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BYBLOS BANK
Economic Research & Analysis Department

LEBANON THIS WEEK

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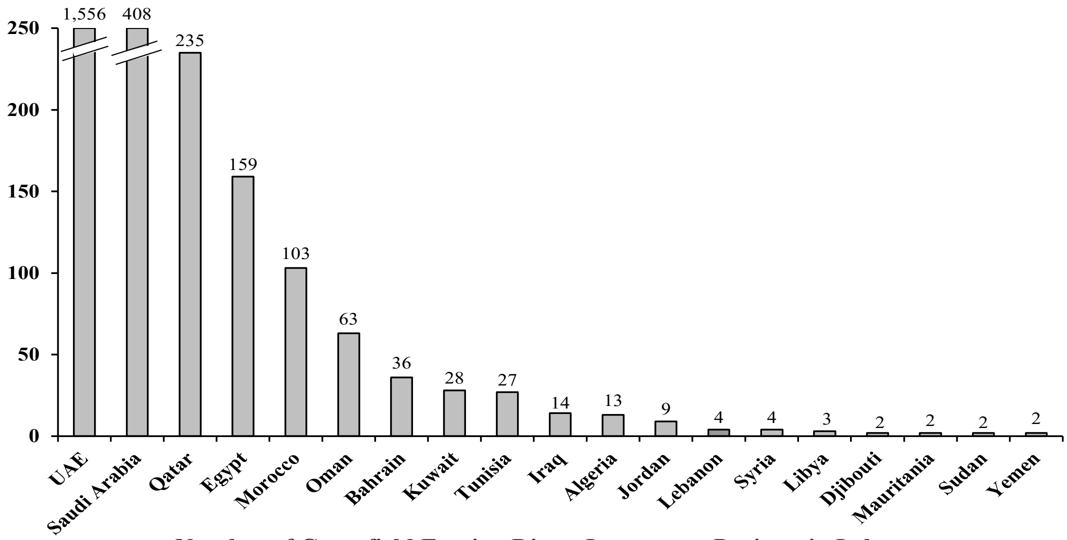
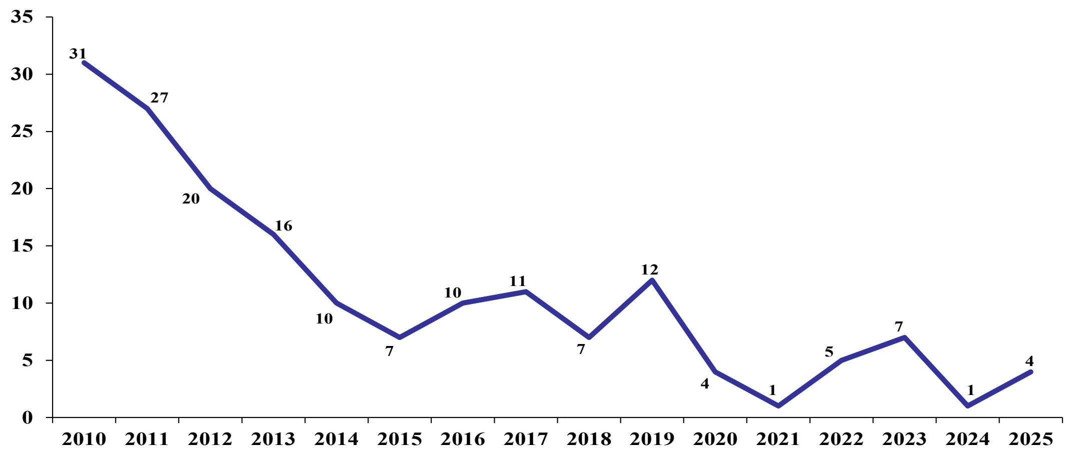
Chart of the Week

Number of Greenfield Foreign Direct Investment Projects in Arab Countries in 2025



Number of Greenfield Foreign Direct Investment Projects in Lebanon



Source: United Nations Conference on Trade and Development, Byblos Bank

Quote to Note

"The primary channels through which the conflict is propagating to economic activity are shocks to tourism services exports and private consumption."

The World Bank, on the economic losses to key sectors from the reescalation of Israeli military operations since March 2 of this year

Number of the Week

27.6%: Percentage increase in the cost of transportation in the 12 months ending July 2026, according to the Central Administration of Statistics’ Consumer Price Index

Lebanon in the News

$m (unless otherwise mentioned)	2024*	2025*	2026*	%Change**	Jun-25	May-26	Jun-26
Exports	1,419	1,744	1,498	(14.1)	264	309	250
Imports	8,384	9,610	10,150	5.6	1,469	1,414	1,700
Trade Balance	(6,965)	(7,865)	(8,652)	10.0	(1,205)	(1,105)	(1,449)
Balance of Payments	2,704	8,495	(2,856)	(133.6)	352	(969)	(4,370)
Checks Cleared in LBP***	433	313	355	13.3	44	61	50
Checks Cleared in FC***	780	383	234	(38.9)	31	56	58
Total Checks Cleared***	1,213	696	589	(15.4)	75	117	108
Fiscal Deficit/Surplus****	448	313	470	50.0	-	-	-
Primary Balance****	545	352	497	41.2	-	-	-
Airport Passengers	2,998,441	2,999,426	2,027,421	(32.4)	589,808	338,990	441,895
Consumer Price Index	76.5	14.7	16.2	150bps	15.0	19.0	17.3

$m (unless otherwise mentioned)	Jun-25	Feb-26	Mar-26	Apr-26	May-26	Jun-26	%Change**
BdL FX Reserves	11.18	6.80	6.10	5.96	6.70	6.68	(40.2)
In months of Imports	-	-	-	-	-	-	-
Public Debt	-	-	-	-	-	-	-
Bank Assets	103.51	101.90	100.68	100.72	100.59	100.50	(2.9)
Bank Deposits (Private Sector)	88.79	86.68	86.23	86.12	85.95	85.73	(3.4)
Bank Loans to Private Sector	5.47	5.24	5.24	5.20	5.18	5.06	(7.4)
Money Supply M2	1.65	1.63	1.62	1.56	1.51	1.55	(5.9)
Money Supply M3	68.99	66.80	66.39	66.20	65.98	65.78	(4.6)
LBP Lending Rate (%)	9.11	9.74	9.80	8.43	8.35	6.15	(296bps)
LBP Deposit Rate (%)	1.58	5.13	3.66	3.99	3.76	5.19	361bps
USD Lending Rate (%)	4.83	3.84	4.78	4.13	4.27	4.10	(73bps)
USD Deposit Rate (%)	0.04	0.08	0.10	0.11	0.09	0.10	6bps

**in the first half of each year; **year-on-year*
****checks figures do not include compensated checks in fresh currencies; ****in the first quarter of each year*
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
Solidere "A"	70.45	0.4	38,928	39.8%
Audi Listed	1.75	(11.2)	22,900	5.8%
Solidere "B"	70.15	(0.5)	12,088	25.8%
Ciments Libanais	50.00	(2.0)	2,996	5.5%
Byblos Common	0.65	0.0	-	2.1%
Audi GDR	1.83	0.0	-	1.2%
BLOM GDR	7.02	0.0	-	2.9%
BLOM Listed	7.48	0.0	-	9.1%
Byblos Pref. 09	29.99	0.0	-	0.3%
Byblos Pref. 08	25.00	0.0	-	0.3%

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

Sovereign Eurobonds	Coupon %	Mid Price in US$	Mid Yield %
Nov 2026	6.60	27.75	1,201.66
Mar 2027	6.85	28.00	451.59
Nov 2028	6.65	28.05	68.79
Feb 2030	6.65	28.18	40.13
Apr 2031	7.00	28.50	29.11
May 2033	8.20	29.88	18.89
May 2034	8.25	29.88	16.35
Jul 2035	12.00	29.38	14.28
Nov 2035	7.05	29.38	13.85
Mar 2037	7.25	29.38	11.97

Source: LSEG Workspace

	Aug 31 - Sep 4	August 24-28	% Change	August 2026	August 2025	% Change
Total shares traded	77,452	106,029	18.6	305,182	2,784,318	(89.0)
Total value traded	$4,036,730	$3,397,793	(5.6)	12,233,852	22,009,475	(44.4)
Market capitalization	17.84	18.19	(0.8)	17.80	19.64	(9.4)

