

Lebanomics

2nd Quarter of
2013

Lebanon's
Dashboard
of Economic
Indicators

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► General Macroeconomic Indicators

	2008	2009	2010	2011	2012
• Population (Millions)	3.808	3.857	3.908	3.958	4.010
• GDP¹					
- Nominal GDP (Billions LBP)	45,346	52,650	58,000	58,850	62,963
- Nominal GDP (Millions USD)	30,080	34,926	38,474	39,039	41,766
- GDP Deflator ²	122	130	130	135	141
- GDP per capita, PPP (USD)	13,116	14,171	15,168	15,522	15,587
- Real Growth Rate	8.6%	9.0%	7.0%	1.5%	2.0%
- Inflation ³	6.4%	3.4%	5.1%	3.1%	10.1%
• Reserves (Millions USD)					
- Gross Foreign Currency Reserves	17,062	25,660	28,598	30,815	29,972
- Gold ⁴	8,032	10,062	13,010	14,401	15,312
- Gold (Thousands Troy Ounces)	9,222	9,222	9,222	9,222	9,222
• Public Finance (Billions LBP)					
- Government Revenues	10,553	12,705	12,684	14,070	14,164
- Government Expenditures	14,957	17,167	17,047	17,600	20,081
- Government Surplus (Deficit)	(4,404)	(4,462)	(4,363)	(3,530)	(5,917)
- Primary Surplus (Deficit) ⁵	900	1,625	1,855	2,505	(166)
- Government Surplus (Deficit) as a % of GDP	(9.7%)	(8.5%)	(7.5%)	(6.0%)	(9.4%)
- Primary Surplus (Deficit) as a % of GDP	2.0%	3.1%	3.2%	4.2%	(0.3%)
• Foreign Trade					
- Current Account Surplus (Deficit) as a % of GDP	(9.2%)	(9.8%)	(9.6%)	(13.9%)	(16.2)
- Trade Surplus (Deficit) as % of GDP	(27.9%)	(36.5%)	(35.6%)	(40.7%)	(40.2%)
- Public Debt (Billions LBP)					
- Gross Public Debt	70,941	77,112	79,298	80,887	86,959
- Local Currency Debt	39,007	44,973	48,255	49,340	50,198
- Foreign Currency Debt	31,934	32,139	31,046	31,547	36,761
- Gross Debt as % of GDP	156%	146%	137%	137%	138%
• Industry					
- Total Exports (Billions LBP)	5,246	5,254	5,912	6,434	6,762
- Electricity Production (Millions Kwh)	11,189	11,920	12,458	12,397	10,966
- Cement Deliveries (Thousands Tons)	4,219	4,897	5,227	5,549	5,308
• Construction					
- Construction Permits Issued (Thousands sqm)	16,024	14,340	17,608	16,464	14,604
• Commerce					
- Port of Beirut Ship Activity (Number of ships)	2,055	2,395	2,285	2,167	2,125
- Port of Beirut Activity (Thousands incoming, outgoing, transit tons)	5,917	6,494	6,472	6,677	7,366
- Beirut Airport Activity (Thousands arrivals, departures, transfers)	4,085	4,985	5,553	5,654	5,950
• Remittances (Millions USD)					
- Inflows	7,181	7,558	7,653	7,531	7,322
- Outflows	4,366	5,749	4,749	4,820	NA
• FDI Flows (Millions USD)					
- Inward	4,333	4,804	4,280	3,200	3,800
- Outward	987	1,126	487	900	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	Q3 12	Q4 12	Q1 13	Q2 13	YoY	YTD
• Assets						
- Gold	24,759	23,083	22,249	16,728	-23.40%	-27.53%
- Foreign Currencies	45,203	45,184	45,766	47,812	8.39%	5.82%
- Claims on Private Sector	378	380	379	393	8.85%	3.43%
- Loans to Banks and Financial Corporations	2,440	2,438	2,431	2,654	15.08%	8.86%
- Claims on Public Sector	86	55	44	5	-94.39%	-90.10%
- Securities Portfolio	24,968	24,990	25,748	25,857	-0.38%	3.47%
- Fixed Assets	387	387	371	375	-2.87%	-2.94%
- Unclassified Assets ¹	18,422	19,096	20,606	22,099	29.66%	15.72%
Total Assets	116,643	115,613	117,593	115,923	3.41%	0.27%
• Liabilities						
- Currency in Circulation outside BDL	3,256	3,639	3,558	3,753	17.83%	3.16%
- Deposits of Banks and Financial Corporations ²	76,424	77,111	81,246	82,841	10.33%	7.43%
- Liabilities to the Private Sector	45	49	66	55	29.74%	10.95%
- Public Sector Accounts	8,932	8,908	7,779	9,530	3.21%	6.99%
- Valuation Adjustment	16,381	14,708	13,731	8,295	-37.97%	-43.60%
- Securities Other than Shares ³	3,015	3,015	2,714	2,605	-13.59%	-13.59%
- Foreign Liabilities	327	326	326	325	-0.67%	-0.30%
- Special Long-term Liabilities	2,202	2,202	2,051	2,051	-12.83%	-6.85%
- Capital Accounts	4,495	5,080	5,080	5,019	11.65%	-1.21%
- Unclassified Liabilities ⁴	1,567	576	1,043	1,450	46.27%	151.54%
Total Liabilities	116,643	115,613	117,593	115,923	3.41%	0.27%

