

Lebanomics

3rd Quarter of
2014

Lebanon's
Dashboard
of Economic
Indicators

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► General Macroeconomic Indicators

	2009	2010	2011	2012	2013
• Population (Millions)	4.247	4.341	4.383	4.425	4.467
• GDP¹					
- Nominal GDP (Billions LBP)	52,974	57,300	60,419	64,752	68,119
- Nominal GDP (Millions USD)	35,140	38,010	40,079	42,900	45,187
- GDP Deflator ²	129	129	134	140	144
- GDP per capita, PPP (Current International Dollar)	14,900	15,935	16,431	16,981	17,326
- Real Growth Rate	10.3%	8.0%	2.0%	2.5%	1.5%
- Inflation ³	3.4%	6.7%	5.4%	6.3%	1.7%
• Reserves (Millions USD)					
- Gross Foreign Currency Reserves	25,660	28,598	30,815	29,972	31,713
- Gold ⁴	10,062	13,010	14,401	15,312	11,104
- Gold (Thousands Troy Ounces)	9,222	9,222	9,222	9,222	9,222
• Public Finance (Billions LBP)					
- Government Revenues	12,705	12,684	14,070	14,164	14,201
- Government Expenditures	17,167	17,047	17,600	20,081	20,563
- Government Surplus (Deficit)	(4,462)	(4,363)	(3,530)	(5,917)	(6,362)
- Primary Surplus (Deficit) ⁵	1,625	1,855	2,505	(166)	(361)
- Government Surplus (Deficit) as a % of GDP	(8.4%)	(7.6%)	(5.8%)	(9.1%)	(9.3%)
- Primary Surplus (Deficit) as a % of GDP	3.1%	3.2%	4.1%	(0.3%)	(0.5%)
• Foreign Trade					
- Current Account Surplus (Deficit) as a % of GDP	(12.6%)	(13.3%)	(12.8%)	(12.7%)	(12.9%)
- Trade Surplus (Deficit) as % of GDP	(24.1%)	(24.5%)	(26.3%)	(25.9%)	(25.4%)
- Public Debt (Billions LBP)					
- Gross Public Debt	77,112	79,298	80,887	86,959	95,696
- Gross Local Currency Debt	44,973	48,255	49,340	50,198	56,312
- Foreign Currency Debt	32,139	31,043	31,547	36,761	39,384
- Gross Debt as % of GDP	146%	138%	134%	134%	140%
• Industry					
- Total Exports (Billions LBP)	5,254	5,912	6,432	6,761	5,935
- Electricity Production (Millions Kwh)	11,920	12,458	12,397	10,966	11,004
- Cement Deliveries (Thousands Tons)	4,897	5,227	5,550	5,309	5,455
• Construction					
- Construction Permits Issued (Thousands sqm)	14,340	17,608	16,465	14,681	11,727
• Commerce					
- Port of Beirut Ship Activity (Number of ships)	2,395	2,285	2,167	2,125	2,114
- Port of Beirut Activity (Thousands incoming, outgoing, transit tons)	6,361	5,938	6,292	6,637	7,291
- Beirut Airport Activity (Thousands arrivals, departures, transfers)	4,985	5,553	5,654	5,950	6,263
• Remittances (Millions USD)					
- Inflows	7,558	6,914	6,913	6,918	7,551
- Outflows	5,749	4,390	4,227	4,208	NA
• FDI Flows (Millions USD)					
- Inward	4,804	4,280	3,485	3,674	2,833
- Outward	1,126	487	755	572	690