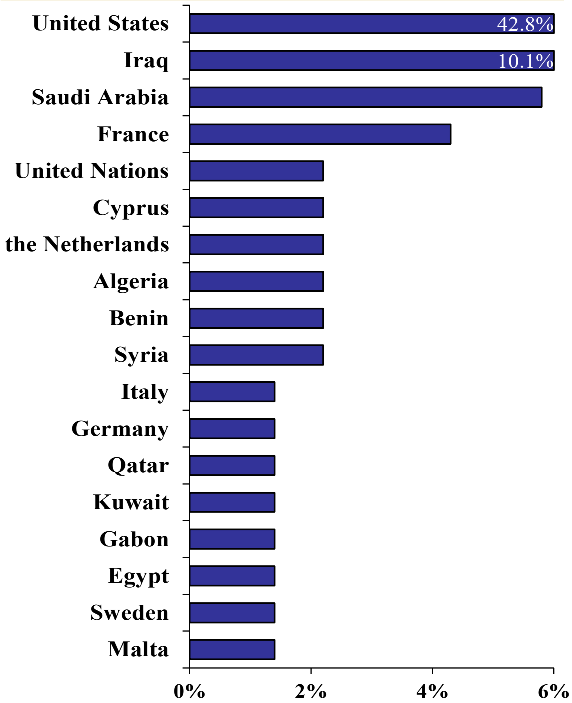
Source: Beirut Stock Exchange (BSE)

Banque du Liban lifts banking secrecy on 149 cases suspected of money laundering and other crimes in 2025

The Special Investigation Commission (SIC) against money laundering and terrorism financing issued its annual report detailing its actions related to tracing money generated from illegal activities in Lebanon in 2025. Established by Banque du Liban as an independent legal entity, the SIC's mandate is to investigate suspected money-laundering and terrorism financing operations, as well as to monitor compliance with the rules and procedures of Law 318, the anti-money laundering law that the Lebanese Parliament enacted in April 2001 and that it modified to become Law 44 in November 2015.

The report indicated that the SIC received 535 suspected cases in 2025 compared to 620 suspected cases in 2024, 527 suspected cases in 2023, 469 suspected cases in 2022, 404 cases in 2021, 463 suspected cases in 2020, and 637 cases in 2019. Also, it said that it received 401 cases, or 75% of the total, from local sources, and 134 cases or 25% of the total from international sources in 2025. In turn, the SIC referred 398 suspected cases to the judicial authorities, while 51 cases are still pending and the remaining 86 cases did not fall within the framework of Law 44. Further, the authorities lifted the banking secrecy on 149 cases, with 86 of those cases referred from domestic sources and 63 cases from foreign governments and organizations. The remaining 249 cases were related to information requests in 2025. In comparison, the Lebanese authorities lifted the banking secrecy on 113 cases in 2024, 96 cases in 2023, 64 cases in 2022, on 36 cases in 2021, on 29 cases in 2020, and on 55 cases in 2019.

Sources of Request for Assistance*
(from Foreign Countries and Organizations)



**Percentage of total foreign requests*
Source: Special Investigation Commission, Byblos Research

The SIC said that it investigated 484 out of the 535 suspected cases, or 90.5% of the total in 2025, relative to 92.3% of cases in 2024, 94% of cases in 2023, 92.3% of cases in 2022, 90.6% of cases in 2021, 83% of cases in 2020, and 86.7% of cases in 2019. The SIC received 94 cases related to fraud that accounted for 17.6% of suspected cases in 2025, followed by narcotics trafficking with 87 cases (16.3%), terrorism or terrorism financing with 66 cases (12.3%), forgery with 40 cases (7.5%), corruption with 37 cases (6.9%), embezzlement of private funds and cybercrime with 33 cases each (6.2% each), tax evasion with 30 cases (5.6%), smuggling with 14 cases (2.6%), murder and organized crime with five cases each (0.9% each), counterfeiting of goods and human trafficking with three cases each (0.6% each), and illegal arms trade, kidnapping, insider trading, and sexual exploitation with one case each (0.2% each); while the remaining 81 suspected cases (15%) did not fall under a specific category.

In cases related to terrorism or terrorism financing, the SIC received 34 names (10 cases) from domestic sources and 1,046 names (56 cases) from foreign parties. The breakdown of local sources shows that ministries supplied 16 names (three cases), the police provided nine names (one case), money transfer operators (MTOs) submitted five names (four cases), and banks supplied four names (two cases). Also, the distribution of foreign sources reveals that foreign ministries and embassies delivered 1,017 names (45 cases), financial investigation units supplied 25 names (eight cases), the United Nations Security Council provided two names (two cases), and foreign judicial authorities delivered two names (one case).

Further, the SIC indicated that it received 301 suspicious transactions reports, 284 requests for assistance, and two cases that were not categorized. Further, Lebanon received 138 foreign requests for assistance, with 42.8% of the requests coming from North America, 21% from the Middle East & the Arabian Gulf countries, 19.6% from Europe, 8.7% from Africa, 3.6% from Asia, 2.2% from the United Nations, 0.7% from Central America, 0.7% from Australia, and 0.7% from New Zealand.

In parallel, the SIC's Compliance Unit examined a number of institutions in order to ensure their full compliance with Law 44. It covered 130 money dealers (45% of total money dealers), 33 banks (58% of banks in Lebanon), 25 insurance firms (56% of insurers), 20 MTOs (87% of MTOs), 18 financial institutions (49% of total financial institutions), 12 brokerage firms (86% of brokers), and seven specialized lending entities or *comptoirs* (33% of *comptoirs*).

Budget law projects spending and revenues at $6.9bn each, or 17.5% of GDP, in 2027

The draft budget for 2027 that the Ministry of Finance submitted to the Council of Ministers shows budget expenditures and revenues at LBP614,945bn each, or $6.87bn each based on the prevailing exchange rate of the Lebanese pound of LBP89,500 per US dollar, leading to a balanced budget for the year. It also included Treasury receipts of LBP38,038bn, resulting in aggregate public revenues of LBP652,983bn for the year. In comparison, the enacted budget for 2026 consisted of expenditures and revenues at LBP534,716bn each, leading to a primary surplus of LBP89,501bn and a balanced budget for the year. The Ministry of Finance based its figures on a projected real GDP growth rate of 3% for 2027, but it did not provide the other macroeconomic indicators and assumptions that it used in the draft budget, such as the inflation rate and the nominal GDP for 2027.

On the expenditures side, the draft budget estimates current spending at LBP548,312bn and capital outlays at LBP66,633bn, or 89.2% and 10.2%, respectively, of aggregate public expenditures. The distribution of current expenditures shows that wages, salaries, social benefits and allocations total LBP392,227bn and account for 53.5% of current spending, followed by transfers at LBP91,846bn (15%), spending on goods & services at LBP62,334bn (10.1%), debt servicing at LBP15,482bn (2.5%), and emergency expenditures at LBP13,242bn (2.2%), while other spending amounts to LBP36,180bn or 5.9% of current expenditures.

On the revenues side, the draft budget projects tax revenues at LBP528,223bn and non-tax receipts at LBP86,722bn, or 86% and 14%, respectively, of total public revenues. In comparison, the 2026 budget projected tax revenues at LBP439,613bn and non-tax receipts at LBP98,802bn, or 81.2% and 18.8%, respectively, of total public revenues.

The ministry estimates that revenues from the excise tax on goods & services would generate LBP321,426bn or 61% of total tax receipts; followed by the tax on income, profits & capital gains with LBP79,604bn (15.1%); receipts from customs duties with LBP66,944bn (12.7%); and income from property taxes with LBP34,048bn (6.5%); while other taxes would generate the remaining LBP26,201bn, or 5% of aggregate tax receipts. Further, the distribution of projected non-tax revenues shows receipts from government properties and public institutions at LBP66,651bn or 77% of the total; followed by administrative fees with LBP17,314bn (20%); while penalties, expropriations and other non-tax receipts would generate the balance of LBP2,757bn, or 3% of total non-tax revenues.

The distribution of revenues from the excise tax on goods & services indicates that receipts from the value-added tax (VAT) would account for 64% of the total, followed by the excise tax on goods (17.8%), revenues from the Tobacco Régie (11.4%), fees on cars (4.5%), and departure fees from the Lebanese territory (2%). Further, the distribution of revenues from the tax on income, profits & capital gains shows that receipts from the tax on profits would account for 50% the total, followed by the tax on wages & salaries (29.5%), the tax on interest income (2.9%), and the capital gains tax (2.8%). In addition, the distribution of receipts from the property tax shows that revenues from property registration fees would account for 78.3% of the total, followed by the built property tax (12.8%), and the inheritance tax (9%).

