



LEBANON THIS WEEK

In This Issue

Economic Indicators.....1
Capital Markets.....1
Lebanon in the News.....2

Lebanon ranks 72nd globally, 7th in Arab region in retirement environment

Lebanon ranks 91st globally, 14th in MENA region in environmental performance

Real GDP growth at 2% in 2014, slowest-growing economy in Middle East & Africa

Road traffic death rate in Lebanon is 36th highest worldwide

Number of real estate transactions up 9% in January 2014

Trade deficit up 31% to \$1.6bn in January 2014

Customs receipts down 13% to \$119m in January 2014

Environment Ministry receives €2.3m in technical assistance to manage industrial pollution

Launch of second phase of project to strengthen olive oil industry in southern towns

Ministry of Energy & Water and UNDP to cooperate on renewable energy systems

Corporate Highlights7

Stock market activity up 170% to \$76m in first two months of 2014

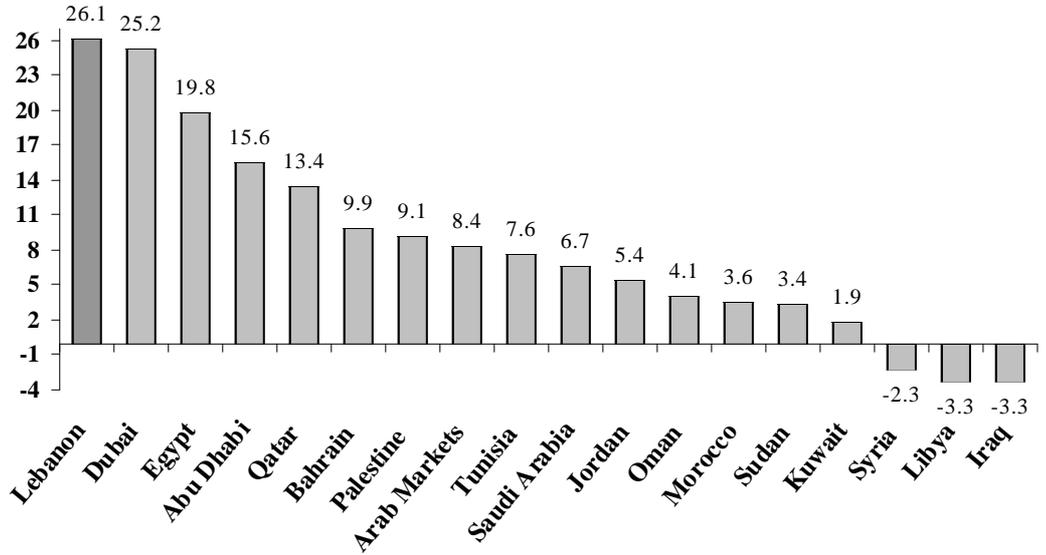
Loans through Public Corporation for Housing at \$674m in 2013

Banque BEMO lists preferred shares on Beirut bourse

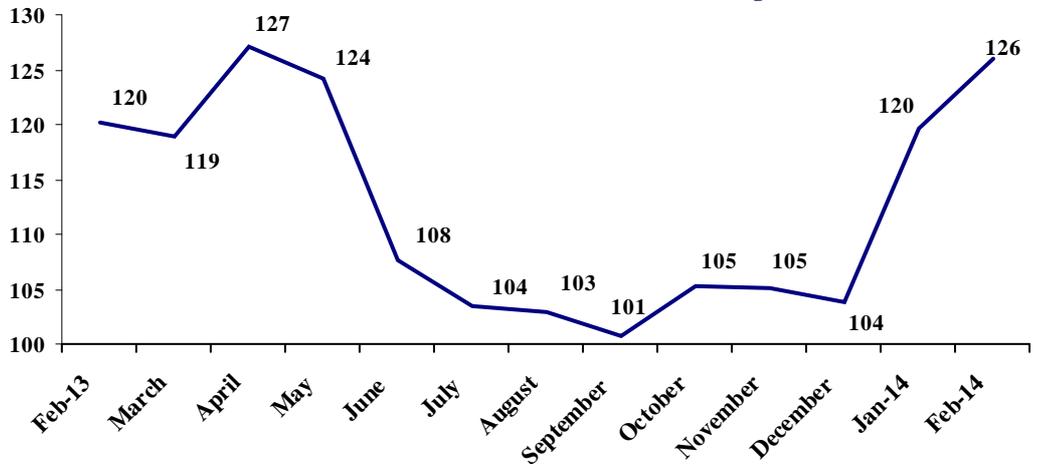
Ratio Highlights.....8
Risk Outlook.....8
Ratings & Outlook.....8

Charts of the Week

Performance of Arab Stock Markets in the first two months of 2014 (% change)



Performance of the Beirut Stock Exchange*



* Banque du Liban Market Value Weighted Index average monthly values
Source: Local Stock Markets, Dow Jones Indices, Banque du Liban, Byblos Bank

Quote to Note

"Despite the formation of a government, we believe the prospects for the implementation of an oil and gas strategy remain low."