1. All figures from IMF and World Bank are estimates and may be subject to change.

2. GDP Deflator is defined as (Nominal GDP / Real GDP) * 100, which has been restated for previous periods.

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

4. Gold reserves based on end of period prices and may not reflect current market prices.

5. 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	Q4 13	Q1 14	Q2 14	Q3 14	YoY	YTD
• Assets						
- Gold	16,739	17,997	18,260	16,779	-9.67%	0.24%
- Foreign Currencies	47,808	50,704	51,026	48,748	0.96%	1.97%
- Claims on Private Sector	401	400	420	449	11.45%	11.78%
- Loans to Banks and Financial Corporations	3,466	4,510	5,089	5,904	87.47%	70.34%
- Claims on Public Sector	0	0	0	0	NA	NA
- Securities Portfolio	23,846	22,825	23,961	29,250	23.54%	22.67%
- Fixed Assets	379	381	388	391	-4.40%	3.22%
- Unclassified Assets ¹	23,462	24,228	25,571	27,268	13.63%	16.22%
Total Assets	116,100	121,044	124,715	128,789	8.69%	10.93%
• Liabilities						
- Currency in Circulation outside BDL	3,983	3,767	3,965	4,107	5.54%	3.10%
- Deposits of Banks and Financial Corporations ²	82,033	85,640	89,246	95,812	18.26%	16.80%
- Liabilities to the Private Sector	50	45	50	58	21.48%	16.55%
- Public Sector Accounts	11,033	11,623	11,681	10,324	-7.23%	-6.42%
- Valuation Adjustment	8,426	9,685	9,872	7,973	-22.60%	-5.37%
- Securities Other than Shares ³	2,605	2,605	1,867	1,867	-28.34%	-28.34%
- Foreign Liabilities	328	327	327	327	0.61%	-0.44%
- Special Long-term Liabilities	1,900	1,749	1,749	1,598	-15.87%	-15.87%
- Capital Accounts	5,134	5,134	5,066	5,066	0.95%	-1.32%
- Unclassified Liabilities ⁴	608	468	891	1,657	-26.74%	172.39%
Total Liabilities	116,100	121,044	124,715	128,789	8.69%	10.93%

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	Q4 13	Q1 14	Q2 14	Q3 14	YoY	TTM
• Total Revenues (a+b)	3,609	3,657	4,240	4,027	23.00%	11.57%
a. Treasury Receipts	181	308	201	895	290.83%	90.73%
b. Budget Revenues (i+ii)	3,427	3,349	4,039	3,132	2.82%	6.54%
i. Tax Revenues	2,329	2,496	3,240	2,346	-0.64%	3.40%
- 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)	384	652	1,310	414	6.98%	11.29%
- Taxes on Property (including Built Property Tax, Real Estate Registration Fees)	344	347	302	284	-7.19%	8.77%
- Domestic Taxes on Goods & Services (including Value Added Tax and Taxes on Goods and Services, especially Private Car Registration Fees and Passenger Departure Tax)	933	925	999	971	-3.00%	1.92%
- Taxes on International Trade (including Customs; Excises on Gasoline, Tobacco and Cars)	539	454	508	549	-0.90%	-6.52%
- Other Tax Revenue (namely fiscal stamp fees)	129	118	121	128	12.28%	6.44%
ii. Non-tax Revenues	1,098	853	799	787	14.89%	17.04%
- 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)	885	653	599	566	9.06%	-10.32%
- Administrative Fees & Charges (including fees for notaries, passports, public security, vehicle control, driving licenses and judicial fees; work permit fees; and more)	183	162	149	169	27.07%	12.18%
- Penalties and Confiscations	2	3	3	3	50.00%	22.22%
- Other Non-tax Revenues (mostly retirement deductibles)	27	35	49	48	54.84%	-5.36%

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

► Public Expenditures

Billions LBP	Q4 13	Q1 14	Q2 14	Q3 14	YoY	TTM
Total Expenditures	5,012	4,923	5,351	4,999	-6.93%	-6.49%
a. Current Expenditures	4,654	4,269	4,550	4,510	-1.64%	-3.90%
i. Interest Payments (including local and foreign currency debt)	1,789	1,272	1,857	1,327	14.99%	13.26%
ii. Transfers to Electricite du Liban	515	791	774	683	-39.07%	-16.98%
ii. Other Current Expenditures (including personnel costs; foreign debt principal repayment; materials and supplies; and more)	2,350	2,206	1,919	2,500	8.23%	-9.07%
b. Capital Expenditures (including equipment and maintenance for ongoing infrastructure construction; and more)	165	286	230	107	-50.23%	-31.00%
c. Budget Advances	31	33	84	91	-28.91%	-14.03%
d. Customs Administration	7	15	7	11	10.00%	-11.11%
e. Treasury Expenditures	154	320	480	279	-35.12%	-18.13%
f. Unclassified Expenditures	0	0	0	2	-50.00%	-60.00%

