

LEBANON THIS WEEK

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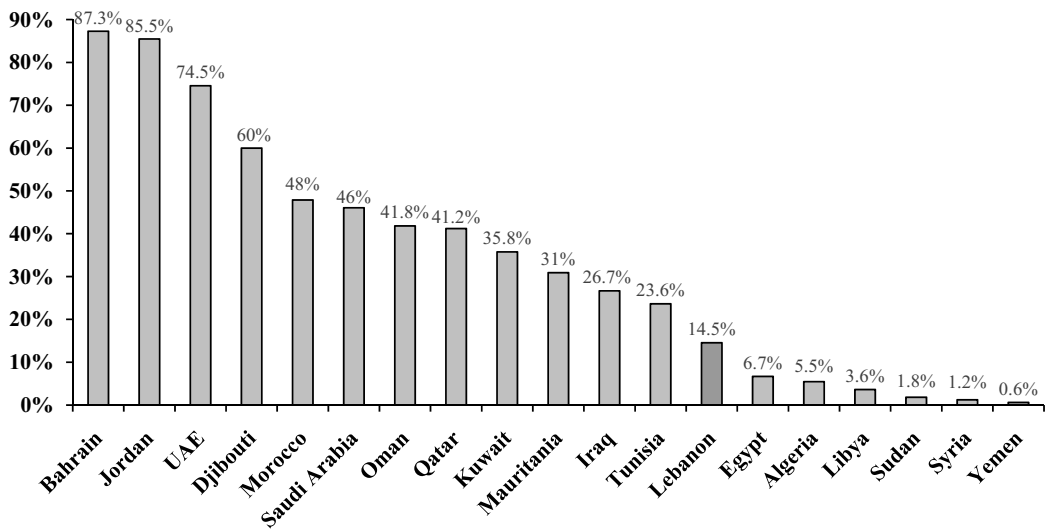
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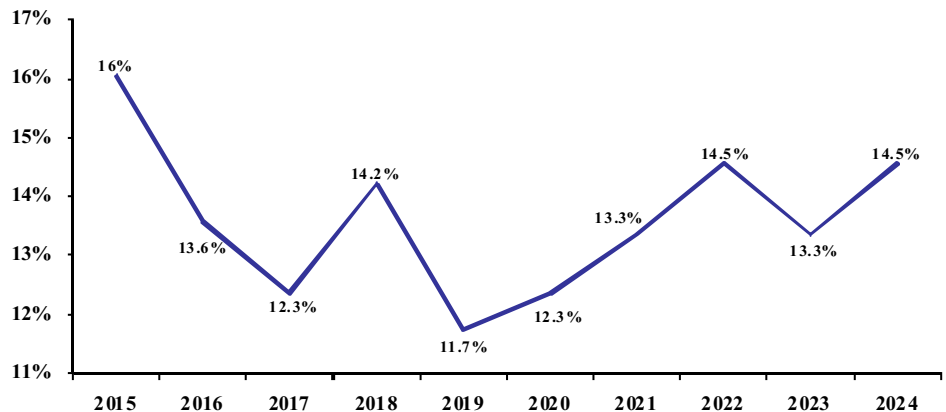
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Charts of the Week

Percentile Rankings of Arab Countries on the Regulation of Credit, Labor & Business for 2024*



Percentile Rankings of Lebanon on the Regulation of Credit, Labor & Business



*The category measures the extent to which the regulatory burden limits the freedom of exchange in credit, labor, and product markets

Source: Fraser Institute Index of Economic Freedom of the World 2024, Byblos Bank

Quote to Note

"Non-competency based hiring and promotions, lack of personnel performance management, high spending on compensation for certain sectors and grades, and inadequate workforce planning."

The World Bank, on the structural inefficiencies in Lebanon's civil service

Number of the Week

30: Number of months that the Council of Ministers has been operating in a caretaker capacity

Lebanon in the News

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

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

*year-on-year

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

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

Capital Markets

Most Traded Stocks on BSE*	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Solidere "A"	95.75	(1.2)	168,034	43.2%	Dec 2024	7.00	8.38	19,692.54
Solidere "B"	96.00	(0.5)	72,239	28.1%	Jun 2025	6.25	8.38	1,492.79
Audi GDR	1.70	4.3	7,000	0.9%	Nov 2026	6.60	8.38	167.41
BLOM GDR	3.51	0.0	5,043	1.2%	Mar 2027	6.85	8.38	138.15
BLOM Listed	7.00	0.0	3,200	6.8%	Nov 2028	6.65	8.38	73.27
HOLCIM	66.80	2.3	370	5.9%	Feb 2030	6.65	8.38	52.87
Byblos Common	0.81	0.0	-	2.1%	Apr 2031	7.00	8.38	42.45
Byblos Pref. 09	29.99	0.0	-	0.3%	May 2033	8.20	8.38	31.36
Audi Listed	1.70	0.0	-	4.5%	Nov 2035	7.05	8.38	23.93
Byblos Pref. 08	25.00	0.0	-	0.2%	Mar 2037	7.25	8.38	21.10

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

Source: Refinitiv

	Nov 4-8	Oct 28 - Nov 1	% Change	October 2024	October 2023	% Change
Total shares traded	255,986	68,376	274.4	914,295	1,495,844	(38.9)
Total value traded	\$22,904,180	\$4,408,501	419.5	\$24,463,583	\$89,583,309	(72.7)
Market capitalization	\$22.18bn	\$22.29bn	(0.5)	\$22.04bn	\$16.31bn	35.1

Source: Beirut Stock Exchange (BSE)



Lebanon ranks 200th globally, 16th in Arab world in government effectiveness

The World Bank's annual World Governance Indicators for 2023 show that Lebanon's score increased on one out of six governance indicators included in the survey and regressed on the other five indicators, reflecting a relative decline in the level of governance in the country from the previous year. Also, Lebanon's ranking improved on two indicators, regressed on three other ones, and was unchanged on one indicator from the previous survey. The indicators cover 214 countries and territories and are rated on a scale of -2.5 to +2.5, with higher values corresponding to better governance outcomes.