Citigroup, on short-term expectations for the oil & gas sector in the current political climate

Number of the Week

1.9 million: Monthly Internet population in Lebanon, according to a survey by Ipsos Stat

Economic Indicators

\$m (unless otherwise mentioned)	2012	Oct 12	Jul 13	Aug 13	Sep 13	Oct 13	% Change*
Exports	4,486	440	260	279	288	391	(11.14)
Imports	21,281	1,774	1,718	1,828	1,565	1,757	(0.96)
Trade Balance	(16,795)	(1,334)	(1,438)	(1,549)	(1,277)	(1,366)	2.40
Balance of Payments	(1,538)	(97)	(575)	(223)	504	(794)	718.56
Checks Cleared in LBP	14,976	1,353	1,513	1,354	1,473	1,516	12.05
Checks Cleared in FC	56,044	4,732	4,938	4,495	4,513	4,698	(0.72)
Total Checks Cleared	69,787	6,085	6,451	5,849	5,986	6,214	2.12
Budget Deficit/Surplus	(3,925)	(617.49)	(171.51)	(551.43)	(668.16)	(228.92)	(62.93)
Primary Balance	(109.87)	(215.20)	82.10	(382.69)	(262.33)	233.07	-
Airport Passengers	5,960,414	473,046	581,605	727,086	539,297	524,741	10.93

\$bn (unless otherwise mentioned)	Dec 2012	Oct 12	Jul 13	Aug 13	Sep 13	Oct 13	% Change*
BdL FX Reserves	29.97	29.46	31.27	31.00	32.03	31.86	8.13
<i>In months of Imports</i>	<i>16.02</i>	<i>16.61</i>	<i>18.20</i>	<i>16.96</i>	<i>20.47</i>	<i>18.13</i>	<i>9.18</i>
Public Debt	57.69	56.64	60.23	60.50	62.39	62.44	10.24
Net Public Debt	49.12	48.38	51.14	51.74	52.15	52.50	8.50
Bank Assets	151.88	149.38	157.81	158.56	159.26	160.63	7.53
Bank Deposits (Private Sector)	125.00	122.60	131.18	131.38	131.26	132.10	7.75
Bank Loans to Private Sector	43.45	42.76	45.17	45.57	45.88	46.50	8.75
Money Supply M2	43.62	42.31	44.18	44.42	44.49	44.72	5.69
Money Supply M3	104.71	102.43	107.33	108.28	108.49	109.02	6.44
LBP Lending Rate (%)	7.47	7.31	7.13	7.24	7.36	7.59	28b.p
LBP Deposit Rate (%)	5.46	5.43	5.43	5.47	5.37	5.44	1b.p
USD Lending Rate (%)	7.05	7.15	7.02	7.16	6.95	6.85	(30b.p)
USD Deposit Rate (%)	2.94	2.87	2.89	2.91	2.91	2.94	7b.p
%* Change in CPI**	3.66	7.75	3.15	3.81	4.81	5.04	(271b.p)

* Year-on-Year; ** Consumer Price Index

Note: b.p. i.e. basis point

Sources: ABL, BdL

Capital Markets

Most Traded Stocks on BSE	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization
Solidere "A"	13.55	0.37	115,305	11.99%
Solidere "B"	13.39	0.07	32,108	7.70%
Byblos Common	1.67	(0.60)	1,694,500	5.31%
Byblos Pref. 08	101.50	0.00	0	1.80%
Byblos Pref. 09	101.50	0.00	0	1.80%
BLOM GDR	9.14	(0.44)	52,622	5.98%
BLOM Listed	9.00	2.86	697,435	17.12%
Audi GDR	6.60	0.00	0	5.99%
Audi Listed	6.50	0.93	5,000	20.12%
HOLCIM	14.89	2.69	930	2.57%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Apr. 2014	7.375	100.35	4.03
Jan. 2015	5.875	101.94	3.57
Apr. 2015	10.00	107.25	3.44
Jan. 2016	8.500	107.75	4.15
Mar. 2017	9.000	112.00	4.72
Nov. 2018	5.150	100.00	5.15
Apr. 2021	8.250	112.88	6.00
Nov. 2026	6.600	100.13	6.73

Source: Byblos Bank Capital Markets

	Feb 24-28	Feb 17-21	% Change	Feb 2014	Feb 2013	% Change
Total Shares Traded	2,603,881	1,227,407	112.14	6,037,763	1,491,134	304.91
Total Value Traded	\$12,133,092	\$11,649,870	4.15	\$43,140,999	\$12,994,109	232.0
Market Capitalization	\$11.30bn	\$11.22bn	0.71	\$11.30bn	\$10.94bn	3.30

Source: Beirut Stock Exchange (BSE)



Lebanon ranks 72nd globally, 7th in Arab region in retirement environment

The Global Retirement Index (GRI) for 2014, issued by global asset management firm Natixis, ranked Lebanon in 72nd place globally among 150 countries, in 23rd place among 40 Upper Middle-Income Countries (UMICs) included in the survey, and in seventh place among 18 Arab countries. Lebanon's rank declined by 19 spots from 53rd place in the 2013 survey, constituting the eighth steepest deterioration globally.

