

Lebanomics

2nd Quarter of
2012

Lebanon's
Dashboard
of Economic
Indicators

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► General Macroeconomic Indicators

	2007	2008	2009	2010	2011
• Population (Millions)	3.759	3.808	3.857	3.908	3.958
• GDP¹					
- Nominal GDP (Billions LBP)	37,926	45,346	52,650	58,000	62,498
- Nominal GDP (Millions USD)	25,158	30,080	34,926	38,474	41,458
- GDP Deflator ²	111	122	131	137	142
- GDP per capita, PPP (USD)	11,893	13,116	14,197	15,239	15,597
- Real Growth Rate	7.8%	9.2%	8.5%	7.0%	1.5%
- Inflation ³	5.9%	6.4%	3.4%	5.1%	5.7%
• Reserves (Millions USD)					
- Gross Foreign Currency Reserves	9,778	17,062	25,660	28,598	29,425
- Gold ⁴	7,640	8,032	10,062	13,010	14,471
- Gold (Thousands Troy Ounces)	9,222	9,222	9,222	9,222	9,222
• Public Finance (Billions LBP)					
- Government Revenues	8,749	10,553	12,705	12,684	14,070
- Government Expenditures	12,587	14,957	17,167	17,047	17,600
- Government Surplus (Deficit)	(3,838)	(4,404)	(4,462)	(4,363)	(3,530)
- Primary Surplus (Deficit) ⁵	1,102	900	1,625	1,855	2,505
- Government Surplus (Deficit) as a % of GDP	(10.1%)	(9.7%)	(8.5%)	(7.5%)	(5.9%)
- Primary Surplus (Deficit) as a % of GDP	2.9%	2.0%	3.1%	3.2%	4.0%
• Foreign Trade					
- Current Account Surplus (Deficit) as a % of GDP	(23.7%)	(27.9%)	(36.5%)	(35.6%)	(38.3%)
- Trade Surplus (Deficit) as % of GDP	(6.8%)	(9.2%)	(9.5%)	(11.1%)	(14.7%)
- Public Debt (Billions LBP)					
- Gross Public Debt	63,364	70,941	77,112	79,301	80,869
- Local Currency Debt	31,373	39,007	44,973	48,255	49,340
- Foreign Currency Debt	31,991	31,934	32,139	31,046	31,529
- Gross Debt as % of GDP	167%	156%	146%	137%	129%
• Industry					
- Total Exports (Millions LBP)	4,247	5,246	5,254	5,912	6,434
- Electricity Production (Millions KWH)	10,548	11,189	11,920	12,458	12,397
- Cement Deliveries (Thousands Tons)	3,945	4,219	4,897	5,227	5,549
• Construction					
- Construction Permits Issued (Thousands sqm)	9,038	16,024	14,340	17,608	16,144
• Commerce					
- Port of Beirut Ship Activity (Number of ships)	2,187	2,055	2,395	2,285	2,167
- Port of Beirut Activity (Thousands incoming, outgoing, transit tons)	5,351	5,917	6,494	6,472	6,677
- Beirut Airport Activity (Thousands arrivals, departures, transfers)	3,409	4,085	4,985	5,553	5,654
• Remittances (Millions USD)					
- Inflows	5,769	7,181	7,558	8,400	8,000
- Outflows	2,967	4,366	5,749	N/A	N/A
• FDI Flows (Millions USD)					
- Inward	3,376	4,333	4,804	4,980	3,960
- Outward	848	987	1,126	574	N/A

1. All figures for 2010 and 2011 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	Q3 11	Q4 11	Q1 12	Q2 12	YoY	YTD
• Assets						
- Gold	22,719	21,709	23,117	21,839	4.00%	0.60%
- Foreign Currencies	46,155	46,453	46,719	44,109	3.26%	-5.05%
- Claims on Private Sector	371	380	356	361	2.93%	-4.98%
- Loans to Banks and Financial Corporations	2,081	2,099	2,141	2,306	21.39%	9.88%
- Claims on Public Sector	167	140	128	98	-45.48%	-30.21%
- Securities Portfolio	19,595	19,847	21,566	25,956	34.76%	30.78%
- Fixed Assets	348	358	359	386	9.03%	8.02%
- Unclassified Assets ¹	15,243	14,986	15,627	17,044	22.50%	13.73%
Total Assets	106,680	105,972	110,014	112,100	12.47%	5.78%
• Liabilities						
- Currency in Circulation outside BDL	3,104	3,283	3,096	3,185	1.69%	-2.98%
- Deposits of Banks and Financial Corporations ²	66,468	69,752	73,225	75,085	17.23%	7.65%
- Liabilities to the Private Sector	42	42	52	42	3.38%	-0.89%
- Public Sector Accounts	10,302	7,985	7,705	9,234	15.94%	15.65%
- Valuation Adjustment	14,337	13,285	14,751	13,372	5.30%	0.66%
- Securities Other than Shares ³	3,015	3,015	3,015	3,015	0.00%	0.00%
- Foreign Liabilities	337	329	327	327	-3.09%	-0.63%
- Special Long-term Liabilities	2,503	2,503	2,353	2,353	-6.01%	-6.02%
- Capital Accounts	4,211	4,556	4,556	4,495	6.75%	-1.33%
- Unclassified Liabilities ⁴	2,361	1,223	934	991	-42.29%	-18.92%
Total Liabilities	106,680	105,972	110,014	112,100	12.47%	5.78%

