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## Markets In Brief

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Despite continuous military escalation in the South and mounting fears of a war escalation, and despite the adverse spillover effects of a nine-month long conflict on the domestic economy in general and the tourism sector in particular, while Lebanon is grappling with a multifaceted crisis, the country's capital markets remained underpinned by a stable LP/US\$ exchange rate on the black FX market, while the Eurobond market pursued its nosedive and the equity market saw two-way flows. In details, the LP/US\$ black market rate continued to move marginally around 89,500, amid a quasi-equilibrium in fiscal and external positions, and given BDL's policy to end monetary financing, contain the currency in circulation and bolster its FX liquid reserves, noting that the latter expanded by US\$ 62 million over the first half of June. In parallel, bond prices plunged deeper into the red, closing at 6.750 cents per US dollar against 6.875 cents per US dollar at the end of last week amid elevated geopolitical risks, while the country is reeling under a protracted and unprecedented institutional void. At the level of the equity market, the BSE price contracted further by 0.5%, while the total turnover more than doubled week-on-week to reach US\$ 7.6 million.

### LEBANON MARKETS: JUNE 24 - JUNE 30, 2024

Money Market	↓	BSE Equity Market	↓
LP Tbs Market	-	Eurobond Market	↓
LP Exchange Market	→	CDS Market	-

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## ECONOMY

### BOA SAYS AN ESCALATION COULD HOLD MATERIAL NEGATIVE CONSEQUENCES FOR LEBANON

Regional press reports the rising risk of a potential escalation of military tensions between Hezbollah and Israel over the summer as per a report of Bank of America (BoA). Middle East geopolitical tensions represent tail risks to the global economy through spikes in commodities or freight costs challenging markets due to their potential stagflationary impact.

Stagflationary supply shocks can exert risks on inflation, growth, and monetary policy. In their view, any escalation in the Middle East is likely to exert pressure on energy prices and could keep soaring shipping costs at high levels. EEMEA is most sensitive to energy prices, but the Euro area and Japan are also highly exposed, and oil prices are also key in the US. Recently, attacks in the Red sea sent shipping costs soaring again, becoming a potential headwind to disinflation. Still, they see risks to their monetary policy outlook as largely contained, since BoA does not expect any rate cuts from the Fed until December, and they now expect an acceleration from the ECB to be delayed until March next year.

With respect to Israel, a new front in war would likely increase the fiscal burden and extend supply constraints that weigh on growth and inflation, delaying rate cuts deeper into next year as per Bank of America. However, Israeli economy has proven its resilience since start of war in October and it is likely that Israel will continue to finance its fiscal deficit successfully albeit at a higher cost. Large current account surplus driven by high-tech service exports would continue to support BOI reserves which are already at a high level.

An escalation could hold material negative consequences for Lebanon. A successful diplomatic resolution could however be accompanied by some reconstruction pledges, financial support (although the bulk would remain dependent on an IMF program) and a restart of offshore hydrocarbon exploration. BoA would expect Jordanian authorities to remain committed to the IMF program, with international support offsetting a more challenging regional backdrop and upcoming September parliamentary elections. Heavy positioning in Egypt local assets could lead to knee-jerk outflows; we understand the CBE guidance is for intervention only in disruptive conditions without prospects for compensating near-term inflows.

BoA says regional markets are not pricing in an escalation. Egypt external debt (EXD) bonds are trading in line with implied ratings, underpinned by regional support. There is more risk premium in Israel and Jordan EXD, as their implied ratings are four and one notch below actual ratings of A+ and BB-, respectively. EGP could witness a short-lived weakness of c.1.5%, judging by recent precedents, if there are outflows and no Fx intervention. Investors could consider hedging long T-Bills through NDFs. They estimate the ILS is already pricing a significant risk premium (c.10%). The BoI is likely to intervene if ILS weakens considerably due to potential escalation.

### TOURISM INFLUX INTO LEBANON DOWN BY 15% IN THE FIRST FOUR MONTHS

According to data from the Ministry of Tourism, the number of tourist arrivals into Lebanon reached 340,290 in the first four months of 2024. This figure shows a year-on-year decrease in tourism influx of 14.5%, down from 398,186 during the first four months of 2023. This decrease comes primarily on the back of the ongoing Hezbollah-Israel conflict in South Lebanon which prompted many countries to advise against all travel to Lebanon.