The GRI is a global benchmark that aims to help individuals assess a country's suitability in meeting welfare expectations and needs in retirement and old age. It covers key aspects for welfare in retirement that include access to quality health services, having enough material means to live a comfortable life, having access to quality financial services, and living in a clean and safe environment. The index is composed of 20 indicators that are grouped into four sub-indices, which are the Health Sub-Index, Material Well-being Sub-Index, Quality of Life Sub-Index and Finances Sub-Index. The individual countries' scores range from 0% to 100%, with 100% representing the ideal country for retirement.

Globally, Lebanon has a better retirement environment than the Dominican Republic, Serbia and El Salvador, and a less favorable one than China, Moldova and Vietnam. It also has a more favorable retirement environment than the Dominican Republic, Serbia and Kazakhstan, and a worse one than Jordan, Azerbaijan and China among UMICs; while only the UAE, Qatar, Kuwait, Saudi Arabia, Bahrain and Jordan have better retirement environments than Lebanon in the Arab world. Lebanon received a score of 56% on the GRI, higher than the global average of 54% and the Arab average of 52.2%, and similar to the UMICs' average score. Lebanon's score was lower than the Gulf Cooperation Council (GCC) countries' average score of 65.6%, but higher than the average score of non-GCC Arab countries of 47%. Lebanon's score fell by seven percentage points from 63% in 2013, constituting the eighth steepest decline globally.

Lebanon came ahead of Panama, Bosnia & Herzegovina and Moldova, and ranked behind Turkey, Ukraine and Kazakhstan on the Health Sub-Index. This category covers life expectancy at birth, health spending per capita, non-insured health expenditures, and the number of hospital beds per 1,000 people. Also, it came ahead of Panama and behind Kazakhstan among UMICs; while it ranked behind only Qatar, the UAE and Kuwait in the region.

Also, Lebanon tied with Venezuela and Cambodia, came ahead of Jordan, Chile and Panama, and ranked behind Argentina, Indonesia and Laos on the Material Well-being Sub-Index, which measures the ability of residents to generate enough income to cover their material needs. Also, it tied with Venezuela, ranked ahead of Jordan and came behind Argentina among UMICs; while it ranked ahead of Jordan, Morocco, Syria, Iraq, Yemen, Sudan, Mauritania and Djibouti in the Arab world.

Further, Lebanon tied with the Kyrgyz Republic and Trinidad & Tobago, ranked ahead of Romania, Mongolia and Iran, and came behind Pakistan, Guyana and Jordan on the Quality of Life Sub-Index. This category captures the level of happiness in a society and the effects that environmental factors have on the quality of life. Also, it ranked ahead of Romania and came behind Jordan among UMICs; while it came behind the UAE, Saudi Arabia, Qatar, Algeria, Kuwait, Tunisia and Jordan among Arab countries.

Lebanon tied with Greece, Serbia, Egypt, Yemen, Nigeria and Lesotho globally on the Finances Sub-Index, which captures the soundness of a country's financial system, the level of returns on savings and investments in the country, and the preservation of the purchasing power of savings. It also tied with Serbia, and ranked ahead of Venezuela and behind Namibia among UMICs; while it came ahead of only Egypt, Yemen, Saudi Arabia, Tunisia, Algeria and Sudan among Arab states.

Arab Countries' Rankings and Scores

Country	Score	Arab Rank	Global Rank
UAE	70%	1	26
Qatar	68%	2	31
Kuwait	65%	3	40
Saudi Arabia	65%	3	45
Bahrain	60%	5	57
Jordan	58%	6	67
Lebanon	56%	7	72
Algeria	54%	8	78
Libya	54%	8	80
Egypt	53%	10	88
Tunisia	53%	10	85
Morocco	50%	12	97
Syria	47%	13	103
Iraq	44%	14	106
Mauritania	38%	15	118
Yemen	38%	15	117
Sudan	34%	17	126
Djibouti	32%	18	134

Source: Natixis, Byblos Research

Components of the 2014 Global Retirement Index for Lebanon

Sub-Indices	Global Rank	Arab Rank	UMIC Rank	Lebanon Score	Global Average Score	Arab Average Score	UMIC Average Score
Health Index	52	4	11	68	55	55	61
Finances Index	110	12	31	51	56	53	56
Quality of Life Index	86	8	26	54	59	50	60
Material Well-being Index	77	10	22	53	51	55	52

Source: Natixis, Byblos Research

Lebanon ranks 91st globally, 14th in MENA region in environmental performance

The Environmental Performance Index for 2014 ranked Lebanon in 91st place globally among 178 countries and in 14th place among 22 countries in the Middle East & North Africa (MENA) region. Lebanon also ranked in 35th place among 49 Upper Middle-Income Countries (UMICs) included in the survey.

The EPI uses a methodology that quantitatively tracks national performance on a core set of environmental policy goals for which every government can be held accountable. It identifies specific targets for environmental performance and measures how close each country comes to these goals. The scores range from zero to 100, with zero being the farthest from the targets and 100 the closest to the targets. The EPI ranks countries on nine established policy components divided into two core categories that are Environmental Health and Ecosystem Vitality. The EPI is issued by Columbia and Yale universities in collaboration with the World Economic Forum.

