

Lebanomics

4th Quarter of
2014

Lebanon's
Dashboard
of Economic
Indicators

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► General Macroeconomic Indicators

	2010	2011	2012	2013	2014
• Population (Millions)	4.341	4.383	4.425	4.467	4.510
• GDP¹					
- Nominal GDP (Billions LBP)	57,300	60,419	64,752	68,119	75,253
- Nominal GDP (Millions USD)	38,010	40,079	42,900	45,187	49,936
- GDP Deflator ²	129	134	140	144	150
- GDP per capita, PPP (Current International Dollar)	15,935	16,431	16,981	17,326	17,754
- Real Growth Rate	8.0%	2.0%	2.8%	2.5%	2.0%
- Inflation ³	4.6%	3.1%	10.1%	1.1%	-0.7%
• Reserves (Millions USD)					
- Gross Foreign Currency Reserves	28,598	30,815	29,972	31,713	32,403
- Gold ⁴	13,010	14,401	15,312	11,104	10,951
- Gold (Thousands Troy Ounces)	9,222	9,222	9,222	9,222	9,222
• Public Finance (Billions LBP)					
- Government Revenues	12,684	14,070	14,164	14,201	16,400
- Government Expenditures	17,047	17,600	20,081	20,563	21,032
- Government Surplus (Deficit)	(4,363)	(3,530)	(5,917)	(6,362)	(4,632)
- Primary Surplus (Deficit) ⁵	1,855	2,505	(166)	(361)	1,970
- Government Surplus (Deficit) as a % of GDP	(7.6%)	(5.8%)	(9.1%)	(9.3%)	(6.2%)
- Primary Surplus (Deficit) as a % of GDP	3.2%	4.1%	(0.3%)	(0.5%)	2.6%
• Foreign Trade					
- Current Account Surplus (Deficit) as a % of GDP	(13.3%)	(12.8%)	(12.7%)	(12.9%)	(12.7%)
- Trade Surplus (Deficit) as % of GDP	(24.5%)	(26.3%)	(25.9%)	(25.4%)	(23.0%)
- Public Debt (Billions LBP)					
- Gross Public Debt	79,298	80,887	86,959	95,696	100,363
- Gross Local Currency Debt	48,255	49,340	50,198	56,312	61,752
- Foreign Currency Debt	31,043	31,547	36,761	39,398	38,611
- Gross Debt as % of GDP	138%	134%	134%	140%	133%
• Industry					
- Total Exports (Billions LBP)	5,912	6,432	6,761	5,935	4,995
- Electricity Production (Millions Kwh)	12,458	12,397	10,966	11,004	11,419
- Cement Deliveries (Thousands Tons)	5,227	5,550	5,309	5,455	5,516
• Construction					
- Construction Permits Issued (Thousands sqm)	17,608	16,465	14,681	12,925	13,549
• Commerce					
- Port of Beirut Ship Activity (Number of ships)	2,285	2,167	2,125	2,114	NA
- Port of Beirut Activity (Thousands incoming, outgoing, transit tons)	5,938	6,292	6,637	7,291	7,300
- Beirut Airport Activity (Thousands arrivals, departures, transfers)	5,553	5,654	5,950	6,263	6,569
• Remittances (Millions USD)					
- Inflows	6,914	6,913	6,730	7,863	NA
- Outflows	4,390	4,227	4,208	4,659	NA
• FDI Flows (Millions USD)					
- Inward	4,280	3,485	3,674	2,833	NA
- Outward	487	755	572	690	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.

Source: IMF, WB, BDL, Port of Beirut.

► Central Bank Balance Sheet

Billions LBP	Q1 14	Q2 14	Q3 14	Q4 14	YoY
• Assets					
- Gold	17,997	18,260	16,779	16,509	-1.37%
- Foreign Currencies	50,704	51,026	48,748	48,847	2.17%
- Claims on Private Sector	400	420	449	449	11.98%
- Loans to Banks and Financial Corporations	4,510	5,089	5,904	6,361	83.54%
- Claims on Public Sector	0	0	0	0	NA
- Securities Portfolio	22,825	23,961	29,250	29,314	22.93%
- Fixed Assets	381	388	391	342	-9.83%
- Unclassified Assets ¹	24,228	25,571	27,268	27,371	16.66%
Total Assets	121,044	124,715	128,789	129,194	11.28%
• Liabilities					
- Currency in Circulation outside BDL	3,767	3,965	4,107	4,254	6.79%
- Deposits of Banks and Financial Corporations ²	85,640	89,246	95,812	97,979	19.44%
- Liabilities to the Private Sector	45	50	58	68	35.11%
- Public Sector Accounts	11,623	11,681	10,324	9,123	-17.31%
- Valuation Adjustment	9,685	9,872	7,973	8,146	-3.32%
- Securities Other than Shares ³	2,605	1,867	1,867	1,867	-28.34%
- Foreign Liabilities	327	327	327	325	-1.02%
- Special Long-term Liabilities	1,749	1,749	1,598	1,598	-15.87%
- Capital Accounts	5,134	5,066	5,066	5,174	0.77%
- Unclassified Liabilities ⁴	468	891	1,657	661	8.68%
Total Liabilities	121,044	124,715	128,789	129,194	11.28%