Also, the distribution of non-tax revenues indicates that receipts from government properties and public institutions would account for 76.9% of the total, followed by administrative fees & revenues and sales (20%), and other non-tax receipts (2.8%). Further, the breakdown of revenues from government properties and public institutions shows that receipts from the telecommunications sector would account for 52.1% of non-tax receipts, followed by Casino du Liban (9.3%), the Port of Beirut (7.6%), the Beirut Rafic Hariri International Airport (5.1%), and the National Lottery (2.6%). In addition, other non-tax receipts include LBP1,429bn in revenues from the settlement of seaside properties.

Select Projections from Medium-Term Fiscal Framework (in % of GDP*)

	2025e	2026p	2027p	2028p	2029p	2030p
Revenues excl. Treasury receipts	**16.0%**	**19.2%**	**17.5%**	**17.4%**	**17.3%**	**17.1%**
Tax revenues	13.5%	16.3%	15.0%	15.0%	15.0%	14.9%
Non-tax revenues	2.5%	2.9%	2.5%	2.4%	2.3%	2.2%
Expenditures excl. Treasury spending	**12.7%**	**16.3%**	**17.5%**	**16.9%**	**16.3%**	**15.9%**
Personnel costs	7.5%	10.6%	10.1%	9.6%	9.2%	8.9%
Capital expenditures	1.0%	1.6%	1.9%	1.9%	1.9%	1.9%
Debt servicing costs	0.9%	1.1%	0.4%	0.3%	0.2%	0.2%

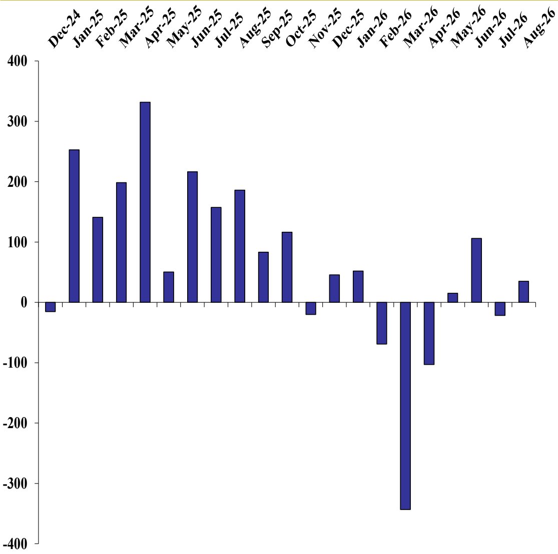
**nominal GDP based on projections by the Institute of International Finance*
Source: Ministry of Finance, Institute of International Finance

Banque du Liban's liquid foreign reserves at $11.57bn, gold reserves at $41bn at end-August 2026

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP8,346.5 trillion (tn) as at August 31, 2026, relative to LBP8,352.5tn at mid-August 2026, LBP8,348tn at end- July 2026, LBP8,406.5tn at the end of 2025, and to LBP8,446.6tn at end-August 2025. BdL indicated that it revised its balance sheet figures starting on October 15, 2024 in accordance with international standards. It said that it changed the classification of "Foreign Assets" to "Foreign Reserve Assets" in order to present non-resident and liquid foreign assets only, while it reclassified the "other resident and/or illiquid items" to its "Securities Portfolio" or to the "Loans to the Local Financial Sector" entries.

BdL's Foreign Reserve Assets stood at $11.57bn on August 31, 2026 compared to $11.62bn at mid-August, to $11.53bn at end-July, to $11.89bn at end-2025, and to $11.67bn at end-August 2025. Further, they increased by $51.9m in January of this year, while they decreased by $69.2m in February, by $343.2m in March and by $103.1m in April 2026. Also, they grew by $15.4m in May 2026, by $106.1m in June 2026, declined by $21.8m in July 2026, and increased by $34.9m in August 2026, including an increase of $84.2m in the first half and a decrease of $49.3m in the second half of August. As such, they decreased by $311.7m since the end of February and by $329m in the first 34 weeks of the year, but they rose by $3bn between the end of July 2023 and end-August 2026 despite a decline of $530.3m in the fourth quarter of 2024. BdL said that Foreign Reserve Assets represent non-resident and liquid foreign assets. The dollar figures are based on the exchange rate of the Lebanese pound of LBP89,500 per US dollar starting on February 15, 2024, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024.

Change in Foreign Reserve Assets* (US$m)



**month-on-month change*

Source: Banque du Liban, Byblos Research

Further, the value of BdL's gold reserves reached $41bn on August 31, 2026 compared to $40.1bn at mid-August 2026, to $37.5bn at end-July 2026, and to $31.5bn at end-August 2025. The value of the gold reserves reached a peak of $47.7bn at the end of February 2026. Also, BdL's securities portfolio totaled LBP580,162.3bn at end-August 2026 relative to LBP580,270bn two weeks earlier and to LBP551,164.7bn at end-August 2025. BdL noted that the securities portfolio includes Lebanese Eurobonds that had a market value of $1.52bn at end-August 2026, compared to $1.49bn at mid-August 2026 and to $1.22bn at the end of 2025.

Moreover, Deferred Open-Market Operations totaled LBP185,783.1bn at end-August 2026 relative to LBP184,785.8bn at mid-August 2026. BdL said that, based on the Central Council's decision 23/36/45 of December 20, 2023, it has started to present all deferred interest costs originating from open-market operations under this new line item. As a result, it transferred all deferred interest costs included in the "Other Assets" and "Assets from Exchange Operations" entries to the new item. Therefore, the item "Other Assets" stood at LBP21,487.4bn ($240.1m) at end-August 2026 relative to LBP21,194.2bn ($236.8m) two weeks earlier.

Also, the Revaluation Adjustments item on the asset side reached LBP1,299.6tn at end-August 2026 relative to LBP1,380tn at mid-August 2026. It consists of a special account called the "Exchange Rate Stabilization Fund", in which BdL recorded all the transactions related to foreign exchange interventions to stabilize the exchange rate starting in 2020 and that had a balance of LBP169tn at end-August 2026 relative to LBP168.91tn at mid-August 2026. It also consists of a special account in the name of the Treasury that stood at LBP1,130.6tn at end-August 2026 compared to LBP1,211.1tn at mid-August 2026. Further, the balance sheet shows that BdL's loans to the public sector totaled LBP1,486,830bn at end-August 2026 relative to LBP1,486,814.3bn two weeks earlier, and includes an overdraft of $16.52bn as at end-August 2026, unchanged from mid-August 2026.

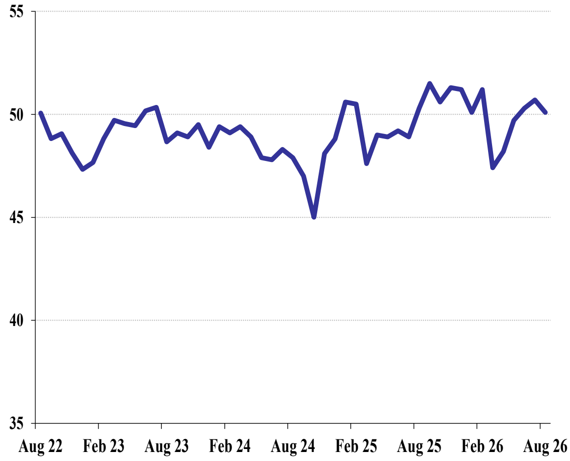
On the liabilities side, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP57,604.5bn at end-August 2026 compared to LBP56,232.5bn at mid-August 2026, and represented a decrease of 21% from LBP72,862.8bn at end-August 2025. Further, the deposits of the financial sector reached LBP7,179.7tn, or the equivalent of $80.2bn at end-August 2026, relative to LBP7,187tn ($80.3bn) at mid-August 2026; while public sector deposits at BdL totaled LBP918,121.5bn at end-August 2026 compared to LBP920,140.1bn at mid-August 2026, LBP772,183.1bn at end-2025, and to LBP703,085.4bn at end-August 2025.

Purchasing Managers' Index regresses in August 2026

The BLOM Lebanon Purchasing Managers' Index (PMI), an indicator of operating conditions in Lebanon's private sector, stood at 50.1 in August 2026 compared to 50.7 in July 2026, 50.3 in June 2026 and to 50.3 in August 2025, and was higher than the PMI's trend monthly average of 47.1 since the index's inception in May 2013. Further, the PMI posted an average score of 49.7 in the first eight months of 2026, relative to 49.4 in the same period of 2025, to 48.6 in the first eight months of 2024 and to 49.3 in the same period of 2023. Also, it came lower than the average score of 50 in 2025, but was higher than the average score of 48.1 in 2024.