Globally, Lebanon ranked ahead of Algeria, Argentina, and Zimbabwe and came behind Nicaragua, Macedonia and Belize. It ranked ahead of Algeria and behind Macedonia among UMICs, while it came ahead of Algeria, Oman, Libya, Iraq, Yemen, Djibouti, Mauritania and Sudan in the region. Lebanon received a score of 50.15 points, lower than the global average of 50.68 points, the UMICs' average of 52.46 points and the MENA average of 50.32 points. Lebanon's score was lower than the Gulf Cooperation Council (GCC) countries' average score of 61.02 points, but higher than the Arab average score of 49.2 points and the average score of non-GCC Arab countries of 43.78 points. Lebanon's score rose by 0.34% in the past 10 years, constituting the ninth worst performance globally, compared to Turkmenistan (+0.33%), Yemen (+0.2%), Jordan (-0.07%), Zambia (-0.78%), Brunei Darussalam (-0.84%), the UAE (-0.95%), Qatar (-1.33%) and Bahrain (-4.09%).

Lebanon ranked in 44th place worldwide, in sixth place among UMICs and in fifth place in the MENA region on the Environmental Health category which measures environmental stresses to human health. Globally, it came ahead of Palau, Croatia and the Seychelles, and ranked behind Mauritius, Bulgaria and Argentina. Also, it ranked behind only Mauritius, Bulgaria, Argentina, Malaysia and Hungary among UMICs; while it came behind Saudi Arabia, the UAE, Qatar and Israel in the region.

Lebanon ranked in 144th place worldwide, in 43rd place among UMICs, and in 15th place in the MENA region on the Ecosystem Vitality category, which measures ecosystem health and natural resource management. Globally, it came ahead of Paraguay, the Democratic Republic of Congo and Oman, and ranked behind Ghana, Uzbekistan and Antigua & Barbuda. Also, it ranked ahead of Argentina, Bosnia & Herzegovina, Angola, Libya, Iraq and Grenada among UMICs; while it came ahead of Oman, Libya, Yemen, Mauritania, Iraq, Sudan and Djibouti in the MENA region.

MENA Rankings and Scores

Country	Score	MENA Rank	Global Rank
UAE	72.91	1	25
Saudi Arabia	66.66	2	35
Israel	65.78	3	39
Kuwait	63.94	4	42
Qatar	63.03	5	44
Egypt	61.11	6	50
Tunisia	58.99	7	52
Jordan	55.78	8	60
Turkey	54.91	9	66
Syria	54.50	10	68
Morocco	51.89	11	81
Bahrain	51.83	12	82
Iran	51.08	13	83
Lebanon	50.15	14	91
Algeria	50.08	15	92
Oman	47.75	16	99
Libya	42.72	17	120
Iraq	33.39	18	149
Yemen	30.16	19	157
Djibouti	28.52	20	161
Mauritania	27.19	21	165
Sudan	24.64	22	171

Source: Columbia and Yale universities, World Economic Forum, Byblos Research

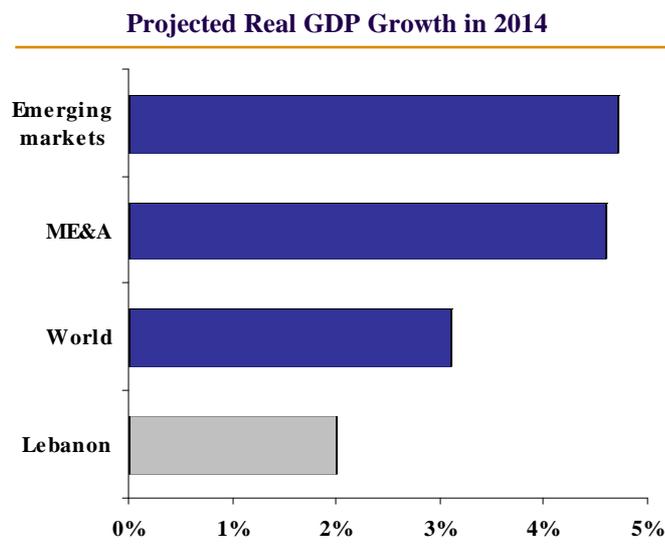
Components of the 2014 Environmental Performance Index for Lebanon

Category	Global Rank	MENA Rank	UMIC Rank	Lebanon Score	Global Average Score	MENA Average Score	UMIC Average Score
Environmental Health	44	5	6	85.94	65.31	71.11	71.96
Health Impacts	45	4	7	91.77	66.64	71.79	74.93
Air Quality	98	15	38	77.34	79.64	82.87	86.50
Water & Sanitation	34	5	3	88.69	49.65	58.67	54.45
Ecosystem Vitality	144	15	43	26.29	40.93	36.46	39.46
Water Resources	71	15	18	15.08	24.88	33.70	16.27
Biodiversity & Habitat	173	20	47	1.71	56.86	33.31	56.15
Forestry	19	4	11	74.82	38.87	63.98	49.73
Fisheries	98	14	30	0.00	20.16	14.84	21.50
Agriculture	43	9	14	90.0	67.77	68.94	68.18
Climate & Energy	94	12	31	40.93	48.51	46.12	43.56