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

Recent drop in oil price is slashing Lebanon's energy import bill & budget transfer to EDL thus alleviating pressures on public finances

► Government Budget

Cumulative through Q3 14 - Billions LBP	Jan-Sep 13	Jan-Sep 14	% Change
Revenues	10,592	11,924	12.58%
Expenditures	15,551	15,273	-1.79%
Government Surplus (Deficit)	-4,959	-3,349	-32.47%
Primary Surplus (Deficit)	-824	1306	-258.50%

Source: MoF

Declining budget deficit in 9M/14 underpinned by higher revenues largely from telecom ministry destined to municipalities

► Public Debt

Billions LBP	2011	2012	2013	Sep 2014	YTD
• Gross Public Debt (a+b)	80,869	86,959	95,696	99,495	3.95%
a. Local Currency Debt	49,340	50,198	56,312	60,274	7.04%
i. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ¹	16,374	15,049	17,171	18,804	9.51%
ii. Commercial Banks	25,177	27,267	29,905	31,170	4.23%
iii. Other Local Currency Debt (T-Bills)	7,789	7,882	9,236	10,300	11.52%
b. Foreign Currency Debt²	31,529	36,761	39,398	39,221	-0.45%
i. Bilateral, Multilateral and Foreign Private Sector Loans	2,566	2,584	2,606	2,811	7.87%
ii. Paris II related Debt (Eurobonds and Loans) ³	3,512	2,925	2,338	1,953	-16.47%
iii. Paris III related Debt (Eurobonds and Loans) ⁴	1,723	1,313	1,187	1,028	-13.40%
iv. Market-issued Eurobonds	23,259	29,427	32,702	32,623	-0.24%
v. Accrued interest on Eurobonds	407	400	444	686	54.50%
vi. Special T-Bills in Foreign Currency⁵	80	112	136	121	-11.03%
• Public Sector Deposits	10,984	12,916	15,495	15,199	-1.91%
• Net Total Debt	69,903	74,043	80,215	84,296	5.09%
• Gross Market Debt⁶	50,192	58,623	65,386	67,474	3.19%
• Gross Market Debt as % of Total Debt	62%	67%	68%	68%	0.00%

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 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

Gross public debt still on the rise with a projected debt to GDP ratio at 145% in 2014e, as per the IMF as Deficit > GDP

► Domestic Debt by Maturity

Billions LBP	Q4 13	Q1 14	Q2 14	Q3 14	YOY	YTD
• 3 Month T-Bills	165	321	153	121	-23.90%	-26.67%
• 6 Month T-Bills	935	984	800	601	-21.23%	-35.72%
• 12 Month T-Bills	1,009	1,308	1,260	1,288	39.09%	27.65%
• Long Term Bonds*	54,075	55,696	57,377	58,113	11.19%	7.47%
• Loans	128	132	146	151	11.03%	17.97%
• Total	56,312	58,441	59,736	60,274	11%	7%

* 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

↑ allocation for longer term T-bills,
a reflection of desire for higher yields in
a low rate environment

► Domestic Debt by Type

Billions LBP	Q4 13	Q1 14	Q2 14	Q3 14	YOY	YTD
• Foreign Currency Debt (Millions USD)	26,137	26,127	26,081	26,017	-1.51%	-0.45%
• Local Currency Debt	56,312	58,441	59,736	60,274	11.10%	7.04%
• Net Local Currency Debt	40,817	42,206	43,479	45,075	16.15%	10.43%
• Net Total Debt	80,201	81,971	82,796	84,296	10.01%	5.09%