The PMI's outcome in August 2026 reflects signs of slowing in private sector activity from the preceding month. Also, the August result was the fourth highest score this year after reaching 51.2 in February, 50.7 in July and 50.3 in June 2026, and was 15th highest outcome of the index since its inception. A score that exceeds 50 signals positive business activity, while a score that is lower than 50 shows a deterioration in activity.

BLOM Lebanon Purchasing Managers' Index



Source: BLOM Bank, S&P Global Market Intelligence

The survey's results show that the New Orders Index decreased from 50.4 in July 2026 to 49.6 in August 2026, indicating a marginal reduction in sales volumes across the Lebanese private sector. In addition, the New Export Orders Index stood at 45.7 in August relative to 40.4 in the preceding month, signaling an increase in demand from international customers despite regional instability. Also, the survey stated that the Output Index decreased from 50.5 in July 2026 to 49.9 in August 2026, reflecting a marginal stagnation in private sector activity.

Further, the Employment Index stood at 49.9 in August 2026, relative to 49.8 in July 2026, signaling stable employment conditions in the private sector. Moreover, the results show that the Backlogs of Work Index regressed from 51.0 in July 2026 to 50.6 in August 2026, as companies saw a decline in their level of outstanding business during the month.

In parallel, the survey pointed out that the Suppliers' Delivery Times Index stood at 48.7 in August 2026 relative to 47.3 from the previous month, and remained below the 50-mark, signaling continued delays in supplier deliveries, despite the monthly improvement, due to logistical challenges and international shipping issues. Also, the Stocks of Purchases Index decreased from 51 in July 2026 to 50.4 in August 2026, as businesses noted a rise in their inventory.

Further, the Overall Input Price Index stood at 54.5 in August 2026 relative to 55.0 in July 2026 due to the slight softening of inflationary pressures. In addition, the results show that the Output Prices Index decreased from 55.0 in July 2026 to 54.7 in August 2026, given that businesses raised their prices to offset the impact of higher costs.

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.

Components of BLOM Lebanon Purchasing Managers' Index

	Output	New Orders	New Export Orders	Future Output	Employment
March 2026	44.9	44.9	41.8	25.2	49.9
April 2026	47.4	46.5	30.0	19.2	49.6
May 2026	49.5	49.7	41.9	24.3	48.9
June 2026	50.2	50.2	46.5	36.7	49.8
July 2026	50.5	50.4	40.4	35.6	49.8
August 2026	49.9	49.6	45.7	39.0	49.9

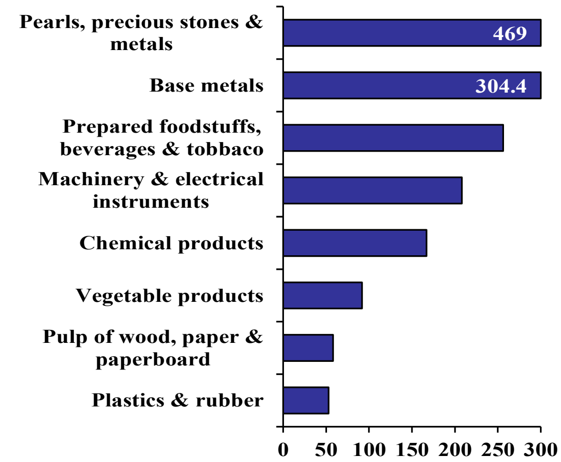
Source: BLOM Bank, S&P Global Market Intelligence

Trade deficit widens by 8.8% to $10.2bn in first seven months of 2026

Figures issued by the Lebanese Customs Administration show that total imports reached $11.9bn in the first seven months of 2026, constituting an increase of 4.2% from $11.5bn in the same period of 2025; while aggregate exports totaled $1.77bn and dropped by 16.5% from $2.1bn in the first seven months of 2025. As such, the trade deficit widened by 8.8% to $10.2bn in the covered period due to a rise of $475.6m in imports and a decrease of $349.3m in exports. The coverage ratio, or the exports-to-imports ratio, was 14.8% in the first seven months of the year relative to 18.5% in the same period of 2025.

Non-hydrocarbon imports rose by $262.1m, or by 3%, to $8.9bn in the first seven months of 2026; while the imports of oil & mineral fuels increased by $213.6m, or by 7.6%, to $3bn in the covered period. Oil & mineral fuels accounted for 25.4% of the imports bill in the first seven months of 2026 compared to 24.6% in the same period last year, as Lebanon imported 3.6 million tons of oil & mineral fuel in the first seven months of the year relative to 5.2 million tons in the same period of 2025.

Main Lebanese Exports in First Seven Months of 2026 (US$m)

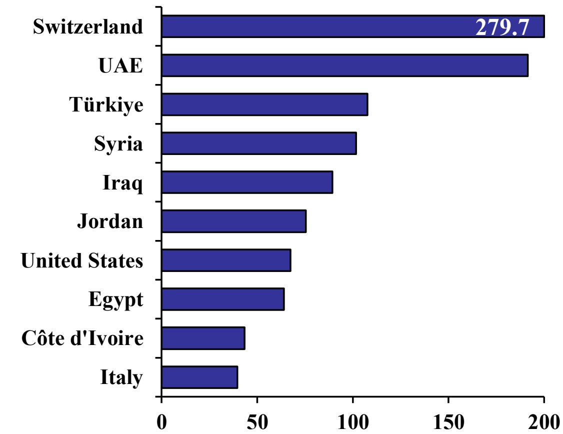


Source: Lebanese Customs Administration, Byblos Research

The exports of machinery & electrical instruments increased by $31m, or by 17.5% to $201.1m in the first seven months of 2026; followed by a rise of $14.1m (+32%) to $58.1m in exported pulp of wood, paper and paperboard; and a growth of $9.6m (+4%) to $256.1m in the exports of prepared foodstuffs. In contrast, the exports of pearls, precious stones and metals dropped by $319.6m, or by 40.5%, to $469m in the covered period; followed by a decline of $36.4m (-18%) to $167m in the exports of chemical products; and a decrease of $31.6m (-78%) to $8.9m in exported oil & mineral fuels.

Exports to Türkiye surged by 55.6% in the first seven months of 2026, those to Jordan jumped by 51.2%, exports to Italy rose by 24.3%, those to Ivory Coast increased by 19.2%, exports to Syria improved by 15%, and those to Iraq grew by 10.5%. In contrast, exported goods to the UAE dropped by 46.8%, those to Switzerland fell by 42.4%, exports to Egypt decreased by 29.2%, and those to the U.S. contracted by 20%. Also, re-exports totaled $271m in the first seven months of 2026 compared to $210.3m in the same period last year. The Port of Beirut was the exit point for 45% of Lebanon's exports in the first seven months of 2026, followed by the Beirut-Rafic Hariri International Airport (34%), the Masnaa crossing point (13.7%), the Port of Tripoli (4.8%), and the Port of Saida (2.5%).

Main Destinations of Lebanese Exports in First Seven Months of 2026 (US$m)



Source: Lebanese Customs Administration, Byblos Research

Further, Lebanon's main non-hydrocarbon imports consisted of pearls, precious stones & metals that reached $1.44bn and that accounted for 12.1% of total imports to Lebanon in the first seven months of the year, followed by chemical products with $1.18bn (10%), machinery & electrical instruments with $1.08bn (9%), vehicles, aircraft & vessels with $840.8m (7%), and prepared foodstuffs, beverages and tobacco with $771.1m (6.5%). Also, the imports of arms & ammunition and parts & accessories increased by 72.4% year-on-year; followed by imported optical, photographic, medical, and musical instruments (+27%), the imports of footwear, umbrellas and artificial flowers (+24.4%); imported chemical products (+24.3%), and the imports of vehicles, aircraft & vessels (+20.2%).The Port of Beirut was the entry point for 64% of Lebanon's merchandise imports in the first seven months of 2026, followed by the Beirut-Rafic Hariri International Airport (23.7%), the Port of Tripoli (7.1%), and the Masnaa crossing point (4.7%); while the Port of Saida was the entry points for 0.4% of imports.