Source: Columbia and Yale universities, World Economic Forum, Byblos Research

Real GDP growth at 2% in 2014, slowest-growing economy in Middle East & Africa

Citigroup projected real GDP growth in Lebanon at 2% in 2014 relative to growth rates of 4.6% in the Middle East & Africa (ME&A) region, 4.7% in emerging economies and 3.1% for the world economy this year. Lebanon's projected growth rate in 2014 would make it the slowest-growing economy among 18 countries in the ME&A region covered by Citigroup. It would also make it the 11th slowest-growing economy among 55 emerging countries, which would tie it with Slovakia and place it ahead of the Czech Republic and Hungary (1.9% each), Thailand (1.8%), Bulgaria (1.5%), Brazil (1.3%), Croatia and Serbia (1.2% each), Argentina (1%), Ukraine (-0.1%) and Venezuela (-1%). In parallel, Citigroup estimated Lebanon's real GDP growth at 1.4% in 2013 relative to growth rates of 3.9% in the ME&A region, 4.5% in emerging economies and 2.5% for the world economy last year. Lebanon's growth rate in 2013 made it the slowest-growing economy in the ME&A region. It also made it the ninth slowest economy among emerging countries, ahead of Russia (1.3%), Mexico and Hungary (1.1% each), Slovakia (1%), Bulgaria (0.6%), Ukraine (zero %), Croatia (-1%) and the Czech Republic (-1.1%).



Source: Citigroup, February 2014

Further, Citigroup forecast the annual average inflation rate in Lebanon at 3.7% in 2014, which would make it, along with Jordan, the 10th highest level in the ME&A region, compared to a 4.4% inflation rate in the ME&A region and a 5% rate for emerging economies. It estimated the annual average inflation rate in Lebanon at 2.1% in 2013, compared to a 4.3% inflation rate in the ME&A region and a 4.7% rate for emerging economies.

In parallel, it projected Lebanon's current account deficit to widen to 5.3% of GDP in 2014 from a deficit of 4.5% of GDP in 2013, compared to surpluses of 10.7% of GDP for the ME&A region and 1.8% of GDP for emerging economies this year. Lebanon's projected current account balance for 2014 would post the 13th widest deficit among the 55 emerging market economies included in Citigroup's universe, behind Mongolia with a projected deficit of 24.6% of GDP, Jordan (-14.2% of GDP), Tanzania (-14.1% of GDP), Uganda (-13.9% of GDP), Ghana (-12.2% of GDP), Panama (-10% of GDP), Ukraine (-8.8% of GDP), Kenya (-7.6% of GDP), El Salvador (-6.3% of GDP), Peru (-5.6% of GDP), and Cost Rica and the Dominican Republic (-5.4% of GDP each).

Also, Citigroup forecast Lebanon's fiscal deficit to narrow to 9.3% of GDP this year from 10% of GDP in 2013, compared to a surplus of 0.6% for the ME&A region and a deficit of 2.3% of GDP for emerging economies. The deficit would be the fourth widest among the emerging economies covered by the forecasts, behind only Egypt with a projected deficit of 12% of GDP for 2014, Venezuela (-11.1% of GDP) and Jordan (-10.1% of GDP).

Road traffic death rate in Lebanon is 36th highest worldwide

Figures released by the World Health Organization (WHO) estimated the road traffic death rate in Lebanon, which is the number of road traffic deaths per 100,000 adults, at 22.3 in 2010, the latest available data, constituting the 36th highest rate worldwide and the ninth highest among Arab countries. Also, Lebanon's road traffic death rate was the 14th highest among UMICs. Globally, the road traffic death rate in Lebanon was higher than that in Ghana (22.2) and El Salvador and Kazakhstan (21.9 each), while it was lower than that in Cape Verde (22.4) and Gabon and Brazil (22.5 each). It was also higher than that in Kazakhstan, Botswana (20.8) and China (20.5), and lower than that in Gabon, Brazil and Jordan (22.9). The road traffic death rate in Lebanon was higher than that in Tunisia (18.8), Morocco (18), Kuwait (16.5), Qatar (14), Egypt (13.2), the UAE (12.7) and Bahrain (10.5) among Arab countries. The Dominican Republic had the highest road traffic death rate at 41.7, followed by Thailand (38.1) and Venezuela (37.2), while the United Kingdom (3.7), Sweden (3) and Iceland (2.8) were among the countries with the lowest such rates in 2010.

In parallel, the WHO estimated the number of road traffic deaths in Lebanon at 942 casualties in 2010. The number of road traffic deaths in Lebanon was the 94th highest among 181 countries globally and the 12th highest among 16 Arab countries with available data. Lebanon also had the 23rd highest number of road traffic deaths among 49 Upper Middle-Income Countries (UMICs). Globally, the number of road traffic deaths in Lebanon was higher than that in Hungary (908), Papua New Guinea (892) and Cuba (872), while it was lower than that in the UAE (956), Guatemala (958) and Mauritania (970). It was also higher than that in Hungary, Cuba and Serbia (813), and lower than that in Azerbaijan (1,202), Belarus (1,384) and Jordan (1,414) among UMICs. Regionally, the number of road traffic deaths in Lebanon was higher than that in Oman (845), Kuwait (452), Qatar (247) and Bahrain (132). China had the highest number of road traffic deaths at 275,983 casualties in 2010, followed by India (231,027) and Nigeria (53,339), while nine countries had single-digit deaths from road traffic accidents in 2010. Further, the WHO indicated that 45.4% of total road traffic deaths in Lebanon were drivers or passengers of four-wheel vehicles, 32.8% were pedestrians, 18.6% were drivers or passengers of motorized two- or three-wheelers and 0.6% were cyclists, while the remaining 2.7% were unspecified road users.