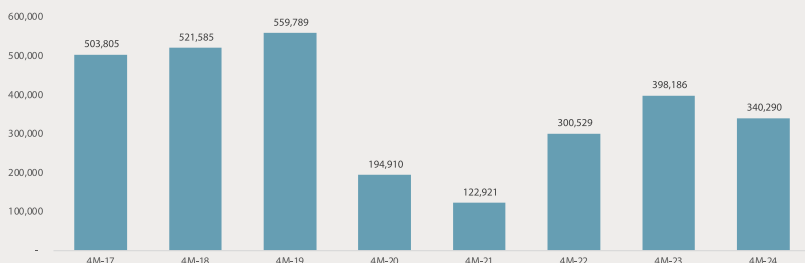
In details, looking at the distribution of tourist arrivals by nationality in the first four months of 2024, the highest contributor were Europeans with 39.4% (134,213) of total tourist arrivals into Lebanon. The second and third highest contribution came from Arab countries and America with 29.0% (98,719) and 16.7% (56,777) of total tourist arrivals during the year respectively. Asia, Oceania and Africa followed with 6.2%, 5.0% and 3.6% of total tourist arrivals into Lebanon. Other countries had a marginal contribution to the total with 50 tourist arrivals.

However, since the start of hostilities, the influx of foreigners into Lebanon started a negative trend. In details, between October 2023 and April 2024, foreigners influx decreased by 19.0% against the same period of the year prior. Additionally, during the months of the aforementioned period, an average year-on-year decrease of 18.8% is noted, with the highest decrease seen in November 2023 showing a year-on-year drop of 36.8% in foreign tourist arrivals against November 2022.

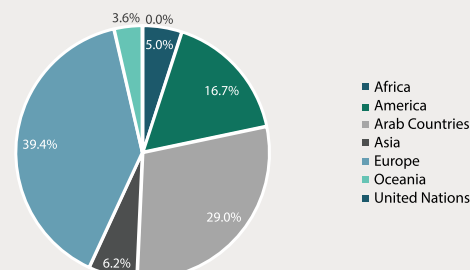
Looking ahead, as tensions heighten and amid continuous escalations, the number of foreign tourist influx could decrease further as long as hostilities persist.

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## TOURIST ARRIVALS



## TOURISM ARRIVAL CONTRIBUTION BY NATIONALITY FOR 4M-2024



Source: Ministry of Tourism, Bank Audi Group Research Department

## LP CLEARING ACTIVITY SLOWS ITS EXPANSION WHILE US\$ CLEARING LEVELS HASTEN THEIR DROP IN THE FIRST FIVE MONTHS OF 2024

The value of cleared checks in Lebanese Pounds increased by 41.5% year-on-year in the first five months of 2024 against the same period of 2023 mirroring an increase in spending in LP during the above-mentioned period. Checks cleared in LP recorded LP 32,076 billion in the first five months of 2024 up from LP 22,667 billion in the same period of 2023. However, this increase has slowed down drastically from levels seen in the year prior where the increase in LP clearing activity between the first five months of 2022 and the first five months of 2023 recorded 64.7% year-on-year.

On the other hand, total value of cleared checks in foreign currency (US\$), noticed a 65.0% drop year-on-year, as many businesses are cashing fresh dollars only. Cleared checks in US\$ for the first five months of 2024 recorded US\$ 681 million down from US\$ 1,943 million in the same period of the year prior. This shows a quicker trend of decreased US\$ check clearing activity in the aforementioned period as the decrease noted between the first five months of 2022 and the first five months of 2023 recorded 60.7%, 4.3 percentage points lower than the decrease recorded for this year so far.

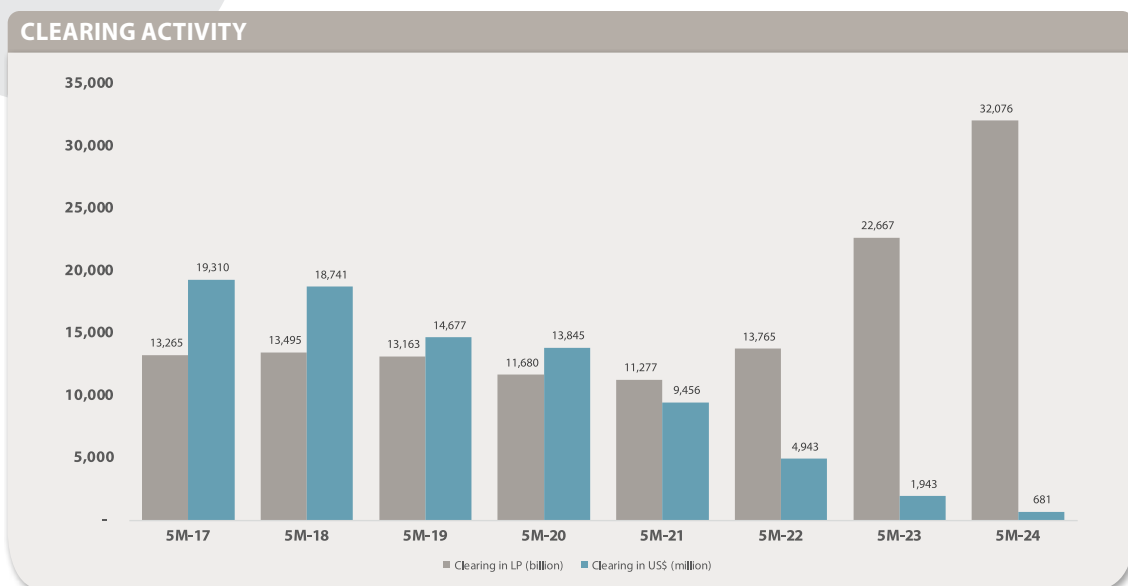
The total value of cleared checks, an indicator of consumption and investment spending in the Lebanese economy, reached US\$ 1,039 million in the first five months of 2024 down by 86.2% from US\$ 7,525 million in the same period of the previous year.