Lebanon ranked in 200th place worldwide among 213 countries and territories with available figures and in 16th place among 20 Arab countries in terms of Government Effectiveness. The indicator evaluates the quality of public and civil services and the degree of their independence from political pressure, as well as the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Lebanon's global rank regressed by three spots, while its regional rank was unchanged from the preceding year. Globally, Lebanon had a more effective government than Venezuela, Libya and the Democratic Republic of the Congo, and a less effective one than Iraq, Chad and North Korea among countries with a nominal GDP of \$10bn or more. Regionally, Lebanon had a higher level of government effectiveness than Libya, Syria, Sudan and Yemen. The results show that 94% of countries and territories around the world have a better score than Lebanon on this dimension of governance.

Also, Lebanon ranked in 185th place globally among 213 countries and territories with available figures and in 15th place regionally on the Rule of Law category, which is a measure of the extent that citizens have confidence in the rules of society and abide by them, as well as the likelihood that acts of crime and violence will occur. Lebanon's rank regressed by one spot globally, while its regional rank was unchanged from the previous year. Globally, Lebanon preceded Kyrgyzstan, Russia and Bolivia, while it trailed Honduras, Angola and Guinea on this indicator. Regionally, Lebanon came ahead of only Sudan, Iraq, Libya, Yemen and Syria. The results show that 87% of countries and territories around the world have a better score than Lebanon on this dimension of governance.

Further, Lebanon ranked in 182nd place worldwide among 213 countries with available figures and in 15th place among Arab countries in terms of Regulatory Quality, which assesses market-friendly policies and laws that enable and promote private sector development. Lebanon's global rank improved by two notches, while its regional rank was unchanged year-on-year. Globally, Lebanon ranked ahead of Ethiopia, Guinea and Russia, and came behind Nigeria, Algeria and Mauritania on this indicator. Regionally, the quality of rules and regulations in Lebanon was better than in Iraq, Sudan, Syria, Yemen, and Libya. The results show that 85.4% of countries and territories in the world have a better score than Lebanon on this dimension of governance.

In addition, Lebanon ranked in 190th place globally among 213 countries and territories with available figures and in 15th place regionally on the Control of Corruption category, which measures perceptions of the use of public power for private gain in a country, including both petty and grand forms of corruption. Lebanon's global rank deteriorated by seven notches, while its regional rank was unchanged from the previous year. Globally, the control of corruption in Lebanon is better than in Iran, Zimbabwe and Cambodia, and is less effective than in Azerbaijan, Myanmar and Kyrgyzstan. Regionally, the control of corruption in Lebanon is better than in Iraq, Sudan, Libya, Yemen and Syria. The results show that 89.2% of countries and territories around the world had a better score than Lebanon on this dimension of governance.

Government Effectiveness Rankings & Scores in 2023

	Score	Arab Rank	Global Rank
UAE	+1.60	1	11
Qatar	+1.20	2	31
Saudi Arabia	+0.80	3	46
Bahrain	+0.70	4	55
Jordan	+0.39	5	76
Oman	+0.27	6	81
Kuwait	+0.01	7	104
Morocco	-0.04	8	107
Egypt	-0.24	9	124
Tunisia	-0.30	10	130
Algeria	-0.67	11	155
Djibouti	-0.73	12	159
Mauritania	-0.76	13	161
West Bank & Gaza	-1.21	14	191
Iraq	-1.39	15	195
Lebanon	-1.58	16	200
Libya	-1.64	17	202
Syria	-1.79	18	206
Sudan	-1.98	19	208
Yemen	-2.28	20	212

Source: World Bank, Byblos Research

Lebanon's Rankings and Scores on Governance Indicators for 2023

	Global Rank	Change in Rank	Arab Rank	Lebanon Score	Change in Score	Arab Avg Score
Voice & Accountability	142	▲	4	-0.65	▼	-1.07
Regulatory Quality	182	▲	15	-1.01	▲	-0.48
Rule of Law	185	▼	15	-1.17	▼	-0.49
Control of Corruption	190	▼	15	-1.23	▼	-0.52
Political Stability	192	↔	14	-1.52	▼	-0.87
Government Effectiveness	200	▼	16	-1.58	▼	-0.48

Source: World Bank, Byblos Research



Draft budget annex forecasts balanced budget for 2025

The annex to the draft budget for 2025 that the Ministry of Finance prepared shows budget expenditures and revenues at LBP445,214bn each, leading to a primary surplus of LBP31,485bn and a balanced budget; compared to a primary deficit of LBP2,541.4bn and a budget deficit of LBP17,189.6bn or 5.8% of expenditures in the draft budget for 2024. The ministry based its budget figures on projections of a real GDP growth rate of about 1.2%, an inflation rate of 4.5%, and a nominal GDP of LBP2,487,725bn, or of \$27.8bn, for 2025. It also expected the exchange rate of the Lebanese pound to the US dollar to remain stable at LBP89,500 per dollar. The budget figures in the annex differ from the figures in the first version of the 2025 draft budget, as the original draft budget for next year showed budget expenditures of LBP427,695bn and revenues of LBP410,129bn, leading to a budget deficit of LBP17,566bn, or 4.11% of public spending. The changes reflect the modifications that the Council of Ministers made to the original version.

The ministry indicated that the Israeli war on Lebanon is likely to increase pressures on public finances and on the preparation of the budget, which faced numerous obstacles and challenges. But it stressed the need to comply with the constitutional deadlines in preparing the draft budget, in order to regularize public spending and limit advances from the Treasury. It noted that, in light of the ongoing war and its toll on human lives and material losses, it does not have yet a precise estimate of its impact on the economy and on public finances, given the lack of visibility and the effects of future developments.

Further, the ministry considered that the main objective of the 2025 budget is to avoid any tax increase and to work towards improving tax compliance, pursuing individuals or entities that have not been officially declared or registered with the tax authorities, and make them declare their income and file their tax returns. It added that the budget's priority is to increase social spending in order to limit the deterioration in living conditions and to help citizens face the multiple ongoing crisis by focusing on expanding social safety nets. It noted that the budget takes into consideration the Ministry of Public Health's strategy in addressing healthcare needs.