Number of real estate transactions up 9% in January 2014

Figures released by the Ministry of Finance indicate that the total number of real estate transactions reached 4,959 in January 2014, constituting an increase of 8.9% from 4,553 deals in the same month last year. In comparison, the number of real estate transactions declined by 15.5% in January 2013 and by 1.2% in the same month of 2012. Also, the aggregate value of real estate transactions totaled \$766.8m in January 2014, constituting a rise of 59.6% from \$480.4m in the same month last year. The value of real estate deals was \$562.1m in January 2012 and \$478.6m in January 2011. In parallel, the average value per real estate transaction increased by 46.6% year-on-year to \$154,633 in January 2014, relative to an average value of \$105,510 in the same month of 2013 and \$104,342 in January 2012.

There were 67 real estate transactions conducted by foreigners in January 2014, constituting a decline of 14.1% from 78 deals in January 2013, and compared to an annual decrease of 19.6% in January 2013 and an increase of 12.8% in January 2012. In parallel, the number of real estate transactions by foreigners were equivalent to 1.4% of total real estate deals in January 2014, down from 1.7% in the same month last year and from 1.8% in January 2012.

Trade deficit up 31% to \$1.6bn in January 2014

Total imports reached \$1.9bn in January 2014, constituting an increase of 13.8% from the same month last year; while aggregate exports declined by 39.7% to \$244m, leading to a trade deficit of \$1.6bn, up by 31.3% year-on-year. The widening of the deficit was caused by an increase of \$227.4m in imports and a decrease of \$160.6m in exports from January 2013. The coverage ratio reached 13% in January 2014 compared to 24.6% in the same month last year. The value of imported oil & mineral fuels rose by 35.5% year-on-year to \$561.8m, and that of non-hydrocarbon imports grew by 6.5% to \$1.3bn. Imported oil & mineral fuels accounted for 30% of total imports in the covered month compared to a share of 25.2% in the same month last year.

In volume terms, imports reached 1.5 million tons in January 2014, constituting an increase of 29.5% from the same month last year; while exports posted a 33.7% decline to 0.2 million tons, leading to a trade deficit of 1.3 million tons in January 2014, up by 45.4% year-on-year. Imports of oil & mineral fuels increased by 39.6% year-on-year to 0.7 million tons, while non-hydrocarbon imports increased by 20.7% annually to 0.7 million tons. Imported oil & mineral fuels accounted for 50.3% of total imports in the covered period compared to a share of 46.7% in the same month last year.

The United States was the main source of imports with \$294.6m or 15.7% of the total in January 2014, followed by China with \$209m (11.2%), Italy with \$140.8m (7.5%), Germany with \$92.4m (4.9%), France with \$89.7m (4.8%), the Netherlands with \$86.1m (4.6%), and Greece with \$72.2m (3.9%). Imports from the United States increased by 299.2% annually, those from the Netherlands surged by 298% and those from China grew by 49.7%; while imports from Greece dropped by 24.1%, those from France fell by 23.4%, those from Germany declined by 12.5% and those from Italy decreased by 3%.

The UAE was the main export destination with \$27.6m or 11.3% of the total, followed by South Africa with \$26.6m (10.9%), Syria with \$20.2m (8.3%), Saudi Arabia with \$19.3m (7.9%), Iraq with \$14.9m (6.1%), Turkey with \$11.7m (4.8%), and Jordan with \$8.5m (3.5%). Exports to South Africa dropped by 72.5% year-on-year in January 2014, those to Syria declined by 65%, those to Turkey decreased by 34.1%, those to Saudi Arabia dropped by 28.1%, those to Jordan fell by 23.1%, those to the UAE regressed by 16.7%, and those to Iraq dropped by 3.3%.

Lebanon's main export product was jewelry at \$46.2m or 19% of the total, followed by prepared foodstuff with \$41.6m (17%), base metals with \$29.9m (12.3%), machinery & mechanical appliances with \$29.88m (12.2%), chemical products with \$24.5m (10%) and vegetable products with \$14.6m (6%). Re-exports totaled \$32m in January compared to \$41m in the same month last year.

Customs receipts down 13% to \$119m in January 2014

Figures released by the Customs Directorate indicate that customs revenues reached \$118.9m in January 2014, constituting a decrease of 12.8% from \$136.4m in the same month last year. The Port of Beirut continues to be the main point of customs receipts, as it accounted for 89.8% of the total in January 2014, and was followed by the Hariri International Airport with 6.9%, the Port of Tripoli with 2.8%, the Masnaa crossing point with 0.4%, and the Ports of Saida and Tyre with 0.1% each. Customs receipts from the value-added tax totaled \$115.4m in January 2014, up 4% from \$110.9m in January 2013. The Port of Beirut accounted for 85.2% of such receipts, and was followed by the Hariri International Airport with 9%, the Port of Tripoli with 3.5%, the Masnaa crossing point with 1.9%, the Port of Saida with 0.3%, and the crossing points of Abboudieh and Arida with 0.1% each. As such, overall customs receipts reached \$234.3m in January 2014, with the Port of Beirut accounting for 87.5% of the total, followed by the Hariri International Airport with 7.9%, the Port of Tripoli with 3.1%, and the Masnaa crossing point with 1.1%. In addition, other entry points represented the balance, with the port of Saida accounting for 0.2% and the Port of Tyre for 0.1%.

