

Lebanomics

4th Quarter of
2013

Lebanon's
Dashboard
of Economic
Indicators

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► General Macroeconomic Indicators

	2009	2010	2011	2012	2013
• Population (Millions)	3.857	3.908	3.958	4.010	4.062
• GDP¹					
- Nominal GDP (Billions LBP)	52,235	55,965	58,812	62,325	65,566
- Nominal GDP (Millions USD)	34,650	37,124	39,013	41,343	43
- GDP Deflator ²	130	130	135	141	146
- GDP per capita, PPP (USD)	13,998	14,965	15,289	15,587	15,832
- Real Growth Rate	9.0%	7.0%	1.5%	1.5%	1.5%
- Inflation ³	3.4%	5.1%	3.1%	10.1%	3.5%
• 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	14,848
- Government Expenditures	17,167	17,047	17,600	20,081	21,698
- Government Surplus (Deficit)	(4,462)	(4,363)	(3,530)	(5,917)	(6,850)
- Primary Surplus (Deficit) ⁵	1,625	1,855	2,505	(166)	(361)
- Government Surplus (Deficit) as a % of GDP	(8.5%)	(7.5%)	(6.0%)	(9.1%)	(9.3%)
- Primary Surplus (Deficit) as a % of GDP	3.1%	3.2%	4.2%	(0.3%)	(0.6%)
• Foreign Trade					
- Current Account Surplus (Deficit) as a % of GDP	(9.8%)	(9.6%)	(13.9%)	(16.2%)	(16.7%)
- Trade Surplus (Deficit) as % of GDP	(36.5%)	(35.6%)	(40.7%)	(40.2%)	(43.6%)
- Public Debt (Billions LBP)					
- Gross Public Debt	77,112	79,298	80,887	86,959	95,669
- Local Currency Debt	44,973	48,255	49,340	50,198	56,303
- Foreign Currency Debt	32,139	31,046	31,547	36,761	39,366
- Gross Debt as % of GDP	146%	137%	137%	138%	146%
• Industry					
- Total Exports (Billions LBP)	5,254	5,912	6,434	6,762	6,121
- Electricity Production (Millions KWH)	11,920	12,458	12,397	10,966	12,096
- Cement Deliveries (Thousands Tons)	4,897	5,227	5,549	5,308	5,830
• Construction					
- Construction Permits Issued (Thousands sqm)	14,340	17,608	16,464	14,604	12,830
• 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)	6,494	6,472	6,677	7,366	7285
- Beirut Airport Activity (Thousands arrivals, departures, transfers)	4,985	5,553	5,654	5,950	6,262
• Remittances (Millions USD)					
- Inflows	7,558	7,385	7,322	7,322	7,642
- Outflows	5,749	4,710	4,743	NA	NA
• FDI Flows (Millions USD)					
- Inward	4,804	4,280	3,485	3,787	NA
- Outward	1,126	487	754	611	NA

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	Q1 13	Q2 13	Q3 13	Q4 13	YoY	YTD
• Assets						
- Gold	22,249	16,728	18,575	16,739	-27.49%	-27.49%
- Foreign Currencies	45,766	47,812	48,285	47,808	5.81%	5.81%
- Claims on Private Sector	379	393	402	401	5.54%	5.54%
- Loans to Banks and Financial Corporations	2,431	2,654	3,149	3,466	42.16%	42.16%
- Claims on Public Sector	44	5	0	0	-100.00%	-100.00%
- Securities Portfolio	25,748	25,857	23,677	23,846	-4.58%	-4.58%
- Fixed Assets	371	375	409	379	-1.93%	-1.93%
- Unclassified Assets ¹	20,606	22,099	23,998	23,462	22.86%	22.86%
Total Assets	117,593	115,923	118,495	116,100	0.42%	0.42%
• Liabilities						
- Currency in Circulation outside BDL	3,558	3,753	3,891	3,983	9.48%	9.48%
- Deposits of Banks and Financial Corporations ²	81,246	82,841	81,016	82,033	6.38%	6.38%
- Liabilities to the Private Sector	66	55	48	50	1.93%	1.93%
- Public Sector Accounts	7,779	9,530	11,129	11,033	23.85%	23.85%
- Valuation Adjustment	13,731	8,295	10,301	8,426	-42.71%	-42.71%
- Securities Other than Shares ³	2,714	2,605	2,605	2,605	-13.59%	-13.59%
- Foreign Liabilities	326	325	325	328	0.73%	0.73%
- Special Long-term Liabilities	2,051	2,051	1,900	1,900	-13.70%	-13.70%
- Capital Accounts	5,080	5,019	5,019	5,134	1.06%	1.06%
- Unclassified Liabilities ⁴	1,043	1,450	2,262	608	5.52%	5.52%
Total Liabilities	117,593	115,923	118,495	116,100	0.42%	0.42%

