

LEBANON THIS WEEK

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Banking sector has 726 branches at end-March 2024

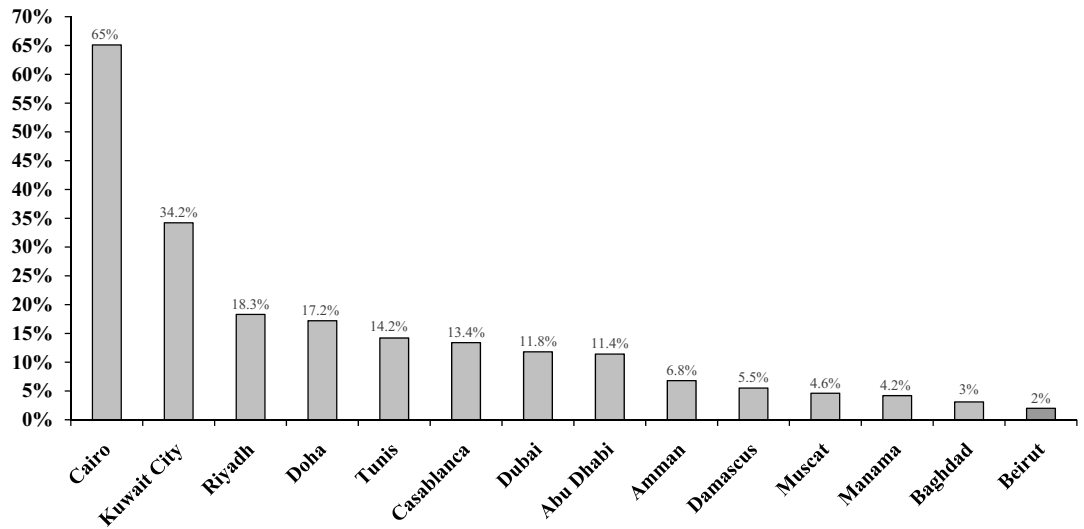
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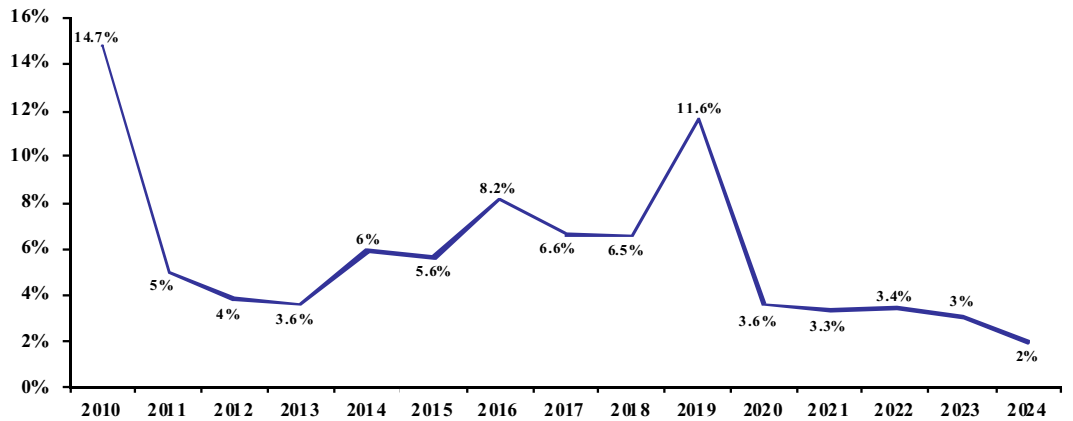
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Charts of the Week

Turnover Ratios of Select Arab Stock Markets in 2024 (%)*



Turnover Ratios on the Beirut Stock Exchange (%)



*The aggregate value of traded shares during the year relative to the market capitalization at the end of the year

Source: Arab Federation of Capital Markets, Beirut Stock Exchange, Byblos Bank

Quote to Note

"The ongoing government formation process, following the election of a President and the designation of a Prime Minister, is a critical step in building trust between Lebanese citizens and the State."

Ms. Jeanine Hennis-Plasschaert, the United Nations Special Coordinator for Lebanon, on the expectations awaiting the prospective Council of Ministers in terms of the full extension of the State's authority over all of the Lebanese territory and for the country's recovery, reconstruction and growth

Number of the Week

55%: Lebanon's percentile ranking among Arab countries on Oxford Insights' Government Artificial Intelligence Readiness Index for 2024

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 %
Audi GDR	2.55	0.0	70,100	1.2%	Feb 2025	6.20	15.88	8,671.44
Audi Listed	2.90	(3.3)	36,500	6.7%	Jun 2025	6.25	15.88	1,490.40
BLOM GDR	5.30	(1.9)	30,999	1.5%	Nov 2026	6.60	15.88	132.17
Byblos Common	1.25	(2.3)	21,600	2.8%	Mar 2027	6.85	15.88	107.69
Solidere "A"	113.30	(1.0)	15,194	44.3%	Nov 2028	6.65	15.88	55.67
Solidere "B"	110.70	(3.7)	5,943	28.1%	Feb 2030	6.65	15.88	39.88
HOLCIM	71.20	1.6	367	5.4%	Apr 2031	7.00	15.88	31.91
BLOM Listed	5.00	0.0	-	4.2%	May 2033	8.20	15.88	23.49
Byblos Pref. 09	29.99	0.0	-	0.2%	Nov 2035	7.05	15.88	17.88
Byblos Pref. 08	25.00	0.0	-	0.2%	Mar 2037	7.25	15.88	15.75

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

Source: Refinitiv

	Jan 27-31	Jan 20-24	% Change	January 2025	January 2024	% Change
Total shares traded	190,573	167,715	13.6	1,033,733	2,004,203	(48.4)
Total value traded	\$3,092,703	\$5,375,500	(42.5)	\$30,530,982	\$101,988,193	(70.1)
Market capitalization	\$25.60bn	\$26.23bn	(2.4)	\$25.60bn	\$20.56bn	24.5