Environment Ministry receives €2.3m in technical assistance to manage industrial pollution

Italy extended a €2.3m grant to the Ministry of Environment to provide technical assistance to Lebanon's Environmental Pollution Abatement Project (LEPAP). The technical assistance would strengthen the ministry's capacity in the management of industrial pollution as well as in monitoring and enforcing the newly introduced Environmental Compliance decree. Also, the grant would finance the implementation of a project management unit that would provide administrative management and technical support for the implementation of the LEPAP.

Launch of second phase of project to strengthen olive oil industry in southern towns

The Association for the Development of Rural Capacities (ADR) and French consulting company AGRIATE signed partnership agreements with representatives of agricultural cooperatives of six towns in southern Lebanon to support olive oil production and the industry's income generation. Both the ADR and AGRIATE are in charge of implementing the project. The agreements constitute the second phase of the €500,000 Daman-olive II project, which aims to improve agricultural management, promote good governance, as well as to provide farmers with technical assistance through training on advanced methods of farming and on modernizing production facilities. In addition, the agreements aim to strengthen the independence as well as the financial and managerial aspects of the cooperatives. The first phase of the project was implemented between 2008 and 2010. It created agricultural cooperatives and improved the quality of olive oil production through the establishment of contemporary olive oil pressing mill cooperatives. Daman II is mainly funded by the French Development Agency.

Ministry of Energy & Water and UNDP to cooperate on renewable energy systems

The Ministry of Energy & Water and the United Nations Development Program (UNDP) signed an agreement that aims to develop decentralized renewable energy systems in Lebanon. The four-year project aims to implement decentralized renewable energy pilot projects in Lebanon, to stimulate investments in renewable energy and to improve the sector's quality control and capacity building development. The project is funded by a \$1.5m grant from the Global Environment Facility and will be implemented with the coordination of several stakeholders that include Electricité du Liban, the Central Bank of Lebanon, the Association of Lebanese Industrialists and other private sector associations.

Stock market activity up 170% to \$76m in first two months of 2014

Figures released by the Beirut Stock Exchange indicate that total trading volume reached 9.3 million shares in first two months of 2014, constituting an increase of 109.1% from the same period of 2013; while aggregate turnover amounted to \$76.5m, up 169.7% from a turnover of \$28.3m in the first two months of 2013. Market capitalization increased by 3.3% from end-February 2013 to \$11.3bn, of which 77.1% was in banking stocks, followed by real estate stocks with 19.7%, industrial stocks with 2.8%, and trading stocks with 0.3%. The market liquidity ratio was 0.7% compared to 0.3% in the first two months of 2013. Banking stocks accounted for 79.7% of aggregate trading volume in the first two months of the year, followed by real estate stocks with 20.1% and industrial stocks with 0.1%. Also, banking stocks accounted for 67.6% of the aggregate value of shares traded, followed by real estate stocks with 32.3% and industrial stocks with 0.1%. The average daily traded volume for the period was 245,717 shares for an average daily value of \$2m. The figures reflect increases of 120% in volume and 184% in value year-on-year.

Loans through Public Corporation for Housing at \$674m in 2013

The Public Corporation for Housing (PCH) indicated that it received 6,480 applications for housing loans in 2013, of which it approved 5,701 requests or 88% of the total. It said that 5,533 contracts were signed for LBP1,016bn, equivalent to \$674m in housing loans in 2013. It pointed out that the average loan processed in 2013 was LBP182m or \$121,000, up by 12.3% from LBP162m or \$107,463 in 2012 and by 21.3% from LBP150m or \$99,536 in 2011. The average amount of loans grew by a compound annual rate of 8.6% during the 1999-2013 period. In parallel, it noted that it processed 59,415 housing loans to Lebanese residents between September 1999 and December 2013 for a total value of LBP6,116bn, or \$4.1bn. The PCH indicated that less than 1% of loans are currently delinquent. In 2010, the PCH increased the ceiling of housing loans from LBP180m or \$120,000 per loan to LBP270m or \$180,000 per loan due to the country's unprecedented rise in real estate prices.

Established in 1996, the PCH provides subsidized mortgages with maturities ranging between 10 years and 30 years to households with a monthly income that do not exceed LBP6.75m, or \$4,500. Also, qualified borrowers are exempt from registration, mortgage and release of mortgage fees. The subsidized loans currently carry a fixed annual interest rate of 4.67%.

Banque BEMO lists preferred shares on Beirut bourse

The Beirut Stock Exchange (BSE) approved the listing of 350,000 preferred shares for Banque BEMO sal at a price of \$100 per share, which will trade on the exchange starting on March 4, 2014. The Preferred Shares Issuance of Year 2013, which were issued in December 2013, are non-cumulative, perpetual and subject to a call option by the bank starting in five years and annually thereafter at a callable price of \$100 per share plus any declared but unpaid dividends. The bank will pay an annual dividend of 7% per share. The bank's capital is currently at LBP62.55bn, or \$41.5m. The bank currently has 200,000 preferred shares and 51,400,000 common shares outstanding.