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 14	Q2 14	Q3 14	Q4 14	YoY	TTM
• Total Revenues (a+b)	3,657	4,240	4,027	4,476	24.02%	15.48%
a. Treasury Receipts	308	201	895	254	40.33%	103.19%
b. Budget Revenues (i+ii)	3,349	4,039	3,132	4,222	23.20%	10.14%
i. Tax Revenues	2,496	3,240	2,346	2,306	-0.99%	2.69%
- 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)	652	1,310	414	419	9.11%	11.71%
- Taxes on Property (including Built Property Tax, Real Estate Registration Fees)	347	302	284	312	-9.30%	3.66%
- Domestic Taxes on Goods & Services (including Value Added Tax and Taxes on Goods and Services, especially Private Car Registration Fees and Passenger Departure Tax)	925	999	971	916	-1.82%	0.77%
- Taxes on International Trade (including Customs; Excises on Gasoline, Tobacco and Cars)	454	508	549	531	-1.48%	-5.38%
- Other Tax Revenue (namely fiscal stamp fees)	118	121	128	128	-0.78%	4.65%
ii. Non-tax Revenues	853	799	787	1,915	74.41%	33.19%
- 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)	653	599	566	1,680	89.83%	38.92%
- Administrative Fees & Charges (including fees for notaries, passports, public security, vehicle control, driving licenses and judicial fees; work permit fees; and more)	162	149	169	195	6.56%	11.39%
- Penalties and Confiscations	3	3	3	2	0.00%	22.22%
- Other Non-tax Revenues (mostly retirement deductibles)	35	49	48	38	40.74%	25.00%

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.

Source: MOF, Directorate General of Finance

Revenues increased mainly from income from telecom transfers, withheld and delayed payments, and improvement in tax collections

► Public Expenditures

Billions LBP	Q1 14	Q2 14	Q3 14	Q4 14	YoY	TTM
Total Expenditures	4,923	5,351	4,999	5,759	14.90%	2.28%
a. Current Expenditures	4,269	4,550	4,510	5,195	11.62%	3.11%
i. Interest Payments (including local and foreign currency debt)	1,272	1,857	1,327	1,858	3.86%	10.50%
ii. Transfers to Electricite du Liban	791	774	683	909	76.50%	3.30%
ii. Other Current Expenditures (including personnel costs; foreign debt principal repayment; materials and supplies; and more)	2,206	1,919	2,500	2,428	3.32%	-1.56%
b. Capital Expenditures (including equipment and maintenance for ongoing infrastructure construction; and more)	286	230	107	260	57.58%	-10.54%
c. Budget Advances	33	84	91	55	77.42%	12.88%
d. Customs Administration	15	7	11	14	100.00%	17.50%
e. Treasury Expenditures	320	480	279	234	51.95%	-1.35%
f. Unclassified Expenditures	0	0	2	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

Wages represent ~1/3 of expenditures or ~9% GDP and increased YoY from rise in gov't subscriptions and salaries in army/general security

► Government Budget

Cumulative through Q4 14 - Billions LBP	Jan-Dec 13	Jan-Dec 14	% Change
Revenues	14,201	16,400	15.48%
Expenditures	20,563	21,032	2.28%
Government Surplus (Deficit)	-6,362	-4,632	-27.19%
Primary Surplus (Deficit)	-361	1,970	-645.71%

Source: MoF

Despite difficult economic/political conditions, fiscal deficit declined by 27% YoY to ~6% of GDP due to exceptional telecom revenues and improved collections