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	Q3 11	Q4 11	Q1 12	Q2 12	YoY	TTM
• Total Revenues (a+b)	3,294	3,590	3,522	4,121	-7.56%	9.05%
a. Treasury Receipts	191	176	170	140	-19.08%	-0.59%
b. Budget Revenues (i+ii)	3,104	3,414	3,352	3,980	-7.12%	9.56%
i. Tax Revenues	2,319	2,398	2,533	3,113	6.46%	5.48%
- 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)	398	380	580	1,214	2.45%	11.58%
- Taxes on Property (including Built Property Tax, Real Estate Registration Fees)	268	339	324	282	13.71%	14.65%
- Domestic Taxes on Goods & Services (including Value Added Tax and Taxes on Goods and Services, especially Private Car Registration Fees and Passenger Departure Tax)	975	1,011	977	935	9.74%	10.24%
- Taxes on International Trade (including Customs; Excises on Gasoline, Tobacco and Cars)	563	548	529	564	6.02%	-11.63%
- Other Tax Revenue (namely fiscal stamp fees)	114	120	123	118	9.26%	9.70%
ii. Non-tax Revenues	784	1,016	820	867	-36.39%	23.74%
- 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)	634	709	619	683	-42.65%	23.77%
- Administrative Fees & Charges (including fees for notaries, passports, public security, vehicle control, driving licenses and judicial fees; work permit fees; and more)	120	189	158	145	11.54%	13.54%
- Penalties and Confiscations	2	3	3	3	0.00%	10.00%
- Other Non-tax Revenues (mostly retirement deductibles)	28	114	39	37	-5.13%	65.15%

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

Mainly due to the improvement in VAT receipts

► Public Expenditures

Billions LBP	Q3 11	Q4 11	Q1 12	Q2 12	YoY	TTM
Total Expenditures	4,094	5,016	4,530	4,820	17.36%	4.76%
a. Current Expenditures	3,707	4,480	3,903	4,210	14.03%	6.06%
i. Interest Payments (including local and foreign currency debt)	1,324	1,464	1,209	1,528	2.41%	-6.01%
ii. Transfers to Electricite du Liban	672	923	816	663	25.81%	55.33%
ii. Other Current Expenditures (including personnel costs; foreign debt principal repayment; materials and supplies; and more)	1,711	2,093	1,878	2,019	20.68%	2.65%
b. Capital Expenditures (including equipment and maintenance for ongoing infrastructure construction; and more)	139	223	236	83	-7.78%	-3.68%
c. Budget Advances	31	17	49	66	-22.35%	-24.54%
d. Customs Administration	8	7	12	10	-9.09%	-19.57%
e. Treasury Expenditures	208	289	331	450	97.37%	-0.23%
f. Unclassified Expenditures	1	0	0	0	-9.09%	0.00%

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

- Sharp increase in payments for municipalities
 - Increase in VAT refunds

► Government Budget

Cumulative through Q2 12 - Billions LBP	Jan-Jun 11	Jan-Jun 12	% Change
Revenues	7,186	7,642	6.35%
Expenditures	8,490	9,350	10.13%
Government Surplus (Deficit)	-1,304	-1,708	30.98%
Primary Surplus (Deficit)	1,706	1,164	-31.77%

Source: MoF

Fiscal deficit in H1 12 is LBP 2,170 billion on a cash basis which reflects actual vs. expected telecom surplus receipts