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

Gold reserves decreased by 23% due to gold price declines

► Public Revenues

Billions LBP	Q3 12	Q4 12	Q1 13	Q2 13	YoY	TTM
• Total Revenues (a+b)	3,191	3,330	3,354	3,964	-3.81%	-4.74%
a. Treasury Receipts	185	196	198	208	48.57%	16.25%
b. Budget Revenues (i+ii)	3,008	3,133	3,157	3,755	-5.65%	-5.75%
i. Tax Revenues	2,259	2,282	2,390	3,036	-2.47%	-3.82%
- 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)	360	362	550	1,181	-2.72%	-4.63%
- Taxes on Property (including Built Property Tax, Real Estate Registration Fees)	270	317	270	281	-0.35%	-6.18%
- 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	907	930	918	-1.82%	-5.46%
- Taxes on International Trade (including Customs; Excises on Gasoline, Tobacco and Cars)	584	574	533	532	-5.67%	0.86%
- Other Tax Revenue (namely fiscal stamp fees)	115	122	107	123	4.24%	-1.68%
ii. Non-tax Revenues	748	851	767	719	-17.07%	-11.53%
- 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)	606	1,381	588	526	-22.99%	17.24%
- Administrative Fees & Charges (including fees for notaries, passports, public security, vehicle control, driving licenses and judicial fees; work permit fees; and more)	116	168	142	148	2.07%	-6.21%
- Penalties and Confiscations	2	2	2	3	0.00%	-18.18%
- Other Non-tax Revenues (mostly retirement deductibles)	24	59	34	44	18.92%	-26.15%

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

Decline in non-tax revenues from:
 ↓ in rent from Rafic Hariri Airport
 ↓ vehicle control fees
 ↓ budget surplus from National Lottery
 ↓ revenues from Casino du Liban

Public Expenditures

Billions LBP	Q3 12	Q4 12	Q1 13	Q2 13	YoY	TTM
Total Expenditures	4,588	6,143	4,534	5,646	17.14%	13.28%
a. Current Expenditures	4,240	5,400	4,158	4,569	8.53%	12.68%
i. Interest Payments (including local and foreign currency debt)	1,131	1,589	1,123	1,648	7.85%	-0.62%
ii. Transfers to Electricite du Liban	1,142	787	862	558	-15.84%	8.95%
ii. Other Current Expenditures (including personnel costs; foreign debt principal repayment; materials and supplies; and more)	1,967	3,024	2,173	2,363	17.04%	23.71%
b. Capital Expenditures (including equipment and maintenance for ongoing infrastructure construction; and more)	121	320	187	420	406.02%	53.89%
c. Budget Advances	25	76	9	65	-1.52%	7.36%
d. Customs Administration	8	12	11	12	20.00%	16.22%
e. Treasury Expenditures	194	329	168	579	44.39%	-0.63%
f. Unclassified Expenditures	0	0	0	1	NA	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

Increase in capital expenditures from:
 ↑ construction of roads and highways
 ↑ development of governmental buildings
 ↑ disbursements for realty transactions
 ↑ payments for relief assistance
 ↑ payments for purchase of IT related equipment

Government Budget

Cumulative through Q2 13 - Billions LBP	Jan-Jun 12	Jan-Jun 13	% Change
Revenues	7,642	7,318	-4.24%
Expenditures	9,350	10,180	8.88%
Government Surplus (Deficit)	-1,708	-2,862	67.56%
Primary Surplus (Deficit)	1,164	25	-97.85%