It is worth noting that, effective January 1st 2024, in line with the government's budget, the FX rate used for calculations was set at LP 89,500/US\$, up from LP 15,000/US\$ set in February 2023 and LP 1,507.5/US\$ used prior to the re-peg. In turn, this change in exchange rates has affected the total valuation of cleared checks as checks cleared in LP have to be turned into US\$ for a total valuation.

Moreover, the number of cleared checks registered 92,687 in the first five months of 2024, down by 60.0% from 231,909 checks in the first five months of 2023. The average value per check reached US\$ 11,214 in the first five months of 2024, down by 65.4% from US\$ 32,449 in the same period of 2023.

In parallel, looking at the value of returned checks during the first five months of 2023, a total of US\$ 24 million in checks were returned during the period a majority of which (91.3%) were in fresh US\$. This figure shows a 90.5% decrease year-on-year against the same period of the year prior. Additionally, during the first five months of 2024, 507 checks were returned a majority of which (66.9%) were in LP. This figure denotes a 75.2% drop year-on-year down from 2,047 checks returned in the first five months of 2023. In turn, the average value per check returned reached US\$ 46,356 in the first five months of 2024, down by 61.6% from US\$ 120,672 in the same period of 2023.

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Sources: Association of Banks in Lebanon, Bank Audi's Group Research Department

## MIXED SIGNALS SHOW UP REGARDING TOURISM IN LEBANON'S SUMMER SEASON AMID SECURITY CONCERNS

News relating to the outlook for Lebanon's summer tourism season have recently sent mixed signals making the future of the sector's performance in its most important season of the year foggy.

In details, on the positive side, Eid Al-Adha reportedly saw a surge of incoming tourists to Lebanon. Additionally, there exists a high demand for summer concert bookings which are boosting hopes for the revival of the tourism sector. According to the Lebanese Caretaker Minister of Public Works and Transport, a daily average of 14,000 arrivals are being reported in June with numbers rising, which would entail circa 420,000 during the month. In parallel, according to the President of the Association of Travel and Tourism Agents, despite initial concerns, booking rates have reached between 90% and 95% with most arrivals being expatriates and foreign workers. Restaurant activity within Lebanon was also reported to be increasing and becoming essential in the lives of the Lebanese as travel and other costs have become too high.

However, multiple countries have reiterated calls to avoid traveling to Lebanon with North Macedonia, Germany and the Netherlands urging citizens to evacuate Lebanon as soon as possible and postpone non-essential travel to the country. Additionally, Kuwait has become the first country to use its national courier recently to evacuate its nationals from Lebanon amid worries of war spreading to the whole country. These factors as well as escalating tension and cross-border hostility raise question marks around the future of the summer tourism season as most arrivals would be expatriates coming to reunite with family and therefore expected spending averages would decrease. In the event of war breaking out throughout the whole of Lebanon, even the contribution of expats to the sector is set to decrease leading to further straining and even potentially halting activity within the tourism sector in the country.

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## SURVEYS / REPORTS

### LEBANON CONSUMER SENTIMENT INDEX STANDING AT 36.3 AS PER IPSOS

Lebanon Consumer Sentiment Index (LCSI), just issued by IPSOS, stands at 36.3, reflecting the economic challenges faced by the country. Concerns regarding healthcare, unemployment, and poverty are prevalent among consumers. Despite these difficulties, there's still optimism for the future, with 1 in 4 anticipating improvements in the economy and 38% anticipating stronger personal finances.

Regarding global comparison, Lebanon's Consumer Sentiment Index stands at 36.3, against a global average of 49.4. Lebanon was preceded by Turkey and followed by Hungary on the global scale.