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	Q1 13	Q2 13	Q3 13	Q4 13	YoY	TTM
• Total Revenues (a+b)	3,354	3,964	3,274	3,609	2.60%	-3.48%
a. Treasury Receipts	198	208	229	181	23.78%	23.85%
b. Budget Revenues (i+ii)	3,157	3,755	3,046	3,427	1.26%	-4.82%
i. Tax Revenues	2,390	3,036	2,361	2,329	4.52%	-2.27%
- 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)	550	1,181	387	384	7.50%	-2.13%
- Taxes on Property (including Built Property Tax, Real Estate Registration Fees)	270	281	306	344	13.33%	-3.37%
- Domestic Taxes on Goods & Services (including Value Added Tax and Taxes on Goods and Services, especially Private Car Registration Fees and Passenger Departure Tax)	930	918	1,001	933	7.63%	-2.52%
- Taxes on International Trade (including Customs; Excises on Gasoline, Tobacco and Cars)	533	532	554	539	-5.14%	-1.44%
- Other Tax Revenue (namely fiscal stamp fees)	107	123	114	129	-0.87%	-2.10%
ii. Non-tax Revenues	767	719	685	1,098	-8.42%	-12.43%
- 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)	588	526	519	885	-14.36%	15.17%
- Administrative Fees & Charges (including fees for notaries, passports, public security, vehicle control, driving licenses and judicial fees; work permit fees; and more)	142	148	133	183	14.66%	-2.80%
- Penalties and Confiscations	2	3	2	2	0.00%	-18.18%
- Other Non-tax Revenues (mostly retirement deductibles)	34	44	31	27	29.17%	-21.50%

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	Q1 13	Q2 13	Q3 13	Q4 13	YoY	TTM
Total Expenditures	4,534	5,646	5,371	5,012	17.07%	14.46%
a. Current Expenditures	4,158	4,569	4,585	4,654	8.14%	11.16%
i. Interest Payments (including local and foreign currency debt)	1,123	1,648	1,154	1,789	2.03%	3.41%
ii. Transfers to Electricite du Liban	862	558	1,121	515	-1.84%	-6.09%
ii. Other Current Expenditures (including personnel costs; foreign debt principal repayment; materials and supplies; and more)	2,173	2,363	2,310	2,350	17.44%	24.04%
b. Capital Expenditures (including equipment and maintenance for ongoing infrastructure construction; and more)	187	420	215	165	77.69%	72.25%
c. Budget Advances	9	65	128	31	412.00%	77.07%
d. Customs Administration	11	12	10	7	25.00%	21.62%
e. Treasury Expenditures	168	579	430	154	121.65%	19.15%
f. Unclassified Expenditures	0	1	4	0	NA	NA

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

Debt service , followed by government salaries and Electricite du Liban are the main spending items

► Government Budget

Cumulative through Q4 13 - Billions LBP	Jan-Dec 12	Jan-Dec 13	% Change
Revenues	14,164	14,201	0.26%
Expenditures	20,081	20,563	2.40%
Government Surplus (Deficit)	-5,917	-6,362	7.52%
Primary Surplus (Deficit)	-166	-361	117.47%

Source: MoF

International credit rating agencies projected the country's fiscal deficit to exceed 11% of GDP in 2014, warning that this surge would further affect Lebanon's credit rating

► Public Debt

Billions LBP	2010	2011	2012	Dec 2013	YTD
• Gross Public Debt (a+b)	79,301	80,869	86,959	95,669	10.02%
a. Local Currency Debt	48,255	49,340	50,198	56,303	12.16%
i. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ¹	13,130	16,374	15,049	17,171	14.10%
ii. Commercial Banks	27,214	25,177	27,267	29,896	9.64%
iii. Other Local Currency Debt (T-Bills)	7,911	7,789	7,882	9,236	17.18%
- o/w Public Entities	6,268	6,538	6,479	7,117	9.85%
- Accrued Interest Included in Debt	867	788	789	877	11.15%
b. Foreign Currency Debt²	31,046	31,529	36,761	39,366	7.09%
i. Bilateral, Multilateral and Foreign Private Sector Loans	2,627	2,566	2,584	2,574	-0.39%
ii. Paris II related Debt (Eurobonds and Loans) ³	4,137	3,512	2,925	2,338	-20.07%
iii. Paris III related Debt (Eurobonds and Loans) ⁴	1,855	1,723	1,313	1,187	-9.60%
iv. Market-issued Eurobonds	21,870	23,259	29,427	32,688	11.08%
v. Accrued interest on Eurobonds	483	407	400	444	11.00%
vi. Special T-Bills in Foreign Currency⁵	74	80	112	136	21.43%
• Public Sector Deposits	11,419	10,984	12,916	15,397	19.21%
• Net Total Debt	67,882	69,903	74,043	80,272	8.41%
• Gross Market Debt⁶	51,308	50,192	58,623	65,377	11.52%
• Gross Market Debt as % of Total Debt	65%	62%	67%	68%	0.90%