Source: MoF

► Public Debt

Billions LBP	2010	2011	2012	Jun 2013	YTD
• Gross Public Debt (a+b)	79,301	80,869	86,959	90,467	4.03%
a. Local Currency Debt	48,255	49,340	50,198	51,067	1.73%
i. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ¹	13,130	16,374	15,049	16,348	8.63%
ii. Commercial Banks	27,214	25,177	27,267	25,797	-5.39%
iii. Other Local Currency Debt (T-Bills)	7,911	7,789	7,882	8,922	13.19%
- o/w Public Entities	6,268	6,538	6,479	7,015	8.27%
- Accrued Interest Included in Debt	867	788	789	781	-1.01%
b. Foreign Currency Debt²	31,046	31,529	36,761	39,400	7.18%
i. Bilateral, Multilateral and Foreign Private Sector Loans	2,627	2,566	2,584	2,555	-1.12%
ii. Paris II related Debt (Eurobonds and Loans) ³	4,137	3,512	2,925	2,624	-10.29%
iii. Paris III related Debt (Eurobonds and Loans) ⁴	1,855	1,723	1,313	1,232	-6.17%
iv. Market-issued Eurobonds	21,870	23,259	29,427	32,386	10.06%
v. Accrued interest on Eurobonds	483	407	400	467	16.75%
vi. Special T-Bills in Foreign Currency⁵	74	80	112	136	21.43%
• Public Sector Deposits	11,419	10,984	12,916	13,739	6.37%
• Net Total Debt	67,882	69,903	74,043	76,728	3.63%
• Gross Market Debt⁶	51,308	50,192	58,623	60,705	3.55%
• Gross Market Debt as % of Total Debt	65%	62%	67%	67%	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

MOF swapped with BDL LL 1,240 billion in 2 + 3 yr treasury bonds maturing in H2 2013 in exchange for 7 yr treasury bonds

► Domestic Debt by Maturity

Billions LBP	Q3 12	Q4 12	Q1 13	Q2 13	YOY	YTD
• 3 Month T-Bills	101	314	292	159	-22.82%	-49.36%
• 6 Month T-Bills	1,216	1,312	805	581	-39.29%	-55.72%
• 12 Month T-Bills	872	965	932	892	-30.09%	-7.56%
• Long Term Bonds*	47,706	47,448	48,846	49,287	7.47%	3.88%
• Loans	200	159	141	148	-28.16%	-6.92%
• Total	50,095	50,198	51,016	51,067	5.28%	1.73%

* 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 12	Q4 12	Q1 13	Q2 13	YOY	YTD
• Foreign Currency Debt (Millions USD)	22,869	24,385	23,905	26,140	13.22%	7.20%
• Local Currency Debt	50,095	50,198	51,016	51,067	5.28%	1.73%
• Net Local Currency Debt	37,712	37,282	39,473	37,328	3.02%	0.12%
• Net Total Debt	72,187	74,043	75,510	76,734	8.02%	3.63%

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

► Monetary Indicators

Billions LBP	Q3 12	Q4 12	Q1 13	Q2 13	YOY	YTD
• Currency in Circulation	2,797	3,083	2,970	3,130	14.92%	1.53%
• M1 (Currency in circulation + sight deposits in LBP)	6,324	6,875	6,871	7,259	17.64%	5.59%
• M2 (M1 + other deposits in LBP)	62,625	64,398	65,655	66,478	8.25%	3.23%
• M3 (M2 + deposits in foreign currencies, other financial liabilities)	152,297	155,437	158,132	160,931	6.72%	3.53%
• M4 (M3 + Treasury bills held by non-banking system)	160,457	163,484	166,604	169,861	6.95%	3.90%

Source: BDL

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	Q3 12	Q4 12	Q1 13	Q2 13	YoY	YTD
• Assets						
a. Reserves	78,967	79,604	83,532	84,715	9.76%	6.42%
i. Vault Cash	490	425	488	598	38.04%	40.48%
ii. Deposits with Central Bank	78,478	79,179	83,044	84,117	9.60%	6.24%
b. Claims on Private Sector	55,692	57,052	58,607	59,373	8.88%	4.07%
i. Claims on Private Sector in LBP	14,362	14,653	15,012	15,485	12.25%	5.68%
ii. Claims on Private sector in Foreign Currencies	41,331	42,399	43,595	43,888	7.74%	3.51%
c. Claims on Public Sector	45,242	46,930	48,068	49,421	11.65%	5.31%
d. Foreign Assets	37,223	39,447	38,010	38,406	3.32%	-2.64%
e. Fixed Assets (land, buildings, vehicles, etc)	5,192	5,566	5,601	5,711	10.34%	2.60%
f. Unclassified Assets	1,335	363	507	476	-70.59%	31.05%
Total Assets	223,652	228,964	234,325	238,102	8.26%	3.99%

Claims on private sector ↑ 9%, exceeding
↑ 7% in deposits, driving up sector LDR
to ~38%

