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The Consultation & Research Institute's index of consumer prices has surged by 112.7% in November 2020 compared to results of November 2019. The 12-month moving average recorded an increase of 56.0 %.

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With the cabinet formation process reaching a dead-end amid heightened domestic political bickering and ahead of a nationwide total lockdown, and given unprecedented talks about plans to exit the pegged exchange rate regime, Lebanon's capital markets saw this week a further deterioration in the Lebanese pound against the US dollar on the black FX market and extended price declines on the bond market, while the equity market registered shy price gains. In details, the Lebanese pound lost more ground against the US dollar on the parallel market, with the LP/US\$ exchange rate ranging between LP/US\$ 8,900 and LP/US\$ 8,950 on Wednesday as compared to LP/US\$ 8,570-LP/US\$ 8,620 at the end of last week. In parallel, activity in Lebanon's Eurobond market was mostly skewed to the downside this week. Most sovereigns registered price contractions of up to 0.95 pt. Accordingly, bond prices were in the range of 12.50 -13.87 cents per US dollar on Wednesday. On the equity market, the BSE posted shy price increase of 0.3% for the sixth consecutive week, while the total turnover remained stable week-on-week.

LEBANON MARKETS: WEEK OF JANUARY 11 - JANUARY 17, 2021

Money Market	↔	BSE Equity Market	↑
LP Tbs Market	↑	Eurobond Market	↓
LP Exchange Market	↓	CDS Market	-

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ECONOMY

A 113% PRICE INFLATION BETWEEN NOVEMBER 2019 AND NOVEMBER 2020 AS PER CRI

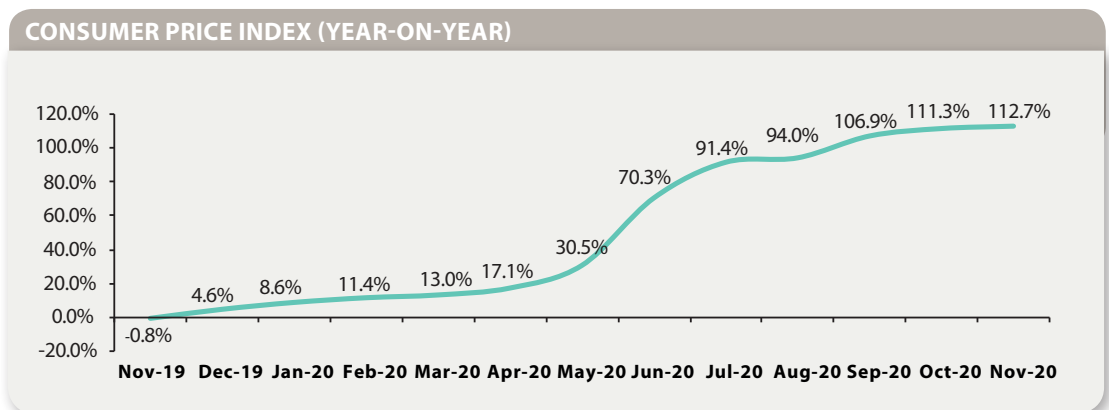
The Consultation & Research Institute’s index of consumer prices has surged by 112.7% in November 2020 compared to results of November 2019. The 12-month moving average recorded an increase of 56.03 %. All nine main indices registered increases this November. The highest increase was registered by the “Durable Consumer Goods” category (286.6%), followed by the “Apparel” category (147.6%), then by the “Food and Beverages” category (142.2%) and the “Transportation and Telecommunications” category (140.8%).

The November 2020 year-on-year “Food and Beverages” index has in fact significantly increased by 142.2 percent since November 2019. All of the four main indices registered increases this month, as follows: the “Alcoholic Beverages” category (183.7%), the “Nonalcoholic Beverages” category (171.3%), the “Tobacco Products” category (148.5%) and the “Food” category (140.8%). The index for “Food” increased by 140.8% compared to its level last year, as all of the twelve food group indices have witnessed increases this November. The most significant increase was registered in the “Grains and Nuts” category (247.9%), followed by the “Sugar and Confectioneries” category (203.9%), the “Chocolate and Candy” category (197.6%), the “Fish and Seafood” category (197.4%) and the “Fats and Oils” category (180.2%).

Apparel year-on-year prices registered 147.6% increase in November 2020. This was the result of the surge in the “Clothing and Sewing Materials” category (170.5%), and in the “Footwear” category (94.1%) this month. The “Durable Consumer Goods” index has boomed by 286.6% since November 2019. All eight indices have witnessed increases this November, most significantly those of the “Appliances” category (693.3%), followed by the “Linens” category (446.6%), the “Glassware” category (403.6%) and the “Household Furnishings” category (368.1%).