Also, it pointed out that the budget allocates LBP31,485bn in debt servicing that consists of LBP24,002bn in dues on foreign debt and LBP7,483bn in debt servicing on domestic Treasury bills. It noted that the figures do not include interest arrears on Lebanese Eurobonds, as has been the case since 2021, and stressed the need to start negotiations with bondholders in order to restructure the public debt and to avoid depleting official foreign currency reserves. It added that it has postponed proposed projects of LBP1,103bn in order to review them, prioritize them, and to decide which ones can be canceled. It noted that the only exception in the 2025 budget is the demining program that has an allocation of LBP9.5bn.

It added that the issue of adjusting public sector wages and salaries has been facing a piecemeal and arbitrary approach that has created a schism within the public sector, as well as between the private and public sectors. As such, it called for reviewing the public sector's salary grid and grades, and to unify the multiple wages, given the difficulties that the Ministry of Finance is facing in securing these multiple and complicated wages. It added that the budget increased pension payments and end-of-service indemnities by LBP13,574bn to LBP38,170, and the contribution to the National Social Security Fund (NSSF) by LBP2,942bn for 2025. It also allocated LBP8,152bn to reimburse Treasury advances that were extended to various public institutions, and LBP403bn for the Capital Markets Authority.

It noted that public expenditures increased by LBP13,6779bn, or by 44.4%, in the 2025 draft budget from the 2024 draft budget due mainly to address the rise in the inflation rate, to incorporating the lump sum transportation cost for the members of the military and security agencies, to the increase in wages and salaries, to the surge in allocations to the Ministry of Social Affairs, to the reimbursement of Treasury advances, to the cost of new recruits in the public sector, and to the contributions to the NSSF.

On the expenditures side, the annex to the draft budget estimates current expenditures at LBP393,858bn and capital expenditures at LBP51,356bn, or 88.5% and 11.5%, respectively, of aggregate public spending. The distribution of current expenditures shows that social spending accounts for 26.5% of public expenditures, followed by wages, salaries and allocations at 21.7%, spending on goods & services (12.6%), transfers (10.4%), debt servicing (7.1%), various expenditures (5.9%), and emergency expenditures (4.4%), while maintenance, equipment, construction underway, and miscellaneous spending accounted for the balance of public spending. It expected that the financing of capital expenditures will come mainly from foreign sources.

On the revenues side, the draft budget annex projects tax revenues at LBP361,387bn and non-tax receipts at LBP83,836bn, or 81.2% and 18.2%, respectively, of public revenues. The ministry estimates that revenues from the excise tax on goods & services would generate 45.7% of total receipts; followed by receipts from custom duties with 16.5%; the tax on income, profits & capital gains with 9.8%; income from property taxes with 6.6%; while other taxes would generate the remaining 2.7% of aggregate tax receipts. Further, the distribution of projected non-tax revenues shows that receipts from government properties and public institutions would generate 12.3% of public revenues, followed by fees, administrative receipts and sales with 5.8%; while penalties, expropriations and other non-tax receipts would generate the balance of 0.8% of total revenues.

Tourist arrivals down 24% in first eight months of 2024

Figures compiled by the Ministry of Tourism indicate that the number of incoming visitors to Lebanon totaled 933,976 tourists in the first eight months of 2024, constituting decreases of 24% from 1,229,350 tourists in the same period of 2023 and of 5% from 982,206 visitors in the first eight months of 2022. In comparison, the number of tourist arrivals increased by 25.2% in the first eight months of 2023 from the same period of 2022.

Also, the number of incoming visitors stood at 77,712 in January, 80,150 in February, 79,771 in March, 102,657 in April, 116,477 in May, 173,308 in June, 195,992 in July, and 107,909 in August 2024. In comparison, they totaled 88,378 visitors in January, 85,682 in February, 100,727 in March, 123,399 in April, 143,208 in May, 209,796 in June, 267,702 in July, and 210,458 in August 2023. The figures constituted decreases of 12% in January, 6.5% in February, 20.8% in March, 16.8% in April, 18.7% in May, 17.4% in June, 26.8% in July, and 48.7% in August 2024 from the corresponding months of the previous year. The declines are due to the eruption of the conflict in the Gaza Strip, the related Israeli attacks along Lebanon's southern border, and the resulting concerns about security and political instability. The figures exclude Syrian and Palestinian arrivals.

Visitors from European countries totaled 384,491 tourists and accounted for 41.2% of incoming visitors to Lebanon in the first eight months of 2024, followed by those from Arab countries with 227,524 visitors (24.4%), the Americas with 192,950 tourists (20.7%), Asia with 47,676 visitors (5.1%), Africa with 43,276 visitors (4.6%), and Oceania with 37,962 tourists (4.1%). Further, the number of visitors from Africa grew by 3.6% in the first eight months of 2024 from the same period last year, while the number of visitors from Oceania dropped by 27.3%, followed by those from the Americas (-26%), the Arab countries and Europe (-25% each), and Asia (-16.3%).

Number of airport passengers down 19% in first 10 months of 2024

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 5.1 million passengers utilized the airport (arrivals, departures and transit) in the first 10 months of 2024, constituting decreases of 19.1% from 6.3 million passengers in the same period of 2023 and of 5% from 5.36 million passengers in the first 10 months of 2022. Also, 189,068 passengers utilized the airport in October 2024, representing decreases of 61.1% from 485,699 in September 2024 and of 63.4% from 516,803 passengers in October 2023.

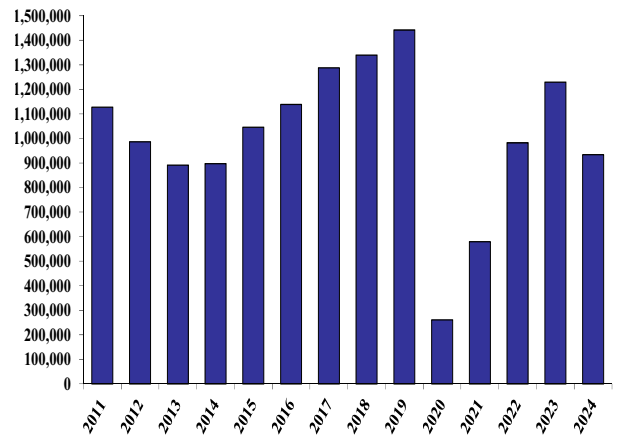
The number of arriving passengers reached 2.45 million passengers in the first 10 months of 2024, as they contracted by 19.8% from 3.06 million passengers in the same period of 2023 and by 5.8% from 2.6 million passengers in the first 10 months of 2022. The number of arriving passengers stood at 41,312 in October, representing decreases of 80.3% from 210,113 passengers in September 2024 and of 80.2% from 208,374 in October 2023.