• Liabilities						
a. Total Private Sector Deposits	148,894	152,124	154,951	156,869	6.61%	3.12%
i. Demand Deposits in LBP of Private Sector	3,507	3,808	3,894	4,122	18.78%	8.24%
ii. Time and Saving Deposits in LBP of Private Sector	56,239	57,491	58,346	58,634	6.40%	1.99%
iii. Private Sector Deposits in Foreign Currencies	89,148	90,825	92,712	94,113	6.27%	3.62%
b. Public Sector Deposits	3,451	4,008	3,786	4,209	38.44%	5.01%
c. Non Resident Private Sector Deposits	34,646	36,311	38,168	41,014	22.13%	12.95%
d. Non Resident Financial Sector Deposits	9,196	8,897	8,968	7,485	-19.62%	-15.87%
e. Other Financial Liabilities	651	396	405	424	-34.48%	6.99%
f. Capital Accounts (net result of international investment inflow)	17,927	19,058	19,052	20,397	14.27%	7.03%
g. Unclassified Liabilities	8,888	8,169	8,994	7,704	-7.92%	-5.69%

Total Liabilities	223,652	228,964	234,325	238,102	8.26%	3.99%
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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 12	Q4 12	Q1 13	Q2 13	YoY	TTM
• Consumer Price Index (indexed from 01/01/2008)	128.2	129.5	NA	NA	NA	NA
• Coincident Indicator	243.5	262.5	273.9	265.5	1.72%	0.58%
• Real Estate Indicators						
- Construction Permits Issued	3,210,051	3,859,574	2,821,604	3,462,877	-12.68%	-11.64%
- Cement Deliveries	1,336,354	1,385,420	1,127,446	1,528,760	-4.13%	-1.77%
• Beirut Airport Indicators (passengers)						
- Arrivals	821,737	666,594	631,505	794,652	-0.92%	-1.67%
- Departures	976,323	708,982	735,081	803,043	14.61%	8.87%
- Transfers	12,250	5,525	4,277	3,772	-72.37%	-56.23%
• Port of Beirut Indicators						
- Freight Incoming	1,641,823	1,653,683	1,711,742	1,854,232	13.31%	11.97%
- Freight Outgoing	212,809	230,878	54,116	NA	NA	NA
- Transit and Freezone Freight	36,417	29,976	1,576	3,594	-89.31%	-44.53%
• Energy Indicators						
- Electricity Production (millions of kWh)	2,665	2,711	2,659	2,857	8.71%	-8.28%
- Imports of Petroleum Derivatives ('000 metric tons)	1,768,056	1,580,518	1,553,428	1,719,913	41.26%	13.68%
• Check Indicators						
- Checks Cleared in Foreign Currencies	2,413,840	2,412,699	2,262,773	2,369,355	0.54%	5.18%
- Value of Checks Cleared in Foreign Currencies (millions USD)	14,388	14,078	13,457	13,899	0.76%	-4.45%
- Checks Cleared in Lebanese Pounds	896,090	956,408	900,241	981,728	11.27%	-9.66%
- Value of Checks Cleared in Lebanese Pounds (millions LBP)	5,693,599	5,991,966	5,733,997	6,593,710	20.62%	11.19%

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 - Neg.
• S&P	B - Neg.

Continued improvement in economic conditions in Q2 2013

Source: Fitch, Moody's, S&P

► Trade Indicators

Billions LBP	Q3 12	Q4 12	Q1 13	Q2 13	YoY
• Exports	1,698	1,787	1,797	1,694	10.30%
• Imports	7,763	7,913	8,312	7,960	7.63%
• Trade Balance	-6,066	-6,126	-6,515	-6,266	6.93%
• Balance of Payments	-1,373	595	-94	-482	-50.63%
• Customs Revenue	609	598	558	559	-5.41%

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	Q3 12	Q4 12	Q1 13	Q2 13	YoY
• China	669	726	696	741	5.36%
• United States	777	448	869	470	-10.42%
• Italy	636	846	654	604	4.61%
• France	579	559	542	602	6.15%
• Russia	172	182	567	419	119.12%
• Germany	478	450	463	510	2.98%
• Turkey	367	343	625	274	-18.93%
• Greece	466	402	271	295	0.95%
• Egypt	378	316	298	256	13.25%
• Switzerland	488	449	223	270	35.82%
• Rest of the World	3,208	3,173	3,104	3,523	0.56%

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	Q3 12	Q4 12	Q1 13	Q2 13	YoY
• Syria	103	151	345	245	103.71%
• South Africa	390	302	286	167	-32.53%
• Saudi Arabia	126	130	126	175	0.46%
• UAE	116	125	128	127	-34.33%
• Switzerland	203	240	108	81	-11.35%
• Iraq	96	96	84	99	-27.68%
• Turkey	54	58	75	81	6.32%
• Jordan	52	57	49	51	-17.66%
• South Korea	18	46	36	52	1013.57%
• Qatar	34	43	38	41	20.18%
• Rest of the World	493	811	519	575	-27.82%

Exports to Syria recorded a noticeable increase accounting for 17% of the total in the first 6 months of 2013

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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