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	Q4 13	Q1 14	Q2 14	Q3 14	YOY	YTD
• Currency in Circulation	3,408	3,186	3,313	3,472	5.25%	1.88%
• M1 (Currency in circulation + sight deposits in LBP)	7,620	7,519	7,664	8,247	7.08%	8.23%
• M2 (M1 + other deposits in LBP)	68,749	69,852	70,692	72,207	7.65%	5.03%
• M3 (M2 + deposits in foreign currencies, other financial liabilities)	167,571	169,282	173,314	174,969	6.98%	4.41%
• M4 (M3 + Treasury bills held by non-banking system)	176,807	179,450	183,685	185,269	7.31%	4.79%

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	Q4 13	Q1 14	Q2 14	Q3 14	YoY	YTD
• Assets						
a. Reserves	82,533	85,659	88,549	92,353	13.07%	11.90%
i. Vault Cash	576	581	652	635	7.21%	10.29%
ii. Deposits with Central Bank	81,957	85,078	87,897	91,718	13.11%	11.91%
b. Claims on Resident Private Sector	62,565	63,670	65,854	66,672	9.05%	6.56%
i. Claims on Private Sector in LBP	16,757	17,280	17,761	18,168	12.76%	8.42%
ii. Claims on Private Sector in Foreign Currencies	45,808	46,390	48,093	48,504	7.72%	5.88%
c. Claims on Public Sector	56,786	57,333	57,258	56,599	3.82%	-0.33%
d. Foreign Assets	40,137	37,070	36,918	35,706	-1.69%	-11.04%
e. Fixed Assets (land, buildings, vehicles, etc)	5,921	6,062	6,230	6,255	7.56%	5.65%
f. Unclassified Assets	526	759	818	713	16.41%	35.59%
Total Assets	248,468	250,552	255,627	258,299	7.59%	3.96%

• Liabilities						
a. Total Resident Private Sector Deposits	162,396	164,566	168,439	169,619	6.86%	4.45%
i. Demand Deposits in LBP of Private Sector	4,144	4,260	4,284	4,651	7.34%	12.22%
ii. Time and Saving Deposits in LBP of Private Sector	60,328	61,764	62,316	63,030	7.23%	4.48%
iii. Private Sector Deposits in Foreign Currencies	97,924	98,543	101,839	101,938	6.61%	4.10%
b. Public Sector Deposits	4,463	4,612	4,576	4,875	13.03%	9.24%
c. Non Resident Private Sector Deposits	42,934	41,287	43,136	44,480	13.20%	3.60%
d. Non Resident Financial Sector Deposits	7,555	7,715	8,308	8,189	11.31%	8.39%
e. Other Financial Liabilities	398	399	349	362	-15.58%	-9.14%
f. Capital Accounts (net result of international investment inflow)	21,410	21,888	22,899	23,345	10.03%	9.04%
g. Unclassified Liabilities	9,313	10,086	7,920	7,429	-14.99%	-20.23%
Total Liabilities	248,468	250,552	255,627	258,299	7.59%	3.96%

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

Source: BDL

Loan growth kept an edge over deposits partly explained by BDL's \$ 0.8 billion stimulus package for 2014