Also, the number of departing passengers totaled 2.63 million in the first 10 months of 2024, constituting decreases of 18.3% from 3.25 million passengers in the same period last year and an of 3.6% from 2.73 million passengers in the first 10 months of 2022. Further, the number of departing passengers reached 147,746 in October, dropping by 46.3% from 275,306 in September 2024 and by 52% from 307,963 departing passengers in October 2023. The slide in the number of airport passengers in the covered period is due to the escalation of Israeli air strikes on Lebanon.

In parallel, the airport's aircraft activity reached 42,120 take-offs and landings in the first 10 months of 2024, representing a decrease of 16.4% from 50,396 takeoffs and landings in the same period last year. In comparison, aircraft activity rose by 14.8% in the first 10 months of 2023 from the same period of the preceding year and by 35.4% in the first 10 months of 2022 from the covered period in 2021. Also, the airport's aircraft activity stood at 2,372 take-offs and landings in October 2024, constituting decreases of 40.1% from 3,959 take-offs and landings in September 2024 and of 47.3% from 4,500 takeoffs and landings in October 2023.

In addition, the HIA processed 53,692 metric tons of freight in the first 10 months of 2024 that consisted of 35,244 tons of import freight and 18,449 tons of export freight. National flag carrier Middle East Airlines had 18,425 flights in the covered period and accounted for 43.7% of the HIA's total aircraft activity.

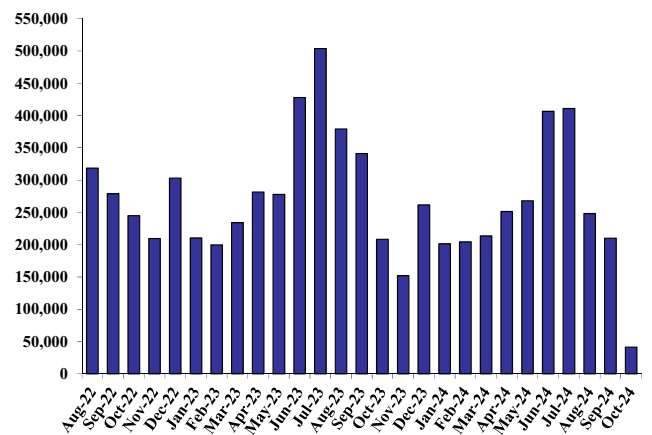
Number of Tourist Arrivals to Lebanon*



*in first eight months of each year

Source: Ministry of Tourism, Byblos Research

Number of Arriving Passengers



Source: Beirut-Rafic Hariri International Airport

Purchasing Managers' Index decreases in October 2024

The BLOM Lebanon Purchasing Managers' Index (PMI), an indicator of operating conditions in Lebanon's private sector, stood at 45 in October 2024 relative to 47 in September 2024 and to 48.9 in October 2023, and came lower than the PMI's trend average of 46.7 since the index's inception in May 2013. Also, the October result was the lowest outcome of the index since February 2021 when it stood at 42.2. The decrease in the PMI's score was mainly due to the escalation of the conflict between Israel and Hezbollah that led to higher inflationary pressures given that suppliers raised their prices. Further, the PMI averaged 48.1 in the first 10 months of 2024 compared to 49.2 in the same period last year, and has remained below the 50 mark since August 2023. A score that exceeds 50 signals positive business activity, while a score that is lower than 50 shows a deterioration in activity.

The survey's results show that the New Orders Index regressed from 44.5 in September 2024 to 40.7 in October 2024, reflecting a significant decrease in new orders in October from September. The survey's respondents indicated that the volume of new orders placed with private sector companies in Lebanon declined and remained below the 50 mark due to the escalation of Israeli raids on Lebanon. The month-on-month pace of the decrease was the steepest in three and a half years.

In addition, the New Export Orders Index stood at 31.2 in October relative to 44.3 in the previous month, reaching its lowest level since May 2020 due to a drop in demand from foreign clients. The surveyed companies noted that the local and regional instability deterred export orders.

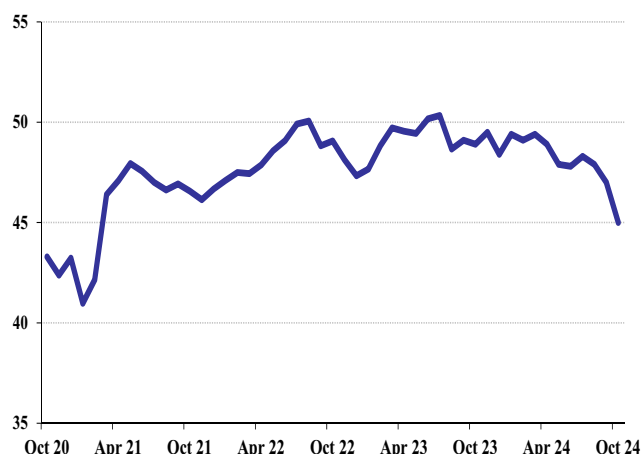
Further, the survey indicated that the Output Index stood at 41.5 in October 2024 compared to 44.5 in the preceding month, the quickest month-on-month pace of decline since February 2021. Businesses noted that the escalation of the conflict between Israel and Hezbollah led to lower output amid increased insecurity, along with preexisting challenges such as political uncertainties and weak client purchasing power.

Also, the Employment Index was 49.6 in October relative to 49.9 in the previous month, signaling a decrease in staffing numbers across Lebanon's private sector due to weak demand and challenging working conditions, although the majority of businesses kept staffing levels unchanged. Further, the results show that the Backlogs of Work Index stood at 47.2 in October 2024 compared to 48.2 in September 2024, indicating a deceleration in the level of completion of outstanding projects in the country's private sector.