China was the main source of imports to Lebanon with $1.5bn and accounted for 12.8% of the total in the first seven months of 2026, followed by Greece with $987m (8.3%), Switzerland with $801.3m (6.7%), Egypt with $759.8m (6.4%), Saudi Arabia with $750.1m (6.3%), Italy with $717.6m (6%), Türkiye with $643.3m (5.4%), the UAE with $605.5m (5.1%), the U.S. with $580.7m (4.9%), and Germany with $452.1m (3.8%). Further, imported goods from Saudi Arabia surged by 67.4% in the first seven months of 2026 from the same period last year, followed by imports from the U.S. (+33.1%), Italy (+18%), Germany (+16.3%), China (+14%), Switzerland (+8%), and Greece (+1.1%). In contrast, imported goods from the UAE dropped by 21% in the covered period, followed by imports from Türkiye (-17.5%), and Egypt (-5.2%).

Start of forensic audit of subsidies program

Banque du Liban (BdL) announced that the management consulting firm Alvarez & Marsal (A&M) Middle East Limited has started a forensic audit of selected transactions related to BdL's foreign assets. It said that A&M officially began its work on August 17, 2026 after winning the contract through a public procurement process.

BdL indicated that the forensic audit covers the transactions involving BdL's foreign assets during the period between October 1, 2019 and December 31, 2023. It pointed out that the audit will primarily cover the subsidies program that successive governments approved, and that involved the transfer and payments of several billions of US dollars to subsidize the import of basic goods and of raw materials for industry and agriculture; as well as funds that BdL placed at the disposal of public institutions and government agencies; and transactions that BdL carried out with commercial banks through international transfers to the latters' accounts abroad. It added that, during this specific timeframe, BdL saw large scale financial interventions for the benefit of public and private sector entities.

Also, it said that the primary objectives of the forensic audit are to confirm that all payments and transfers, particularly those linked to the subsidies programs, were executed under lawful mandates and received the proper authorizations; that the funds reached the clearly identified and authorized beneficiaries; and that the funds were used strictly for their designated purposes without any violations, misuse, or the exploitation of public funds.

Further, BdL said that it has provided A&M all of the requested documents and data and has facilitated the audit team's work. It noted that the concerned ministries and public administrations, particularly the ministries of Economy & Trade, Energy & Water, Public Health, and Agriculture, are providing A&M the required information and clarifications. It added that commercial banks and other concerned parties are also cooperating with the audit.

Also, BdL indicated that it will continue to cooperate with A&M until the firm completes the audit and produces independent and documented findings. It added that the audit aims to clarify the selected transactions, strengthen transparency and accountability, and document BdL's financial claims related to payments made from its foreign currency assets, particularly under the subsidy programs.

BdL announced in June 2026 that, in coordination with the Ministry of Finance and the Ministry of Justice, it has successfully completed the bidding process under Public Procurement Law No. 244/2021 for a forensic audit of selected transactions involving BdL's foreign assets. It said that, following the administrative, technical, and financial evaluation of the submitted proposals, it awarded the contract to management consulting firm A&M Middle East Limited in accordance with legal regulations and standard procedures.

In addition, it noted that the audit will support the relevant authorities at the Ministry of Finance and at the Ministry of Justice to identify and prosecute cases where entities or individuals unlawfully obtained subsidy funds. It added that it covers instances where such funds were used in violation of the stated objectives of the subsidies programs. It said that the audit will allow BdL to form an accurate, independent, and audited view of the total volume of funds spent from October 2019 until the end of 2023. Moreover, BdL indicated that it will provide the public with regular updates on the progress of the forensic audit, in line with its commitment to transparency and disclosure. It added that, once fully completed, the final report on the subsidies program will be officially submitted to both the Ministry of Finance and the Ministry of Justice.

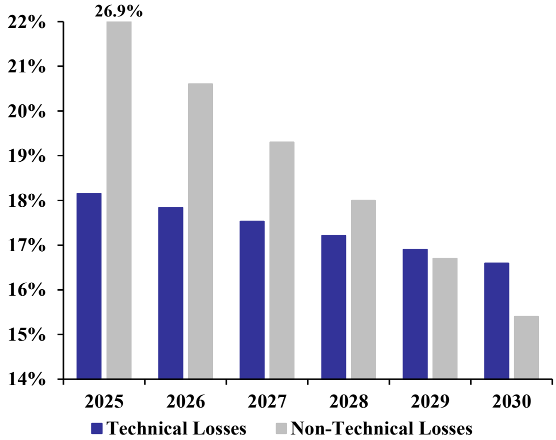
In November 2025, BdL announced that, in coordination with the Ministry of Finance and the Ministry of Justice, it will begin preparing the terms of reference to conduct an external financial and forensic audit of all the beneficiaries of the government's subsidy program for imported goods after October 17, 2019.

The Lebanese Parliament enacted on June 30, 2021 Law 240 that stipulates that all beneficiaries of government subsidies in foreign currencies will be subject to external accounting and forensic audits. It said that all companies, importers, merchants and non-governmental organizations, among others, that benefited from the government's mechanism of subsidizing the import of basic goods as well as of raw materials for industry and agriculture between October 17, 2019 and the date of the lifting of these subsidies will be subject to the forensic and financial audits. The subsidies mechanism consists of BdL selling US dollars at the exchange rate of LBP1,507.5 per dollar to importers of a basket of up to 300 basic consumer goods, medicine, medical instruments, as well as raw material for industry and agriculture. BdL estimated that the subsidies program drained about $800m monthly from its foreign currency reserves.

Ministry of Energy's plan aims to transition electricity sector to long-term market model

The Ministry of Energy and Water's (MoEW) comprehensive plan for the reform and recovery of Lebanon's electricity sector aims to restore reliable and affordable electricity supply, strengthen governance across the sector's institutions, improve operational and financial performance of the state-owned Électricité du Liban (EdL), and accelerate the transition towards a modern electricity sector. It said that the plan combines infrastructure investments with institutional reforms and is guided by the principles of least-cost planning, operational efficiency, financial sustainability, sound governance, regulatory independence, and alignment with Lebanon's national clean energy objectives and international commitments. The ministry noted that its plan covers the development of new conventional and renewable power generation capacity, the transition towards natural gas, the strengthening of regional electricity interconnections, the rehabilitation and expansion of the transmission network, and the progressive improvement of distribution services and customer performance.

EdL Projected Electricity Losses (%)



Source: Électricité du Liban, Byblos Research

Further, it pointed out that it will implement the plan progressively through a phased transition that is designed to ensure the continuity of electricity supply, along with establishing the institutional and commercial arrangements required to implement Law No. 462/2002 about the organization of the electricity sector. It noted that the reform process consists of two successive phases throughout the transitional period. First, it said that Phase 1 involves the establishment of Public sal as the successor to the EdL. It noted that Public sal should operate as a single electricity company that is responsible for the generation, transmission and distribution activities that EdL currently carries out. It added that Public sal should continue to own and operate the existing generation, transmission and distribution assets under the independent oversight of the Electricity Regulatory Authority (ERA). It said that the transmission function should incorporate a dedicated Single Buyer Department that is responsible for preparing and progressively developing the wholesale procurement function. Also, it stated that Independent Power Producers (IPPs), along with distributed generation, rooftop solar installations and other generation resources, can continue to generate electricity in order to complement the electricity that Public sal supplies during the transition period.

Second, it pointed out that Phase 2 covers the institutional structure required for the implementation of Law No. 462/2002 through the creation of independent power generation companies (GENCOs), the establishment of the Single Buyer as a separate legal entity, the formation of the independent Transmission System Operator, and the progressive organization of regional distribution system operators (DSOs). It noted that the distribution function and the related assets of Public sal will be progressively allocated to a number of regional DSOs, each operating under a license from the ERA within a defined geographical area.

In addition, it said that the tariff architecture includes a Bulk Supply Tariff (BST) applied by the Single Buyer to entities responsible for supply and aggregation; Transmission and Distribution Use-of-System Charges levied on all network users, including producers and consumers of electricity, as well as captive generators that export surplus electricity; purchase tariffs for distributed and captive generators under the applicable regulatory framework; billing and collection tariffs; and end-user retail tariffs differentiated by consumer category, with fuel-adjustment mechanisms and lifeline tariffs for vulnerable consumers. Also, it pointed out that the ERA will act as the primary consumer protection authority and will exercise the compliance, information, inspection and enforcement powers assigned to it under Law No. 462/2002, which include the issuance of binding corrective orders, the imposition of administrative sanctions and fines, and the suspension, amendment, or the revocation of licenses, authorizations/permits, and non-objection decisions, where provided by law.