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

Lebanon public debt continues to rise on worsening public finances with debt to GDP reaching 146% by year end 2013 according to IMF

► Domestic Debt by Maturity

Billions LBP	Q1 13	Q2 13	Q3 13	Q4 13	YOY	YTD
• 3 Month T-Bills	292	159	159	165	-47.45%	-47.45%
• 6 Month T-Bills	805	581	763	935	-28.73%	-28.73%
• 12 Month T-Bills	932	892	926	1,009	4.56%	4.56%
• Long Term Bonds*	48,846	49,287	52,266	54,075	13.97%	13.97%
• Loans	141	148	136	128	-19.50%	-19.50%
• Total	51,016	51,067	54,250	56,312	12.18%	12.18%

* 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	Q1 13	Q2 13	Q3 13	Q4 13	YOY	YTD
• Foreign Currency Debt (Millions USD)	23,905	26,140	26,409	26,123	7.13%	7.13%
• Local Currency Debt	51,016	51,067	54,250	56,312	12.18%	12.18%
• Net Local Currency Debt	39,473	37,328	38,808	40,817	9.48%	9.48%
• Net Total Debt	75,510	76,734	78,619	80,197	8.31%	8.31%

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	Q1 13	Q2 13	Q3 13	Q4 13	YOY	YTD
• Currency in Circulation	2,970	3,130	3,289	3,315	7.53%	7.53%
• M1 (Currency in circulation + sight deposits in LBP)	6,871	7,259	7,542	7,521	9.40%	9.40%
• M2 (M1 + other deposits in LBP)	65,655	66,478	66,878	68,025	5.63%	5.63%
• M3 (M2 + deposits in foreign currencies, other financial liabilities)	158,132	160,931	162,859	165,582	6.53%	6.53%
• M4 (M3 + Treasury bills held by non-banking system)	166,604	169,861	171,054	174,832	6.94%	6.94%

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	Q1 13	Q2 13	Q3 13	Q4 13	YoY	YTD
• Assets						
a. Reserves	83,532	84,715	81,679	82,533	3.68%	3.68%
i. Vault Cash	488	598	592	576	35.36%	35.36%
ii. Deposits with Central Bank	83,044	84,117	81,087	81,957	3.51%	3.51%
b. Claims on Private Sector	58,607	59,373	61,139	62,565	9.66%	9.66%
i. Claims on Private Sector in LBP	15,012	15,485	16,112	16,757	14.36%	14.36%
ii. Claims on Private sector in Foreign Currencies	43,595	43,888	45,026	45,808	8.04%	8.04%
c. Claims on Public Sector	48,068	49,421	54,515	56,786	21.00%	21.00%
d. Foreign Assets	38,010	38,406	36,318	40,137	1.75%	1.75%
e. Fixed Assets (land, buildings, vehicles, etc)	5,601	5,711	5,815	5,921	6.37%	6.37%
f. Unclassified Assets	507	476	613	526	44.74%	44.74%
Total Assets	234,325	238,102	240,079	248,468	8.52%	8.52%
• Liabilities						
a. Total Private Sector Deposits	154,951	156,869	158,732	162,396	6.75%	6.75%
i. Demand Deposits in LBP of Private Sector	3,894	4,122	4,333	4,144	8.83%	8.83%
ii. Time and Saving Deposits in LBP of Private Sector	58,346	58,634	58,778	60,328	4.93%	4.93%
iii. Private Sector Deposits in Foreign Currencies	92,712	94,113	95,621	97,924	7.82%	7.82%
b. Public Sector Deposits	3,786	4,209	4,313	4,463	11.34%	11.34%
c. Non Resident Private Sector Deposits	38,168	41,014	39,292	42,934	18.24%	18.24%
d. Non Resident Financial Sector Deposits	8,968	7,485	7,357	7,555	-15.09%	-15.09%
e. Other Financial Liabilities	405	424	429	398	0.64%	0.64%
f. Capital Accounts (net result of international investment inflow)	19,052	20,397	21,217	21,410	12.34%	12.34%
g. Unclassified Liabilities	8,994	7,704	8,739	9,313	13.99%	13.99%
Total Liabilities	234,325	238,102	240,079	248,468	8.52%	8.52%