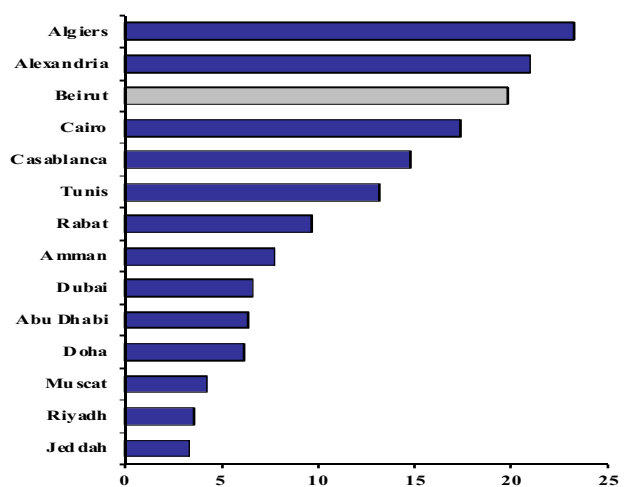
Source: Beirut Stock Exchange (BSE)



Beirut ranks 81st globally in rental yield, 203rd in prices relative to rent

The 2025 Property Prices Index, which covers real estate investment trends around the world shows that the price-to-income ratio in Beirut, or the price of a residential unit relative to the disposable income of a household or a family, was the 29th highest among 281 cities around the world and the third highest among 14 Arab cities. Also, the price-to-income ratio in Beirut was the ninth highest among 30 cities in lower-middle income countries (LMICs) included in the survey. The survey noted that the ratio reflects the affordability level of purchasing a residential unit, and that a lower ratio indicates a higher affordability. The price-to-income ratio stood at 19.8 in Beirut, which is higher than the global average ratio of 11.5, the ratio of 11.2 for Arab cities, and the ratio of 16.3 for cities in LMICs. As such, the price-to-income ratio in Beirut came higher than it is in Split in Croatia, London, and Caracas; while it is lower than in Alexandria, Rio de Janeiro, and Buenos Aires. Further, the price-to-income ratio in Beirut is lower than in Colombo, Kathmandu, Ho Chi Minh City, Manila, Mumbai, Phnom Penh in Cambodia, Hanoi, and Alexandria among LMICs; while it is lower than the corresponding ratios in Algiers and Alexandria in the Arab world. The index, which is produced by crowd-sourced global database Numbeo, offers the tools needed by foreign and non-resident investors to buy income-generating property overseas.

Price-to-Income ratios in Arab Cities



Source: Numbeo, Byblos Research

Further, Beirut ranked in 247th place globally, in 12th place among Arab cities, and in 16th place among cities in LMICs on the Loan Affordability Index. The index refers to a household's capacity to meet its obligations for servicing a mortgage, with a higher ratio indicating better affordability. Beirut received a score of 0.41 on the index, which is lower than the global average ratio of 1.44, the Arab cities' average ratio of 1.55, and the average ratio of 0.71 among cities in LMICs. Globally, the affordability of mortgage payments on a typical property in Beirut is higher than in Medellin in Colombia, Sao Paulo, and Mexico City; and is lower than in Bangkok, Brasilia, and Rio de Janeiro. Further, Cairo and Alexandria are the Arab cities where loan affordability is lower than in Beirut.

In addition, Beirut came in 81st place globally, in eighth place among Arab cities, and in seventh among cities in LMICs on the Gross Rental Yield (GRY) on residential units in city centers, which is the annual gross rent of a residential unit relative the price of the unit in the downtown of the covered cities. The rental yield refers to the potential return on investment of a property, as it reflects the income generated from renting a residential unit relative to the price of the property. The GRY on apartments in Beirut's center stood at 6.4%, which is higher than the global average of 5.8% and the average of 4.6% among cities in LMICs, while it is nearly similar to the Arab cities' average of 6.4%. Globally, the gross rental yield on residential units in downtown Beirut is higher than the corresponding yields in Reading in the United Kingdom, The Hague, and Larnaca, and is lower than in Raleigh in North Carolina, Jakarta, and Antalya. Further, the gross rental yield in Beirut's center is higher than it is in Abu Dhabi, Casablanca, Jeddah, Tunis, Alexandria, and Algiers in the Arab world.

In parallel, Beirut ranked in 80th place globally, in eighth place among Arab cities, and in sixth among cities in LMICs on the GRY on residential units away from city centers. The yield outside the downtown of Beirut stood at 6.5%, which is higher than the global average of 5.9% and the average of 4.6% among cities in LMICs, while it is nearly similar to the Arab cities' average of 6.5%. Globally, the gross rental yield on apartments outside the center of Beirut is higher than the corresponding yields in Larnaca, Belo Horizonte in Brazil, and Doha, while it is lower than in Los Angeles, Cairo, and Rabat. Further, it is higher than yields away from the centers of Doha, Casablanca, Abu Dhabi, Tunis, Alexandria, and Algiers among Arab cities.

Also, Beirut came in 203rd place globally, in seventh place among Arab cities, and in 24th among cities in LMICs on the Price-to-Rent Ratio on residential units in city centers. The ratio is the cost of an apartment relative to the rental income that it can generate. The price-to-rent-ratio in Beirut stood at 15.5, which is lower than the global average of 22.7 and the average of 25.8 among cities in LMICs, and the Arab cities' average of 17.5. The survey said that lower values in a location indicate that it is better to buy rather than rent a residential unit in this location, while higher values suggest that it is better to rent rather than buy an apartment in the location. Globally, the price-to-rent-ratio in Beirut is higher than the corresponding ratios in Jakarta, and San Jose and San Diego in California, and is lower than in Reading, Raleigh, and Antalya. Further, the price-to-rent-ratio in Beirut is higher than it is in Rabat, Cairo, Doha, Amman, Dubai, Muscat, and Riyadh among Arab cities.

Finally, Beirut ranked in 202nd place globally, in seventh place among Arab cities, and in 25th among cities in LMICs on the Price-to-Rent Ratio outside the downtown of cities. The price-to-rent-ratio for residential units away from the center of Beirut stood at 15.4, which is lower than the global average of 21.5 and the average of 25.1 among cities in LMICs, and the Arab cities' average of 17.2. Globally, the price-to-rent-ratio away from the center of Beirut is higher than the corresponding ratios in Rabat, Cairo, and Los Angeles, and is lower than in Belo Horizonte, Reykjavik in Iceland, and Larnaca. Further, the price-to-rent-ratio in areas outside the center of Beirut is higher than it is in Rabat, Cairo, Muscat, Amman, Jeddah, Dubai and Riyadh among Arab cities.

