Life premiums in Lebanon accounted for 0.02% of global life premiums, for 0.2% of such premiums in emerging markets excluding China, and for 3.5% of life premiums produced in the Middle East & Central Asia region in 2015.

In parallel, Swiss Re estimated Lebanon's insurance density, or premiums per capita, at $259.9 in 2015, which ranks the market in 55th place globally and in sixth place in the Arab world. Lebanon had a higher insurance density than Oman ($250.3), Venezuela ($241.1) and Costa Rica ($219.7), and a lower density than Croatia ($298.8), China ($280.7) and Kuwait ($269.1). The survey estimated Lebanon's non-life density at $182.1 and life density at $77.8 in 2015.

Also, Swiss Re estimated insurance penetration rate in Lebanon, or premiums relative to the size of the economy, at 3.4% of GDP last year, ranking it in 42nd place among the 88 markets and in first place in the Arab world. Lebanon had a higher insurance penetration rate than the Czech Republic (3.27% of GDP), Argentina (3.26% of GDP) and Morocco (3.05% of GDP), and a lower rate than Brazil (3.9% of GDP), China (3.6% of GDP) and India (3.4% of GDP). Lebanon posted penetration rates of 1% of GDP and 2.4% of GDP in the life and non-life categories, respectively, in 2015.

Airport passengers up 5% in first half of 2016

Figures released by the Hariri International Airport (HIA) show that the number of airport passengers (arrivals, departures and transit) totaled 3,272,580 in the first half of 2016, constituting an increase of 5.1% from 3,112,358 passengers in the same period last year. The number of arriving passengers grew by 7.3% year-on-year to 1,661,010 in the first half of 2016, compared to an increase of 7% in the same period of 2015 and to a rise of 1.3% in the first half of 2014. Also, the number of departing passengers grew by 3.1% year-on-year to 1,605,328 in the first half of 2016, relative to an increase of 6.2% in the same period of 2015 and to a drop of 4.7% in the first half of 2014. In parallel, the airport's aircraft activity grew by 6.1% year-on-year to 32,732 take-offs and landings in the first half of 2016, compared to an increase of 3.9% in the first half of last year and to a marginal decrease of 0.3% in the same period of 2014. In addition, the HIA processed 43,201 metric tons of freight in the first half of 2016 that consisted of 25,860 tons of import freight and 17,341 tons of export freight. Middle East Airlines had 11,305 flights in the first half of 2016 and accounted for 34.5% of HIA's total aircraft activity.

Transparency level of real estate market slips

Jones Lang LaSalle's 2016 Global Real Estate Transparency Index ranked Lebanon in 91st place among 109 countries and markets worldwide and in 11th place among 16 Arab countries and markets. Also, Lebanon came in 24th place among 32 upper middle-income countries (UMICs) included in the survey. Based on the same set of countries and markets included in the 2014 and 2016 surveys, Lebanon's global rank regressed from 81st place in 2014 to 85th place in 2016, constituting the 19th steepest drop globally.

The index, which is issued every two years, measures real estate transparency across the world and is used to compare and contrast transparency conditions across markets. It highlights the important differences in transacting, owning and operating in real estate markets. It also aims to provide stakeholders with a benchmark to measure and improve transparency in their markets. The index is a composite of five weighted categories that are Performance Measurement, Market Fundamentals, Governance of Listed Investment Vehicles, Regulatory and Legal Issues, and the Transaction Process. The firm compiles the index from 139 qualitative and quantitative transparency measures that are grouped into 13 major questions. It then poses the questions to sector professionals and business leaders in each of the covered markets. The index scores range from 1.00 to 5.00 points. A country or market with a perfect 1.00 score is considered to have a high level of transparency, while a score of 5.00 represents the lowest level of transparency. Countries and markets are then assigned to one of five transparency levels that are "Highly Transparent", "Transparent", "Semi-Transparent", "Low Transparency" and "Opaque".

Real Estate Transparency Index for 2016

	Score	Arab Rank	Gobal Rank	Level of Transparency
Dubai	2.9	1	48	Semi
Abu Dhabi	3.2	2	59	Semi
Saudi Arabia	3.3	3	63	Semi
Egypt	3.4	4	65	Semi
Bahrain	3.5	5	67	Semi
Morocco	3.5	6	71	Low
Kuwait	3.6	7	73	Low
Qatar	3.6	8	74	Low
Jordan	3.8	9	79	Low
Oman	4.0	10	89	Opaque
Lebanon	**4.1**	**11**	**91**	**Opaque**
Tunisia	4.2	12	93	Opaque
Algeria	4.2	13	96	Opaque
Iraq	4.5	14	103	Opaque
Djibouti	4.6	15	107	Opaque
Libya	4.7	16	109	Opaque

Source: Jones Lang LaSalle, Byblos Research

Globally, Lebanon's real estate market was more transparent than markets in Panama, Tunisia and Ethiopia, and less transparent than markets in Pakistan, Oman and Uganda. Also, Lebanon's real estate market was more transparent than markets in Panama, Tunisia and Algeria, and less transparent than markets in Ecuador, Colombia and Kazakhstan among UMICs. Further, the Lebanese real estate market came in the "Opaque" category in the 2016 survey, along with 20 other countries in the world that include Angola, Djibouti, Ethiopia, the Ivory Coast, Senegal, Tanzania and Venezuela. Lebanon came in the "Opaque" category in the 2010 survey, while it came in the "Low-Transparency" category in each of the 2012 and 2014 surveys.

Lebanon received a score of 4.1 points in the 2016 survey compared to 3.9 points in the 2014 survey and 3.96 points in the 2012 survey, reflecting a deterioration in the transparency level of the Lebanese real estate sector. Also, its score lagged the global average of 3.1 points, the UMICs' average of 3.4 points and the Arab average of 3.8 points. Jones Lang LaSalle indicated that real estate transparency in Lebanon has deteriorated because of the unstable domestic security and political conditions that have delayed any progress toward improved regulations and real estate transparency in the country. It noted that the prevailing conditions have reduced the appetite of both foreign and domestic investors.

