

Lebanomics

**1st Quarter of
2011**

Lebanon's
Dashboard
of Economic
Indicators

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► General Macroeconomic Indicators

	2006	2007	2008	2009	2010
• Population (Millions)	3.759	3.759	3.808	3.857	3.908
• GDP¹					
- Nominal GDP (Billions LBP)	33,826	37,774	45,124	52,051	59,165
- Nominal GDP (Millions USD)	22,439	25,057	29,933	34,528	39,248
- GDP Deflator ²	705	732	800	847	889
- Nominal GDP per Capita (Thousands LBP)	8,999	10,049	11,850	13,649	15,141
- Real Growth Rate	0.60%	7.50%	9.30%	8.00%	7.50%
- Percent Change in Nominal GDP	2.64%	11.67%	19.46%	15.35%	13.67%
- Inflation ³	7.21%	5.96%	6.36%	3.41%	4.5%
• Reserves (Millions USD)					
- Gross Foreign Currency Reserves	10,207	9,778	17,062	25,660	25,598
- Gold	5,807	7,640	8,032	10,062	13,010
- Gold (Thousands Troy Ounces)	9,222	9,222	9,222	9,222	9,222
• Public Finance (Billions LBP)					
- Government Revenues	7,316	8,749	10,553	12,705	12,684
- Government Expenditures	11,879	12,587	14,957	17,167	17,047
- Government Deficit	(4,564)	(3,838)	(4,404)	(4,462)	(4,363)
- Primary Deficit / Surplus ⁴	(7)	1,102	900	1,625	1,855
- Government Deficit as a % of Nominal GDP	13.5%	10.2%	9.8%	8.6%	7.4%
• Foreign Trade					
- Current Account Balance as a % of GDP	5.27%	6.78%	9.25%	9.49%	11.09%
• Public Debt (Billions LBP)					
- Gross Public Debt	60,857	63,364	70,941	77,112	79,301
- Local Currency Debt	30,204	31,373	39,007	44,973	48,255
- Foreign Currency Debt	30,653	31,991	31,934	32,139	31,046
- Gross debt as % of GDP	180%	168%	157%	148%	134%
• Industry					
- Total Exports (Millions LBP)	3,442	4,247	5,246	5,254	5,912
- Electricity Production (Millions KWH)	10,214	10,548	11,189	11,920	12,458
- Cement Deliveries (Thousands Tons)	3,423	3,945	4,219	4,897	5,227
• Construction					
- Construction Permits Issued (Thousands sqm)	8,693	9,038	16,024	14,340	17,608
• Commerce					
- Port of Beirut Ship Activity (Number of ships)	1,829	2,187	2,055	2,395	2,285
- Port of Beirut Activity (Thousands incoming, outgoing, transit tons)	4,342	5,351	5,917	6,494	6,472
- Beirut Airport Activity (Thousands arrivals, departures, transfers)	2,825	3,409	4,085	4,985	5,553
• Remittances (Millions USD)					
- Inflows	5,202	5,769	7,181	7,558	8,177
- Outflows	3,445	2,967	4,366	5,749	N/A
• FDI Flows (Millions USD)					
- Inward	3,132	3,376	4,333	4,804	N/A
- Outward	875	848	987	1,126	N/A

1. All GDP figures for 2010 are IMF estimates and may be subject to change.

2. GDP Deflator is defined as (Nominal GDP / Real GDP) * 100.

3. Inflation reflects end of period consumer prices as estimated by the IMF.

4. Surplus or deficit, excluding debt related payments.

Note: Exchange rate of 1,507.5 LBP = 1 USD used to convert between currencies.