The healthcare index has increased by 33.81 percent since November 2019. This is due to the increases registered in the “Outpatient Services” category (65.0%), the “Medications and Medical Accessories” category (8.3%) and the “Inpatient Services” category (1.8% percent). The “Health Insurance” category kept stable in November 2020. The CPI component for “Transportation and Telecommunications” has significantly increased by 140.8% (year-on-year) in November 2020, due to the considerable increase in the “Transportation” category (152.0%); while the “Telephone Services” category remained unchanged this month. The index for education has increased by 9.9% from the previous year, due to the increase in the “Educational Books and Supplies” category (136.0%) and the “School Transportation” category (32.8%). On the other hand, a minor decrease was registered in the “Tuition Fees” category (-0.2%).

The index for recreation has increased by 62.8% compared to its results in November 2019, as both of its main categories increased: the “Reading Materials and Photography” category (238.5%) and the “Movies and Restaurants” category (26.5%). The index of “Other Goods and Services” has increased by 85.7% since November 2019. This was basically due to the increases registered in the “Personal Care” category (177.6%) and in the “Jewelry” category (27.6%).



Sources: Consultation and Research Institute, Bank Audi’s Group Research Department

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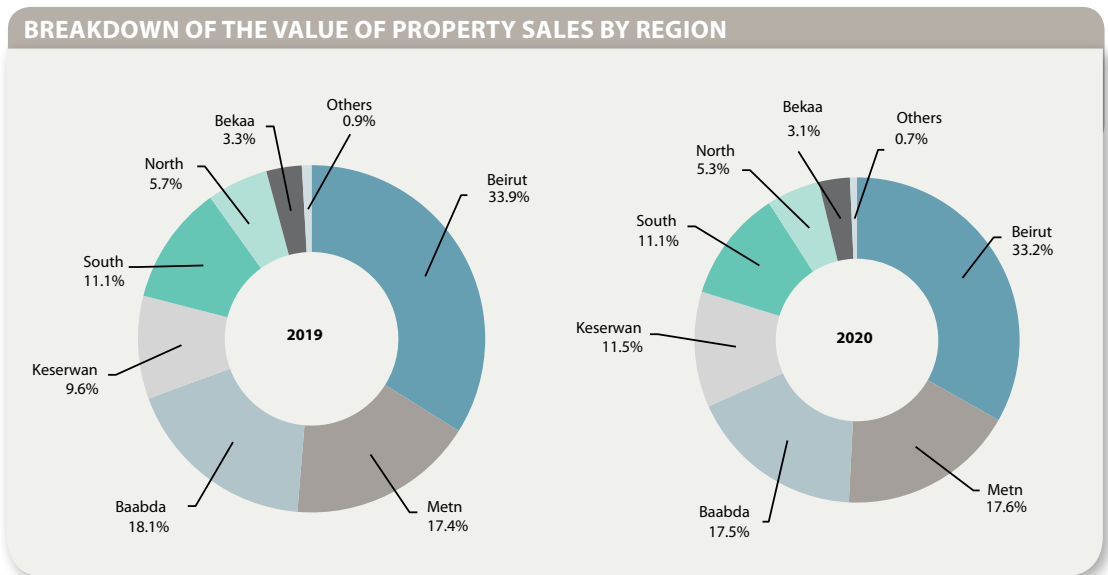
VALUE OF PROPERTY SALES RISING BY 110% IN FULL-YEAR 2020

According to the latest statistics published by the General Directorate of Land Registry and Cadastre, the number of sales operations went up considerably from 50,352 operations in 2019 to 82,202 operations in 2020, within the context of investors fleeing to real estate to escape any haircut on their financial investments, along with an increase in sales to foreigners by 26.6% year-on-year to reach 1,257 operations over the last year.

In parallel, the value of property sales transactions posted a noticeable rise of 110.4% year-on-year to reach a total of US\$ 14,387 million during 2020. Accordingly, the average sales value increased from US\$ 135,828 in 2019 to US\$ 175,015 in 2020.

As for the breakdown of the value of property sales, Beirut continued to capture the highest share over the last year with a share of 33.2%, followed by Metn with 17.6%, Baabda with a share of 17.5%, Keserwan with 11.5%, South with 11.1%, North with 5.3% and Bekaa with 3.1%.

It is worth mentioning that most of the regions recorded an increase in the value of sales transactions, with the most significant movements coming as follows: Keserwan (+153%), Metn (+112%) and Beirut (+106%). In parallel, property taxes recorded a hike of 123.0% to reach US\$ 673.8 million over the full-year 2020.