► Public Debt

Billions LBP	2009	2010	2011	Jun 2012	YTD
• Gross Public Debt (a+b)	77,111	79,301	80,869	83,313	3.02%
a. Local Currency Debt	44,973	48,255	49,340	48,508	-1.69%
i. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ¹	10,334	13,130	16,374	15,569	-4.92%
ii. Commercial Banks	27,286	27,214	25,177	24,840	-1.34%
iii. Other Local Currency Debt (T-Bills)	7,353	7,911	7,789	8,099	3.98%
iv. o/w Public Entities	6,078	6,268	6,538	6,817	4.27%
v. Accrued Interest Included in Debt	999	867	788	730	-7.36%
b. Foreign Currency Debt²	32,138	31,046	31,529	34,805	10.39%
i. Bilateral, Multilateral and Foreign Private Sector Loans	2,713	2,627	2,566	2,598	1.25%
ii. Paris II related Debt (Eurobonds and Loans) ³	4,819	4,137	3,512	3,206	-8.71%
iii. Paris III related Debt (Eurobonds and Loans) ⁴	1,963	1,855	1,723	1,464	-15.03%
iv. Market-issued Eurobonds	21,736	21,870	23,259	27,007	16.11%
v. Accrued interest on Eurobonds	460	483	407	424	4.18%
vi. Special T-Bills in Foreign Currency⁵	447	74	80	106	32.50%
• Public Sector Deposits	10,522	11,419	10,984	12,274	11.74%
• Net Total Debt	66,590	67,882	69,903	71,039	1.63%
• Gross Market Debt⁶	51,231	51,308	50,192	53,676	6.94%
• Gross Market Debt as % of Gross Public	67%	65%	62%	64%	3.23%

Note:

- 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.
- 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.
- 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.
- 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.
- Special T-Bills in Foreign currency (expropriation bonds).
- 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	Q3 11	Q4 11	Q1 12	Q2 12	YOY	YTD
• 3 Month T-Bills	313	127	335	206	29.56%	62.20%
• 6 Month T-Bills	1,613	1,569	1,016	957	31.28%	-39.01%
• 12 Month T-Bills	1,832	887	1,148	1,276	-19.34%	43.86%
• Long Term Bonds*	46,287	46,512	47,765	45,863	1.41%	-1.40%
• Loans	255	245	227	206	-21.07%	-15.92%
• Total	50,300	49,340	50,491	48,508	1.15%	-1.69%

* 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	Q3 11	Q4 11	Q1 12	Q2 12	YOY	YTD
• Foreign Currency Debt (Millions USD)	20,999	20,911	20,586	23,088	11.51%	10.41%
• Local Currency Debt	50,300	49,340	50,491	48,508	1.15%	-1.69%
• Net Local Currency Debt	37,423	38,356	39,684	36,234	-3.39%	-5.53%
• Net Total Debt	69,079	69,879	70,717	71,039	3.38%	1.66%

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	Q3 11	Q4 11	Q1 12	Q2 12	YOY	YTD
• Currency in Circulation	2,743	2,706	2,643	2,724	0.68%	0.64%
• M1 (Currency in circulation + sight deposits in LBP)	5,849	5,906	5,885	6,170	6.16%	4.48%
• M2 (M1 + other deposits in LBP)	56,218	57,898	59,592	61,409	9.79%	6.06%
• M3 (M2 + deposits in foreign currencies, other financial liabilities)	143,457	145,630	148,017	150,794	6.21%	3.55%
• M4 (M3 + Treasury bills held by non-banking system)	151,323	153,412	155,854	158,829	6.02%	3.53%

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

Lower debt servicing despite higher government debt levels from lower rates

► Commercial Banks' Balance Sheet

Billions LBP	Q3 11	Q4 11	Q1 12	Q2 12	YoY	YTD
• Assets						
a. Reserves	67,908	71,535	75,544	77,180	17.72%	7.89%
i. Vault Cash	450	392	426	433	-0.78%	10.34%
ii. Deposits with Central Bank	67,458	71,143	75,118	76,747	17.85%	7.88%
b. Claims on Private Sector	49,952	51,594	52,944	54,529	11.82%	5.69%
i. Claims on Private Sector in LBP	12,248	12,821	13,329	13,795	18.46%	7.60%
ii. Claims on Private sector in Foreign Currencies	37,703	38,774	39,614	40,734	9.73%	5.06%
c. Claims on Public Sector	45,026	44,055	43,442	44,266	6.21%	0.48%
d. Foreign Assets	39,568	38,436	39,635	37,170	-13.05%	-3.29%
e. Fixed Assets (land, buildings, vehicles, etc)	5,058	5,131	5,154	5,176	3.23%	0.87%
f. Unclassified Assets	1,160	1,166	1,458	1,619	309.64%	38.83%
Total Assets	208,672	211,918	218,176	219,940	7.73%	3.79%

Increased lending in LBP, despite softer economic conditions and less attractive margins, helped by favorable BDL measures

• Liabilities						
a. Total Private Sector Deposits	140,161	142,385	145,193	147,140	6.58%	3.34%
i. Demand Deposits in LBP of Private Sector	3,104	3,201	3,292	3,470	12.61%	8.42%
ii. Time and Saving Deposits in LBP of Private Sector	50,731	52,188	53,923	55,108	12.20%	5.60%
iii. Private Sector Deposits in Foreign Currencies	86,326	86,997	87,978	88,561	3.15%	1.80%
b. Public Sector Deposits	2,575	2,999	3,102	3,040	22.44%	1.37%
c. Non Resident Private Sector Deposits	30,778	32,054	33,028	33,584	11.92%	4.77%
d. Non Resident Financial Sector Deposits	9,869	8,764	9,766	9,312	8.37%	6.25%
e. Other Financial Liabilities	737	661	675	646	1.16%	-2.26%
f. Capital Accounts (net result of international investment inflow)	15,643	16,162	16,550	17,850	14.36%	10.45%
g. Unclassified Liabilities	8,910	8,893	9,863	8,367	-4.67%	-5.91%