► Central Bank Balance Sheet

Billions LBP	Q2 10	Q3 10	Q4 10	Q1 11	YoY	YTD
• Assets						
- Gold	17,291	18,266	19,613	19,925	29.23%	1.59%
- Foreign Currencies	41,328	42,905	43,111	43,025	5.06%	-0.20%
- Claims on Private Sector	365	371	350	353	0.21%	0.93%
- Loans to Banks and Financial Corporations	1,404	1,413	1,136	1,765	-4.45%	55.30%
- Claims on Public Sector	257	246	218	206	-26.33%	-5.40%
- Securities Portfolio	16,284	15,574	17,681	18,377	14.14%	3.94%
- Fixed Assets	405	405	404	375	-8.46%	-7.14%
- Unclassified Assets ¹	10,447	11,487	11,868	13,045	40.83%	9.92%
Total Assets	87,781	90,667	94,381	97,072	14.71%	2.85%
• Liabilities						
- Currency in Circulation outside BDL	2,761	2,885	3,088	3,020	10.60%	-2.21%
- Deposits of Banks and Financial Corporations ²	56,552	59,082	59,559	62,455	12.80%	4.86%
- Liabilities to the Private Sector	40	44	45	24	-25.03%	-46.65%
- Public Sector Accounts	8,719	7,370	9,312	8,166	-10.02%	-12.31%
- Valuation Adjustment	8,744	9,842	11,170	11,595	66.61%	3.80%
- Securities Other than Shares ³	3,015	3,015	3,015	3,015	0.00%	0.00%
- Foreign Liabilities	381	367	353	353	-13.79%	0.00%
- Special Long-term Liabilities	2,503	2,503	2,503	2,503	0.00%	0.00%
- Capital Accounts	3,276	3,276	4,279	4,279	28.03%	0.00%
- Unclassified Liabilities ⁴	1,788	2,282	1,056	1,662	39.33%	57.3k3%
Total Liabilities	87,781	90,667	94,381	97,072	14.71%	2.85%

Note: Totals may be slightly off due to rounding

1. Unclassified assets include the following items: other debtor accounts, counterparty securities, accounts receivable, a regularization account, inventory and fixed assets.

2. Includes investment banks and financial institutions.

3. Certificates of Deposit issued by BDL.

4. Unclassified liabilities include the following items: notes payable, other creditor accounts and regularization accounts.

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.

Source: BDL

► Public Revenues

Billions LBP	Q2 10	Q3 10	Q4 10	Q1 11	YoY	TTM
• Total Revenues (a+b)	3,464	2,775	3,361	2,728	-11.54%	-4.88%
a. Treasury Receipts	166	178	152	178	4.71%	-3.16%
b. Budget Revenues (i+ii)	3,298	2,597	3,209	2,550	-12.49%	-4.98%
i. Tax Revenues	2,958	2,340	2,317	2,244	-4.39%	6.15%
- Taxes on Income, Profits & Capital Gains (including Income Tax on Profits, Wages and Salaries, Capital Gains and Dividends; Tax on Interest Income (5%); Penalties on Income Tax)	959	333	327	460	6.73%	9.59%
- Taxes on Property (including Built Property Tax, Real Estate Registration Fees)	292	244	277	289	5.09%	20.57%
- Domestic Taxes on Goods & Services (including Value Added Tax and Taxes on Goods and Services, especially Private Car Registration Fees and Passenger Departure Tax)	879	915	922	847	-2.31%	5.92%
- Taxes on International Trade (including Customs; Excises on Gasoline, Tobacco and Cars)	713	751	675	536	-19.16%	-1.18%
- Other Tax Revenue (namely fiscal stamp fees)	115	97	116	112	0.90%	8.35%
ii. Non-tax Revenues	340	258	892	305	-46.21%	-39.91%
- Income from Public Institutions and Gov't Prop. (including non-financial public enterprises such as Casino du Liban, Port of Beirut, National Lottery and Telecoms; transfers from BDL; Property Income, namely rent from RHIA; other interests)	187	106	695	145	-64.46%	-52.54%
- Administrative Fees & Charges (including fees for notaries, passports, public security, vehicle control, driving licenses and judicial fees; work permit fees; and more)	125	120	158	131	0.76%	6.37%
- Penalties and Confiscations	1	3	2	2	0.00%	14.29%
- Other Non-tax Revenues (mostly retirement deductibles)	27	29	37	27	8.00%	23.71%

Note: Totals may be slightly off due to rounding

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.

TTM figures represent the percent difference in the cumulative amount from the most recent four quarters as compared to the same four quarters a year earlier.