In parallel, it indicated that the transition to the long-term market model is contingent on meeting clear technical, financial, regulatory, and institutional conditions that demonstrate the electricity sector's ability to maintain a competitive market environment while ensuring security, reliability, and financial sustainability. It noted that electricity generation will become fully competitive across multiple privatized participants in the long-term model. It said that the transmission system operator responsible for the ownership, operation and development of the transmission network (TRANSCO) will operate as a neutral, independent transmission system operator, while DSOs will function as regulated network monopolies with the supply and aggregation roles legally separated and opened to licensed entities competing at the retail level. It stated that the Single Buyer will be either phased out or transformed into a market operator, and the ERA's role will evolve from regulating transitional arrangements to overseeing the liberalized electricity market.

Lebanon in the News

Lebanon and UAE to strengthen trade and investment cooperation

The Ministry of Economy & Trade announced on August 27, 2026 that it has signed with its UAE counterpart a Memorandum of Understanding (MoU) to strengthen trade and investment cooperation between the two countries. It said that the agreement aims to develop the economic partnership between Lebanon and the UAE, serve their mutual interests, and strengthen bilateral relations. The ministry added that the two sides will explore new sectors and opportunities for trade and investments, strengthen cooperation between the relevant government entities, and create broader opportunities for the private sector and business councils.

Further, it noted that the two sides will focus on supporting vital sectors, including energy, technology and logistics. It said that Lebanon can transform its potential and capabilities into sustainable growth through reforms, a stronger role for the private sector, and expanded partnerships with Arab countries, particularly with the UAE. It added that the MoU constitutes a part of broader efforts to deepen the economic partnership between Lebanon and the UAE and create new opportunities for the two economies.

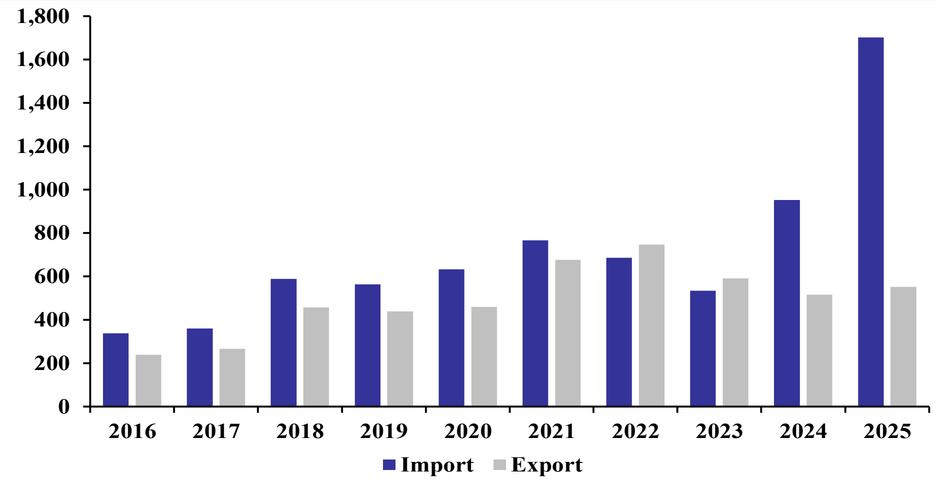
In addition, Lebanon and the UAE signed on August 26, 2026 five MoUs that cover business cooperation, investments and agriculture. The first MoU established the Lebanese-Emirati Business Council between the UAE Federation of Chambers of Commerce & Industry and the Federation of Lebanese Chambers of Commerce, Industry & Agriculture. The second agreement initiated collaboration between the Beirut & Mount Lebanon Chamber of Commerce, Industry & Agriculture and the Abu Dhabi Chamber of Commerce & Industry; while the third MoU established a partnership between the Beirut & Mount Lebanon Chamber of Commerce, Industry & Agriculture and the Ras Al Khaimah Chamber of Commerce.

Further, the UAE-based agribusiness company Elite Agro Holding, which specializes in large-scale farming and food production, and the American University of Beirut signed an MoU to cooperate on food security and research and innovation in dryland agriculture; while Elite Agro Holding signed an agreement with Jerji Dakash & Sons, a Lebanese agribusiness and industrial company, to cooperate on greenhouse solutions, including the design, supply, installation, operations, maintenance, technical support, training and joint development of farming solutions.

In parallel, Lebanese imports from the UAE reached $1.7bn in 2025, constituting a surge of 78.6% from $952.5m in 2024 and accounted for 8.1% of aggregate imports; while Lebanese exports to the UAE totaled $551.5m last year, representing an increase of 7% from $516m in 2024 and representing 15.2% of aggregate exports. Further, Lebanon's main imports from the UAE included pearls, precious stones & metals that reached $1.5bn and that accounted for 90.3% of the total in 2025, followed by prepared foodstuffs, beverages and tobacco with $40.3m (2.4%), chemical products with $30.5m (1.8%), mineral products with $28.7bn (1.7%), and plastics & rubber with $24.6m (1.4%). Also, Lebanon's main exports to the UAE included pearls, precious stones & metals that reached $383.6m and that accounted for 69.6% of the total in 2025, followed by chemical products with $40.1m (7.3%), machinery & electrical instruments with $30.5m (5.5%), prepared foodstuffs, beverages and tobacco with $28.3m (5.1%), and vegetable products with $24.1m (4.4%). Lebanese exports to the UAE accounted for 0.1% of the UAE's non-oil imports in 2025.

Also, Lebanese imports from the UAE reached $605.5m in the first seven months of 2026 and decreased 21% from $765.6m in the same period last year; while Lebanese exports to the UAE totaled $191.6m in the covered period and dropped by 46.8% from $360.3m in the same period last year.

Trade Volume between Lebanon and the UAE (in US$m)



Source: Lebanese Customs Administration, Byblos Research

ERA extends deadline for Expression of Interest for new electricity generation projects

The Lebanese Electricity Regulatory Authority (ERA) announced that it has extended the deadline for submitting applications under the Expression of Interest (EOI) processs, which aims to identify potential electricity generation projects in Lebanon, from August 31, 2026 until September 30 of this year inclusive. It attributed the deadline's extension to requests from several interested parties as well as to the need to provide investors and developers the necessary time to complete the preparation and submission of their files.

The ERA announced on July 22, 2026 that it has launched a Call for EOI to advance new electricity generation projects in Lebanon. It stated that, in accordance with Law No. 462/2002 about the organization of the electricity sector, the ERA and the Ministry of Energy and Water (MoEW) aim to mobilize private investments to secure additional cost-effective generation capacity, enhance reliability, and gradually diversify Lebanon's national energy mix.

Further, it pointed out that the EOI consists of two projects, which rely on the participation of private sector entities or developers within the applicable sector's policy, and regulatory and licensing framework. The first project covers the construction of up to five grid-connected solar photovoltaic facilities with a total installed capacity of 350 megawatt-peak (MWp), along with Battery Energy Storage Systems (BESS) totaling 1,000 megawatt-hour (MWh). It added that this initiative includes all associated civil and electrical works, grid interconnection facilities, monitoring and control systems, and long-term operation and maintenance obligations.

The second project consists of the construction of distributed dual-fired thermal power plants with net capacities ranging from 20 MW to 100 MW, designed to operate on natural gas as the primary fuel and Heavy Fuel Oil (HFO) as backup fuel. It added that eligible technologies may include reciprocating engine power plants, gas turbines, or other proven utility-grade thermal generation technologies acceptable to the ERA. Also, it said that the projects will be structured as Independent Power Producer (IPP) initiatives, and that any future contractual arrangements, including any Power Purchase Agreement, will be determined by the relevant public authority in accordance with the applicable legal framework.

In addition, it indicated that the current energy context requires dispatchable and flexible power generation capacity to support the electricity grid, balance variable renewable output, reduce reliance on small private diesel generators, and supply electricity when solar resources are unavailable. It said that dual-fired thermal power plants can provide such capacity, particularly when they are designed to operate initially on available liquid fuels and later on natural gas. It noted that the EOI is aligned with key policy directions such as encouraging private investments in electricity generation projects; supporting renewable energy integration and distributed generation; improving reliability and reducing supply costs; facilitating a transition from liquid fuels to natural gas where feasible; ensuring compliance with environmental and social standards; and promoting transparent, competitive, and bankable project structures.

The ERA invited investors, project developers, independent power producers, corporate consortia, EPC contractors, and equipment suppliers to submit their EOI and demonstrate their capabilities in developing electricity generation projects in Lebanon. It pointed out that that the winners of the two projects will be responsible for land acquisition or leasing, getting all required permits, project design, financing, construction, interconnection infrastructure, testing, commissioning, commercial operation, and long-term operation and maintenance. It also noted that the winners of the two projects have to finance, develop, acquire or lease land, design, build, own, operate, and maintain the plant, and will be responsible for all other aspects of the two projects' development and operation unless otherwise agreed in the agreements.