Sources: General Directorate of Land Registry and Cadastre, Bank Audi's Group Research Department

CEMENT DELIVERIES DROPPING BY 48% IN FIRST NINE MONTHS OF 2020

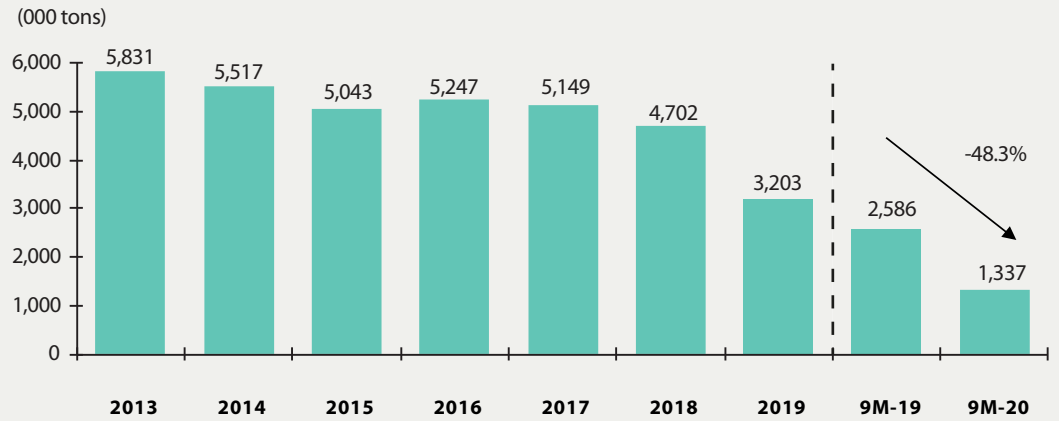
Cement deliveries, a coincident indicator of construction activity, declined by a yearly 48.3% in the first nine months of 2020, as recently released by the Central Bank of Lebanon.

Cement deliveries reached circa 1,337 thousand tons in the first nine months of 2020, down from 2,586 thousand tons in the corresponding period of 2019, reflecting a weakening construction activity.

It is worth mentioning that the month of September recorded the highest value in cement deliveries, since September 2019, with 315 thousand tons over the month when compared to a monthly average of 128 thousand tons over the first eight months of 2020.

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CEMENT DELIVERIES



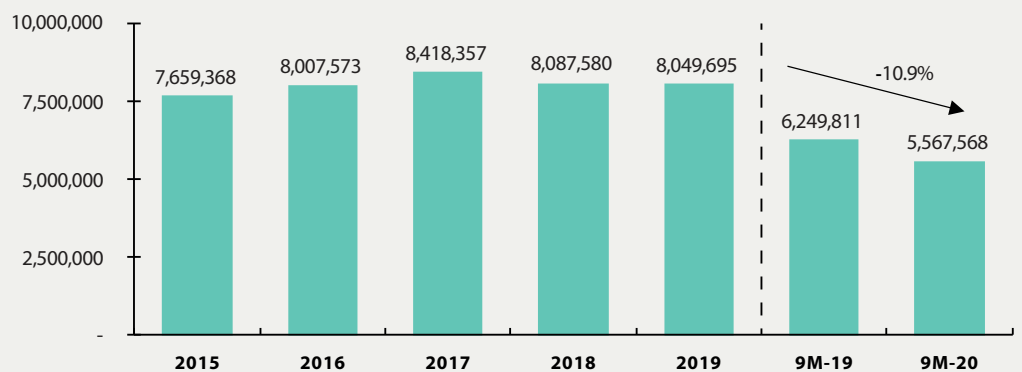
Sources: BDL, Bank Audi's Group Research Department

IMPORTS OF PETROLEUM DERIVATIVES DOWN BY A YEARLY 11% IN FIRST NINE MONTHS OF 2020

Imports of petroleum derivatives registered a drop by 10.9% over the first nine months of 2020 when compared to the first nine months of 2019, from 6,249,811 metric tons to 5,567,568 between the two periods, as released by the Central Bank of Lebanon.

It is worth noting that the imports of petroleum derivatives to Lebanon stood at 8,049,695 metric tons in 2019, down by a yearly 0.5% from 8,087,580 metric tons in the previous year.