In parallel, the survey indicated that the Suppliers' Delivery Times Index reached 48.5 in October 2024 relative to 49.8 in September 2024, and stood at below the 50 mark for the second time since May 2024. The survey's respondents pointed out that security concerns and Israel's war in Lebanon delayed the movement of goods across the country. Also, the Stocks of Purchases Index stood at 47.4 in the covered month compared to 50 in September 2024, as businesses noted a sharp decrease in their inventories in October.

The PMI is a weighted average of five individual sub-components that are New Orders with a weight of 30%, Output (25%), Employment (20%), Suppliers' Delivery Times (15%), and Stocks of Purchases (10%). The calculation of the PMI is based on data compiled from responses to questionnaires sent to purchasing executives at about 400 private sector companies in Lebanon across the manufacturing, services, construction and retail sectors. The sample selection is based on each sector's contribution to GDP. The survey is compiled monthly by S&P Global Market Intelligence.

BLOM Lebanon Purchasing Managers' Index



Source: BLOM Bank, S&P Global Market Intelligence

Components of BLOM Lebanon Purchasing Managers' Index

	Output	New Orders	New Export Orders	Future Output	Employment
May 2024	46.4	46.1	46.2	21.1	49.8
June 2024	46.2	45.9	46.4	19.4	49.9
July 2024	47.2	46.9	47.2	21.6	49.5
August 2024	46.5	46.1	47.5	19.5	49.8
September 2024	44.5	44.5	44.3	23.0	49.9
October 2024	41.5	40.7	31.2	8.2	49.6

Source: BLOM Bank, S&P Global Market Intelligence



Money supply up 5.5% in 12 months ending October 31, 2024

Figures released by Banque du Liban (BdL) show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP86,297bn on October 31, 2024, constituting increases of 4% from LBP83,022bn on October 24, 2024 and of 5.5% from LBP81,785bn on October 31, 2023. M1 rose by LBP3,275.8bn during the week ending October 31, 2024 due to increases of LBP884.46bn in currency in circulation and of LBP2,391.3bn in demand deposits.

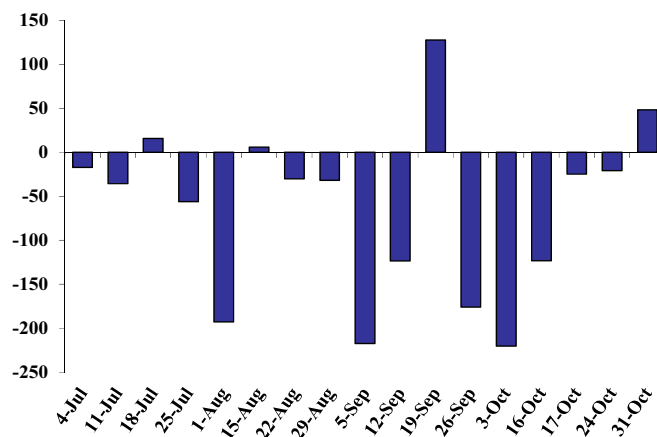
In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP105,586bn at end-October 2024, representing increases of 2.8% from LBP102,726bn on October 24, 2024 and of 8.7% from LBP97,165bn on October 31, 2023. Money supply M2 grew by LBP2,860.1bn in the week ending October 31, 2024, while it rose by LBP8,421.7bn year-on-year.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, reached LBP6,184.2 trillion (tn) at the end of October 2024, and rose by LBP7,181.1bn, or by 0.12%, during the week ending October 24, 2024 compared to LBP1,161.4tn at end-October 2023. Also, BdL indicated that deposits denominated in foreign currency progressed by \$48.3m in the week ending October 31, 2024. The surge in M3 is due to the impact of the new exchange rate of the Lebanese pound of LBP89,500 per US dollar that BdL started to use on February 8, 2024 for money supply figures.

Also, money supply M4, which includes M3 and Treasury bills held by the non-banking system including accrued interests totaled LBP6,196.2tn at end-October 2024, constituting an increase of LBP6,883.8bn (+0.11%) from LBP6,189.3tn a week earlier and relative to LBP1,184.6tn at the end of October 31, 2023. BdL stated that the Treasury bills portfolio held by the non-banking sector decreased by LBP297.58bn during the week ending October 31, 2024.

BdL issued Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currencies to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions. BdL requested banks and financial institutions, in line with the provisions of International Accounting Standard 21, to convert their foreign currency monetary assets and liabilities and non-monetary assets classified by fair value or by equity method at the exchange rate published on BdL's electronic platform at the date of the preparation of the financial statements. It added that the decision is applicable as of January 31, 2024. BdL had modified on February 1, 2023 the official exchange rate of the Lebanese pound against the US dollar from LBP1.507.5 per dollar to LBP15,000 per dollar, as part of the measures to unify the multiple exchange rates of the dollar that prevail in the Lebanese economy.

Weekly Change in Foreign Currency Deposits (USm)



Source: Banque du Liban, Byblos Research

Number of internally displaced persons exceeds 875,000

Figures compiled by the International Organization for Migration (IOM) show that 875,180 individuals have been internally displaced (IDPs) as at November 6, 2024 due to the ongoing hostilities that erupted along Lebanon's border with Israel on October 8, 2023 and that escalated since last September, constituting increases of 41,789 individuals, or of 5 % from October 23, 2024, of 66,137 persons (+8.2%) from October 20, 2024, of 95,567 individuals (+12.3%) from October 16, 2024, of 663,861 persons (+314.2%) from September 25, 2024, and of 763,848 (+683.5%) individuals from 111,696 IDPs on September 17, 2024. It noted that 52% of IDPs are females and 48% of them are males.

In parallel, it stated that 351,573 IDPs came from the Nabatieh governorate and accounted for 40.2% of total IDPs as at November 6, 2024, followed by the governorates of the South with 327,736 IDPs (37.4%), Baalbek-Hermel with 87,219 IDPs (10%), Mount Lebanon with 80,032 IDPs (9.1%), Beirut with 16,937 (1.9%), and the Bekaa with 11,683 IDPs (1.3%). It added that 60% of IDPs are from the Tyre, Bint Jbeil and El Nabatieh districts as at November 6, 2024.