In parallel, Lebanon posted the 11th lowest performance worldwide on the Market Fundamentals category, which reflects the availability of time series and basic data on the office, retail, industrial, hotels and residential real estate segments. Lebanon ranked better than only Djibouti, the Dominican Republic, Ethiopia, Honduras, Iraq, the Ivory Coast, Libya, Senegal, Tanzania and Uganda on this category. Further, Lebanon posted the fifth lowest performance globally on the Regulatory & Legal category, which assesses a country's real estate taxation, land use planning, building controls, enforceability of contracts and property registration procedures. Lebanon ranked better than only Guatemala, Honduras, Libya and Venezuela on this category.

Components of the 2016 Real Estate Transparency Index for Lebanon

Sub-Index	Global Rank	Arab Rank	UMIC Rank	Lebanon Score	Global Avge Score	Arab Avge Score	UMIC Avge Score
Performance Measurement	68	8	17	3.99	3.48	4.12	3.81
Market Fundamentals	99	13	29	4.92	3.43	4.48	3.76
Governance of Listed Vehicles	46	5	8	2.25	3.04	3.41	3.53
Regulatory & Legal	105	15	31	4.03	2.64	3.41	2.93
Transaction Process	103	13	30	4.32	2.66	3.48	3.03

Source: Jones Lang LaSalle, Byblos Research

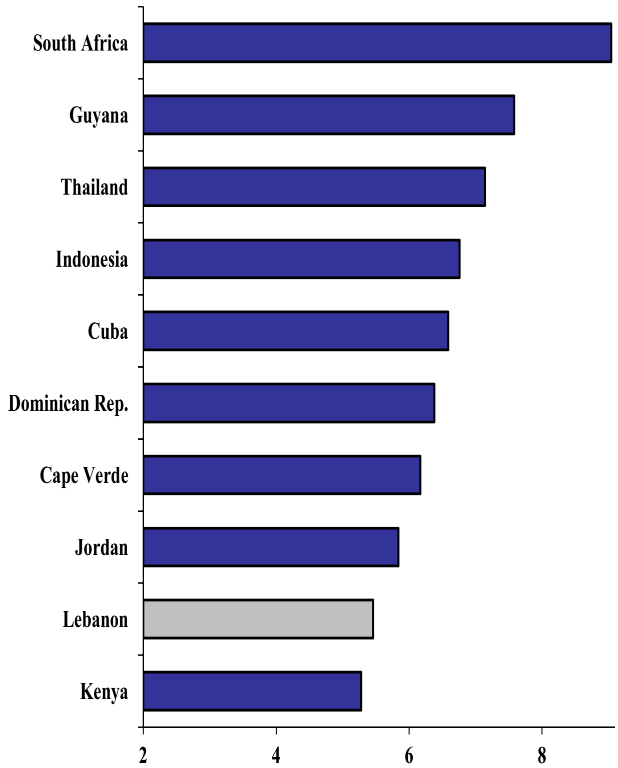
Cost of sending remittances from the U.S. decreases in second quarter of 2016

Figures issued by the World Bank show that the cost of sending $500 in remittances from the United States to Lebanon reached 5.46% in the second quarter of 2016, constituting a decrease from 6.53% in the first quarter of 2016 and from 5.95% in the second quarter of 2015. The cost includes the transaction fee and exchange rate margin, and represents the average cost of transferring money through commercial banks and money transfer operators (MTOs). In nominal terms, the cost of sending $500 from the U.S. to Lebanon was $27.3 in the second quarter of 2016 relative to $32.66 in the preceding quarter. Lebanon is the ninth most expensive destination for sending $500 from the U.S. among 42 countries with available data.

Further, the cost of sending remittances from Canada to Lebanon reached 7.77% in the second quarter of 2016 for a transfer of CAD500, relative to 6.72% in the first quarter of 2016 and 9.12% in the second quarter of 2015. In nominal terms, the cost of sending CAD500 from Canada to Lebanon was CAD38.86 in the second quarter of 2016 relative to CAD33.58 in the preceding quarter. Lebanon is the second most expensive destination for sending CAD500 from Canada among 15 countries with available data.

Also, the cost of sending remittances from Australia to Lebanon was 7.57% in the second quarter of 2016 compared to 7.99% in the preceding quarter and 7.33% in the second quarter of 2015. The cost of sending AUD500 from Australia to Lebanon was AUD37.84 in the second quarter of 2016 relative to AUD39.95 in the previous quarter. Lebanon is the seventh most expensive destination for sending AUD500 from Australia among 16 countries with available data.

Costliest Destinations of Remittances from the United States* (%)



**Cost of sending $500 from the U.S.*

Source: World Bank, Byblos Research

In parallel, the cost of sending remittances from Germany to Lebanon reached 7.27% in the second quarter of 2016 for a transfer of EUR345, down from 7.38% in the preceding quarter and relative to 7.19% in the second quarter of 2015. In nominal terms, the cost of sending EUR345 from Germany to Lebanon was EUR25.07 in the second quarter of 2016 relative to EUR25.46 in the previous quarter. Lebanon is the second most expensive destination for sending EUR345 from Germany among 24 countries with available data.