IMPORTS OF PETROLEUM DERIVATIVES (METRIC TONS)



Sources: BDL, Bank Audi's Group Research Department

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SURVEYS

NINE OUT OF TEN SYRIAN REFUGEE FAMILIES IN LEBANON ARE NOW LIVING IN EXTREME POVERTY, UN SAYS

UNHCR, the UN Refugee Agency, the United Nations World Food Program (WFP), and the United Nations Children's Fund (UNICEF) published the key findings of the 2020 Vulnerability Assessment of Syrian Refugees in Lebanon (VASyR).

The economic downturn, steep inflation, COVID-19 and finally the Beirut blast have pushed vulnerable communities in Lebanon – including Syrian refugees – to the brink, with thousands of families sinking further into poverty and vulnerability.

One of the most concerning indicators of the impact of the compounded crises Syrian refugees have been facing in Lebanon is the sharp increase in the proportion of households living under the extreme poverty line, reaching a staggering 89% in 2020, up from 55% only a year before, as per the UN.

They now live on less than LBP 308,728 per person per month – this is less than half the minimum wage in Lebanon. The consecutive crises have affected all communities in Lebanon – Lebanese, refugees, migrants, and others – and the most vulnerable are the hardest hit. The situation of Syrian refugees in Lebanon has been deteriorating for years, but the findings of this year's survey are a dramatic indication of how difficult it has become for them to make it through another day, as per the same source.

The findings of the survey have indicated that the average amount of debt accumulated by households has increased by 18% with an average debt of nearly LBP 1,840,000 per family. The main reason for incurring debt was buying food (93%), followed by rent and medicine at 48% and 34% respectively. Similar to the previous year, 9 out of 10 households continue to be in debt, indicating that Syrian refugee households continue to lack enough resources to cover their basic needs.

Food prices have almost tripled in Lebanon since October 2019, increasing by about 174%. At the same time, income opportunities have drastically shrunk due to the sharp economic slowdown the country has seen over the past twelve months. Half of Syrian refugee families surveyed were found to be suffering from food insecurity, compared to 28% at the same time in 2019.

Households with inadequate diets have doubled compared to the previous year (25% in 2019 to 49% in 2020), while the number of those resorting to damaging food coping mechanisms such as reducing the number of meals per day or reducing food portions is also on the rise.

Female-headed households are slightly more food insecure than male-headed households, and a far higher proportion of female-headed households (68%) than male-headed households (13%) are using coping strategies categorized as "crisis level" or "emergency level". Crisis coping strategies include marriage of children under the age of 18, selling productive assets, withdrawing children from school, and reducing expenditure on education and health. Emergency coping strategies include begging, accepting high-risk jobs or sending children to work.

Due to COVID-19 pandemic, public schools in Lebanon were all closed starting March 2020, and remote learning was introduced across the country. 65% of school-aged children (ages 6-17) enrolled in schools were reported to only have attended school in person, before the closure in March 2020. The remaining 35% had some access to remote/distance learning, of whom one third were not able to follow such lessons, mostly due to lack of or insufficient internet.

The percentage of children aged between 5 and 17 years old who are engaged in child labor almost doubled, up from 2.6% in 2019 to 4.4% in 2020. Boys are more involved in child labor (6.9%) than girls (1.6%).

Similar to 2019, close to 70% of Syrian refugees continue to lack legal residency. This affects all aspects of refugees' lives, not only in terms of restricting movement due to increased risk of arrest and detention, but also in posing

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additional challenges in securing housing and accessing livelihoods. While improvements in birth registration were noted in 2019, this did not carry over to 2020. In 2020, only 28% of births that had occurred in Lebanon were registered with the Foreigners' Registry, compared to 30% in 2019 and 21% in 2018. However, almost all births (98%) have the minimum documentation (doctor or midwife certificate). Similar to previous years, competition for jobs was cited by a number of families (40%) as one of the main drivers for tensions between refugee and host communities, however, this is a stark decrease from 2019 (51%). Families citing competition for resources also decreased from 20% in 2019, to only 8% in 2020.

THE OUTLOOK FOR LEBANON'S TRADE ENVIRONMENT SUBDUED OVER THE MEDIUM TERM, AS PER FITCH SOLUTIONS

According to Fitch Solutions' "Lebanon Trade and Investment Risk Report", Lebanon has a tradition of free trade and liberal investment policies, with a combination of free market pricing and an unrestricted exchange and trade system, thus boosting its competitiveness against regional peers. The government continues to favor a strong role for the private sector in a liberal policy environment. However, the crisis in neighboring Syria has negatively affected Lebanon's operating environment, with the influx of a large number of refugees straining public finances for the government, which is one of the most indebted in the world. The conflict has also obstructed Lebanon's access to major markets and a transport corridor through the Levant. Meanwhile, the government has been slow in implementing some of the much needed reforms to place the economy on long-term sustainability, with much of public spending being directed towards non-productive activities, such as debt servicing, electricity subsidies and employees' salaries, which will continue to undermine Lebanon's economic competitiveness over the medium term.