Banque BEMO sal posted consolidated net profits of \$6.4m in 2013 relative to \$3.7m in 2012. Total assets reached \$1.49bn at end-2013, constituting a marginal decrease of 0.2% from end-2012; while net loans & advances to customers rose by 0.7% year-on-year to reach \$612.3m at end-2013. Customers' deposits totaled \$1.17bn at end-2013 and regressed by 3.9% from a year earlier.

Ratio Highlights

(in % unless specified)	2011	2012	2013	Change*
Nominal GDP (\$bn)	40.1	42.5	44.3	
Public Debt in Foreign Currency / GDP	52.2	57.4	61.1	370
Public Debt in Local Currency / GDP	81.6	78.4	82.7	430
Gross Public Debt / GDP	133.9	135.7	143.9	820
Total Gross External Debt / GDP	169.0	169.9	172.7	280
Trade Balance / GDP	(34.7)	(34.6)	(32.8)	180
Exports / Imports	27.9	27.6	27.0	(60)
Fiscal Revenues / GDP	23.3	22.1	20.9	(120)
Fiscal Expenditures / GDP	29.1	31.4	32.1	70
Fiscal Balance / GDP	(5.9)	(9.3)	(11.2)	(190)
Primary Balance / GDP	4.1	(0.3)	(2.5)	(220)
Gross Foreign Currency Reserves / M2	79.2	69.4	70.6	120
M3 / GDP	242.5	244.7	248.9	420
Commercial Banks Assets / GDP	350.6	357.4	367.6	1,020
Private Sector Deposits / GDP	288.6	294.1	302.3	820
Private Sector Loans / GDP	98.2	102.2	106.4	420
Private Sector Deposits Dollarization Rate	65.9	64.8	65.7	90
Private Sector Lending Dollarization Rate	78.4	77.6	76.5	(110)

* Change in basis points 12/13

Source: Institute of International Finance, Association of Banks in Lebanon, 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

Risk Outlook

Lebanon	June 2012	May 2013	June 2013	Change*	Risk Level
Political Risk Rating	54.5	53.0	53.0	▼	High
Financial Risk Rating	35.0	33.5	33.5	▼	Moderate
Economic Risk Rating	34.0	28.5	28.5	▼	High
Composite Risk Rating	61.7	57.5	57.5	▼	High

Regional Average	June 2012	May 2013	June 2013	Change*	Risk Level
Political Risk Rating	59.9	58.5	58.4	▼	High
Financial Risk Rating	41.9	41.2	41.0	▼	Very Low
Economic Risk Rating	37.0	36.4	36.7	▼	Low
Composite Risk Rating	69.4	68.0	68.0	▼	Moderate

*year-on-year

Source: The PRS Group, Byblos Research

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

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

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's	B1	NP	Negative	B1		Negative
Fitch Ratings	B	B	Negative	B		Negative
Standard & Poor's	B-	B	Negative	B-	B	Negative
Capital Intelligence	B	B	Stable	B	B	Stable

Source: Rating agencies

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

Source: Rating agencies

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut – Lebanon
Tel: (961) 1 338 100
Fax: (961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

Lebanon This Week is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from Lebanon This Week may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

SYRIA

Byblos Bank Syria S.A.
Damascus Head Office
Al Chaalan - Amine Loutfi Hafez Street
P.O.Box: 5424 Damascus - Syria
Phone: (+ 963) 11 9292 - 3348240/1/2/3/4
Fax: (+ 963) 11 3348205
E-mail: byblosbanksyria@byblosbank.com

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

UNITED ARAB EMIRATES

Byblos Bank Abu Dhabi Representative Office
Intersection of Muroor and Electra Streets
P.O.Box: 73893 Abu Dhabi - UAE
Phone: (+ 971) 2 6336050 - 2 6336400
Fax: (+ 971) 2 6338400
E-mail: abudhabirepoffice@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362
Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

CYPRUS

Limassol Branch
1, Archbishop Kyprianou Street, Loucaides Building
P.O.Box 50218
3602 Limassol - Cyprus
Phone: (+ 357) 25 341433/4/5
Fax: (+ 357) 25 367139
E-mail: byblosbankcyprus@byblosbank.com.lb

BELGIUM

Byblos Bank Europe S.A.
Brussels Head Office
Rue Montoyer 10
Bte. 3, 1000 Brussels - Belgium
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 8518 8100
Fax: (+ 44) 20 8518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE

Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

SUDAN

Byblos Bank Africa
Khartoum Head Office
Intersection of Mac Nimer and Baladiyya Streets
P.O.Box: 8121 - Khartoum - Sudan
Phone: (+ 249) 1 56 552 222
Fax: (+ 249) 1 56 552 220
E-mail: byblosbankafrica@byblosbank.com

NIGERIA

Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

DEMOCRATIC REPUBLIC OF CONGO

Byblos Bank RDC S.A.R.L
Avenue du Marché No. 4
Kinshasa-Gombe, Democratic Republic of Congo
Phone: (+ 243) 81 7070701
(+ 243) 99 1009001
E-mail: byblosbankrdc@byblosbank.com

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293