Central Bank's foreign assets down 2% to $36bn in first half of 2016

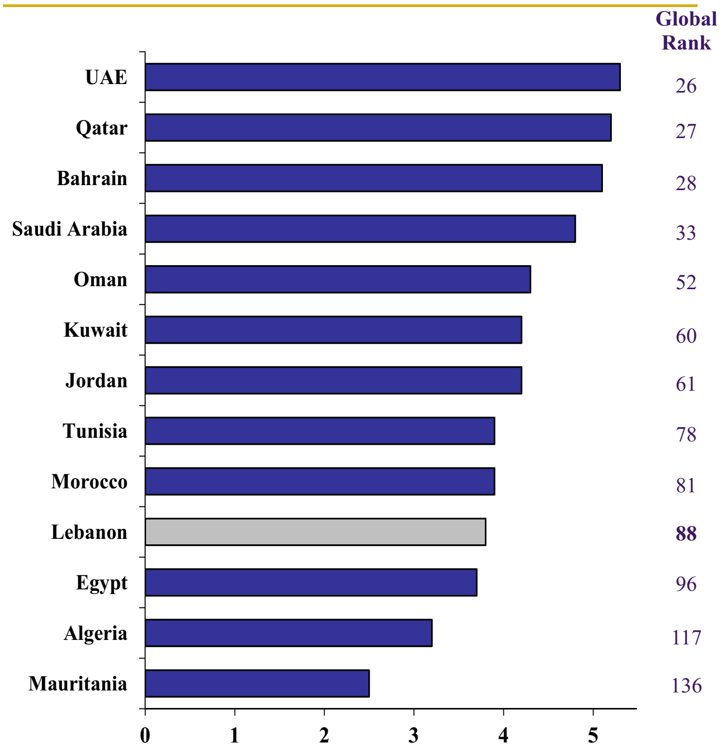
The Central Bank's interim balance sheet totaled $99.1bn at the end of June 2016, constituting an increase of 9% from $90.9bn at end-2015 and a rise of 9.3% from $90.7bn at the end of June 2015. Assets in foreign currency reached $36.3bn at the end of June 2016, reflecting a decrease of 2.2% from $37.1bn at end-2015 and a decline of 6.6% from $38.9bn a year earlier. Assets in foreign currency regressed by $74.6m in January, by $581.4m in March, by $558.1m in April and by $1bn in June, while they rose by $156.5m in February and by $1.3bn in May 2016. This resulted in an aggregate decrease of $814.9m in the first half of 2016. In comparison, the Central Bank's assets in foreign currency increased by $997m in the first half of 2015 and by $1.78bn in the first half of 2014.

In parallel, the value of the Central Bank's gold reserves rose by 23.4% from the end of 2015 and by 12.3% year-on-year to $12.15bn at the end of June 2016. Also, the securities portfolio of the Central Bank grew by 32.7% in the first half of the year to $23.9m. Further, deposits of the financial sector at the Central Bank reached $78.6bn at the end of June 2016 and grew by $4.3bn in the first half of 2016 and by $6.6bn from end-June 2015. In comparison, public sector deposits totaled $6.2bn at the end of June 2016 and increased by $817.2m, or 15.1%, in the first half of the year; while they contracted by $128.5m, or 2%, year-on-year.

Lebanon's ranking in terms of ICT readiness up 11 spots in 2016, second largest increase globally

The World Economic Forum/INSEAD Business School's Networked Readiness Index for 2016 ranked Lebanon in 88th place among 139 countries worldwide and in 10th place among 13 Arab countries. Lebanon also came in 25th place among 34 upper middle-income countries (UMICs) included in the survey. In comparison, Lebanon ranked in 99th place globally and in 11th place regionally in the 2015 survey. As such, Lebanon's global rank improved by 11 spots, constituting, along with Kuwait, the second largest increase globally. The index reflects the factors that drive a country's networked readiness, which is the capacity of countries to benefit in full from new information and communication technologies (ICT) in their competitiveness strategies and their citizens' daily lives. The index is a composite of four sub-indices that cover the environment for ICT, the readiness of a society to use ICT, the actual usage by the main stakeholders, and the impact that ICT generates on the economy and society. Scores are calculated on a scale of one to seven, with seven indicating the best performance in terms of ICT readiness.

Networked Readiness Index for 2016 Arab Countries Scores & Rankings



Source: World Economic Forum, INSEAD, Byblos Research

Globally, Lebanon's network readiness was better than that of Argentina, Peru and India among economies with a GDP of $10bn or more, and was lower than the readiness of Jamaica, Albania and Kenya. Lebanon also ranked ahead of only Peru, Iran, Bosnia & Herzegovina, the Dominican Republic, Namibia, Botswana, Paraguay, Algeria and Gabon among UMICs. Lebanon received a score of 3.8 points, up from 3.5 points in 2015 and 3.64 points in 2014. Its score came lower than the global average of 4.1 points, the UMICs' average of 4 points and the Arab average of 4.2 points. Lebanon's score was also lower than the Gulf Cooperation Council countries' average score of 4.8 points but higher than the average score of non-GCC Arab countries of 3.6 points. Singapore has the highest networked readiness globally, while Chad is the least networked-ready country worldwide.

Lebanon ranked ahead of Greece and Laos, and trailed Albania and the Philippines on the Environment Sub-Index. This category assesses the extent that a country's market conditions and regulatory framework support entrepreneurship, innovation, and high levels of ICT uptake. Lebanon ranked ahead of only Tunisia, Egypt, Algeria and Mauritania in the region.

Also, Lebanon came ahead of India and Peru, and ranked behind Venezuela and Paraguay on the Readiness Sub-Index. This category measures the degree of a society's preparedness to make good use of an affordable ICT infrastructure. Regionally, Lebanon ranked ahead of Jordan and behind Oman. The survey indicated that government-related indicators in Lebanon are improving from a low level.

Further, Lebanon ranked ahead of Indonesia and Serbia, and trailed Mexico and South Africa on the Usage Sub-Index. This category assesses the efforts of individuals, businesses and the government to increase their capacity to use and adopt ICT. Lebanon ranked ahead of only Tunisia, Egypt, Algeria and Mauritania in the Arab world. The survey noted that most of Lebanon's ICT indicators about personal usage have improved over the past year, with the business sector catching up in its use and adoption of digital technologies.

Finally, Lebanon came ahead of Laos and Pakistan, and ranked behind Namibia and Iran on the Impact Sub-Index. This category measures the broad economic and social impacts accruing from ICT to boost the economy's competitiveness and citizens' well-being. It also reflects the transformation towards an ICT- and technology-savvy economy and society. Lebanon ranked ahead of only Algeria and Mauritania in the region. The survey indicated that ICT has significantly improved business and organizational models, basic services and government efficiency in Lebanon, due to the country's knowledge-intensive jobs, solid educational system and skilled labor force.