Overall, Lebanon has a moderately high score of 67.7 out of 100 for Economic Openness, ranking in a competitive fourth position out of the 18 states in the MENA region, only behind the UAE, Bahrain and Jordan, and 41st globally, as per the report. The blast that took place in August resulted in extensive damage to the port of Beirut and the entire city. In addition, infrastructure was destroyed such as hospitals, residential and commercial property. The blast has exacerbated the severe economic challenges facing the country, particularly in Beirut, such as insufficient power supply, rampant inflation, high unemployment, rising crime levels and endemic food shortages.

While international support is being received and an emergency fund of US\$ 66 million has been set up for relief efforts, risks to business activity and, in turn, economic recovery are tilted to the downside, as per Fitch Solutions. The COVID-19 crisis is causing severe disruptions to business activity in Lebanon. The local economy is being hit by the ongoing global recession and resultant loss of external demand, which will place downside pressure on key sectors such as tourism, which is estimated to contribute almost 20% to Lebanon's overall GDP. This contributes to the country's poor economic outlook. The government does not have sufficient fiscal and monetary policy flexibility to launch large-scale stimulus packages in support of the economy, meaning the impact of the crisis may be more acutely felt in the country compared to regional peers. The lack of financial support is a significant threat to business continuity and elevates the risk of permanent business closure for some enterprises, as per the same source.

Moreover, cross border trade in Lebanon faces significant downside risks, following the twin explosion in August that destroyed the port of Beirut, previously the country's largest port. Freight shipment will have to rely primarily on Tripoli port for international entry to and exit from the country. Given the damages to utility infrastructure, limited transport alternatives and underinvestment in hard infrastructure, businesses will face elevated supply chain risks, such as congestion, increased lead times and transport inefficiencies, as per Fitch Solutions. The outlook for Lebanon's trade environment over the medium term is somewhat subdued. The country's lack of productive, export-led industries results in a wide current account deficit, which will not narrow given the pressure on export growth caused by disruption in major trade partners, travel sanctions imposed by Gulf states and the disturbance caused by the persistently fragile political system. Nevertheless, the country's import-reliant economy generally offers an open environment for international trade, with few major regulatory, tariff or customs barriers impeding trade flows. Consequently, Lebanon scores 65.2 out of 100 for Trade Openness, ranking it fourth out of 18 countries in MENA.

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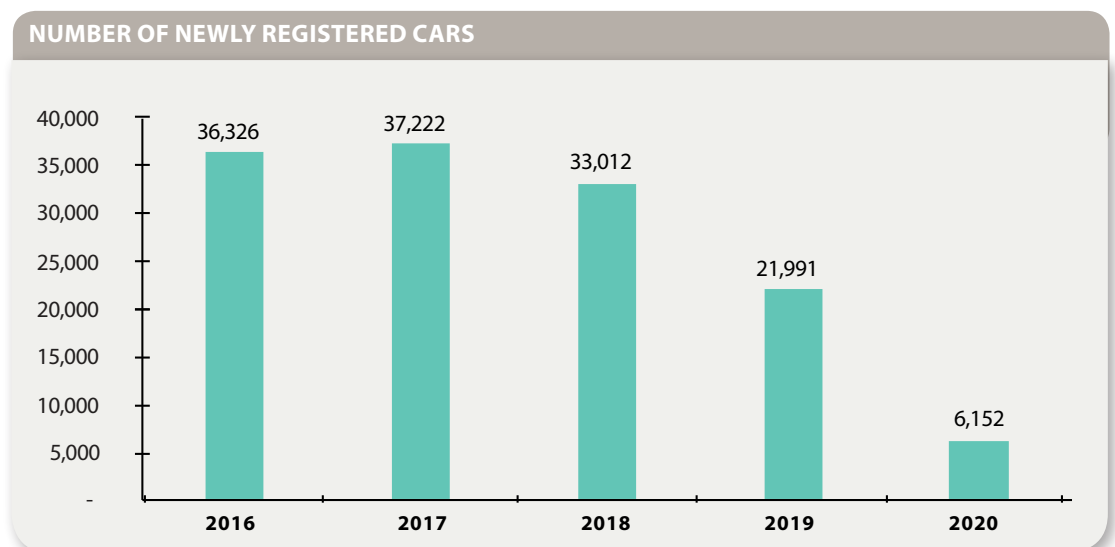
CORPORATE NEWS

NEWLY REGISTERED CARS AT A MERE 6,152 IN 2020, DOWN BY 72.0%

According to data compiled by the Association of Car Importers in Lebanon, the number of newly registered passenger cars stood at 6,152 in 2020, declining by 72.0% from a total of 21,991 in 2019.