Total Liabilities	208,672	211,918	218,176	219,940	7.73%	3.79%
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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

► Other Economic Indicators

	Q3 11	Q4 11	Q1 12	Q2 12	YoY	TTM
• Consumer Price Index (indexed from 01/01/2008)	116.3	117.6	119.4	118	3.92%	4.43%
• Coincident Indicator	248.1	265.5	264.8	261	3.91%	2.94%
• Real Estate Indicators						
- Construction Permits Issued ('000 sqm)	3,595,031	3,983,511	3,568,599	3,965,880	-18.58%	-14.79%
- Cement Deliveries ('000 tons)	1,502,642	1,385,709	992,091	1,594,685	-1.93%	3.28%
• Beirut Airport Indicators (passengers)						
- Arrivals	874,103	692,945	594,869	802,018	5.74%	7.52%
- Departures	969,365	658,749	632,048	700,654	10.78%	7.77%
- Transfers	16,241	13,640	15,462	13,652	1.83%	22.01%
• Port of Beirut Indicators						
- Freight Incoming	1,597,291	1,450,934	1,443,452	1,636,494	11.92%	11.84%
- Freight Outgoing	182,580	201,052	190,828	215,082	-7.37%	-1.52%
- Transit and Freezone Freight	23,145	31,703	40,542	33,621	-2.45%	-19.67%
• Energy Indicators						
- Electricity Production (millions of kWh)	3,428	1,085	2,962	2,628	-15.06%	-5.45%
- Imports of Petroleum Derivatives ('000 metric tons)	1,472,213	435,448	1,535,770	1,217,520	-2.45%	6.14%
• Check Indicators						
- Checks Cleared in Foreign Currencies	1,937,782	817,610	2,282,040	2,356,696	1.69%	-3.68%
- Value of Checks Cleared in Foreign Currencies (millions USD)	16,131	5,178	13,777	13,794	0.72%	9.51%
- Checks Cleared in Lebanese Pounds	1,421,461	326,399	892,968	882,332	-6.41%	13.45%
- Value of Checks Cleared in Lebanese Pounds (billions LBP)	5,224,182	1,729,078	5,411,504	5,466,365	4.75%	1.05%

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 - Neg.

Source: Fitch, Moody's, S&P

Increase in passenger arrivals despite a continued decline in tourism suggesting a higher influx of Lebanese expatriates

► Trade Indicators

Billions LBP	Q3 11	Q4 11	Q1 12	Q2 12	YoY
• Exports	1,678	1,561	1,739	1,536	-12.37%
• Imports	7,806	8,672	9,008	7,396	5.50%
• Trade Balance	-6,128	-7,111	-7,269	-5,860	11.45%
• Balance of Payments	-1,597	-689	-563	-977	709.87%
• Customs Revenue	589	574	558	591	5.91%

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 are up from higher energy prices, aggravating the trade deficit

► Imports by Origin

General Imports in Billions of LBP	Q3 11	Q4 11	Q1 12	Q2 12	YoY
• United States	427	1,306	1,856	524	14.01%
• China	650	609	618	703	6.02%
• Italy	764	703	657	577	-8.06%
• France	628	572	584	566	-4.89%
• Germany	411	448	463	495	6.64%
• Turkey	362	332	364	338	34.09%
• Egypt	573	330	409	226	-47.19%
• Grece	107	176	200	292	85.25%
• Kuwait	10	351	463	14	17.81%
• United Kingdom	189	203	203	271	8.55%
• Rest of the World	3,084	3,402	3,483	3,503	19.19%

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

Source: Lebanese Customs

► Exports by Destination

General Exports in Billions of LBP	Q3 11	Q4 11	Q1 12	Q2 12	YoY
• South Africa	270	256	365	247	-25.19%
• Switzerland	267	181	291	92	-56.57%
• UAE	152	126	177	194	29.56%
• Saudi Arabia	140	114	150	174	8.63%
• Syria	105	98	90	120	46.60%
• Iraq	88	50	88	137	7.16%
• Turkey	119	75	111	76	-36.24%
• France	19	25	58	82	-80.45%
• Jordan	55	54	58	62	8.62%
• Belgium	55	42	77	38	-16.03%
• Rest of the World	830	517	701	796	-6.70%

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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