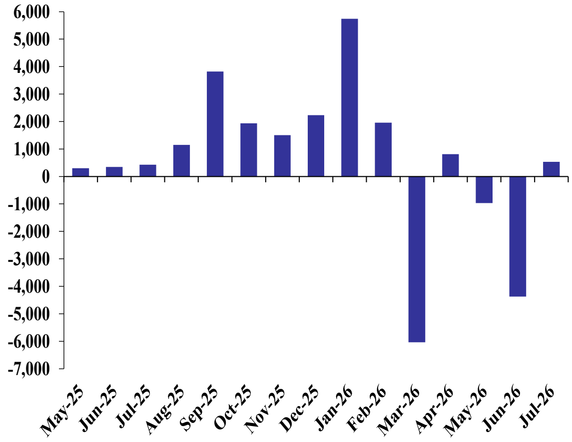
Net foreign assets of financial sector down $2.3bn in first seven months of 2026

Figures issued by Banque du Liban (BdL) show that the net foreign assets of the financial sector, which are a proxy for Lebanon's balance of payments, decreased by $2.3bn in the first seven months of 2026, compared to increases of $8.9bn in the same period of 2025 and of $3.8bn in the first seven months of 2024. The cumulative decline in the first seven months of 2026 was caused by a decrease of $3.3bn in the net foreign assets of BdL, which was partially offset by a rise of $967.7m in those of banks and financial institutions.

Further, the net foreign assets of the financial sector grew by $536.7m in July 2026 compared to a decline of $4.37bn in June 2026 and to an increase of $424.8m in July 2025. The June upturn was caused by a rise of $367.9m in the net foreign assets of BdL and an increase of $168.8m in those of banks and financial institutions.

According to BdL figures, the cumulative decline in BdL's net foreign assets in the first seven months of 2026 is due mainly to decreases of $2.9bn in the value of BdL's gold reserves and of $1.4bn in its foreign reserves, which outpaced the increase of $1.07bn in its foreign securities during the covered period. BdL's foreign assets include gold reserves, foreign currency reserves and foreign securities.

Change in Net Foreign Assets of Financial Sector (US$m)



Source: Banque du Liban, Byblos Research

Also, the rise in the net foreign assets of banks in the covered period is mostly due to an increase of $479.5m in the banks' claims on the non-resident financial sector and a decrease of $161.2m in non-resident customer deposits, which were partly offset by a decrease of $92.6m in claims on non-resident customers and an increase of $63.4m in the deposits of the non-resident financial sector. In parallel, when excluding the value of BdL's gold reserves, the net foreign assets of the financial sector increased by $610m in the first seven months of 2026 compared to a surge of $2.57bn in the same period last year.

BdL said that it started in January 2024 to include monetary gold, the non-resident foreign securities held by BdL, and the foreign currencies & deposits with correspondent banks and international organizations as part of its foreign assets; while it excluded the Lebanese government's sovereign bonds and its loans in foreign currency to resident banks and financial institutions from the entry. It attributed the modifications to its adoption of the IMF's methodology as stipulated in the latter's Sixth Edition of the Balance of Payments and International Investment Position Manual.

Ministry of Finance renews customs tariffs on imported pasta

The Ministry of Finance issued Decision 91/2026 dated August 26, 2026 that renewed the imposition of customs tariffs on the imports of all types of pasta and Moghrabieh, in accordance with the Harmonized System. Article 1 renewed the imposition of a 28% customs duty on all types of pasta and Moghrabieh, a type of Lebanese couscous, for a period of six months starting from May 6, 2026 under Customs Tariff Heading 1902, with the exception of other types of pasta when imported from countries that do not have trade agreements with Lebanon. Article 4 stipulates that the decision went into effect starting on May 6, 2026 for a period of six months that ends on November 5, 2026, and can be renewed. The decision was published in the Official Gazette on September 3, 2026.

Also, the Ministry of Economy and Trade issued Decree No. 3552 dated August 5, 2026 that renewed the imposition of customs tariffs on the imports of all types of pasta and of Moghrabieh. Article 1 renewed the imposition of a customs duty of 28% on all types of pasta and Moghrabieh under Customs Tariff Heading 1902, with the exception of the Harmonized Code 1902.30 that consists of other pasta, for a period of six months that is renewable for up to 18 months from the date of issuance of the decree and its publication in the Official Gazette.

Article 2 states that the ministry should conduct a semi-annual evaluation of market conditions, with the aim of following up on the development of the local production of pasta and Moghrabieh to ensure the stability of their prices in the local market; and should conduct a periodic comparison between local prices and the prices of similar goods in international markets. Article 3 states that the decree applies to products imported from countries that do not have trade agreements with Lebanon. Article 4 stipulates that the decree goes into effect upon its publication in the Official Gazette.

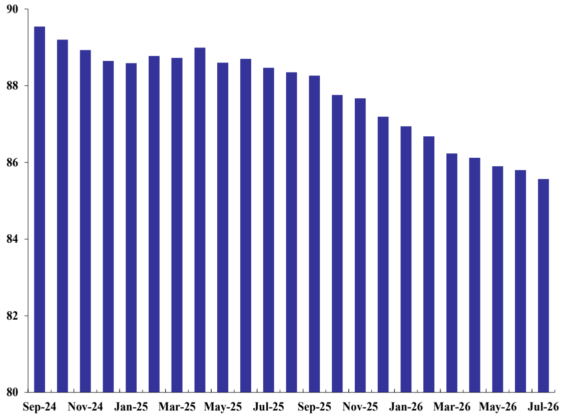
The Ministry of Finance issued Decision 146/2025 dated November 7, 2025 that amended the customs tariffs on the imports of all types of pasta and Moghrabieh, in accordance with the Harmonized System. Article 1 levied a new customs duty of 28%, in addition to a 5% customs duty on uncooked and not stuffed imported pasta that contains eggs; potato doughs in molded forms; and other stuffed cooked or prepared pasta. Also, it imposed a new customs tariff of 28%, in addition to a 5% customs duty and an 11% value-added tax on Moghrabieh, as well as on stuffed pasta, whether or not it is cooked or prepared, such as spaghetti, macaroni, noodles, lasagna, gnocchi, ravioli, and cannelloni. The decision went into effect starting on November 6, 2025 for a period of six months that ended on May 5, 2026, and can be renewed for a period of two years.

Figures released by the Lebanese Customs Administration show that the import of all types of pasta and Moghrabieh under Customs Tariff Heading 1902, with the exception of the Harmonized Code 1902.30, reached $16.15m in the first seven months of 2026, constituting a decrease of 6.2% from $17.2m in the same period of 2025. Also, the import of pasta and Moghrabieh amounted to $28.6m in 2025 and $32.9m in 2024.

Private sector deposits at $85.6bn at end-July 2026

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at LBP8,987.8 trillion (tn), or the equivalent of $100.4bn, at the end of July 2026, compared to LBP9,156.1tn ($102.3bn) at end-2025 and to LBP9,188.3tn ($102.7 bn) at end-July 2025. Loans extended to the private sector totaled LBP448.5tn at the end of July 2026, with loans to the resident private sector reaching LBP373.9tn and credit to the non-resident private sector amounting to LBP74.6tn at the end of the month. Loans extended to the private sector in Lebanese pounds reached LBP13.9tn and increased by 33.7% from LBP10.42tn at the end of 2025, while loans in foreign currency totaled $4.86bn at the end of July 2026 and decreased by 4.5% from $5.08bn at end-2025. The figures reflect Banque du Liban's (BdL) 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 starting on January 31, 2024.

Private Sector Deposits (US$bn)



Source: Banque du Liban, Byblos Research

In nominal terms, credit to the private sector in Lebanese pounds grew by LBP3,513bn in the first seven months of 2026 and surged by LBP4,865.3bn from end-July 2025; while lending to the private sector in foreign currency regressed by $228m in the covered period and decreased by $475.7m from end-July 2025. Further, loans extended to the private sector in Lebanese pounds contracted by LBP13.6tn (-49.4%), and loans denominated in foreign currency dropped by $36.25bn (-88.2%) since the start of 2019. The dollarization rate of private sector loans was 96.9% at end-July 2026 compared to 98.1% at end-July 2025. The average lending rate in Lebanese pounds was 9.95% in July 2026 compared to 9.23% a year earlier, while the same rate in US dollars was 5.27% relative to 3.68% in July 2025. Also, according to BdL, total loans and advances in "fresh" dollars stood at $794m at the end of 2025 compared to $816m at end-November 2025.