Lebanon's Rankings & Scores on the Components of the 2016 Networked Readiness Index

	Global Rank	Arab Rank	UMIC Rank	Lebanon Score	Global Avge Score	Arab Avge Score	UMIC Avge Score
Environment Sub-Index	91	9	24	3.8	4.1	4.1	4.0
Readiness Sub-Index	87	8	26	4.5	4.6	4.6	4.7
Usage Sub-Index	77	9	20	3.8	4.0	4.2	3.8
Impact Sub-Index	103	11	29	3.2	3.8	3.7	3.6

Source: World Economic Forum, INSEAD, Byblos Research

Trade deficit widens by 16% to $6.8bn in first five months of 2016

The total value of imports reached $7.9bn in the first five months of 2016, constituting an increase of 10.9% from the same period of 2015; while the aggregate value of exports declined by 12.8% to $1.1bn. As such, the trade deficit widened by 16% year-on-year to $6.8bn in the first five months of 2016 due to an increase of $770m in imports and a drop of $163.2m in exports. The coverage ratio was 14.1% in the first five months of 2016 compared to 17.9% in the same period of 2015, while it reached 14.5% in May 2016 relative to 19.8% in the same month of 2015. The increase in imports reflects a rise of $733m, or 61.7%, in the value of imported oil & mineral fuels to $1.9bn in the first five months of 2016. In parallel, the value of oil & mineral fuels accounted for 24.4% of total imports in the covered period compared to a share of 16.8% in the first five months of 2015.

In volume terms, imports reached 7.6 million tons in the first five months of 2016 compared to 6.1 million tons in the same period of 2015, while exports regressed by 21.7% annually to 606,662 tons in the covered period. In parallel, imports of oil & mineral fuels increased by 51.2% year-on-year to 4 million tons, while non-hydrocarbon imports grew by 4.7% annually to 3.5 million tons. Imported oil & mineral fuels accounted for 53.2% of total imports in the covered period relative to 44% in the first five months of 2015.

China was the main source of imports with $840.3m, or 10.7% of the total, in the first five months of 2016, followed by Italy with $599m (7.6%), the United States with $583.7m (7.4%), the Netherlands with $477.8m (6.1%), Germany with $456m (5.8%) and Kuwait with $398m (5.1%). Imports from Kuwait rose by 49.3 times annually in the first five months of 2016, those from the Netherlands increased by 5.2 times, imports from the United States grew by 50.7%, those from Italy rose by 20.4% and imports from China increased by 1.7% year-on-year; while imports from Russia declined by 19.4% and those from Germany decreased by 3% year-on-year. In parallel, the Port of Beirut was the entry point for 75.3% of Lebanon's imports in the first five months of 2016, followed by the Hariri International Airport (17.8%), the Port of Tripoli (4.7%), the Port of Saida (1.3%), the Arida and Masnaa crossing points (0.4% each), and the Abboudieh and Tyre crossing points (0.1% each).

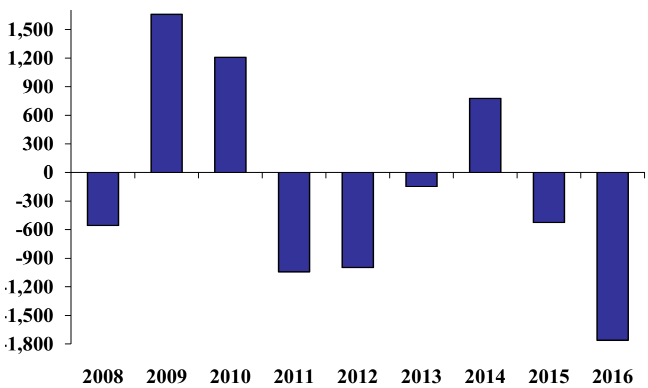
Further, South Africa was the main export destination of Lebanese merchandise with $138.7m, or 12.5% of total exports, followed by Saudi Arabia with $123.8m (11.2%), the UAE with $105m (9.5%), Syria with $70.8m (6.4%), Iraq with $68.1m (6.1%) and Jordan with $43.2m (3.9%). Exports to South Africa grew by 56% year-on-year in the first five months of 2016, while exports to Iraq dropped by 32.7%, those to Saudi Arabia contracted by 24.8%, exports to the UAE regressed by 23.5%, those to Syria decreased by 13.4% and exports to Jordan dropped by 1.6%.

Lebanon's main exports were jewelry with $209.1m and accounted for 19% of the total. They were followed by prepared foodstuff at $193.9m (17.5%), machinery & mechanical appliances at $150.9m (13.6%), chemical products at $121.8m (11%), base metals at $111.2m (10%), vegetable products at $64.4m (5.8%) and plastics & rubber at $53.8m (4.9%). In parallel, the Port of Beirut accounted for 54.5% of Lebanon's total exports in the first five months of the year, followed by the Hariri International Airport (31.3%), the Port of Tripoli (7.4%), the Masnaa crossing point (3.3%), the Arida crossing point (2.1%), the Abboudieh crossing point (0.8%) and the Port of Saida (0.5%). In parallel, re-exports totaled $214.1m in the first five months of 2016 compared to $170.2m in the same period of 2015.

Balance of payments posts deficit of $1.76bn in first five months of 2016

Central Bank figures show that Lebanon's balance of payments posted a deficit of $1.76bn in the first five months of 2016 compared to a deficit of $525m in the same period of 2015. The balance of payments posted a deficit of $861.6m in May 2016 compared to a deficit of $254.9m in April and a surplus of $189.2m in May 2015. The May 2016 deficit was caused by a decrease of $455.6m in the net foreign assets of the Central Bank and a drop of $406m in those of banks and financial institutions. The cumulative deficit over the first five months of 2016 was caused by a decrease of $1.36bn in the net foreign assets of the Central Bank and a drop of $403.1m in those of banks and financial institutions. The balance of payments posted surpluses of $7.9bn in 2009 and $3.3bn in 2010, and deficits of $2bn in 2011, $1.5bn in 2012, $1.1bn in 2013, $1.4bn in 2014 and $3.4bn in 2015.