Source: MOF, Directorate General of Finance

Reduction of gasoline
excise tax by LBP
5,000 / 20 liter

► Public Expenditures

Billions LBP	Q2 10	Q3 10	Q4 10	Q1 11	YoY	TTM
• Total Expenditures	3,982	4,485	4,636	4,383	11.13%	5.50%
a. Current Expenditures	3,478	3,886	3,804	3,962	11.57%	4.44%
i. Interest Payments (including local and foreign currency debt)	1,485	1,583	1,428	1,375	-1.50%	1.07%
ii. Transfers to Electricite du Liban	344	401	547	504	-0.20%	6.97%
ii. Other Current Expenditures (including personnel costs; foreign debt principal repayment; materials and supplies; and more)	1,648	1,902	1,829	2,083	26.24%	6.63%
b. Capital Expenditures (including equipment and maintenance for ongoing infrastructure construction; and more)	135	197	186	224	29.48%	29.49%
c. Other Treasury Expenditures	357	388	634	188	-9.62%	7.18%
d. Unclassified Expenditures	2	1	0	0	-100.00%	-25.00%
e. Customs Administration	10	13	12	10	-9.09%	45.16%

Note: Totals may be slightly off due to rounding

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.
TTM figures represent the percent difference in the cumulative amount from the most recent four quarters as compared to the same four quarters a year earlier.

Notice that "transfers to EDL" has been reclassified from "other treasury expenditures" to "various transfers".

Source: MoF; Directorate General of Finance

From ↑ in:
 . Salaries & wages
 . Transfer to NSSF
 . Hospital expenses
 . Wheat subsidies

► Government Budget

Cumulative through Q1 11 - Billions LBP	Jan-Mar10	Jan-Mar11	% Change
• Revenues	3,084	2,728	-11.54%
• Expenditures	3,945	4,383	11.10%
• Deficit / Surplus	- 861	-1,655	92.22%

Source: MoF

► Public Debt

Billions LBP	2008	2009	2010	Mar 2011	YTD
• Gross Public Debt (a+b)	70,941	77,112	79,301	79,279	-0.03%
a. Local Currency Debt	39,007	44,973	48,255	47,841	-0.86%
i. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ¹	8,781	10,334	13,130	14,585	11.08%
ii. Commercial Banks	24,320	27,286	27,214	25,393	-6.69%
iii. Other Local Currency Debt (T-Bills)	5,906	7,353	7,911	7,863	-0.61%
iv. o/w Public Entities	5,062	6,078	6,268	6,481	3.40%
v. Accrued Interest Included in Debt	1,001	999	867	857	-1.15%
b. Foreign Currency Debt²	31,934	32,139	31,046	31,438	1.26%
i. Bilateral, Multilateral and Foreign Private Sector Loans	2,855	2,713	2,621	2,669	1.62%
ii. Paris II related Debt (Eurobonds and Loans) ³	5,456	4,819	4,137	4,053	-2.05%
iii. Paris III related Debt (Eurobonds and Loans) ⁴	1,849	1,963	1,855	1,848	-0.35%
iv. Market-issued Eurobonds	20,925	21,736	21,870	22,346	2.18%
v. Accrued interest on Eurobonds	430	460	483	448	-7.25%
vi. Special T-Bills in Foreign Currency ⁵	419	447	74	74	0.00%
• Public Sector Deposits	8,326	10,522	11,419	10,506	-8.00%
• Net Debt	62,615	66,590	67,882	68,773	1.31%
• Gross Market Debt⁶	46,992	51,231	51,308	49,663	-3.19%
• Gross Market Debt as % of Gross Public	66%	66%	65%	63%	-3.08%

Reflects 2 debt replacement schemes + weekly auction results

Note:

1. The BDL has extended loans to EDL for the equivalent amount of US \$300 million to purchase fuel oil. These loans are listed as public debts as they are government guaranteed.
2. Figures for Dec 05—Dec 10 may differ from previously published data due to updated information regarding bilateral and multilateral loans in the DMFAS system.
3. Paris II related debt (Eurobonds and Loans) including Eurobonds originally issued at US \$1,870 billion to BDL in the context of Paris II conference.
4. Issued to Malaysia as part of its Paris III contribution, IBRD loan, UAE loan, first tranche of the French loan received in February 2008, IMF loans, first tranche EC/EU loan, and AMF loan disbursed in June 2009.
5. Special T-Bills in Foreign currency (expropriation bonds).
6. Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

Source: MOF, BDL

► Domestic Debt by Maturity

Billions LBP	Q2 10	Q3 10	Q4 10	Q1 11	YOY	YTD
• 3 Month T-Bills	187	347	75	102	-26.62%	36.00%
• 6 Month T-Bills	989	949	2,111	1,725	22.08%	-18.29%
• 12 Month T-Bills	1,864	1,626	1,969	1,701	-14.95%	-13.61%
• Long Term Bonds*	42,032	41,743	43,805	43,991	3.60%	0.42%
• Loans	367	363	295	290	-26.77%	-1.69%
• Total	45,439	45,028	48,255	47,809	3.01%	-0.92%

* includes 24 month bonds and longer maturities

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.