► Other Economic Indicators

	Q4 13	Q1 14	Q2 14	Q3 14	YoY	TTM
• Consumer Price Index (indexed from 01/01/2008)	130.9	101.8	100.6	100.8	-21.82%	NA
• Coincident Indicator	267.9	271.8	273.4	264.3	6.92%	2.70%
• Real Estate Indicators						
- Construction Permits Issued (sqm)	3,223,309	3,409,837	3,914,973	3,196,127	-5.05%	1.61%
- Cement Deliveries (tons)	1,615,239	1,210,061	1,585,388	1,424,941	-8.61%	4.19%
• Beirut Airport Indicators (passengers)						
- Arrivals	724,888	592,132	855,147	1,013,045	15.54%	7.26%
- Departures	714,194	661,873	804,594	1,081,511	11.83%	1.49%
- Transfers	3,584	3,546	4,529	2,074	-45.58%	-21.84%
• Port of Beirut Indicators (tons)						
- Freight Incoming	1,862,960	1,943,943	1,858,594	1,743,544	-3.24%	5.52%
- Freight Outgoing	NA	60,909	NA	NA	NA	NA
- Transit and Freezone Freight	NA	NA	NA	NA	NA	NA
• Energy Indicators						
- Electricity Production (millions of kWh)	3,229	3,155	3,097	3,209	-4.24%	9.60%
- Imports of Petroleum Derivatives (metric tons)	1,468,038	1,689,013	1,508,059	1,896,405	42.28%	6.06%
• Check Indicators						
- Checks Cleared in Foreign Currencies	2,331,665	1,479,346	2,318,438	2,308,860	-2.04%	-2.14%
- Value of Checks Cleared in Foreign Currencies (millions USD)	14,010	13,644	14,421	14,342	2.86%	1.88%
- Checks Cleared in Lebanese Pounds	1,018,793	969,562	1,006,314	1,007,350	-0.86%	3.83%
- Value of Checks Cleared in Lebanese Pounds (millions LBP)	6,826,115	6,624,801	6,914,015	6,750,156	3.20%	9.07%

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

Tourism remains lackluster although improves as tourist arrivals rise 4% in 9M/14

► Lebanon's Sovereign

Credit Rating Agency	Rating
• Fitch	B / Negative
• Moody's	B2 / Negative
• S&P	B- / Stable

Source: Fitch, Moody's, S&P

Moody's downgraded Lebanon's sovereign rating from B1 to B2 citing the rise in public debt and negative impact of the Syrian crisis on Lebanon's socio-economic & political situation

► Trade Indicators

Billions LBP	Q4 13	Q1 14	Q2 14	Q3 14	YoY
• Exports	1,173	1,164	1,337	1,289	0.83%
• Imports	8,032	8,137	7,366	8,216	6.62%
• Trade Balance	-6,859	-6,973	-6,029	-6,927	7.77%
• Balance of Payments	-681	454	-129	-780	75.84%
• Customs Revenue	563	476	513	574	-1.03%

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

► Imports by Origin

Special Imports in Billions of LBP	Q4 13	Q1 14	Q2 14	Q3 14	YoY
• China	955	1,014	898	986	93.82%
• Italy	703	671	735	600	81.35%
• France	561	412	412	533	87.45%
• Germany	445	479	464	444	97.60%
• Belgium	163	225	125	419	405.69%
• Russia	236	292	261	416	303.76%
• United States	511	662	410	377	91.35%
• Greece	210	328	193	279	199.15%
• Turkey	316	263	254	254	51.37%
• Spain	129	125	156	240	158.44%
• Rest of the World	3,586	3,635	3,243	3,668	116.01%

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

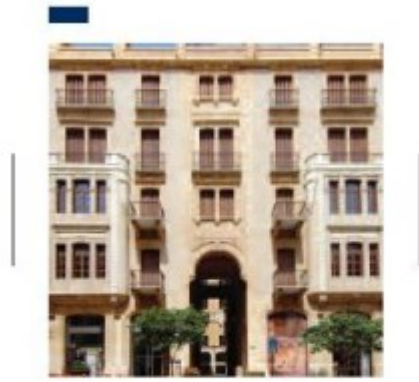
Source: Lebanese Customs

► Exports by Destination

Special Exports in Billions of LBP	Q4 13	Q1 14	Q2 14	Q3 14	YoY
• Saudi Arabia	103	122	161	161	136.57%
• UAE	117	109	121	122	95.23%
• South Africa	57	127	155	102	113.59%
• Iraq	97	93	98	95	73.30%
• Syria	124	88	91	93	122.64%
• Turkey	60	38	75	68	109.81%
• Jordan	52	45	53	49	79.44%
• Switzerland	35	29	32	36	90.70%
• Qatar	29	32	40	35	107.00%
• Egypt	27	25	24	33	129.28%
• Rest of the World	483	454	486	495	96.66%

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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