In December 2020, the number of cars registered stood at 450, down by 36.3% from 706 cars registered in the same month of 2019. The taxes paid by car importer companies to the State Treasury declined from US\$ 265 million in 2018 to US\$ 178 million in 2019 and to less than US\$ 33 million in 2020.

According to a recent statement, as a result of the dramatic Port of Beirut explosion, the damages that the importers of new cars incurred in their properties are estimated at tens of millions of dollars.



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

LEBANON SIGNS DEAL WITH PFIZER FOR 2.1 MILLION VACCINE DOSES

Lebanon finalized a deal with Pfizer on Sunday for 2.1 million doses of the Pfizer-BioNTech's COVID-19 vaccine, amid surge in infections that has overwhelmed the country's health care system.

The doses are to arrive in Lebanon starting early February, according to Lebanon's health ministry. The government's statement said the Pfizer vaccines will be complemented with another 2.7 million doses from the UN-led program to provide for countries in need. It gave no date for when those doses are expected to arrive but said the agreement was signed in October.

Another two million doses are being negotiated in coordination with Lebanon's private sector and the other international pharmaceutical companies that have developed the vaccines, the ministry said. It named Oxford-AstraZeneca and China's Sinopharm as the international sources.

TRIPOLI PORT CONSIDERED A MAIN STATION OF MARINE SHIPPING ROUTES BY CMA CGM

The Administration of Tripoli's Port in North Lebanon announced in a statement that the Lebanese-owned

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CMA CGM, has officially considered the port of Tripoli as a main station in the eastern Mediterranean within the two marine routes of its vessels.

The two maritime routes will include the port of Tripoli for local cargo and transshipment services and will increase the monthly rate of container ships visiting the port of Tripoli from 12 vessels to 22 vessels.

The first maritime line, which is called Med Express, will pass through the ports of Hamad (Qatar), Jabal Ali (Emirates), Karachi (Pakistan), Nhava Shava (India), Kessandra (India), Jeddah (Saudi Arabia), Tripoli (Lebanon), Paraius (Greece), Malta and Genoa (Italy).

The second marine line, which is called Megam, will pass through the ports of Jabal Ali (Emirates), Hamad (Qatar), Dammam (Saudi Arabia), Jubail (Saudi Arabia), Jeddah (Saudi Arabia), Port Said (Egypt), Tripoli (Lebanon), and Mersin (Turkey).

In parallel, CMA CGM customers will benefit from the Group's high value-added services across all services, including: CMA CGM+, a complete package of 19 products and services designed to protect cargo and expand the business of the Group's customers. The second is Act with CMA CGM +, a range of 4 services enabling the Group's customers to analyze their environmental footprint, choose cleaner alternative energy sources and to offset the emissions generated during the transport of their goods.

Committed to the energy transition of maritime transportation, CMA CGM will deploy by the end of the year 18 LNG-powered containerships, of which 9 23,000-TEU vessels will sail on the French Asia Line (FAL) between Asia and Northern Europe, as per a statement by CMA CGM.

In addition, the Group will offer its customers a complete door-to-door offering of inland and logistics solutions including road, rail and inland waterway options.

On another level, the CMA CGM Group will be providing with the signing of Ocean Alliance Day 5 Product, as of April 2021, even more effective solutions to answer its customers' needs, with additional port calls, more direct links and shorter transit times. The Group's customers will enjoy an optimized and highly competitive offer based on: The use of 333 containerships, 113 of which will be operated by the CMA CGM Group, which continues to play a major role in Ocean Alliance, 39 services and an estimated capacity of around 4.1 million TEUs (Twenty-foot Equivalent Units), as per the same source.

Launched in 2017, Ocean Alliance is the world's largest operational collaboration between shipping companies.

EMIRATI START-UP FLEXXPAY RELOCATES CALL CENTER TO LEBANON

The Emirati fin-tech start-up Flexxpay just set up its customer service department in Lebanon.

Co-founded in 2018 by a Lebanese, Flexxpay is an application that allows employees to cash part of their salary before the end of the month.

The application targets employees in Gulf countries, mainly English or Arabic speaking. Since the start of the COVID-19 pandemic, and the digitization that followed, the number of Flexxpay users has increased nine-fold.

Flexxpay now have several thousand customers, as per its co-founder.