Ministry of Finance announces fiscal surplus of \$298m for 2024

The Ministry of Finance declared that the budget recorded a fiscal surplus of LBP27 trillion (tn), equivalent to \$298m on a cash basis, in 2024, compared to a surplus of \$364m in 2023. It attributed the surplus to the policy of increasing revenues, improving compliance and tax collection, and rationalizing expenditures. It said that public expenditures reached LBP340tn last year, or \$3.8bn, that included Treasury advances to cover the needs of internally-displaced persons from the Israeli war, as well as payments to the National Social Security Fund, to municipalities, and to Electricité du Liban, among others. It added that public revenues totaled LBP366tn, or \$4.1bn on a cash basis, which constituted an increase of 19% from the projections in the enacted 2024 budget and despite a slower collection rate due to the repeated extensions of tax filing and payments and to the impact of the Israeli war on fiscal operations. Also, the ministry noted that it reimbursed LBP28tn in domestic dues, as well as in external obligations such as dues on soft loans, membership fees in multilateral organizations, and past dues for the 2022-23 period that totaled \$368m. The ministry has not released detailed figures on fiscal performance since 2021.

In parallel, the ministry stressed the importance of abiding by the concept of self-financing, given that fiscal solvency, in the absence of any other sources of financing, remains the pillar of financial and monetary stability in the country. It added that the government's ability to finance itself resulted from the measures in the 2022 and 2024 budgets, in addition to the decisions it took regarding the management of liquidity in 2023 and 2024.

Last September, the Ministry of Finance declared that its fiscal policy is based on two main pillars that are enhancing revenues and restoring the government's financing capacity on one hand, and conservative spending that is aligned with priorities on the other hand, in order to avoid fiscal deficits. It said that it collected during the first eight months of 2024 about 82% of the expected revenues in the 2024 budget. It noted that the actual collection of receipts is based on an exchange rate of LBP89,500 per US dollar compared to a rate of LBP85,500 per dollar in the 2024 budget.

The Lebanese Parliament enacted on January 26, 2024 the draft budget for 2024. On the expenditures side, the budget estimated current expenditures at LBP269,177bn and capital investments at LBP25,936bn, or 91.2% and 8.8%, respectively, of aggregate public spending; with wages, salaries, social benefits and allocations accounting for 51.3% of current spending. On the revenues side, the budget projected tax receipts at LBP229,767bn and non-tax receipts at LBP65,346bn, or 78% and 21%, respectively, of total public revenues. It forecast revenues from the excise tax on goods & services to generate 57% of total tax receipts, followed by income from property taxes with 15.7%, the tax on income, profits & capital gains with 9.3%, and receipts from custom duties with 13%.

Amount of cleared checks in Lebanese pounds up 19% in 2024

The amount of cleared checks in Lebanese pounds reached LBP78,511bn in 2024, constituting an increase of 19% from LBP65,938bn in the previous year, while the amount of cleared checks in foreign currency was \$1.3bn and dropped by 60.5% from \$3.3bn in 2023. Also, there were 185,893 cleared checks in 2024, down by 57.2% from 434,348 checks in 2023.

In addition, the amount of cleared checks in Lebanese pounds stood at LBP6,182bn in December 2024, constituting increases of 62.5% from LBP3,805bn in November 2024 and of 2% from LBP6,060bn in December 2023. Further, the amount of cleared checks in foreign currency was \$81m in December 2024 and decreased by 13% from \$93m in the previous month and by 55.7% from \$183m in December 2023. Also, there were 12,143 cleared checks in December 2024 relative to 9,780 checks in November 2024 and to 23,013 cleared checks in December 2023.

Further, the amount of cleared checks in "fresh" Lebanese pounds stood at LBP18,112bn, while the amount of cleared checks in "fresh" foreign currency was \$302m in 2024. Also, there were 9,768 cleared checks in "fresh" Lebanese pounds and 22,846 cleared checks in "fresh" foreign currency last year.

In parallel, the amount of returned checks in Lebanese pounds totaled LBP714bn in 2024, down by 16.7% from LBP857bn in 2023, while the amount of returned checks in foreign currency was \$80m and dropped by 56% from \$182m in 2023. Also, the amount of returned checks in Lebanese pounds stood at LBP114bn in December 2024, relative to LBP6bn in the previous month and to LBP74bn in December 2023. Moreover, the amount of returned checks in foreign currency was \$12m in December 2024 compared to \$6m in the preceding month and to \$6m in December 2023.

Further, there were 1,088 returned checks in 2024, representing a drop of 67.6% from 3,363 returned checks in the preceding year. Also, the number of returned checks in foreign currency stood at 393 in 2024 and fell by 71.6% from 1,384 checks in 2023, while the number of returned checks in Lebanese pounds totaled 695 and contracted by 65% from 1,979 checks in 2023. In addition, there were 109 returned checks in December 2024, relative to 58 returned checks in the preceding month and to 131 checks in December 2023. Further, there were 63 returned checks in Lebanese pounds in December 2024 compared to 39 in the previous month and to 80 in December 2023, while there were 46 returned checks in foreign currency in December 2024 relative to 19 checks in the preceding month and to 51 returned checks in December 2023.

In addition, the amount of returned checks in "fresh" foreign currency stood at \$1.66m, while the amount of returned checks in "fresh" Lebanese pounds was LBP40.66bn in 2024. Also, there were 158 returned checks in "fresh" foreign currency and 40 returned checks in "fresh" Lebanese pounds in 2024.



Cost of sending remittances from several sources decreases in third quarter of 2024

Figures issued by the World Bank show that the cost of sending \$500 in remittances from the United States to Lebanon was 6.25% in the third quarter of 2024, constituting increases from the 5.81% in the second quarter of 2024 and from 5.73% in the third quarter of 2023. 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. In nominal terms, the cost of sending \$500 from the U.S. to Lebanon was \$31.23 in the third quarter of 2024 compared to \$29.03 in the preceding quarter and to \$28.66 in the third quarter of 2023. Lebanon was the sixth 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 stood at 6.54% in the third quarter of 2024 for a transfer of CAD500, representing increases from 6.06% in the second quarter of 2024 and from 5.47% in the third quarter of 2023. In nominal terms, the cost of sending CAD500 from Canada to Lebanon was CAD32.7 in the third quarter of 2024 relative to CAD30.3 in the previous quarter and to CAD27.3 in the third quarter of 2023. Lebanon was the third most expensive destination for sending CAD500 from Canada among 15 countries with available data.

Also, the cost of sending remittances from Australia to Lebanon reached 6.64% in the third quarter of 2024 for a transfer of AUD500, constituting decreases from 6.8% in the second quarter of 2024 and from 7.32% in the third quarter of 2023. The cost of sending AUD500 from Australia to Lebanon was AUD33.2 in the third quarter of 2024 compared to AUD34 in the preceding quarter and to AUD36.62 in the third quarter of 2023. Lebanon was the second costliest destination for sending AUD500 from Australia among 16 countries with available data.