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

Source: BDL

Despite soft economic conditions that prevailed in 2013, commercial banks were able to report solid growth in key balance sheet indicators (7%-10% range)

Capital accounts surpassing the 8% growth rate in assets suggesting stronger capitalization YoY

► Other Economic Indicators

	Q1 13	Q2 13	Q3 13	Q4 13	YoY	TTM
• Consumer Price Index (indexed from 01/01/2008)	NA	NA	128.9	130.9	1.08%	NA
• Coincident Indicator	273.9	265.5	247.2	267.9	2.06%	2.20%
• Real Estate Indicators						
- Construction Permits Issued	2,821,604	3,462,877	3,328,617	3,223,309	-16.49%	-12.10%
- Cement Deliveries	1,127,446	1,528,760	1,559,171	1,615,239	16.59%	9.83%
• Beirut Airport Indicators (passengers)						
- Arrivals	631,505	794,652	876,789	724,888	8.75%	4.94%
- Departures	735,081	803,043	967,091	714,194	0.74%	6.67%
- Transfers	4,277	3,772	3,811	3,584	-35.13%	-67.06%
• Port of Beirut Indicators						
- Freight Incoming	1,711,742	1,854,232	1,802,016	1,862,960	12.66%	13.42%
- Freight Outgoing	54,116	NA	NA	NA	NA	-93.63%
- Transit and Freezone Freight	1,576	3,594	372	NA	NA	-96.06%
• Energy Indicators						
- Electricity Production (millions of kWh)	2,659	2,857	3,351	3,229	19.11%	10.30%
- Imports of Petroleum Derivatives ('000 metric tons)	1,553,428	1,719,913	1,332,836	1,468,038	-7.12%	-0.45%
• Check Indicators						
- Checks Cleared in Foreign Currencies	2,262,773	2,369,355	2,356,893	2,331,665	-3.36%	-1.53%
- Value of Checks Cleared in Foreign Currencies (millions USD)	13,457	13,899	13,943	14,010	-0.48%	-1.30%
- Checks Cleared in Lebanese Pounds	900,241	981,728	1,016,097	1,018,793	6.52%	7.97%
- Value of Checks Cleared in Lebanese Pounds (millions LBP)	5,733,997	6,593,710	6,541,085	6,708,541	11.96%	13.36%

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 - Neg.
• Moody's	B1 - Neg.
• S&P	B - Neg.

Source: Fitch, Moody's, S&P

Increase in arrivals contrast with a further drop in number of tourists suggesting that Lebanese travelers and expats as well as Syrian nationals may have accounted for the difference

► Trade Indicators

Billions LBP	Q1 13	Q2 13	Q3 13	Q4 13	YoY
• Exports	1,797	1,694	1,278	1,352	-24.72%
• Imports	8,314	7,963	7,706	8,032	-0.77%
• Trade Balance	-6,517	-6,268	-6,428	-6,679	5.93%
• Balance of Payments	-94	-482	-444	468	-21.31%
• Customs Revenue	558	559	580	563	-5.85%

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	Q1 13	Q2 13	Q3 13	Q4 13	YoY
• China	696	741	1,050	955	31.59%
• Italy	654	604	737	703	-16.76%
• France	542	602	609	561	0.32%
• United States	869	470	412	510	13.95%
• Germany	463	510	454	445	-1.00%
• Turkey	625	274	495	315	-7.87%
• Russia	567	419	137	235	29.58%
• Egypt	298	256	208	208	-33.78%
• Switzerland	223	270	215	257	46.81%
• United Kingdom	202	270	224	251	31.53%
• Rest of the World	3,104	3,523	3,161	3,586	8.50%

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	Q1 13	Q2 13	Q3 13	Q4 13	YoY
• Syria	345	245	150	124	-17.57%
• South Africa	286	167	301	56	-81.16%
• Saudi Arabia	126	175	130	102	-21.02%
• UAE	128	127	125	116	-6.88%
• Iraq	84	99	96	97	1.02%
• Turkey	75	81	57	59	3.02%
• Switzerland	108	81	239	34	-85.52%
• Jordan	49	51	56	51	-9.25%
• Qatar	38	52	33	29	-31.24%
• South Korea	35	41	29	16	-64.47%
• Rest of the World	519	575	810	482	-40.44%

Syria grabbed the leading position among importers of Lebanese products in 2013 and this could continue given significant deterioration in Syrian industrial activity

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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