In details, the score for Personal Financial Conditions stands at 28.1 in Lebanon, against a global average of 39.9. The score for Economic Expectations stands at 48.4 in Lebanon, against a global average of 58.1. The score for Investment Climate stands at 34.7 in Lebanon, against a global average of 42.3. The score for Employment confidence stands at 40.9 in Lebanon, against a global average of 58.8.

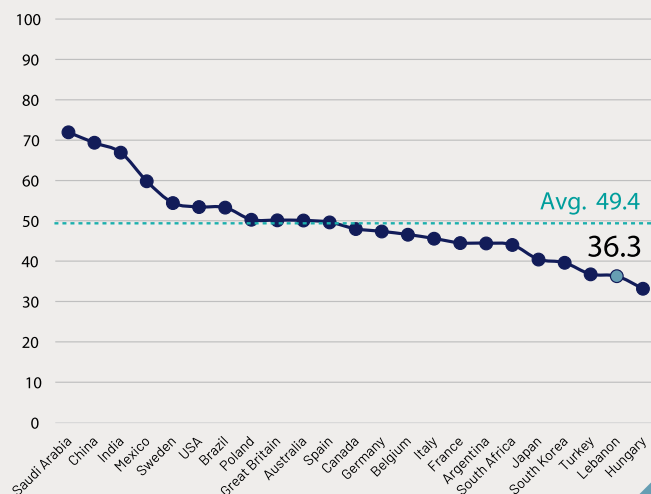
The Lebanon Consumer Sentiment Index is calculated by utilizing data from the survey results. Responses are divided into aggregated Top Box (Reward) numbers and Bottom Box (Penalty) numbers. Using Shapely Value Analysis, values were generated for the penalty and reward for each question. The magnitude of each question is the difference between the reward and penalty. An Importance factor, which the ultimate weight of the particular question in the index, is the magnitude of each question divided by the total magnitude of all questions. A Top Box Weight for each question is calculated by dividing the Reward by the magnitude of each question. Similarly, the Bottom Weight for each question is calculated by dividing the Penalty for each question by magnitude of the same.

#### LEBANON CONSUMER SENTIMENT INDEX 2024 SCORES

LCSI	Score	Global Comparison Average
Personal Financial Conditions	28.1	39.9
Economic Expectations	48.4	58.1
Investment climate	34.7	42.3
Employment Confidence	40.9	58.8
<b>Overall</b>	<b>36.3</b>	<b>49.4</b>

Sources: Ipsos, Bank Audi's Group Research Department

#### OVERALL LCSI-GLOBAL COMPARISON



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## LEBANON 18TH REGIONALLY AND 139TH GLOBALLY AS PER WORLD CITIZENSHIP INDEX 2024

Lebanon ranked 18th out of 23 countries in the MENA region and 139th globally out of 188 countries worldwide according to the World Citizenship Index (WCI) for 2024.

The World Citizenship Index (WCI), WCR's data-driven tool, measures 188 countries across five motivators that are most relevant among the newest generation of global citizens: the mass affluent population.

Lebanon got an overall score of 39.1 on the index, broken down as follows: A score of 38.5 on Safety and Security (down from 38.5 last year), a score of 42.9 on Economic Opportunities (down from 56.3 last year), a score of 61.0 on Quality of life (similar to last year), a score of 11.8 on Global Mobility (down from 14.2 last year), and a score of 31.5 on Financial freedom (down from 35.7 last year).

Regionally, Lebanon came just after Djibouti (score of 41.0 and global rank of 135) and Comoros (score of 41.0 and global rank of 135) and before Libya (score of 38.2 and global rank of 144) and Somalia (score of 31.1 and global rank of 152). UAE ranked first in the region with a score of 76.3 (Global rank of 19), while Yemen ranked last with a score of 27.0 (Global rank of 157).

The methodology of the WCI combines qualitative and quantitative research to make sense of the deep, enduring quality of citizenship through the lens of the HNWI investor. Uniting unparalleled work in the citizenship solutions industry with data taken from 188 jurisdictions, they used the country data to evaluate five motivators of citizenship. They subsequently scored countries' citizenships out of 100 points for each motivator, with the overall ranking a weighted average of the motivators.

To determine which motivators drive citizenship, they employ a mixed-methods research design to understand the reasons for seeking a second citizenship, and the value of each factor. To ensure that their research placed emphasis on expert analysis rather than only value judgements, they tapped their network of industry experts and their unique access to global citizens to probe and specify the motivations behind obtaining a second citizenship.

After isolating the motivations behind seeking a second citizenship through interviews and focus groups of industry leaders and citizenship experts, they surveyed HNWI's worldwide to better understand their engagement with the thematic motivations behind citizenship. After calculating a score out of 100 for each motivator, they subsequently utilised a weighted average to combine each jurisdiction's scores across the five motivators to rank all citizenships in a hierarchy from most to least powerful overall. The relative weights of each motivator were decided with input from the survey of over 500 HNWI's from around the world.