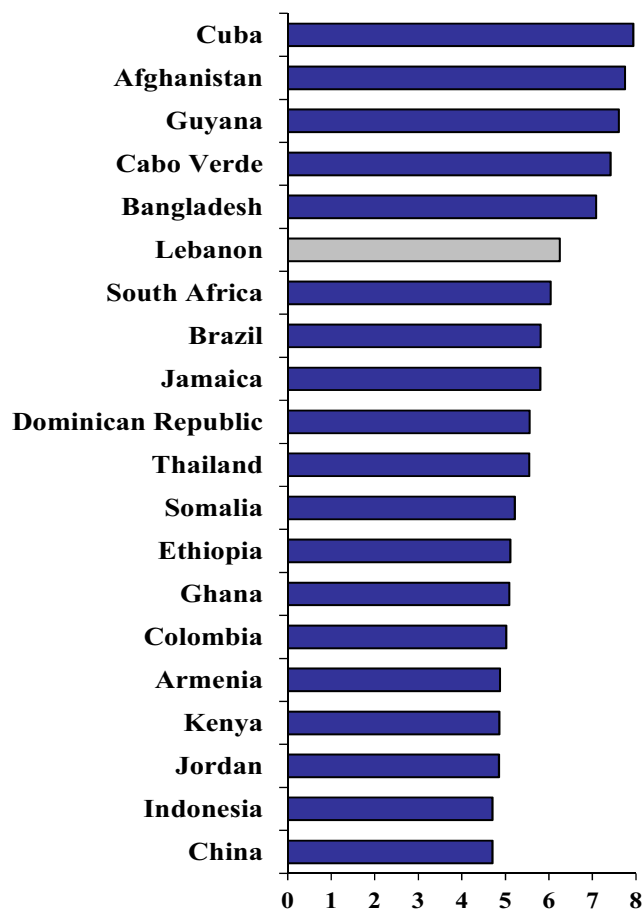
In addition, the cost of sending remittances from France to Lebanon was 6.31% in the third quarter of 2024 for a transfer of €345, representing decreases from 6.75% in the second quarter of 2024 and from 8.51% in the third quarter of 2023. In nominal terms, the cost of sending €345 from France to Lebanon was €21.8 in the third quarter of 2024 relative to €23.3 in the previous quarter and to €29.4 in the third quarter of 2023. Lebanon was the second most expensive destination for sending €345 from France among 16 countries with available data.

Further, the cost of sending remittances from the United Kingdom to Lebanon stood at 6.9% in the third quarter of 2024 for a transfer of £300, constituting a decrease from 7.63% in the second quarter of 2024 and an increase from 5.65% in the third quarter of 2023. In nominal terms, the cost of sending £300 from the UK to Lebanon was £20.7 in the third quarter of 2024 relative to £22.9 in the preceding quarter and to £17 in the third quarter of 2023. Lebanon was the third most expensive destination for sending £300 from the UK, among 33 countries with available data.

Also, the cost of sending remittances from Germany to Lebanon was 6.65% in the third quarter of 2024 for a transfer of €345, representing a decrease from 7% in the second quarter of 2024 and a rise from 5.83% in the third quarter of 2023. In nominal terms, the cost of sending €345 from Germany to Lebanon was €22.94 in the third quarter of 2024 compared to €24.11 in the previous quarter and to €20.11 in the third quarter of 2023. Lebanon was the second most expensive destination for sending €345 from Germany among 24 countries with available data.

Finally, the cost of sending remittances from Saudi Arabia to Lebanon reached 3.45% in the third quarter of 2024 for a transfer of SAR1,870, equivalent to \$500, increasing from 3.38% in the second quarter of 2024 and from 3.35% in the third quarter of 2023. In nominal terms, the cost of sending SAR1,870 from Saudi Arabia to Lebanon was SAR64.52 in the third quarter of 2024, relative to SAR63.2 in the second quarter of 2024 and to SAR62.6 in the third quarter of 2023. Lebanon was the eighth most expensive destination for sending SAR1,870 from Saudi Arabia among 17 countries with available data.

Costliest Destinations for Sending Remittances from the United States* (%)



*cost of sending \$500 from the U.S.
Source: World Bank, Byblos Research

Payment cards at 1.88 million at end-June 2024, ATMs total 1,410

Figures released by Banque du Liban show that the number of payment cards issued in Lebanon reached 1,884,204 cards at the end of June 2024, constituting declines of 265,817 cards (-12.4%) from 2.15 million cards at end-June 2023, of 624,468 cards (-25%) from 2.51 million at end-June 2022, of 765,245 cards (-29%) from 2.65 million at end-June 2021, and of 1.09 million cards (-36.6%) from 2.98 million at end-June 2020.

Payment cards held by residents accounted for 97.4% of total cards issued in Lebanon at the end of June 2024. The distribution of payment cards by type shows that debit cards with residents reached 1.22 million and accounted for 64.8% of the total, followed by 484,562 prepaid cards with residents (25.7%), 72,206 credit cards with residents (3.8%), 56,801 charge cards with residents (3%), 42,599 debit cards held by non-residents (2.3%), 3,068 charge cards with non-residents and 2,991 credit cards held by non-residents (0.2% each); and 617 prepaid cards with non-residents (0.03%).

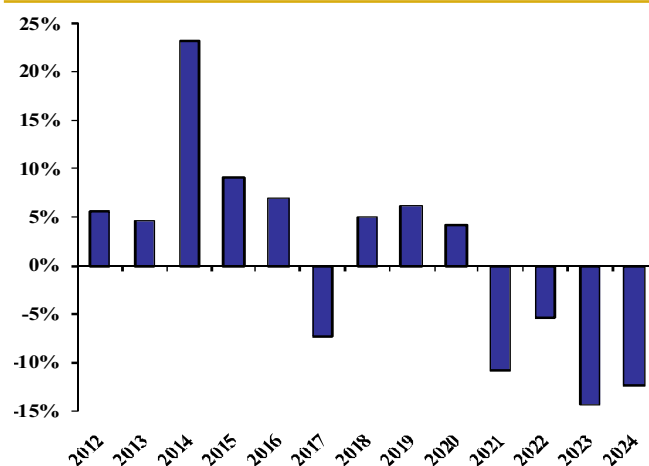
The number of debit cards with residents declined by 103,738 cards (-7.8%) in the first half of 2024 from end-2023; prepaid cards with residents decreased by 25,825 cards (-5.1%), the number of debit cards held by non-residents contracted by 4,470 cards (-9.5%), credit cards with residents decreased by 3,954 cards (-5.2%), the number of prepaid cards with non-residents dropped by 2,396 cards (-79.5%), credit cards held by non-residents retreated by 481 cards (-14%), the number of charge cards with residents regressed by 206 cards (-0.4%), and charge cards with non-residents dipped by 15 cards (-0.5%).