► Public Debt

Billions LBP	2011	2012	2013	2014	YTD
• Gross Public Debt (a+b)	80,869	86,959	95,696	100,363	4.86%
a. Local Currency Debt	49,340	50,198	56,312	61,752	9.66%
i. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ¹	16,374	15,049	17,171	19,855	15.63%
ii. Commercial Banks	25,177	27,267	29,905	31,468	5.23%
iii. Other Local Currency Debt (T-Bills)	7,789	7,882	9,236	10,429	12.92%
b. Foreign Currency Debt²	31,529	36,761	39,398	38,611	-2.00%
i. Bilateral, Multilateral and Foreign Private Sector Loans	2,566	2,584	2,606	2,752	5.60%
ii. Paris II related Debt (Eurobonds and Loans) ³	3,512	2,925	2,338	1,743	-25.45%
iii. Paris III related Debt (Eurobonds and Loans) ⁴	1,723	1,313	1,187	986	-16.93%
iv. Market-issued Eurobonds	23,259	29,427	32,702	32,584	-0.32%
v. Accrued interest on Eurobonds	407	400	444	425	-4.28%
vi. Special T-Bills in Foreign Currency⁵	80	112	136	121	-11.03%
• Public Sector Deposits	10,984	12,916	15,495	13,965	-9.87%
• Net Total Debt	69,903	74,043	80,215	86,398	7.71%
• Gross Market Debt⁶	50,192	58,623	65,386	67,380	3.05%
• Gross Market Debt as % of Total Debt	62%	67%	68%	67%	-1.47%

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 increased to ~133% of GDP driven by LC debt as FC debt declined. IMF highlights case for fiscal adjustment as with ↑ debt, interest payments will soar

► Domestic Debt by Maturity

Billions LBP	Q1 14	Q2 14	Q3 14	Q4 14	YOY
• 3 Month T-Bills	321	153	121	101	-38.79%
• 6 Month T-Bills	984	800	601	564	-39.68%
• 12 Month T-Bills	1,308	1,260	1,288	1,195	18.43%
• Long Term Bonds*	55,696	57,377	58,113	59,736	10.47%
• Loans	132	146	151	156	21.88%
• Total	58,441	59,736	60,274	61,752	9.66%

* 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 14	Q2 14	Q3 14	Q4 14	YOY
• Foreign Currency Debt (Millions USD)	26,127	26,081	26,017	25,613	-2.00%
• Local Currency Debt	58,441	59,736	60,274	61,752	9.66%
• Net Local Currency Debt	42,206	43,479	45,075	47,787	17.08%
• Net Total Debt	81,971	82,796	84,296	86,398	7.71%

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 14	Q2 14	Q3 14	Q4 14	YOY
• Currency in Circulation	3,186	3,313	3,472	3,647	7.03%
• M1 (Currency in circulation + sight deposits in LBP)	7,519	7,664	8,247	8,301	8.93%
• M2 (M1 + other deposits in LBP)	69,852	70,692	72,207	73,400	6.77%
• M3 (M2 + deposits in foreign currencies, other financial liabilities)	169,282	173,314	174,969	177,397	5.86%
• M4 (M3 + Treasury bills held by non-banking system)	179,450	183,685	185,269	187,826	6.23%

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 14	Q2 14	Q3 14	Q4 14	YoY
• Assets					
a. Reserves	85,659	88,549	92,353	96,314	16.70%
i. Vault Cash	581	652	635	607	5.36%
ii. Deposits with Central Bank	85,078	87,897	91,718	95,708	16.78%
b. Claims on Resident Private Sector	63,670	65,854	66,672	68,391	9.31%
i. Claims on Private Sector in LBP	17,280	17,761	18,168	18,749	11.89%
ii. Claims on Private Sector in Foreign Currencies	46,390	48,093	48,504	49,642	8.37%
c. Claims on Public Sector	57,333	57,258	56,599	56,308	-0.84%
d. Foreign Assets	37,070	36,918	35,706	36,470	-9.14%
e. Fixed Assets (land, buildings, vehicles, etc)	6,062	6,230	6,255	6,575	11.04%
f. Unclassified Assets	759	818	713	806	53.23%
Total Assets	250,552	255,627	258,299	264,863	6.60%

• Liabilities					
a. Total Resident Private Sector Deposits	164,566	168,439	169,619	172,041	5.94%
i. Demand Deposits in LBP of Private Sector	4,260	4,284	4,651	4,564	10.12%
ii. Time and Saving Deposits in LBP of Private Sector	61,764	62,316	63,030	64,278	6.55%
iii. Private Sector Deposits in Foreign Currencies	98,543	101,839	101,938	103,199	5.39%
b. Public Sector Deposits	4,612	4,576	4,875	4,842	8.51%
c. Non Resident Private Sector Deposits	41,287	43,136	44,480	45,680	6.40%
d. Non Resident Financial Sector Deposits	7,715	8,308	8,189	8,795	16.41%
e. Other Financial Liabilities	399	349	362	352	-11.70%
f. Capital Accounts (net result of international investment inflow)	21,888	22,899	23,345	23,719	10.79%
g. Unclassified Liabilities	10,086	7,920	7,429	9,434	1.31%

Total Liabilities	250,552	255,627	258,299	264,863	6.60%
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YoY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year.