Source: MOF, BDL

► Domestic Debt by Type

Billions LBP	Q2 10	Q3 10	Q4 10	Q1 11	YOY	YTD
• Foreign currency Debt (Millions USD)	20,876	20,978	20,594	20,854	-1.56%	1.26%
• Local Currency Debt	45,439	45,028	48,255	47,838	4.79%	-0.86%
• Net Local Currency Debt	35,071	35,664	36,836	37,308	6.60%	1.28%
• Net Total Debt	66,541	67,289	67,882	68,746	2.71%	1.27%

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.

Note: Exchange rate of 1,507.5 LBP = 1 USD used to convert between currencies

Source: BDL

► Monetary Indicators

Billions LBP	Q2 10	Q3 10	Q4 10	Q1 11	YOY	YTD
• Currency in Circulation	2,360	2,847	2,579	2,599	8.97%	-0.81%
• M1 (Currency in circulation + sight deposits in LBP)	5,123	5,314	5,609	5,651	13.72%	0.74%
• M2 (M1 + other deposits in LBP)	56,369	58,514	59,307	55,926	2.40%	-5.70%
• M3 (M2 + deposits in foreign currencies, other financial liabilities)	129,913	134,197	137,541	138,860	8.42%	0.96%
• M4 (M3 + Treasury bills held by non-banking system)	137,503	141,816	145,406	146,694	8.21%	0.86%

Note: Quarterly figures are averages of monthly levels, averaged over the 3-month period.

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.

Source: BDL

► Commercial Banks' Balance Sheet

Billions LBP	Q2 10	Q3 10	Q4 10	Q1 11	YoY	YTD
• Assets						
a. Reserves	57,474	60,236	61,154	63,353	11.30%	3.60%
i. Vault Cash	389	405	375	428	11.90%	14.08%
ii. Deposits with Central Bank	57,085	59,831	60,778	62,925	11.30%	3.53%
b. Claims on Private Sector	41,324	43,507	45,702	46,658	20.00%	2.09%
i. Claims on Private Sector in LBP	8,653	9,584	10,382	10,845	41.83%	4.46%
ii. Claims on Private sector in Foreign Currencies	32,671	33,923	35,320	35,813	14.65%	1.40%
c. Claims on Public Sector	43,904	43,992	44,192	42,564	-4.31%	-3.68%
d. Foreign Assets	35,743	38,383	38,784	41,312	15.99%	6.52%
e. Fixed Assets (land, buildings, vehicles, etc)	4,564	4,600	4,188	5,465	21.52%	30.50%
f. Unclassified Assets	425	349	335	372	0.33%	11.07%
Total Assets	183,433	191,065	194,355	199,725	10.49%	2.76%

↑ dollarization to 66%
from record low 63%
in 2010

• Liabilities						
a. Total Private Sector Deposits	125,717	130,361	133,743	135,382	9.43%	1.23%
i. Demand Deposits in LBP of Private Sector	2,784	2,863	2,951	3,077	19.20%	4.26%
ii. Time and Saving Deposits in LBP of Private Sector	50,102	51,719	52,086	49,088	1.66%	-5.75%
iii. Private Sector Deposits in Foreign Currencies	72,830	75,779	78,707	83,217	14.24%	5.73%
b. Public Sector Deposits	1,649	1,994	2,107	2,364	49.60%	12.16%
c. Non Resident Private Sector Deposits	25,218	26,198	27,866	27,647	14.12%	-0.79%
d. Non Resident Financial Sector Deposits	7,627	7,999	6,785	9,775	17.68%	44.07%
e. Other Financial Liabilities	172	272	412	264	86.51%	-35.92%
f. Capital Accounts (net result of international investment inflow)	13,492	13,715	13,901	14,342	20.42%	3.17%
g. Unclassified Liabilities	9,559	10,526	9,540	9,952	-8.64%	4.31%
Total Liabilities	183,433	191,065	194,355	199,725	10.49%	2.76%

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.