In parallel, the number of debit cards held by residents dropped by 191,264 cards (-13.5%) in the 12-month ending June 2024, prepaid cards with residents declined by 31,080 cards (-6%), credit cards with residents decreased by 27,087 cards (-27.3%), charge cards with residents shrank by 6,923 cards (-11%). Also, the number of debit cards held by non-resident contracted by 5,146 cards (-10.8%) in the covered period, prepaid cards with non-residents retreated by 2,444 cards (-79.8%), credit cards with non-residents decreased by 1,427 cards (-32.3%), and charge cards with non-resident regressed by 446 cards (-12.7%). The decline in debit and credit cards held by residents and non-residents since 2020 is due in part to a large number of retailers' refusal to accept payment cards and to the banks' tighter controls on credit card issuance and renewal.

Further, the aggregate number of registered points-of-sales (PoS) that accept payment cards reached 28,680 at the end of June 2024, constituting decreases of 11,521 (-28.7%) from 40,201 PoS at end-June 2023, of 14,312 (-33.3%) from 42,992 PoS at end-June 2022, of 15,720 (-35.4%) from 44,400 PoS at end-June 2021, and of 19,177 (-40%) from 47,857 PoS at end-June 2020. Also, there were 2.7 registered PoS per square kilometer (km²) in Lebanon at the end of June 2024 compared to 3.8 PoS per km² at the end of June 2023, to 4.1 PoS per km² at the end-June 2022, and to 4.2 PoS per km² at the end-June 2021, and to 4.6 PoS per km² at the end-June 2020.

In parallel, there were 1,410 automated teller machines (ATMs) across Lebanon at the end of June 2024, constituting an increase of 59 ATMs at 1,351 end-June 2023, and decreases of 227 ATMs at 1,637 end-June 2022, of 400 ATMs at 1,810 end-June 2021, and of 537 ATMs at 1,947 end-June 2020. The Mount Lebanon area had 539 ATMs at the end of June 2024, equivalent to 38.2% of the total, followed by the Greater Beirut area with 448 ATMs (31.8%), the North with 151 ATMs (10.7%), the Bekaa with 122 ATMs (8.7%), the South region with 119 ATMs (8.4%), and the Nabatieh area with 31 ATMs (2.2%). As such, there were 135 ATMs per 1,000 km² in Lebanon at the end of June 2024 compared to 129 ATMs per 1,000 km² at the end of June 2023, to 157 ATMs per 1,000 km² at end-June 2022, to 173 ATMs per 1,000 km² at end-June 2021, and to 186 ATMs per 1,000 km² at end-June 2020.

Change in Number of Payment Cards (%)*



*change at end-June of each year

Source: Banque du Liban, Byblos Research

Money supply up 44% in 12 months ending January 23, 2025

Figures released by Banque du Liban (BdL) show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP123,567bn on January 23, 2025, constituting increases of 4.2% from LBP118,577.6bn on January 16, 2025 and of 44.2% from LBP85,669bn on January 23, 2024. M1 grew by LBP4,989.3bn during the week ending January 23, 2025 due to increases of LBP3,135.6bn in demand deposits and of LBP1,853.6bn in currency in circulation.

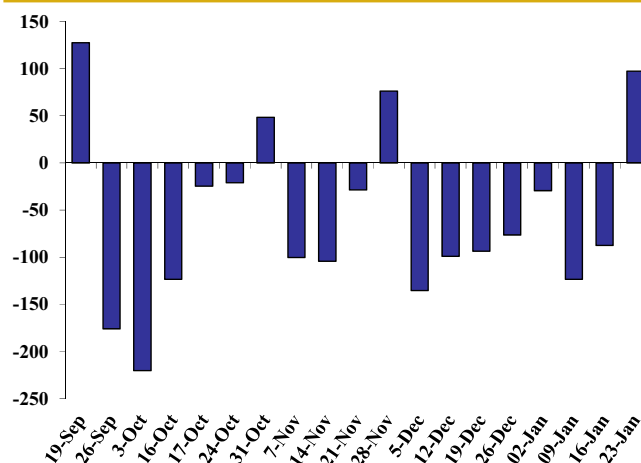
In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP154,836.1bn on January 23, 2025, representing increases of 4% from LBP148,831.7bn on January 16, 2025 and of 53.6% from LBP100,783.1bn a year earlier. Money supply M2 grew by LBP6,004.4bn in the week ending January 23, 2025, while it rose by LBP54,053bn year-on-year.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, reached LBP6,170.4 trillion (tn) on January 23, 2025, and increased by LBP14,716.3bn, or by 0.24%, during the week ending January 16, 2025, compared to LBP5,049.6tn on January 23, 2024. Also, BdL indicated that deposits denominated in foreign currency declined by \$97.3m in the week ending January 23, 2025. The surge in M3 is due to the impact of the new exchange rate of the Lebanese pound against the US dollar of LBP89,500 per 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 interest, totaled LBP6,179.6tn on January 23, 2025, constituting an increase of LBP14,391.4bn (+0.23%) from LBP6,165.2tn a week earlier and relative to LBP5,074.1tn on January 23, 2024. BdL stated that the Treasury bills portfolio held by the non-banking sector is decreased by LBP324.93bn during the week ending January 23, 2025.

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

War in South drags down construction activity in first quarter of 2024

Banque du Liban's quarterly business survey about the opinions of business managers shows that the balance of opinions for general construction activity reached -37 in the first quarter of 2024, compared to -36 in the previous quarter and to -54 in first quarter of 2023. The balance of opinions for general construction activity in the first quarter of 2024 reached its third highest quarterly level since the beginning of the economic crisis in the fourth quarter of 2019 after posting -18 in the third quarter of 2022 and -36 in the fourth quarter of 2023.. The results reflect the impact of the war between Israel and Hezbollah that started in October 2023 and that continued throughout the first quarter of 2024. They also reflect the absence of major new projects, low investments in the sector, delays in the implementation of reforms to restore confidence, the lack of project financing, as well as the relative adjustment of the private sector to the ongoing crisis.