### ARAB MENA COUNTRIES' WORLD CITIZENSHIP REPORT GLOBAL RANKINGS 2024

Countries	Global Rank	Headline Score	Safety and Security (25%)	Economic opportunity (20%)	Quality of life (25%)	Global mobility (15%)	Financial Freedom (15%)
UAE	19	76.3	68.9	79.2	81.4	82.9	69.6
Qatar	45	68.2	77.0	69.8	72.4	49.5	63.4
Kuwait	56	63.5	68.0	70.3	72.9	42.4	52.3
Oman	62	61.1	69.0	64.7	68.9	38.3	53.0
Bahrain	68	59.4	54.2	65.5	76.1	38.6	52.7
Saudi Arabia	73	58.0	59.1	75.6	75.1	37.9	57.0
Jordan	82	55.3	61.9	41.9	80.3	24.0	52.2
Mauritania	99	49.9	63.1	46.9	48.7	25.0	42.7
Tunisia	100	49.8	59.5	38.1	65.0	29.2	44.4
Egypt	110	47.8	43.4	57.5	63.7	21.2	42.4
Morocco	113	47.3	54.2	47.1	58.3	26.7	47.4
Algeria	114	46.8	49.9	46.7	63.3	21.5	40.0
Palestinian Territory	130	42.9	38.7	46.7	64.6	13.5	38.3
South Sudan	132	41.7	46.4	24.3	37.6	17.7	23.5
Iraq	135	41.0	30.1	60.5	58.4	10.4	35.0
Djibouti	135	41.0	46.8	35.3	50.1	21.9	42.9
Comoros	135	41.0	45.5	37.5	52.5	23.7	36.0
<b>Lebanon</b>	<b>139</b>	<b>39.1</b>	<b>40.4</b>	<b>30.1</b>	<b>61.0</b>	<b>15.2</b>	<b>36.2</b>
Libya	144	38.2	34.6	32.2	64.9	13.5	32.5
Somalia	152	31.1	36.6	31.1	35.8	12.1	22.5
Sudan	155	29.3	25.0	27.4	45.0	15.2	27.0
Syria	156	29.0	19.1	25.9	52.5	9.7	30.0
Yemen	157	27.0	20.0	23.9	42.9	11.8	31.5

Sources: CS Global Partners, Bank Audi's Group Research Department

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## CORPORATE NEWS

### 144 BRANDS SET TO RETURN TO BEIRUT SOUKS BY NOVEMBER

Beirut Souks is preparing for the reopening of 144 commercial establishments which had previously closed their doors due to the myriad of crises and the August 4 port explosion. The Souks are preparing for a dynamic recovery following circa three years of closure for both local and international businesses.

The 144 brands are set to open their doors by the end of November with this revival effort being supported by incentives and exemptions granted by the management of Beirut Souks with the aim of revitalizing this area of the capital. Many international luxury brands are planning to make a return to the souks with nearly 40% of new stores already having reopened. This includes brands such as Sister Wraps, Diesel, Socks, Tumi, True Religion, On Board, Salute, Uncle Fluffy, and Twinset along with others. Additionally, many restaurants, cafes and nightclubs such as Rasputin, Crepaway, Socrate and OBI are set to join these brands within the commercial aisles of Beirut Souks.

In parallel, Azadea Group which owns brands such as Zara, has confirmed the reopening of its stores in the city center aiming to create one of the largest brands in the Middle East. Azadea Group also plans to integrate Zara Café into Beirut Souks. Other international brands such as ALO Yoga and Nike Town are also expected to open in the coming months.

It is worth noting that the reopening of Beirut Souks also prompted discussions to reopen shopping streets adjacent to the "Place de l'Étoile" with the Lebanese Speaker of the House supporting the initiative which would include the lifting of security measures around Parliament and surrounding streets. However, this approach depends on the plans that Solidere will develop to revitalize this area with focus on street lighting at night and the reopening of restaurants and stores.

### MOA DISCUSSES SOFT WHEAT PRODUCTION PROJECT WITH INTERNATIONAL ORGANIZATIONS

A recent meeting was held between the Lebanese Ministry of Agriculture (MoA) with a German delegation which included the Director of German Cooperation in Lebanon, the Director of the German Development Bank (KfW), the Project Director of the German Cooperation Institution (GIZ) along with representatives from the United Nations Development Program (UNDP) in the presence of the Lebanese Caretaker Minister of Agriculture and his Advisor.