Balance of Payments* (US$m)

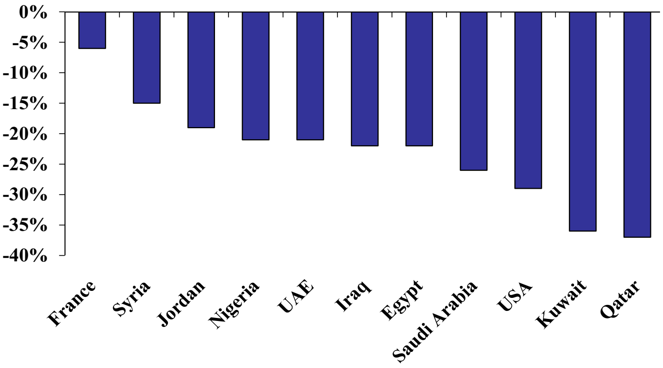


**in the first five months of each year*
Source: Central Bank of Lebanon

Tourism spending in Lebanon down 18% year-on-year in second quarter of 2016

Figures issued by Global Blue, the VAT refund operator for international shoppers, show that total spending by tourists in Lebanon decreased by 18% in the second quarter of 2016 from the same quarter last year. Visitors from Saudi Arabia accounted for 32% of total tourist expenditures in the second quarter of 2016, followed by visitors from the UAE with 14%, Kuwait with 13%, Syria and Qatar with 7% each; Egypt, Jordan and the United States with 5% each; and France, Nigeria and Iraq with 3% each; while visitors from other countries accounted for the remaining 3%. Spending by visitors from Qatar decreased by 37% year-on-year in the second quarter of 2016, followed by those from Kuwait (-36%), the United States (-29%), Saudi Arabia (-26%), Iraq and Egypt (-22% each), Nigeria and the UAE (-21% each), Jordan (-19%), Syria (-15%) and France (-6%). Also, the total number of refund transactions by visitors in the second quarter of 2016 decreased by 24% annually.

Total Spending by Visitors in Second Quarter of 2016 (% change from second quarter of 2015)



Source: Global Blue, Byblos Research

Beirut attracted 82% of total spending in the covered period, followed by the Metn area with 13%, the Baabda district with 3% and the Keserwan region with 2%. Fashion & clothing accounted for 74% of total spending in the second quarter of 2016, followed by watches & jewelry with 14%, home & garden products with 4%, department stores with 3%, and souvenirs & gifts and consumer electronics & household appliances with 1% each. In parallel, spending on souvenirs & gifts regressed by 37% from the second quarter of 2015, followed by that in department stores (-26%), expenditures on watches and jewelry (-24%), fashion & clothing (-16%), consumer electronics & household appliances (-11%) and home & garden products (-3%). The total number of refund transactions by visitors from Kuwait declined by 54% year-on-year in the second quarter of 2016, followed by Egypt (-37%), Saudi Arabia (-32%), Jordan (-29%), Qatar (-28%), Nigeria (-25%), the UAE (-24%), Iraq (-19%), Syria (-16%), the United States (-9%) and France (-8%).

In parallel, total spending by tourists in Lebanon decreased by 14% year-on-year in the first half of 2016. Spending by visitors from Saudi Arabia, Kuwait, Iraq and the United States dropped by 25% each, followed by those from Qatar (-20%), Egypt (-17%), the UAE (-15%), Nigeria (-11%), Jordan (-9%), Syria (-2%) and France (-1%). Visitors from Saudi Arabia accounted for 31% of total tourist expenditures in the first half of 2016, followed by visitors from the UAE and Kuwait with 14% each, Syria with 7%, Qatar and the United States with 6% each, Egypt and Jordan with 5% each, Iraq and France with 4% each, and Nigeria with 3%. Also, the total number of refund transactions by visitors dropped by 16% year-on-year in the first half of 2016. The number of refund transactions by visitors from the United States increased by 4% annually in the first half of 2016, while those from Kuwait decreased by 36%, followed by those from Saudi Arabia (-27%), Egypt (-21%), Nigeria (-16%), Iraq (-15%), Qatar and Jordan (-13% each), the UAE (-12%), Syria (-5%) and France (-3%).

Gross public debt at $72bn at end-May 2016

Lebanon's gross public debt reached $71.5bn at the end of May 2016, constituting an increase of 1.6% from $70.3bn at end-2015 and a growth of 3% from $69.4bn at the end of May 2015. In nominal terms, the gross public debt grew by $1.15bn in the first five months of 2016 relative to an increase of $2.8bn in the same period of 2015. Domestic debt totaled $42.5bn at end-May 2016, decreasing by 1.8% from end-2015 and growing by 0.8% from end-May 2015; while debt in foreign currency stood at $29bn, constituting an increase of 7.1% from end-2015 and a rise of 6.4% from a year earlier. Local currency debt accounted for 59.4% of gross public debt at the end of May 2016 compared to 60.7% a year earlier, while foreign currency-denominated debt represented the balance of 40.6% relative to 39.3% at end-May 2015. The weighted interest rate on outstanding Treasury bills was 6.95% and the rate on Eurobonds was 6.4% in May 2016. Further, the weighted life on Eurobonds was 6.57 years, while that on Treasury bills was 1,232 days.

Commercial banks held 45% of the Lebanese pound-denominated public debt at the end of May 2016 compared to 48.7% a year earlier. They were followed by the Central Bank with 38.2%, up from 34.5% at end-May 2015; while public agencies, financial institutions and the public accounted for 17% of local debt, relative to 16.8% a year earlier. Also, Eurobond holders and special Tbills in foreign currencies accounted for 92.8% of foreign-currency denominated debt at the end of May 2016, followed by multilateral institutions with 3.6%, foreign governments with 3.5% and Paris II loans with 0.2%. In parallel, the gross market debt accounted for about 65% of total public debt. Gross market debt is the total public debt less the portfolios of the Central Bank, the National Social Security Fund, bilateral and multilateral loans, as well as Paris II and Paris III related debt.

Central Bank designs mechanism to support real estate developers

The Central Bank of Lebanon issued Intermediate Circular 427 on June 21, 2016, which amends Basic Circular 81 dated February 21, 2001 about financial institutions' operations that are related to credit, investment, shareholding and participation. The amendments consisted of adding a new article to the original circular. The article allowed banks operating in Lebanon to provide credit facilities to real estate companies that want to purchase built properties with the aim of selling them later on, in case the firms fulfill a specific set of conditions. First, it stipulated that the real estate company should only buy properties that were financed through a construction loan extended by banks in Lebanon. It added that the loan should be outstanding at the time of the purchase and equivalent to no less than 50% of the value of the property. It noted that the proceeds from the sale transaction should be used first to repay the construction loan. Second, it indicated that the by-laws of the real estate companies should include a clause that stipulates selling the acquired property within a maximum period of 10 years from the acquisition date. It noted that the proceeds from the sale transaction should be used first to repay the credit facilities extended by banks to finance the purchase of the built property. Third, it noted that the acquired property should be used as collateral only for the construction loan, and must be among the collateral submitted for the credit facilities. Fourth, it said that real estate companies should finance the acquisition deal by using a minimum of 40% of their equity excluding debt, and a maximum of 60% through credit facilities. Finally, the circular prohibits banks and financial institutions in Lebanon from establishing firms that specialize in buying properties or owning shares in them.