Further, it said that 282,118 IDPs, or 32.2% of the total, originated from the Tyre district, followed by 144,387 IDPs from the Bint Jbeil district (16.5%); 101,311 IDPs from the Nabatieh district (11.6%); 97,497 IDPs from the Marjaayoun district (11.1%); 82,935 IDPs from Baalbeck (9.5%); 80,032 IDPs from the Baabda district (9.1%); 44,612 IDPs from the Saida district (5.1%); 16,937 IDPs from Beirut (1.9%); 8,378 IDPs from the Hasbaya district (1%); 5,809 IDPs from the West Bekaa district (0.7%); 4,414 IDPs from the Zahlé and 4,284 IDPs from the Hermel districts (0.5% each); 1,460 IDPs from the Rachaya district (0.2%), and 1,006 IDPs from the Jezzine district (0.1%).

Also, it indicated that the Mount Lebanon governorate hosts 411,918 IDPs of 47.1% of total IDPs as at November 6, 2024, followed by Beirut with 132,399 IDPs (15%), as well as the governorates of the South with 85,058 IDPs (9.7%), the North with 73,469 IDPs (8.4%), Akkar with 61,366 IDPs (7%), Baalbeck-Hermel with 54,696 IDPs (6.2%), the Bekaa with 52,091 IDPs (6%), and Nabatieh with 4,183 IDPs (0.5%).

It noted that 532,948 IDPs, or 61% of the total, are mainly located in the Chouf, Beirut, Aley, Saida, and Akkar districts. It said that the Chouf district is the host of 18% of IDPs, followed by Beirut with 15%, Aley with 13%; Saida with 8%; and Akkar with 7%, while other districted host the remaining 39% of IDPs.

Further, it pointed out that 78% of the displaced population has relocated beyond the borders of their governorate of origin, while 22% of IDPs remained within their governorate. It noted that 99% of IDPs who are from the Nabatieh governorate relocated to locations outside the boundaries of the governorate, 80% of IDPs who are from the South chose to move outside their area of residence, while 84% of IDPs from Mount Lebanon chose to move within the boundaries of the governorate.

In addition, it indicated that 420,086 IDPs, or 48% of the total IDPs, are currently living with host families; 245,050 IDPs (28%) are renting houses; 192,540 IDPs (22%) reside in 1,019 collective shelters; 8,752 IDPs (1%) have relocated to secondary residences; while 8,752 IDPs (1%) are living in unfinished buildings, tents, parks, on the streets, or in self-settled sites.

Also, it pointed out that 54% of IDPs are between 19 and 57 years old, 15% of IDPs are in the 6 to 12 years bracket, each 12% of IDPs are more than 58 years as well as between 13 and 18 years of age, 6% of IDPs are between three and five years old, and 2% of IDPs are less than two years old.

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

Branch and ATM penetration rates regress in 2023

Figures issued by the International Monetary Fund's 2024 Financial Access Survey show that there were 72.4 branches of commercial banks per 1,000 square kilometers in Lebanon at the end of 2023, compared to 80.9 branches per 1,000 square kilometers at end-2022 and to 101.8 branches per 1,000 square kilometers at the end of 2013. As such, Lebanon had the 12th highest branch penetration rate among 139 countries and jurisdictions worldwide with available figures and the second highest rate among 12 Arab countries at the end of 2023.

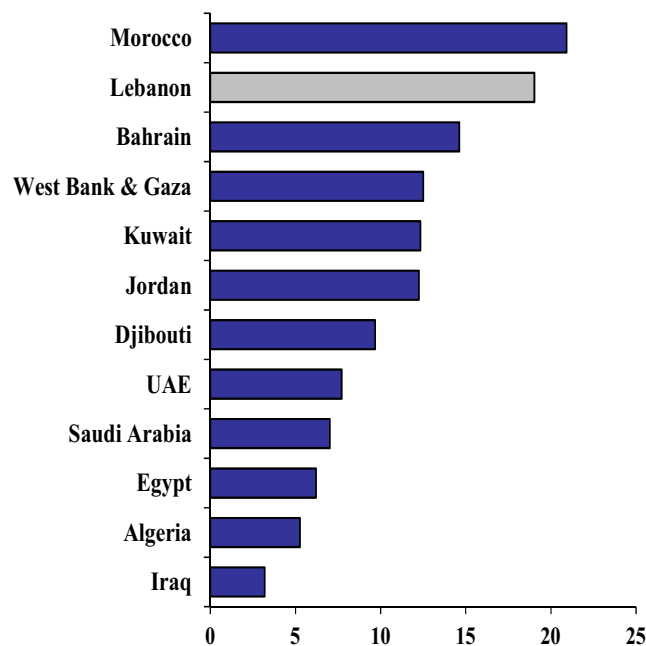
Globally, Lebanon had a lower branch penetration rate than only Macao, Hong Kong, Singapore, Malta, Bahrain, Luxembourg, Japan, Bangladesh and Mauritius among economies with a GDP of \$10bn or more. Lebanon's branch penetration rate at the end of 2023 was lower than the global rate of 95.8 branches per 1,000 square kilometers and significantly higher than the Arab countries' rate of 35.6 branches per 1,000 square kilometers.

Further, there were 19 bank branches per 100,000 adults in Lebanon at the end of 2023, relative to 20.8 branches at end-2022 and to 24.4 branches per 100,000 adults at end-2013. As such, Lebanon had the 39th highest branch penetration rate globally and the second highest among 12 Arab countries at end-2023. Globally, Lebanon had a higher branch penetration rate than Canada, Panama and Hong Kong, and a lower penetration rate than Romania, Morocco and Slovakia. Lebanon's branch penetration rate was higher than the global rate of 16.7 branches per 100,000 adults and the Arab rate of 10.9 branches per 100,000 adults.