During the meeting, the Director of the KfW explained the mechanisms to implement projects funded by KfW in recent years. In parallel, the Lebanese Caretaker Minister of Agriculture explained the MoA's priority with an emphasis on soft wheat production chains and how to align it with the project funded by the bank for the benefit of the Scientific Agricultural Research Service with a value of US\$ 6 million.

Concurrently, the Project Director of the GIZ explained the components of the project and its importance in terms of supporting farmers and agricultural workers with all modern means to achieve the basic standards set in the project as well as reach the production of circa 14,000 wheat seeds within three years of the project's start.

It is worth noting that one of the Representatives of the UNDP explained the implementation of the first phase of the project which began in November 2023 and has shed light on difficulties faced.

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## MOPH, MOSA PREPARE WARTIME CONTINGENCY PLAN AMID SECURITY CONCERNS

Amid concerns of an expansion of the current border conflict to encompass the whole country, even though diplomatic efforts are ongoing to ease tensions, the Lebanese Ministry of Public Health (MoPH) and the Ministry of Social Affairs (MoSA) have announced the activation of a war emergency plan.

In details, the MoPH has increased the readiness among medical teams. Additionally, proactive measures were taken in anticipation of the potential conflict with the aim of avoiding unexpected situations as was experienced in 2006. In parallel, MoPH is reportedly readying government hospitals with a focus on emergency and operating rooms with close coordination with private hospitals as well as identifying suitable spots for field hospitals to handle emergencies and providing quick aid to the injured with ambulatory teams availability reaching 24/7.

Concurrently, the MoSA has developed strategies to mitigate the impact and respond effectively in case of a wider conflict. According to the Ministry, Lebanon has four months of medicines available. Energy sources like fuel, electricity and internet were strengthened and training for wartime conditions was done for staff with expectations set at hundreds of thousands of internally displaced individuals.

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## MTC4L PROVIDES FOOD DONATIONS, SUPPORT ITEMS TO THE LAF IN SOUTH LEBANON

The Military Technical Committee for Lebanon (MTC4L) has recently made a donation of food and support items to the Lebanese Armed Forces (LAF) in south Lebanon.

The MTC4L, headed by Italy, aims mainly to support the LAF in defining a roadmap which includes a phase of recruitment, training, equipment and financing while at the same time, in the initial phase, supplying support in logistics. In this context, the strengthening of the LAF in south Lebanon comes in compliance with resolutions 1701 (2006), 2650 (2022) and 2695 (2023) of the United Nations Interim Force in Lebanon (UNIFIL).

It is worth noting that through the MTC4L, food kits were also provided for CARITAS in Beirut in order for it to be given to the local community.

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## MOL TEMPORARILY FREEZES 280 OFFICES RECRUITING FOREIGN WORKERS IN A BID TO PRESERVE HUMAN RIGHTS INTEGRITY

The Lebanese Ministry of Labor has recently frozen the activity of 280 offices recruiting foreign workers within the framework of regulating the situation of foreign workers within the country and preserving their rights. Additionally, this move comes out of concern for Lebanon's reputation and in compliance with international standards in accordance with the meeting held between the MoL and the International Labor Organization (ILO)

The 280 offices whose activities were frozen were those that failed to submit documents proving that they met the legal and humanitarian conditions required of them within the legal period set. This freezing of activity will remain pending the owners' fulfillment of their obligations and the submitting of required documents.

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## EBML ISSUES STATEMENT URGING CITIZENS TO PAY THEIR WATER BILLS

The Beirut and Mount Lebanon Water Establishment (EBML) has issued a statement calling on subscribers to pay their water bills for 2024 through specialized collectors, cashiers at EBML's distribution department, POS Machines at EBML centers or using OMT.

Additionally, given the current economic conditions, several decisions were taken by EBML of which: an exemption from fines for late payments for the years of 2023 and prior by a rate of 85%; installments on late payment allowances for 2024 to a maximum period of December 2026; facilitating the process of receiving new subscriptions for former subscribers with debts; reducing the establishment fees for new subscriptions for buildings connected to water networks by various percentages depending on the type of subscription; reducing the fee for changing the subscribers' names by 90%; reducing fees to renew temporary subscriptions by 90% among other decisions.