Value of cleared checks down 2%, returned checks down 10% in first five months of 2016

The value of cleared checks reached $28.2bn in the first five months of 2016, constituting a decrease of 1.7% from $28.7bn in the same period of 2015, and compared to a drop of 7% in the first five months of 2015 and an increase of 4.2% in the same period of 2014. The value of cleared checks in Lebanese pounds grew by 8.1% annually to the equivalent of $8.1bn, while the value of cleared checks in US dollars declined by 5.2% to $20bn in the first five months of 2016. The dollarization rate of cleared checks decreased to 71.1% from 73.7% in the first five months of 2015. Further, there were 5.1 million cleared checks in the first five months of 2016, up by 0.4% from the same period last year.

In parallel, the value of returned checks in domestic and foreign currency was $591m in the first five months of 2016 compared to $655m in the same period of 2015 and $600m in the first five months of 2014. This constituted a drop of 9.8% year-on-year in the first five months of 2016 relative to an increase of 9.2% in the same period of 2015 and a decline of 2.1% in the first five months of 2014. Also, there were 94,900 returned checks in the covered period, down by 5.5% from 100,400 checks in the first five months of 2015.

Compensation of public-sector personnel up 6% in first nine months of 2015, absorbs 36% of fiscal spending

Figures issued by the Ministry of Finance show that the compensation of public-sector personnel totaled $3.5bn in the first nine months of 2015, constituting an increase of 6.5% from $3.3bn in the same period of 2014. Salaries, wages and related benefits accounted for 65.6% of the total in the first nine months of the year, followed by retirement benefits (24.2%), transfers to public institutions to cover salaries (5.7%) and end-of-service indemnities (4.5%). The increase in the compensation of public-sector personnel reflects a rise in salaries, wages and related benefits, retirement benefits, transfers to public institutions and end-of-service indemnities. The compensation of public-sector personnel represented the largest component of total primary spending and accounted for 67% of such expenditures in the first nine months of 2015 compared to 58% in the same period of 2014. The compensation of public-sector personnel absorbed 36% of total fiscal spending in the covered period, up from 33% in the same period of 2014.

In parallel, salaries, wages and related benefits paid to public-sector employees totaled $2.3bn in the first nine months of 2015, constituting an increase of 3.4% from the same period of 2014. This category includes basic salaries, employment benefits, allowances, contributions to civil servants' cooperatives, as well as contributions to other mutual funds providing health insurance for specific categories of civil servants, mainly judges, religious judges and employees at the Parliament.

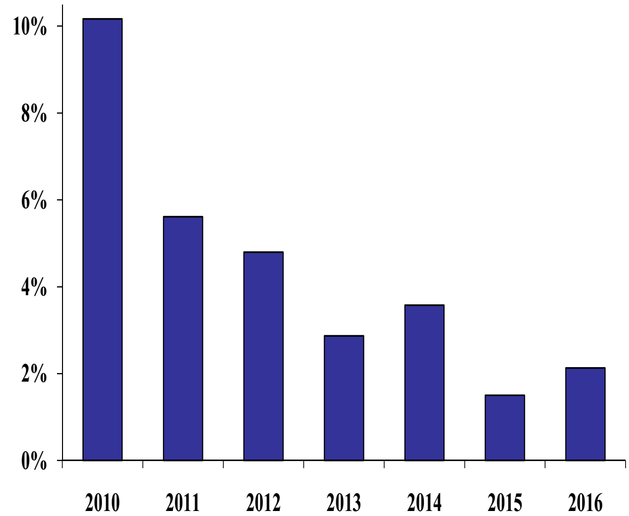
Salaries and benefits of military personnel reached $1.5bn and accounted for 63.3% of salaries, wages and related benefits paid in the public sector in the first nine months of 2015, followed by educational personnel with $454.4m (19.6%), civil staff with $230.2m (9.9%), the government's contribution to the employees' cooperative with $147.9m (6.4%) and customs employees with $17.9m (0.8%). Also, the Lebanese Army's salaries totaled $942.6m in the first nine months of 2015 and represented 64.2% of military personnel's salaries and benefits. They were followed by the salaries of the Internal Security Forces with $399.3m (27.2%), those of the General Security Forces with $98.8m (6.7%) and the State Security Forces with $27.2m (1.9%).

The overall increase in salaries, wages and related benefits paid to public-sector employees reflects a rise of $33.8m in other payments given to non-military bodies, such as bonuses, as well as an increase of $33.2m in allowances and an expansion of $11.3m in basic salaries, while employment benefits were unchanged. The increase in allowances was allocated almost in full to military personnel. Overall, basic salaries grew by 0.7% year-on-year to $1.7bn in the first nine months of 2015, allowances increased by 10.2% to $357.5m and other payments given to non-military bodies rose by 22.9% to $181.8m year-on-year.