In parallel, there were 121.6 automated teller machines (ATMs) per 1,000 square kilometers in Lebanon at the end of 2023 compared to 148.1 ATMs per 1,000 square kilometers at end-2022 and to 148.2 ATMs per 1,000 square kilometers at end-2013. The ATM penetration rate in Lebanon ranks the country in 25th place among 138 countries and jurisdictions worldwide and in fourth place among 10 Arab countries at end-2023. Globally, Lebanon had a higher ATM penetration rate than Thailand, El Salvador, and Trinidad and Tobago, and a lower rate than Kuwait, Qatar, and the West Bank & Gaza. Lebanon had a higher ATM penetration rate than the UAE, Egypt, Iraq, Saudi Arabia, Djibouti and Algeria, and a lower rate than Kuwait, Qatar, and the West Bank & Gaza in the Arab world. Lebanon's ATM penetration rate was lower than the global average penetration rate of 456.6 ATMs per 1,000 square kilometers, but came higher than the Arab region's rate of 61.2 ATMs per 1,000 square kilometers.

Further, there were 31.95 ATMs per 100,000 adults in Lebanon at the end of 2023 relative to 38 ATMs per 100,000 adults at end-2022 and to 35.5 ATMs per 100,000 adults at end-2013. The ATM penetration rate ranks Lebanon in 91st place among 138 countries and jurisdictions globally and in fifth place among 10 Arab countries at end-2023. Globally, Lebanon had a higher ATM penetration rate than Cyprus, Ireland and Mongolia, and a lower rate than Finland, Denmark, and the Netherland. Lebanon had a higher ATM penetration rate than Egypt, the West Bank & Gaza, Djibouti, Iraq and Algeria, and a lower rate than Kuwait, Qatar, Saudi Arabia and the UAE Among Arab economies. Lebanon had a lower penetration rate in this category than the global rate of 54.2 ATMs per 100,000 adults and the Arab penetration rate of 37.6 ATMs per 100,000 adults.

**Branch Penetration Rates in Arab Countries
(Number of branches per 100,000 adults at end-2023)**



Source: International Monetary Fund, Byblos Research

International contributions to Lebanon Response Plan at \$972.4m in first nine months of 2024

The United Nations indicated that international contributions to the Lebanon Response Plan (LRP) reached \$657m in the first nine months of 2024 and represented 24.2% of the \$2.72bn that the LRP appealed for to assist the affected Lebanese and non-Lebanese individuals in the country during 2024. It also noted that it carried \$315.4m from funding it received in 2023, which is equivalent to 11.6% of the total funds it tried to raise in 2024, and which resulted in aggregate funding of \$972.4m in the third quarter of 2024. As such, it said that international contributions covered 35% of the funds it requested, resulting in a funding gap of \$1.75bn, or 65%, in the third quarter of 2024.

The LRP 2024-2025 is a joint initiative between the Lebanese government and international and national partners that aims to address humanitarian needs in a way that is moving towards stability, as well as to apply a humanitarian, development and peace approach. The LRP also aims to promote progress against development objectives in the longer-term. The plan comes after the expiration of the LCRP for the 2015-2016, the 2017-2021, and the 2022-2023 periods.

It pointed out that financial disbursements for food security reached \$164.6m by the end of September 2024, or 16% of the total, followed by the education sector with \$140.2m (13.5%), livelihoods with \$107.2m (10.3%), support to the healthcare sector with \$98.1m (9.5%), social stability with \$88.6m (8.5%), the water sector with \$85.9m (8.3%), basic assistance with \$74m (7.1%), social protection with \$65m (6.3%), shelter with \$12m (1.2%) and nutrition with \$4.7m (0.5%). It added that the remaining \$131.2m (12.7%) have not been allocated yet.

In parallel, the UN indicated that international contributions for the basic assistance track of the LRP reached \$68.2m in the first nine months of 2024 compared to \$105m in the same period last year. They represented 15% of the \$465.6m that the LRP appealed for to assist affected Lebanese and non-Lebanese individuals in the country in 2024. It also noted that \$5.85m were carried over from funding received in 2023, which is equivalent to 1% of the total appealed funds, and resulted in total funding of \$74m in the in the first nine months of 2024. As such, it said that international contributions covered 16% of the funds appealed in 2024, resulting in a funding gap of \$390.5m, or 84%, in the in the first nine months of 2024.

Also, the UN indicated that it distributed the LRP assistance to 1,043,394 individuals across Lebanon in the first nine months of 2024 who consisted of 622,920 displaced Syrians, or 60% of the total, followed by 310,060 vulnerable Lebanese citizens (30%), 87,187 Palestinian refugees from Lebanon (8.4%), 22,870 Palestinian refugees from Syria (2.2%), and 357 migrants (0.03%). Further, it said that the LRP disbursed \$19.4m in regular cash transfers in the in the first nine months of 2024 to cover the basic needs of vulnerable households and children.

In addition, it noted that it provided regular cash grants to 228,410 households for basic needs in the in the covered period that consist of displaced Syrian families, Lebanese households, Palestinian families from Syria, and Palestinian households in Lebanon, while it delivered regular cash grants to other families. It also pointed out that it provided social assistance to 93,185 individuals with specific vulnerabilities during the year. It added that it delivered in-kind assistance to 102,131 households who were affected by seasonal or emergency shocks in the first nine months of 2024.



CMA CGM posts net profits of \$2.7bn in third quarter of 2024

The Lebanese-owned and France-based container-shipping firm CMA CGM declared consolidated net income of \$2.73bn in the third quarter of 2024 compared to profits of \$388m in the third quarter of 2023, while its revenues totaled \$15.8bn in the third quarter of 2024 and increased by 38.5% from \$11.4bn in the same quarter of 2023. It attributed the rise in profits to the increase in business volumes due to sustained demand for maritime shipping despite the rerouting of vessels through the Cape of Good Hope in order to bypass the Red Sea. Further, the company's earnings before interest, taxes, depreciation and amortization (EBITDA) stood at \$4.96bn in the third quarter of 2024, constituting a surge of 149% from \$2bn in the third quarter of the preceding year.

The distribution of the company's revenues show that, first, its consolidated revenues from maritime shipping operations stood at \$10.9bn in the third quarter of 2024 and increased by 43.4% from \$7.6bn in the same quarter last year, while the EBITDA of shipping activity reached \$4.4bn in the covered quarter and jumped by 179% from \$1.6bn in the same period last year. The firm said that it transported 6 million twenty-foot equivalent units (TEUs) in the third quarter of 2024, constituting an increase of 5.5% from 5.7 million TEUs in the same quarter of 2023, which led to average receipts of \$1,798 per TEU in the covered quarter. It attributed the rise in transportation to strong demand for goods globally, but added that shipping capacity continued to be limited by the rerouting of vessels through the Cape of Good Hope and by an uncertain global context.