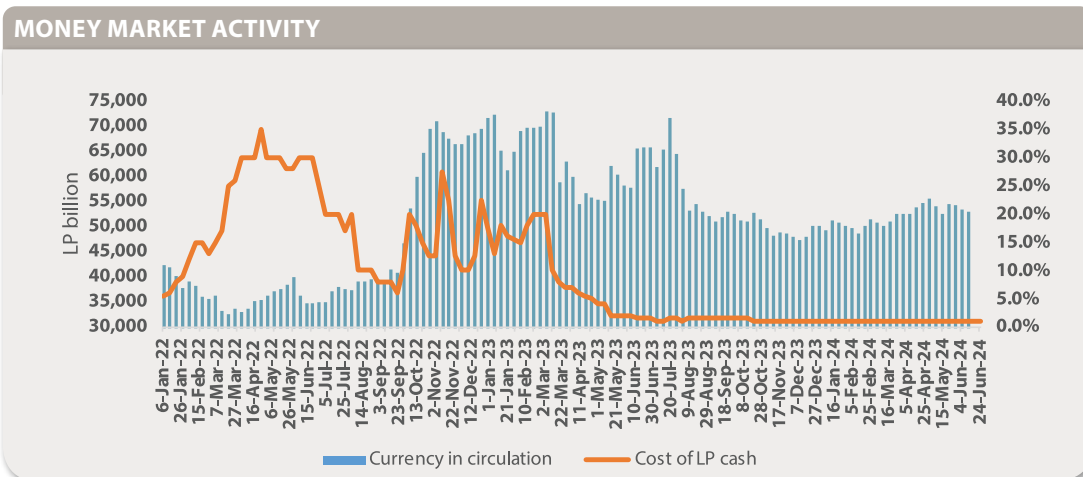


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## CAPITAL MARKETS

### MONEY MARKET: FURTHER WEEKLY CONTRACTION IN TOTAL RESIDENT DEPOSITS

The overnight rate, which is a non-cash rate on the money market, rose from 20% at the end of last week to 35% on Friday, in a sign of relatively reduced local currency liquidity on the money market, while the cost of LP cash remained close to nil. In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 13th of June 2024 showed that total resident banking deposits contracted further by LP 2,003 billion. This is mainly attributed to a LP 4,319 billion fall in foreign currency resident deposits (the equivalent of US\$ 48.3 million as per the official rate of LP 89,500), while total LP resident deposits increased by LP 2,315 billion amid a LP 2,294 billion expansion in LP demand deposits and a slight rise in LP saving deposits of LP 22 billion. Within this context, the money supply in its broadest sense (M4) contracted by LP 2,295 billion over the covered week amid a shy retreat in the currency in circulation of LP 26 billion and a drop in the non-banking sector Treasury bills portfolio of LP 266 billion.



### FOREIGN EXCHANGE MARKET: BDL'S LIQUID FOREIGN RESERVE ASSETS ACCUMULATE GROWTH OF US\$ 1,356 MILLION SINCE LAST JULY

The LP/US\$ exchange rate continued to hover around 89,500 on the parallel FX market this week. This occurred despite the adverse spillover effects of the protracted war on the Lebanese economy in general and the tourism sector in particular. In fact, the latest figures showed that the number of tourists contracted by 15% year-on-year during the first four months of 2024 after falling by 24% year-on-year during the fourth quarter of 2023. Besides, currency stability is taking place amid a quasi-equilibrium in fiscal and external positions, and BDL's policy to contain the currency in circulation, as the latter reached LP 60.2 trillion mid-June 2024 against LP 58.1 trillion at end-2023.

Concurrently, BDL's liquid FX buffers remained in an expansionary mode since last July. In fact, the latest BDL's bi-monthly balance sheet ending 15th of June 2024 showed that the Central Bank's liquid foreign reserve assets expanded further by US\$ 62 million over the first half of the month to reach US\$ 9,929 million mid-June, around 15-fold the currency in circulation. Accordingly, BDL's liquid foreign reserve assets accumulated a total growth of US\$ 1,356 million since end-July 2023, when the first deputy governor of the Central Bank took over as interim Chief after previous governor's term ended.

EXCHANGE RATES			
	28/06/2024	21/06/2024	29/12/2023
LP/US\$	89,500.00	89,500.00	15,000.00 →
LP/£	113,083.00	113,262.00	19,207.50 ↑
LP/¥	556.18	563.46	106.60 ↑
LP/SF	99,478.00	100,325.00	17,942.58 ↑
LP/Can\$	65,290.00	65,376.00	11,347.30 ↑
LP/Euro	95,756.00	95,693.00	16,695.00 ↓

# Bank Audi

## STOCK MARKET: EXTENDED WEEKLY EQUITY PRICE CONTRACTIONS

The Beirut Stock Exchange continued its nosedive this week, as reflected by a 0.5% retreat in the price index, mainly as some market players sought to lock in their gains. Three out of seven traded stocks registered price falls, while one stock posted price gains and three stocks saw no price change week-on-week.