However, the call center sector is struggling to develop in Lebanon, due to the telecommunications infrastructure, as per the co-founder.

The start-up opted for calls transmitted via the Internet, which takes up less space than the telephone network. Despite this, it sometimes encounters difficulties, as per the same source.

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CAPITAL MARKETS

MONEY MARKET: FURTHER CONTRACTIONS IN RESIDENT DEPOSITS FOR NINTH CONSECUTIVE WEEK

With the local currency liquidity remaining quite abundant on the money market, the overnight rate remained stable at 3.0% this week, noting that its official rate is quoted at 1.90%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 31st of December 2020 showed that total resident banking deposits continued to trace a downward trajectory for the ninth consecutive week, contracting by LP 393 billion. This is mainly attributed to a LP 380 billion fall in total LP resident deposits amid a LP 275 billion drop in LP demand deposits and a LP 105 billion decline in LP saving deposits, while foreign currency resident deposits contracted slightly by LP 13 billion (the equivalent of US\$ 8 million as per the official rate of LP 1,507.5). On a cumulative basis, total resident deposits contracted by LP 22,350 billion over the year 2020, mainly due to a LP 15,511 billion fall in total LP resident deposits and a LP 6,839 billion decline in foreign currency resident deposits.

INTEREST RATES

	13/01/21	08/01/21	31/12/20	
Overnight rate (official)	1.90%	1.90%	1.90%	↔
7 days rate	2.00%	2.00%	2.00%	↔
1 month rate	2.75%	2.75%	2.75%	↔
45-day CDs	2.90%	2.90%	2.90%	↔
60-day CDs	3.08%	3.08%	3.08%	↔

Source: Bloomberg

TREASURY BILLS MARKET: NOMINAL WEEKLY SURPLUS OF LP 16 BILLION

The latest Treasury bills auction results for value date 14th of January 2021 showed that the Central Bank of Lebanon allowed banks to subscribe in full to the six-month category (offering a yield of 4.0%), the two-year category (offering a coupon of 5.0%) and the ten-year category (offering a coupon of 7.0%).

In parallel, the Treasury bills auction results for value date 7th of January 2021 showed that total subscriptions amounted to LP 130 billion, distributed as follows: LP 20 billion in the three-month category (offering a yield of 3.50%), LP 26 billion in the one-year category (offering a yield of 4.50%) and LP 84 billion in the five-year category (offering a coupon of 6.0%). These compare to maturities of LP 114 billion, resulting into a nominal weekly surplus of LP 16 billion.

FOREIGN EXCHANGE MARKET: FURTHER DETERIORATION IN LP/US\$ RATE ON RISING POLITICAL TENSIONS

With the cabinet formation process reaching a deadlock amid heightened political bickering, and shortly ahead of a nationwide total lockdown, and as the Central Bank governor unveiled plans to exit the pegged exchange rate regime and unify the multiple rates, signaling that any floatation of the currency would depend on negotiations with the IMF following government formation, the black FX market saw a further deterioration of the Lebanese pound against the US dollar over this three-day week.

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TREASURY BILLS

	13/01/21	08/01/21	31/12/20	
3-month	3.50%	3.50%	3.50%	↔
6-month	4.00%	4.00%	4.00%	↔
1-year	4.50%	4.50%	4.50%	↔
2-year	5.00%	5.00%	5.00%	↔
3-year	5.50%	5.50%	5.50%	↔
5-year	6.00%	6.00%	6.00%	↔
7-year	-	-	6.50%	
10-year	-	7.00%	7.00%	
Nom. Subs. (LP billion)		130	122	
Short-term (3&6 mths)		20	-	
Medium-term (1&2 yrs)		26	-	
Long-term (3 yrs)		-	20	
Long-term (5 yrs)		84	-	
Long-term (7 yrs)		-	102	
Maturities		114	191	
Nom. Surplus/Deficit		16	-69	

Sources: Central Bank of Lebanon, Bloomberg

The LP/US\$ exchange rate ranged between LP/US\$ 8,900 and LP/US\$ 8,950 on Wednesday as compared to LP/US\$ 8,570-LP/US\$ 8,620 at the end of last week.