Commercial banks' assets reach $189bn at end-May 2016

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets reached $188.6bn at the end of May 2016, constituting an increase of 1.4% from the end of 2015 and a rise of 5.4% from end-May 2015. Loans extended to the private sector totaled $55.5bn at the end of May 2016, reflecting a growth of 2.4% from the end of 2015 and an increase of 8.1% from end-May 2015. Loans to the resident private sector totaled $49.1bn and grew by 2.1% from the end of 2015 and by 6.6% year-on-year; while credit to the non-resident private sector reached $6.46bn, and expanded by 4.5% from end-2015 and by 21.3% from end-May 2015. In nominal terms, credit to the private sector rose by $1.3bn in the first five months of 2016 relative to a growth of $470.3m in the same period of 2015. Lending to the resident private sector grew by $1bn in the first five months of 2016 relative to an increase of $680m in the same period of 2015, while credit to the non-resident private sector expanded by $275.3m in the first five months of the year compared to a decline of $209.6m in the same period of 2015. In addition, claims on non-resident banks reached $10.4bn at the end of May 2016, down by 9.9% from the end of 2015 and by 9.2% from a year earlier. In parallel, claims on the public sector stood at $37.6bn at the end of May, down by 0.6% from end-2015 and by 1.6% from end-May 2015. The dollarization rate in private sector lending regressed to 74.6% at the end of May 2016 from 75% a year earlier. Further, the average lending rate in Lebanese pounds was 8.53% in May 2016, while the same rate in US dollars stood at 7.29%.

Resident Private Sector Lending Growth* (% Change)



** in the first five months of each year*
Source: Association of Banks in Lebanon, Byblos Research

In parallel, private sector deposits totaled $153.9bn at the end of May 2016, constituting an increase of 1.5% from the end of 2015 and a rise of 4.1% from end-May 2015. Deposits in Lebanese pounds reached $54.2bn, growing by 1.8% from end-2015 and by 5.1% from a year earlier; while deposits in foreign currencies totaled $99.7bn, constituting a rise of 1.4% from the end of 2015 and an increase of 3.5% from end-May 2015. Aggregate non-resident deposits reached $32bn at the end of May and grew by 0.5% from end-2015, while they grew by 2.1% from a year earlier. In nominal terms, total private sector deposits regressed by $88.9m in January and by $80.9m in February, while they grew by $1bn in March, by $486.2m in April and by $959.2m in May 2016. In comparison, they declined by $274m in January, and increased by $577.8m in February, by $731.7m in March, by $2bn in April and by $393.4m in May 2015. As such, total private sector deposits rose by $2.3bn in the first five months of 2016 compared to an increase of $3.5bn in the same period of 2015. Resident private sector deposits grew by $2.1bn in the first five months of 2016 relative to a rise of $2.4bn in the same period of 2015, while non-resident deposits increased by $167.8m in the first five months of the year compared to a rise of $1.1bn in the first five months of 2015. Further, deposits of non-resident banks reached $6.2bn at the end of May 2016, down by 5.8% from end-2015 and up by 0.8% from a year earlier.

The dollarization rate of deposits reached 64.8% at the end of May 2016, down from 65.2% a year earlier. Further, the average deposit rate in Lebanese pounds was 5.58% in May 2016, while the same rate in US dollars was 3.26%. In addition, the ratio of private sector loans-to-deposits in foreign currency stood at 41.5%, well below the Central Bank's limit of 70% and compared to 40% a year earlier. In comparison, the same ratio in Lebanese pounds was 26.1% at end-May 2016, relative to 25% at the end of May 2015. The ratio of total private sector loans-to-deposits was 36.1% relative to 34.7% a year earlier. The banks' aggregate capital base stood at $17.2bn, up by 3.3% from $16.7bn at end-2015 and by 4.5% from $16.5bn at end-May 2015.

Stock market index down 15% in first half of 2016

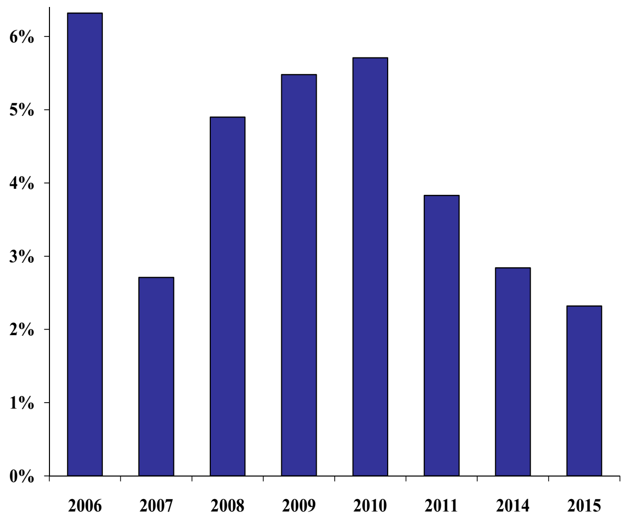
Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 44.3 million shares in the first half of 2016, constituting a decrease of 1.2% from 44.8 million shares traded in the same period of 2015; while aggregate turnover amounted to $393.5m, up by 12.3% from a turnover of $350.3m in the first half of 2015. Market capitalization regressed by 4.5% from the end of June 2015 to $11.03bn, with banking stocks accounting for 82.9% of the total, followed by real estate shares (14%), industrial firms (2.8%) and trading stocks (0.3%). The market liquidity ratio was 3.6% in the covered period compared to 3% in the first half of 2015. Banking stocks accounted for 91.4% of aggregate trading volume in the first half of the year, followed by real estate equities with 8.4% and industrial shares with 0.1%. Also, banking stocks represented 90.4% of the aggregate value of shares traded, followed by real estate equities with 9.4% and industrial stocks with 0.2%. The average daily traded volume for the period was 365,787 shares for an average daily value of $3.3m. The figures reflect a drop of 2% in volume and a rise of 11.4% in value year-on-year. In parallel, the Capital Markets Authority's Market Value-Weighted Index for stocks traded on the BSE decreased by 15.2% in the first half of 2016, while the Capital Markets Authority's Banks Market Value-Weighted Index was nearly unchanged from end-2015.

Solidere to pay dividends in cash and shares for 2015

Solidere, The Lebanese Company for the Development and Reconstruction of Beirut Central District sal, announced that its Ordinary General Assembly held on June 27, 2016 approved the distribution of cash and stock dividends for 2015 worth $35.4m to the holders of common shares. The firm will allocate a cash dividend payment of about $16.3m, or $0.1 per share, to the holders of Class A and Class B shares. It will also distribute a stock dividend payment of about $19.1m, or one share for every 80 shares held by shareholders, based on Solidere's share price at the firm's dividend declaration date on June 27, 2016. The dividends will be paid starting on October 3, 2016, net of a 5% withholding tax.