Source: BDL

► Other Economic Indicators

	Q2 10	Q3 10	Q4 10	Q1 11	YoY	TTM
• Consumer Price Index (indexed from 01/01/2008)	109.1	111.0	114.1	N/A	N/A	N/A
• Coincident Indicator	249.9	229.0	255.5	252.9	-4.39%	4.47%
• Real Estate Indicators						
- Construction Permits Issued ('000 sqm)	4,600	4,724	4,462	3,677	-2.62%	22.50%
- Cement Deliveries ('000 tons)	1,477	1,281	1,358	1,035	-6.67%	1.74%
• Beirut Airport Indicators (passengers)						
- Arrivals	738,891	848,163	660,174	489,705	-4.40%	5.74%
- Departures	606,699	955,888	638,844	520,213	-5.68%	6.71%
- Transfers	10,811	8,908	11,211	14,826	58.04%	35.72%
• Port of Beirut Indicators						
- Freight Incoming	1,506,232	1,280,870	1,368,043	1,368,533	1.40%	-2.30%
- Freight Outgoing	219,274	200,336	186,951	182,263	-14.64%	9.00%
- Transit and Freezone Freight	47,395	30,034	34,728	49,934	44.41%	-4.11%
• Energy Indicators						
- Electricity Production (millions of kWh)	2,891	3,459	2,988	3,018	-3.27%	0.55%
- Imports of Petroleum Derivatives ('000 metric tons)	1,221	1,618	1,283	1,337	-2.74%	6.64%
• Check Indicators						
- Checks Cleared in Foreign Currencies	2,347,490	2,432,279	2,384,679	2,201,361	-1.23%	4.15%
- Value of Checks Cleared in Foreign Currencies (millions USD)	13,883	13,410	12,943	13,303	-2.63%	8.41%
- Checks Cleared in Lebanese Pounds	864,280	890,015	919,371	891,602	6.38%	4.47%
- Value of Checks Cleared in Lebanese Pounds (billions LBP)	4,880,095	5,208,773	5,399,827	5,544,755	13.50%	19.04%

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.
TTM figures represent the percent difference in the cumulative amount from the most recent four quarters as compared to the same four quarters a year earlier.

Source: CAS, BDL, MoF, MoC

► Lebanon's Sovereign Credit Ratings

Credit Rating Agency	Rating
• Fitch	B - Stable
• Moody's	B1 - Stable
• S&P	B - Stable

Source: Fitch, Moody's, S&P

► Trade Indicators

Billions LBP	Q2 10	Q3 10	Q4 10	Q1 11	YoY
• Exports	1,633	1,359	1,868	1,439	-7.22%
• Imports	6,323	6,947	7,199	6,902	4.4%
• Trade Balance	-4,690	-5,588	-5,331	-5,462	7.96%
• Balance of Payments	506	2,452	579	-602	-141%
• Customs Revenue	741	716	701	560	-18.61%

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.
TTM figures represent the percent difference in the cumulative amount from the most recent four quarters as compared to the same four quarters a year earlier.
Note: Exchange rate of 1,507.5 LBP = 1 USD used to convert between currencies.
Source: BDL

Impacted by growing trade deficit + volatile capital inflows

► Imports by Origin

General Imports in Billions of LBP	Q2 10	Q3 10	Q4 10	Q1 11	YoY
• United States	449	706	1,108	826	21.93%
• Italy	495	517	574	716	27.64%
• China	622	700	598	541	-5.28%
• France	434	474	497	477	11.65%
• Germany	508	519	473	405	-6.84%
• Turkey	251	264	257	362	33.00%
• Switzerland	132	266	213	253	8.00%
• Great Britain	189	232	246	218	9.00%
• UAE	145	135	147	201	20.40%
• Egypt	195	139	164	188	55.00%
• Rest of the World	3,044	3,069	3,109	2,997	-0.04%

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.

Source: Lebanese Customs

► Exports by Destination

General Exports in Billions of LBP	Q2 10	Q3 10	Q4 10	Q1 11	YoY
• UAE	99	25	337	170	-0.66%
• South Africa	92	85	94	159	12%
• Switzerland	113	78	186	141	-29.15%
• Saudi Arabia	128	158	144	130	26.34%
• Iraq	198	176	193	123	-4.91%
• Turkey	278	157	122	110	13%
• Syria	116	107	121	85	-17.98%
• Belgium	42	43	60	55	105%
• Jordan	102	85	86	46	-29.16%
• Egypt	94	76	87	36	-15.01%
• Rest of the World	634	657	765	751	24.34%

Lower demand from key trading partners

YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.

Source: Lebanese Customs



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