The business survey covers the opinions of managers of construction enterprises about their businesses, in order to depict the evolution of a number of key economic variables. The balance of opinions is the difference between the proportion of surveyed managers who consider that there was an improvement in a particular indicator and the proportion of those who reported a decline in the same indicator. The balance of opinions for construction activity was -33 in the first quarter of 2024 compared to -34 in the preceding quarter and to -51 in the first quarter of 2023, and reached its second highest quarterly level since the start of the economic crisis. The balance of opinions about construction activity was -7 in the North, -33 in the Bekaa, -46 in the South, and -58 in Beirut & Mount Lebanon.

Also, the balance of opinions about public works stood at -51 in the first quarter of 2024 compared to -48 in the fourth quarter of 2023 and -49 in the first quarter of 2023. The opinions about the level of public works stood at zero in the North, -64 in the Bekaa, -80 in the South, and -93 in Beirut & Mount Lebanon.

In addition, the balance of opinions about the portfolio of projects was -63 in the first quarter of 2024 relative to -65 in the preceding quarter and to -74 in the first quarter of 2023, and reached its highest quarterly level since the fourth quarter of 2019. The balance of opinions about the portfolio of projects was -24 in the North, -72 in Beirut & Mount Lebanon, -86 in the South, and -90 in the Bekaa. Further, the balance of opinions about construction costs reached +66 in the first quarter of 2024, compared to +70 in the preceding quarter and +70 in the first quarter of 2023.

In parallel, the balance of opinions about investments in the sector was 22% in the first quarter of 2024, compared to 27% in the preceding quarter and to 19% in the first quarter of 2023. The balance of opinions about investments was 73% in the North, 18% in the Bekaa, 10% in the South, and 2% in Beirut & Mount Lebanon.

Also, the balance of opinions about the number of employees in the sector was -34 in the first quarter of 2024 compared to -48 in the preceding quarter and to -65 in the first quarter of 2023. It reached its highest quarterly level since the fourth quarter of 2019. The balance of opinions about the number of employees was -21 in the Bekaa, -24 in the North, -40 in Beirut & Mount Lebanon, and -86 in the South.

Construction and Public Work Activity: Evolution of Opinions				
Aggregate results	Q1-21	Q1-22	Q1-23	Q1-24
General activity	-65	-56	-54	-37
Construction	-66	-53	-51	-33
Public works	-60	-56	-49	-51
Portfolio of projects	-93	-83	-74	-63
Construction costs	49	31	70	66
Investments (% of yes)	17%	15%	19%	22%

Source: Banque du Liban Business Survey for First Quarter of 2024

UN disburses \$107m in livelihood assistance in first nine months of 2024

The United Nations (UN) indicated that international contributions to the livelihoods component of the Lebanon Response Plan (LRP) reached \$54.2m in the first nine months of 2024 compared to \$40.8m in the same period of 2023. They represented 29% of the \$188m that the LRP appealed for to assist affected Lebanese and non-Lebanese individuals in the country in 2024. It also noted that it carried over \$53m from funding it received in 2023, which was equivalent to 28% of the total appealed funds, and resulted in aggregate funding of \$107.2m in the first nine months of 2024. As such, it said that total funding covered 57% of the funds it appealed for in the first nine months of 2024, resulting in a funding gap of \$80.8m, or 43%, in the covered period.

The LRP 2024-2025 is a joint initiative between the Lebanese government and international and national partners that aims to address the country's humanitarian needs. 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.

The UN indicated that it provided livelihoods assistance to 35,738 individuals across Lebanon in the first nine months of 2024 who consisted of 35,738 Lebanese citizens in need, or 88.5% of the total, followed by 4,493 displaced Syrians (11%), 150 Palestinian refugees in Lebanon (0.4%) and 11 Palestinian refugees from Syria (0.03%). It noted that it aimed to provide livelihoods assistance to 74,970 poor individuals across Lebanon in 2024, who consisted of 47,500 vulnerable Lebanese citizens, or 63.4% of the total, followed by 24,250 displaced Syrians (32.3%); 2,275 Palestinian refugees in Lebanon (3%); and 945 Palestinian refugees from Syria (1.3%).

It pointed that the LRP reached out to 4,221 individuals out of a target of 10,000 persons to provide them market-based skills training in the first nine months of 2024. It said that the program delivered work-based learning opportunities to 2,069 individuals out of a target of 8,000 persons in the covered period. Also, it indicated that the LRP paid 7,373 individuals for their participation in various projects or tasks in the first nine months last year. Further, it noted that the program supported 888 individuals out of a target of 10,000 by providing employment services and career guidance, while it assisted 191 persons out of a target of 2,000 individuals with entrepreneurship services during the covered period.

In parallel, it indicated that the LRP provided financial access, cash and in-kind grants, as well as incubation services to 25,861 business owners in Lebanon in the first nine months of 2024. It stated that the program assisted 998 vulnerable individuals in the covered period through technical skills to match the needs of the job market in Lebanon.

In addition, it indicated that the program created and maintained 665 jobs between January and September 2024, exceeding the 2016 baseline target of 494 jobs. It said that it placed 215 job seekers in jobs, while 91 vulnerable individuals engaged in home-based income generation in the covered period.

Lebanon raises \$298m in pledges from Flash Appeal

In its periodic update on the impact of the conflict between Israel and Hezbollah on the Lebanese population, the United Nations' Office for the Coordination of Humanitarian Affairs (OCHA) stated that 38 shelters across Lebanon are providing accommodation to 3,055 internally displaced persons (IDPs) as at January 29, 2025. Further, it stated that a total of 883,203 IDPs who have been staying in shelters and in other facilities have returned to their homes since the cessation of hostilities went into effect on November 27 of last year.

Also, it noted that 19 Primary Health Care Centers (PHCCs) and three hospitals are currently out of service. Moreover, it indicated that 45 water facilities have been damaged by Israeli air raids, which has affected more than 497,000 residents in the South and the Bekaa regions. It added that more than 2,192 hectares of farmland in the South and Nabatieh governorates have been damaged or remain unharvested as a result of the conflict. Further, it stated that four public schools in Lebanon are fully closed and are still used as shelters.

According to OCHA, the food assistance distributed since the escalation of hostilities on September 23, 2024 consisted of 10.8 million meals in collective shelters, 273,000 ready-to-eat kits, 380,000 food parcels inside and outside shelters, and 427,000 bread packs, while 271,000 individuals received cash for food through the National Poverty Targeting Program. It added that about 54,800 individuals, including 3,200 children and pregnant lactating women (PLW), obtained micronutrient supplements. It added that 13,300 caregivers received infant and young child feeding, nutrition, and early childhood development services, while 7,820 children and PLW were screened for acute malnutrition.