Established in 1995, Solidere has distributed a total of $1.2bn in dividends during 13 out of its 22 years of operations. It currently has 165,000,000 common shares listed on the Beirut Stock Exchange that consist of 100,000,000 Class A and 65,000,000 Class B shares. Solidere is Lebanon's third largest listed firm in terms of market capitalization as at the end of June 2016. The price of Solidere A shares closed at $9.69 per share on July 8, 2016, down by 12.4% from $11.06 per share at the end of 2015; while Solidere B shares closed at $9.37 per share, down by 15.4% from $11.07 per share at the end of 2015.

Solidere's Dividend Yield (%)



**Based on the closing market price on declaration date*
Source: Solidere Financials, Byblos Research

Solidere announced consolidated audited net losses of $87.2m in 2015 relative to net profits of $113.7m in 2014. The consolidated results reflect Solidere's standalone financials and those of its subsidiaries (the Group), which include Solidere International Limited, Solidere Management Services sal, BCD Cinemas sal, Beirut Waterfront Development sal and Beirut Hospitality Company Holding sal. Solidere Group stated that its consolidated assets reached $2.92bn at the end of 2015 and decreased by 1.6% from $2.96bn at end-2014, with the inventory of land and projects in progress totaling $1.13bn. The firm noted that it owns a land bank of 1.75 million square meters with a market value estimated at about $6.8bn, as well as a portfolio of built rental properties valued at about $1.4bn based on the prevailing market prices. The Group's consolidated shareholders' equity totaled $1.96bn at the end of 2015, down by 5.2% from $2.06bn at end-2014.

Investment vehicle acquires cable manufacturing company

The investment vehicle Emerging Investment Partners (EIP) acquired a 100% stake in General Cable Egypt, a subsidiary of the U.S.-based General Cable Inc., for an undisclosed amount. The acquired firm was established in 1996 and manufactures a wide variety of wire and cable products for the construction and industrial markets, including power and overhead transmission lines. The deal constitutes EIP's third investment in the Middle East, following its 51% investment in The Backyard Hazmieh in Lebanon, a cluster of more than 20 food & beverage outlets, and its joint acquisition of the Dubai-based Diamond Meat Processing LLC.

The Beirut-based Obegi Group and the Switzerland-based Generation Alfa, along with two other individual investors, established EIP in December 2014. The vehicle aims to invest in high-growth medium-sized enterprises that have prospects for regional expansion in various sectors in the Levant, North Africa and selected African countries. The company is co-funded by private and institutional investors.

Ciments Blancs approves dividends for 2015

The Ordinary General Assembly of Société Libanaise des Ciments Blancs sal held on June 22, 2016 approved a gross dividend distribution of LBP4.1bn, or $2.7m, to common shareholders for 2015, which is equivalent to LBP455.8 ($0.3) per share and to a payout ratio of 98.2%. The dividends will be paid on July 15, 2016 net of a 5% withholding tax. Ciments Blancs has 6 million bearer shares and 3 million nominal shares listed on the Beirut Stock Exchange. The company is engaged in the production and sale of white cement. The price of Ciments Blancs' bearer shares closed at $3 per share on July 8, 2016, down by 23.1% from $3.9 per share at the end of 2015, while the price of the firm's nominal shares closed at $3.1 per share on July 8, unchanged from end-2015.

Ciments Blancs, which is an affiliate of HOLCIM Liban, declared net profits of $2.8m in 2015, constituting a decrease of 22.5% from $3.6m in 2014. The company generated total sales of $12.8m last year relative to $14.2m in 2014. The firm's total assets reached $25.2m at the end of 2015, and increased by 13.2% from $22.2m at end-2014.

Ratio Highlights

(in % unless specified)	2013	2014	2015	Change*
Nominal GDP ($bn)	47.2	49.4	50.9	
Public Debt in Foreign Currency / GDP	55.3	51.9	53.2	134
Public Debt in Local Currency / GDP	79.1	83.0	85.0	203
Gross Public Debt / GDP	134.4	134.8	138.2	337
Total Gross External Debt / GDP**	163.8	165.1	162.4	(270)
Trade Balance / GDP	(36.6)	(34.8)	(29.7)	512
Exports / Imports	18.5	16.2	16.6	41
Fiscal Revenues / GDP	19.9	22.0	18.8	(322)
Fiscal Expenditures / GDP	28.9	28.3	26.6	(167)
Fiscal Balance / GDP	(8.9)	(6.2)	(7.8)	(154)
Primary Balance / GDP	(0.5)	2.6	1.4	(122)
Gross Foreign Currency Reserves / M2	69.5	66.5	58.7	(780)
M3 / GDP	235.4	238.4	243.0	462
Commercial Banks Assets / GDP	349.0	355.9	365.6	968
Private Sector Deposits / GDP	288.4	292.6	298.0	540
Private Sector Loans / GDP	100.3	103.1	106.6	348
Private Sector Deposits Dollarization Rate	66.1	65.7	64.9	(83)
Private Sector Lending Dollarization Rate	76.5	75.6	74.8	(73)

** Change in basis points 14/15*
***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*
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	Oct 2014	Sep 2015	Oct 2015	Change**	Risk Level
Political Risk Rating	52.0	54.5	54.5	▼	High
Financial Risk Rating	38.0	39.0	39.0	▼	Low
Economic Risk Rating	27.0	33.0	33.0	▼	Moderate
Composite Risk Rating	58.5	63.25	63.25	▼	Moderate

MENA Average*	Oct 2014	Sep 2015	Oct 2015	Change**	Risk Level
Political Risk Rating	57.1	57.6	57.7	▼	High
Financial Risk Rating	40.6	39.2	39.3	▲	Low
Economic Risk Rating	35.6	31.3	31.2	▲	Moderate
Composite Risk Rating	66.6	64.0	64.1	▲	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	B2	NP	Negative	B2		Negative
Fitch Ratings	B	B	Negative	B		Negative
Standard & Poor's	B-	B	Negative	B-	B	Negative
Capital Intelligence	B	B	Negative	B	B	Negative

Source: Rating agencies

Banking Ratings	Banks' Financial Strength	Banking Sector Risk	Outlook
Moody's	E+		Negative

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