A closer look at individual stocks shows that Byblos Bank's "listed" shares led the fall on the BSE this week, plunging by 10.0% to US\$ 0.63, followed by Holcim Liban's shares with -1.6% to US\$ 61.00 and Solidere "A" shares with -0.6% to US\$ 69.05. In contrast, Ciments Blancs Nominal's share price jumped by 9.4% to US\$ 35.00. Solidere "B" share price stood stable at US\$ 69.00. BLOM's GDR price remained unchanged at US\$ 3.25. Bank Audi's "listed" share price stayed quoted at US\$ 1.50.

As to trading volumes, the BSE total turnover rose from US\$ 2.9 million last week to US\$ 7.6 million, noting that Solidere shares captured the lion's share of activity (83.14%), followed by the industrial shares (15.43%) and the banking shares (1.43%). On a cumulative basis, the BSE total trading value expanded by 19.5% year-on-year during the first half of 2024 to reach US\$ 243 million. Concurrently, the BSE market capitalization contracted by 7.0% between end-June 2023 and end-June 2024. Within this context, the total turnover ratio, measured by the annualized trading value to market capitalization, reached 2.9% during the first half of 2024 compared to a lower turnover of 2.3% during the same period of 2023.

### AUDI INDICES FOR BSE

22/1/96=100	28/06/2024	21/06/2024	29/12/2023	
Market Cap. Index	702.73	705.92	868.20	↓
Trading Vol. Index	68.28	43.45	73.00	↑
Price Index	147.53	148.20	182.26	↓
Change %	-0.45%	-1.62%	2.34%	↓
	28/06/2024	21/06/2024	29/12/2023	
Market Cap. \$m	16,671	16,747	20,597	↓
No. of shares traded (Exc. BT)	173,616	87,030	54,721	↑
Value Traded \$000 (Exc. BT)	7,562	2,888	4,855	↑
<b>o.w. : Solidere</b>	<b>6,287</b>	<b>2,834</b>	<b>4,855</b>	<b>↑</b>
Banks	108	50	0	↑
Others	1,167	4	0	↑

## BOND MARKET: LEBANESE BONDS PLUNGE DEEPER INTO RED AMID SIMMERING GEOPOLITICAL TENSIONS

The Eurobond market dipped deeper into the red this week, with prices of sovereigns contracting by 0.13 pt across the board to reach 6.750 cents per US dollar, amid simmering geopolitical tensions and mounting concerns that the conflict can spiral out of control. This took place while Lebanon is grappling with an open-ended institutional crisis, and as the IMF suspended negotiations for a program with Lebanon until the election of a new President and the formation of a full-fledged cabinet. Accordingly, Lebanese sovereigns accumulated price gains of 0.75 pt since the beginning of the year 2024, noting that bond prices were quoted at 7.875 cents per US dollar ahead of the eruption of war on the 7th of October 2023.

### EUROBONDS INDICATORS

	28/06/2024	21/06/2024	29/12/2023	
Total tradable size \$m	31,793	31,793	31,793	→
<b>o.w.: Sovereign bonds</b>	<b>31,314</b>	<b>31,314</b>	<b>31,314</b>	<b>→</b>
Average Life	6.750	6.875	6.000	↓
Yield on US 5-year note	4.32%	4.24%	3.83%	↑

# Bank Audi

## INTERNATIONAL MARKET INDICATORS

	28-Jun-24	21-Jun-24	31-Dec-23	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	160.88	159.80	141.04	0.7%	14.1%
\$/£	1.265	1.265	1.273	0.0%	-0.7%
\$/Euro	1.071	1.069	1.104	0.2%	-3.0%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	39,118.86	39,150.33	37,689.54	-0.1%	3.8%
S&P 500	5,460.48	5,464.62	4,769.83	-0.1%	14.5%
NASDAQ	17,732.60	17,689.36	15,011.35	0.2%	18.1%
CAC 40	7,479.40	7,628.57	7,543.18	-2.0%	-0.8%
Xetra Dax	18,235.45	18,163.52	16,751.64	0.4%	8.9%
FT-SE 100	8,164.12	8,237.72	7,733.24	-0.9%	5.6%
NIKKEI 225	39,583.08	38,596.47	33,464.17	2.6%	18.3%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	2,326.75	2,321.98	2,062.98	0.2%	12.8%
SILVER OUNCE	29.14	29.55	23.80	-1.4%	22.5%
BRENT CRUDE (per barrel)	85.00	84.33	77.04	0.8%	10.3%
<b>LEADING INTEREST RATES (%)</b>					
1-month Libor	5.34	5.35	5.35	-0.01	-0.02
US Prime Rate	8.50	8.50	8.50	0.00	0.00
US Discount Rate	5.50	5.50	5.50	0.00	0.00
US 10-year Bond	4.40	4.26	3.88	0.14	0.52

Sources: Bloomberg, Bank Audi's Group Research Department

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