Second, it pointed out that revenues from logistics operations stood at \$4.8bn in the third quarter of 2024, representing an increase of 31% from \$3.7bn in the same period last year; while the corresponding EBITDA reached \$459m in the covered quarter and grew by 32.8% from \$346m in the third quarter of 2023. According to the firm, the results reflect the contribution of Bolloré Logistics since its consolidation with the company's logistics operations last February. It added that it has signed an agreement to acquire a stake of around 48% in Santos Brasil, a terminal operator in Brazil and the owner of South America's largest container terminal, and that it has reached an agreement to create a joint venture between CEVA Logistics and Almajdouie Logistics in Saudi Arabia.

Third, it indicated that revenues from other activities, which include port terminals, CMA CGM Air Cargo and the media, reached \$749m in the third quarter of 2024, constituting a rise of 35.4% from \$554m in the same quarter last year. It noted that the EBITDA of other activities stood at \$148m and surged by 70.5% from \$87m in the third quarter of 2023.

Further, the firm stated that it has committed \$18bn to order 131 vessels capable of running on low-carbon energy, and that they will become operational by 2028. It added that it signed a strategic partnership with Google to put artificial intelligence at the center of all its maritime, logistics and media operations.

CMA CGM is one of the largest container shipping companies in the world and operates a fleet with 620 vessels, with a capacity of 5 million TEUs that serves over 420 commercial ports and utilizes more than 257 shipping lines.

In parallel, Moody's Investors Service affirmed in June 2024 the corporate family rating of CMA CGM at 'Ba1', as well as its probability of default rating at 'Ba1-PD'. Also, it maintained the 'stable' outlook on the ratings. In addition, it revised the company's business profile sub-score from 'Ba' to 'Baa' due to its diversification strategy. It attributed the ratings' affirmation to the firm's improved business profile as a result of the acquisition of Bolloré Logistics, which will lead to third-party-logistics generating almost 30% of the group's EBITDA. It noted that the firm has transitioned from a pure container shipping company to a diversified transport and logistics provider, and that its asset base has more than doubled since the beginning of 2020. In addition, it said that the company's ratings are supported by its high asset ratios and strong liquidity position. However, it pointed out that the firm's orderbook of 97 vessels for a remaining capital commitment of almost \$10bn in the 2024-26 period will weigh on the company's free cash flow generation. In parallel, it indicated that the 'stable' outlook reflects the firm's strong liquidity and robust balance sheet.

Further, S&P Global Ratings affirmed in June 2024 the long- and short-term issuer credit ratings of CMA CGM at 'BB+', and maintained the 'stable' outlook on the ratings. It also assigned a 'BB+' rating to the company's proposed senior unsecured notes. It attributed its decision to the company's satisfactory financial results of the first quarter of 2024, which benefitted from robust container volume growth despite ongoing disruptions in the Red Sea. It said that the company's credit metrics for the 2024-25 period will remain well within the agency's 'BB+' rating threshold, but with clearly diminished financial headroom for unforeseen operational setbacks or external growth. It noted that the 'stable' outlook reflects the likelihood that the firm will maintain its adjusted EBITDA above the strong 2020 level of about \$6.2bn and pursue a more balanced financial policy in the near term.

Ratio Highlights

(in % unless specified)	2021	2022	2023	Change*
Nominal GDP (\$bn)	19.8	24.5	24.0	(0.5)
Public Debt in Foreign Currency / GDP	-	-	-	-
Public Debt in Local Currency / GDP	-	-	-	-
Gross Public Debt / GDP	357.7	255.2	195.2	(60.0)
Trade Balance / GDP	(51.9)	(63.5)	(60.5)	3.0
Exports / Imports	24.8	18.3	17.1	(1.2)
Fiscal Revenues / GDP	8.3	5.7	12.9	7.2
Fiscal Expenditures / GDP	10.9	12.2	13.3	1.0
Fiscal Balance / GDP	(2.7)	(6.6)	(0.4)	6.2
Primary Balance / GDP	(1.6)	(6.0)	0.4	-
Gross Foreign Currency Reserves / M2	26.0	13.4	143.5	130.1
M3 / GDP	81.9	35.0	55.8	20.7
Commercial Banks Assets / GDP	107.3	38.9	82.7	43.8
Private Sector Deposits / GDP	79.5	28.9	68.0	39.1
Private Sector Loans / GDP	17.0	4.6	6.0	1.4
Private Sector Deposits Dollarization Rate	79.4	76.1	96.3	20.2
Private Sector Lending Dollarization Rate	56.3	50.7	90.9	40.2

*change in percentage points 23/22;

Source: Banque du Liban, Ministry of Finance, Central Administration of Statistics, International Monetary Fund, Byblos Research Estimates & Calculations

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

National Accounts, Prices and Exchange Rates

	2021	2022e	2023f
Nominal GDP (LBP trillion)	245.6	655.2	2,090.7
Nominal GDP (US\$ bn)	19.8	24.5	24.0
Real GDP growth, % change	2.0	1.0	-0.7
Private consumption	123.5	-	1.5
Public consumption	-92.2	-	-9.8
Gross fixed capital	63.8	-	21.8
Exports of goods and services	3.4	3.5	3.0
Imports of goods and services	13.6	19.1	17.5
Consumer prices, %, average	154.8	171.2	221.3
Official exchange rate, average, LBP/US\$	1,507.5	1,507.5	15,000
Parallel exchange rate, average, LBP/US\$	16,821	30,313	86,362
Weighted average exchange rate LBP/US\$	12,006	25,604	76,363

Source: International Monetary Fund, Lebanese customs

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Ratings	C	NP	-	C		Stable
Fitch Ratings*	RD	C	-	RD	RD	-
S&P Global Ratings	SD	SD	-	CC	C	Negative

*Fitch withdrew the ratings on July 23, 2024

Source: Rating agencies

Banking Sector Ratings

Banking Sector Ratings	Outlook
Moody's Ratings	Negative

Source: Moody's Ratings



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