In addition, claims on non-resident financial institutions reached $5.87bn at end-July 2026, constituting increases of $479.5m (+9%) in the first seven months of the year and of $512.5m (+9.6%) from end-July 2025. Also, claims on non-resident financial institutions dropped by $3.26bn (-35.7%) from end-August 2019 and by $6.12bn (-51%) since the start of 2019. Further, deposits at foreign central banks totaled $738.7m at end-July 2026, increasing by $168.1m (+29.5%) in the covered period and by $117.2m (+18.8%) from a year earlier. Also, cash in vault in Lebanese pounds stood at LBP4,960bn compared to LBP6,297.8bn at end-2025 and to LBP7,963.7bn at end-July 2025.

Moreover, the banks' claims on the public sector amounted to LBP201.6tn at end-July 2026, representing decreases of 7.2% from LBP217.3tn at end-2025 and of 2.7% from LBP207.3tn end-July 2025. Also, the banks' holdings of Lebanese Treasury bills totaled LBP7.16tn, while their holdings of Lebanese Eurobonds stood at $2.16bn net of provisions at end-July 2026 relative to $2.21bn a year earlier. Further, the placements of commercial banks at BdL reached LBP6,733.1tn at end-July 2026, or $75.2bn, compared to LBP6,928.5tn ($77.4bn) at end-2025.

In parallel, private sector deposits totaled LBP7,658.3tn, or $85.57bn, at the end of July 2026. Deposits in Lebanese pounds reached LBP87.9tn at end-July 2026, constituting increases of 3.4% from LBP85tn at end-2025 and of 7.6% from a year earlier; while deposits in foreign currency stood at $84.6bn and regressed by 2% in the covered period and by 3.4% from end-July 2025. Resident deposits accounted for 75.2% and non-resident deposits represented 24.8% of total private sector deposits at end-July 2026. According to BdL, private sector deposits include $5bn in "fresh" funds as at the end of November 2025, with $3.2bn consisting of eligible funds under BdL circulars 158 and 166.

In addition, private sector deposits in Lebanese pounds increased by LBP2,912.3bn and foreign currency deposits declined by $1.65bn in the first seven months of 2026, while private sector deposits in Lebanese pounds grew by LBP6,185bn and foreign currency deposits dropped by $2.97bn from a year earlier. Also, aggregate private sector deposits in Lebanese pounds increased by LBP15,080.7bn (+20.7%) and foreign currency deposits declined by $39.7bn (-32%) from the end of August 2019; while total private sector deposits in Lebanese pounds grew by LBP10,687.7bn (+13.8%) and foreign currency deposits dropped by $38.5bn (-31.3%) since the start of 2019. The dollarization rate of private sector deposits was 98.9% at the end of July 2026 relative to 99% a year earlier.

Further, the liabilities of non-resident financial institutions reached $2.29bn at the end of July 2026, as they grew by 2.8% from $2.23bn at end-2025 and decreased by 3.4% from $2.37bn at end-July 2025. Also, the average deposit rate in Lebanese pounds was 4.55% in July 2026 compared to 3.95% a year earlier, while the same rate in US dollars was 0.15% in July 2026 relative to 0.06% in July 2025. In addition, the banks' aggregate capital base stood at LBP481.6tn ($5.4bn) at end-July 2026 compared to LBP440.5tn ($4.92bn) at the end of 2025 and to LBP427.8tn ($4.8bn) at end-July 2025.

Corporate Highlights

Stock market capitalization down 9.4% to $17.8bn at end-August 2026

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 4.5 million shares in the first eight months of 2026, constituting a drop of 62.7% from 12.1 million shares traded in the same period last year; while aggregate turnover amounted to $172.8m, representing a decrease of 10.2% from a turnover of $192.4m in the first eight months of 2025.

Also, the trading volume reached 305,182 shares in August 2026, as it decreased by 16% from 363,261 shares traded in July 2026 and contracted by 89% from 2.8 million shares in August 2025; while aggregate turnover stood at $12.2m in August 2026, constituting a decrease of 34% from a turnover of $18.6m in the preceding month and a decline of 44.4% from $22m in August 2025.

The market liquidity ratio was 1% at end-August 2026, unchanged from a year earlier. Further, the market capitalization of the BSE stood at $17.8bn at the end of August 2026, representing a decline of 9.4% from $19.6bn end-August 2025 and compared to $20.15bn at the end of 2025. Real estate equities accounted for 65% of the market's capitalization at end-August 2026, followed by banking stocks with 27.6%, and industrial shares with 7.4%.

In addition, banking stocks accounted for 49% of the trading volume in the first eight months of 2026, followed by real estate equities with 43.6%, and industrial shares with 7.4%. Further, real estate equities represented 82.5% of the aggregate value of shares traded, followed by industrial shares with 14.3%, and banking stocks with 3.3%. The average daily traded volume for the first seven months of 2026 was 29,530 shares for an average daily amount of $1.1m. The figures represent decreases of 61.7% for the average daily traded volume and of 7.8% for the average daily value in the covered period.

In parallel, the prices of Solidere 'A' and Solidere ‘B’ shares declined by 16.7% and 15.3%, respectively, in the first eight months of 2026 from the end of 2025, while the price of Ciments Libanais shares dropped by 29.2% in the covered period. Further, the price of Solidere 'A' shares declined by 16.5% in January, increased by 8.1% in February, regressed by 1.7% in March, by 1.3% in April and by 4% in May, expanded by 5.8% in June, and decreased by 1.7% in July and by 4.8% in August 2026; while the price of Solidere 'B' shares decreased by 16.3% in January, improved by 8.3% in February, contracted by 6% in March and by 0.5% in April, and grew by 1.2% in May, by 2.7% in June, decreased by 4% in July, and improved by 0.1% in August 2026. Also, the price of Ciments Libanais shares regressed by 1.4% in January, was unchanged in February, dropped by 12.6% in March, was unchanged in April, regressed by 0.1% in May, increased by 17% in June, and dropped by 25% in July and by 6.3% in August 2026.

Ratio Highlights

(in % unless specified)	2023	2024	2025	Change*
Nominal GDP ($bn)	25.9	30.5	36.1	5.6
Gross Public Debt / GDP	246.2	215.0	191.9	(23.1)
Trade Balance / GDP	-56.01	-46.55	-48.30	(1.8)
Exports / Imports	17.1	16.0	17.3	1.3
Fiscal Revenues / GDP	12.0	12.8	17.9	5.1
Fiscal Expenditures / GDP	13.6	12.6	14.8	2.2
Fiscal Balance / GDP	(1.6)	0.1	3.1	3.0
Primary Balance / GDP	(1.0)	1.4	3.7	2.3
Gross Foreign Currency Reserves / M2	143.5	689.4	461.7	(227.7)
M3 / GDP	51.7	227.2	185.8	(41.4)
Commercial Banks Assets / GDP	76.6	338.4	282.5	(55.8)
Private Sector Deposits / GDP	62.9	290.8	240.8	(50.0)
Private Sector Loans / GDP	5.5	19.5	14.4	(5.1)
Private Sector Deposits Dollarization	96.3	99.1	98.9	(0.2)
Private Sector Lending Dollarization	90.9	97.8	97.8	0.0

**change in percentage points 25/24;*
Source: National Accounts, Banque du Liban, Ministry of Finance, Institute of International Finance, 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

	2023	2024	2025e
Nominal GDP (LBP trillion)	2,257.8	2,728.4	3,241.0
Nominal GDP (US$ bn)	25.9	30.5	36.1
Real GDP growth, % change	-0.5	-5.2	3.7
Private consumption	3.50	0.30	2.4
Public consumption	-1.00	4.10	11.4
Private fixed capital	-18.60	-10.20	-4.0
Public fixed capital	81.0	35.4	23.1
Exports of goods and services	-4.2	-14.5	-3.6
Imports of goods and services	3.1	0.0	6.4
Consumer prices, %, average	221.3	45.2	14.6
Official exchange rate, average, LBP/US$	15,000	89,500	89,500
Parallel exchange rate, average, LBP/US$	86,362	89,700	89,700
Weighted average exchange rate LBP/US$	87,043	89,474	89,700

Source: National Accounts, Institute of International Finance

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	-	CCC+	C	Stable

**Fitch withdrew the ratings on July 23, 2024*

Banking Sector Ratings	Outlook
Moody's Ratings	Negative

Source: Moody's Ratings

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