Further, it noted that core relief covered the distribution of 699,200 items that include mattresses, blankets, pillows and sleeping bags, while 281,000 persons in collective shelters received non-food-items. Further, healthcare support consisted of 140 trauma emergency surgical kits, while 52 collective shelters have been linked with PHCCs. In addition, hygiene support to the displaced population included 2.3 million liters of bottled water, 67 million liters of trucking water, as well as 137,200 family hygiene kits, and 57,300 dignity kits. Also, water establishments received 1.02m liters of fuel for water pumping. Moreover, it said that about 22,000 households obtained emergency cash for protection since October 2023. It added that 72,000 children, caregivers and women at risk received information and awareness on protection services. Also, it said that 68,300 individuals obtained community-based psychosocial support, and that 20,876 children received educational supplies and/or learning materials.

In parallel, it said that the Flash Appeal, which the Lebanese government and the United Nations launched on October 1, 2024 and that called for \$426m in immediate humanitarian support, is currently underfunded, as the UN received \$298m, or 70% of the appealed funds, according to the Lebanon Aid Tracking system.

Stock market capitalization up 25% to \$25.6bn at end-January 2025

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 1.03 million shares in January 2025, constituting declines of 36.8% from 1.64 million shares traded in December 2024 and of 48.4% from 2 million shares traded in January 2024. The aggregate turnover amounted to \$30.5m in January 2025 and dropped by 57% from a turnover of \$71.1m in December 2024 and by 70% from a turnover of \$102m in January 2024.

Further, the market capitalization of the BSE stood at \$25.6bn at the end of January 2025, representing a decrease of 5% from \$27bn at end-2024 and an increase of 24.5% from \$20.6bn a year earlier. Real estate equities accounted for 72.4% of the market's capitalization at the end of January 2025, followed by banking stocks (21%), and industrial shares (6.8%). The market liquidity ratio was 0.12% at the end of January 2025 compared to 0.5% a year earlier.

In addition, banking stocks accounted for 75.2% of the trading volume in January 2025, followed by real estate equities (23.5%) and industrial shares (1.2%). Also, real estate equities accounted for 91.5% of the aggregate value of shares traded in the first month of 2025, followed by banking stocks (6.7%), and industrial shares (1.7%). The average daily traded volume in January 2025 was 49,225.4 shares for an average daily amount of \$1.45m. The figures represent a decline of 46% in the average daily traded volume and a drop of 68.6% in the average daily value in January 2025.

In parallel, the price of Solidere 'A' shares decreased by 5.6% and the price of Solidere 'B' shares contracted by 7.4% in January from end-2024, while the price of Holcim shares grew by 1.6% in the covered month.

Banking sector has 726 branches at end-March 2024

Figures issued by Banque du Liban (BdL) show that the Lebanese banking sector had 726 local and foreign branches at the end of March 2024, constituting declines of 35 branches (-4.6%) from 761 branches at end-2023 and of 113 branches (13.5%) from 839 branches at end-March 2023, as well as decreases of 195 branches (-21.2%) from 921 branches at end-March 2022, of 332 branches from the end of March 2021, and of 422 branches from end-March 2020.

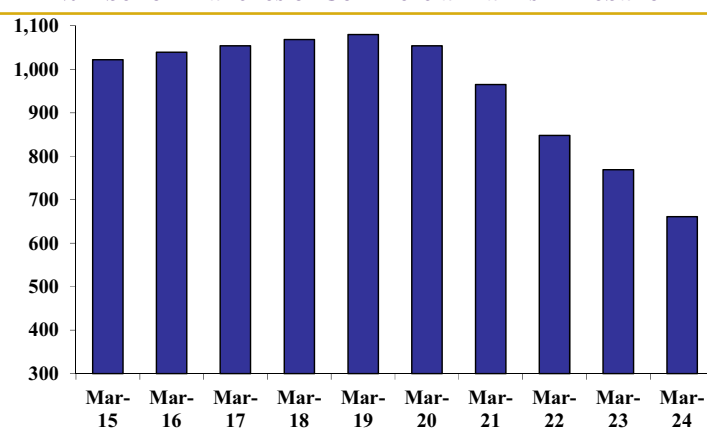
Commercial banks had 707 local and foreign branches at the end of March 2024 compared to 741 branches at end-2023, to 818 branches at end-March 2023, to 900 branches at end-March 2022, to 1,037 branches from the end of March 2021, and to 1,127 branches from end-March 2020. Further, medium- and long-term banks had 19 branches in Lebanon at the end of March 2024, compared to 21 branches a year earlier. In parallel, commercial banks operating in Lebanon had 46 branches outside the country at the end of March 2024, unchanged from the end of 2023, and relative to 49 branches at end-March 2023 and to 52 branches at end-March 2022.

The breakdown of commercial banks' branches shows that banks had 661 local branches at the end of March 2024, down by 34 branches from 695 branches at the end of 2023, by 108 branches from 769 branches at end-March 2023, by 187 branches from 848 branches at end-March 2022, by 304 branches from the end of March 2021, and by 393 branches from end-March 2020.

There were 345 branches of commercial banks in Beirut & its suburbs that accounted for 52.5% of total branches in the country at the end of March 2024, followed by 131 branches in Mount Lebanon (19.8%), 72 branches in South Lebanon (10.9%), 69 branches in North Lebanon (10.4%), and 44 branches in the Bekaa region (6.7%).

Also, nine foreign commercial banks operating in the country had 21 branches and four Islamic banks had 12 branches at end-March 2024. In addition, there were seven e-branches that offer banking services through interactive and automated machines at end-March 2024. Also, there were 46 commercial banks in the country at the end of March 2024, unchanged from a year earlier, as well as 13 medium- and long-term banks operating in Lebanon at end-March relative to 14 banks at end-2023 and 15 banks at end-March 2023. In parallel, 37 financial institutions had 66 branches in Lebanon at end-March 2024, relative to 40 financial institutions with 69 branches at end-March 2023, and 40 financial institutions with 69 branches at end-March 2022.