EXCHANGE RATES

	13/01/21	08/01/21	31/12/20	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	2,061.36	2,050.35	2,048.54	↓
LP/¥	14.50	14.52	14.61	↑
LP/SF	1,697.44	1,701.08	1,706.67	↑
LP/Can\$	1,183.10	1,189.07	1,178.66	↑
LP/Euro	1,835.38	1,845.18	1,851.21	↑

Source: Bank Audi's Group Research Department

STOCK MARKET: EXTENDED WEEKLY SHY PRICE RISES ON THE BSE

The BSE price index remained on the rise, closing at 63.85 on Wednesday as compared to 63.67 at the end of last week, up by 0.3%. Three out of six traded stocks posted price gains, while one stock recorded price declines and two stocks saw no price change week-on-week. In details, Solidere "A" shares led the advance on the BSE this week, registering price increases of 1.2% to reach US\$ 18.98, followed by Solidere "B" shares with +0.9% to US\$ 18.57 and Bank Audi's "listed" shares with +0.8% to US\$ 1.21. In contrast, BLOM's GDR price fell by 3.6% to US\$ 2.12. Holcim Liban's share price stood unchanged at US\$ 13.13.

As to trading volumes, the BSE total turnover was restricted to US\$ 1.17 million this week, with a slight change relative to the previous week, noting that Solidere shares continued to capture the lion's share of activity (92.3%) amid a flight to realty stocks.

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AUDI INDICES FOR BSE

22/1/96=100	13/01/21	08/01/21	31/12/20	
Market Cap. Index	304.17	303.30	302.49	↑
Trading Vol. Index	17.44	13.38	86.63	↑
Price Index	63.85	63.67	63.50	↑
Change %	0.28%	0.27%	4.60%	↑
	13/01/21	08/01/21	31/12/20	
Market Cap. \$m	7,216	7,196	7,176	↑
No. of shares traded (Exc. BT)	64,532	106,202	650,340	↓
Value Traded \$000 (Exc. BT)	1,173	1,201	5,834	↓
o.w. : Solidere	1,083	1,168	5,565	↓
Banks	90	33	264	↑
Others	0.04	0.0	5	↑

Sources: Beirut Stock Exchange, Bank Audi's Group Research Department

BOND MARKET: LEBANESE BOND PRICES ON THE DECLINE AMID INTENSIFIED POLITICAL BICKERING

Lebanese Eurobond prices remained on the decline this week amid intensified political bickering and a stubborn cabinet deadlock and on prospects of long-delayed negotiations with bondholders. 21 out of 29 sovereign Eurobonds maturing between 2020 and 2037 registered price contractions this week at a range hovering between 0.03 pt and 0.95 pt, while three papers posted price gains of up to 0.20 pt and five papers saw no price change week-on-week. Accordingly, prices of Lebanese Eurobonds ranged between 12.50 cents per US dollar and 13.87 cents per US dollar on Wednesday as compared to 12.83-14.82 cents per US dollar at the end of last week.

EUROBONDS INDICATORS

	13/01/21	08/01/21	31/12/20	
Total tradable size \$m	32,364	32,364	32,364	↔
o.w.: Sovereign bonds	31,314	31,314	31,314	↔
Average Yield	58%	58%	57%	↔
Average Life	7.03	7.03	7.04	↔
Yield on US 5-year note	0.50%	0.46%	0.37%	↑

Source: Bank Audi's Group Research Department

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INTERNATIONAL MARKET INDICATORS

	15-Jan-21	08-Jan-21	31-Dec-20	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	103.87	103.96	103.32	-0.1%	0.5%
\$/£	1.359	1.357	1.367	0.1%	-0.6%
\$/Euro	1.208	1.222	1.222	-1.1%	-1.1%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	30,814.26	31,097.97	30,606.48	-0.9%	0.7%
S&P 500	3,768.25	3,824.68	3,756.07	-1.5%	0.3%
NASDAQ	12,998.50	13,201.98	12,888.28	-1.5%	0.9%
CAC 40	5,611.69	5,706.88	5,551.41	-1.7%	1.1%
Xetra Dax	13,787.73	14,049.53	13,718.78	-1.9%	0.5%
FT-SE 100	6,735.71	6,873.26	6,460.52	-2.0%	4.3%
NIKKEI 225	28,519.18	28,139.03	27,444.17	1.4%	3.9%
COMMODITIES (in US\$)					
GOLD OUNCE	1,828.45	1,849.01	1,898.36	-1.1%	-3.7%
SILVER OUNCE	24.77	25.42	26.40	-2.6%	-6.2%
BRENT CRUDE (per barrel)	55.10	55.90	51.80	-1.4%	6.4%
LEADING INTEREST RATES (%)					
1-month Libor	0.13	0.13	0.14	0.00	-0.01
US Prime Rate	3.25	3.25	3.25	0.00	0.00
US Discount Rate	0.25	0.25	0.25	0.00	0.00
US 10-year Bond	1.08	1.12	0.91	-0.04	0.17

Sources: Bloomberg, Bank Audi's Group Research Department

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