Source: BDL

Despite uncertainties, Lebanon was still able to attract non-resident deposits which helped to grow bank system assets by nearly 7% (although below previous year at 8.5%)

► Other Economic Indicators

	Q1 14	Q2 14	Q3 14	Q4 14	YoY	TTM
• Consumer Price Index (indexed from 01/01/2008)	101.8	100.6	100.8	99.3	-24.15%	NA
• Coincident Indicator	271.8	273.4	264.3	292.5	9.18%	4.50%
• Real Estate Indicators						
- Construction Permits Issued (sqm)	3,409,837	3,914,973	3,197,436	2,994,185	-7.11%	4.86%
- Cement Deliveries (tons)	1,210,061	1,585,388	1,424,941	1,296,437	-19.74%	-5.38%
• Beirut Airport Indicators (passengers)						
- Arrivals	592,132	855,147	1,013,045	762,292	5.16%	6.43%
- Departures	661,873	804,594	1,081,511	784,344	9.82%	3.51%
- Transfers	3,546	4,529	2,620	3,724	3.91%	-7.74%
• Port of Beirut Indicators (tons)						
- Freight Incoming	1,943,943	1,858,594	1,743,544	1,753,863	-5.86%	0.95%
- Freight Outgoing	199,525	249,367	282,353	249,884	10.11%	11.19%
- Transit and Freezone Freight	NA	NA	NA	NA	NA	NA
• Energy Indicators						
- Electricity Production (millions of kWh)	3,155	3,097	3,209	3,061	-5.20%	3.52%
- Imports of Petroleum Derivatives (metric tons)	1,689,013	1,508,059	1,896,405	1,739,746	18.51%	12.50%
• Check Indicators						
- Checks Cleared in Foreign Currencies	2,235,325	2,309,774	2,308,860	2,312,438	-0.82%	-1.66%
- Value of Checks Cleared in Foreign Currencies (millions USD)	13,644	14,421	14,342	13,796	-1.53%	1.62%
- Checks Cleared in Lebanese Pounds	969,562	1,006,314	1,007,350	1,042,251	2.30%	2.77%
- Value of Checks Cleared in Lebanese Pounds (millions LBP)	6,624,801	6,914,015	6,750,156	6,940,377	1.67%	5.97%

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 / Negative
• Moody's	B2 / Negative
• S&P	B- / Stable

Source: Fitch, Moody's, S&P

Despite lower construction costs from cheaper labor, raw materials, and weaker EUR, housing market continued to weaken in 2014

► Trade Indicators

Billions LBP	Q1 14	Q2 14	Q3 14	Q4 14	YoY
• Exports	1,164	1,337	1,289	1,206	2.84%
• Imports	8,137	7,366	8,216	7,186	-10.53%
• Trade Balance	-6,973	-6,029	-6,927	-5,980	-12.82%
• Balance of Payments	454	-129	-780	-1,667	-144.75%
• Customs Revenue	476	513	574	555	-1.42%

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

Although trade deficit held up YoY,
lower financial inflows widened the
BOP deficit

► Imports by Origin

Special Imports in Billions of LBP	Q1 14	Q2 14	Q3 14	Q4 14	YoY
• China	1,014	898	986	848	-11.27%
• Germany	479	464	444	509	14.27%
• Italy	671	735	600	475	-32.53%
• Greece	328	193	279	431	105.66%
• United States	662	410	377	400	-21.67%
• Russia	292	261	416	369	56.39%
• France	412	628	533	350	-37.55%
• Turkey	263	254	254	292	-7.34%
• United Kingdom	181	171	240	218	-13.13%
• Egypt	220	180	182	216	3.43%
• Rest of the World	3,615	3,173	3,905	3,077	-15.32%

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

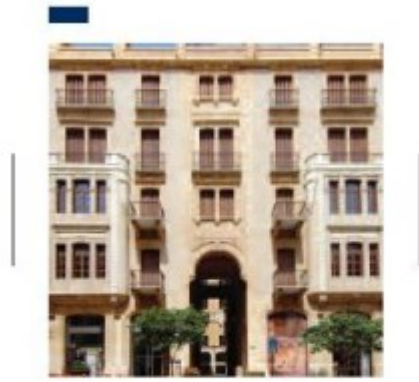
Source: Lebanese Customs

► Exports by Destination

Special Exports in Billions of LBP	Q1 14	Q2 14	Q3 14	Q4 14	YoY
• UAE	109	121	122	130	11.82%
• Saudi Arabia	122	157	162	128	24.71%
• Iraq	93	98	95	100	3.07%
• Syria	88	91	93	93	-25.12%
• South Africa	127	155	102	63	11.12%
• Jordan	45	53	49	49	-5.81%
• Egypt	25	24	33	45	66.82%
• Turkey	38	75	68	38	-36.03%
• Switzerland	29	32	36	34	-2.80%
• Qatar	32	40	35	33	13.73%
• Rest of the World	454	492	495	492	4.19%

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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