Number of Branches of Commercial Banks in Lebanon



Source: Banque du Liban, Byblos Research

Corporate Highlights

Gross written premiums at \$946m in 2023, claims at \$567m

Figures released by the Insurance Control Commission (ICC) show that the gross written premiums of 46 insurance companies operating in Lebanon reached LBP77,098.2bn in 2023, compared to LBP2,456.4bn in 2022. Based on weighted average exchange rates of LBP81,470 per US dollar for 2023, gross written premiums would total \$946.3m in 2023. Health insurance premiums totaled LBP36,185.4bn in 2023 and accounted for 47% of the sector's aggregate premiums. Property & casualty premiums followed with LBP17,011.4bn (22%), then motor insurance premiums with LBP16,624.3bn (21.6%), and life insurance premiums with LBP7,277.1bn (9.4%). In dollar terms, health insurance premiums totaled \$444.2m in 2023, followed by property & casualty premiums with \$208.8m, motor insurance premiums with \$204m, and life insurance premiums with \$89.3m.

Further, the gross claims settled by insurance companies, or the paid benefits for services, totaled LBP46,340.5bn in 2023 relative to LBP2,333.8bn in 2022. Based on the same weighted average exchange rate of the Lebanese pound to the dollar, gross claims totaled \$568.8m in 2023. Gross claims paid for the health insurance segment amounted to LBP20,888.6bn and accounted for 45% of total claims that insurers settled in 2023, followed by claims disbursed for the property & casualty claims with LBP11,383.6bn (24.6%), the life insurance category with LBP7,242.3bn (15.6%), and the motor segment with LBP6,826bn (14.7%).

In addition, the sector's acquisition expenses reached LBP12,920bn in 2023 relative to LBP493.7bn in 2022, while administrative costs totaled LBP10,902.5bn last year compared to LBP506.4bn in 2022. Also, the insurance sector registered net investment income of LBP5,342.6bn in 2023 relative to LBP56.9bn in 2022. In addition, the ratio of gross claims settled to gross written premiums stood at 60% last year compared to 95% in 2022. Further, the ratio of expenditures for acquisition and administration to gross written premiums reached 31% in 2023 relative to 41% in the previous year, and the ratio of net investment income to gross written premiums reached 7% last year compared to 2% in 2022.

In parallel, Bankers Assurance ranked in first place with LBP7,629.2bn in gross written premiums in 2023, followed by LIA Assurex with LBP7,136.2bn, Fidelity Assurance & Reinsurance with LBP6,821.6bn, Mediterranean and Gulf Insurance and Reinsurance (MEDGULF) with LBP5,885.3bn, and Allianz SNA with LBP5,778.7bn. Byblos Bank's insurance affiliate, Adonis Insurance and Reinsurance Co. (ADIR), ranked in 15th place with gross written premiums of LBP1,648.8bn in 2023. The composition of the top 10 insurers changed from 2022, as the ranking of LIA Assurex improved from fifth place in 2022 to second place in 2023, that of SNA advanced by one notch to fifth place, the ranking of AXA Middle East increased by two spots to sixth place last year, and the ranking of GroupMed Insurance improved by six spots to eighth place in 2023. In contrast, the rankings of Fidelity Assurance & Reinsurance and of MEDGULF regressed by one notch each to third and fourth place, respectively, in 2023, while the ranking of Sécurité Assurance decreased by two spots to ninth place and the ranking of MetLife ALICO declined by three spots to seventh place. Further, the ranking of Libano-Suisse was unchanged in 2023. In parallel, the top 10 insurers accounted for 69.7% of the insurance market in 2023 relative 64.4% in 2022, while the top 20 firms generated 90.4% of gross written premiums in 2022 compared to 85.4% in 2022.

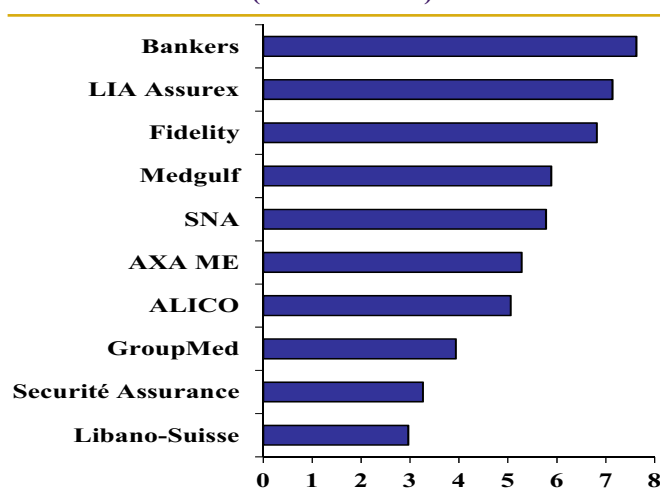
Mearco assets at LBP973bn at end-2023

Middle East Assurance & Reinsurance Co (MEARCO) sal's audited balance sheet shows that the firm had total assets of LBP972.9bn at the end of 2023 compared to LBP261.2bn at the end of 2022. On the assets side, general company investments reached LBP490.6bn at the end of 2023 relative to LBP133.1bn a year earlier. They included LBP434.6bn in cash & cash equivalent and LBP1.7bn in land and real estate assets. Further, the firm blocked LBP27.6bn as bank deposits with maturities of more than three months and LBP19bn in favor of the Ministry of Economy & Trade as guarantees. Also, the reinsurance's share in technical reserves for the non-life category totaled LBP100bn at end-2023 and increased by 86.3% from LBP53.6bn a year earlier.

On the liabilities side, technical reserves for the non-life segment stood at LBP477.05bn at end-2023 compared to LBP157.6bn a year earlier. Non-life technical reserves included outstanding claims reserves of LBP118.4bn that rose by 306%, unearned premium reserves of LBP343.5bn that surged by 174.5%, and LBP307.3m in "reserves incurred but not reported" that grew by 3% year-on-year. Also, provisions for risks and charges reached LBP3.4bn at end-2023 compared to LBP409m at end-2022. In addition, the firm's shareholders' equity totaled LBP253.7bn at end-2023 relative to LBP62.7bn a year earlier.

In parallel, figures released by the Insurance Control Commission (ICC) indicate that the MEARCO's gross written premiums of MEARCO stood at LBP689.1bn in 2023, with motor premiums reaching LBP289bn and accounting for 42% of the total, followed by property & casualty premiums with LBP258.6bn (37.5%), and health premiums with LBP141.5bn (20.5%). Further, the ICC figures show that the insurer ranked in 24th place in terms of non-life premiums and had a 1% share of the local non-life market in 2023.

Gross Written Premiums of the Top 10 Insurers in 2023 (in LBP trillion)



Source: Insurance Control Commission, Byblos Research

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	Stable	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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